COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE ON FINANCE

Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, December 5, 2013
9:30 a.m.

PRESENT:
COUNCILMAN BILL GREEN, CHAIR
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN WILLIAM K. GREENLEE
COUNCILMAN DENNIS O'BRIEN
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN MARK SQUILLA
COUNCILWOMAN MARIAN B. TASCO
COUNCILMAN KENYATTA JOHNSON

BILL 130805 - An ordinance amending Section 10-1001 of The Philadelphia Code ("Fees of Commissioner of Records") to raise the fee for recording documents...

BILL 130854 - An ordinance amending Chapter 19-3900 of The Philadelphia Code to extend the deadline to apply for tax exemptions as a longtime owner-occupants of certain properties in the City of Philadelphia.

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COUNCILMAN GREEN: Good morning. I apologize for the delay, everyone. The Finance Committee hearing on Bills 130805 and 130854 shall come to order.

Will the Clerk please read the title of both bills.

THE CLERK: 130854, an ordinance amending Chapter 19-3900 of The Philadelphia Code to extend the deadline to apply for tax exemptions as a longtime owner-occupants of certain properties in the City of Philadelphia.

130805, an ordinance amending Section 10-1001 of The Philadelphia Code ("Fees of Commissioner of Records") to raise fees for recording documents, all under certain terms and conditions.

COUNCILMAN GREEN: Thank you.

I recognize the presence of a quorum in the persons of Councilmembers Blackwell, Goode, Greenlee, Tasco, Reynolds Brown, and O'Brien.

Can we please have Joan Decker

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for Bill 130805.

(Witnesses approached witness table.)

COUNCILMAN GREEN: Please state your name and proceed with your testimony.

COMMISSIONER DECKER: Good morning, Councilman Green and members of the Committee on Finance. My name is Joan Decker.

COUNCILMAN GREEN: Pull that closer to you.

COMMISSIONER DECKER: Is this better?

COUNCILMAN GREEN: Yes.

COMMISSIONER DECKER: Good morning. My name is Joan Decker and I thank the members of the Finance Committee and Councilman Green for putting this on the agenda this morning. I'm here to testify in favor of the bill that was originally introduced by Councilman Greenlee on October 31st of 2013, this year, and this bill will amend

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the fees of the Recorder of Deeds, the Department of Records according to the City code chapter. It is needed for some new requirements which added on to prior legislation that was introduced by Councilman Greenlee, and it will require that we perform a deed match every time we record a deed for the prior owner to the current seller of the property. It also will require that we look for accompanying documentation. It requires that we present a consumer notice to filers who walk into the Department, advising them of the benefits of title insurance and the risks of not obtaining insurance for the particular property in question. And it also will provide for a broader distribution of the changes in transactions filed against a property, and we will be working with a number of other organizations that we have an established relationship with, like the Regional Housing Legal Services, Senior Law Center, Philly VIP.

We estimated that we would need a $5 increase in recording fees in order to cover the cost of meeting these new requirements, and that will include the procurement of additional materials and supplies, services, and maintenance fees. We came up with this calculation based on our recording volume for the past fiscal year, and we feel that this amount will generate revenue to cover these additional needs.

I want to thank you again very much, Councilman Greenlee. Thank you for your interest in this very important area of property fraud, and I'm happy to answer any questions the Committee may have.

COUNCILMAN GREEN: Commissioner Decker, thank you very much for your testimony. I want to note for the record that you are the first person I have ever seen from the Administration ever come testify without written testimony in front of you to read from or paraphrase from, and I'm quite confident you got everything right. So you are a true professional, and thank you for your service. I know that you care deeply about your office and are very concerned about how it runs, as has been demonstrated in past hearings. So it's just a pleasure to have you here this morning.

Councilmember Greenlee.

