

## Philadelphia Crosstown Coalition Questionnaire for Candidates

The Crosstown Coalition, a federation of 19 civic associations listed below, voted to present the enclosed questionnaire to Mayoral and Council candidates who will be on the ballot for the May 19<sup>th</sup> primary.

**DUE DATE:** *Responses from Mayoral candidates* should be delivered no later than *Friday March 13* in advance of the March 18 Mayoral Candidates night be hosted by four of our members from communities east of Broad Street. *Responses from Council Candidates* should be delivered no later than *Friday April 3*.

**INSTRUCTIONS:** Electronically insert your answers after each question.

**RESPOND TO:** Deliver the completed questionnaire to Crosstown Chair Stephen Huntington by email to [shuntington@hhflaw.com](mailto:shuntington@hhflaw.com).

**QUESTIONS:** Present any inquiries you may have by email or, less preferably, call Mr. Huntington at 215 523 7900 or Communications Chair Ilene Wilder at 215 514 0449

**CIRCULATION:** Answers (but not the Contact Information) will be promptly posted, first come, first served, on the Crosstown Coalition website: [philacrosstown.org](http://philacrosstown.org) and emailed to our 19 member organizations.

### CONTACT INFORMATION

Your Name: \_\_Allan Domb\_\_\_\_\_

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The Office You Are Seeking: \_\_City Council At-Large\_\_\_\_\_

Contact info for staffer liaison \_\_Anne Marie Rhoades\_\_\_\_\_

## TAX AND FINANCE QUESTIONS

### *Members of the Coalition:*

Bella Vista Neighbors Association • Center City Residents' Association • Central Roxborough Civic Association • East Falls Community Council • East Passyunk Crossing Civic Association • Fishtown Neighbors Association • Logan Square Neighborhood Association • Northern Liberties Neighbors Association • Overbrook Farms Club • Packer Park Civic Association • Passyunk Square Civic Association • Queen Village Neighbors Association • Society Hill Civic Association • South Broad Street Neighborhood Association • South of South Neighborhood Association • Washington Square West Civic Association • West Powelton/Saunders Park RCO • Woodland Terrace Homeowners Association

## 1. TAX ABATEMENT

Philadelphia's ten-year tax abatement eliminates real estate taxes on new construction and improvements (but not the underlying land) for ten years. Supporters argue that the lost tax revenue is more than offset by enhanced business, wage and sales tax collections and note that since the abatement went into effect, development activity has increased dramatically. Opponents argue that the abatement stimulates development for only high income housing, and reduces much needed city real estate tax revenue, of which more than 50% goes to schools.

*Should the ten year realty tax abatement continue as is? Should it be modified or abolished? If you favor modification, what modifications should be made?*

The 10-year tax abatement has provided new jobs, new residents, and tremendous growth in other services and sectors in Philadelphia.

A study performed by economist Kevin Gillen documented that the tax abatement has had a very positive effect on our city. According to the study, every tax-abated dollar has produced \$2 of other new taxes for our city. Adjusted for inflation, the Gillen study shows that housing starts in Philadelphia are up 166%, while the five surrounding counties have seen negative starts of -5% to -40%.

The positive benefits of the 10-year tax abatement are evident throughout the city. Point Breeze, Fishtown, Francisville, East Kensington, and other neighborhoods have been transformed by millennials, primarily through the benefits of the 10-year abatement.

The question here is, do we approach this from scarcity (delete the abatement) or abundance—making it better for those who need it most?

My vote is to come from abundance and expand the abatement to 20 years for all homes valued under \$250,000, which would tremendously help Bridesburg and Tacony as well as North, South, and West Philadelphia, which need our assistance now.

## 2. REAL ESTATE TAXATION

In 2013, for the first time in over two decades, the City reassessed all 579,000 parcels within the City limits. Tens of thousands of residential property owners were shocked to receive much higher property tax assessments

*How frequently should reassessments occur?*

The City should reassess every property on a regular basis, as circumstances and available resources dictate, but not less frequently than every five years. The long lag the city went between previous city-wide assessments fostered inequality, caused problems for some property owners who saw significant hikes when their property was re-assessed, and allowed too many to escape paying their fair share for years. Regular re-assessments are an important tool in fighting blight and putting properties back into productive use.

