

Moving Philadelphia Forward With Fair And Understandable Real Estate Taxation

A Presentation By

Philadelphia **FORWARD**

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Real Estate Taxation Background...

- In most cities and other local jurisdictions, the Real Estate Tax is the most significant source of local revenues.
- The Real Estate Tax Rate is set annually by local government officials and applied to the value of properties, determined by a government agency.
- Real Estate Tax bills are calculated by applying the tax rate to the value (value x tax rate = tax bill).

Things are a little different in Philadelphia...

Philadelphia Real Estate Taxation Background...

- The Real Estate Tax generates nearly \$400 million for the city (about 18% of city tax revenues) and more than \$530 million for the school district (about 78% of district tax revenues).
- The Real Estate Tax Rate (8.264% today) is set by City Council and the Mayor and applied to the value of properties, but the city Board of Revision of Taxes (BRT) “assesses” properties each year to determine the “market value” for each property — what the property would sell for on the open market.
- But taxes are actually based on an “assessed value” that is set at 32% of market value (market value x .32 = assessed value); Real Estate Tax bills are calculated by applying the tax rate to the assessed value (assessed value x 8.264% = tax bill).

The Problem: Current Philadelphia Real Estate Taxation Practices Are...

- **Unfair** — Inaccurate assessment creates a situation where similar properties do not have similar tax bills, and where not all properties pay taxes based on the same percentage of property sale price.
 - The average city home is assessed at only approximately 70 percent of its potential sale value.
 - Many (often higher-price properties) are assessed lower while many (often lower-price properties) are assessed higher than potential resale value — many property owners are not paying their fair share, while others pay too much.
 - The Tax Reform Commission concluded: Philadelphia's inaccurate and regressive assessments violate "standards of vertical and horizontal equity."

The Problem: Current Philadelphia Real Estate Taxation Practices Are...

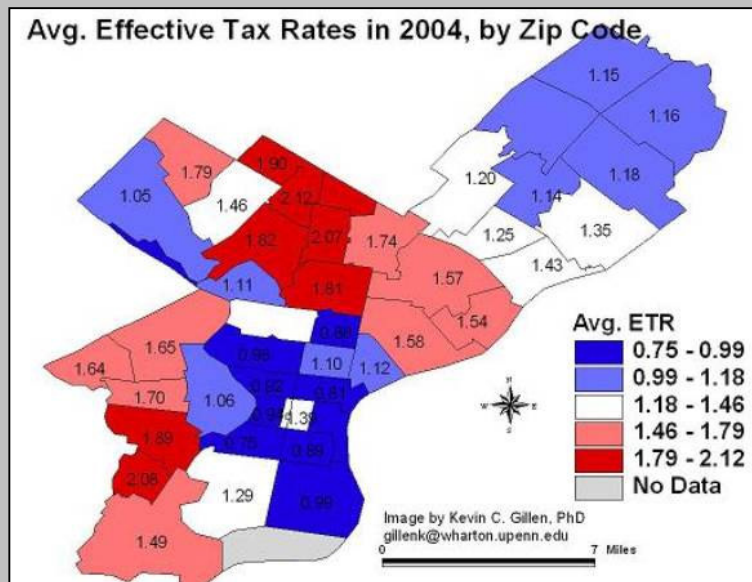
- **Unpredictable** — Assessment inaccuracies distort the real estate market and increase the volatility of Real Estate Tax revenue streams.
 - Tax bills that are higher or lower than they should be (because the market value for tax purposes is different from the potential sale price) affect property values, since buyers are willing to pay more for a low-tax property and less for a high-tax property.
 - Homeowners and investors live with uncertainty in terms of potential future dramatic changes in tax burden that would result from changes in the system.
 - Research for the Tax Reform Commission declared: Philadelphia Real Estate Taxation distorts the market in a way as to “induce greater uncertainty into expectations of future tax revenues.”

The Problem: Current Philadelphia Real Estate Taxation Practices Are...

- **Confusing** — Fractional assessments and technical jargon create unnecessary confusion.
 - The terms "market value" and "assessed value" sound alike, but they are very different.
 - The relationship between "market value," "assessed value," and tax bills is often unclear to taxpayers.
 - Taxes are applied to only a fraction — 32% — of market value.
 - The fact that the Board of Revision of Taxes sets property values while City Council and the Mayor set tax rates further complicates the situation. It is a mystery to most homeowners how values for tax purposes relate to true property resale values, and how Real Estate Tax burdens are determined.

Assessment Issues Affects Tax Burdens For Homeowners

- Examining how assessment unfairness affects the tax bills Philadelphians pay, it is clear that some neighborhoods are OVER-taxed while other neighborhoods are UNDER-taxed.



On Average, Homeowners In Neighborhoods Shaded Red Have A Higher Effective Tax Rate

On Average, Homeowners In Neighborhoods Shaded Blue Have A Lower Effective Tax Rate

The Problem Exists Across Philadelphia

- By selecting example properties across the city, we can illustrate the current unfairness in Real Estate Taxation.
- Most important, we are able to create a resource to show how the planned reassessment will affect the example properties and their owners' tax bills, and how additional proposed policies would affect the properties and their tax bills.

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Chose Homes In Each Council District To Illustrate The Problems...

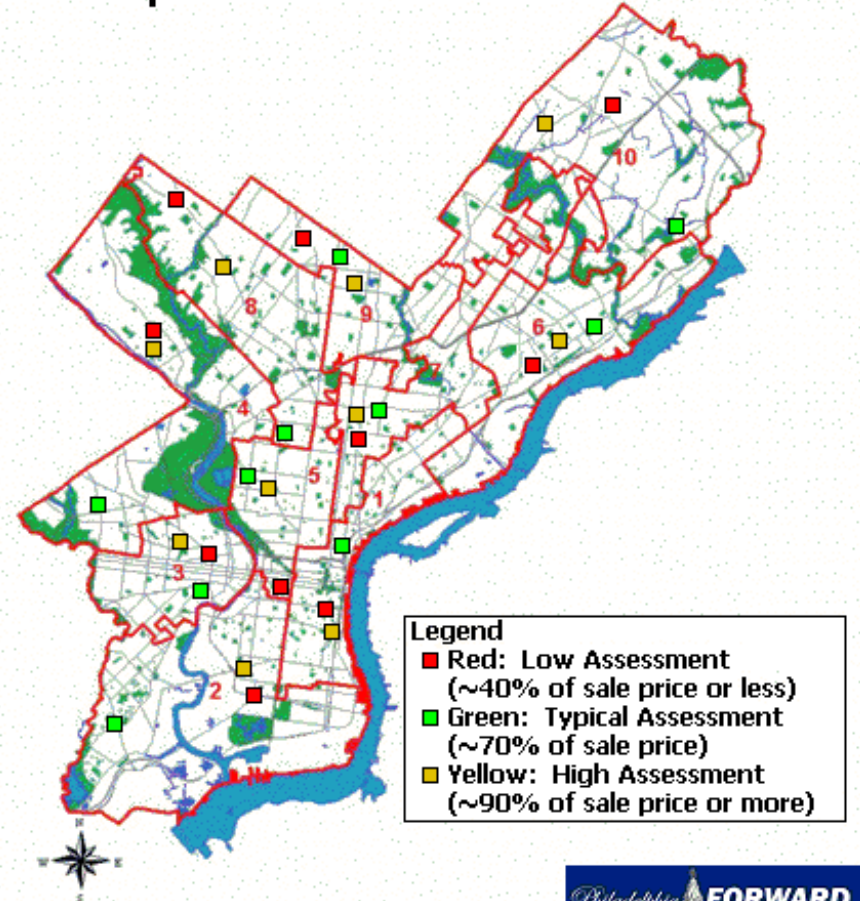
One valued low (under-assessed) for tax purposes*

One valued near the city average (70% of resale value)

One valued high (over-assessed) for tax purposes

*Perhaps 10% of all 565,000 city properties could be considered significantly under-assessed (valued low) for tax purposes.

