

Philadelphia Crosstown Coalition Questionnaire for Candidates

The Crosstown Coalition, a federation of 19 civic associations listed below, has prepared the enclosed questionnaire for Mayoral and Council candidates who will be on the ballot for the May 19th 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*.

RESPOND TO: Insert your answers after each question and deliver the completed questionnaire to Crosstown Chair Stephen Huntington by email to shuntington@hhflaw.com. If you have questions please present them by email or, less preferably, call Mr. Huntington at 215 523 7900 or Communications Chair Ilene Wilder at 215 514 0449

CIRCULATION: Answers (other than the Contact Information) will be promptly posted, first come, first served, on the Crosstown Coalition website: philacrosstown.org and emailed to our 19 member organizations.

CONTACT INFORMATION

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The Office You Are Seeking: City Council at Large in the Republican Primary

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TAX AND FINANCE QUESTIONS

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?

The ten-year tax abatement is a tax policy. I am open minded on modification or elimination of the policy, but the information I have seen indicates that it brings in more money to the city than it costs. The most extensive study that to my knowledge has been done was done by economist Kevin Gillen. Other studies seem to confirm this. Unless better information is developed I would be inclined to leave it in place.

That being said, if the policy were to be eliminated or reduced it should not be to create additional revenue for City Council to squander. That would be effectively another tax increase and that is what drives taxpayers, jobs and businesses out of the city. To the extent that there are changes it should be done in a revenue-neutral way. In other words, if elimination or modification of the policy brought additional revenue, that revenue should be used to reduce other taxes, probably the wage tax. It may very well be that long-term economic growth might be enhanced more by lowering the wage tax than by granting tax abatements on real estate development. Study is needed.

One thing that I would be strongly against would be to alter the policy so that it affects only certain areas of the city. Permitting City Council to inject petty politics into this process would be destructive. The government always makes bad decisions when it comes to fiddling with the market. We should have laws that are enforced uniformly across the city. A project that spurs development and creates jobs is good for the city regardless of whether it is in Center City or West Philly.

Should it be modified or abolished?

See above.

If you favor modification, what modifications should be made?

See above.

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?

Properties should be reassessed on an annual basis. The failure to do so creates inequities and violates the state constitution. Further, less frequent reassessments create the situation where people see dramatic increases in their taxes and have difficulty planning for their financial future.

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?

Yes. Taxing wages and businesses give incentives for them to leave the city as we have seen. Taxing real estate affects the market value but cannot be moved.

If you believe we should shift away from wage and business taxes to real estate taxes, how would you propose to do this?

I think that changes to our tax structure as well as lowering of tax rates must be gradual and predictable. I would love to say that I support lowering the wage tax by a percent or two my first year on City Council, but that is not productive. People and businesses have made decisions based upon their expectations of tax rates and tax structure now and into the future. Moving too fast does not give anyone time to plan. It also does not give the economic benefits of the changes to take effect. We should be able to move faster than the wage tax reductions that took place during the Rendell and Street administrations.

We can probably restructure taxes by gradual reductions in the wage and business taxes rather than raising the real estate taxes. Lowering wage and business taxes while holding real estate taxes firm will have the effect of putting more reliance on the real estate taxes as a percentage of revenue. It would also be expected that over time these tax policies would spur economic growth and bring in more revenue. By example

If you do not believe that such a shift should occur, why not?

Not applicable.

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 that 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?

Yes. The Department of Revenue has demonstrated its complete incompetence in collecting taxes. Selling the liens will put money into the city coffers because the buyers of the liens will have a profit incentive to collect what they can. The city will not recover the revenue it would have if it had simply done its job, but that is water over the dam and cannot be fixed at this time. Changes need to be made going forward.

One way to not do this, however, is to play politics with which liens are sold. They should be sold based upon their marketability, not based on some subjective system. In other words, we don't just sell liens for properties owned by absentee landlords. That is one of the reasons why some properties have not had real estate taxes paid in decades. The city reacts to pressure from politicians to select whom they initiate collection actions against. That is how you reward your political friends and punish your political enemies.