## 3. WAGE TAX

Philadelphia receives 66% of its tax revenue from wages and business receipts; in contrast, in New York City and Washington DC, 34% and 35% of tax revenues are from wages and business receipts. In those two cities, proceeds from real estate taxes are much larger (41% and 36%, respectively) than in Philadelphia, where this value is 17%. Critics contend that Philadelphia's reliance on wage/business taxes drives workers and businesses out of the City because it is easier to relocate people than it is to relocate offices and factories.

*Should Philadelphia shift more of its revenue sourcing from wage and business taxes to real estate taxes? If you believe we should shift away from wage and business taxes to real estate taxes, how would you propose to do this? If you do not believe that such a shift should occur, why not?*

Yes, it should. The first step is collect the outstanding taxes the city is due – totaling well over \$1 billion. The second step is to put parcels of land and property to productive, tax generating use. While I understand that some may face difficulties paying past due taxes, the city has significant programs to assist them and it should never turn a blind eye to outstanding taxes when funds are critically needed for our schools and services. The third step is to properly and regularly re-assess properties to capture added value in order to properly fund critical city services and education.

Reforming our tax system is important because, beginning under Ed Rendell, the city began to reduce the wage tax and it became a more

attractive place to live and work. While I understand the global economic collapse required those cuts to be suspended, it's time to begin them again as well as reductions in the city's business taxes. We should implement a tax that does not penalize companies for moving to and staying in Philadelphia as our too high business income taxes do. With that in mind, I will work to find alternate revenue sources to replace or reduce the burden of both the Gross Receipts and the Business Income Taxes.

#### **4. DELINQUENT TAXES**

The City currently has over \$1 billion in delinquent taxes. Approximately half are delinquent property taxes and half are delinquent wage, business income, and related business taxes. Each year, the deficit grows, a trend which suggests that the City lacks the political will or competence (or both) to collect taxes. One tax collection strategy is to remove the collection task from the City and sell tax liens to private investors so that the private sector would set about collecting these debts. Proponents observe that because the \$1 billion delinquency shows that the City is incapable or unwilling to collect delinquent taxes, tax collections should be transferred to the private sector. Critics worry that private concerns would engage in improper collection tactics or fail to fairly treat tax delinquents who are down on their luck.

*Should the City sell tax liens to private investors? If not, what steps would you take to ensure that the delinquency is addressed?*

Tax liens, by the numbers: 30 states do tax lien sales; 50 percent of all sales are utility liens; and 60 percent of the people who are sent letters advising of an upcoming lien sale pay upon receipt of the notice. Of those remaining liens, 50 percent are bought by lenders protecting their liens. The total real estate delinquency, including utility liens, is \$820 million, against a potential value of \$8 billion. Less than half of one percent are actually foreclosed.

One of the most important numbers is 40 percent. Forty percent of our delinquent taxes are from suburbanites or out-of-state buyers.

It is critical that Philadelphia collect as much of the outstanding and overdue taxes it is owed as it can. Collecting even 50% of the as much as \$1.6 billion in delinquent taxes would go a long way toward supporting our schools and securing our pension system.

Unfortunately, the city has not had the will to do all that is required to collect these taxes. I would support, and as President of the Greater Philadelphia Association of Realtors (GPRA) have actively advocated for, the sale of our tax liens to private collectors.

Many solutions to our city's problems exist in other parts of the country, and we should first research best practices before we reinvent the wheel. New York City did this under Mayor Bloomberg and improved collection rates dramatically, while the city created its own trusts, rather than turning to a third party, to collect its delinquent funds. We should do the same thing here, provided there are strong consumer protections put into place that include adequate payment plans. If an entity can not pay their taxes and is unwilling or unable to enter into a payment agreement, the property or good should be sold to the highest bidder with all net proceeds going to pay down our debt.

## 5. PGW SALE

Advocates of the recent failed sale of the Philadelphia Gas Works (PGW) favored the sale because the City could use the proceeds, about \$400 million, to reduce the \$5 billion underfunding of the City's pensions. They further contended that the City had no business running a gas company, that City ownership leaves open the door for patronage positions at PGW, that City ownership limited the business opportunities of the operation, and that under public ownership, it will take nearly 90 years to replace the City's ancient and increasingly unsafe gas mains. Opponents asserted that a sale would eliminate PGW's annual \$18 million contribution to the City's general fund. Opponents were also concerned that even though a privately operated PGW, like PECO, would be regulated by the Public Utility Commission, a private operator would be more likely to raise rates and be less responsive to the needs of low income residents than a City owned utility. Critics also contended that the private operator produced no credible plan for upgrading infrastructure that would not have entailed substantial long-term rate increases. Both sides presented reports substantiating their positions. Despite these divergent views, City Council decided not to hold public hearings on the proposal, let alone conduct a ye or nay vote.

