

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 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*.

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.

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 and emailed to our 19 member organizations.

CONTACT INFORMATION

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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

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 property tax abatement has been proven to spur development that otherwise would not have occurred, increasing jobs, taxes, and overall tax revenues. It is certainly not a perfect solution, but studies have shown that it has been effective.

With Philadelphia's economy on the rise at a pace unheard of for decades, it's time to revisit the 10-year abatement. It may be time to roll back the school district portion of the abatement to five years instead of 10. We need to raise revenue for our schools, especially since they also have a significant impact on our economy.

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?

Real estate tax assessment must be kept up to date to avoid the type of shocking increases that were seen with AVI. With an economy and real estate landscape that is evolving as rapidly as Philadelphia's, it is irresponsible to reassess property values so infrequently. As property values continue to rise across the city, each year without a reassessment represents lost property tax revenue, which means less revenue for schools, pensions and other essential city services

Property tax assessments should occur on a rolling basis with the goal of assessing each property every two years. The Mayor and every City Councilperson should be required to take responsibility for this.

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?

Philadelphia must modernize its tax system. We have one of the most regressive, business-unfriendly systems of any major city in America, and the wage tax is one of the key culprits. As a general rule, we need to shift from relying on taxing things that can move (like workers and business income) to taxing things that either can't move (property) or that we don't want (plastic bags).

Philadelphia has been undergoing gradual reductions in wage tax since 1996. According to the 2009 Mayor's Task Force on Tax Policy, those reductions alone have resulted in the creation of 25,000 jobs. We must follow the Task Force's recommendation and lower the wage tax to 2.7% for residents and 2.4% for non-residents by 2025, preferably sooner

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

If we decrease taxes like Wage and BIRT, then we'll naturally see a decline in short-term revenue from those taxes. But commercial property demand will increase as since it will be more attractive for businesses to locate and expand in Philadelphia. As commercial demand increases, economics tells us that the price – in other words, property values – will also increase. Increased property values will result in increased revenue from commercial property taxes, which will offset losses from the reductions in wage tax and BIRT.

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

N/A

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?

Before we securitize tax liens, we should make a greater investment in the City's tax collection efforts. Much of the problem is that self-reported taxes like Use and Occupancy, and liquor by the drink are under-collected. Modernizing our tax collection systems will go a long way towards addressing the delinquent tax issue. Additionally, the General Assembly just recently passed a law allowing city government to lien the assets of delinquent landlords who reside outside city limits. We must give this solution some time to work and study its efficacy.

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

Compared to our peer cities, Philadelphia does a very poor job of collecting delinquent taxes. For example, New York City has implemented reforms that have raised its collection rate from the mid-

80% range to 99.8%. We should embrace best practices from to ensure a first-rate collection system. I would also work with the Revenue Department to assess its needs as an agency. Strategic investments in the Revenue Department could result in the capture of millions of dollars in delinquent taxes.

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 yea or nay vote.

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

City Council should have conducted public hearings on the proposed sale of PGW. Without the full range of information that would have been available from those hearings, it's hard to say conclusively whether the deal would have been in the city's best interests. I believe that the way that Council handled the proposed transaction damaged Philadelphia's reputation on a national level. We need to carefully consider all important business proposals, not push them away by presenting our leadership as arbitrary, obstructive, and petty.

What is your vision for the future of PGW?

PGW is one of very few municipally-owned gas utilities in the nation. While I don't fundamentally believe that our City should

own a utility, we need to make sure that any proposal to sell it is carefully considered on a cost-benefit basis. The rights of the utility's workers as well as the city's residents must be fully considered, while the potential benefits of a sale, including the jobs that would be created by an accelerated main replacement schedule, represent a serious rationale to sell the utility.

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?

It's a little bit of both. By changing the way we do business – particularly with regard to our tax structure – government can help create a climate for stronger economic growth that will help put a dent in the pension deficit.

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.

I don't favor "raising" taxes; I favor restructuring and modernizing them. That means that some taxes will go up, while others will be reduced or eliminated. I endorse the findings of the 2009 Mayor's Task Force on Tax Policy, which recommended continued reductions in wage tax and BIRT. I also favor increases in commercial real estate rates; however, given the Uniformity Clause in our State Constitution, this is a tricky thing to do without also raising residential property taxes. Our homeowners pay enough in taxes already, so I will look for ways to increase commercial taxes while providing relief to homeowners.

As to what programs should be cut, I don't believe it's fair to start a witch hunt here. Every program run by every agency in the City has to be assessed annually during the budget process and evaluated to ensure that we're getting a good return on our investment of taxpayer dollars. When it comes to streamlining government, everything must be on the table, but I'm not prepared to put anything on the chopping block just yet.

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?

First, pensions should be scaled so all public employees are assured sustainable and reasonable pensions. This will mean phasing out the current pact of the highest-earning employees, including elected officials, receiving their salaries for life. I believe this can be negotiated in concert with the public employee unions, whose lowest-earning workers should have the certainty of a retirement-sustaining pension. Employee contributions should also be increased to be in line with those in other major cities, and I am open to a scale model to ensure our lowest-wage workers aren't disproportionately impacted. Additionally, I would consider a hybrid pension/401k system for new employees. The defined benefit would be based on a maximum salary level, pegged to CPI, and above that salary, the pension would be invested in the 401k. Finally, I would introduce legislation creating a task force to identify new, sustainable and recurring revenue streams for the pension fund.

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?

