COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE OF THE WHOLE

Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, March 26, 2013
10:33 a.m.

PRESENT:

COUNCIL PRESIDENT DARRELL L. CLARKE
COUNCILMAN CURTIS JONES, JR.
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN WILLIAM K. GREENLEE
COUNCILMAN MARK SQUILLA
COUNCILMAN KENYATTA JOHNSON
COUNCILWOMAN CINDY BASS
COUNCILMAN JAMES KENNEY
COUNCILMAN DAVID OH
COUNCILWOMAN MARIA D. QUINONES-SANCHEZ
COUNCILMAN BOBBY HENON
COUNCILWOMAN JANNIE L. BLACKWELL
COUNCILMAN DENNIS O'BRIEN

BILLS: 130178, 130179, 130180
RESOLUTIONS: 130190

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COUNCIL PRESIDENT CLARKE: Good morning. This is a Public Hearing of the Committee of the Whole regarding Bills No. 130178, 130179, 130180 and Resolution No. 130190. Ms. Lewis, please read the titles of the bills and resolutions.

MS. LEWIS: Bill No. 130178, an Ordinance to adopt a Capital Program for the six Fiscal Years 2014 through 2019 inclusive.

Bill No. 130179, an Ordinance to adopt a Fiscal 2014 Capital Budget.

Bill No. 130180, an Ordinance adopting the Operating Budget for Fiscal Year 2014.

And Resolution No. 130190, providing for the approval by the Council of the City of Philadelphia of a Revised Five Year Financial Plan for the City of Philadelphia covering Fiscal Years 2014 through 2018, and incorporating proposed changes with respect to Fiscal Year 2013, which is to be submitted by the Mayor to the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") pursuant to the Intergovernmental Cooperation Agreement, authorized by an ordinance of this Council approved by the Mayor on January

3, 1992 (Bill No. 1563-A), by and between the City and the Authority.

COUNCIL PRESIDENT CLARKE: Thank you. This morning we will hear testimony from the Office of Property and Assessment. Will the Administration please come forth.

(Administration approaches table)

COUNCIL PRESIDENT CLARKE: Morning gentleman.

MR. DUBOW: Morning.

MR. MCKEITHEN: Good morning, Council President Clarke and Members of City Council. I'm Rich McKeithen, Chief Assessment Officer for the Office of Property Assessment, OPA. Here with me today are seven members of my senior management team. They are Michael Piper, Real Property Deputy Administrator; Marisa Waxman, Assistant Administrator; Jean Machiz, Real Property Deputy Administrator; Veronica Daniel, Administrative Services Director; James Aros, Jr., Real Property Assistant Administrator; Kevin Keene, Administrator of Mass Appraisal and Analysis; and Drew Aldinger, our Legal Counsel for OPA.

President Clarke and Members of Council, you already have my testimony. So at the risk of not reading the entire thing, I will just highlight some of the major points in there. The assessment process is one of the major points.

The AVI process began with sales -- a sales analysis and validation of over 86,000 recorded transactions going back several years. Preliminary statistics were also calculated, relevant permits were checked and inspected and field inspections began in the Fall of 2011. Trained evaluators were deployed around the city inspecting and recording all relevant property characteristics into the assessment system.

Property evaluation models were developed with thorough statistical testing and validation to ensure accuracy and consistency. Income and expense data was used to value large office buildings and hotels. And cost information was used to value various special purpose properties. With an understanding that most properties were not only previous inaccurately valued but were also valued at an amount lower than what they would sell for, most properties have seen an increased assessment.

Because the Administration intends to maintain the same amount of current tax year revenue in 2014 as in 2013, the tax rate will need to be significantly reduced. As a result, most property owners will see a change in their real estate taxes. Properties that have been assessed closer to their actual value may see a decrease in property taxes with significantly lowered tax rates. While properties that were relatively underassessed will have an increase in property taxes.

I will also talk to you about the First Level Appeal Process briefly because I know that is something that we had discussed in several meetings. So recognizing the potential for increase assessment appeals, the Office of Property Assessment has amended the appeal process to allow property owners to have a First Level Review with the evaluator of record to discuss why they feel the value of the property is not correct.

The OPA has received approximately 16,500 First Level Review Requests so far with more expected closer to the March 31 deadline. Those properties that did not receive their assessment notice within the initial mailing will have 30 days from when they received their notice to file a First Level Review Request. Property owners who submitted a First Level Appeal Request will receive a letter some time in April from the Office of Property Assessment acknowledging their receipt of their request.

The OPA will work through this spring and summer to address the request and will notify the property owner of the determination. The goal is to get the First Level Reviews addressed in a timely manner to provide the property owner with enough time to move on to a formal appeal. If the owner is not satisfied with the outcome of the First Level Review, they can formally present their case to the Board of Revision of Taxes also known as the BRT. And then if not satisfied with the BRT ruling, a legal petition can be filed with the Court of Common Pleas.

The budget that the Office of Property Assessment is requesting will allow the Department to ensure that it reaches its ultimate goal of fair and equitable assessments that represent true market value using methodologies that follow the industry standards.

My staff and I are now happy to answer any questions that you may?

COUNCIL PRESIDENT CLARKE: Thank you.

Mr. Dubow?

MR. DUBOW: No. I don't have any testimony.

COUNCIL PRESIDENT CLARKE: Thank you.

Real quick, I only want to ask a couple of questions.

When you talk about the sales data recently from the past five years that was used for analysis and ratio studies, what is the method behind using the past five years given the constant fluctuation within the real estate market.

MR. MCKEITHEN: Sure. We used five years because we want to get a healthy statistical sample of properties all throughout the city. We have the city broken down -- and I am speaking residentially. We have the city broken down into various use types. For example, row homes, twins, free standing residential single family homes.

So, to get a healthy enough sample of all of those types of properties and all the areas across the city, you have to, you know, go back several years and, you know, make sure you get that. We time adjusted the sales, though, to account for any fluctuations in the market. And that's pretty standard in our industry.

COUNCIL PRESIDENT CLARKE: Okay. I want to ask you a quick question about an area, well, several areas within parts of my district, if I can kind of localize my questions.

Where there is significant numbers -- and I will tell you where.

Francisville is an example. There is significant number of, over the years, affordable housing built and, actually, over the last ten years. Approximately, 300 rental and residential. And then there were a significant number of existing residents, primarily row home community, people been there a long time. And here recently there have been a number of new housing starts, a whole of infill construction, new construction throughout.

So I am assuming as a result of the new

construction, because it clearly can't be because of the affordable housing that was built and the existing neighbors/residents of that particular area, the existing residents' values are going through the roof.

So in a case of one individual, we have a person who in the prior year was valued around $40/45,000 -- three-story row home, Councilman? Three-story row home. And now she gets an assessment and it's now --

COUNCILMAN GREENLEE: 455.

COUNCIL PRESIDENT CLARKE: $455,000. And there were no recent sales of existing housing stock, meaning a comparable home to that particular individual. An older home that with no improvements, basically -- I don't want to say the original bathroom, but you get the point.

How does that happen? I mean, how do you calculate that that particular property is now worth $455,000?

MR. MCKEITHEN: Sure. The residential properties are valued based on modeling. What happens is that we'll take what's typical -- a typical property in any particular area, and we will see exactly what it would sell for and what different attributes are tied to that particular property whether it has central air; whether it has -- in some of the neighborhoods, parking is big; whether it has a garage or a driveway; or whether the area that it was built. All these various factors.

If a basic home will sell for X amount, then a property that may be better than that particular basic home is predicted to sell for a different amount. That is sort of the whole way that the model works. Once again, we try to get an ample enough -- an ample amount of sales for properties that are in each category and in each condition and things like that. But often times, you won't have enough. And so, the model will predict what they -- what the model thinks that a value should be.

COUNCIL PRESIDENT CLARKE: So, you're predicting that the property should be sold if it sells --

MR. MCKEITHEN: Right.

COUNCIL PRESIDENT CLARKE: -- for 455? How is that fair to the property owner who --

MR. MCKEITHEN: The whole thing behind assessments of mass appraisal is that you know you are not going to get sales of all of the properties throughout the city. What you are trying to do is try to determine what a property would sell for if it were to sell on an open market.

Now, in all reality --

COUNCIL PRESIDENT CLARKE: You're basically speculating.

MR. MCKEITHEN: And that's what -- that's what is done in our field, you know.

COUNCIL PRESIDENT CLARKE: Let me ask you -- I don't mean to cut you off.

You think it's -- I shouldn't use the term "fair", but I am sure this person would say fair -- that your speculation on what that person's property would sell for at some point in time, but what that person is now required to pay in terms of taxes is not speculative, it's actually real dollars.

How does that -- I mean, I don't see how that's fair.

MR. MCKEITHEN: Well --

COUNCIL PRESIDENT CLARKE: If you don't have the ability to get it comparable for that particular property so you can say, well, that property will say for 455.

MR. MCKEITHEN: Right. It's -- it's --

COUNCIL PRESIDENT CLARKE: But you're basically speculating that it will sell. And you're now going to tell this lady, you know what, we're speculating that this is what it's going to sell for. And I guarantee she has no intention of moving unless we force her out.

MR. MCKEITHEN: Right. We're predic --

COUNCIL PRESIDENT CLARKE: She now has to pay in real terms and real dollars based on speculative costs.

MR. MCKEITHEN: We're predicting that the property if it would sell would sell for a certain amount. Now, unlike California where the actual sale price is what the people pay up until the property sells again, Pennsylvania is based on a model that is pretty much constant or consistent throughout the country where you are trying to predict what a property would sell for.

But one thing I would like to point out --

COUNCIL PRESIDENT CLARKE: So, it's not based on comps?

MR. MCKEITHEN: Yeah. It's based on comps. All of that is in the model. The model --

COUNCIL PRESIDENT CLARKE: I am trying to understand in laymen's term. You're saying that there's no comps -- I'm saying there is no comps. Am I -- for people that live there, they live there. They --

MR. MCKEITHEN: Right.

COUNCIL PRESIDENT CLARKE: Not sell their homes. You now have the opportunity to predict what you think this property will sell for and you can now assess that person's property.

MR. MCKEITHEN: In the appraisal field, a property doesn't have to sell for a certain amount in order for a estimate of value to be generated on it.

For example, you don't have to have a property of 5,000 square feet sell in a neighborhood if you have sales of smaller properties in that same neighborhood that are similar in style and condition to the actual subject.

So, what you're doing is you're looking at comparables that have sold. And that's what I meant by some of the other properties in the area. And then you are applying that rationale to properties that haven't.

For example, the subject property that we're discussing -- but you may not see a sale. Just because you don't see a sale for 400,000 in the neighborhood doesn't mean that when a property is compared to others that have sold, that may be in lesser condition, that may be smaller, that may not have as many amenities that the subject property wouldn't sell for that.

COUNCIL PRESIDENT CLARKE: The new properties -- the properties that are comparably assessed are new construction. I mean, all the properties that are currently going on in Francisville are new construction. They are tax abated, by the way, so those people don't have to be concerned with the new numbers. There is no comparables to that lady's house.

Now, let me ask you a question since you are speculating. If a property sells a couple years down the line, because these people might say, you know, I can't afford to live here and the property sells. Once the purchaser and the realtor goes in the house and realizes this is original bathroom and original pipes and say, well, this property is really in that great a shape. Best case, I would give you $200,000 for that, would that person now be able to recapture the taxes that they paid in prior years based on your speculative assessment?

MR. MCKEITHEN: No, they would not. But --

COUNCIL PRESIDENT CLARKE: So you get the --

MR. MCKEITHEN: Here's my --

COUNCIL PRESIDENT CLARKE: The City gets to keep that money. She was basically overpaying for that property.

MR. MCKEITHEN: Here is the process that we set up for an example like that. That person needs to easily file a First Level Review and let us look at it, and then we can make any adjustment that's necessary.

COUNCIL PRESIDENT CLARKE: What are you going to say? You just gave me your basis for your calculation on the speculative assessment.

MR. MCKEITHEN: Predicted. Predicted assessment.
COUNCIL PRESIDENT CLARKE: Predicted, okay. I am just saying --
MR. MCKEITHEN: Yes.
COUNCIL PRESIDENT CLARKE: You know, tomatoes/tomahtoes.
She's going to come in and say, well, I don't think my property is worth this much. You say, well, we predicted based on some future sales that this is worth --
MR. MCKEITHEN: Then let us look at it.
COUNCIL PRESIDENT CLARKE: What do you do on earlier review? What do you do different?
MR. MCKEITHEN: What is going to happen is that she will come in with the First Level Review. We will make an appointment, go and see it. If we see things where we don't think and agree with her that we don't think it would sell for that much, we will make an adjustment to what we think it would sell for.
COUNCIL PRESIDENT CLARKE: Based on what?
MR. MCKEITHEN: Based on our knowledge of the market and looking at -- relooking at sales in

the area and looking at her property.

COUNCIL PRESIDENT CLARKE: But there is no sales in the area. No comparable sales, that's why you're speculating.

MR. MCKEITHEN: Once again you always -- you don't always have the best comparable. But you have comparables because when you don't have a property that sells on a block, you have to use what you have in the appraisal field. So what you are doing is, you are comparing what has sold and then making adjustments -- making adjustments to put a value on properties that haven't sold.

For example, we may look at some properties that sold for a lesser amount and say, okay, well that average sale price is this. We don't think that she should be that much from the average based on what we saw in her house. We will look at the condition, you know, all the original amenities, things like that. Then we will re-categorize her property probably based on condition. And then see what other sales we have that will be more applicable to her house.

COUNCIL PRESIDENT CLARKE: In potentially another neighborhood.

MR. MCKEITHEN: As close as we can come to the subject property.

COUNCIL PRESIDENT CLARKE: Okay. All right. I'm not going to dominate the conversation on this one. Because all of those -- I'm just talking about one particular person. But all of the existing residents in the -- I want to thank the Administration for sponsoring one of its AVI meetings in the neighborhood. I believe they all filed for early review.

MR. MCKEITHEN: Okay.

COUNCIL PRESIDENT CLARKE: We will be monitoring the response for those particular people that are going through the process.

MR. MCKEITHEN: Sure.

COUNCIL PRESIDENT CLARKE: Chair recognizes Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Mr. President.

Good morning.

MR. MCKEITHEN: Good morning.

COUNCILMAN GREENLEE: Just follow up very briefly on what the Council President was saying because I know the property very well. I've been in it numerous times. I know the lady that owns it. And I guess I was going to ask about the First Level Review.

My first question is just using that as an example, isn't one of the things that you talked about is doing the drive-by, I think they call it, to kind of look at the properties? To kind of get a feel --

MR. MCKEITHEN: Field inspections, yes.

COUNCILMAN GREENLEE: Okay. The only thing I will say is I don't know how anybody could have looked at that property and come up with that kind of price based on, as the Council President said, the sales in the area. There was nothing sold that either was new construction or totally rehabbed property.

You know, now she's put in for that review, so I guess we will have to see where it goes. I just -- you almost gave -- not you, but the Department gave that woman a heart attack because she just said there is no way in the world I can pay these taxes.

MR. MCKEITHEN: Once again, when you're doing mass appraisal and you are in areas that are in transition like that, you can have some properties that may fall out of the normal -- normal occurrence, so that's why we have this process. You know, she can easily get it adjusted if, in fact, we see it that way.

COUNCILMAN GREENLEE: All right. Well, getting into the First Level Reviews, my understanding is that you haven't made any decisions on anything yet? You are waiting until after the 31st?

MR. MCKEITHEN: No. The way we wanted to address the First Level Review is we have -- we suspect a lot of them will be filed in certain areas. So, it's easier and more efficient if we get them all in and see exactly what the common themes are and then address them at one time as an area. That way we can march through the area at one time. We can contact taxpayers. I was going to work through some of the community groups and let them know when we will be out in the areas and things like that.

I don't want to -- if I worked them piecemeal in some of these areas that are most difficult, I don't want to give different results to different individuals. So, by the 31st we will have more than enough time to sort of itemize them all out and break them out into different areas and then address them accordingly.

COUNCILMAN GREENLEE: Okay. I just thought you know -- I think you say in your testimony 16,500 already. It's human nature, a lot of people putting them in at the last minute. I know you have this target date of August. That sounds kind of challenging if you really -- especially, like, given this one example, I think you would want to look at this property.

MR. MCKEITHEN: Yeah.

COUNCILMAN GREENLEE: You want to go in and see the -- I think it's the same walls that have been up since 1945 and things like that.

MR. MCKEITHEN: Yeah. I mean, that's --

COUNCILMAN GREENLEE: I am sure there's in lots of areas like Point Breeze, there is probably a lot of that, too.

MR. MCKEITHEN: That is why I want to address them en mass like that. Because I can go through all of, for example, Point Breeze at one time. I can go through area that is -- has a consistent problem at one time and make the adjustments.

COUNCILMAN GREENLEE: Okay. I think you said and you told me before that when they send out the results of the First Review, it's going to be basically just a yes or no and not put any kind of -- broken down into maybe category or reason or anything like that.

MR. MCKEITHEN: Yeah. It's called a Decision Letter. The Decision Letter is a form letter that let's you know that we looked at your case and what our decision was, and then what your -- what you can do from that point on.

Any taxpayer can contact us once the decision letters have gone out. I would urge them to. We are more than willing to talk to taxpayers if they call and want to know exactly what went on with their case and why we made the decision that we made. To try to itemize thousands of letters for each different case is pretty --

COUNCILMAN GREENLEE: I get that. I wouldn't expect you to write a page decision on each one. Maybe like you almost have the application broken down in nonuniformity and market value too high, assessment wrong, whatever. Maybe just general categories so at least people kind of know where they are coming from.

MR. MCKEITHEN: But, Councilman, I will be honest with you. I've been in this field for a long time. Even after you do that, you're still going to have to have a conversation with them. And realistically, it's easier for us to just draw them to us to have that conversation. We will have files and notes and things that we taking about the property when we went to go see it.

COUNCILMAN GREENLEE: That goes into my next question.

If they're not satisfied and appeal to the BRT, will the BRT know your reasons? Will that be part of the process?

MR. MCKEITHEN: Typically, when people file with the BRT, we will get an opportunity to comment on the case during the hearing. So at that point in time, we definitely will let them know what we found when we reviewed it and information that we had.

COUNCILMAN GREENLEE: Okay. Thank you. I have others, but I will go a second round.

MR. MCKEITHEN: Thank you.
COUNCIL PRESIDENT CLARKE: Comment during the case with the BRT?
MR. MCKEITHEN: Excuse me?
COUNCIL PRESIDENT CLARKE: What did you say? You said if the individual appeals to the BRT.
MR. MCKEITHEN: Right.
COUNCIL PRESIDENT CLARKE: Then you will be in a position to comment?
MR. MCKEITHEN: What happens is --
COUNCIL PRESIDENT CLARKE: Would you be in there as a party to the case?
MR. MCKEITHEN: When you file with the BRT, you have a formal hearing.
COUNCIL PRESIDENT CLARKE: Right.
MR. MCKEITHEN: Part of that formal hearing process is for the BRT to question OPA and then question the appellate. So, we have an opportunity to comment during that.
COUNCIL PRESIDENT CLARKE: If asked or will you proactively get engaged in all of the appeals?
MR. MCKEITHEN: I'm sorry, I can't hear.
COUNCIL PRESIDENT CLARKE: If asked or will

you proactively get engaged in all of the appeals at the BRT?

MR. MCKEITHEN: Well, we typically ask to be engaged, period.

COUNCIL PRESIDENT CLARKE: This is new for all of us.

MR. MCKEITHEN: Oh, I'm sorry. Yeah. Okay. When you file with the BRT --

COUNCIL PRESIDENT CLARKE: I am saying this is new. Heretofore, we had pretty much the BRT and that was it. This whole OPA --

MR. MCKEITHEN: Yes. That process hasn't changed, though. When the BRT was in charge of OPA, they still had the evaluator discuss and have input on the case.

COUNCIL PRESIDENT CLARKE: I understand. But they were kind of like on the same team.

MR. MCKEITHEN: Yes, they were. Right.

COUNCIL PRESIDENT CLARKE: It's a little different this time.

MR. MCKEITHEN: Right. So what happens now is that -- and Drew Aldinger our attorney normally presides over the cases for OPA.

The BRT members will ask or the Chairperson will ask for comments from the evaluator.

COUNCIL PRESIDENT CLARKE: Okay.

MR. MCKEITHEN: And that's when we come. We research the case because oftentimes we have to have, you know, all our ducks in a row about what we found. We present information to the Board typically in advance of the hearing. So, we have a nice smooth hearing and they have heard from OPA. And then they have heard from the appellant.

MR. DUBOW: And that's been happening since the creation.

