

PHILADELPHIA CROSSTOWN COALITION - DRAFT, subject to approval at next PCC Board meeting

Minutes of Board of Delegates Meeting on MARCH 19, 2018

Location: Mosaic Community Church, 123 S. 51st St, 19139

Called to Order: 6:15 p.m. **Adjourned:** 8:00 p.m.

Attending: 24 member associations, represented by 38 delegates

Lee O'Neill, Dennis Halda, **Bella Vista Neighbors**, Leah Strenger, Joanne Kundrat, **Callowhill Neighborhood Association**, Celeste Hardester, Jim Petkovits, **Central Roxborough**, Steve Huntington, **CCRA**, Monica Allison, **Cobbs Creek NA** Bill Epstein, Meg Greenfield, **East Falls CC**, Samantha Gross, **East Passyunk Crossing CA**, Sarah Stevenson, Miguel Garces, Jerry Sulat, **East Point Breeze Neighbors**, Noam Kalimas, Danielle DiLeo Kim, **Fairmount Civic**, Joseph Kain, Matt Karp, **Fishtown Neighbors Association**, Jamie Gauthier, **Garden Court Community Association**, Drew Murray, Andy Toy, **Logan Square Neighbors Association**, Colleen McDonough, **Lower Moyamensing Civic Assoc.**, DeWayne Drummond, **Mantua Civic Assoc.**, Matt Ruben, **Northern Liberties Neighborhood Association**, Barb Capozzi, **Packer Park**, Sarah Anton, Ilene Wilder, **Passyunk Square Civic Association**, Jeff Hornstein, **Queen Village CA**, Lorna Katz, **Society Hill Civic Association**, Peter Zutter, **South Broad Street Neighbors Association**, Murray Spencer, **SOSNA**, Horace Patterson, **Walnut Hill Comm. Assoc.**, Judy Applebaum, **Washington Square West**, Chuck Bode, Lucia Esther, **West Powelton/Saunders Park**

Not represented: Cedar Park Neighbors, East Kensington NA, Girard Estate Neighbors Association, Hawthorne Empowerment, Manayunk NA, Overbrook Farms, Powelton Village Civic Association, Spruce Hill CA

Guests: David Dlugosz, **Holmesburg**, Sam Schleps, Connie DeLury Schepis, **Tacony Civic Assoc**, Ryan Keller, Councilman Henon's Office, Angela Reason, March Reason, **Overbrook Park Civic Association**,

Speakers: Rob Dubow, City Finance Director; James Engler, Deputy Mayor for Policy; Otis Hackney, Director, Mayor's Office of Education; Councilman-At-Large Allan Domb (invited)

1. **Welcome/Roll Call** 24 of 31-member civics present; Garden Court thanked for hosting the meeting. Thanks to Ryan Keller for continuing to drive attendees from the Northeast.
2. **Approval of Minutes** January 29 minutes approved with addition of Barb Capozzi as attending
3. **Next Meeting** Monday May 14; Ryan Keller will look for a location in the Northeast
4. **Guest Speakers:**
 - A. **Rob Dubow**, with James Engler, presented Proposed Budget Overview for City of Philadelphia, FY19 Budget and FY19-23 Five Year Plan and Recommended FY19 Capital Budget and FY19-24 Capital Program. Power Point presentation with handout of slides provided.

First part of presentation on funding School District, which is facing \$900 million deficit over next five years. This is not about getting to adequacy for the District. We are proposing \$980 million by increasing City's Annual contribution by \$20,000 per year; reducing planned wage tax reductions resulting in \$340,000 over 5 years; Increase real estate transfer to generate \$66 million; Increase property tax rate by 6% to generate \$475 million.

Second part: City's Budget and what goes into choices for funding. Fund Balances for FY 19-23 are below recommended levels. GFOA recommends 17%, we feel target should be 7% for Philadelphia as a goal but we are currently running 1%-3%.

By far the largest revenue is from Wage Tax including the PICA (Pennsylvania Intergovernmental Cooperation Authority) City account – combined they are nearly half of our revenue. This is unusual – most cities rely more on Property taxes. This makes us more affected by changes in the economy, making our situation more volatile than other governments.