*Do you believe that City Council should have conducted public hearings on the PGW controversy? Please explain your answer.*

*What is your vision for the future of PGW?*

I absolutely believe that City Council should have conducted public hearings on the question of selling PGW. We should be examining each and every asset we have and making an informed decision about whether it is better for the city and our citizens to keep that asset, sell it or develop private-public partnerships to cover our increasing pension debt, among other things. A public hearing is necessary for that sort of full consideration. Going forward, I would like to partner with an experienced

corporation to make PGW a public-private partnership (P3). A P3 would allow PGW and the City to both obtain the private capital it needs to upgrade the utilities infrastructure while retaining the ability to share in the “upside” of a growing energy economy. Philadelphia has a great opportunity to become a regional, if not a national, leader in the next generation energy economy – but it starts with rethinking PGW’s future.

## 6. PENSIONS

The City spends 18% of its budget – about \$660 million (in 2012) – on pensions. Even so, the City’s pension obligations are currently underfunded by approximately \$5 billion, more than the \$4 billion the City expects to take in during the next fiscal year. Three questions:

*Do you believe that the City can “grow” its way out of this deficit– i.e. that prosperity in the City, as distinguished from tax hikes, will produce higher realty and business tax revenues so that the additional funds can be used to pay down the deficit OR that the City can somehow change its ways and pay down the deficit by better practices?*

I believe Philadelphia “must” grow its way out of the deficit – it is far too great to simply raise taxes or transfer spending from other critically needed services. My belief is formed by my experience as a developer and small business owner in the City of Philadelphia for 35 years, witnessing the growth of our urban core and its expansion to other neighborhoods. That growth and redevelopment has increased the number of taxpayers in the city.

That is not to say that we should not also seek to reduce the costs of government while protecting the quality of services. That should be a prerequisite of any effective management plan. If elected, I hope to bring my more than 35 years of business experience to bear to find more effective and efficient ways to run business.

*If you do not believe that “growth” alone will suffice to address this issue, , which do you favor: raising taxes, cutting spending or selling assets? Depending on your answer, specifically identify the taxes to be raised, the names of the programs that should be cut (please no generalities like eliminating “waste and abuse”), or the assets to be sold.*

We should be examining each and every asset we have and making an informed decision about whether it is better for the city and our citizens to keep that asset, sell it or develop private-public partnerships to cover our increasing pension debt, among other things. In addition to a new path

forward for PGW, we should look at any city-owned parcels of land, including unused or dilapidated buildings, and sell them.

I do not support raising taxes unless and until we have done a better job collecting the taxes we are owed.

*To gradually improve the pension plan's funding status, do you favor continuing the defined benefit plan for existing employees while instituting a defined contribution plan for more recently hired employees?*

As a career businessman, I have learned that when you fail to address a problem, it only grows worse. That is what has happened with our pension. The single biggest cause of our pension plan's underfunding is that government has not met its funding obligations for years at a time while workers have been required to continue their contributions. I do not believe it is legal or ethical to tell current or retired employees that their pensions will be curtailed because of government's failure. Going forward, I believe that we must a) reduce the outrageous fees some private managers charge regardless of performance b) sell assets to secure the unfunded liability and reduce our annual needed contributions and c) work with our employees to find a workable solution moving forward. If the government does all that it can and should and we still face an unfunded and unmanageable pension obligation, then we must look at fundamental changes to the program.

## **DEVELOPMENT QUESTIONS**

### **7. CHANGING NEIGHBORHOODS**

Some Philadelphia neighborhoods are changing, with better-off people moving into areas historically occupied by less well-off residents. This trend increases the city's tax base (and thus its ability to address the challenges many of its residents face) and often improves the physical characteristics of a neighborhood, but it can also bring unsettling changes, not only through increasing property taxes but also via alterations in the makeup of affected communities.