COUNCILMAN GREENLEE: Thank you, Mr. Chairman. Very quickly. I just want to echo those comments and thank the Commissioner and the Department for the work they've done on this very important issue, and I hope the Committee can see fit to move this bill forward. I think a $5 fee is very minimal, and I think it will help to -- I think it will go, though, to helping a lot of people in this serious problem, which we're slowly getting a good handle on.

So, again, thank you, Commissioner, for the work you do on this.

COMMISSIONER DECKER: Thank you very much.

COUNCILMAN GREENLEE: Thank you, Mr. Chairman.

COUNCILMAN GREEN: Councilmember Tasco.

COUNCILWOMAN TASCO: Good morning. Thank you very much for your testimony. I just have a side question just to raise an issue. When a new deed is issued, suppose there's some adjustment to an existing deed or you want to change maybe who else should be on the deed, when the deed comes back, there's no value on there. The value is a dollar. Is there any reason for that, not to put the original amount of how much the property was sold for on the deed?

COMMISSIONER DECKER: Councilwoman, part of the deed that gets incorporated into the document that's recorded is the realty transfer tax certification form, and that form again becomes a part of the public record as part of the document, and that will indicate the value as well as the assessed value. So if you flip through -- usually a deed is approximately four pages long. The statement of value appears pretty much towards the end, right before the closer in the deed document, and you would be able to step through all that information.

COUNCILWOMAN TASCO: When homes like that are -- those deeds are processed in that way, when the value of the home is listed as a public record, it has no value, for a dollar. So they're not going through the deed to see the value. Whatever public information is put out is that it is a dollar.

COMMISSIONER DECKER: That's correct. The first page will indicate the buyer and seller's names and will indicate the consideration of the purchase price, and if the relationship is a family relationship or qualifies for any of the other exemptions from transfer tax, we will see that it does list a dollar deed, but, again, the actual consideration and the calculation based on the assessed value will be present in that particular form. But you are correct, the first page will list a dollar, but the certification form will step you through the actual value of the property in question.

I'm not sure I'm answering your question.

COUNCILWOMAN TASCO: No; that's fine. I guess those people who want to know how much the value, they know where to go to find the value.

COMMISSIONER DECKER: That's correct. Usually most of our filers are professional groups, like law firms, title insurance companies, financial institutions, and they are familiar. The basic format of these documents are really prescribed by law, and many of the professionals who work with these documents are very familiar about the placement of the information and what needs to appear.

COUNCILWOMAN TASCO: Okay. Thank you very much.

COUNCILMAN GREEN: Thank you, Councilmember.

Are there any other Committee members with questions?

(No response.)

COUNCILMAN GREEN: Seeing none, I'd like to recognize the presence of Councilmember Johnson.

Thank you very much for your testimony.

Is there anybody else here to testify on this bill?

(No response.)

COUNCILMAN GREEN: Seeing none, we'll move to 130854, and we'd ask the Director of Finance, Rob Dubow, please step forward. We can see if our Finance

Director will be reading his testimony or having memorized it by heart.

(Witnesses approached witness table.)

MR. DUBOW: Good morning, Chairman Green and members of the Committee. I am no Commissioner Decker, so I will be reading my testimony.

I'm here today to testify on Bill No. 130854. I'm joined by Anna Adams, Chief of Staff in the Finance Department, and Marisa Waxman, the Deputy Revenue Collections Officer.

The bill proposes to move the deadline for 2014 applications for the LOOP program from January 15th to February 17th. And as you know, the LOOP offers real estate tax relief for longtime owners who have seen a significant increase in their property assessment from one year to the next. We've mailed out applications this week to properties with substantial increases in their values, and we've provided other explanations for the rest of the program's eligibility requirements. That includes that the home has been owner-occupied since at least July 1st, 2003, that the homeowner meets the income requirements, and that taxes are up to date or the owner is either in a payment plan or has an application pending for one.