MR. MCKEITHEN: That's been happening since -- that happens not since then, but anywhere you go that pretty much is what happens. But that's been going on here for long, long time.

COUNCIL PRESIDENT CLARKE: I understand. No I am just saying, heretofore, it was a different environment.

MR. MCKEITHEN: Yeah. It was the same entity for them both.

COUNCIL PRESIDENT CLARKE: It was kind of the BRT --

MR. DUBOW: For the last few years --

COUNCIL PRESIDENT CLARKE: This division

BRT, that division --

MR. DUBOW: For the last two years it's been separate.

MR. MCKEITHEN: For the last two years, it's been separate.

COUNCIL PRESIDENT CLARKE: Okay.

MR. MCKEITHEN: And, you know, it's been running pretty smoothly.

COUNCIL PRESIDENT CLARKE: I got you. I just -- when I heard that, I just wanted to know if it was going to be like --

MR. MCKEITHEN: Yes.

MR. DUBOW: I think to answer your question --

COUNCIL PRESIDENT CLARKE: -- calling the defense witness and the plaintiff and all of that. I'm good. Okay.

Chair recognizes Councilman Jones.

COUNCILMAN JONES: Thank you, Mr. President.

Good morning.

MR. MCKEITHEN: Good morning, sir.

COUNCILMAN JONES: This is my fourth AVI butt whooping I have taken on behalf of the

Administration and this mapping that you are doing. I want you to know that the questions I am about to ask come from people from actual hearings and information settings. And so, they are partly mine but they are mostly the community's.

First one was the geo -- most people wanted know about the coefficient of dispersion. What that means basically to them and their house near another house and there is such a deviation between the two prices and how you come up with this coefficient of dispersion.

MR. MCKEITHEN: Well, first of all, let me give you a definition.

Coefficient of dispersion is deemed to be the average absolute deviation from the median or the mean. I have Kevin Keene here who is my statistical person and one of my modelers. So, I will call him up and he will give you more of a briefing on exactly what it all means.

But it's the average absolute deviation from the median or the mean.

COUNCILMAN JONES: While you do that, so I can get him on the record, Mr. President, how did you come up with geographical mapping areas versus geographic marketing areas in business. There is a geographic marketing area versus a geographic mapping area. We need to -- these two questions are related to the each other.

MR. MCKEITHEN: Sure. Sure.

First of all, talk about the coefficient of dispersion and exactly how --

MR. KEENE: It's an industry --

MR. MCKEITHEN: Give your name and --

MR. KEENE: Kevin Keene, Director of Mass Appraisals.

COUNCILMAN JONES: Move your mic closer, sir.

(Witness moves closer to the microphone.)

MR. KEENE: Is that better? Is that better?

COUNCIL PRESIDENT CLARKE: Yes.

MR. KEENE: The coefficient of dispersion is an industry standard measure of your uniformity from within -- for similar properties.

What it measures is if you go through the sales file and compare your predicted value against the value that's in your sales file, what's the average -- what is the median --

there's a median ratio. So, they look at that relationship between the sale price and market value. That's called a ratio. And you calculate the median ratio for whatever group you are studying. Could be the whole city. Could be all the properties in one area. Could be whatever criteria you are using.

Then for each property that is sold, you look at that specific ratio and measure the difference between the typical ratio, which is defined as the median for the coefficient of dispersion, and that ratio. So, you look at -- basically, what it's telling you is how far off are you -- in every case, how far off are you from the median ratio.

COUNCILMAN JONES: What is an acceptable deviation?

MR. KEENE: It depends on a number of things what is acceptable or not.

Generally speaking, in an area like Philadelphia where you have abandoned warehouses and factories in the middle of residential blocks and you have a wide -- a lot of homogen -- heterogeneousy in property types, the number tends to be higher than if you have a jurisdiction that is all modern. You go into a neighborhood, everything is built at the same time. It's called cookie cutter houses, same kind of thing. It's easier to do those types of properties. You tend to have a lower coefficient of dispersion.

Our goal for AVI this year was actually looking a getting a citywide number. Our expectation was to get at somewhere between 16 and 18 percent. We thought that would have been a good result. In actuality, we came in lower than that. We got a lower score than that which is I think to our credit.

But what it means when we say that -- for instance, if you have a COD of 10, what it basically means is -- typically, you might be 10 percent off. That's the easiest way to in laymen's terms. If you look at any specific case on average, they are going to be 10 percent off if your COD is 10.

COUNCILMAN JONES: All right. So --

MR. KEENE: Hold --

MR. MCKEITHEN: I'm sorry. May I interject, sir?

COUNCILMAN JONES: That's coming out of their time, but go ahead.

MR. MCKEITHEN: Now the industry standard for a city like Philadelphia, 15 is what the industry states. That if you are 15 or below, then you are in acceptable range. As Kevin said, with all the diversity and situations we have here in the City of Philadelphia, which most major cities have, you know, to get that under industry standard is extraordinary.

COUNCILMAN JONES: But --

MR. MCKEITHEN: And that's average for the whole city, not just one particular section.

COUNCILMAN JONES: But however and nevertheless, there are cases where we can be in proximity from one GMA to another that we take -- when we don't have proper data where there is a case for appeal.

In the case of Fairmount where there was no comparable data, how do you derive then at a mean, median or mode price? Because I had statistics, too. They had it at Millersville. Go ahead.

MR. KEENE: Well, we don't -- the models don't look at in terms of defining price. What we do is define a typical property. And given what the characteristics are of that typical property and based on the sales, we estimate what that property would sell for. And then for every specific property, we take into account every degree of difference from the typical property.

If the typical property is an average condition, two-story row house in a certain neighborhood, we would go to a different neighborhood and adjust for the neighborhood. If it's a new house, we adjust for it being a new house. If it's bigger, we adjust for it being bigger or smaller. There is many different degrees of difference.

In every case, what we do is compare each property to that typical property and make adjustments for the differences.

COUNCILMAN JONES: With so many variables and so many differences and so many unique natures of properties and neighborhoods, it's a wild-ass guess.

MR. KEENE: No.

MR. MCKEITHEN: No.

MR. KEENE: I would say exactly the

opposite of that.

COUNCILMAN JONES: I'm going to say it because --

COUNCILMAN GREENLEE: Second.

COUNCILMAN JONES: All those in favor, say aye.

MR. MCKEITHEN: Has a lot --

COUNCILMAN JONES: So, the point of it is that if you have to take this time to explain it, there is probably a lot of variables that the average citizen is just not going to get. I mean, for us to stand in front of the crowds trying to explain that theory of why across the street in Upper Wissahickon, for example, they are wondering why in Chestnut Hill their property taxes are going down versus Upper Wissahickon right across the street where they are going up significantly.

MR. MCKEITHEN: Now, let me speak to that very briefly.

When you talk about whether the taxes are going up or going down, you have to understand where we are starting from and where the property assessments were in the first place. If your assessments were closer to market value and then we reduced the tax rate significantly, then yes, your taxes would more than likely go down. But if your assessment was so far out from reality and then even with the reduction in tax rate, your taxes still might go up.

I'm very leery talking about taxes going up and down versus assessments because they really two distinct things.

COUNCILMAN JONES: Okay.

MR. MCKEITHEN: When we talk to taxpayers, naturally we don't -- we don't go into a lot of heavy statistical. We talk -- we try to talk basically sales. We talk comparability. We talk things that we believe a regular tax person would understand.

And so when we are talking to you guys and you are asking us the procedures and everything down to the nuts and bolts, we have to give it to you this way because that's how --

COUNCILMAN JONES: I appreciate the answer. It's not what I'm saying.

MR. MCKEITHEN: Okay.

COUNCILMAN JONES: I'm trying to make the point that to me and maybe to you it makes sense.

But to the voter and the resident and the taxpayer it does not. And the geographic mapping areas, how did you --

COUNCIL PRESIDENT CLARKE: Councilman.

COUNCILMAN JONES: I'm done.

COUNCIL PRESIDENT CLARKE: The bell. We will come back.

COUNCILMAN JONES: All right. He can answer it, right.

COUNCIL PRESIDENT CLARKE: You can answer.

MR. MCKEITHEN: Oh, okay.

MR. KEENE: I am not sure where the term "geographic mapping area" came from. We don't use it. That's a misnomer. The actual term is geographic market area. That's what we use. Wherever that geographic mapping area came from, I can't answer that.

MR. MCKEITHEN: Tell him how we got the marketing.

MR. KEENE: The way that we create the GMAs, it's a process where we look at -- we try to define areas where if two houses are the same, we expect them to sell for the same amount of money. And the moment you take a property and move it across the street and expect to see a difference in sale price, that defines a border of a GMA.

Many years ago back in the year 2000, we first looked at -- we're looking at how do you define neighborhoods in the City of Philadelphia. There really wasn't a good way to do it that was based on real property value. There was demographics -- there were demographic areas such as census tracks, there were ZIP codes, there were City Planning had a neighborhood layer. But all of those were based on demographics and pretty much at some degree or another they were who lives there. And that's not the question when you're looking at real estate value.

Back in the year 2000, we decided that the best thing we could do is try to define -- split part of the city up in areas that were based on real property values where the expectation was two houses. That's the definition, two properties the same sell for pretty close to the same amount of money. As soon as that's not true, you're in a different neighborhood.

As of today, there are 650 GMAs, which is a lot. There is a lot of opportunity there for us to capture those relationships. They are reviewed every year. We look at sale price per square foot rates in the GMA to try to see where they are changing. So if we, for instance, see that the southern part of one, that the sale price per square foot is going up and it no longer matches with everything else that's in the GMA, we will change the boundary or maybe carve out a new area so that we continue to define areas of comparability. Changes every year.

It's part of our regular assessment cycle to review the neighborhoods and to look at them and to make those changes in the boundaries. So every year the GMA -- the GMA definitions will change. They are actually drawn down to the parcel level. In many cases, a lot of places where you see people do this work, they always run the lines up the middle of the street which means you can have a property on one side of the neighborhood, property on the other side of the street facing a different neighborhood.

The way we do it, if we believe that both sides of the street should be in the same neighborhood but that's the boundary, we draw it to the back of the parcel line. So as you go up the street, both even and odd side would be in the same neighborhood.

They are very, very precise. And it's one of the features of our system that we think works very, very well. Because time and time again, when we put the various GMAs into the models, almost all of them develop coefficients that tell us that they should be treated differently.

In every case, there is a number of neighborhoods that are similar to the base neighborhood that we define. Those will not get an adjustment. But in every model, there are so many of the GMAs come in as coefficients where we are making adjustments for two properties that are the same being in different neighborhoods getting different values.

I hoped -- does that answer your question?

COUNCIL PRESIDENT CLARKE: Thank you.

COUNCILMAN JONES: Yes.

COUNCIL PRESIDENT CLARKE: Thank you. Thank you.

Chair recognizes Councilman Kenney.

COUNCILMAN KENNEY: Thank you,

Mr. President. I want the record to show that I did not officially time Councilman Jones' question session. I'd like to give you some freedom.

How many parcels, residential parcels, were assessed in this process?

MR. MCKEITHEN: All of them. We have about 456,000 including condominiums. So we got a -- all of them were reassessed. That doesn't mean that all of the values changed, but all were reassessed or looked at.

COUNCILMAN KENNEY: How many properties were actually entered?

MR. MCKEITHEN: What do you mean by "entered"?

COUNCILMAN KENNEY: Opened the door and go in, entered.

MR. MCKEITHEN: We probably have to get that for you. We only go into a sample of properties on each street. Some streets, individuals wouldn't let us in at all. We did most of our interviewing data gathering. We did it at the front door for the most part with a lot of the taxpayers because, you know, there are issues of safety and things like that.

Our industry sort of moved from actually walking around in people's homes unless they invite you in. But we'd have to get you data on that.

COUNCILMAN KENNEY: I mean, do you have a general idea percentage-wise?

MR. MCKEITHEN: I would say roughly maybe 10, 15 percent maybe.

COUNCILMAN KENNEY: I purchased a few houses in my day. And I never purchased one without going in and actually looking at the kitchen and the bathroom and the basement and seeing if there is water marks on the ceiling or seeing, you know, what the condition -- let me get where I'm going first.

In these neighborhoods --

MR. MCKEITHEN: Well --

COUNCILMAN KENNEY: In these neighborhoods that are experiencing these frightening assessments and potential real estate tax increases, you could have six, seven, eight houses on the street that are brand new construction as Council President Clarke described where there are brand new kitchens, brand new upgrades, deck, garage, balcony, you name it, and have four houses on that street that have a 1965 kitchen. Those two houses are not the same value.

MR. MCKEITHEN: Right.

COUNCILMAN KENNEY: And what is -- what is upsetting is that we got to the point where assessments were sent out to these people, as Councilman Greenlee described, eventually having a heart attack and knowing full well that the house they've lived in for 30 years, 40 years is not worth $450,000.

I think part of the whole issue with articulating this whole process was not having the numbers available to the District Council person in advance, because I assume the GMAs represent some contiguous group that could be a district. So that when each district was done, why was not this information shared with people to say, oh, my God, this is going to be a problem? I know Francisville, and I know this is not correct. Or I know Northern Liberties, and I know this is not correct. Or I know Pennsport, and I know this is not correct.

Why would you not, kind of, interact with the District Council people and say we have your things done, we see some anomalies here, take a look at this and give us some feedback as opposed to doing it at community meetings where people have pitchforks and torches?

MR. DUBOW: We really -- as soon as the information was ready, we really did share it. It wasn't ready long before we sent it out. It's not like we had the information, held it for a couple months and then sent it out.

COUNCILMAN KENNEY: Well, I mean, when we were going through last year's delay, the numbers kept changing. That's one of the reasons why there was a delay. We started at 100 or 120 million. We can argue that number, but it kept on decreasing based on what was coming in.

So, stuff was coming in, but I don't think -- maybe I missed something. But I don't think District Council people were brought in early in the process to say this -- these neighborhoods in your particular district could be problematic. Let's figure out what the anomaly is and let's try to address it before the horse gets out of the barn and then we get into arguments of no tax collections and arrearage and people being deadbeats and all the other stuff.

I mean, now the issue spins out of control so it's hard to get it back into a normal conversation.

MR. DUBOW: We did not have assessments done last year.

COUNCILMAN KENNEY: How are the numbers changing? How were the aggregate amounts changing?

MR. DUBOW: The aggregate numbers were based on estimates. Some of them down by Council's outside consultant.

COUNCILMAN KENNEY: Right.

MR. DUBOW: They weren't based on actual --

COUNCILMAN KENNEY: Did you guys do any estimates at all?

MR. DUBOW: Huh?

COUNCILMAN KENNEY: The Administration do any estimates?

MR. DUBOW: We gave you -- last year around this time, we gave you a scenario that said if the -- if the residential property assessments were the same -- generate the same amount of tax, what would the rate be. We had a rate. I think people extrapolated from that to say, here is what the total value would be. We didn't do that extrapolation, but I think that is where that larger number came from.

COUNCILMAN KENNEY: The meetings I have attended with OPA or with council people, there is a continual discussion of where it's going to take us a couple years to get this right. We recognize there are problems and mistakes and anomalies right now as we sit here, but it's going to take a couple years -- two, three yeas to get it right.

Why aren't we waiting till it's right as opposed to trying to impose what we have agree in some areas are wrong?

MR. MCKEITHEN: Well, based on our industry, we don't think that it's wrong overall.

Once again, the 13.9 COD sort of speaks to the fact that and with the -- which is within industry standard that your assessments citywide overall are fine. Yes, it's natural. And I've been in this business for a long, long time. It's natural to have -- especially when you have never done a reassessment like this ever before, it's natural to have areas that are going to be more challenging that you are going to need additional information. And that's why we have this First Level Review process that will help us out. And you will need to see more sales data and things like that. But to say that we should wait several years from now is --

COUNCILMAN KENNEY: I didn't say several.

MR. MCKEITHEN: Well, I think --

COUNCILMAN KENNEY: I didn't make up the time. I didn't make up the years.

MR. MCKEITHEN: Okay.

COUNCILMAN KENNEY: The years we talked about in meetings, I think you said it's going to take --

MR. MCKEITHEN: Yeah. I said for perfection.

COUNCILMAN KENNEY: Well, we like perfection.

MR. MCKEITHEN: Well, perfection which --

COUNCILMAN KENNEY: Perfection is a goal.

MR. MCKEITHEN: -- you may not never really obtain. I'm talking perfection when I make that statement. It will take you a little longer. I think you have a good reassessment right now. You are within industry standard. You have come a long way. We have come a long way. To say that, you know, you want to wait till it's absolutely perfect, I think that --

COUNCILMAN KENNEY: No. I didn't say I want to wait until it's absolutely perfect.

MR. MCKEITHEN: Okay. Well --

COUNCILMAN KENNEY: I said that if we had more interaction, more engagement and more conversation with District Council people and this process, we wouldn't be in the contentious situation we're in today. That's my only position.

MR. DUBOW: And one other point about you getting from the 13.9 percent and bringing that coefficient dispersion down, we are much, much more accurate than the old system.

COUNCILMAN KENNEY: The old system, that's --

MR. DUBOW: So, staying with the old system would be unfair.

COUNCILMAN KENNEY: I'm not saying stay with the old system. What I'm saying was, give the District Council people the opportunity to bring their people where they got to be before they have go to a mass meeting of 400 people and everybody gets screamed at, where we can have discussions in advance before the stuff went out. Before the stuff went out, that's all.

MR. DUBOW: I thought you were saying --

COUNCILMAN KENNEY: Life would be much easier --

MR. DUBOW: -- earlier why not wait until --

COUNCILMAN KENNEY: Life would be much easier if we communicated more, but it doesn't seem to be the case. And guess what, I take -- I'm hearing it, but I am At Large. Poor District Council people that are hearing it, the ones that are impacted are hearing it. And I don't think it's fair to them that they got the information about the same time people got their assessments mailed to them.

Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman. Real point, quick note.

With respect to the conversation about the references to the areas, the earlier reference areas by Councilman Jones, I believe on the website it does say geographical mapping areas not market area.

MR. MCKEITHEN: That's not a problem.

MR. DUBOW: We will fix that.

MR. MCKEITHEN: We will fix that.

COUNCIL PRESIDENT CLARKE: Okay. I just wanted -- Councilman was referencing something that he's actually seen. To the gentleman to your left --

MR. MCKEITHEN: It's the same -- everybody understands the concept, though.

COUNCIL PRESIDENT CLARKE: I understand. But the Councilman was corrected by your staff member and --

MR. DUBOW: We will correct that.

COUNCIL PRESIDENT CLARKE: Thank you. Thank you.

Chair recognizes Councilman Oh.

COUNCILMAN OH: Thank you very much, Mr. President.

Good morning, Mr. McKeithen.

MR. MCKEITHEN: Good morning.

COUNCILMAN OH: And Mr. Dubow and whomever. So, I have kind of questions along this line.

That is, I think everybody is for fairness in taxes. I think the issue is, one, the level of accuracy. And the second is the perception by the people that we are implementing these assessments in a -- in a fair and an intelligent and reasonable manner.

So could I ask you, when will you complete the assessments? I think there is 500 more notices to go out.

MR. MCKEITHEN: 428, I believe, are still in the process of being mailed.

COUNCILMAN OH: When will you certify the whole -- the numbers?

MR. MCKEITHEN: Those numbers will be certified by March 31.

COUNCILMAN OH: Who certifies them?

MR. MCKEITHEN: The jurisdiction. So we will certify --

COUNCILMAN OH: OPA?

MR. MCKEITHEN: OPA. And so, after we have reached that date of March 31, we will consider the assessments to be certified.

COUNCILMAN OH: Okay. In your budget request for the Fiscal Year 2014, you have -- you have identified $13 million roughly and a reduction in your budget request of $249,000; is that accurate?

MR. MCKEITHEN: Right.

COUNCILMAN OH: Okay. Then we did hear yesterday that the Administration is requesting $1.7 million for your assessment efforts.

Can you explain the difference in the money amounts?

MR. MCKEITHEN: Sure. The reduction in the 200 -- I believe it's $249,000 was a reduction in some of the personal service contracts things that we had. When we talked yesterday about the $1.7 million, that was basically the personal service contracts that we are looking to use for things like consultants to do various things for us.

COUNCILMAN OH: So currently, would that be the $2 million, $2.3 million that you requested for Fiscal Year 2014?

MR. MCKEITHEN: I'm sorry, sir.

COUNCILMAN OH: Personal services or consulting contracts are currently in your request for $2,300,000; is that correct?

MR. MCKEITHEN: Right.

COUNCILMAN OH: So, you are going to increase those personal service or professional services by an additional $1.7 million.