Example Homes In Each Council District Illustrate Unfairness In Philadelphia Real Estate Taxation



The Problems Are Illustrated By Example Properties In Each Council District:
 Similar Homes Have Different Tax Bills / Sale Prices Vary From Values For Tax Purposes

Council District	Address	Sales Date	Sales Price (SP)	City-Determined Market Value (MV)	Current Assessed Value (AV)	Ratio of MV to SP
1	608 Spruce St	3/20/2003	\$1,550,000	\$579,000	\$185,280	37%
1	1624 S Lawrence St	2/26/2002	\$30,000	\$22,100	\$7,072	74%
1	1207 Frankford Ave	8/23/2004	\$15,000	\$16,300	\$5,216	109%
2	3138 S 17th St	6/21/2004	\$265,000	\$88,500	\$28,320	33%
2	7526 Dickens Pl	8/8/2003	\$75,000	\$53,000	\$16,960	71%
2	1813 Tree St	5/14/2003	\$32,000	\$32,400	\$10,368	101%
3	23 N Preston St	4/29/2004	\$95,000	\$34,800	\$11,136	37%
3	4123 Brown St	3/5/2004	\$25,000	\$19,600	\$6,272	78%
3	1836 S Alden St	4/17/2001	\$15,000	\$18,800	\$6,016	125%
4	434 Green Lane	5/7/2003	\$145,000	\$58,000	\$18,560	40%
4	1238 N 60TH ST	12/10/2003	\$23,500	\$17,700	\$5,664	75%
4	140 Grape St	6/21/2002	\$50,000	\$62,400	\$14,016	125%
5	1930 Rittenhouse Sq	7/28/2004	\$1,100,000	\$300,000	\$96,000	27%
5	2266 N Bouvier St	1/29/2004	\$12,500	\$8,300	\$2,656	66%
5	2451 Turner St	2/25/2004	\$3,000	\$7,100	\$2,272	237%
6	4221 Devereaux Ave	2/2/2004	\$115,000	\$38,800	\$12,416	34%
6	6133 Charles St	7/2/2003	\$67,500	\$44,900	\$14,368	67%
6	4727 Princeton Ave	12/18/2000	\$31,500	\$33,100	\$10,592	105%
7	2831 N Howard St	6/15/2004	\$45,000	\$5,600	\$1,792	12%
7	206 E Allegheny Ave	3/22/2004	\$35,000	\$23,200	\$7,424	66%
7	148 W Lippincott St	5/6/2003	\$8,500	\$12,800	\$4,096	151%
8	218 E Highland Ave	3/31/2003	\$290,000	\$120,000	\$38,400	41%
8	152 W Sharpnack St	12/10/2001	\$79,000	\$50,700	\$16,224	64%
8	1916 W Hilton St	10/10/2002	\$3,000	\$5,200	\$1,664	173%
9	1864 Nolan St	12/9/2003	\$89,500	\$41,100	\$13,152	46%
9	6749 N Smedley St	2/17/2004	\$66,900	\$46,700	\$14,944	70%
9	6608 N Smedley St	12/2/2003	\$25,000	\$40,600	\$12,992	162%
10	10192 Dedaker St	5/6/2004	\$190,000	\$77,000	\$24,640	41%
10	3236 Lester Rd	2/24/2004	\$100,000	\$69,000	\$22,080	69%
10	3827 Pearson Ave	9/25/2001	\$110,000	\$82,000	\$26,240	75%

Homeowners Of "Under-assessed" Properties Pay Taxes On Only A Fraction Of Their Property's Recent Sale Value — They Are Paying Too Little

Homeowners Of "Over-assessed" Properties Pay Taxes On MORE Than Their Property's Recent Sale Value — They Are Paying Too Much

The Problems Are Illustrated By Example Properties In Each Council District:
 Similar Homes Have Different Tax Bills / Sale Prices Vary From Values For Tax Purposes



District 1	Spruce Street			S Lawrence Street			Frankford Avenue		
House Number	606	608	610	1626	1624	1622	1205	1207	1209
Sale Date	26-Sep-2003	20-Mar-2003	16-Dec-2002	15-Nov-1971	26-Feb-2002	3-Apr-1987	17-Aug-1970	23-Aug-2004	14-Aug-1984
Sale Price	\$1,325,000	\$1,550,000	\$1	\$1	\$30,000	\$21,000	\$4,000	\$15,000	\$1
Market Value	\$475,400	\$579,000	\$350,000	\$22,100	\$22,100	\$22,100	\$1,500	\$16,300	\$1,500
Assessed Value	\$152,128	\$185,280	\$112,000	\$7,072	\$7,072	\$7,072	\$480	\$5,216	\$480
Ratio CDV & SP	36%	37%	N/A	N/A	74%	N/A	N/A	109%	N/A
Current Tax	\$12,571.86	\$15,311.54	\$9,255.68	\$584.43	\$584.43	\$584.43	\$39.67	\$431.05	\$39.67
Total Living Area	3,402	4,289	2,670	1,176	1,176	1,176	0	1,174	0
Description	Row 3.5 Story Masonry	Row 3.5 Story Masonry	Row 3.5 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry	Vacant Land Residential	Row 2 Story Masonry	Vacant Land Residential
	Census Tract 10 Median Household Income \$72,625			Census Tract 27 Median Household Income \$23,750			Census Tract 158 Median Household Income \$31,862		

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District 2	S 17th Street			Dickens Place			Tree Street		
House Number	3140	3138	3136	7528	7526	7524	1815	1813	1811
Sale Date	4-Jan-1961	21-Jun-2004	11-Dec-1974	18-Sep-2003	8-Aug-2003	10-Jul-1998	28-Nov-1975	14-May-2003	9-Jan-2004
Sale Price	\$1	\$265,000	\$1	\$70,000	\$75,000	\$74,000	\$1	\$32,000	\$63,000
Market Value	\$82,000	\$88,500	\$93,000	\$53,000	\$53,000	\$52,400	\$32,400	\$32,400	\$32,400
Assessed Value	\$26,240	\$28,320	\$29,760	\$16,960	\$16,960	\$16,768	\$10,368	\$10,368	\$10,368
Ratio CDV & SP	N/A	33%	N/A	76%	71%	71%	N/A	101%	51%
Current Tax	\$2,168.47	\$2,340.36	\$2,459.37	\$1,401.57	\$1,401.57	\$1,385.71	\$856.81	\$856.81	\$856.81
Total Living Area	1,152	1,152	1,152	1,080	1,080	1,106	940	940	940
Description	Row	Row	Row	Row	Row	Row	Row 2 Story	Row 2 Story	Row 2 Story
	Basement/ Garage 2 Story Masonry	Basement/ Garage 2 Story Masonry	Basement/ Garage 2 Story Masonry	Basement/ Garage 2 Story Masonry	Basement/ Garage 2 Story Masonry	Basement/ Garage 2 Story Masonry	Masonry	Masonry	Masonry
	Census Tract 47 Median Household Income \$44,080			Census Tract 55 Median Household Income \$40,634			Census Tract 38 Median Household Income \$36,591		

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District 3	N Preston Street			Brown Street			S Alden Street		
House Number	23	21	19	4127	4125	4123	1834	1836	1838
Sale Date	29-Apr-2004	25-Jun-2004	28-Jul-2003	17-Oct-1983	15-Mar-1985	5-Mar-2004	29-Jul-1987	17-Apr-2001	4-Jan-2000
Sale Price	\$95,000	\$97,000	\$22,000	\$1	\$1	\$25,000	\$17,000	\$15,000	\$40,000
Market Value	\$34,800	\$34,800	\$18,100	\$16,600	\$16,700	\$19,600	\$18,800	\$18,800	\$18,800
Assessed Value	\$11,136	\$11,136	\$5,792	\$5,312	\$5,344	\$6,272	\$6,016	\$6,016	\$6,016
Ratio CDV & SP	37%	36%	82%	N/A	N/A	78%	N/A	125%	47%
Current Tax	\$920.28	\$920.28	\$478.65	\$438.98	\$441.63	\$518.32	\$497.16	\$497.16	\$497.16
Total Living Area	780	780	1,380	1,446	1,584	1,446	1185	1185	1185
Description	Row 2 Sty Masonry	Row 2 Sty Masonry	Row 3 Sty Masonry	Row 2 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry
	Census Tract 92 Median Household Income \$20,083			Census Tract 107 Median Household Income \$15,417			Census Tract 71 Median Household Income \$26,790		