We launched the program to reach out to approximately one in six residential properties in Philadelphia that may be eligible for the discount. Unlike the homestead exemption, which is open to all primary residence owners, this program is available only to certain homeowners. We, therefore, designed our outreach program for this targeted audience with multiple mailings, robo calls, and live calls from staff that can assist homeowners with the application process. Information has been mailed out in English and in Spanish, and assistance in other languages can be obtained over the phone or online.

Our experience with homestead and other programs is that there's a spike in the number of the applications immediately after the program launch, but that the majority of applications are received just before the deadline. It makes us think that increasing the amount of time won't substantially affect the number of applications we receive, but moving the deadline will increase the cost of administering the program.

Internal resources will need to be redirected to alter the operational procedures and contracts in place for the program rather than being directed to the outreach program. We think the changes will increase costs by somewhere between 30 and 75 thousand dollars, and we're not sure it will noticeably increase our communications with potential participants.

In addition, moving the deadline later means that the processing of applications and communicating approvals, which is likely to take about six to eight weeks, won't be complete before tax bills are due, which will create additional confusion. Because of those added costs and potential to reduce rather than enhance our outreach, we can't support the deadline extension. We are committed to getting every eligible homeowner enrolled and getting them tax relief that they're entitled to.

We look forward to continuing to work with Council, and we're available to answer any questions you might have.

COUNCILMAN GREEN: Thank you, Mr. Dubow. So you are opposed?

MR. DUBOW: Yes.

COUNCILMAN GREEN: Thank you.

Councilmember Greenlee.

COUNCILMAN GREENLEE: Thank you, Mr. Chairman.

Good morning.

MR. DUBOW: Good morning.

COUNCILMAN GREENLEE: First of

all, let me start out by saying I think the Administration, what you've done already and your plans to get this information out is very good, and I know you're trying to get everybody involved, but I guess I would kind of spin around what you said in a certain extent when you say about the homestead exemption. It seemed to me that it was giving everybody a little bit more time and giving folks like us and everybody else a chance to do some outreach that got more people involved in the program, because it certainly looks like everybody is doing what they could do, but there's still going to be people who don't know about this thing no matter -- and it takes sometimes four, five times to try to get through to them. And I do note that this is over the holiday period too, where sometimes people are distracted a little bit more.

So it would just seem to me if we're going to have this program, why not do as much as we can and take as much reasonable time as we can to get everybody involved. Because I've seen the numbers. Some people are getting substantial savings here. And, look, if it was me -- just for the record, I'm not eligible. I make too much money. I'm like Anna, we're too rich, but --

MR. DUBOW: Actually, I thought the reason was she hadn't lived in her house long enough.

COUNCILMAN GREENLEE: She has two reasons. I just have one. And I would fill the thing out right away, but we're dealing with human beings here. They have different things. And why not, if we're going to go through all this, why not take that extra month. Does it really change things that much, to give it another month?

MR. DUBOW: I mean, we understand. In all the legislation that we're looking at, there are trade-offs, and there's a trade-off between that, additional time, and our concerns about confusion and about getting answers back to people now after their bills are due.

COUNCILMAN GREENLEE: Sort of like the folks that are getting those first review answers all the way now in December, something like that?

MR. DUBOW: But, I mean, that does go to the point. There is a processing time, and the further you push back the deadline, the later the processing time is and the more people have to wait and don't get that before they have to pay their bill.

COUNCILMAN GREENLEE: I got you. But it does say on the notice -- and I think this is a good thing -- exactly what your savings are going to be, and it says you're supposed to pay the reduced amount by the end of March. So people kind of know what they're supposed to do. So I guess I don't see that as a --

MR. DUBOW: We are trying to

make it as easy as possible.

COUNCILMAN GREENLEE: And I think you are.

MR. DUBOW: One of the reasons that we --

COUNCILMAN GREENLEE: But, again, homestead I think proved -- I thought that was pretty easy too, but I think we had to do a little bit more to make it easier for some people.

Thank you, Mr. Chairman.

COUNCILMAN GREEN: Thank you.

Are there any other questions from members of the Committee?