MR. DUBOW: Councilman, the difference between the two numbers, the 1.7 roughly is the change from the original appropriation. The $250,000 reduction is the change from what we estimated obligations, which is after the -- after whatever changes happened this year. So, that is the difference between the two numbers.

COUNCILMAN OH: So I guess my question is, Mr. McKeithen, when you made a budget request, you actually had a decrease from the prior year. And it would indicate that work has been wrapping up. And now there's a request for an additional $1.7 million, which would indicate there's a lot more work to be done.

MR. MCKEITHEN: Well, once again, the $249,000 in --

COUNCILMAN OH: Well, let's skip the $249,000 reduction. Let's say that you made a request for 13 million. Now we are -- not you, but the Administration has notified us they would like another 1.7 million to be appropriated for your efforts.

MR. MCKEITHEN: Right.

MR. DUBOW: So again, just to repeat, there was the 1.7 million from the original budget. In the transfer ordinance, there is some added appropriations.

COUNCILMAN OH: Right.

MR. DUBOW: The $250,000 reduction is against what the number will be once those items are added.

COUNCILMAN OH: Understood. What is the -- what is the money for, though? I mean, I understand the dollars. I see the numbers.

What I'm saying is, if Mr. McKeithen has kind of provided a budget request and indicating that this is all the money he needs and the assessments are about to be certified and we are hearing that there is additional work to be done and ensuring accuracy of these assessments, and then the Administration is requesting another $1.7 million that Mr. McKeithen did not, to my understanding request, it would indicate that somebody did not accurately project the amount of work that was needed to be done with these assessments.

I could be wrong. But if I'm wrong, please let me know.

MR. DUBOW: Well, yes. I mean, what you're looking at -- not to say, Councilman, you're wrong.

COUNCILMAN OH: I can be wrong. I said it first.

MR. DUBOW: You can be, but I don't like to say it, though.

COUNCILMAN OH: Okay. What am I wrong about here?

MR. DUBOW: There are two different comparison points. One was the original budget. And we had asked to add to the original budget through transfer ordinances.

COUNCILMAN OH: Right.

MR. DUBOW: As the year went on, we saw there were additional needs. But now compared to what we spent in '13, we're asking for a little bit less than '14. And the biggest change, the biggest reduction is we spent a lot of money this year on educating people about the Homestead Exemption because it was something new. We won't be needing to spend as much next year.

COUNCILMAN OH: Okay. I'd like to just point out that we in Council have to set a millage rate by May 30. The issue of educating people, making changes, reviewing things, it's hard enough hitting a moving target. If there is going to be this much money spent, I'm not confident about the reasonableness for us to set a millage rate with moving numbers.

MS. RHYNHART: Just -- Rebecca Rhynhart, Budget Director.

Just to be clear on the point, the 1.7 million of what we are calling additional request is included in what Richie is presenting to you as his proposed 14 budget. Yes. It's just two different ways to look at the numbers. The additional 1.7 as Rob said -- Rob Dubow said was the difference from the Fiscal '13 original budget.

Then throughout Fiscal '13, a few months ago, we realized we needed to spend more money in the current year, so we put more money in the current year budget as well through a transfer ordinance that went to Council. So, the 1.7 is included in Richie's estimate. Before -- if we didn't have for the 1.7, you would have seen a $1.9 million reduction basically in Fiscal '14, if that helps clarify.

MR. DUBOW: And the other thing, too, this will become clearer, I guess, Thursday the budget detail is available.

MS. RHYNHART: Right.

MR. DUBOW: Once you see budget detail, this will be a lot clearer. It's not -- it's not a moving target.

COUNCILMAN OH: I am going to end with this because I don't want to take up more time.

But I will say that either or whether there was a 1.7 difference in the opinion of the chief assessor as to what was need to fund accurate assessments whether it was done now or later, 1.7 million was added where it was not.

MR. DUBOW: It was actually done earlier.

COUNCILMAN OH: Earlier. Okay. Thank you.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

Chair recognizes Councilman Johnson.

COUNCILMAN JOHNSON: Thank you, Council President. Just a couple questions.

Richie, thanks for being here today, as well.

How you doing, Rob?

MR. MCKEITHEN: Thank you for having me.

MR. DUBOW: Good. How are you doing.

COUNCILMAN JOHNSON: Well.

One, following up on two requests from constituents of mine, this question is directed to Keith -- to Richard, excuse me, regarding Center City Residents Association and their coalition of groups working with them as well as the Crosstown Coalition of Taxpayers. Both sent letters to my office stating that at a series of public meetings around AVI, that OPA and the Administration committed to providing a disc of data that was collected. I think the cost is $400. And at this particular time, they haven't had a response from OPA with this disc of data collected.

So, one, can you follow up on that?

MR. MCKEITHEN: Sure. We have several discs going out -- CDs going out today.

COUNCILMAN JOHNSON: Today?

MR. MCKEITHEN: I believe some may have gone out yesterday evening, but we have several that are going out today.

COUNCILMAN JOHNSON: Okay. So one, can you make sure my office get a copy of it just for the record.

MR. MCKEITHEN: Sure.

COUNCILMAN JOHNSON: And two, in terms of your process, what I've been asked when I go to different community meetings, will you be willing to provide the formula that you are using to assess these properties?

Can you permit that -- can you submit that to Council in writing?

MR. MCKEITHEN: You're talking about --

COUNCILMAN JOHNSON: How you actually went about the process of assessing an individual's properties.

MR. MCKEITHEN: Sure. We can just do a document, kind of walk you through the process.

COUNCILMAN JOHNSON: Good.

MR. MCKEITHEN: And give you as much information as we think you would like to have.

COUNCILMAN JOHNSON: Okay. All right. We want to follow up and make sure we get this information.

MR. MCKEITHEN: Sure.

COUNCILMAN JOHNSON: Now, you also just mentioned also that -- now, how many assessments are left to go out?

MR. MCKEITHEN: Only 428, roughly.

COUNCILMAN JOHNSON: 428. And they haven't been mailed out yet?

MR. MCKEITHEN: Well, they are on the internet.

COUNCILMAN JOHNSON: But not officially mailed out.

MR. MCKEITHEN: They haven't been officially mailed out. I believe they will be put on the internet by this week, but they haven't been officially mailed out.

COUNCILMAN JOHNSON: So, the 31st is approximately roughly maybe a week and a half from now. And they will still have an opportunity to apply for the First Level Review?

MR. MCKEITHEN: Anybody who didn't receive an assessment notice, received it some time in

March, still has 30 days from the point in time --

COUNCILMAN JOHNSON: Okay.

MR. MCKEITHEN: -- to file a First Level Appeal.

COUNCILMAN JOHNSON: All right.

So beyond that process, just state for the record and I will talk to you off to the side about receiving a response from the Administration of OPA officially -- and just explain for the record why the Administration and OPA won't provide another 45-day extension for the First Level of Review.

Just explain that for the record.

MR. MCKEITHEN: Sure. When we changed our dates, we used to certify November, now we certify by March 31st because we moved our dates of mailing notices out to February of -- up to February 15. We sort of changed the playing field as far as certification, and when you can have any type of review process. I will have Drew Aldinger, my attorney for OPA, come up and give you the legal acts and everything.

But effectively, what you are doing is you are stating that you are doing a reassessment.

You have a certain amount of time for people to read that assessment with the actual department. And then from that point in time, you want to certify as quickly as possible. There are statutes that sort of speak to the spirit of that.

And, Drew, you want to tell --

MR. ALDINGER: Certainly.

COUNCILMAN JOHNSON: The official position is no extension, correct?

MR. MCKEITHEN: The official position is no extension other than if you got a notice after March 1 and you still -- once again, anybody who did, has 30 days to file.

COUNCILMAN JOHNSON: Okay.

MR. ALDINGER: Drew Aldinger, Senior Attorney with the City of Philadelphia Law Department and I serve as counsel to the Officer of Property Assessment.

The act to which Mr. McKeithen referred to is Act 131. And that's the act that provided that AVI couldn't happen last year but has to happen this year. It's what provides the certification date of March 31. Part of the rationale in establishing March 31 as the deadline for filing a

First Level of Review form is that the background for Act 131 is that they wanted this body and the Administration to have the information available with respect to the assessments and knowing that kind of the spirit of the Act is that y'all need that information to develop a millage and things of that nature.

Therefore, the expectation is that y'all would like the information on how many First Level Review forms get filed as you're having that discussion. And the OPA will provide you that kind of data at the earliest possible date with respect to the number of review forms that got filed.

COUNCILMAN JOHNSON: Do you have a number to date how many have been filed?

MR. ALDINGER: We do have that number. I think it's --

MR. MCKEITHEN: 16,500.

COUNCILMAN JOHNSON: 16,500.

MR. ALDINGER: And certainly, we expect a lot more to come in at the tail end as we're wrapping up with just a few more days left to file those First Level Review forms as Councilman, I think, Greenlee pointed out. Human nature says people are going to wait till the last minute.

It's important to keep in mind that First Level Review form, particularly for residential properties, is just a one-page form. Shouldn't take any more than 10 to 15 minutes to fill these out for residential property. But even knowing that, for some reason folks don't get that done and don't get it done in time, they still have an opportunity to file an appeal with the Board of Revision of Taxes.

The deadline for that is the first Monday of October.

COUNCILMAN JOHNSON: Is that part of the PR plan, the outreach?

MR. MCKEITHEN: Yeah. Every time we have an outreach event, we walk through all levels of appeal from First Level to Board of Revision of Taxes clear up to the Court of Common Pleas.

MR. ALDINGER: From a practical perspective, it's important to get these answers out as quickly as possible. First get the forms in as quickly as possible, then you get the responses out as quickly as possible. We want the folks to have -- to know what the result is of that First Level of Review so they have an opportunity if they're dissatisfied with it to file a formal appeal with the Board of Revision of Taxes. As one of your colleagues pointed out, it's a lot of work to do in a short amount of time. And to really go through these as thoroughly as possible, we need as much time as possible in order to get that done.

One of the goals of the Board of Revision of Taxes is to get the appeals in by the first Monday of October. And their intention is to begin having the assessment appeal hearings in November with the hope and expectation that a lot of the residential appeals will get heard and decided early enough so that if they get a favorable decision there, it will be reflected on the tax bill when the folks go to pay their taxes in February and March.

COUNCILMAN JOHNSON: Someone from the BRT team is working in conjunction with OPA to make that transition. Because I'm assuming --

MR. MCKEITHEN: Sure. We work very closely with the BRT. We make sure that the taxpayer has a very minimal process as far as filing with us and filing with them. We want to transition anybody who had an appeal with us, we want to get an answer. Because the chances are that once we have looked at it, if there is any adjustment to be made, they may not want to carry on with their BRT appeal. So we work very closely with the BRT.

COUNCILMAN JOHNSON: That's the last. I know my time went out.

Are the forms available for BRT appeals for 2014?

MR. MCKEITHEN: The BRT has taken the approach that -- a logical one. Taken the approach that they will make theirs available after our deadline date. And so --

COUNCILMAN JOHNSON: April 1?

MR. MCKEITHEN: Yeah. Some time in April.

COUNCILMAN JOHNSON: Okay.

MR. MCKEITHEN: Because that way there will be less confusion to taxpayers. After our deadline date has expired, then you can find the BRT's form on the website.

MR. ALDINGER: To your initial point, Councilman, I did communicate with the Executive

Director of BRT on the very source of your question. It's their opinion as well that it's absolutely critical that the March 31 deadline for the First Level of Review be adhered to on the same basis as the OPA on that.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

One quick note, with respect to the timeline. And I know that there has been a number of requests from Councilmembers for an extension, maybe a week or so ago. I got a response from the Administration. And I think my colleagues have a copy of that letter.

My recollection is they set a hard, fast timeline of March 31 in terms of your early review process. So -- that is somewhat inconsistent with what you're saying with respect to the people who got them later in the March timeline.

Can we get a letter from whomever that outlines that 30 days from time of arrival?

MR. MCKEITHEN: Right. It's in the -- I think it's mentioned in the initial letter that we had written, but we will do it again.

COUNCIL PRESIDENT CLARKE: I know I got a letter --

MR. DUBOW: It's on the second page of the letter.

COUNCIL PRESIDENT CLARKE: I got a letter from the Administration. I will just say that, that said a hard and fast timeline.

MR. DUBOW: This is the letter from the Mayor dated March 18 for you.

"The deadline adopted for submission of such forms is March 31 or 30 days from the date of the applicable assessment notice."

COUNCIL PRESIDENT CLARKE: Okay. All right. That's the same letter?

MR. DUBOW: That's the letter.

COUNCIL PRESIDENT CLARKE: Okay. All right. I'm good. Thank you.

Chair recognizes Councilman Squilla.

COUNCILMAN SQUILLA: Thank you, Mr. President.

My question is, we're all talking about fairness here and how this is fair. And I know previously with some spot assessment that's been going on in the last previous years that have been done by the Administration, when people went to appeal it and then either won or lost the appeal, seems like the Administration had the School District sue the BRT and the residents for this matter.

If the OPA is going to be involved in this, is this something we're looking to do moving forward with the BRT?

And why are we suing the BRT and residents after they win their appeals?

MR. MCKEITHEN: Well, I think the situation you're describing was an environment that was quite different from where we are now, but I will have Drew comment on exactly why we -- that approach was taken.

MR. ALDINGER: The approach to which you're referring to, I believe, Councilman is for Tax Year 2012, the State Tax Equalization Board issued a common level ratio which ultimately is 25.2 percent. The Board Revision of Taxes came to the conclusion that they were going to apply that ratio to whatever the certified value was.

The conclusion of myself and also counsel for the School District was that the correct legal approach is that the ratio of 25.2 percent is the appropriate ratio to be used in the context of assessment appeals but has to be applied to the actual market values of the property. And that is why those appeals -- so the cross appeals with the School District -- actually, they filed cross appeals at the Board level. And then for those deemed warranted, they filed an appeal with the Court of Common Pleas for those matters.

I do not expect that to be taken -- the same approach to be taken for the Tax Year 2014. Certainly, the School District reserves the right or would reserve the right to appeal cases on an individual basis where it warrants it, but not --

COUNCILMAN SQUILLA: Who represents -- who represents the School District?

MR. ALDINGER: The City of Philadelphia Law Department does.

COUNCILMAN SQUILLA: All right. Our Administration represents the School District to sue BRT and the resident?

MR. ALDINGER: What happens is counsel for the School District appeals the decision of the Board of Revision of Taxes to the Court of Common Pleas and the cases go forward there. And they have done that for all the properties. Really where the most money was at stake is for the commercial and industrial properties and things of that nature.

COUNCILMAN SQUILLA: Okay. Just sets a scary precedent moving forward moving into AVI, seeing what has happened in the past and would the Administration be taking that approach in the future. I hope not. You are assuring me most likely that it would not do that, but I'm hoping that's the case.

MR. ALDINGER: I think that would be a fair expectation that they won't be appealing every decision the Board Revision of Taxes for Tax Year 2014.

MR. MCKEITHEN: Okay. But they reserve the right. That's important that we all understand they reserve the right. That's -- so everyone is clear on that.

COUNCILMAN SQUILLA: They do reserve the right, but people need to be treated fairly. I mean, I was at some OPA meetings where they were almost -- and you were there a part of it saying that be careful when you assess this. Because if the market value is not right, we are going to raise your assessment.

The scare tactics and stuff like that are being used, doesn't go well trying to move AVI forward. And to me, I mean, having the people understand the process and knowing what it is, is one thing. But then saying, you know, be careful because if you do appeal this, we could look at this and raise your taxes also is something that is disturbing.

MR. MCKEITHEN: If I can comment on that.

I wasn't using that as a scare tactic, I was being informative to the taxpayers. Because we have had on instances where a taxpayer will file appeals without really doing any research and finding out that their property is more valuable than what we have on it. And in those particular instances, you can wind up getting an increase.

That's why I am against people just filing appeals for the purposes of filing without doing any due diligence themselves. Because oftentimes, you can wind up divulging information that we might not necessarily have. Information that could wind up resulting in an increase in your value. We put that on the First Level Appeal Review form, that it could wind up being no change in a decrease or an increase.

That's pretty standard anywhere around the country.

COUNCILMAN SQUILLA: Okay. Back to the issue of fairness.

Obviously, the most of our complaints are the people that are overassessed right now at these meetings. But there are a large number of underassessed parcels throughout the city. I will just pick on one and then ask you a question on it.

There is one that I just pulled up in the paper. Sold a house for sale. They had received two offers at $750,000, but they purchased the property for 650,000 in 2010, March of 2010. They did some work into it and now selling it for 750. And the assessment comes in at $540,000.

This is a major problem also because we're seeing a lot of this on new construction properties that they're way underassessed. Therefore, that changes our total aggregate value. If we have a bunch of underassessed properties, when do you think you would get to these underassessed properties? And when is the timeline on that because that would also help us change our millage rate?

MR. MCKEITHEN: Sure. We will be doing reassessment every year. And so, this is what I was speaking to when I made the point earlier about year after year you get better and better.

We will be doing reassessment work every year. So, we will have opportunities to look more carefully at the market and determine whether those properties should be increased.

Let me say this because I get that example quite often. Once again, in the State of Pennsylvania, your sale price does not necessarily dictate that that's what your assessment should be. In that particular instance without having reviewed a lot of facts, I can't say that that assessment should automatically be increased because we are looking statistically at things like outliers and things like that.

By us reassessing every year and reassessing every year at 100 percent of market value and doing some of the same things we have done with this one, we will pick up more information, collect more data and have better opportunity to come closer to the assessment, to the actual sale price with the assessments.

Doesn't automatically mean that that's what it will be, though.

COUNCILMAN SQUILLA: All right.

COUNCIL PRESIDENT CLARKE: Got a follow up?

COUNCILMAN SQUILLA: I will make a comment. I won't ask another question.

But exactly. That is just the point. This is going to take years in order to get right. We see that some of these are overassessed.

MR. MCKEITHEN: I would say get perfect.

COUNCILMAN SQUILLA: Not perfect. I mean, we have land values and other things we have to look at. I will ask some more questions later. But this is not a done project. You are going to certify March 31, and we know there is still about 500 that still have to be inputted and sent out. You are going to certify these assessments.

You're saying that this is with 15 percent. But we hear analysis from the controller and other analysis being done that it's closer to 40 to

50 percent, that dispersion ratio.

We have a lot of questions here. Knowing that it's going to take time and I know it's a tough job that you have, you're saying -- made a couple statements that, you know, maybe next year, hopefully, we can get to a lot of these underassessed properties and then there's the land value issue. Then there is going to be some sketching that you are doing that you're going to hire somebody to come in and do some sketching.

MR. MCKEITHEN: Right.

COUNCILMAN SQUILLA: And that's going to take another -- you're going to do the main tough properties first. Then for about twelve months hopefully have that done. Then after three years, the whole city done is what I heard the testimony.

We just see this is a process that's going to take place and hopefully improve over that time.

MR. MCKEITHEN: Yes.

COUNCILMAN SQUILLA: Thank you.

MR. MCKEITHEN: When I first arrived -- not to go into too much detail -- we were -- we had nothing. We were trying to establish an assessment office that was driven by industry standards. And we hadn't done a reassessment in a very long time. From our technology clear up until actually deploying to do a reassessment, we had to start from scratch.

We came a long way. We got within industry standard. But there are things that we want to continue to do to make our office better. The sketching and I even want pictures. I would like to have pictures of every parcel, every -- at least every residential home throughout the city. These are things that are going to enhance our overall system and make things a lot better not just for us, but for the taxpayers.

COUNCIL PRESIDENT CLARKE: Thank you, sir. Thanks, Councilman.

Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you. Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: You're welcome.

COUNCILWOMAN BLACKWELL: We note that this deadline we lose good Friday which is the 29th and the 31st is Easter Sunday, so our citizens do lose that time. But my -- I only have a few questions.

Of the two sites per district that were chosen by the Administration, how were they chosen?

MR. DUBOW: We worked with Council -- the Council President's office. And I understand the Council President's office reached out to Councilmembers and asked them what sites made sense to them.

COUNCILWOMAN BLACKWELL: If you chose those places -- I am not questioning my President, I am questioning you.

If you chose those places, why did not you choose an assessment mechanism? Councilwoman Brown asked yesterday, did you assess what happened? If you chose sites, then why couldn't you -- and you had your people at those sites, why couldn't you find out from them what their assessment was or their -- or their opinion or statements were or conclusions were about those meetings?

MR. DUBOW: Yeah. So, what the Councilwoman asked yesterday, we catalogued what we learned at those meetings. We haven't put them in a formal document, but we have spent time talking to everyone who has gone to those to see what they've heard. So, we have gotten a lot of information -- useful information from those sessions. We just haven't written it up in a document.