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District 4	Green Lane			N 60th Street			Grape Street		
House Number	434	432	430	1236	1238	1240	138	140	142
Sale Date	7-May-2003	3-Oct-2001	31-Jul-2002	16-Oct-2003	10-Dec-2003	30-Jun-2004	12-Dec-2000	21-Jun-2002	7-May-1980
Sale Price	\$145,000	\$109,900	\$169,900	\$35,000	\$23,500	\$19,000	\$173,050	\$50,000	\$1
Market Value	\$58,000	\$53,900	\$57,700	\$17,700	\$17,700	\$15,400	\$62,400	\$50,000	\$51,000
Assessed Value	\$18,560	\$17,248	\$18,464	\$5,664	\$5,664	\$4,928	\$19,968	\$16,000	\$16,320
Ratio CDV & SP	40%	49%	34%	51%	75%	81%	36%	100%	N/A
Current Tax	\$1,533.80	\$1,425.37	\$1,525.86	\$468.07	\$468.07	\$407.25	\$1,650.16	\$1,322.24	\$1,348.68
Total Living Area	1,305	875	1,057	1,122	1,122	1,122	1,680	1,194	1,170
Description	Semi Detached 2.5 Story Masonry + Other	Semi Detached 2.5 Story Masonry + Other	Semi Detached 2.5 Story Masonry + Other	Row 2 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry	Row 3 Story Stone	Row 3 Story Stone	Row 3 Story Stone
	Census Tract 213 Median Household Income \$39,746			Census Tract 101 Median Household Income \$28,811			Census Tract 214 Median Household Income \$40,746		

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District 5	Rittenhouse Square			N Bouvier Street			Turner Street		
House Number	1928	1930	1932	2264	2266	2268	2449	2451	2453
Sale Date	30-Nov-2004	28-Jul-2004	5-Mar-2004	10-Apr-1991	29-Jan-2004	24-Jan-1995	7-May-2003	25-Feb-2004	2-Oct-1996
Sale Price	\$877,400	\$1,100,000	\$660,000	\$16,500	\$12,500	\$5,968	\$21,000	\$3,000	\$1
Market Value	\$274,600	\$300,000	\$390,000	\$8,300	\$8,300	\$8,300	\$7,100	\$7,100	\$7,100
Assessed Value	\$87,872	\$96,000	\$124,800	\$2,656	\$2,656	\$2,656	\$2,272	\$2,272	\$2,272
Ratio CDV & SP	31%	27%	59%	50%	66%	139%	34%	237%	N/A
Current Tax	\$7,261.74	\$7,933.44	\$10,313.47	\$219.49	\$219.49	\$219.49	\$187.76	\$187.76	\$187.76
Total Living Area	2,113	1,950	1,790	1,026	1,026	1,026	1,326	1,326	1,326
Description	Row 3.5 Story Masonry	Row 3 Story Masonry	Row 3 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry	Row 3 Story Masonry	Row 3 Story Masonry	Row 3 Story Masonry
	Census Tract 8 Median Household Income \$42,346			Census Tract 167 Median Household Income \$16,367			Census Tract 149 Median Household Income \$21,463		

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District 6	Devereaux Avenue			Charles Street			Princeton Avenue		
House Number	4221	4223	4225	6135	6133	6131	4725	4727	4729
Sale Date	2-Feb-2004	13-Nov-2003	10-Jan-1996	9-Jul-2004	2-Jul-2003	14-May-2004	27-Sep-1996	18-Dec-2000	27-Jul-1999
Sale Price	\$115,000	\$60,000	\$1	\$92,000	\$67,500	\$85,000	\$43,000	\$31,500	\$69,000
Market Value	\$38,800	\$38,800	\$38,800	\$44,900	\$44,900	\$44,900	\$31,200	\$33,100	\$33,100
Assessed Value	\$12,416	\$12,416	\$12,416	\$14,368	\$14,368	\$14,368	\$9,984	\$10,592	\$10,592
Ratio CDV & SP	34%	65%	N/A	49%	67%	53%	73%	105%	48%
Current Tax	\$1,026.06	\$1,026.06	\$1,026.06	\$1,187.37	\$1,187.37	\$1,187.37	\$825.08	\$875.32	\$875.32
Total Living Area	1,400	1,188	1,188	1,236	1,236	1,236	1,200	1,200	1,200
Description	Row Basement/ Garage 2 Story Masonry	Row Basement/ Garage 2 Story Masonry	Row Basement/ Garage 2 Story Masonry	Row Basement/ Garage 2 Story Masonry	Row Basement/ Garage 2 Story Masonry	Row Basement/ Garage 2 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry
	Census Tract 320 Median Household Income \$34,421			Census Tract 320 Median Household Income \$34,421			Census Tract 326 Median Household Income \$37,153		

The Problems Are Illustrated By Example Properties In Each Council District: Similar Homes Have Different Tax Bills / Sale Prices Vary From Values For Tax Purposes



District 7	N Howard Street			E Allegheny Avenue			W Lippincott Street		
House Number	2833	2831	2829	210	208	206	144	146	148
Sale Date	31-Jan-1983	15-Jun-2004	14-Sep-1982	6-Jul-2001	10-Mar-1999	22-Mar-2004	17-Sep-2004	26-Oct-1998	6-May-2003
Sale Price	\$12,500	\$45,000	\$12,500	\$35,250	\$1	\$35,000	\$19,900	\$21,500	\$8,500
Market Value	\$5,600	\$5,600	\$5,600	\$13,400	\$17,100	\$23,200	\$12,800	\$12,800	\$12,800
Assessed Value	\$1,792	\$1,792	\$1,792	\$4,288	\$5,472	\$7,424	\$4,096	\$4,096	\$4,096
Ratio CDV & SP	N/A	12%	N/A	38%	N/A	66%	64%	60%	151%
Current Tax	\$148.09	\$148.09	\$148.09	\$354.36	\$452.21	\$613.52	\$338.49	\$338.49	\$338.49
Total Living Area	976	976	976	1,440	1,440	1,440	1,170	1,170	1,170
Description	Row 2 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry	Converted/ Apt 2 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry
	Census Tract 176.01			Census Tract 176.02			Census Tract 176.02		
	Median Household Income \$11,909			Median Household Income \$12,076			Median Household Income \$12,076		

The Problems Are Illustrated By Example Properties In Each Council District: Similar Homes Have Different Tax Bills / Sale Prices Vary From Values For Tax Purposes



District 8	E Highland Avenue			W Sharpnack Street			W Hilton Street		
House Number	220	218	216	150	152	154	1914	1916	1918
Sale Date	13-Sep-2002	31-Mar-2003	9-Apr-2004	24-Jan-2001	10-Dec-2001	21-Dec-1984	20-Jan-1987	10-Oct-2002	5-Jun-1947
Sale Price	\$1	\$290,000	\$299,000	\$36,900	\$79,000	\$21,000	\$1	\$3,000	\$1
Market Value	\$120,000	\$120,000	\$120,000	\$50,700	\$50,700	\$50,200	\$5,200	\$5,200	\$4,000
Assessed Value	\$38,400	\$38,400	\$38,400	\$16,224	\$16,224	\$16,064	\$1,664	\$1,664	\$1,280
Ratio CDV & SP	N/A	41%	40%	137%	64%	N/A	N/A	173%	N/A
Current Tax	\$3,173.38	\$3,173.38	\$3,173.38	\$1,340.75	\$1,340.75	\$1,327.53	\$137.51	\$137.51	\$105.78
Total Living Area	1,728	1,728	1,728	2,688	2,688	2,688	784	784	784
Description	Semi Detached w Basement/ Garage 2 Story Masonry	Semi Detached w Basement/ Garage 2 Story Masonry	Semi Detached w Basement/ Garage 2 Story Masonry	Semi Detached 3 Story Masonry	Semi Detached 3 Story Masonry	Semi Detached 3 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry	Row 2 Story Masonry
	Census Tract 227 Median Household Income \$65,278			Census Tract 237 Median Household Income \$42,917			Census Tract 202 Median Household Income \$20,709		

