

June 4, 2013

The Honorable Michael Nutter, Mayor  
215 City Hall  
Philadelphia, PA 19107

The Honorable Darrell Clarke  
313 City Hall  
Philadelphia, PA 19107

**Re: Conclusions of Crosstown Coalition of Taxpayers on AVI**

Dear Mayor Nutter and Council President Clarke:

The 20 civic groups in the Crosstown Coalition of Taxpayers (CCT) support AVI's goal to assess properties at true market value. At the same time, the Coalition has concluded that the City must address inaccuracies in the AVI assessments and provide adequate taxpayer protections.

These shortcomings can be addressed to a large degree by phasing in AVI over a period of years; insulating vulnerable homeowners from large, unaffordable tax increases; increasing tax collections; and advocating for the repeal of the uniformity provision in the state's constitution.

**1. A Multi-Year Phase-in to Improve Fairness and Accuracy And Increase Collections**

The data provided to the Coalition on March 29 show that AVI assessments not only are inaccurate, they are inequitable: too many assessments do not correlate with market value, and as a group, the less well-to-do are being asked to pay proportionately more than the wealthiest Philadelphians.

Because these flawed assessments are slated to go into effect in 2014, we support a multi-year phase-in like that proposed by Councilman Mark Squilla. A phase-in would limit the financial impact of flawed assessments in the first couple of years of AVI, while allowing the city to correct the errors in the meantime. A phase-in also would provide time to collect delinquent taxes, and to seek state-level changes allowing for multiple property tax rates (see item 4 below).

While we believe AVI can be remediated over time, we also believe the reassessment process must be transparent, and that the result should conform to industry standards of accuracy. In a separate letter, a copy of which is enclosed, CCT has detailed the transparency and oversight reforms that should be put into place.

*Participants in the Coalition:*

Bella Vista Town Watch • Center City Residents' Association • East Falls Community Council • East Kensington Neighbors Association • East Passyunk Crossing Civic Association • Fishtown Neighbors Association • Hawthorne Empowerment • Logan Square Neighborhood Association • Northern Liberties Neighbors Association • Overbrook Farms • Parker Park Civic Association • Passyunk Square • Pennsport 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 Passyunk Saunders Park RCO • Woodland Terrace Homeowners Association

## **2. Taxpayer Protections to Prevent Homeowners from Being Taxed out of their Homes**

According to the Econsult report to City Council, more than 34,000 Philadelphia homeowners will face AVI tax increases of \$1,000 or more a year. Many of them will face these increases even if assessment errors are corrected.

The City must enact laws to protect those who cannot afford to pay while controlling the cost of those protections. To achieve these goals, protection measures must:

- cap and/or defer a significant portion of the tax increases for vulnerable homeowners.
- include means-testing to cover not only low-income homeowners but also middle-class taxpayers who have invested in the City's developing neighborhoods.
- ensure that residents do not lose most of the equity of their homes over time (as the result of accumulating deferrals, for example).
- include overall cost controls to limit their impact on the millage rate.

Given these criteria, the Homestead Exemption is ill-suited to protect Philadelphia's residential taxpayers. It is not keyed to the level of increase in assessment or tax bill, it provides little or no tax benefit for homes assessed over approximately \$250,000, and a \$30,000 Exemption would raise the tax rate by 10 mills. For these reasons, the CCT strongly urges that if a Homestead Exemption is adopted, it be no larger than \$15,000, and be only one part of a package of homeowner protections.

## **3. Increases in Collections of Delinquent Taxes**

CCT commends the City on its increased efforts to collect the hundreds of millions of dollars owed in back taxes. At the same time, far too many back taxes remain uncollected, and the City's annual collection rate of new taxes is too low. The City must put in place the staff, policies, and legal authority to increase collections of both back taxes and new taxes significantly. The City should set a meaningful projection for the increase of delinquent tax collection which can be used to help reconcile shortcomings in the budget now being prepared. This effort should include better communication among City agencies, and necessary enabling legislation from the state.

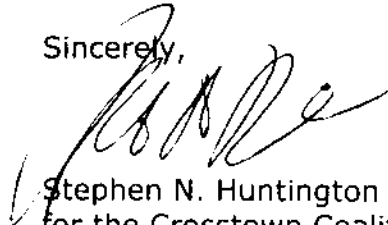
#### **4. Multiple Millage Rates to Increase Fairness and Streamline the Tax Code**

Most cities, including most of Philadelphia's peer cities (Boston, Washington, Hartford and Chicago), tax commercial and residential property at different rates so that property taxes can be tailored with other forms of revenue to produce a fair tax base.

The Coalition therefore requests that the administration and Council make it a priority to get the Uniformity Clause of the Pennsylvania Constitution repealed or amended, so that Philadelphia may adopt different rates for different kinds of property. We expect the City to work closely with Harrisburg in order to achieve this change in state law within the next few years.

As always, CCT remains ready and willing to work with you and your staff to improve the AVI project.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Huntington", written over the word "Sincerely,".

Stephen N. Huntington  
for the Crosstown Coalition of Taxpayers  
215 523 7900

cc: encl. Members of City Council

## **The Crosstown Coalition of Taxpayers**

1600 Market St • 25th Floor • 19103 • SHuntington@hhflaw.com

May 31, 2013

Council President Darrell L. Clarke  
Room 313 City Hall  
Philadelphia, PA 19107

**Re: Bill 130443**

Dear Council President Clarke and Members of Council:

At its May 29 meeting the Crosstown Coalition of Taxpayers resolved to support Council Bill 130443 which seeks to ensure that assessment of the City's real property be conducted (1) professionally and (2) transparently.

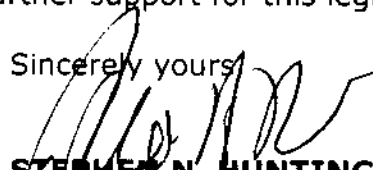
Our history of dealing with the administration on AVI suggests that this legislation is sorely needed. The Coalition report entitled "Actual Valuation - A Flawed Initiative", delivered to Council last week, brought into question the quality of the assessment product delivered by OPA. Despite numerous requests from CCT for the pertinent data it was only after Council unanimously passed Councilman Oh's bill to subpoena OPA's records that the administration delivered to the Coalition the assessment data and formulas which were produced at taxpayer's expense

As CCT has had real concerns on the issue of professionalism and competence, we specifically endorse Section 2.305.2.(d).(i) which requires that future assessment efforts comply with the industry standards established by the International Association of Assessment Officers. Similarly we approve of Section 2.305.2.(s) which calls an outside auditor to periodically review assessment accuracy.

On another issue of great concern to the Coalition, transparency, we support Section 2.305.2.(e) which obligates the administration to publish annually the Coefficients of Dispersion both for the entire City and for the geographic sub areas utilized in the assessment process. Further, we endorse Section 2.305.2.(t) which requires that assessment records be preserved and available for public view.

We would be pleased to provide any further support for this legislation that you might suggest.

Sincerely yours,

  
**STEPHEN N. HUNTINGTON**  
Crosstown Coalition of Taxpayers  
215-523-7900

cc Members of City Council

*Participating in the Coalition*

Beta Vista Town Watch • Center City Residents' Association • East Falls Community Council • East Kensington Neighbors Association • East Passyunk Crossing Civic Association • Fishtown Neighbors Association • Hawthorne Empowerment • Logan Square Neighborhood Association • Northern Liberties Neighbors Association • Overbrook Farms • Packer Park Civic Association • Passyunk Square • Pennsport 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 Powertown Saunders Park RCO • Woodland Terrace Homeowners Association