COUNCILWOMAN BLACKWELL: Okay. That's a little different than we heard yesterday.

And if you decided that -- I am trying to get at the fact that you all opted not to come to the 3rd District which I am complaining about again today. And if you had come to the Y on 52nd Street where you were committed to come, you would have heard a woman, for example, who said her house assessment went from 45,000 to one half million dollars.

And these are the kinds of questions that some of us are asking. We have to have transparency to our community. I don't know what close property you could have used to take somebody from $45,000 to half a million dollars. And how you expect us to convince our constituencies, our residents, that there is a fair and open process.

And obviously, since you all opted not to come into my district, you didn't hear the complaint. So, we are not satisfied.

And I don't know how you expect us to ask people to take a tax increase. Nobody's salaries going up, just everything else. When we have -- when we have these kind of reports and every meeting we go to when we ask how many people have had their houses visited by your offices, everybody says not me, not me, not me, not me. So, people wonder how their houses are going up so high when nobody knows anybody who has had their home visited.

Another issue is this Homestead. First when you all started going around, we were talking about $30,000. Now we're talking about $15,000. Well, another issue is that we just can't go to people and say you may get $30,000 cut, oh, well, that was last week. This week you may get $15,000 cut.

And I see -- say these things to -- to make clear that this was a very flawed process. You know, I have another meeting tonight that obviously you all aren't coming to either, another meeting. And then I have some -- another one

Thursday night you don't even know about at Christian Stronghold because so many people all over are calling meetings and wanting information because of the way you started this process and even sent out new assessments for next year before everything was clear. And then you decided to go to areas that you choose, and then you wonder why the public's crying out to every District Council person and some at large too and the Mayor's office about this whole process.

We are elected -- you may be appointed, but we are not. We are elected to represent people in districts who are upset about taxes going up. And when they ask us how or why or what was the process or how did they choose, you know what we have to say? I don't know. It's supposed to be based on somebody else or the woman's whose taxes went up to -- they say she owes half a million dollars. At the Y, she said, I had the same property for years. I've done no repairs.

I don't know what you expect us to be able to say and how you expect this Council to vote. We know -- we are not unreasonable people. We know that the City needs money to operate, but we also know that the public expects us to be fair, to be honest and to have a transparent system that they can agree to.

Okay. You got me. The bell got me.

All right. Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Is there a response?

Let me follow up. Is there an official policy about the 3rd Councilmatic District in terms of having meetings or AVI information sessions, or is this -- because I have been hearing this for a couple days, just asking now on the record.

What is the policy with respect to the 3rd Council District.

MR. DUBOW: So, at the beginning of the drop in, they were, as I understand it, treated like every other district.

COUNCILMAN JOHNSON: Y'all called me.

MR. DUBOW: There were a number of community meetings out in the 3rd District. We did stop having them after one meeting that got, we thought, particularly ugly. And we stopped going after that.

COUNCIL PRESIDENT CLARKE: So, my understanding -- and I've gone to a couple in my district that have gotten -- some people can characterize as ugly, but I don't have the luxury of not going to the next one, which is tonight.

How can you just simply say because it was a contentious meeting, that we are not going to go into an entire Council District? I don't understand that.

MR. DUBOW: So -- and we have gone to meetings in, obviously, a number of districts and a number of contentious meetings. I think that one was particularly bad. We can have discussions outside the hearing about it, if you'd like.

COUNCILWOMAN BLACKWELL: Mr. President, I know my time is up.

That was a meeting in University City. The Administration scheduled it. I didn't even schedule it. I went because it was in my district. It was with Spruce Hill Community Association, Garden Corp Community Association, Clark Park, Cedar Park Neighbors, Walnut Hill Community Association.

It was with the land owners, property

owners and university people overall. It really wasn't -- if they think that was contentious, they haven't seen a contentious meeting.

COUNCILMAN GREENLEE: Come to South Philly.

COUNCIL PRESIDENT CLARKE: Would you like to --

COUNCILWOMAN BLACKWELL: I am sure that all those people would resent them saying that about that. We have the landowners. We have the property owners. We have the realtors. All of those people, that was University City.

So I don't -- you know, I don't know to what they refer.

COUNCIL PRESIDENT CLARKE: Okay.

COUNCILWOMAN BLACKWELL: But I am sure those neighbors are not going to be happy to hear that they say that about their meetings. In fact, they are on front of one of the neighborhood papers, University Review.

COUNCIL PRESIDENT CLARKE: Okay. All right. We will have a follow-up conversation about 3rd Council District?

MR. DUBOW: Yes.

COUNCIL PRESIDENT CLARKE: Thank you.

Chair recognizes Councilwoman Brown.
COUNCILWOMAN REYNOLDS BROWN: Thank you. Thank you very much. Good morning.
MR. MCKEITHEN: Good morning.
COUNCILWOMAN REYNOLDS BROWN: Councilman Oh spoke about characterizing a lot of moving parts. And Councilman Kenyatta Johnson asked for a report. So in response to Councilwoman Blackwell's statement and what would be helpful for me as a visual learner is a table of organization that sort of connects these moving parts. We have the Call Center, we have your office, we have BRT, we have some input or interaction with Revenue on the appeal process so that we can be more helpful and useful to citizens in showing them here are the various steps you can anticipate to get to the end of that road.
MR. MCKEITHEN: Sure. We can put together --
COUNCILWOMAN REYNOLDS BROWN: That would be very helpful.
MR. MCKEITHEN: A chart that kind of walks you through it.
COUNCILWOMAN REYNOLDS BROWN: Yes. Yes.

Yes. That would be very helpful.

Number two, I want to take a step back. Because you indicated -- and I know having spoken with you when you first came -- that you come with a rich experience in this world of what we're talking about.

MR. MCKEITHEN: Yes, indeed.

COUNCILWOMAN REYNOLDS BROWN: So, share briefly what that is. Then connect for me or for us the lessons learned. Because there are a lot of questions you're hearing from Councilmembers and from citizens. You bring an experience that helps inform how we do this better going forward.

MR. MCKEITHEN: Sure. Sure. As you know, I am originally from Washington, DC. I was in charge of all the real property tax for the District of Columbia. Also, been City Assessor in Richmond and other places.

The biggest issue you have here versus other places is that, one, you are doing two things at one time. You are doing a comprehensive reassessment for the first time ever. So, people are not even remotely aware of what their assessment means, what it is, that sort of thing.

Where in other places, they have been doing this every year now for a long, long time.

Two --

COUNCILWOMAN REYNOLDS BROWN: That in and of itself presents a compound --

MR. MCKEITHEN: That within itself -- right. We had people that have held appeals.

When I got here, we were in a moratorium. And I knew that we were going to be special because we still had people filing appeals when we were in a moratorium and their assessments were still really, really low and they were appealing that and not really wanting to deal with that.

First thing, you are doing a comprehensive reassessment all at one time citywide.

Then two, unlike other places, you are now trying to put in some circuit breakers, things that will help ease the pain of the taxes that will be owed.

I have been through this twice in the District of Columbia. In the '90s, we did one and phased it in, in the '90s. And then in the early part of 2000s when the market began to run, they developed a tax cap.

COUNCILWOMAN REYNOLDS BROWN: A tax what?

MR. MCKEITHEN: Tax cap.

COUNCILWOMAN REYNOLDS BROWN: C-a-p?

MR. MCKEITHEN: Right. The State of Pennsylvania kind of ties your hands somewhat in that they say taxes should be equal and equitable and things like that. But these are some of the issues that, you know, ramp up the intensity level of us trying to, one, do a reassessment. And then two, trying to actually get through the process.

Now, sure, I understand the first time we are doing this ever that in a city this size, you are going to have what some of you guys described in some of you more challenging areas, you are going to have some issues here and there. We, once again -- no one in the world can come in here and done a perfect reassessment at, you know, one point in time where you wouldn't still have some of these issues. And I guarantee you that as we move forward, our statistics will continue to get better and better.

But those are two of the top things that I have seen. You have a place where they have never had a reassessment ever anywhere close or remotely close to what their properties worth.

Two, you are doing it without -- you are doing it right away with no phasing and no type of, you know, cap or anything like that.

COUNCILWOMAN REYNOLDS BROWN: Can we get that table of organization when your scheduled -- when your department is scheduled where each chief comes back before us? Can we get it that soon?

I don't remember the date.

MR. DUBOW: Oh, you want the scheduled -- I understand. Yes. Yes, we can.

COUNCILWOMAN REYNOLDS BROWN: And have that as a part of our testimony prior to the -- so then let me follow up on Councilman Oh's question regarding your budget.

Do you have -- are you adequately staffed with enough professionals to tackle this huge issue?

MR. MCKEITHEN: Yes. I have enough positions to tackle this issue. When I set the budget when I first got here, it was based on industry standard. Now we still are hiring. We still remain challenged as far as hiring because I want to hire good, qualified people. I won't succumb to just hiring anybody for the sake of getting bodies. But, yes, I believe we have and we continue to -- as we continue to get more people, we will have people that do this job.

COUNCILWOMAN REYNOLDS BROWN: So, sounds like I have time.

Give us a snapshot of what the good, qualified person looks like.

MR. MCKEITHEN: Sure. That individual has had experience in the field of real estate anywhere three to five years. That person can come in and quickly learn, you know, things like measuring houses, what's included in a basic inspection. They know terminology like sales ratio and things like that. That individual is articulate, intelligent and wanting to work hard every day and -- and expecting to do so.

COUNCILWOMAN REYNOLDS BROWN: Thank you. I will wait till the next round.

Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilwoman.

Chair recognizes Councilman Henon.

COUNCILMAN HENON: Thank you, Council

President.

Good morning.

MR. MCKEITHEN: Good morning, sir.

COUNCILMAN HENON: And almost good afternoon.

I am sure you didn't mean when you mentioned circuit breakers -- I am electrician by trade.

MR. MCKEITHEN: Oh.

COUNCILMAN HENON: Circuit breaker means the power is off. So, AVI is off? Is that what you're saying?

MR. MCKEITHEN: No. Circuit breaker is a term that we use in the District of Columbia.

COUNCILMAN HENON: Okay. Well, thank you for that clarification. I have a few questions.

One obviously is, I wanted to follow up with the question of staffing.

How many assessors do you have currently?

MR. MCKEITHEN: My entire office right now is about 168 people. I have somewhere around -- Mr. Piper will give me an exact figure.

COUNCILMAN HENON: Let me rephrase the question. How many assessors --

MR. MCKEITHEN: Evaluators is what we call them.

COUNCILMAN HENON: Or evaluators, excuse me.

How many evaluators are out on the street assessing real property?

MR. MCKEITHEN: We have 109 evaluators. And so at any given time, all -- well, with the exception of what we have on our customer service ranks, we will have approximately 100 out evaluating property.

COUNCILMAN HENON: Okay. Has 100 or 109 evaluators, were they hired and inspected or evaluating each property prior to the notices going out?

MR. MCKEITHEN: I would say, excuse me, not all 109 would be out evaluating properties. Approximately, 95 to 100 may be out evaluating Property.

But yes, at any point in time, they went out to see and do inspections and -- and review properties out in the field or they were instructed to.

COUNCILMAN HENON: Okay. All right. I am

going to assume this correctly. That each evaluator is supposed to physically go out to a property and evaluate it in real -- you know, right out there on the street.

MR. MCKEITHEN: Right.

COUNCILMAN HENON: So, they didn't take the two similar properties for a GMA and then went back -- and then go back to the office and, you know, do the rest, you know, because they were comparable, all right -- like as was said here, cookie-cutter neighborhood? And they wouldn't just batch input them, you know, from like Google maps or anything like that?

They actually went out physically on the street?

MR. MCKEITHEN: Right. The way it works is that the evaluators go out in the field and they collect certain characteristics about properties. So in order to collect those characteristics, they have to go out and see them. The problem is that, you know, in a lot of areas where we have a lot of homogenous properties, it will be a lot of the same characteristics.

So, we start off with what we have in our

database, and the evaluators go out and they
inspect that to maintain that it's still there,
those characteristics are still there, or they
change them based on what they say see. So if a
property's condition code changed from being
average to the property just being boarded up,
they make that -- that change.

COUNCILMAN HENON: Okay. But they are
actually out on the street?

MR. MCKEITHEN: Yes.

COUNCILMAN HENON: You know, physically
taking a look and evaluating each property?

MR. MCKEITHEN: Yes. They go out --

COUNCILMAN HENON: Not in the office
because they are similar cookie-cutter type of
similarities?

MR. MCKEITHEN: No. They go out and see
every property. They may come back and look at
certain things in the office, but they go out and
see.

COUNCILMAN HENON: Oh, yeah. I understand
that. That's cool. I will be quick with my end
here.

A couple things. The Homestead. The

Homestead is currently at 30,000.

Is that correct it's at 30,000?

MR. DUBOW: Yes.

MR. MCKEITHEN: Yes.

COUNCILMAN HENON: Just curious why the calculator on the website has it as a proposed Homestead, which is different from what the real Homestead is and the rate. I know it gives you options. But if it's 30, it should start off as 30 just in my opinion. I think it's just a little bit confusing.

MR. DUBOW: So, the Mayor's proposal in his budget was to go to 15,000. So, the calculator actually says what the Mayor's proposal was and then actually starts at no Homestead. And you can pick the Homestead you want. And the rate starts at the 1.3204, which is the Mayor's proposal.

COUNCILMAN HENON: I am just pointing it out. I have had a few calls on that saying it's a little bit confusing. You know, what is it. I understand what the Mayor's proposal is, which is fine. It just brought to my attention from a few people that I represent that made some calls saying it's a little bit confusing.

The industry standard 15 percent plus or minus above or beyond --

MR. MCKEITHEN: Right. COD.

COUNCILMAN HENON: Right. Do you have an accurate count since all the assessments are in? How many are outside -- how many real properties are outside that range? And -- and I guess that would be the imperfections, you know, of the process as it sits.

Would that have any dramatic impact on the rate that we're going to have to set here?

MR. MCKEITHEN: No, sir.

COUNCILMAN HENON: In City Council.

MR. MCKEITHEN: The assessments are set and you'll have once again a First Level Review process. That's why it's important to use the 31st date because we will know how many we have. I think once -- I think, you know, the Chief Financial Officer may have put that into his model. But the COD doesn't have anything to do with the tax rate.

COUNCILMAN HENON: It wouldn't not on the aggregate dollar value. I guess this would be more directed at Mr. Dubow.

So, the imperfections of just, you know,implementing the new system, which is understandable, for those who are outside the 15 percent industry standards and have a legitimate appeal course of action in appellate process, would that change the -- would that change the overall aggregate value of real property here in the City which in turn would -- would make us have to decide whether the millage rate would need to change?

MR. DUBOW: So, the variation is both up and down. But in terms of appeals, you will probably only hear from people who are above. To the extent they are successful, that would change the base and then change the potential millage rate. We have made an assumption that you would see about a 50 percent increase in appeal losses in part because of that, so we tried to capture that in our assumption.

COUNCILMAN HENON: Okay. All right. I have no further questions. Thank you.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

Chair recognizes Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Mr. President. I think it is afternoon now. Good afternoon.

Mr. McKeithen, first of all, getting back to, I guess, one of the first questions. You talked about getting a property -- trying to find the real sale price for a property. I know you take into account the permits are taken out, sales and, you know, of that property. I guess I am looking at from kind of reverse.

Do you also look at properties where there hasn't been any activity? Where in other words, both -- it stayed in the same name for decades, no permits taken out, no -- obviously no sale?

Does that factor into how you might set that market value as opposed -- as compared to one that sold once or twice on a block, that kind of thing?

MR. MCKEITHEN: Right. Yeah. We look at -- we have to look at all of them to determine things like condition, what amenities they have, size, et cetera. The model is going to sort of give us what we think that property would sell for. But if it didn't have any sale activity, yes, we still have to look at it. We still have to -- you know, if it didn't have any permits or anything, it's just a basic property that had never been, then that's -- we still have to look at it for those things. And then the model will predict what we think it would sell for.

COUNCILMAN GREENLEE: Okay. Well, you say you still have to look at. But would that mean it would be reasonable to think that that should be -- that price should be at least somewhat considerably lower than a property that's been sold once or twice?

MR. MCKEITHEN: No. When you're looking at mass appraisal and you are trying to decipher all -- the value for all of the properties, you are just trying to do that. I don't know if I understand your question. You are just trying to put a value on it.

You have to -- we can't -- we cannot not touch it because nothing's ever been done to it.

COUNCILMAN GREENLEE: I wouldn't say not touch it, but it shouldn't be raised as high, correct?

MR. MCKEITHEN: Well, we don't know until

it sells.
COUNCILMAN GREENLEE: But it hasn't sold.
MR. MCKEITHEN: I know. But I'm saying so if it did, we'd be having another conversation as to why --
COUNCILMAN GREENLEE: I hate to say, but that sounds --
MR. MCKEITHEN: -- it might be too low.
COUNCILMAN GREENLEE: To quote Councilman Jones, that sounds like a wild-ass guess.
MR. MCKEITHEN: You know --
COUNCILMAN SQUILLA: Sale price on that.
MR. MCKEITHEN: -- it's putting a value on a property as though it would sell. And in case it does, your anticipation would be that it would sell for something close to which you have valued it for. That's all of what we do. That's it in a nutshell.
COUNCILMAN GREENLEE: I guess we're not exactly on the same page on that. But if I could ask -- this is more, Rob, this is more yours. It kind of goes back to what Councilman Kenney talked about as far as maybe some dialogue or contact ahead of time.

I think all of us could have in this body could have predicted what neighborhoods were going to get hit. There might have been a couple of surprises, but for the most part we knew Point Breeze, we knew Pennsport, we knew some of these other areas. And in some of these, they are particularly sensitive. And maybe Mr. McKeithen doesn't or can't directly be concerned with that, but I think we certainly have to be and I think the Administration has to be.

I will give Francisville for and example because I know it well. We have tried to tell them, you know, the probably you are going to get hit. There is a real feeling over there that this is an intentional move to move people out. It's a traditionally working class African-American neighborhood close to Center City.

And more than one person said to me, Bill, I know it's not you, I know it's not the Council President, but they're trying to move us out. You know, they are trying to move the rich people from the suburbs in. Now, maybe that doesn't meet any model but they don't know what GMA is. They might think it's means Good Morning America, okay? All they know is their taxes, and Rich is right, that in essence you are talking about assessment. In reality, we're talking about taxes.

I guess, was that considered at all in -- again, that's a roundabout way of getting back to what Councilman Kenney talked about. If we had some dialogue, we could have told you that, you know. And maybe we could have at least prepared people or maybe said, you know, Rob, at least in these kind of neighborhoods, take another look at this. Because that $450,000 house can't be right.

When it's out there -- and this woman is a community leader and she starts talking about it -- all the sudden it's rampant. And people are very, very upset and they see conspiracies. And that's just human nature, people see conspiracies.

MR. DUBOW: So first, let me say.

COUNCILMAN GREENLEE: Please.

MR. DUBOW: There was no intention to do that.

COUNCILMAN GREENLEE: All right. I didn't say it was.

MR. DUBOW: No, I know --

COUNCILMAN GREENLEE: Perception is

reality.

MR. DUBOW: I know you didn't.

COUNCILMAN GREENLEE: Perception is reality.

MR. DUBOW: I just thought it necessary to put that on the record.

COUNCILMAN GREENLEE: I understand. Okay.

MR. DUBOW: There were no intention to do that. And what we are trying to communicate to people here is that our goal here is to get the assessments right. It's all about getting them accurate, really no other motivation at all.

We also tried, you know, to do education so people would know what that meant. Clearly, what you're saying is there were places where that, you know, that didn't work and people don't understand why we are doing it and or kind of what it means.

COUNCILMAN GREENLEE: I mean, that was the past. This is the future -- I mean, the present. Just seems like it could have made life a lot easier for a lot of us. But my time is up.

Thank you, Mr. President.

MR. DUBOW: I understand.

COUNCILMAN GREENLEE: Thank you,

Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman. I just want to piggyback on what we hear because we do go out in these neighborhoods. And they are actually neighborhoods where they are not significant spikes in taxes where Strawberry Mansion is one just north of Fairmount. And there is this concern when you hear about this whole AVI issue, that, oh, here they come. They are going to move us out of our neighborhood.

That is real. If people believe it to be the case, in their mind it is, in fact, the case. So, we do have to have a little broader conversation about some of the challenges. This whole issue with respect to tax abatements, at some point we are going to have to talk about that in real time. Because if you look at the new housing starts in the City of Philadelphia that are primarily market rate housing, we have a few affordable housing units that are being built that are experiencing tax abatements. But it's pretty much higher in houses.