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District 9	Nolan Street			N Smedley Street			N Smedley Street		
House Number	1864	1862	1860	6751	6749	6747	6606	6608	6610
Sale Date	9-Dec-2003	5-May-2005	18-Apr-2003	26-Feb-1997	17-Feb-2004	23-Dec-1996	3-Nov-1995	2-Dec-2003	20-Feb-1992
Sale Price	\$89,500	\$85,000	\$59,000	\$46,000	\$66,900	\$61,000	\$32,000	\$25,000	\$42,000
Market Value	\$41,100	\$41,100	\$41,100	\$46,700	\$46,700	\$46,700	\$40,600	\$40,600	\$40,600
Assessed Value	\$13,152	\$13,152	\$13,152	\$14,944	\$14,944	\$14,944	\$12,992	\$12,992	\$12,992
Ratio CDV & SP	46%	48%	70%	102%	70%	77%	127%	162%	97%
Current Tax	\$1,086.88	\$1,086.88	\$1,086.88	\$1,234.97	\$1,234.97	\$1,234.97	\$1,073.66	\$1,073.66	\$1,073.66
Total Living Area	1,426 Row	1,426 Row	1,426 Row	1,152 Row	1,152 Row	1,152 Row	1,262 Row	1,262 Row	1,262 Row
Description	Basement/ Garage 2 Story Masonry	Basement/ Garage 2 Story Masonry	Basement/ Garage 2 Story Masonry	Basement/ Garage 2 Story Masonry	Basement/ Garage 2 Story Masonry	Basement/ Garage 2 Story Masonry	Basement/ Garage 2 Story Masonry	Basement/ Garage 2 Story Masonry	Basement/ Garage 2 Story Masonry
	Census Tract 264 Median Household Income \$42,163			Census Tract 267 Median Household Income \$33,602			Census Tract 267 Median Household Income \$33,602		

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District 10	Dedaker Street			Lester Road			Pearson Avenue		
House Number	10190	10192	10194	3238	3236	3234	3825	3827	3829
Sale Date	7/15/2003	5/6/2004	5/28/2003	2/27/2004	2/24/2004	7/1/1966	7/31/1967	9/25/2001	12/1/1961
Sale Price	\$161,000	\$190,000	\$1	\$1	\$100,000	\$13,500	\$1	\$110,000	\$1
Market Value	\$75,500	\$77,000	\$77,000	\$69,000	\$69,000	\$66,400	\$82,000	\$82,000	\$82,000
Assessed Value	\$24,160	\$24,640	\$24,640	\$22,080	\$22,080	\$21,248	\$26,240	\$26,240	\$26,240
Ratio CDV & SP	47%	41%	N/A	N/A	69%	N/A	N/A	75%	N/A
Current Tax	\$1,996.58	\$2,036.25	\$2,036.25	\$1,824.69	\$1,824.69	\$1,755.93	\$2,168.47	\$2,168.47	\$2,168.47
Total Living Area	1,440	1,365	1,365	1,360	1,360	1,360	1,644	1,644	1,509
Description	Row 2 Story Frame	Row w/ Garage 1.5 Story Frame	Row w/ Garage 1.5 Story Frame	Row Basement/ Garage 2 Story Masonry	Row Basement/ Garage 2 Story Masonry	Row Basement/ Garage 2 Story Masonry	Single Detached Basement/ Garage 2 Story Masonry	Single Detached Basement/ Garage 2 Story Masonry	Single Detached Basement/ Garage 2 Story Masonry
	Census Tract 359			Census Tract 363.03			Census Tract 348		
	Median Household Income \$43,582			Median Household Income \$53,614			Median Household Income \$39,528		

Making Change And Making Waves: “Fixing” The Problem Is Complex...

- The Tax Reform Commission recommended ways to make Real Estate Taxation fair and understandable.
 - Complete a full citywide reassessment to establish accurate values for all properties; eliminate fractional assessments (the distinction between “market value” and “assessed value”) so that tax burdens are simply the tax rate applied to the property value.
 - Implement a Real Estate Tax relief “buffering” system to safeguard against large and unexpected spikes in real estate tax.
 - And decrease the tax on structures and increase the tax on land to encourage development, discourage speculation, and reduce tax burdens for most homeowners.

Reassessment Alone Will Increase Homeowners' Tax Bills

- The city's property assessment agency, the Board of Revision of Taxes (BRT) announced it would end fractional assessments and complete a citywide reassessment to establish accurate values for all properties in 2006 for implementation in tax year 2007.
 - Because the BRT only determines property values — City Council and the Mayor set tax rates and establish tax policy — **unless other changes are made, a BRT revaluation will dramatically increase tax bills for city property owners.**
 - Current tax bill for a house that is truly worth \$100,000 = \$1,851*
 - Future tax bill for the same house = \$8,264
 - That is a whopping increase of \$6,413 or nearly 350%

*Currently, the city's average house equals the tax rate of 8.264% applied to an assessed value that is 32% of a market value that is about 70% of the property's potential sale value. Without other changes to the system, the future tax bill for the same house would be the current tax rate of 8.264% applied to an accurate value of \$100,000.

Applying The Current Tax Rates To Properties Assessed At Their Full Values Will Dramatically Increase Taxes For Philadelphia Homeowners

Council District	Address	Sales Date	Sales Price (SP)	City-Determined Market Value (MV)	Current Assessed Value (AV)	Ratio of MV to SP	Current Tax Burden	Full AV Tax Burden	Change in Tax Burden From Current To Full AV Tax Burden	% Change
1	608 Spruce St	3/20/2003	\$1,550,000	\$579,000	\$185,280	37%	\$15,312	\$128,092	\$112,780.46	737%
1	1624 S Lawrence St	2/26/2002	\$30,000	\$22,100	\$7,072	74%	\$584	\$2,479	\$1,894.77	324%
1	1207 Frankford Ave	8/23/2004	\$15,000	\$16,300	\$5,216	109%	\$431	\$1,240	\$808.55	188%
2	3138 S 17th St	6/21/2004	\$265,000	\$88,500	\$28,320	33%	\$2,340	\$21,900	\$19,559.24	836%
2	7526 Dickens Pl	8/8/2003	\$75,000	\$53,000	\$16,960	71%	\$1,402	\$6,198	\$4,796.43	342%
2	1813 Tree St	5/14/2003	\$32,000	\$32,400	\$10,368	101%	\$857	\$2,644	\$1,787.67	209%
3	23 N Preston St	4/29/2004	\$95,000	\$34,800	\$11,136	37%	\$920	\$7,851	\$6,930.52	753%
3	4123 Brown St	3/5/2004	\$25,000	\$19,600	\$6,272	78%	\$518	\$2,066	\$1,547.68	299%
3	1836 S Alden St	4/17/2001	\$15,000	\$18,800	\$6,016	125%	\$497	\$1,240	\$742.44	149%
4	434 Green Lane	5/7/2003	\$145,000	\$58,000	\$18,560	40%	\$1,534	\$11,983	\$10,449.00	681%
4	1238 N 60TH ST	12/10/2003	\$23,500	\$17,700	\$5,664	75%	\$468	\$1,942	\$1,473.97	315%
4	140 Grape St	6/21/2002	\$50,000	\$62,400	\$14,016	125%	\$1,322	\$4,132	\$2,809.76	213%
5	1930 Rittenhouse Sq	7/28/2004	\$1,100,000	\$300,000	\$96,000	27%	\$7,933	\$90,904	\$82,970.56	1046%
5	2266 N Bouvier St	1/29/2004	\$12,500	\$8,300	\$2,656	66%	\$219	\$1,033	\$813.51	371%
5	2451 Turner St	2/25/2004	\$3,000	\$7,100	\$2,272	237%	\$188	\$248	\$60.16	32%
6	4221 Devereaux Ave	2/2/2004	\$115,000	\$38,800	\$12,416	34%	\$1,026	\$9,504	\$8,477.54	826%
6	6133 Charles St	7/2/2003	\$67,500	\$44,900	\$14,368	67%	\$1,187	\$5,578	\$4,390.83	370%
6	4727 Princeton Ave	12/18/2000	\$31,500	\$33,100	\$10,592	105%	\$875	\$2,603	\$1,727.84	197%
7	2831 N Howard St	6/15/2004	\$45,000	\$5,600	\$1,792	12%	\$148	\$3,719	\$3,570.71	2411%
7	206 E Allegheny Ave	3/22/2004	\$35,000	\$23,200	\$7,424	66%	\$614	\$2,892	\$2,278.88	371%
7	148 W Lippincott St	5/6/2003	\$8,500	\$12,800	\$4,096	151%	\$338	\$702	\$363.95	108%
8	218 E Highland Ave	3/31/2003	\$290,000	\$120,000	\$38,400	41%	\$3,173	\$23,966	\$20,792.22	655%
8	152 W Sharpnack St	12/10/2001	\$79,000	\$50,700	\$16,224	64%	\$1,341	\$6,529	\$5,187.81	387%
8	1916 W Hilton St	10/10/2002	\$3,000	\$5,200	\$1,664	173%	\$138	\$248	\$110.41	80%
9	1864 Nolan St	12/9/2003	\$89,500	\$41,100	\$13,152	46%	\$1,087	\$7,396	\$6,309.40	581%
9	6749 N Smedley St	2/17/2004	\$66,900	\$46,700	\$14,944	70%	\$1,235	\$5,529	\$4,293.64	348%
9	6608 N Smedley St	12/2/2003	\$25,000	\$40,600	\$12,992	162%	\$1,074	\$2,066	\$992.34	92%
10	10192 Dedaker St	5/6/2004	\$190,000	\$77,000	\$24,640	41%	\$2,036	\$15,702	\$13,665.35	671%
10	3236 Lester Rd	2/24/2004	\$100,000	\$69,000	\$22,080	69%	\$1,825	\$8,264	\$6,439.31	353%
10	3827 Pearson Ave	9/25/2001	\$110,000	\$82,000	\$26,240	75%	\$2,168	\$9,090	\$6,921.93	319%