On expenditures, we are driven by personnel expenses and legacy expenses – pension costs. Increases are in school district, reserve for labor costs and pension fund contributions. Other key investments: Police and Fire departments, improving public safety as pertains to traffic safety, child welfare, and demolition. Also Reducing Poverty and promoting growth through additional funding for Community College, City as Model Employer initiatives, and Protection of low-income homeowners. Also investing heavily in Opioid Crisis and Homelessness, Improving Delivery of City Services.

Questions: to Rob Dubow and Jim Engler

What is Fund Balance? The percent of revenue remaining after expenditures, in Philadelphia about 2% of \$4.6 billion projected for FY19.

What is schedule for Wage Tax Reduction? Last time it was slowed down was during the financial crisis. When program started 4.96. Now 3.89, in this program it will be at 3.84.

How much of revenue is dependent upon the State? None

What about pension fund? Not where we want it to be – it is 40% funded, we put together a plan to get it to 80% funded in about 13 years. Three major components: additional resources (a portion of local sales tax goes to this); in collective bargaining we are looking for changes in contributions and benefit structure. Largest part of underfunding problem is from legacy plans, not current, but we have to fund the whole system.

When will PICA sunset? Right after this five-year plan. They pay off debt service on bonds and the rest flows to us, so that debt service will go away, but it has been reducing anyhow.

Beverage Tax – We initially projected \$92M, we collected \$72M over the last year. This plan projects \$78M.

How are we doing on collection of taxes? Collection rate is 95.5% and has been going up steadily. We are open to securitization plan.

What about School Taxes – people don't even know it exists and aren't paying it? That has been going up over years; we have matched up with other governments like IRS to find out what wasn't being collected. We did a lot of outreach a couple years ago on this.

How will Property Taxes be structured? 80% of property is personal. With increase in Homestead exemption from \$30K-\$40K, many property taxes will remain the same or even decrease some.

Matt Ruben made the point that this is not being well communicated, that editorial staff is misstating the impact of the changes in their headlines. Our communities need to understand how this will actually work. (Matt was then assigned to write a one-page explanation summarizing what he said.)

What is in Street parking Revenue? that split is dictated in State Law, and we have no control over PPA expenses.

When do we get to point where we don't have to depend on bonds? We don't borrow for operating costs. We are on too small a Fund balance right now.

Non-Tax Revenues? Recording fees, certificates, L&I fine.

Who sets rate for parking permits? City Council, last set about 7 years ago

B. Otis Hackney was asked for an update on School Board nominating process - Last week mayor requested names for panel last week. 45 names submitted for 9-member board, which will be announce in early April.

C. Councilman-At-Large Allan Domb – speaking delinquent taxes; mayor is on board; issue is getting it through Council. 67,000 delinquent properties, 51,000 Commercial/Industrial/investor properties, 16,000 owner occupied. Last count \$394M delinquent taxes, \$284M of which could be collectible (\$110M tied up in payment plans, bankruptcies, etc.). \$140M of the \$284M is residential including investor-owned. The program we are talking about has been done in NY for 20 years. They have a collection rate of 99%. Ours is 96%. Each point is worth \$13M. The idea is to collect not just the back taxes but improve the collection rate going forward. \$13M may not sound like a lot, but when you multiply it over the number of years it has been delinquent, it starts to add up. Councilmen Squilla and Henon are co-sponsoring. Councilmen Tuatenberger, O'Neill and Oh are on board. We need 9 but more importantly, we

need Councilwoman Blackwell, chair of the Finance Committee, to sign off, and we need Council President Clark to sign off. We have no ability to have a hearing until he signs off.

Question: What are his objections?

Domb: I think the number one objection is gentrification. I get that. We have a great program called OOPA – Owner-Occupied Payment Agreement, which basically says that if you financially qualify, your payments can be as little as \$25/month or less. The goal is not to take homes. The goal is to go after people who choose not to pay. (Story of an investor who owns 42 properties in Philadelphia that are delinquent.)

Comment: The Sherriff's Sale process has been so broken that people don't view it as a hammer.

Domb: With the NY program, we hire a program manager who works for us. We stay in control (rather than Sheriff system). We send out notices: 90-day, 60-day, 30-day, 10-day. In NY, after 4 notices, 85% of people pay. It's marketing and collection. This is just one tool the City could use for collections. The Mayor, and Rob Dubow, and Frank Breslin, and Jim Engel are all in favor of this program. The press doesn't seem to get that. It's Council that we have to get on board.