It's in those same neighborhoods of Francisvilles, the neighborhoods in the Northern

Liberties. I don't know a whole lot about South Philly, but I anticipate or suspect that in the new housing starts where people are experiencing the opportunities for these tax abatements, it's happening in those neighborhoods where people are very concerned about being taxed out of their homes for whatever reason.

COUNCILMAN JOHNSON: Want to mention something.

COUNCIL PRESIDENT CLARKE: Let me finish, Councilman, please.

The question then becomes tax abatements and this whole issue with respect to the land below the abated properties. For years, I think we acknowledged and you all acknowledged that had not been looking at that for reassessments.

Can you talk to me briefly about the reassessments on the land below the tax abated property and what the process was as relates to reassessing the actual land?

MR. MCKEITHEN: Sure.

COUNCIL PRESIDENT CLARKE: And correct me if I'm wrong, Mr. Dubow. I think we actually had a conversation before that we had not really been looking at that.

MR. DUBOW: Right.

COUNCIL PRESIDENT CLARKE: And it has not gone up.

MR. DUBOW: Right.

COUNCIL PRESIDENT CLARKE: Which led some people to have a conversation around land value tax because we thought that might be more appropriate.

Can you tell me about that process, sir?

MR. MCKEITHEN: Theoretically, the land throughout the entire city is reevaluated and looked at and market value placed on it. We developed working with Dr. Gill and the land model to value all of the residential parcels that were improved throughout the city for evaluation.

So if a neighborhood's land values went up, then the land values for the abated properties should have gone up, also. Theoretically, the way the system works is that a total value is placed on a property. And then from that point, a land value is generated. And then from that point, the difference is improvement value, okay.

So regardless of whether a property had an abatement, we wanted to look at its land value. Some of the land values for properties with abatements went up. But once again, some of the properties that may have had an abatement, the land value may have either stayed the same or gone down based on what was going on with that particular neighborhood.

We did not attempt to try to pull it out to say that, you know, because they have an abatement, they are not paying taxes for this that we need to try to make them pay taxes for that. We just -- that is not what an assessor does. An assessor just tries to get the values --

COUNCIL PRESIDENT CLARKE: Well, let me ask the question differently.

MR. MCKEITHEN: Okay.

COUNCIL PRESIDENT CLARKE: There was an acknowledgement -- this may have been before you got here -- that we had not been looking at the abated land, the abated properties in the City of Philadelphia in reassessing the land below those abated properties for years. We just simply didn't do it for whatever reason. So that land now is obviously more valuable -- more valuable in the sense that it's in areas -- I think the whole issue is geographical as you referenced in the earlier conversation.

Do you see spikes in the values of the land comparable to the spikes that you are now seeing in the property for these abated areas?

You understand what I'm asking?

MR. MCKEITHEN: Yeah. I think you're asking me --

COUNCIL PRESIDENT CLARKE: If that had been the case, we had not been assessing --

MR. MCKEITHEN: Right.

COUNCIL PRESIDENT CLARKE: This land over a period of time and all of a sudden this very expensive, at least speculative because some people still have the tax abatement -- you should see a similar spike in that land now because this is a very, very high-end neighborhood.

MR. MCKEITHEN: Right.

COUNCIL PRESIDENT CLARKE: Did you see that in recent assessment?

MR. MCKEITHEN: We saw -- we saw spikes in various areas. By the same token, we saw areas like parcels in the city where they may have had like a condo, we saw some of those go down slightly. So, we have seen both things. We have seen a variation of everything.

COUNCIL PRESIDENT CLARKE: No. You're not ans -- I don't know if you're purposely doing this or --

MR. MCKEITHEN: No. No.

COUNCIL PRESIDENT CLARKE: I am asking you a very specific question.

Are the spikes on the land in the abated properties, the cost in the land going up as dramatically as you see the spikes in the properties going up in these neighbored?

MR. MCKEITHEN: Yes. I have seen. That was our plan, that the land would go up accordingly. So regardless of whether it had abatement on it or not -- see, I don't know the areas that we didn't do.

COUNCIL PRESIDENT CLARKE: We didn't do it on anything.

MR. MCKEITHEN: I didn't know the areas that we didn't do land increases on years ago because they had an abatement. All I see is an area in totality.

COUNCIL PRESIDENT CLARKE: There were no particular areas -- if you had a tax abatement, we basically didn't look at the land in terms of the increased value.

MR. MCKEITHEN: In the past -- we don't do that now. We look at the land everywhere.

COUNCIL PRESIDENT CLARKE: I understand what you do now. I am saying that there was an acknowledgement that for years and years, you know, it was a tax abatement property. So we basically say, well, it's tax abated, whatever. We didn't really pay a lot of attention to that. And we focused primarily on traditional properties throughout the City of Philadelphia. But that land value should have been going up during the course of these tax abated area time frame.

So my question is, right now you seeing these spikes like in Francisville, the responses, well, they were very low and had not been assessed for years and years. Similarly in these tax abated properties, they had not been assessed so you should see that dramatic spike in the value of the land under the abated property because they, in fact, were not assessed at all.

You got me?

MR. MCKEITHEN: I hadn't -- yeah, I got you. I will have to go back and look for that.

COUNCIL PRESIDENT CLARKE: And I'd like to see if that's the case.

MR. MCKEITHEN: Yeah. I will go back and look for that because my charge to my staff is that everything goes up accordingly. That is what I mean fair and comprehensive.

I'd have to see what the assessments for the land were prior to us doing reval, and then seeing if they went up at a rate higher than maybe some other areas that did not have a lot of abatements and do some sort of comparison.

COUNCIL PRESIDENT CLARKE: Okay. All right.

Chair recognizes Councilman Jones.

COUNCILMAN JONES: Thank you. Thank you, Mr. President.

Good afternoon now.

MR. MCKEITHEN: Good afternoon, sir.

COUNCILMAN JONES: Couple of follow ups to what you said. We had concerns at our AVI last night about side yards.

MR. MCKEITHEN: Okay.

COUNCILMAN JONES: And people getting assessments for basically infill properties that are useless other than for gardening. And how are those calculations assessed?

And how are -- what abatements, what protections do they have for these individuals that have been for, in some cases, decades taking care of vacant parcels?

MR. MCKEITHEN: Sure. Side yards is something that we would not necessarily know in a mass appraisal, so they would fill out a First Level. Let us know that that instance, that's a side yard. It's not usable, and we will make an adjustment.

COUNCILMAN JONES: Because that has become a big issue in a lot of inner city areas where we had NTI, where we had demolition. People are picking up side yards that -- that, for all intents and purposes, aren't going to get infilled.

The second question --

MR. MCKEITHEN: Let me add something to that. I'm sorry, I don't mean to cut you off.

Now, we have to ensure that side yard is not buildable, like, you can put an entire house there and it's under proper zoning. But if that's not the case, then we can make an adjustment.

COUNCILMAN JONES: I think that distinction is going to be blurred in a lot of cases. I guess on an individual-by-individual basis, you have to look at it.

MR. MCKEITHEN: Yeah.

COUNCILMAN JONES: You need to come up with a overarching policy that gives people a certain degree of comfort. Because not only did Ms. Johnson get a bill for her property, her two vegetable gardens now are worth extreme amounts of money. And I don't know how you delineate between the vegetable garden and the condo in a public policy way.

So, we have to ferret that out a bit, I think.

MR. MCKEITHEN: Sure. I mean, typically appraisal practices, if it's usable, if it can in highest and best use of that garden is a single family, you know, piece of land that you can build a property on and there are no encumbrances, then we have to look at it as though she can sell it tomorrow for -- but, I mean, we will look at it on a case by case.

COUNCILMAN JONES: So the 1400 block of Frazier Street for the predictable future, there's going to be no new housing starts. And they are using it literally for a vegetable garden. We need to take a look at where that is likely or unlikely based on some methodology is what I am saying.

MR. MCKEITHEN: Yes.

COUNCILMAN JONES: You are not going to get that value.

Second thing is, where are we on commercial corridors, small business corridors in the land values there?

MR. MCKEITHEN: Well, we did -- I have Jean Machiz, my Commercial Supervisor here with me.

Jean, you want to come up.

We did land analysis for commercial corridors as well as residential. Ran a residential model.

Introduce yourself.

MS. MACHIZ: We uh --

MR. MCKEITHEN: Introduce yourself.

MS. MACHIZ: Jean Machiz, Deputy Administrator for Commercial.

We established land values in our city based on then sales. And then we adjusted the land rates based on location. Then as we got outside of Center City, the evaluators looked at the area and came up with the land rates based on land sales.

COUNCILMAN JONES: In all of our outreach efforts, we have had merchants come in, landowners on commercial corridors. No one has been able to answer the question about their -- their commercial corridor and land uses.

Is that a specific specialty? We have had to refer each and every landowner on a commercial corridor because they don't know what exceptions, what things they should consider by way of appeal. And most of the people that are trained at the individual outreach efforts do not know what to do when it comes to commercial properties.

How do we direct people.

MS. MACHIZ: Well, we -- we have about 28 evaluators in the Commercial Division. And the forms actually have my name and number, the Income Expense Forms at the First Level Review. It's on the website. I have personally received a lot of phone calls from business people about how to file their First Level Review for commercial properties.

So, we haven't been to a lot of the residential outreach sessions, but we did have a commercial one last Friday.

COUNCILMAN JONES: So, are you going to do another round for our business associations and others like that that may have particular questions that don't have the same interest and concerns as our residents may have, but specifically for the commercial property owner, the retail property owner?

MR. MCKEITHEN: Well, Councilman, I would recommend that they just give us a call. Because every time I go out to a community meeting and speak, there may be a handful, one or two, a couple commercial mixed-used type property owners. We would just encourage them to call because we can address them a lot easier that way.

COUNCILMAN JONES: Well, I would make a

counter offer to ask that in some cases where we have organized commercial corridors bids, business improvement districts, that you might make the exception to send 1 of the 28 people out to a Point Breeze to answer those questions particularly for the merchants.

And if we could maybe combine a couple of corridors together to make it more efficient for you, maybe we can do some joint outreach for our commercial corridors to have one of your experts that are truly understanding the commercial aspect of it give these people information. Because they are taxpayers that have -- in addition to running their business, have to worry about this.

So, if we can organize that, Mr. President, maybe we can do it in a few sections of the City of Philadelphia.

Would you be willing to entertain that?

MR. MCKEITHEN: Sure.

COUNCILMAN JONES: All right. Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

Chair recognizes -- real quick. Let me ask you one question.

With respect to this appeals process and the neighborhood outreach, we anticipate having a conversation with the Board of Revision of Taxes. I think I mentioned it the other day.

MR. MCKEITHEN: Yes.

COUNCIL PRESIDENT CLARKE: About establishing some early intervention or proactive approach to having people come in and have the opportunity for appeals, at least understanding the process and possibly filing appeals.

Question is, one, I'm not sure how much -- how many resources the BRT has.

Two, if they don't have the appropriate resources, which I anticipate, would the City of Philadelphia -- you don't have to give me an answer now. Would the City of Philadelphia under its current be able to give us or give them some support in terms of resources, i.e., people similar to what you are doing now?

I guess I'm saying, we want to have a hybrid of the current process that OPA and the City is going out and having these information sessions. Would it be possible to expect the City to support the BRT system? Or is that something that --

MR. DUBOW: Let me -- we have to figure that out and get back to you.

COUNCIL PRESIDENT CLARKE: All right. Because I want to -- I mean, we clearly -- the March or whatever deadline it is or April 15, there are going to continue to be questions and requests for meetings out in the neighborhoods where people really need to have a clear understanding of this.

MR. DUBOW: I understand.

COUNCIL PRESIDENT CLARKE: So, that's basically in asking. You can respond when you're ready.

Chair recognizes Councilwoman Bass.

COUNCILWOMAN BASS: Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: You're welcome.

COUNCILWOMAN BASS: And good afternoon.

MR. MCKEITHEN: Good afternoon.

COUNCILWOMAN BASS: So, just a couple things I wanted to touch on. And the first is the Homestead Exemption.

So, we calculated about 16,000 almost 17,000 Homesteads are applications that should have been received, people who are eligible but did not receive applications. And you know, we are working to try to figure out how to make sure that folks get the exemption that they are qualified for because often what you will see is that in some neighborhoods the folks who need it the most, are the ones who did not apply and who it could be most helpful to. And so, we really need to figure out a way to address that.

So, I just wanted to ask a couple of questions along that line.

First of all was, who was actually responsible for ensuring that Philadelphia residents receive the application, the initial application?

MS. WAXMAN: Hi. I'm Marisa Waxman. I'm an Assistant Administrator with the Office of Property Assessment.

The way we went about making sure folks got the initial applications that were mailed out last September, was we sent them to all residential properties in the City of Philadelphia. It was about 493 or 498,000.

COUNCILWOMAN BASS: Okay.

MS. WAXMAN: We sent them to every residentially listed property that we had with the mailing address they had on file with us. Normally, we default to the property address unless they given us some other address.

COUNCILWOMAN BASS: Was there any additional follow up that was planned? Any additional, you know, thought process in terms of if we send out all of these applications and we only get 10 percent, 20 percent, 30 percent, whatever back, what the follow up was going to be?

MS. WAXMAN: Oh, absolutely. We've been doing outreach events around the Homestead since last summer. And we have done a number of things to make sure that folks know about both the Homestead and the general AVI.

In addition to doing the direct mailing piece, we have done things like make videos that include information about it, obviously, tons of media opportunities, community meetings, more recently tell and town halls, ads in community newspapers, at least 24 different publications around the city so that folks would know where to go to get the information.

One of the things we have done in addition to being able to apply with the paper application that folks got in the mail, you can also apply online through our website and over the phone. And over the phone has been really get particularly for seniors who have difficulty getting out and for limited language access folks, because you can apply in whatever language you choose over the phone.

COUNCILWOMAN BASS: Okay. Because I have to tell you, I've been out extensively in my district talking about AVI and other issues. And I haven't seen any of the outreach efforts. I am just being honest. I haven't seen any of these efforts. I am familiar with them, obviously, but I haven't seen, you know, any activity at community meetings. I haven't, you know, seen folks out just sort of handing out information or leaf dropping particularly in neighborhoods where they need it the most.

MS. WAXMAN: Right. Oh, and one other thing we have been doing. We have an over 300 long email list of community organizations, so we have been doing regular email blasts. Even when we can't get directly to their meeting, we have been making sure that they got information that they can then share at those meetings.

COUNCILWOMAN BASS: Have you seen any change as a result of the outreach efforts that you have done? You know, have you quantified it, I guess, to say that okay, well, we have done this particular outreach blast or email blast or, you know, way to contact and see, you know, what kind of results you get from that?

MS. WAXMAN: Oh, sure. Well, we were able to see sort of the spikes in the applications around different events and different things that we do. So we know right after there is a mayoral press conference, we will see a spike after that.

COUNCILWOMAN BASS: Okay.

MS. WAXMAN: Or different events around the city. So, we are able to track how they are coming in. Another big spike we had is when we sent out the assessment notices because that had the Homestead information in there. We then saw another round of spikes, which is what we've been hoping for by including that information in the assessment notice.

COUNCILWOMAN BASS: So, how many Philadelphians are eligible for the Homestead Exemption?

MS. WAXMAN: Eligible? We think about 340.

COUNCILWOMAN BASS: And how many applications have you received?

MS. WAXMAN: We received 267,000 applications. To date we've approved about 183,000. We received 55,000 that were duplicates, those that applied more than once. Obviously, we have had some denials which is a mixed bag between folks who just sent back in the application. They sent them to let us know, hey, this isn't my primary residence. I'm not eligible. To ones where folks maybe there was a problem with their application.

And for anyone who is not approved, we sent back a letter saying you weren't approved, this is why weren't approved. If you think you are still approved, these are the steps you need to take in order to get approved. So, that actually created a whole other round and spike of applications.

COUNCILWOMAN BASS: Okay. So, you think that there are about 340,000 who are eligible and you received about 183,000 applications that you've approved. Okay.

What is the plan to get to the other, you know, 160 or so thousand folks who --

MS. WAXMAN: Continue to work through community groups, all of our social media approaches and also just the direct mailings that are coming from the department.

COUNCILWOMAN BASS: Are you going to do another mailing to these individual who have not-

MS. WAXMAN: I don't know that we're doing another mailing directly. But one of the things we started doing is partnering more with the Department of Revenue, which offers a number of tax relief programs. So, we continue to work with them so there is a more wholistic approach to letting folks know what programs are out there for them.

We are also working more closely with Corporation for the Aging so they make sure to tell all of the folks that work with them so that we are particularly getting the word out to the senior community. We take a lot of different approaches because we know that doing the same one thing over and over again will continue to just probably tell the same folks that already know. We keep trying different strategies.

COUNCILWOMAN BASS: Have you thought about going door to door.

MS. WAXMAN: I have not.

COUNCILWOMAN BASS: Or having a group of our assessors going door to door maybe to --

MR. MCKEITHEN: In all actuality, Councilwoman, we would like the assessors to go door to do to do evaluations. And getting that is a heck of a challenge. We think the mailing is one of the most advanced ways to try to reach everyone and get the word out on top of things on the internet. And we've spoken at any number of actual community meetings and brought the applications with us and actually gone through demonstrating how you would fill them out.

MS. WAXMAN: Now -- and one more thing we will be doing as we get closer to the deadline, because it's definitely not too late. If folks haven't applied yet for the Homestead, they should absolutely apply. The deadline is July 31, 2013.

So as we get about a month or two out from that deadline, we will start another push. And that will include inserts into folks water bills. So we know maybe if they are not opening the stuff directly from OPA, it will be in their water bills. We will have an insert in there where folks can get the information.

COUNCILWOMAN BASS: Was there supposed to be a -- an initial -- additional application that was sent with the assessments that was received?

MS. WAXMAN: No. There wasn't an application that went with the assessments.

COUNCILWOMAN BASS: No?

MS. WAXMAN: But the assessment notices indicated yes or no whether or not it had been approved.

COUNCILWOMAN BASS: Right.

MS. WAXMAN: And the information in the language after that varied based on the yes or no. Yes, it was just sort of like, great, you got it. If it said no, it provided a brief description of what the program was and then how you would go about getting more information and applying either online or over the phone.

And that no, there are different reasons. It might say no you didn't apply, but you're eligible because you might say no because you are a large industrial building that isn't eligible. We made sure that was right on front of the assessment right in the middle so that folks knew there was something called the Homestead Exemption and had a brief description and how to get more information about it and how to apply.

COUNCILWOMAN BASS: Okay.

MS. WAXMAN: Also in the brochure that accompanied that, there is all the information.

COUNCILWOMAN BASS: I know I am out of time. I will come back. I do have more questions. I just think that if this is something that the City is promoting and that we are saying that we really want to help people, then we need to do a better job of trying to figure out how to get those people and how to reach them. You know, I just think we are not nearly where we need to be particularly for those who this would make the biggest difference for.

For some folks, I would say for those who are more savvy, you know, they probably filled out the application. It only takes a second. They did it online or you know whatever and they got theirs right in. But for folks who may feel this is a little more complicated along with receiving an assessment, you know, this just is something that probably just further complicates what they have in front of them and is a little frustrating and a little difficult for them.

We need to make sure that we get everybody, particularly those who, you know, are with property values, I would say, for 100,000 and under who seem to be the ones that are really lagging behind and filling out the application.

So, thank you.

COUNCIL PRESIDENT CLARKE: Thank you, Councilwoman.

Real briefly to follow up on that, there was a map that was done by -- I don't know if it was our staff. Anyway, there is a map that references color codes in terms of the nonresponders to Homestead. We were trying to figure out because we wanted to do a mailing from here after the -- this processes or the early review process. I'm noticing in some parts of my district, particularly in the areas that Councilwoman Bass referenced by values of properties, but I don't know who to send it to. And given the fact that stamps are what, 48, 49.

MR. MCKEITHEN: And going up.

COUNCIL PRESIDENT CLARKE: I will try not to send them to areas where there is vacant homes.

Is there a way you can -- you know, working with you be able to send them out to what we believe to be owner-occupied properties as the classifications to that level of detail?

Whatever -- for whatever the reason, the current process, the process that we have been using, has not reached the people and caused them to fill out Homestead application. I'm not suggesting that they would listen to me more so than you all, but maybe that's the case. I really need these people to fill out this.