Unless The Tax Rate Is Reduced, The Move To Full-Value Assessments Would More Than Triple The Tax Burden For The Average Homeowner

Example Properties Show That Reassessment Alone Will Increase Homeowners' Tax Bills (Over-Assessed, Average-Assessed, and Under-Assessed Homes Would All See Increases)



Example Under-assessed Home			Example Average-assessed Home			Example Over-assessed Home		
1930 Rittenhouse Square			3236 Lester Road			6608 N Smedley Street		
Sales Date - July 28, 2004			Sales Date - February 22, 2004			Sales Date - December 2, 2003		
Sales Price - \$1,100,000			Sales Price - \$100,000			Sales Price - \$25,000		
Current Tax Burden	Full Value Tax Burden	% Change	Current Tax Burden	Full Value Tax Burden	% Change	Current Tax Burden	Full Value Tax Burden	% Change
\$7,933	\$90,904	1046%	\$1,825	\$8,264	353%	\$1,074	\$2,066	92%

It Is Clear That The City MUST Reduce Tax Rates (And Implement Additional Policies) If Properties Are To Be Assessed At Their Full Values

Making Fairness More Painless: Officials Have Promising Options...

- We must make Real Estate Taxation more fair — maintaining the *status quo* is nothing short of maintaining a flawed system that forces some to pay too much while allowing others to pay too little as part of an overall system that skews the city's real estate market.
- Policy options exist to make the transition to more fair system less painful:
 - Reduce the tax rate to create a "revenue neutral" change
 - Use a Real Estate Tax relief "buffering" system to prevent dramatic increases in a property's tax bill.
 - Tax buildings less and land more to reduce burdens for homeowners, while encouraging development and discouraging speculation (by making it expensive to hold vacant land and underutilized property)

Reduce The Tax Rate...

- The proposed changes to the Real Estate Taxation system are not supposed to generate additional revenue for the city, but eliminating fractional assessment will increase the value of city properties for tax purposes. By reducing the tax *RATE*, City Council and the Mayor can generate the money the city currently counts on to fund service-delivery efforts, while reducing the “shock to the system” caused by the reassessment.
 - Under current assumptions, decreasing the tax rate from 8.264% to 1.909% will maintain the average city home’s current tax burden.
 - This “revenue-neutral” change would *REDUCE* tax burdens for properties that are currently over-assessed, but it would *INCREASE* tax burdens (in some cases substantially) for properties that are dramatically under-assessed.

A Revenue-Neutral Tax Change Will Reduce Tax Burdens For Over-Assessed Homes, Increase Tax Burdens For Under-Assessed Homes

Council District	Address	Sales Price (SP)	Ratio of MV to SP	Current Tax Burden	Full AV Tax Burden	Change in Tax Burden From Current To Full AV Tax Burden	% Change	Revenue Neutral Tax Burden	Change in Tax Burden From Current To Revenue Neutral Tax Burden	% Change
1	608 Spruce St	\$1,550,000	37%	\$15,312	\$128,092	\$112,780.46	737%	\$29,590	\$14,277.96	93%
1	1624 S Lawrence St	\$30,000	74%	\$584	\$2,479	\$1,894.77	324%	\$573	-\$11.73	-2%
1	1207 Frankford Ave	\$15,000	109%	\$431	\$1,240	\$808.55	188%	\$286	-\$144.70	-34%
2	3138 S 17th St	\$265,000	33%	\$2,340	\$21,900	\$19,559.24	836%	\$5,059	\$2,718.49	116%
2	7526 Dickens Pl	\$75,000	71%	\$1,402	\$6,198	\$4,796.43	342%	\$1,432	\$30.18	2%
2	1813 Tree St	\$32,000	101%	\$857	\$2,644	\$1,787.67	209%	\$611	-\$245.93	-29%
3	23 N Preston St	\$95,000	37%	\$920	\$7,851	\$6,930.52	753%	\$1,814	\$893.27	97%
3	4123 Brown St	\$25,000	78%	\$518	\$2,066	\$1,547.68	299%	\$477	-\$41.07	-8%
3	1836 S Alden St	\$15,000	125%	\$497	\$1,240	\$742.44	149%	\$286	-\$210.81	-42%
4	434 Green Lane	\$145,000	40%	\$1,534	\$11,983	\$10,449.00	681%	\$2,768	\$1,234.25	80%
4	1238 N 60TH ST	\$23,500	75%	\$468	\$1,942	\$1,473.97	315%	\$449	-\$19.46	-4%
4	140 Grape St	\$50,000	125%	\$1,322	\$4,132	\$2,809.76	213%	\$955	-\$367.74	-28%
5	1930 Rittenhouse Sq	\$1,100,000	27%	\$7,933	\$90,904	\$82,970.56	1046%	\$20,999	\$13,065.56	165%
5	2266 N Bouvier St	\$12,500	66%	\$219	\$1,033	\$813.51	371%	\$239	\$19.13	9%
5	2451 Turner St	\$3,000	237%	\$188	\$248	\$60.16	32%	\$57	-\$130.49	-69%
6	4221 Devereaux Ave	\$115,000	34%	\$1,026	\$9,504	\$8,477.54	826%	\$2,195	\$1,169.29	114%
6	6133 Charles St	\$67,500	67%	\$1,187	\$5,578	\$4,390.83	370%	\$1,289	\$101.20	9%
6	4727 Princeton Ave	\$31,500	105%	\$875	\$2,603	\$1,727.84	197%	\$601	-\$273.99	-31%
7	2831 N Howard St	\$45,000	12%	\$148	\$3,719	\$3,570.71	2411%	\$859	\$710.96	480%
7	206 E Allegheny Ave	\$35,000	66%	\$614	\$2,892	\$2,278.88	371%	\$668	\$54.63	9%
7	148 W Lippincott St	\$8,500	151%	\$338	\$702	\$363.95	108%	\$162	-\$176.23	-52%
8	218 E Highland Ave	\$290,000	41%	\$3,173	\$23,966	\$20,792.22	655%	\$5,536	\$2,362.72	74%
8	152 W Sharpnack St	\$79,000	64%	\$1,341	\$6,529	\$5,187.81	387%	\$1,508	\$167.36	12%
8	1916 W Hilton St	\$3,000	173%	\$138	\$248	\$110.41	80%	\$57	-\$80.24	-58%
9	1864 Nolan St	\$89,500	46%	\$1,087	\$7,396	\$6,309.40	581%	\$1,709	\$621.67	57%
9	6749 N Smedley St	\$66,900	70%	\$1,235	\$5,529	\$4,293.64	348%	\$1,277	\$42.15	3%
9	6608 N Smedley St	\$25,000	162%	\$1,074	\$2,066	\$992.34	92%	\$477	-\$596.41	-56%
10	10192 Dedaker St	\$190,000	41%	\$2,036	\$15,702	\$13,665.35	671%	\$3,627	\$1,590.85	78%
10	3236 Lester Rd	\$100,000	69%	\$1,825	\$8,264	\$6,439.31	353%	\$1,909	\$84.31	5%
10	3827 Pearson Ave	\$110,000	75%	\$2,168	\$9,090	\$6,921.93	319%	\$2,100	-\$68.57	-3%