(No response.)

COUNCILMAN GREEN: Seeing none, thank you very much for your testimony.

MR. DUBOW: Thank you.

COUNCILMAN GREEN: Is there anybody else here to testify on this bill?

I see -- I'm sorry. I have you on my list. Montgomery Wilson. Please, once you get comfortable, state your name for the record and proceed with your testimony.

(Witness approached witness table.)

MR. WILSON: Thank you, Councilman. My name is Monty Wilson. I am a lawyer at Community Legal Services in Philadelphia. I'm here today to support the amendment proposing to extend the deadline for the LOOP program bill to February 17th.

COUNCILMAN GREEN: Can you pull that closer.

MR. WILSON: I'm here to support the vote to extend the bill deadline to February 17th.

My name is Monty Wilson. I'm a lawyer at Community Legal Services. I've met with many of you on tax issues in the past. I am also no Joan Decker, so I will be mostly reading my prepared testimony to make sure I get my facts straight, although probably I'll go off paper at some point when I get impassioned.

We are in support of the bill because CLS believes that the Longtime Owner-Occupant Program is an excellent idea. We agree that the City has done a very good job of targeted outreach to homeowners. However, what we've seen in the last week is only in the last week have we started to have clients coming into our office asking questions about the program.

What I want to share with you today is just the experience of one of my clients, Ms. Louise Glover, who lives at 2304 Fitzwater Street in Philadelphia. I believe that's Councilman Johnson's district. She's lived there for over 30 years, and she and her husband have raised their children there. Their taxes are paid in full. They are not delinquent. They have a mortgage on the house, and they pay their taxes every year.

She came to me approximately

two years ago, because with their fixed income based on Social Security benefits plus his pension, they were struggling to cover the mortgage and the tax bill.

The tax bill last year, before the AVI increases, was $1,642. That was approximately -- that was folded into the mortgage, and they were barely able to cover that. Once AVI went into effect, the assessed value of their home jumped from $52,000 to over $300,000, and their projected tax bill after the AVI assessment next year will be $3,626. When you divide that up for their mortgage payment, that means they're going to see an increase of $166 a month in their mortgage payment.

Ms. Glover was shocked when I told her that. They simply can't cover that much if they have to start paying that next year.

What I advised her about was that the LOOP program would reduce her bill down to $2,150. I got on the phone with her, asked her if she received any notices about the program two weeks ago. She had not. Since then, she's informed me that she did get one of the robo calls and she has called the hotline to get her application in. She's planning to be down there next week to get her application.

Don't you worry, Councilman. I've got her covered.

That will reduce her monthly bill down to something where she can probably afford to pay an extra $40 or $50 a month towards her taxes next year. In other words, Eddie Glover and Louise Glover are going to be fine. Why? Because you put a good program in place, and they've got me.

What I'm worried about are the hundreds, thousands of other homeowners out there just like Louise Glover, senior citizens and non-English speakers, who don't have CLS, who haven't gotten that notice yet or don't open the notice when it comes in the mail. We need time for word of mouth to spread, for people to get to community service organizations, just like Councilman Greenlee suggested, and get the word out, to go to the Councilpeople and get the word out.

Right now, with the January deadline, people have 48 days. Not just to apply for the program. They need time to learn about it, get advice, and then apply, given the fact that for many homeowners this is going to be a make-or-break proposition. For Ms. Glover, they would be talking about foreclosure if they had to pay that full $3,600 bill. With the LOOP program, she's going to be able to do it.

This is the only year they're going to be able to get that tax break for the 2014 big increase. So this is an important deadline this year. Next year it will be available, but most homeowners aren't going to see this kind of large increase next year.

Given that this is the year that matters, given that notice of this program just started to go out this week, I think extending the deadline an extra 30 days so that people have at least two months to learn about the program, get the advice they need, and apply for the program is well merited. I don't want this program to be the best program nobody in Philadelphia ever heard about.