MR. DUBOW: Right. We've been doing some work with your staff on trying to figure out owner-occupied. So, why don't we continue to do that work and see how precise we can get it. But there's going to be some lack of precision because

of our data.
COUNCIL PRESIDENT CLARKE: Yeah. I understand. I'm not asking you all to pay for it, but --
MR. DUBOW: Yes. We can work with you trying to get it as specific as possible. There is still going to be some curve in there.
COUNCIL PRESIDENT CLARKE: Okay. Thank you.
Chair recognizes Councilman Oh.
COUNCILMAN OH: Thank you very much, Mr. President.
Mr. McKeithen, you identified that there are 109 evaluators at this time.
MR. MCKEITHEN: Yes.
COUNCILMAN OH: And how many other employees do you have?
MR. MCKEITHEN: We have a total, as of today, of 169 employees. That may change as the day goes on as we are making offers to people as we speak.
COUNCILMAN OH: Okay. So in your budget request, you identified 218 full-time positions.
Could you comment on that?

MR. MCKEITHEN: Yeah. That's based on -- once again, when I first took over the office, industry standards stated for an area of this size, 218 employees was not out of line with what you could ask for, what you can have in your office.

COUNCILMAN OH: Okay. So, you're increasing the number of full-time employees. And to go back to my question, when you completed your budget, when did you complete your budget request?

What time frame? A month ago? Week ago? Three weeks ago?

MR. MCKEITHEN: We want to say a month and a half ago, roughly.

COUNCILMAN OH: Okay. And at that time, you did not include a request for $1.7 million?

MR. DUBOW: Yes.

MR. MCKEITHEN: Yes, it's in there.

COUNCILMAN OH: You did?

MR. DUBOW: Yes.

COUNCILMAN OH: Okay. When was the 1.7 million added to your budget request?

MR. DUBOW: We were -- as we are doing with every department we went through budget process this year, and as we developed a budget, for some departments we put in a request for additional money. So, it's part of the normal budget process.

COUNCILMAN OH: Okay. Who put in the request for additional money? Not Mr. McKeithen. Who put in the request for additional money.

MR. DUBOW: The request would have originally come from the Office of Property Assessment. Then Budget Office would make recommendations based on what had been in departmental proposals and then the Mayor's office would say, okay, we think that recommendation makes sense.

COUNCILMAN OH: Did the Mayor's office -- I am not trying to put words in your mouth. I'm trying to understand what you're saying.

Some entity looked at the budget and said this department needs an additional $1.7 million. And to my knowledge, it was not Mr. McKeithen who made that request.

So my question is, who and when did somebody decide that he needed another $1.7 million?

MR. DUBOW: Again, to go through what this -- the 1.7 million versus last year's budget, not what is being spent this year.

COUNCILMAN OH: All right.

MR. DUBOW: That request would have come from Mr. McKeithen's office and would have been evaluated by the Budget Office who would then make recommendations on what to have. So, the request originally comes from Mr. McKeithen's office.

COUNCILMAN OH: Mr. McKeithen, did you make that request? $1.7 million?

MR. MCKEITHEN: Sure. I worked with Chief Financial Officer to ensure that my budget is intact.

COUNCILMAN OH: Sounds like a roundabout sure. Is that a direct sure or is that, like, kind of in the end of the day sure?

MR. MCKEITHEN: I've been doing so much lately, I can tell you.

COUNCILMAN OH: Oh, okay. Let me skip that for a second. You know, what happens is there was $600,000 requested for professional services or outside consultants. And then we have increased that by $1.7 million. And, you know, so I see it in this testimony as discretionary -- a request for additional discretionary funding for investment.

Can somebody define what is discretionary funding? What does discretionary mean?

MR. DUBOW: You're talking about when we talked about the $18 million?

COUNCILMAN OH: Yes.

MR. DUBOW: We were trying to differentiate -- if we look at debt service or pension costs.

COUNCILMAN OH: Right.

MR. DUBOW: We have no discretion there.

COUNCILMAN OH: Right.

MR. DUBOW: In terms of investing money in the Office of Property Assessment to improve the way those assessments are done, that is discretionary. We can decide to do that or not.

COUNCILMAN OH: Or not, right.

MR. DUBOW: But if we don't do it --

COUNCILMAN OH: So, the 1.7 -- right.

MR. DUBOW: -- we won't see continuing improvement in the way the assessments are done.

COUNCILMAN OH: Okay. But my point is, 1.7

million for outside contractors was added. And it's discretionary in that you may or may not do it. I mean, you intend to do it, I suppose. But it's discretionary, you may not do it; is that correct?

MR. DUBOW: That is really true with almost anything anywhere in the budget.

COUNCILMAN OH: Being a little new to the process, my question is what's identified specifically as $18 million in addition for investments and it's a discretionary funds.

MR. DUBOW: Citywide, yes.

COUNCILMAN OH: What is special about $18 million as discretionary funding?

Why is it separate if everything is discretionary?

MR. DUBOW: It's separate because it's additional finding that is included in the budget.

COUNCILMAN OH: So, it's on top of what was requested in the budget. It's an additional --

MR. DUBOW: No. It's on top of what was in the '13 budget.

COUNCILMAN OH: In the '13 budget. Okay. I'm following.

MR. DUBOW: It's in the base '14 budget that the Mayor -- the Mayor submitted two weeks ago.

COUNCILMAN OH: Okay. So, who decided we needed an additional 1.7 million for OPA?

MR. DUBOW: Okay. Let's go back again.

COUNCILMAN OH: Because my question is going to be why. I would like to know who so I know why.

MR. DUBOW: It's not -- it's 1.7 million over last year's budget. It's actually less than what is being spent this year. But Mr. McKeithen can explain to what he asked for and why he thinks it's necessary.

MR. MCKEITHEN: Once again, the 1.7 includes the biggest portion that -- enhancements to our current system.

Once again, I would like to have a system where we can display sketches. I would like to have a system where we can display pictures. I would like to have a system that the taxpayer can use to -- to look at their properties, see a photo of their property, see a sketch of their property and have a relative degree of confidence that we got dimensions and stuff of their property, accurate. This helps to kind of cut down on some of the scepticism in the assessment process.

COUNCILMAN OH: Okay. Could I end with this then, and I am assuming this is all done by outside contractors.

But on the issue of scepticism, which I think is a very important issue that was raised today, please go to the 3rd Councilmatic District. As a Councilman At Large, it's alarming to me, and I am going to get phone calls. I actually live in the 3rd Councilmatic District. To hear that the Administration is not going to one of the most affected areas in Philadelphia, is a direct concern to me.

Please go out there. Please call Councilwoman Blackwell and please cooperate with her. Thank you.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

Chair recognizes Councilman Squilla.

COUNCILMAN SQUILLA: Thank you, Mr. President.

You stated in your testimony that with an understanding that most properties were not only previously inaccurate value, but also valued in an amount lower than what they would sell for. Really, we're trying to get what the property would sell for; is that correct?

MR. MCKEITHEN: Right. We are trying to predict what the property would sell for, yes.

COUNCILMAN SQUILLA: So when you have actual data of what they sold for, wouldn't that be a good barometer?

MR. MCKEITHEN: That's part of it, yes. You can't take bits and pieces. There are other things that are involved in that, not just the sale prices. Other things that are involved in that.

COUNCILMAN SQUILLA: Okay. I am just going to take a couple more examples on just lots, lots that were sold in areas. One on Christian Street here.

It was sold in 2005 for $290,000.

MR. MCKEITHEN: Is this a vacant lot?

COUNCILMAN SQUILLA: Yes.

MR. MCKEITHEN: Is that a residential vacant lot?

COUNCILMAN SQUILLA: Yes. In the middle of the neighborhood.

The other one on Bainbridge Street, a residential vacant lot where they're going to build houses was sold for $275,000.

MR. MCKEITHEN: Can I -- go ahead.

COUNCILMAN SQUILLA: Now these are the vacant lots. No property on them yet.

MR. MCKEITHEN: Okay.

COUNCILMAN SQUILLA: Now these lots are assessed at -- the 290,000 lot that was sold in 2005 was assessed for 83,000. And the lot that was sold for 275 is 69,000.

What we are saying is they paid over $200,000 more than they should have because that lot is only worth that much money; is that correct?

MR. MCKEITHEN: If I may explain.

First thing first, when you are looking at sales of vacant lots, you need to carefully read the deed, not to say that you haven't. I know you do your due diligence.

Carefully read the deeds to ensure that that is not incorporating other parcels. Okay.

Oftentimes when vacant lots sale, the deed will have a specific sale price, but that might include various parcels.

Also, we have to look at what a typical sale would be. Okay. And we have to have an enormous amount of data to state that we should value every residential lot at 200-some thousand dollars because a developer came along and paid that much. Now, we like to take sales of parcels that a average individual would actually buy the parcel for, not a developer with extremely deep pockets or extreme desire to have that particular parcel.

So, those are some of the things criteria we --

COUNCILMAN SQUILLA: You're saying a developer would be willing to pay 200 or 250,000 dollars more than it's worth just to get that parcel?

MR. MCKEITHEN: Just to get that parcel. Because we don't know exactly what he has in mind for the future of that particular parcel.

COUNCILMAN SQUILLA: All right. I mean, I don't know developers who would be willing to do that, but if you say so.

How did OPA obtain the multifamily assessments that are going on throughout the city? How did they obtain those assessments?

MR. MCKEITHEN: Okay. If you are talking multifamily, five units or above?

COUNCILMAN SQUILLA: Say three units or less.

MR. MCKEITHEN: Okay. You talking small multi -- we don't specifically have the ability to itemize out, per se. Anything that is four units or less is sort of looked at as a residential parcel, so it will take a wealth of information for us to itemize out. That is how the code breaks it down. Four units or less, residential.

So, you know, we have to look at those as residential parcels. It will take years and a wealth of information to try to itemize those particular properties out. I know we might be going as far as trying to look at them from a perspective of what they getting in rents and things like that. But trust me, it's going to take time to develop that because we have to get compliance from the property owner. And the law states that they don't have to comply with us.

In that instance, it's really not to their advantage to sort of comply with us.

COUNCILMAN SQUILLA: All right. So then, they should be assessed somewhat as a residential house on that block?

MR. MCKEITHEN: Right. For now until we can break them out and get, you know, salient information.

COUNCILMAN SQUILLA: Then why would it be where we have residential blocks where they are all assessed similarly and you have a multifamily house in the middle of that block, it would be assessed maybe $190,000 less?

MR. MCKEITHEN: Well -- come on up.

MR. KEENE: Sorry. I am still Kevin Keene, the Mass Appraisal Director.

The multifamily properties are -- they are run through their own set of models. The single family properties all get run through one model. There are 14 different models for single family properties.

COUNCILMAN SQUILLA: So, not assessed similar to residential?

MR. KEENE: No. We segregate out all the sales. The small units, two to four unit multifamilies are done based on sales of those properties. They are validated in the same process we use to validate sales for single family properties. Then there are six different -- each one is one of six different models depending on what area of the city that they are in.

What we're trying -- what we are solving for in the multifamily parcels is primarily a rate per unit, but it's also mitigated by the square footage of the building, the location of the building, the exact property type, the age. It has all -- many of the same elements in it in that model that the single family model has, but we recognize that we would -- we do not use a sales of multifamily buildings to drive the value of single family buildings or vice versa.

COUNCILMAN SQUILLA: Excuse me, doesn't seem like you use the sales of a single family either because that's just a part of it. I mean, you can have comparable sales around, but that's just a part of your formula.

What we are trying to get is, if we can get a copy of the actual formula that you use, I mean, I know you can give us in writing. But we've been asking time and time again just to get the formula that you use to do this. So when people call our office and they say, how do they come up with this assessment, we can plug it into the formula, manually do it, and come up with the answer.

I am sure -- don't you put these numbers into some type of database that spits out some information.

MR. KEENE: What we wind up with, what the model gives us is a coefficient file. So, it will say, this is the value of a base property and then there is adjustments that get made for each degree of difference. The same as with the single family properties. In many cases, there are logarithmic scales or exponents. So, be very, very -- you would have to -- we can certainly publish the coefficient files. But making sense for the average person to take the coefficient files and match up a single property against it and calculate the value would be very, very difficult to do.

We can try to simplify the process so they

can at get close, but it's not -- it's not as easy
as --
COUNCILMAN SQUILLA: Well, do you have a simplified formula that the common folks like us can understand?
MR. KEENE: It's not a formula. It's sort of -- basically, the way it looks is you start with $160,000 for a base-type property. In multifamily, it might be a two-story converted duplex in a certain area. Then you would say if it's in this neighborhood, you adjust by 6.3 percent. If it's a new property, you adjust it upwards by 10 percent. If it's in very poor condition, then you would adjust it downwards.
So, there is a coefficient for every element in there. And the best -- they're compound adjustments. So at the end of your calculation, you wind up with a value. But it's not a very --
MR. MCKEITHEN: Accurate.
MR. KEENE: It's very accurate, but it's not a very user-friendly process.
MR. MCKEITHEN: The way they look if you've ever seen one, its -- it has, like, two rows of

rhythmic mathematical calculations, and then it has an equal at the end plus land. And so, we can do our best to try to --

COUNCILMAN SQUILLA: Your statement is you are trying to get at what they can sell for?

MR. KEENE: Yes.

COUNCILMAN SQUILLA: Our goal is to do the same thing. To try to figure out how you came up with these assessments. What they can sell for. We see a lot of these multifamily homes that were put in the middle of a block that actually sell for more than residential homes on that block, and yet they are assessed a hundred thousand dollars less.

And all your calculations and, you know, formulas that you have spit out a number that's way lower than they can sell for. So, we are trying to get to the point where if this is going to be a fair system, it has to be close to what they can sell that property for.

MR. MCKEITHEN: Well, see --

COUNCILMAN SQUILLA: And what code did you use?

MR. MCKEITHEN: When we look at --

COUNCILMAN SQUILLA: Zoning code?

MR. MCKEITHEN: When we look at the multifamily properties, what I hear time and time again from the constituents is that they would sell for me because they are getting rents. So, this amount from particular students, et cetera, et cetera. So, what we have to do is try to -- because I don't really know that even if you did a lot of it modeling, that you would still come to out to where --

COUNCILMAN SQUILLA: They could sell it.

MR. MCKEITHEN: Yeah. You have to -- you literally have to go to some sort of rent component and analysis. And so, you know, I am willing to do that. I don't have a problem with doing that provided I am in the legal constraints of the law. My attorney will tell me.

But that is where actual -- that approach of sales will not actually particularly match modeling. It's going to have to be some sort of income analysis when you get some rental data and things like that.

COUNCILMAN SQUILLA: Eventually you will get to that?

MR. MCKEITHEN: Yeah, definitely.

COUNCILMAN SQUILLA: What code are you using? Are you using the zoning code when you are going through modeling some of these?

MR. KEENE: No. Mostly the -- what differentiates one building from another is what we call the property-type code. And a multifamily, we have a duplex, triplex, quadruplex. And whether it was built that way or converted. There is essentially six different -- properties that will be one of those six codes.

I would suspect that in a lot of cases, the underlying data that we have on a property may not be correct. That's why you may be seeing those disparities that where the data is flawed. And we're coming up with a rate per unit and our data says there is two units, if there is actually three, our value is going to be low.

COUNCILMAN SQUILLA: So, you're trying to get better data as you go --

MR. MCKEITHEN: Right.

MR. KEENE: What we need to better in the field inspection process.

COUNCILMAN SQUILLA: Is my time up?

COUNCIL PRESIDENT CLARKE: Yes. A while ago.

MR. KEENE: It's difficult to capture.

COUNCILMAN SQUILLA: I know it's hard.

MR. MCKEITHEN: This is where --

MR. KEENE: It's very difficult data to capture.

MR. MCKEITHEN: I was getting ready to say, this is where you need compliance with another department to make people -- if you are going to have three units, then you got to have three meters and you got to have -- you know. When we see a door and, you know, you talking basically about a row house, you don't know how many units. The neighbors will tell us a lot that this is being rented out, et cetera, et cetera.

COUNCILMAN SQUILLA: I guess your point is, it's going to take a while before we can get down to --

MR. MCKEITHEN: To get it nailed down to that.

MR. KEENE: But that being said, the performance of our multifamily model is very close to the performance of our single family models.

COUNCILMAN SQUILLA: Who judges?

COUNCIL PRESIDENT CLARKE: Okay, Council --

MR. KEENE: Who does what?

COUNCILMAN SQUILLA: Who judges if it's close? I know you're saying the rate is 15 percent. I'm sorry. I will ask it next time.

COUNCIL PRESIDENT CLARKE: Yeah. We got to -- we go to break at one, hopefully thereabouts.

Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you very much, Mr. President. I will be short.

Number one, on the senior citizen freeze, who determines the amount?

You know, when you give them the amounts that they can earn to get a senior citizen freeze, the people laugh. The amounts are so low for senior and for family.

MR. DUBOW: It's State guidelines.

COUNCILWOMAN BLACKWELL: State guidelines, well then there is nothing we can do.

COUNCIL PRESIDENT CLARKE: But there is -- assuming that the gentrification legislation passes that gives us the comparable opportunities as they have in Allegheny County, you can based on some of that support for the age of the residential property owner. There is a way to effect age if we, in fact, choose to do so.

COUNCILWOMAN BLACKWELL: Okay. That will be important.

COUNCIL PRESIDENT CLARKE: That is part of the conversation where individuals don't qualify. I think, it's relatively low, like $24,000 for one.

MR. DUBOW: 23 and 31, I think.

COUNCILWOMAN BLACKWELL: Yeah.

MR. DUBOW: 23 and 31.

COUNCIL PRESIDENT CLARKE: Then there is as you know, Councilwoman, there are a group of people that will make upwards of 30,000 because they do include your pensions and some of the other things that may be able to get some support through gentrification legislation.

COUNCILWOMAN BLACKWELL: Thank you.

The other issue is before I stepped out Councilman Greenlee and you were talking about areas where people were talking about gentrification. Well, I've spent the last 30 years of my life focusing and fighting for Mantua. It looks like that Mantua fought hard to expand university expansion. I said this before, Drexel is on one side and you can look at the Art Museum on the other. They are the place in the middle where you have great grandparents on down to great grandchildren. They are all related or they're neighbors. Their grandparents grew up together.

And now I am afraid that what -- what certainly the university couldn't do, that these taxes -- that the AVI could do and force people out. These are low income people. The people always give me praise about what's changed. We fought hard in Mantua. And PHA fought hard, as well. You know, we torn down Mill Creek or Mantua Hall. We recently fought cause the start -- across the street from Mantua Square, which is brand new, is McMichael School. It was slated to close, and now that's been reversed.

We are really, really fighting hard. It's where we had the largest -- the Lex Street massacre, the worst massacre in the history of the City. Now there's brand new beautiful homes. It's where we had -- we used to have needle-exchange programs and SIDs, Sudden Infant Death Syndrome and -- you name it. All the bad things even nationally, and all of that has turned around. We do not want to see that area lose out after all this time and all this battling to make it the kind of place people can be proud of and people are proud of.

It just does not seem fair that we have to risk people losing their homes now because they can't afford taxes. So, I ask you to reevaluate that.

MR. DUBOW: I think that's -- issues like that is why we are proposing gentrification relief and why we support the measure in Harrisburg to allow us to make that needs based.

COUNCILWOMAN BLACKWELL: But I mean, there's no -- if we go back to comparisons, there is no property compared to -- not in that area, to raise taxes in some of these places as Councilman Greenlee has said. There is no justification for it. There is just no reason.

They don't need any of us for this to happen. They wonder why any of us say anything about them because certainly -- people deserve to be able to stay in their neighborhoods.

Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: You're welcome Councilwoman. Thank you.

Chair recognizes Councilman Johnson, then we are going to break.

COUNCILMAN JOHNSON: Thank you, Mr. President.

Just want to wrap up on a statement and just a couple other questions regarding this process.

First and foremost, I know it was mentioned by yourself Mr. Richard McKeithen that I think I read in one of the local dailies that this process is being used politically for 2015 and, in effect, blocking truly formed. Something along those lines I read.

MR. MCKEITHEN: Did I say it?

COUNCILMAN JOHNSON: Yeah. The statement was attributed to yourself. I will actually get a copy of it.

MR. MCKEITHEN: Yeah.

COUNCILMAN JOHNSON: I know for a fact I read it.

MR. MCKEITHEN: Okay.

COUNCILMAN JOHNSON: This weekend. If it was -- if it's not, I will clarify it. But I know for a fact I read in the article, I think it was the Inquirer that kind of quoted myself and Kenney and Squilla. You or the article alluded to a final source that individuals are using this process for politically 2015, I guess, the election and, in a sense, blocking the form.

MR. MCKEITHEN: I don't recall that, but go ahead.

COUNCILMAN JOHNSON: But my own personal perspective is that we would be irresponsible as elected officials, particularly if we don't question the accuracy of this process based upon the meetings that we go to.

MR. MCKEITHEN: Sure. Sure.

COUNCILMAN JOHNSON: And the response that we hear from people. I am a strong advocate for schooling in this process. As y'all mentioned here today, there are challenges and there are kinks that have to be worked out. You said it will never be perfect. It's a work in progress.