I live in West Philadelphia and have for the past 17 years. I've seen my neighborhood change dramatically in that time. I am pleased to see my neighborhood becoming safer and a stronger community, and I'm proud that my work with the University City District helped make things better. However, I am concerned about those who are pushed out of their lifelong homes and neighborhoods due to increases in property values.

Government has a responsibility to ensure that every neighborhood improves, not just some. I am in favor of implementing tax disincentives for "flipping" properties. I am also in favor of mandating inclusionary zoning for new residential developments, increasing investment in the Housing Trust Fund, and making sure that the city's agencies which address affordable housing, such as PHA, OHCD and PHFC, are functioning well. The bottom line is that neighborhoods are going to change; they always have and always will. Government has a responsibility to ensure that any changes that do occur are organic and that profiteers and speculators don't turn a profit by hustling longtime residents.

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?

If elected to City Council I would judge land use ordinances on a case-by-case basis. At-Large members ought to be just as interested in planning, zoning and development decisions as District members, and there ought to be more public debate ahead of such votes. My particular background makes me uniquely qualified to offer input into land use decisions, but there is simply no sound reason any other member of Council ought not arrive at their own judgments about land use and development proposals. Such decisions, while seemingly isolated and discreet, when added up speak volumes about the direction and growth of the City as a whole.

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.

Our vacant properties are one of our greatest problems and one of our greatest opportunities. By strategically reallocating these parcels, we can spur redevelopment and growth in traditionally-underserved neighborhoods.

But that development can't be arbitrary, and it can't come at the expense of our neighborhoods and our citizens. We need appropriate oversight of sales of vacant properties. I do favor Council having some direct authority, just as I favor having a way for neighborhood groups to have input; however, perhaps instead of requiring a majority of Council to approve a sale, we could instead require a supermajority of Council to reject one, at least until the Land Bank procedures have been tried and tested and we are confident that they are fair and appropriate.

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. The Inspector General serves a critical watchdog function and helps keep our government operations ethical and efficient and ought to be a permanent, independent office by Charter.

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?

If at all possible, redistricting should be conducted algorithmically to avoid gerrymandering and other legislative hijinks. If, however, algorithmic redistricting would result in minority groups being disenfranchised, then I would favor an independent, non-partisan commission helping to draw more regular, natural, and fair district lines.

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?

Elected row offices are a relic. While their offices serve critical functions, it is counterproductive to continue to staff them with elected officials. Despite being charged with running the elections, City Commissioners have to resign in order to run for reelection. This means that they are legally unable to perform the duties of their office 25% of the time. I can't think of any other city position where it would be acceptable to only perform 75% of your duties. I would vote to amend the Charter to remove these positions.

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)?

Much like with the City Commissioners, I would favor the Sheriff no longer being an elected position. I don't believe it's necessary to eliminate the Sheriff's office entirely, although that's a structural question, not an ethical one. If we could move their functions into other agencies and have them performed more efficiently, then yes, I would

be in favor of that, just as I would be in favor of just about any reorganization that increases efficiency and improves services.

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?

Council's amendments to the new zoning code have significantly increased the role of community groups in zoning and land use decisions. While district councilmembers do have ultimate say in these matters, those members are directly elected by and are accountable to the voters of their respective districts. That said, there ought to be more public debate ahead of land use votes in Council, during which at-large and other district members should be heard.

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

First, the majority of the city's contribution comes from the 55% of property taxes that are earmarked for the District. That revenue is dependent upon property values, so I cannot give a specific amount but, by statute, it will be at least what was received last year.

I believe that the school district portion of the property tax abatement should be reduced from ten years to five in the short-term. While this may not provide immediate revenue increases, it will provide some medium-term stability. By reducing the wage tax and BIRT, we can also make our commercial property more attractive, thus increasing its value which in turn will increase revenues.

As to what specific dollar amount I will support giving to the schools for the '16-'17 school year, that question requires too much speculation to answer. I cannot promise or even predict the amount that the District will receive from the State; even after this year's state budget battle is over, next year's will be a whole new ballgame. I will, though, commit to trying to find as much revenue and as many resources for our schools as possible.

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?

Only the same type conditions that we place on any government entity: that the school district strives to provide a high-quality education to every student in Philadelphia. However, the legal reality is that maintenance of effort laws and a lack of oversight authority precludes the City from attaching any strings at all.

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?

Our first responsibility has to be to the health, safety, and well-being of our homeless population. The Housing First model has proven to be largely successful but, due to mental illness and substance abuse, some homeless people do not end up staying in the homes provided under that program. As general manager at Reading Terminal Market, I worked closely with outreach organizations to get people in the immediate neighborhood the help they need and continue to keep the area attractive and safe for tourists and locals alike. However, I am ideologically opposed to making it illegal for people to be homeless. Laws like that put unnecessary strain on our police force and have not proven therapeutic value to the homeless themselves. Moreover, the courts have ruled that a centralized feeding location with attendant social and medical services be provided before stricter behavioral rules can be implemented. I believe I am uniquely qualified to work with homeless activists and the business community to find better solutions to this problem than we have had to date.

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

I believe that government should take an inclusive approach to homelessness, not a punitive approach. Homeless individuals should be approached by trained professionals to help ascertain what assistance they need to overcome homelessness. Connecting them to social services, health care and supportive housing must be the first priority. Whether or not I supported legislation relating to

panhandling would strongly depend on the nature of the specific legislation. If it takes a trauma-informed, support-first approach, then I would be more likely to support it than if it was treating our homeless citizens as a blight that needs to be removed.