Question: Can you talk about the schedule for the fund and what would that money be targeted for?

Domb: It's Real Estate taxes, so it goes where that goes, including 55% for schools. Implementation could take 14-16 months. One of the things we need to do is get our records cleaned up and do a quick overview to start the process.

Question: I'm confused, what about foreclosures and securitization?

Domb: The goal here is not to foreclose, it is to collect. There are two pieces. We would do the notices first, and then securitize when there is no response. Once the Sale happens, the District would get its part and the City would get its part, so sometime within about a year after the sale.

Comment: That is assuming someone wants to buy it, or you'd create securities and put it on the Bond market.

Question: Has data been presented to the council people to allay their concern? In your opinion, should it allay their concern?

Domb: Yes to both. Councilmen Clarke, Squilla, and Johnson all have gentrification in their districts, - in some ways, gentrification gets conflated with tax collection.

Question: Are you sure that part of the concern is not these investors who might have low-income tenants that would get kicked out on the street? I'm asking if that is more the Council

President's concern than taxes going up. It might be good to try to be sure of exactly what his concern is.

Domb/others: We have the ability to do sequestration – we could take the property from that owner, and have them pay us. What I saw was that people inadvertently didn't pay for five years, and then couldn't get caught up. If we help people pay for the first year and then work out a program for past years.

5. **Committee Reports**

A. FONE – Jeff Hornstein

Next summit is May 19 for all the Friends groups

William Penn Foundation has decided they aren't going to fund this kind of thing. We have not gone to Knight yet. Other news - Several Crosstown affiliated folks have been nominated for the School Board, including Kate Strados of Spring Garden, Andrew Stober of Passyunk Square, others.

B. ZONING – Steve Huntington

We had a spirited email exchange on TOD and we came up with two motions that the Crosstown Executive Committee agreed to. The first motion pertains to a Council hearing tomorrow.

Resolution 1: The Crosstown board endorses the concept of the Transit Development overlay District. TOD zoning is a planning tool that not only supports the use of mass transportation but also advances housing affordability, a goal of the Crosstown Coalition adopted at its September 16, 2017 meeting. In keeping with the Coalition's concern for grass roots input into land use decision, the Coalition defers to the individual neighborhoods and stakeholders on the Market Frankford line where TOD is proposed in Bill 18008 for their reaction to the neighborhood implementation of TOD zoning.

Discussion about process, and that we cannot do a vote on this because we need to take issues back to our board, and to build awareness in our communities. The problem is that there isn't time. A typical council bill has a life of 30-40 days. We are voting to not make any decision on this bill, so is there really a reason for us to do this? This is the upshot of the Affordable Housing committee discussion, but this is another chance for the Crosstown to let Council know we are watching.

VOTE: 15 support, 1 oppose, 3 abstentions

Resolution 2: The Crosstown board opposed the proposed increase of mandated parking per unit contemplated by Bill 170672 from 3 spaces per 10 residential unites to 6 spaces per 10 residential unite in RM, RMX, CMX3-5 zoned lots. This proposal will decrease affordability of new residential housing, which goes against Crosstown Coalition goals of decreasing housing affordability as adopted at its September 16, 2017 meeting.

VOTE: 14 support, 1 oppose, 5 abstentions

Zoning Committee date – Steve will email members about a suggested date in April

Motion to write to Councilman Clarke to ask him to hold a hearing on the Delinquent Property tax issue presented at this meeting. Motion for a letter was held pending setting up an in-person meeting with Clarke first in order to learn more about his concerns.

6. New Business

D& O Insurance is still available for Crosstown members as a group. So far we have just 7 or 8 applications. It's a one-page form – please fill it out. Several Brokers are interested.

General Interest: Joe Kain said Fishtown is working with Code for Philly - application for generating membership records, sign-ups. Let Joe know if you are interested for your civic.

Citizens Planning Institute – Jeff said he is talking with Donna Carney about Crosstown doing a civic summit in the fall, because the CPI can only take about 20 participants at a time.

Parks – Clean up on April 7; Love Your Park May 12-20

As recorded by Celeste Hardester, Secretary