The Move To Full-Value Assessments, Combined With A Tax Rate Reduction, Will Create Winners... And Losers

Buffer The Assessment Changes...

- Any dramatic shift in tax policy that is implemented in a single year may have dramatic effects. By using a Real Estate Tax relief program to “buffer” the increases, city officials can phase in a fair system of Real Estate without creating unreasonable spikes in tax burdens.
 - Buffering the assessment changes (applying a new “revenue-neutral” tax rate to an average of the current year’s assessment plus the prior two years’ assessments) will implement a system of rolling averages so historically under-assessed properties will not have such dramatic single-year increases in tax bills.
 - Owners of historically over-assessed properties would not have as dramatic single-year decreases in their tax burdens.

Buffering Assessment Changes And Applying A Revenue-Neutral Tax Rate Will "Soften The Blow" For Taxpayers Who Must Pay More

Council District	Address	Sales Price (SP)	Ratio of MV to SP	Current Tax Burden	Full AV Tax Burden	Change in Tax Burden From Current To Full AV Tax Burden	% Change	Buffered Year 1	Change in Tax Burden From Current To Buffered Tax Burden	% Change
1	608 Spruce St	\$1,550,000	37%	\$15,312	\$128,092	\$112,780.46	737%	\$22,736.83	\$7,425.29	48%
1	1624 S Lawrence St	\$30,000	74%	\$584	\$2,479	\$1,894.77	324%	\$513.43	-\$71.00	-12%
1	1207 Frankford Ave	\$15,000	109%	\$431	\$1,240	\$808.55	188%	\$297.95	-\$133.10	-31%
2	3138 S 17th St	\$265,000	33%	\$2,340	\$21,900	\$19,559.24	836%	\$3,768.23	\$1,427.86	61%
2	7526 Dickens Pl	\$75,000	71%	\$1,402	\$6,198	\$4,796.43	342%	\$1,276.07	-\$125.50	-9%
2	1813 Tree St	\$32,000	101%	\$857	\$2,644	\$1,787.67	209%	\$617.84	-\$238.97	-28%
3	23 N Preston St	\$95,000	37%	\$920	\$7,851	\$6,930.52	753%	\$1,361.92	\$441.64	48%
3	4123 Brown St	\$25,000	78%	\$518	\$2,066	\$1,547.68	299%	\$433.10	-\$85.21	-16%
3	1836 S Alden St	\$15,000	125%	\$497	\$1,240	\$742.44	149%	\$316.70	-\$180.46	-36%
4	434 Green Lane	\$145,000	40%	\$1,534	\$11,983	\$10,449.00	681%	\$2,122.41	\$588.61	38%
4	1238 N 60TH ST	\$23,500	75%	\$468	\$1,942	\$1,473.97	315%	\$402.03	-\$66.04	-14%
4	140 Grape St	\$50,000	125%	\$1,322	\$4,132	\$2,809.76	213%	\$914.20	-\$408.04	-31%
5	1930 Rittenhouse Sq	\$1,100,000	27%	\$7,933	\$90,904	\$82,970.56	1046%	\$15,136.64	\$7,203.20	91%
5	2266 N Bouvier St	\$12,500	66%	\$219	\$1,033	\$813.51	371%	\$204.93	-\$14.56	-7%
5	2451 Turner St	\$3,000	237%	\$188	\$248	\$60.16	32%	\$84.63	-\$103.12	-55%
6	4221 Devereaux Ave	\$115,000	34%	\$1,026	\$9,504	\$8,477.54	826%	\$1,638.23	\$612.17	60%
6	6133 Charles St	\$67,500	67%	\$1,187	\$5,578	\$4,390.83	370%	\$1,127.47	-\$59.90	-5%
6	4727 Princeton Ave	\$31,500	105%	\$875	\$2,603	\$1,727.84	197%	\$617.23	-\$258.09	-29%
7	2831 N Howard St	\$45,000	12%	\$148	\$3,719	\$3,570.71	2411%	\$565.44	\$417.35	282%
7	206 E Allegheny Ave	\$35,000	66%	\$614	\$2,892	\$2,278.88	371%	\$584.00	-\$29.52	-5%
7	148 W Lippincott St	\$8,500	151%	\$338	\$702	\$363.95	108%	\$191.06	-\$147.43	-44%
8	218 E Highland Ave	\$290,000	41%	\$3,173	\$23,966	\$20,792.22	655%	\$4,286.06	\$1,112.68	35%
8	152 W Sharpnack St	\$79,000	64%	\$1,341	\$6,529	\$5,187.81	387%	\$1,288.44	-\$52.31	-4%
8	1916 W Hilton St	\$3,000	173%	\$138	\$248	\$110.41	80%	\$74.14	-\$63.38	-46%
9	1864 Nolan St	\$89,500	46%	\$1,087	\$7,396	\$6,309.40	581%	\$1,356.72	\$269.84	25%
9	6749 N Smedley St	\$66,900	70%	\$1,235	\$5,529	\$4,293.64	348%	\$1,125.31	-\$109.66	-9%
9	6608 N Smedley St	\$25,000	162%	\$1,074	\$2,066	\$992.34	92%	\$590.19	-\$483.47	-45%
10	10192 Dedaker St	\$190,000	41%	\$2,036	\$15,702	\$13,665.35	671%	\$2,795.83	\$759.58	37%
10	3236 Lester Rd	\$100,000	69%	\$1,825	\$8,264	\$6,439.31	353%	\$1,665.31	-\$159.38	-9%
10	3827 Pearson Ave	\$110,000	75%	\$2,168	\$9,090	\$6,921.93	319%	\$1,893.81	-\$274.66	-13%

A Buffering Program Will Phase In The Changes So That Tax Increases (Or Decreases) Are Less Dramatic From Year To Year

Decrease Taxes On Buildings And Increase Taxes On Land...

- Because most homeowners own structures that are worth considerably more than the land upon which they sit, a decrease in taxes on buildings and an increase in taxes on land will reduce most tax burdens. By implementing Land-Value Taxation (decreasing taxes on structures while increasing taxes on land) in a way to be “revenue-neutral” for the city, officials can encourage development and discourage speculation while reducing taxes for homeowners.
 - Implementing Land-Value Taxation consistent with the Tax Reform Commission’s recommendation would reduce tax burdens for 80% of Philadelphia homeowners.
 - Owners of properties where land represents a significant portion of the overall property value (more than 22.5%) would see their tax burdens increase marginally.