If it's a work in progress, I think we owe it to the constituents that we represent as a body to phase this process in over a period of time. When the Council President talked about abated properties, are abated properties used as comps with unabated properties?

MR. MCKEITHEN: No. Abated properties are in their own separate category. Typically, new construction specifically because majority of -- a lot of the abatements are new construction. We wouldn't put them in the same category we would as something that is already existing.

COUNCILMAN JOHNSON: Okay. As we move forward in this process, because obviously we are dealing with people's livelihoods. And I know the Administration talked about a certain level of relief that's going to be provided to people as we move toward AVI. We are operating in the context of just being sensitive to what we hear when we're out and about in our communities, going to our meetings and making sure that rather you are from Center City, Southwest to Point Breeze -- and I think what really opened up my eyes when you see the seniors and people that you grew up with that you've know for all your lives, coming to you and saying it's a possibility that I am going to have to foreclose on my home and move.

As we move forward in this process, particularly the budget process, you know, I am just going to expect from the Administration standpoint, from a leadership standpoint, that y'all continue to make sure as you come up with different types of tax relief policies and also the outreach component, to make sure that you are connecting with us Council people.

Like for instance, if you are going to be advocating in Harrisburg for a level in tax relief, there should be a partnership. So the same lobbying that went on in Harrisburg to get the 7 percent sales tax, when I was a state representative, that same type aggressiveness should be working in partnership with Council leadership to make sure that people are primarily impacted receive the same type of relief.

And more importantly, people recognize that because the Administration don't have to come back and serve, they are still sensitive to the needs of the people who pretty much, a significant portion of them, kind of created this and actually put the Administration in place from the beginning. And so, we talked separate from these type of policy hearings, you know, men to men just on a professional basis in a casual setting.

But this is a historical situation that we are in right now. It's really important because we are affecting people's livelihoods. If we can't -- why can't we do smoothing anyway?

For instance, some people are undervalued. You want to fix that when? The undervalued properties?

MR. MCKEITHEN: Every year we will do a reassessment. And so as we do a reassessment, we will look at everything as much as possible every year. I would expect that things that are deemed to be undervalued will be caught up.

COUNCILMAN JOHNSON: Is that fair to tell a constituent that while we work on getting those undervalued properties assessed properly, we move forward and start collecting on everyone who could possibly be overassessed now? This process is moving. We got the assessments February 15.

MR. MCKEITHEN: I think -- I think the mass appraisal process which is not perfect, whether it be here in Philadelphia, Chicago or Washington, DC, will always have some properties that are overvalued and undervalued. That is just how the system works. The system lends itself -- what I have implemented as far as a First Level Review process, tries to correct the overvalued properties and -- by giving a process where it's not confrontational and the individuals can talk directly with us and work out something before a formal appeal hearing.

But I think no matter where you go, you are going to always have some undervalued properties and some that are slightly overvalued. As long as you are given a process to correct that, you are within industry standards.

COUNCILMAN JOHNSON: Mr. Dubow, smoothing. Yes? No?

MR. DUBOW: Let me go back to what you said before about working together -- working together in Harrisburg. I completely agree that we need to do that. And I think that we should have a discussion during this process about, you know, the whole range of relief measures.

COUNCILMAN JOHNSON: Okay. Thank you.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman. Council will recess until 2:30.

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(Committee of the Whole recessed at 1:13 p.m.)

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(Committee of the Whole reconvened at 2:56 p.m.)

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COUNCIL PRESIDENT CLARKE: Good afternoon, everyone. We are going to reconvene.

Thank you.

Good afternoon, gentleman, again.

MR. DUBOW: Afternoon.

MR. MCKEITHEN: Thank you.

COUNCIL PRESIDENT CLARKE: Like to recognize Councilman Squilla. He was the last individual tee'd up before we went on recess. Start there.

COUNCILMAN SQUILLA: Thank you, President. I appreciate it.

Good afternoon, guys.

MR. DUBOW: Good afternoon.

MR. MCKEITHEN: Good afternoon.

COUNCILMAN SQUILLA: I know Councilman Johnson -- I'm sorry. Councilman Johnson mentioned the part about smoothing something. And I think, Mr. McKeithen, you said something about a phase-in that happened.

When you did this in any other places, did you use any type of phase-in?

MR. MCKEITHEN: Yes. As I testified earlier, we -- the District of Columbia had this happen twice where assessments -- they had a moratorium in the '90s. And then from the moratorium, they went to going back to doing full value assessments. They always did full value assessments.

But after the moratorium because the market had gone up and taxpayers were having issues about affordability and things like that, they adopted the State of Maryland's approach where the assessments were phased in. They went to a tri-annual, meaning you only assess every three years. And then the increases were phased in over a three-year period.

COUNCILMAN SQUILLA: Over a three-year period.

MR. MCKEITHEN: And then the early part of 2000s, when the market -- the great run the market had between 2002 and 2006, they saw that values were escalating and regular citizens were having issues with paying the property taxes. And they adopted a cap, a tax cap.

Now two things, District of Columbia is not a state, so they sort of set their own tax policy.

And then two, the tax rate for residential property is almost half of that of commercial. They have an awful lot of the lion share of the income from property taxes comes from large commercial office buildings.

COUNCILMAN SQUILLA: Okay. I know we are trying -- one of the nonuniformity in the state house is coming up with a set of bills that would maybe help to do that in the future, but right now we don't have that ability. I think we'd also need state enabling legislation in order to cap our taxes at a certain rate. That if we can only go up, say, 10 percent or 20 percent or whatever it may be, I think we need state enabling legislation also for that.

Now, as far as the Administrative's perspective on that, I know, Rob, said you are willing to work with Council. But have you guys though of any other way to ease the burden of the residents?

MR. DUBOW: One of the ways -- to come at this kind of on -- go gentrification relief either doing referral like Councilman Johnson proposed or a cap on how much tax can increase. You know, you can do it any number of ways.

COUNCILMAN SQUILLA: So, you are open to options?

MR. DUBOW: We are open to discussion.

COUNCILMAN SQUILLA: Discussion. Well, that's good.

Back to OPA. Now, the larger structures, the larger multifamily structures, you do that on income-based assessment over five?

MR. MCKEITHEN: We do -- we looked at those. We attempted to do an income analysis. We sent out income and expense questionnaires. But we also looked at a rate sale price per unit analysis. Between the two, we attempted to reconcile what the value should be.

COUNCILMAN SQUILLA: Sale price per unit on rentals? I mean --

MR. MCKEITHEN: Yeah. Like on an apartment complex.

COUNCILMAN SQUILLA: Right.

MR. MCKEITHEN: May have 40 or 50 units. So we looked at sales of comparable properties in a zone and looked at the sale price per unit and then applied it across the board.

COUNCILMAN SQUILLA: So you would times it by 40, and then come up with a price.

MR. MCKEITHEN: Right. Exactly.

COUNCILMAN SQUILLA: How about if it was a land -- like, say you have a condominium that has large -- they have a land value associated with that.

MR. MCKEITHEN: Yes.

COUNCILMAN SQUILLA: How do you break in the land value with each individual condominium especially if there is like a parking garage underneath and things like that?

MR. MCKEITHEN: The land analysis -- for the downtown condos, you have two distinct degree of condos here in Philadelphia. You have got the downtown condos. Looking at those, we try to tie a rate per square foot for the actual area.

For example, if stuff was selling, we

thought it was selling for $300 per square foot, we would attach -- let Jean Machiz come up and give you specifics of the methodology. But we would attach a rate per square foot to the land so everything would be comparable. Then suck out from the total value and get an improvement value for the units.

COUNCILMAN SQUILLA: Is that how it's done.

MS. MACHIZ: For the downtown condo towers, we looked at the land, used the established land rate for the area. And then that became the value for land for that condo.

COUNCILMAN SQUILLA: You would say it's a million dollars for just land, say.

MS. MACHIZ: Correct.

COUNCILMAN SQUILLA: And then you divide that by the number of unit, and each unit would have the same land value?

MS. MACHIZ: It's based on per rata share.

COUNCILMAN SQUILLA: Excuse me?

MS. MACHIZ: The per rata share.

COUNCILMAN SQUILLA: Okay. That was done. Okay. Thank you.

COUNCIL PRESIDENT CLARKE: Thank you,

Councilman.

Real quick, related but somewhat unrelated. My understanding is that a property -- a residential property, a single family home, is allowed to have three unrelated individuals living in a property, am I correct, before it's designated as a commercial property or a rental property?

MR. MCKEITHEN: Well, from our perspective, we're looking at how many units, how many separate units --

COUNCIL PRESIDENT CLARKE: No. Not asking that question.

MR. MCKEITHEN: We don't --

COUNCIL PRESIDENT CLARKE: You don't know?

MR. MCKEITHEN: No. We don't deal with who lives there.

COUNCIL PRESIDENT CLARKE: Reason I asked that question, in the Temple University area and probably around most of the university, people basically have single family homes and they rent to students. It does not trigger the designation as a rental property until it reaches four or more, it's my understanding.

But the question is, did -- they do charge per bed, actually in this particular case, going rate right now, Temple, like 700 to 900 per bed. They are basically income producing properties. We try to do some things with respect to inspection. Some other issues before when we are trying to prohibit those properties in the neighborhood, but we weren't very successful in terms of being able to gain access to the properties.

I see some of you guys shaking your heads. You guys know what I'm about?

(No response.)

COUNCIL PRESIDENT CLARKE: I see, you're not going to shake your head anymore.

My point is, though, in a particular neighborhood where there is these type of properties -- and everybody knows where they are -- this person has a single family residence and they are making a lot of money. And the person next door that happens to have a single family home where they live, is it fair to have the same assessment for those two properties?

MR. MCKEITHEN: See, I am glad you brought this out. Where we are limited is that as long as they haven't made separate units -- separate kitchen, separate bathroom for each and distinguishably made two or more units, then it's beyond our purview.

Now, what would have to happen is you have to get some dialogue from License and Inspection what they deem to be liveable as far as how many people can live in a particular dwelling. As long as it stays one unit, if it's a property owner renting out to three students and there is still only one defined unit, one kitchen, you know, set up like that, then to us it's still a single family residential property.

COUNCIL PRESIDENT CLARKE: Well, the reason I bring that up because the values in York Town have gone up. Actually, not just this particular year but in recent years because of the sales prices of houses in York Town. And those sales prices were relatively high, no, actually very high compared to what they used to be. It was based solely on the fact that the people were using these as units to rent beds to students.

MR. MCKEITHEN: And see, that's where you would have to devise some legislation to make those property owners make their properties multifamily-ish. They would have to make them -- you would have to -- I seen Northern Virginia do something similar.

You'd have to have some sort of legislation that says you can not have but so many people in a three bedroom house living in this particular manner, et cetera, et cetera. It would have to break it out into distinct units.

COUNCIL PRESIDENT CLARKE: We tried that. I mean, the law is three unrelated.

MR. MCKEITHEN: Okay.

COUNCIL PRESIDENT CLARKE: But the question is, they are charging people rent for those beds. They are making revenue from the houses. I don't know if it's reported or not. At the end of the day, it's driving up values of homes in York Town and Jefferson and other over comparable neighborhoods. And the individuals that live there that live in the same comparable houses but are just individuals living in homes are ending up paying more taxes.

MR. MCKEITHEN: We wouldn't --

COUNCIL PRESIDENT CLARKE: That's not something you could --

MR. MCKEITHEN: We wouldn't have any way of knowing who lives where. And as long as it has all of the implications of a single family home --

COUNCIL PRESIDENT CLARKE: Right.

MR. MCKEITHEN: We would have no way of knowing.

COUNCIL PRESIDENT CLARKE: Okay. All right. I'll try and figure that out a little.

MR. MCKEITHEN: It's all right. Go ahead, sir.

COUNCIL PRESIDENT CLARKE: Thank you. I mean, it's clear that you.

MR. KEENE: Well --

COUNCIL PRESIDENT CLARKE: Give me some help on this. Student housing is really a problem for myself and a number of --

MR. KEENE: In our sales validation process, when we see those sales that are significantly higher than everything else that's around it, we throw them out so that those prices don't influence the values of surrounding homes.

COUNCIL PRESIDENT CLARKE: At what point in time does it trigger? Because this has been going on in York Town for about ten years?

MR. KEENE: They never get into the analysis that determines what the property values are. They are thrown out.

COUNCIL PRESIDENT CLARKE: You say that -- this started around ten years ago when Temple decided to expand to non-Philadelphia students. So, they started renting these properties out. Over time, the values have gone up significantly.

Are you saying that once the first couple of houses sold in York Town at a dramatically higher price than --

MR. KEENE: We would have thrown those sales out. We would have considered them invalid.

COUNCIL PRESIDENT CLARKE: All right.

MR. KEENE: Unless and until they become like the mainstream profile, if everything else around it -- if they are significantly higher than similar properties, we don't count the sales. They don't go into the valuation model.

COUNCIL PRESIDENT CLARKE: Okay. Think you opened up a can of worms on that one. Now I know why Richie wanted you to sit down.

COUNCILMAN GREENLEE: Can he stay there?

COUNCIL PRESIDENT CLARKE: Councilman, actually, you are next.

COUNCILMAN GREENLEE: Can the gentleman stay there? He may be -- I was going to raise a similar issue. Mr. McKeithen, kind of a -- try to try again on a question I asked earlier.

MR. MCKEITHEN: Sure.

COUNCILMAN GREENLEE: Because we had heard in most of these gentrified areas, sprinkled all on these blocks are people that lived there a long time. That is why I raised the question of if you see the property has been in the same name for 40, 50 years or something, it just seems fair to me that they would not be judged on a property that's been resold a couple times, right?

MR. MCKEITHEN: No. When we analyze sales, this is what we kind of getting into. When we analyze sales, we are looking for what's typical.

For example, you have a lot of sales what we call speculators. People who do this. And, you know, we try not to use their particular sales because those are individuals who are really -- can inflate a market based on just one or two individuals. We try to use typical sales, sales where you don't see the same name, sales where you don't see the same company, sales that haven't sold twice, three or four times within, like, a year or a year and a half or so. That's part of our filtering process.

COUNCILMAN GREENLEE: All right. The reason I am bringing that up is -- and from what -- I am sorry. Your name again, sir.

MR. KEENE: Kevin Keene.

COUNCILMAN GREENLEE: Mr. Keene said was that they sort of throw out if something is much higher than they seen on the block. I have to tell you, I heard from a number of people when they called the assessor and say well why is my assessment, they will say, well, you know, 29 such and such sold for $400,000 so we jacked up -- yo know, we base it on that.

That seems to -- I hear from people different things from what you just told me.

MR. MCKEITHEN: Now, that -- that particular property, when people are talking about the market, they are not saying that they took that particular sale and used it to jack everyone else up.

COUNCILMAN GREENLEE: That's what I'm told they say.

MR. MCKEITHEN: They may be referring to the fact that they looked at that sale as an indication, but not -- doesn't necessarily mean that they used it.

Meaning, for example --

COUNCILMAN GREENLEE: It was an indication but they didn't -- doesn't mean they used it? Something is lost there.

MR. MCKEITHEN: It's an indication of where a market might be going, but it doesn't necessarily mean that they actually use it.

COUNCILMAN GREENLEE: Okay. Am I missing something here? I'm sorry, I am not trying to be sarcastic, but it sounds like the same thing to me.

MR. MCKEITHEN: No.

COUNCILMAN GREENLEE: If you indicate something and you know --

MR. MCKEITHEN: Meaning -- meaning, by the same token, if something sold for 400,000, that doesn't mean come in here and try to get me to reduce your assessment to 150.

COUNCILMAN GREENLEE: No. I didn't say that.

MR. MCKEITHEN: What it means is that the market is going up. We are not necessarily using that particular sale to accelerate assessment because we haven't seen it as the norm.

Once again, we are looking for property sales that are the norm. That's why when I responded to Councilman Squilla this morning about the property that sold for 700,000 and we assessed it at 500, we may have seen 500 being more of the norm versus the 700. We will have to see.

When I say that, you know, it takes a couple years to get everything perfect, in a couple years if properties continue to sell for 700,000, then our norm will move to 700,000 not stay at 500,000. When I say it's an indication that -- that high sale price is an indication of where it might wind up one day, but we haven't seen it consistently over and over again.

MR. DUBOW: Gives you an idea of something you need to track.

MR. MCKEITHEN: It gives us an idea of

something we need to track and something we need to keep on our horizon.

COUNCILMAN GREENLEE: Okay.

MR. KEENE: Also depends on the sources you're looking for sales. You can go into the Public Record information. You will see that $400,000 sale on a $200,000 neighborhood. And there will be nothing that tells you that it is not a valid sale. That is not the file that we use to do the values. The file that we use to do the values, that sale has probably been coded as an invalid sale.

There are two different record sources. Yes, you can get one show up on the list, and it doesn't mean that it was used in the valuation process.

COUNCILMAN GREENLEE: All I can tell you is that it's different from what people told me assessors have told them. Just leave it at that.

MR. KEENE: That's possible.

COUNCILMAN GREENLEE: Okay. Just one other question.

I know there are some properties -- I don't know exactly what the program is called -- where there is limits on their ability to sell or rent.

MR. MCKEITHEN: Restricted resale.

COUNCILMAN GREENLEE: Restricted resale. I know you might not know that or the evaluator might not know that when they assess the price. But do you know, is that something that is taken on in consideration in either the review with BRT?

MR. MCKEITHEN: Right. Exactly. That's another great reason why we have this First Level. What the taxpayer needs to do is attach that.

COUNCILMAN GREENLEE: Okay. Good. That's all I need to know on that one. Thank you.

Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you Councilman.

Chair recognizes Councilman Oh.

COUNCILMAN OH: Thank you very much, Mr. President.

So, Mr. McKeithen, based on the appraisals that have been completed and the number of First Level Appeals, what is your feelings on the accuracy and readiness of the City to move forward on implementing the AVI?

MR. MCKEITHEN: My assessment is that we

are ready to move on with AVI. I think that we have conducted a reassessment that, once again, is within industry standard.

For the first time ever having done this, I think we landed not exactly perfect. I am not -- never satisfied with. But I think that things landed in an acceptable way and an acceptable manner. And we can now address the patches of the city that we need to be do more work in to fine tune and sort of tweak those areas.

COUNCILMAN OH: How long would that take, do you think?

MR. MCKEITHEN: Well, we will look at this First Level Review process. When I get all of the First Level Reviews --

COUNCILMAN OH: So far 16,000?

MR. MCKEITHEN: So far 16,500.

COUNCILMAN OH: Is that expected number? Is that a high number? Low number?

MR. MCKEITHEN: Well, standard pretty much dictates that anything -- anywhere between 7 -- I want to say 7 and 10 percent is pretty much acceptable and has been in the past known to be acceptable. But that's for areas that do reassessment every year.

Once again, we have never done this. So, I know that there will be a lot more coming in. Once I get them all, I will be able to comment more on where I think we are.

COUNCILMAN OH: Do you think you will have this done by the time we have to set the millage rate?

MR. MCKEITHEN: All of the appeals responded to?

COUNCILMAN OH: Yes.

MR. MCKEITHEN: No, sir. If you have to set the millage rate in May or June, I don't think -- no. There is no way we will have them done by then.

COUNCILMAN OH: If most of the stuff you believe is, you know, done, you know, fairly well or on target, what are the 49 new employees for?

MR. MCKEITHEN: The 49 new employees?

COUNCILMAN OH: Yeah.

MR. MCKEITHEN: Well, once you have conducted a reassessment, you have to maintain it. And so part of what my vision is that we would always do some of the same steps that we have done to get to where we are but just in a more refined manner. The 49 people are pretty much set by the industry saying that for locality the size of Philadelphia, you should have at least or it's acceptable to have at least this amount of people.

You have to also understand that we run several programs like the abatement program. We have, once again, appeals. This will be a heavy year, I am quite sure, for appeals both with the OPA and both with the Board of Revision of Taxes. So, we have more than enough to do for the additional 49 people once we are able to retain them.

COUNCILMAN OH: Okay. So -- and then you have the additional $1.7 million in outside contractors. What are they going to do?

MR. MCKEITHEN: Well, outside contractors do things that we don't have capability to do.

For example, one of our outside contractors is an MAI appraiser. He does a lot of training for us. I don't have a MAI appraiser on staff. That is a very -- it's the highest degree of appraisal status you can obtain.

So, you know, the outside contractors do things and have technology and stuff like that that we yet don't have that I would like to be able to use to enhance our system.

COUNCILMAN OH: This was not available to you at last year or when you were doing these appraisals?

MR. MCKEITHEN: The 1.7?