If not, what steps would you take to ensure that the delinquency is addressed?

Not applicable.

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.

Of course. The public and UIL, the company that bid on PGW, deserved hearings. UIL spent over \$20 Million bargaining in good faith and didn't even get a hearing. The public had no opportunity to see the deal considered. In addition to being cowardly by City Council, it certainly told other businesses what they were going to have to deal with if they came to Philadelphia. It was like putting a sign on City Line Avenue that says "Closed for Business."

This was not only a failure of process, but the sale was good for the city. City Council's own report said that the methodology in soliciting bids met with industry standards, that UIL's bid was the best one submitted and that the price was fair for the assets being offered for sale. Further bond rating agencies took negative action on UIL's bonds because in their opinion the price being paid was too high. It all screams out "Take the Money and Run."

What is your vision for the future of PGW?

Sold. The government should not be in this business. They have never run it well and never will. It is humorous that City Council talks about turning Philadelphia into an "Energy Hub." That is complicated at best, but how many businesses are going to work in Philadelphia when they saw how City Council treated UIL? Can't they just go down the river to Marcus Hook or one of the ports in New Jersey or Delaware? There is no energy hub with the city in control of PGW.

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?

Growth is important in helping shore up our underfunded pension funds. It will not be enough. Tax hikes will slow or reverse growth so that is not only not the best plan but also it should not be an option.

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.

Raising taxes would be counter-productive. It will make the problem worse. Selling assets is a no-brainer. The city should not own PGW or be in that business. Similarly the Water Department also has value that would be better used funding our pensions. The city does not need to own the airport. The city should not own parking lots that compete against

private parking lots. The city should not own any real estate that it does not have a short-term use for.

Both in terms of funding our pensions and cutting tax rates to create jobs, spending must be cut. This is painful but necessary. The purpose of the city government is to provide core municipal services. These include public education, police and fire protection, keeping the city clean and broadly, infrastructure, whether it is filling potholes or having building inspectors. Everything else should be on the table.

Let's start with the Office of Civic Engagement of Philadelphia City Council, which is essentially a publicity agency for City Council. This recent addition is City Council's way of saying that they think that this is more important than public education. An easy cut is economic development funding. Isn't the best economic development program lowering everyone's taxes? Isn't it true that the government is a failure at picking winners and losers in giving away economic development money – even when it is not using it as patronage? Philadelphia has some health and welfare responsibilities, as it is both a city and a county. The state or federal government pays for most of the mandatory spending. That is appropriate as these services must be performed regionally or else surrounding municipalities sent their problems to the place that provides the best services, and we see this in Philadelphia. We spend large amounts of money in excess of that which is required in our county role and this money is more appropriately spent on core services. Frankly, everywhere in the budget where we see the word “program” it needs to be looked at carefully. Most of the programs, whether well meaning or pandering to special interests, do not deliver core services.

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?

Yes. It is necessary to protect the promises we have made to our workers and ensure that their pensions will be paid.

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?

The government should not inject itself into the market. The history is that it operates purely for the political advantage of the elected officials and not for the people involved or the betterment of the city as a whole. And, government being government, the unintended consequences can be harmful to everyone. Property values are always changing, either increasing or decreasing. Increasing values are good for longtime homeowners, many of whom need to rely on that equity to retire. By tinkering with the market, the government is cheating many of those who need and deserve the increased value of their homes.

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

See above.

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. The Zoning Board of Adjustment has a procedure for local Registered Community Organizations and the general public to have a say in zoning variances. That is the place for these matters to be heard, not City Council.

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. City Council's exercise of council prerogative in these cases, and many other situations, is one of the biggest structural problems in city government. City Council should be voting in the best interests of the city, not to support another councilmember's political agenda so that that councilmember will support theirs.