*Other than providing real estate tax relief to long-time residents whose assessments have increased due to rising values in the neighborhood, do you believe that government should intervene regarding these neighborhood*

*changes? If so, list the disruptions you would target and the remedies you would suggest.*

As a city of neighborhoods, it is important for residents who have built lives there and created its character, to be able to remain. As a developer, I have always worked with the community to ensure that community and resident interests are adequately considered. In addition to providing real estate tax breaks for long-time residents, with the largest support being given to those living on fixed incomes, the city also needs to assist those unable to afford the upkeep of their home. There are significant programs and community programs that can help maintain properties. The city should take a leading role to ensure that not only can people remain in their house, but that it is a house worth remaining in.

#### **8. ZONING RELIEF THROUGH COUNCIL**

In 2012, after years of effort, the City passed a comprehensive revision of its zoning code. Many developers with projects which do not conform to the new zoning code have sought City Council ordinances to revise the zoning of their parcels, without going through the Zoning Board of Adjustment for a variance. Critics claim that zoning by council ordinance favors those with Council connections and/or big-ticket projects. Proponents argue that stakeholder input can be received in Council and that the Council procedure will encourage development because legal challenges to council ordinances are less likely than appeals from Zoning Board decisions.

*Would you vote for (or sign) ordinances enabling developments contrary to the zoning code and which have not received a variance from the Zoning Board of Adjustment? If so, under what circumstances would you vote for (or sign) such ordinances?*

No, I would not vote for such ordinances.

#### **9. CITY-OWNED VACANT PROPERTIES**

The City owns some 10,000 vacant properties. These properties cost \$21 million per year to maintain. Selling these properties requires City Council approval under the newly enacted Land Bank Ordinance. Sales must also be reviewed by the 14-member vacant property review committee, composed of City officials. Some worry that these procedures serve to delay the sale of these properties and open the process to political bartering, favoritism, and waste. Others say that City Council and the Project Review Committee will

appropriately protect the public interest and increase community input in redevelopment.

*Will you vote to amend the ordinance by eliminating the Council ordinance provision? Explain your response.*

Yes. While it is important for there to be community input into development decisions, the best way to do that is to have a clearly defined approval process conducted in public that allows for substantial community comment and input. With clear guidelines for approval, developers will tailor the proposals to meet the communities needs, rather than the community having to try to convince a developer to amend their plans.

## **GOVERNMENT & ADMINISTRATION**

### **10. ETHICS: CREATING A PERMANENT INSPECTOR GENERAL**

The current City Inspector General, Amy Kurland, holds office pursuant to an Executive Order originally issued in 1984 which could be rescinded at any time by any mayor.

*Are you willing to support for Bill 130001 calling for a ballot referendum to amend the City Charter to establish an independent Inspector General funded by taxpayer dollars who would have oversight over every city department?*

Yes.

*If elected Mayor, would you leave the current Executive Order in place and promptly fill the Inspector General's position?*

N/A

### **11. UNFAIR ELECTORAL DISTRICTING**

“Gerrymandering” is drawing electoral districts to serve the interests of politicians or parties. A 2010 survey ranked two of Philadelphia City Council districts (5 and 7) among the top ten gerrymandered districts nationwide, with two others (1 and 9) also highly ranked on the gerrymandering scale.

*Would you vote to amend the City Charter in 2015 so that the next redistricting in 2020 will be conducted by an independent, non-partisan commission?*

Yes.

## **12. ELECTION ADMINISTRATION**

Philadelphia elects three “City Commissioners” whose only duty is to administer elections. They serve four years regardless of their performance. In most cities, the election process is not run by three people, but by one, who is appointed by the mayor and can be removed for poor performance. Proponents say that the current system in Philadelphia empowers voters who can reject ineffectual or dishonest Commissioners. Detractors assert that Philadelphia voters are largely unaware of the duties of the three City Commissioners whose job title does not describe their job function so that the ballot results do not reflect voter’s assessments of on the job performance.

*Would you vote to amend the City Charter, eliminating the City Commissioners and adding the position of an election administrator that reports to the Mayor?*

Yes.