Implementing Land-Value Taxation In A Revenue Neutral Manner Will Reduce Tax Burdens For Most City Homeowners

Council District	Address	Sales Price (SP)	Ratio of MV to SP	Current Tax Burden	Full AV Tax Burden	Change in Tax Burden From Current To Full AV Tax Burden	% Change	Land-Value Tax Burden	Change in Tax Burden From Current To Land-Value Tax Burden	% Change
1	608 Spruce St	\$1,550,000	37%	\$15,312	\$128,092	\$112,780.46	737%	\$23,964.07	\$8,652.53	57%
1	1624 S Lawrence St	\$30,000	74%	\$584	\$2,479	\$1,894.77	324%	\$469.38	-\$115.05	-20%
1	1207 Frankford Ave	\$15,000	109%	\$431	\$1,240	\$808.55	188%	\$334.03	-\$97.02	-23%
2	3138 S 17th St	\$265,000	33%	\$2,340	\$21,900	\$19,559.24	836%	\$4,878.60	\$2,538.23	108%
2	7526 Dickens Pl	\$75,000	71%	\$1,402	\$6,198	\$4,796.43	342%	\$1,107.25	-\$294.32	-21%
2	1813 Tree St	\$32,000	101%	\$857	\$2,644	\$1,787.67	209%	\$471.63	-\$385.18	-45%
3	23 N Preston St	\$95,000	37%	\$920	\$7,851	\$6,930.52	753%	\$1,742.12	\$821.84	89%
3	4123 Brown St	\$25,000	78%	\$518	\$2,066	\$1,547.68	299%	\$496.05	-\$22.27	-4%
3	1836 S Alden St	\$15,000	125%	\$497	\$1,240	\$742.44	149%	\$243.58	-\$253.58	-51%
4	434 Green Lane	\$145,000	40%	\$1,534	\$11,983	\$10,449.00	681%	\$2,776.54	\$1,242.75	81%
4	1238 N 60TH ST	\$23,500	75%	\$468	\$1,942	\$1,473.97	315%	\$501.58	\$33.51	7%
4	140 Grape St	\$50,000	125%	\$1,322	\$4,132	\$2,809.76	213%	\$825.99	-\$496.25	-38%
5	1930 Rittenhouse Sq	\$1,100,000	27%	\$7,933	\$90,904	\$82,970.56	1046%	\$29,680.10	\$21,746.66	274%
5	2266 N Bouvier St	\$12,500	66%	\$219	\$1,033	\$813.51	371%	\$191.57	-\$27.92	-13%
5	2451 Turner St	\$3,000	237%	\$188	\$248	\$60.16	32%	\$48.17	-\$139.59	-74%
6	4221 Devereaux Ave	\$115,000	34%	\$1,026	\$9,504	\$8,477.54	826%	\$1,939.59	\$913.53	89%
6	6133 Charles St	\$67,500	67%	\$1,187	\$5,578	\$4,390.83	370%	\$1,042.87	-\$144.50	-12%
6	4727 Princeton Ave	\$31,500	105%	\$875	\$2,603	\$1,727.84	197%	\$509.15	-\$366.18	-42%
7	2831 N Howard St	\$45,000	12%	\$148	\$3,719	\$3,570.71	2411%	\$720.76	\$572.67	387%
7	206 E Allegheny Ave	\$35,000	66%	\$614	\$2,892	\$2,278.88	371%	\$699.85	\$86.33	14%
7	148 W Lippincott St	\$8,500	151%	\$338	\$702	\$363.95	108%	\$160.55	-\$177.95	-53%
8	218 E Highland Ave	\$290,000	41%	\$3,173	\$23,966	\$20,792.22	655%	\$5,341.60	\$2,168.23	68%
8	152 W Sharpnack St	\$79,000	64%	\$1,341	\$6,529	\$5,187.81	387%	\$1,332.70	-\$8.05	-1%
8	1916 W Hilton St	\$3,000	173%	\$138	\$248	\$110.41	80%	\$69.72	-\$67.80	-49%
9	1864 Nolan St	\$89,500	46%	\$1,087	\$7,396	\$6,309.40	581%	\$1,653.30	\$566.42	52%
9	6749 N Smedley St	\$66,900	70%	\$1,235	\$5,529	\$4,293.64	348%	\$1,052.19	-\$182.78	-15%
9	6608 N Smedley St	\$25,000	162%	\$1,074	\$2,066	\$992.34	92%	\$422.29	-\$651.37	-61%
10	10192 Dedaker St	\$190,000	41%	\$2,036	\$15,702	\$13,665.35	671%	\$3,475.31	\$1,439.06	71%
10	3236 Lester Rd	\$100,000	69%	\$1,825	\$8,264	\$6,439.31	353%	\$1,653.46	-\$171.23	-9%
10	3827 Pearson Ave	\$110,000	75%	\$2,168	\$9,090	\$6,921.93	319%	\$1,924.12	-\$244.35	-11%

Land-Value Taxation Will Reduce Taxes For 80% Of City Residents While Encouraging Development And Discouraging Speculation

Combining The Policies...

- Complementing the citywide reassessment required to improve Real Estate Taxation fairness with policies proposed to make the transition less shocking can create an equitable and transparent Real Estate Tax system that can be implemented in the most effective and painless manner possible.
 - A tax-rate decrease to ensure that the reassessments are revenue-neutral for the city will create a reasonable basis for the changes.
 - Using a Real Estate Tax relief program to “buffer” changes in assessed values will eliminate the most dramatic one-year changes in tax burden.
 - Land-Value Taxation will reduce tax burdens for most homeowners as it encourages development and discourages speculation.

Implementing Positive Policies Can Establish A Fair And Understandable Real Estate Tax System In The Most Acceptable Manner

Council District	Address	Sales Price (SP)	Ratio of MV to SP	Current Tax Burden	Full AV Tax Burden	Change in Tax Burden From Current To Full AV Tax Burden	% Change	Combination of Policies Tax Burden	Change in Tax Burden From Current To Combination Tax Burden	% Change
1	608 Spruce St	\$1,550,000	37%	\$15,312	\$128,092	\$112,780.46	737%	\$15,773.47	\$461.93	3%
1	1624 S Lawrence St	\$30,000	74%	\$584	\$2,479	\$1,894.77	324%	\$327.93	-\$256.50	-44%
1	1207 Frankford Ave	\$15,000	109%	\$431	\$1,240	\$808.55	188%	\$294.92	-\$136.13	-32%
2	3138 S 17th St	\$265,000	33%	\$2,340	\$21,900	\$19,559.24	836%	\$3,293.87	\$953.51	41%
2	7526 Dickens Pl	\$75,000	71%	\$1,402	\$6,198	\$4,796.43	342%	\$751.38	-\$650.20	-46%
2	1813 Tree St	\$32,000	101%	\$857	\$2,644	\$1,787.67	209%	\$332.87	-\$523.94	-61%
3	23 N Preston St	\$95,000	37%	\$920	\$7,851	\$6,930.52	753%	\$1,180.29	\$260.01	28%
3	4123 Brown St	\$25,000	78%	\$518	\$2,066	\$1,547.68	299%	\$382.48	-\$135.84	-26%
3	1836 S Alden St	\$15,000	125%	\$497	\$1,240	\$742.44	149%	\$190.32	-\$306.84	-62%
4	434 Green Lane	\$145,000	40%	\$1,534	\$11,983	\$10,449.00	681%	\$1,918.47	\$384.67	25%
4	1238 N 60TH ST	\$23,500	75%	\$468	\$1,942	\$1,473.97	315%	\$392.45	-\$75.62	-16%
4	140 Grape St	\$50,000	125%	\$1,322	\$4,132	\$2,809.76	213%	\$608.94	-\$713.30	-54%
5	1930 Rittenhouse Sq	\$1,100,000	27%	\$7,933	\$90,904	\$82,970.56	1046%	\$20,662.80	\$12,729.36	160%
5	2266 N Bouvier St	\$12,500	66%	\$219	\$1,033	\$813.51	371%	\$130.58	-\$88.91	-41%
5	2451 Turner St	\$3,000	237%	\$188	\$248	\$60.16	32%	\$43.23	-\$144.53	-77%
6	4221 Devereaux Ave	\$115,000	34%	\$1,026	\$9,504	\$8,477.54	826%	\$1,288.50	\$262.44	26%
6	6133 Charles St	\$67,500	67%	\$1,187	\$5,578	\$4,390.83	370%	\$718.01	-\$469.36	-40%
6	4727 Princeton Ave	\$31,500	105%	\$875	\$2,603	\$1,727.84	197%	\$382.99	-\$492.33	-56%
7	2831 N Howard St	\$45,000	12%	\$148	\$3,719	\$3,570.71	2411%	\$452.95	\$304.86	206%
7	206 E Allegheny Ave	\$35,000	66%	\$614	\$2,892	\$2,278.88	371%	\$528.34	-\$85.18	-14%
7	148 W Lippincott St	\$8,500	151%	\$338	\$702	\$363.95	108%	\$142.94	-\$195.55	-58%
8	218 E Highland Ave	\$290,000	41%	\$3,173	\$23,966	\$20,792.22	655%	\$3,679.93	\$506.56	16%
8	152 W Sharpnack St	\$79,000	64%	\$1,341	\$6,529	\$5,187.81	387%	\$940.13	-\$400.62	-30%
8	1916 W Hilton St	\$3,000	173%	\$138	\$248	\$110.41	80%	\$74.26	-\$63.26	-46%
9	1864 Nolan St	\$89,500	46%	\$1,087	\$7,396	\$6,309.40	581%	\$1,155.14	\$68.26	6%
9	6749 N Smedley St	\$66,900	70%	\$1,235	\$5,529	\$4,293.64	348%	\$731.88	-\$503.09	-41%
9	6608 N Smedley St	\$25,000	162%	\$1,074	\$2,066	\$992.34	92%	\$359.60	-\$714.06	-67%
10	10192 Dedaker St	\$190,000	41%	\$2,036	\$15,702	\$13,665.35	671%	\$2,385.09	\$348.84	17%
10	3236 Lester Rd	\$100,000	69%	\$1,825	\$8,264	\$6,439.31	353%	\$1,168.77	-\$655.92	-36%
10	3827 Pearson Ave	\$110,000	75%	\$2,168	\$9,090	\$6,921.93	319%	\$1,412.44	-\$756.04	-35%