With that said, I agree with everything Councilman Greenlee said. Given the holidays, given the fact that we need time for community outreach, given the fact that this is an important program, I would urge you all to vote to extend the deadline. Thirty days is a reasonable period of time.

Thank you. I'd be happy to answer your questions.

COUNCILMAN GREEN: Thank you very much for your testimony. I want to thank you and Community Legal Services for all the work you do. It's important work in the City, and it's appreciated. I appreciate your testimony. I don't have any questions for you.

Does any member of this committee -- Councilmember Squilla.

COUNCILMAN SQUILLA: Thank you for your testimony. It's very important testimony and something that's needed.

Do you know, beside the LOOP program, advising any of your clients about the deferral program?

MR. WILSON: I have told some of my clients that there will be a deferral program. Again, similar to the LOOP program, as of last month, because there was no published information available yet, I've been telling clients that I thought there was going to be a gentrification relief program, but there wasn't any information detailing how to apply or how to fill out the forms. So, yes, I've been storing away information on the deferral program, but I haven't been able to provide forms or applications for it.

COUNCILMAN SQUILLA: Because I think -- and we've been trying to get after the Administration to get these out also. This is something of a last resort, the deferral program. The LOOP program is something that's great, that could work, but not everybody is going to fit into the LOOP program to be eligible for it. But a deferral program is a last resort that we will have so people don't lose their homes because of the major tax increases and have an opportunity maybe to defer that. So we need to make sure also on our part that we get the Administration to get that application out to individuals and to homeowners and maybe somehow be able to have a timeline on that, where the new bills go out can reflect maybe the person trying to defer their taxes until they sell their property. I mean, that is the last line, I think, of defense to help these residents.

And we need to do a better job as the City. We sort of got behind the eight ball with the LOOP because of some state-enabling legislation, but to extend it is something we definitely need to do. But we're not behind the eight ball on the deferral program, and that's something that we need also to get out there.

MR. WILSON: And I think the deferral program, honestly, was the last option I had in my quiver for Ms. Glover. If the LOOP program didn't work for her, I was going to talk with her about the deferral program. But, again, I would rather have her pay her taxes and have income coming into the City than us deferring it so that her children would inherent that debt when she died.

COUNCILMAN SQUILLA: Right. Well, the deferral program is something that they would still pay their taxes. It just --

MR. WILSON: But the difference

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would be deferred.

COUNCILMAN SQUILLA: The difference would be deferred until the end. But, again, that's just the last step, and that's something we don't even have out also and it's something that we need to get out here from the City's perspective.

Thank you.

COUNCILMAN GREEN: That's right. There is an existing -- just for your information, Mr. Wilson, there is an existing Department of Revenue regulation covering deferrals. It's an application to the Department stating the reasons for the deferral, demonstrating the inability to pay and meeting certain other criteria. I'm not sure that there's a formal application, but the process of doing and what you have to submit is all in the regulation.

MR. WILSON: Okay.

COUNCILMAN GREEN: So it is there.

Any other -- Councilmember Brown.

COUNCILWOMAN BROWN: Good morning.

MR. WILSON: Good morning.

COUNCILWOMAN BROWN: I want to first underscore the enormous value your office, your agency brings to citizens who want to do the right thing and just need help. Your answer, however, suggests -- well, let me ask this differently.

What is the level of coordination with the City department on programs like LOOP, deferral, et cetera?

MR. WILSON: Well, recently, probably you remember, in June I was lobbying for the delinquent tax payment plan program, and under the statute there, there are statutory connections between the Revenue Department and housing counseling agencies across the City and Legal Services. We are currently setting up the program so that taxpayers who are delinquent need to get into payment plans. If they need advice, if they need help filling out the forms, if there's a legal issue such as title involved, they are referred directly to housing counseling agencies and Legal Services, and we've seen a sharp increase in direct referrals from the City Revenue Department to our office on that.