The city should not own ANY property that it does not have a short-term plan to use. They should just be auctioned off. They all have zoning on them and to use them differently from the zoning a new owner would have to apply for a variance and go through that process. City inspectors can make certain that they are maintained to code. With these protections for the neighborhood, City Council approval does nothing but slow down the process and open it up to political manipulation. The Land Bank may be able to bundle and market some properties to the financial advantage of the city, but the provision that allows City Council to meddle interferes with that. Generally they should just be auctioned off to the highest bidder.

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?

I would be willing to establish an independent Inspector General.

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

Yes, although it would be surprising if I was elected Mayor since I am running for City Council.

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?

No. Every county has a county board of election. In most cases they are the County Commissioners. They normally have representation from more than one political party. As a Republican I think it is important that there be minority party representation. The work has to be done by somebody and I think that the present system works as well as the proposed change.

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)?

I am willing to consider doing this. There may be a constitutional issue in that the Sheriff is provided for in the state constitution, although its duties are not defined. That may not mean that the office can just be eliminated, however.

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 Council people 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?

The Registered Community Organization system in the new zoning code is a good step. Letting the system work without interference by the unwritten council prerogative that gives the district City Council member too much influence would give the community a greater say and not have political support of the incumbent be a factor in action by city agencies.

Ending the destructive practice of council prerogative, which gives the District Council Member unfair influence in various aspects of city government hurts neighborhoods from becoming partners. They are only listened to when they happen to agree with the position of the District Council Member – which means that they are not really listened to.

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 believe that the city should fund the school district's request. This would include the \$103 Million in addition to last year's funding. It should not be funded with a tax increase, though, which will simply extend the pattern of driving jobs, businesses and taxpayers out of the city. We need to re-prioritize spending, which means that there will be painful cuts and layoffs. Municipal government exists to provide core municipal services. These are, in my mind, public education, public safety (police and fire), keeping our city clean and

broadly the infrastructure needed to manage a city, which can be everything from fixing potholes on our streets to having enough building inspectors. Everything else needs to be secondary to these core services.

City Council recently created “The Office of Civic Engagement of Philadelphia City Council.” As near as I can see, it is a publicity agency for City Council. Whatever it is, they are saying that it is more important than public education. Not to me. That entity is not very large. One area to cut is economic development spending. Even when it is not being used as patronage, no one makes worse decisions on picking winners and losers in that game than the government – and at every level, not just our city. The city has certain responsibilities for health and welfare spending because it is also a county. The state or federal government funds most of that. We have to run those programs. The city spends a lot in those areas on top of that, however, and that is another area that can be shifted to public education and other core services. Health and welfare must be funded on a state or federal level or else the municipality providing the services becomes a magnet for problems.

Generally, anywhere in the budget where you see the word “program” that line item should be on the table for shifting money to public education. Some of the programs do good things and some simply pander to special interests that help get city councilmembers reelected. Regardless, they are not as important as providing core services.

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?

The School District needs to be encouraged to increase educational choices for parents and students. Not every charter school is a good one and some should certainly be closed. That being said, the School Reform Commission rejected new charters for operators who are currently providing quality education for the students in their charge now. This is a disservice to our children.

The School District cannot be permitted to protect bad teachers. “Rubber rooms” where teachers who cannot teach are placed because the schools do not want to go through the trouble of terminating them is harmful to our children in many ways. Additionally, the School cannot continue to operate half empty schools. That takes resources away from our students and maintains an expensive and inefficient bureaucracy. The School District closed 23 schools three years ago. None last year. None this year. None talked about for next year. They admit that they have under-capacity schools. They won’t admit that they don’t have the political will to close more schools. They are cheating our students.

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. That is a health hazard for them and for the public in general. It also lowers the quality of life for everyone and retards economic growth.

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

I think that we must be very cautious in enacting such laws in that they cannot violate basic constitutional rights, such as freedom of speech. I do not see too many circumstances in which “aggressive panhandling” that does not involve threats could be regulated. That being said, the term “antisocial behavior” is very broad. Certainly many types of antisocial behavior can and should be sanctioned.