The Combination Of The Proposed Policies Helps Make Real Estate Taxation Fair And Understandable — In The Most Effective And Painless Manner Possible

Example Properties Show That Positive Policies Will Create A System Where Historically Under-Assessed Properties May Pay More While Historically Average-Assessed And Historically Over-Assessed Properties Will Pay Less



Example Under-assessed Home			Example Average-assessed Home			Example Over-assessed Home		
1930 Rittenhouse Square			3236 Lester Road			6608 N Smedley Street		
Sales Date - July 28, 2004			Sales Date - February 22, 2004			Sales Date - December 2, 2003		
Sales Price - \$1,100,000			Sales Price - \$100,000			Sales Price - \$25,000		
Current Tax Burden	Combination of Policies Tax Burden	% Change	Current Tax Burden	Combination of Policies Tax Burden	% Change	Current Tax Burden	Combination of Policies Tax Burden	% Change
\$7,933	\$20,663	160%	\$1,825	\$1,169	-36%	\$1,074	\$360	-67%

We Can Move Toward A System Where All Philadelphia Homeowners Pay Their Fair Share In An Effective And Painless Manner

Policies To Protect Vulnerable Homeowners

- To ensure that Philadelphians are never forced to sell their home to pay their Real Estate Tax bill, **the city can implement additional policies to help vulnerable homeowners:**
 - Create Real Estate Tax deferments so vulnerable homeowners can live in their homes today and pay their tax burden in the future when they sell their homes.
 - Separate property assessment and appeals so the assessors do not judge their own work and establish a Taxpayers' Advocate to represent taxpayers in real estate tax matters.
 - Allow taxpayers to pay Real Estate Tax bills in quarterly payments so homeowners can spread payments throughout the year.
 - Apply tax payments to the current year's tax liability so delinquent taxpayers making tax payments can qualify for state assistance.
 - Advocate for increased property tax relief from the Commonwealth of Pennsylvania: a state circuit-breaker property tax relief program could hold down Real Estate Tax increases for those on fixed incomes; state-funded low-income property tax relief programs could be expanded for truly needy taxpayers.

Policies To Avoid

- Policy makers must beware: other policies presented to address these issues could do more harm than good.
 - Do Nothing — Real Estate Taxation in Philadelphia is unfair, uncertain, and confusing. Doing nothing maintains a flawed system where some pay too much while others pay too little.
 - Cap Assessment Increases or Freeze Assessments — Assessments must keep pace with changes in value or the system will become even more unfair. Rate reductions or tax deferrals are better tools to help homeowners.

Assessments Must Keep Pace With Changes In Value Or The System Will Become Even More Unfair

- If assessment increases are capped at 5% and two homes worth \$100,000 today increase in value at different rates (one at 5% per year and one at 20% per year), after five years the owner of the first house will be paying taxes based on an assessment of 100% of potential sale value but the owner of the second will be paying taxes based on an assessment of only 51% of sale value.

Year	House Increasing in Value at 5% Per Year			House Increasing in Value at 20% Per Year		
	Potential Sale Value	City-Determined Assessed Value (Assessment Capped at 5% Increase Per Year)	Ratio of City-Determined Assessed Value To Potential Sale Value	Potential Sale Value	City-Determined Assessed Value (Assessment Capped at 5% Increase Per Year)	Ratio of City-Determined Assessed Value To Potential Sale Value
Today	\$100,000	\$100,000	100%	\$100,000	\$100,000	100%
Year 1	\$105,000	\$105,000	100%	\$120,000	\$105,000	88%
Year 2	\$110,250	\$110,250	100%	\$144,000	\$110,250	77%
Year 3	\$115,762	\$115,762	100%	\$172,800	\$115,762	67%
Year 4	\$121,550	\$121,550	100%	\$207,360	\$121,550	59%
Year 5	\$127,628	\$127,628	100%	\$248,832	\$127,628	51%

Resources For Further Inquiry

- *Philadelphia* **FORWARD** has created web-based and print resources for citizens, media representatives, and elected officials to explore these policies.
 - Visit www.philadelphiaforward.org to use a model and a tax calculator to demonstrate how reassessment and proposed policies would affect any city property.

Philadelphia Real Estate Taxation Glossary

Assessed Value — The property value for tax purposes (currently 32% of market value)

Assessment — The process used to determine property value for tax purposes

Board of Revision of Taxes (BRT) — The city agency that determines property values for tax purposes (but does not establish tax rates)

Caps (Assessment Increase Caps) — A limit set on the increase in property values for tax purposes

Circuit-breaker Property Tax Relief Program — An income tax reduction when Real Estate Taxes rise faster than household income

City Council — The city legislature, which, along with the Mayor, sets Real Estate Tax rates

Fractional Assessments — Property values for tax purposes set below 100% of market value

Freezes (Assessment Freezes) — Prevent an increase in property values for tax purposes

Land-Value Taxation — Taxing the value of land exclusively or at a higher rate than structures (as opposed to traditional Real Estate Taxation, which taxes land and structures equally)

Market Value — The price a property would sell for on the open market

Mayor — The city's chief executive, who, along with the City Council, sets Real Estate Tax rates

Quarterly Payments — Payments of a portion of the total every three months (instead of a single, once-per-year total payment)

Real Estate Tax — The tax on the value of property, including land and buildings and improvements on the land, which supports city and school district spending

Real Estate Tax Bills — Invoices to property owners calculated by applying the tax rate to assessed value (assessed value x 8.264% = tax bill)

Real Estate Tax Deferrals — Programs to allow homeowners to put off payment of Real Estate Taxes until a later date, often after the sale of the home

Real Estate Tax Rate — In Philadelphia, 8.264% (applied to the assessed value of properties)

Revenue Neutral — Generating no more and no less revenue or expenditure for the city budget

Standards Of Vertical And Horizontal Equity — Horizontal equity is when likes are treated alike (similar houses have similar tax bills); vertical equity is when appropriate adjustments are made to reflect differences (houses that are worth more have higher tax bills)

Tax Reform Commission — The voter-established agency that drafted a plan to make Philadelphia taxes more fair and less onerous



Tax Reform Can Move Philadelphia Forward