On the other programs, there's no similar statutory or policy, official policy, set up that I'm aware of sending people to CLS for help with LOOP applications or the deferral program. We are planning to do a mailing on the LOOP program this month.

COUNCILWOMAN BROWN: So what needs to happen to gain some similarity outreach for all of those types of programs designed to help citizens save their homes?

MR. WILSON: I think you'd need to look at the kind of publicity and the mailings that are going out to the homeowners initially to see if the information referring them to Legal Services and housing counseling agencies is included in those flyers, first off. As far as I'm aware, it is not. There would need to be some discussion obviously between the agencies and the City so that we weren't flooded with thousands of homeowners.

There is, for instance, though, just to follow up, the Save Your Home Hotline in Philadelphia was established over eight years ago now focused on delinquent mortgages. We've now expanded that so homeowners who are faced with delinquent taxes in a foreclosure are referred to the hotline for advice and referral to our office.

COUNCILWOMAN BROWN: So is that a CLS program?

MR. WILSON: No. That is funded by the City and PLA, our sister organization. Philadelphia Legal Services largely runs it. But there would need to be a discussion with PLA about expanding the coverage to include referrals for people who are looking for advice about LOOP or the deferral program, but I think that could be talked about.

COUNCILWOMAN BROWN: So --

MR. WILSON: But right now none of that is in place.

COUNCILWOMAN BROWN: What stakeholders should be at the table for all those programs we just talked about to better tighten up access of information to citizens? They would be CLS, City housing agencies.

MR. WILSON: The way it's done in the private mortgage world is, there's a state -- there's state funding for housing counseling agencies and Legal Services to provide advice and representation and assistance to homeowners with a private foreclosure. That network is there. If we could get OHCD, some of -- a few of the key housing counseling agencies, Philadelphia Legal Assistance, Community Legal Services, probably Philadelphia VIP, and I'll have to think about who else would probably need to be involved. Those are the people who are essentially running the private mortgage foreclosure program and were involved in the discussions around the delinquent tax bill. Those are the same people you'd want to discuss broadening the net.

COUNCILWOMAN BROWN: Okay. Very helpful. Thank you.

COUNCILMAN GREEN: Any other members of the Committee with any questions?

(No response.)

COUNCILMAN GREENLEE: Seeing none, anyone else -- thank you, Mr. Wilson.

Anyone else here to testify on this bill?

(No response.)

COUNCILMAN GREEN: Seeing none,

we will move from the public hearing into the public meeting, and I will take a 15-second recess.

(Brief pause.)

COUNCILMAN GREEN: I recognize the Vice Chair, Councilmember Tasco.

COUNCILWOMAN TASCO: Mr. Chairman, I move that Bill No. 130805 be reported out of committee with a favorable recommendation and that the rules of Council be suspended so this bill can be heard at Council's next session.

(Duly seconded.)

COUNCILMAN GREEN: It has been properly moved and seconded that Bill 130805 be reported from this committee with a favorable recommendation and a suspension of the rules.

All in favor?

(Aye.)

COUNCILMAN GREEN: Any opposed?

(No response.)

COUNCILMAN GREEN: Seeing none,

the ayes have it.

Councilmember Tasco.

COUNCILWOMAN TASCO: Mr. Chairman, I move that Bill 130854 be reported out of committee with a favorable recommendation and that the rules of Council be suspended so this bill can be heard at Council's next session.

(Duly seconded.)

COUNCILMAN GREEN: It has been properly moved and seconded that Bill No. 130854 be reported from this committee with a favorable recommendation and rules suspension.

All in favor?

(Aye.)

COUNCILMAN GREEN: Any opposed?

(No response.)

COUNCILMAN GREEN: Seeing none, thank you, everyone, for your attendance, and that will end this meeting of the Finance Committee.

(Committee on Finance concluded

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at 10:00 a.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter, and that this is a true and correct transcript of same.

MICHELE L. MURPHY
RPR-Notary Public

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