## **13. SHERIFF’S OFFICE**

Per the City Charter, the Sheriff’s office is an elective position charged with responsibility for the sale of tax delinquent properties, courtroom security, and transport of inmates. Like the Clerk of Quarter Sessions, another elected office which was recently eliminated by a Charter revision, the Clerk of Quarter Sessions Court has been unable to account for the funds which it receives and its foreclosure procedures have been seen as partially responsible for the half billion dollars of property tax delinquencies. Critics of the Sheriff’s office maintain that its functions should be administered by administration appointees who can be hired and fired based upon their competence. Defenders of the Office assert that Philadelphia’s voters, not the Mayor, should choose who should conduct sheriff’s sales, and arrange for courtroom security and inmate transport.

*Would you vote to abolish the Sherriff’s office, transferring to other City agencies its functions (Sheriff’s sales, courtroom security and inmate transfer)?*

While I believe the Sheriff’s Office is a state agency and the city may not have the authority to dismantle it, I would support efforts to modernize and increase the office’s efficiency and transparency. The Sheriff’s office can and should be a partner with our neighborhoods in quickly turning tax delinquent properties into tax generating ones. Their antiquated and at times

hard to use process limits the ability of the city to move properties back into productive use.

#### **14. ROLE OF NEIGHBORHOODS IN DEVELOPMENT & QUALITY OF LIFE**

Philadelphia is called the city of neighborhoods, but many of our basic planning, resource, and development decisions are made with little or no effective input of neighborhoods--vital stakeholders in the city's future. These include overall development patterns, placement and design of special events, major construction, and placement and operation of key public facilities—each of which can have major impacts on adjacent communities. Some measures have been made, such as the design review process is zoning code and open public involvement. But these remain advisory, and most localized decisions and issues are still the purview of district Councilpeople rather than the administration.

*What would you do to give neighborhoods more meaningful roles in decision-making and more effective engagement as partners in the city's goals and mission?*

I would begin with a strong structure for approval of any development and a mandated hearing and vote on any and all development projects. If there are things I've learned as a long-time developer: politicians listen to the public when the public is given the opportunity to voice its opinion and developers do not want to have their projects rejected publicly. By mandating a public hearing and vote with full public participation, developers will be incentivized to work with the community before any vote in Council. I believe Mayor Nutter's efforts to formalize development standards is a critical improvement that needs to be protection and preserved, if not expanded. I am disappointed there have already been efforts to circumvent the new standards.

## **15. SCHOOLS**

Per the Mayor's Tale of the Tape, In fiscal year 2013-2014, Philadelphia contributed \$1,216,319,000 to fund the School District, a contribution which accounted for 42.3% of the School District's revenues, a percentage smaller than Chicago (50.3%), Dallas (57.7%) and Boston (67.2%) but larger than Memphis (38.4%), Baltimore (20.7%) and Detroit (20.4%).

*What is the dollar amount of the contribution that you believe the City should make in fiscal year 2016 – 2017, your first year in office, and how you would finance it. Explain your conclusion.*

I would increase the contribution to the level that Dr. Hite has recommended and that Mayor Nutter included in his recent budget. Unlike the Mayor, however, I would not increase this contribution by raising real estate taxes, but by going after the City's delinquent taxes.

*Do you believe that any strings/conditions should be attached to the City's contributions to the School District budget and, if so, what are they?*

I believe any and all added funding must first go to full-time nurses and counselors, followed by classroom instruction and an upgrade of principals, teachers, and classrooms.

## **LIFESTYLE**

### **16. HOUSING FIRST**

Philadelphia has one of the lowest levels of street homelessness of any major American city – 1 in 5,000 Philadelphians lives on the streets in comparison to 1 in 2,700 Bostonians, 1 in 1,800 Chicagoans, 1 in 300 San Franciscans or 1 in 100 Los Angelinos. [Source: Project Home, Saving Money, Saving Lives, 2009, at p. 4] Nevertheless, anyone who has spent time in our public spaces recognizes that there is a significant street population, typically suffering from mental illness or substance addiction, many of whom are likely not homeless. The City has implemented "housing first" programs that place individuals in supportive, permanent housing without regard to continued substance use and/or untreated mental health conditions and spends 108 million per year on homeless services.

*If housing is readily available for homeless people, should they be permitted to live in public spaces?*

No. While I understand that some may believe an individual has the right to live in public spaces, other citizens have rights as well. Philadelphia has rightly won plaudits for its efforts to help the homeless find assistance and shelter. We should continue to help those people who need help find shelter and I would resist any efforts to cut the budget.

*Do you favor sidewalk ordinances to regulate aggressive panhandling and other antisocial behavior?*

Yes.