COUNCILMAN OH: The 1.7 and the 49 new employees.

MR. MCKEITHEN: Well, the 49 employees, you talking about the ones that would get us to 218?

COUNCILMAN OH: Yeah.

MR. MCKEITHEN: Yeah, no. The 49 employees were not available to us. We are still trying to hire at least 49 more employees.

COUNCILMAN OH: So explain the process to me that you can do with 169 employees.

MR. MCKEITHEN: Sure.

COUNCILMAN OH: And 600,000 outside to do the --

MR. MCKEITHEN: Right.

COUNCILMAN OH: Is it -- you do the baseline. You do the assessments. And then moving forward in the new fiscal year, then you are adding all these additional capabilities for what purpose?

MR. MCKEITHEN: What I would like to do differently, Councilman, is I would like to do more door-to-door activities. I would like to actually now in the next year get inside more houses. I would like to have more of a dialogue and an understanding with the communities as this is who we are. This is what we do.

I would like to have more technology.

COUNCILMAN OH: What will -- what will that lead to?

MR. MCKEITHEN: I think it will lead to better assessments. I think it would lead to a much easier process for everyone to understand since they now have started to get used to us and what we do. I think it will lead to a better overall system for OPA as well as the City.

COUNCILMAN OH: Okay. That's a lot of resources, new resources that is indicating to me that there is a far better assessment coming a year after this.

MR. MCKEITHEN: Yes. That COD that I talked about, that COD that is now 13.9, I would like to get it down, if I can, to 10 and under. Which for a city like Philadelphia is pretty much unprecedented.

MR. DUBOW: Let me just add to the 1.7 you are talking about has been added this year. So, it's available and has been available during this process. The 49 employees are additional. But the change from '13 to '14 is actually a decrease. The change from the original budget is the increase you are talking about. But that adjustment's already been made during the course of '13 in the transfer ordinance.

COUNCILMAN OH: That has -- I understand that's been made in a transfer ordinance. Now you are continuing that with an additional request for 1.7 going into '14.

MR. DUBOW: To carry it forward. Carry forward what we had in '13 into '14.

COUNCILMAN OH: How long did you have that '13? All of '13 or just a portion of '13?

MR. DUBOW: About two months ago is when we did the transfer ordinance.

COUNCILMAN OH: Two months ago. So, two months ago, you know, you've added 1.7 million in the process of starting to hire outside contractors. And now you are carrying that forward as we are about to send out or we had sent out most of assessments; is that correct?

MR. DUBOW: Well, the 1.7 was added in part for things like the sketching, but in part because we saw where spending was going. So, the total spending for '13 and the total spending for '14 --

COUNCILMAN OH: Okay. I will come back to it. But I would like to understand sketching as essential as opposed to additional as to why it wasn't done previously. But I will wait my turn.

Thank you.

MR. DUBOW: Okay.

COUNCIL PRESIDENT CLARKE: Thank you Councilman.

Chair recognizes Councilman Johnson.

COUNCILMAN JOHNSON: Thank you, Mr. President.

Just want to follow up on a couple other questions. And also statement-wise, Rich, I did do the follow up. It wasn't you in the article.

MR. MCKEITHEN: Thank you.

COUNCILMAN JOHNSON: It just says

proponents, proponents of AVI, a few individuals are using this as a platform for the 2015 election. I was really clarifying in this context and even not so much as to yourself but it's more about us being responsible and advocating for the constituents of who we represent whether you're District Councilperson or a Council At Large member. But also, overall as body, because we made a commitment not only to our respective constituents but also to the City of Philadelphia when we took our oath. I do stand corrected.

One thing that was brought to my attention, a part of this conversation, and I think Councilman Greenlee touched on it briefly, but I want to clarify it.

You have affordable houses, right.

MR. MCKEITHEN: Yes.

COUNCILMAN JOHNSON: Where people have participated through HUD to purchase a first time -- participate in the first time home buyers program for affordable housing. Those housing are subsidized. In return, obviously, there is a lien on their property for a period of time from which they are restricted from selling their home.

Obviously, they are on lower income to moderate income population.

What happens when their property values go up? In terms of -- what is to safeguard for that particular population or what is in place to address the affordable housing component?

MR. MCKEITHEN: Now we as the assessment office, we are going to address the real property and what they can or cannot do with that piece of real property in that home. So if it's a situation where they in restricted resale, then we would have to look at trying to discount their assessment from a typical assessment. So, that has to be worked out.

What we would ask them to do -- when we are -- oftentimes, when we are doing reassessments, we don't always know who is in what particular situation relative to that. But all they need to do, once again, it's an example why we need the First Level, is to attach their documents to the First Level, sign it and send it to us.

I am looking to try to establish something more en masse so that, you know, as we move forward, we can easily pull these out. But that has to be established.

COUNCILMAN JOHNSON: Are you working in partnership with PHA in regarding this process as well?

MR. MCKEITHEN: Yes. I spoke with PHA Director yesterday. And we are arranging a more formal meeting to sort of get some feedback as to what is involved in their --

COUNCILMAN JOHNSON: Do you think in terms of the March 31 deadline, that is ample amount of time to pull together a plan that specifically deals with those that live in subsidized housing as it relates to AVI to make sure that, one, they properly receive the information that's needed and they actually qualify?

MR. MCKEITHEN: Well, once I have established exactly what is involved with their particular situation, I can pull from our records who -- what those properties are. And we can do a revised assessment for those, grant it that they are all in same situations. But I need to have that dialogue first with that particular department.

COUNCILMAN JOHNSON: The dialogue with PHA as well as the Office of Housing Community Development that has the Home Start Program, all these are subsidized houses. And for the most part, if it's their first time home buyers, there is a certain level of restriction.

MR. MCKEITHEN: Right.

COUNCILMAN JOHNSON: That they cannot sell their homes. Within the next seven days, you are saying there will be a strategic plan together with those particular --

MR. MCKEITHEN: What I am saying is that they won't have to worry about the March 31 deadline because I will able -- if that department can identify those parcels, I can make the adjustment. So, they won't have to worry about the March 31 deadline.

COUNCILMAN JOHNSON: Okay. Just elaborate on the component when you say there may be a possibility of some type of discounted component.

MR. MCKEITHEN: Right. I would --

COUNCILMAN JOHNSON: For subsidized home.

MR. MCKEITHEN: I would encourage them to file a First Level regardless because that's within their right and they can also file with the Board. But I am looking to try to solve that if, in fact, we can come to some conclusion.

COUNCILMAN JOHNSON: Ahead of time.

MR. MCKEITHEN: Yeah. I am trying to solve that on a more global basis.

COUNCILMAN JOHNSON: Okay. If you could, you know, just get back -- I know you talked about getting back to my office with the actual formula that you guys use.

MR. MCKEITHEN: Sure.

COUNCILMAN JOHNSON: The discs are already put out to the public. We will notify the Center City Resident Associations, Cross Town Coalition for Tax Fairness and let them know that the discs will be available.

And the other component is, this is a key component in the midst of this conversation. We talk about gentrification. We talk about long term residents. There is also affordable housing, low to moderate income population of folks who are going to be significantly impacted. I don't even know if that touches on the role of people that are disabled. I would think some disabled folks live in subsidized housing. Obviously, they will be significantly impacted if your SSI check is only a certain amount of money per month and your taxes not only double, quadruple but in some cases, ten times the amount it originally was.

It will have an impact on them. So, I am very interested and sensitive to make sure that we have a constructive plan that not only identifies them but also gets the word out to those particular populations.

MR. MCKEITHEN: Now, I will only address the actual real property and the fee simple ownership thereof. If there is a person that is disabled, they have programs for people who have a disability that I -- we put information out to the public about those programs also every time we go out.

COUNCILMAN JOHNSON: There is a disabled program. I know about Senior Citizens Tax Freeze.

MR. MCKEITHEN: Well, let me have somebody from Administration come up.

COUNCILMAN JOHNSON: Ms. Waxman.

MS. WAXMAN: Hi. Well, they are not OPA programs in all of our information and mailings.

We've included information about all the tax relief programs including the property tax and probate program out of the Commonwealth of Pennsylvania. Which is mainly for seniors, widows over the age of 50 and anyone who is disabled over the age of 18. Also, under the state constitution, any disabled Veteran is exempt from property taxes.

COUNCILMAN JOHNSON: Good. So, I will wrap up. I know I am past my time, Council President.

So the rent rebate program, actually administered thousands of those applications in my former life as a state representative on a state level. Very popular program.

You are saying people are covered under the rent rebate program?

MS. WAXMAN: That program, yeah. It's for seniors, widows and widowers over the age of 50 who spouses were over 65 or if you are disabled over the age of 18.

COUNCILMAN JOHNSON: Okay. Thank you very much.

MS. WAXMAN: You're welcome.

COUNCILMAN JOHNSON: Thank you, Keith.

MR. MCKEITHEN: Thank you -- Richie McKeithen. Thank you, sir.

COUNCIL PRESIDENT CLARKE: Thank you.

Rent rebate, that is also for home ownership, right? Did you say rent rebate was one of the programs or those --

MS. WAXMAN: It's the property tax and rent rebate program. So, it works for home owners as well as renters.

COUNCIL PRESIDENT CLARKE: Okay. I just wanted to make sure. Thank you.

Chair recognizes Councilwoman Sanchez.

COUNCILWOMAN QUINONES-SANCHEZ: Thank you. Mine are simple.

For clarification, purposes March 31 is a Sunday. What date are we using? And Friday is Good Friday.

MR. MCKEITHEN: Well, deadline date is March 31, but I expect to get some in after that date. So, we will consider anything that comes in April 1.

COUNCILWOMAN QUINONES-SANCHEZ: Friday is Good Friday.

MR. MCKEITHEN: Yes, ma'am.

COUNCILWOMAN QUINONES-SANCHEZ: So it's April 1 you're going to consider?

MR. MCKEITHEN: I will consider anything that comes in April 1.

MR. DUBOW: We have given an extension.

COUNCILWOMAN QUINONES-SANCHEZ: That's all I wanted you to say. Two days.

COUNCILMAN JOHNSON: Point of information.

COUNCIL PRESIDENT CLARKE: Councilman.

COUNCILMAN JOHNSON: I just want to go back. If you consider March 1 -- I think you just alluded to my colleague.

MR. DUBOW: April 1.

COUNCILMAN JOHNSON: April 1, that you also again reconsider 45 day, Richie McKeithen.

COUNCILWOMAN QUINONES-SANCHEZ: Two plus one equals 45.

I want to move forward. Council President shared some information with me around the Homestead applications. I know he mentioned about getting some data sets from you guys so we can really move towards getting people to apply. I am very concerned about the low number in my districts.

Can we talk about what the plan is going to be on behalf of the Administration. At one of the hearings a couple of weeks ago, we talked about using our mortgage foreclosure counselors and community folks to go out and do a door-to-door campaign.

Have we moved -- Rob, has there been more discussion around that?

MS. WAXMAN: So we've been working a lot with the housing counselors from OHCD an CEO. And they're, in fact, have been trained both in the Homestead Exemption and all in the First Level Review as well as the tax relief programs available from the Department of Revenue. They have been the folks who have been going out and doing a lot of the staffing of our drop-in sessions, as well as they now are equipped to do that whenever they are doing those types of events.

COUNCILWOMAN QUINONES-SANCHEZ: I am looking for something more prescribed. I am looking for a door-to-door initiative like we did for mortgage foreclosure that considers providing additional resources for some of these providers to do that. Particularly, in low income areas or gentrifying areas where that may be the only relief valve that we have. I am working with some of them. I think some of these informational workshops have been great, but I mean door to door.

We are doing some of that. On behalf of the staff, I would like to see a coordinated and committed effort by the Administration through that award winning program to do -- commit to a door-to-door campaign in those areas, particularly where we have already identified that people are not applying.

MR. DUBOW: So, we hear the request. We will take that back and we'll get back to you through the chair.

COUNCILWOMAN QUINONES-SANCHEZ: How long do you think before -- it's an issue of timing.

MR. DUBOW: Yeah. We will try to get back to you this week.

COUNCILWOMAN QUINONES-SANCHEZ: Okay. Thank you.

Those are my questions, Council President.

COUNCIL PRESIDENT CLARKE: I am sorry. You done?

Councilwoman, with respect to your question we talked about, the housing counseling agencies in -- does that -- I am assuming it doesn't. The city has contracts with NAC, N-A-C-s, that also includes those individuals.

COUNCILWOMAN QUINONES-SANCHEZ: And energy coordinating offices. There might be 24 of them.

COUNCIL PRESIDENT CLARKE: So if somebody went to Kensington South tomorrow, the people in that office are trained to do applications?

MR. MCKEITHEN: Yes. I am told that they are.

COUNCIL PRESIDENT CLARKE: Okay. I am going to send somebody over there tomorrow.

MS. ADAMS: Hi. I'm Anna Adams. I'm Chief of Staff in the Finance Department. So, some of the NACs employees have been trained.

COUNCIL PRESIDENT CLARKE: Some?

MS. ADAMS: Yeah. It depends on -- they obviously, it was a location-based decision, so whenever they were drop ins, in the neighborhoods of those NACs -- those NACs people were in, they were trained in those areas so they would make sure they would be in those neighborhoods for the drop ins. But it didn't happen necessarily citywide. But we can make --

COUNCIL PRESIDENT CLARKE: So, there is an example. Strawberry Mansion is one of those areas where there is very low response to Homestead. And there is a NAC in Strawberry Mansion.

MS. ADAMS: Right. Some of them may be, but I can't verify that every single one has been trained. We will go back and ask that every single NAC employee was trained on the Homestead. Most of them have been, but it hasn't been completely every single one.

COUNCIL PRESIDENT CLARKE: Is it most of them or the ones where you had AVI --

MS. ADAMS: I think it's most of them. But I didn't want to leave the impression that every single one has been trained.

COUNCIL PRESIDENT CLARKE: Okay. I am trying to find -- I know Councilwoman because we have this conversation. You have areas where there's been limited response, so shouldn't we target those areas?

MS. ADAMS: Yes.

COUNCIL PRESIDENT CLARKE: Not necessarily areas where you had meetings.

MS. ADAMS: Part of also the conversation about where we have meetings is to try and get to those neighborhoods that's been --

COUNCIL PRESIDENT CLARKE: That has not been as smooth as was referenced earlier. There were some glitches with respect to --

MS. ADAMS: Part of the reason why we have done our targeted community meetings and working with police districts is to try and target those areas where we think there may have been lower Homestead outreach or to try and encourage more people --

COUNCIL PRESIDENT CLARKE: Where did you have it in Strawberry Mansion?

MS. ADAMS: We can get the list of all the meetings that we've been to. I don't have --

COUNCIL PRESIDENT CLARKE: You didn't have it. I'm asking the question to see if you --

MS. ADAMS: I don't know off my head.

COUNCIL PRESIDENT CLARKE: Since you said you were --

MS. ADAMS: -- where we have been on every.

You do? You have it. We can get you this, but there was one in Strawberry Mansion, yes.

COUNCIL PRESIDENT CLARKE: Where?

MS. ADAMS: Do you know where it was? We can get you the address of where it was. We have the lis --

COUNCIL PRESIDENT CLARKE: You said it was one in Strawberry Mansion?

MS. ADAMS: Yes. There has been one in Strawberry Mansion.

COUNCIL PRESIDENT CLARKE: Where?

MS. ADAMS: I just don't have the address in front of me.

COUNCIL PRESIDENT CLARKE: How do you know there was one in Strawberry Mansion?

MS. ADAMS: Because it says Strawberry Mansion on my list that I have in front of me, but I don't have the address.

MR. DUBOW: Just says community meeting, Strawberry Mansion. And we will get you the address.

COUNCIL PRESIDENT CLARKE: Okay. All right. Thank you.

Chair recognizes Councilman Jones.

COUNCILMAN JONES: Don't leave, Anna. I think my colleagues have raised an intriguing and important outreach effort. Whether it's establishing a network of those impacted by first time home buyers in HUD. I think Councilman Johnson raised, I think that is important. I think it was followed up by Councilman Sanchez by this resource that we have that is very connected to the community. And ironically, in the communities least served that we should take advantage of those not in a shot in the dark kind of way but in a carpeted patterned way to address those neighborhoods that are under served.

I mean, if we are going to pull this trigger, I think it would be a better degree of comfort that we have done everything we could to outreach to people who need it most and sometimes don't know they need it most. If you overlay a disconnect of people that are connected to the internet that are internet savvy, sometimes it's those very same communities. You have to go knock door to door on sometimes senior citizens, doors on people that cannot get out to the library to connect and don't follow this like we are doing today. I think that's an important connection.

One other you raised about student housing that I think is very, very important. And I know we have been having back and forth about your algorithms and formulas. But I need to know what is the tipping point at which you say that now it's no longer an anomaly but a pattern. What is that exact number? In Temple or in East Falls or in Wynnefield and Overbrook Farms, this is an important aspect of whether or not they are going to be impacted. The answer to that exact algorithm point where the 51st neighbor -- house on a block is now rental and we need to kind of figure that into the equation. And let me say why.

In some of my neighborhoods that are similar to the ones in your neighborhood, Mr. President, 70 percent of the people there are student housing. So, the other 30 percent are folks are like captured in this market place. You may say, oh, that's only for commercial properties with so many registered units, but the income is driving the market place. Not necessarily based on the rental application. These are things that you have to factor in, in order to get an accurate sense of what communities are going through. I mean, I know there are anomalies. And you did a wide sweeping algorithm. But now we need to get down into the neighborhoods, like you say, and kind of look at these anomalies and ask the question why and fix it.

MR. MCKEITHEN: Right. See, once again, to get down to that level of detail, an assessor is not going to have capability of knowing who is living in what and how many. An assessor is only going to be able to deal with the house and the land that sits underneath it.

In order to do some of what you guys are trying to get done, you would have to have another department or a statute or something saying that if you are in a single family residential zone area, then if you have more than three people, as you said was the litmus test, then you have to file this so they can identify it to us that it's one of those types of properties.

Because, once again, you are getting into social sort of things where we don't know who lives in where. We only know the house. And if it's no indication that it's more than one unit or it's more than two units, it's no way we can get down to that.

COUNCILMAN JONES: Are you suggesting L&I become a partner?

MR. MCKEITHEN: Yeah. We -- I would need another department that had some sort of code enforcement type of capability. But I think we have to look at the law first to see how many people can live in what. And we really have to get down to some level of detail because we can only identify how it's set up now. We can't go and knock on doors and say how many people are living in here. Even if we did, they wouldn't tell us.

You have to have the law lead first and then we come behind that.

COUNCILMAN JONES: Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you Councilman.

Chair recognizes Councilman -- he's not here, Councilman Oh again.

COUNCILMAN OH: Thank you, Mr. President.

Okay. Going back then to our discussion, Mr. Dubow. You had identified that in the last two months there was a transfer ordinance that began to move 1.75 million; is that correct?

MR. DUBOW: I said there was a transfer ordinance that increased appropriation by 1.7 million. So, it doesn't begin to -- it's happened. They have additional appropriation.

COUNCILMAN OH: Of 1.7 million?

MR. DUBOW: Correct.

COUNCILMAN OH: Okay.

MR. DUBOW: This fiscal year.

COUNCILMAN OH: This fiscal year. Where did that money come from? Where did the 1.7 million come from?

MR. DUBOW: It came elsewhere in the budget. Wasn't from OPA. It came from elsewhere in the budget.

COUNCILMAN OH: Where else in the budget?

MR. DUBOW: I don't have the transfer ordinance in front of me, but each transfer ordinance has a From Line and a To Line. So, the ordinance would have said where it came from. I don't have that with me.

COUNCILMAN OH: Okay. Why was the transfer ordinance done? Why was the 1.7 million done two months ago?

MR. DUBOW: It was done to reflect where we thought OPA spending was going this year. We looked at how it was spending. Started to be meatier and projected it out for the year. Looked at their needs and said, okay, we need to put more money in there or they are going to over spend their budget.

COUNCILMAN OH: Okay. So, you projected that $600,000 in outside contractors would need to be supplemented by $1.7 million?

MR. DUBOW: We proje -- we looked at the total spending and made a projection, yes.

COUNCILMAN OH: So, what are you getting with that $1.7 million? I understand sketching and all that. I don't know where it falls in the priorities of assessment.

Is it a refinement? Is it essential?

For $1.7 million, what are you getting now that you didn't get last year?

MR. DUBOW: We wouldn't have had with the lower spending level. I will turn that over to

Mr. McKeithen.

MR. MCKEITHEN: Yeah. It's not all for sketching. Sketching is only a part of it. Once again, I emphasize sketching because that is something is easily understood by taxpayer and people.

Sketching is when you have a house -- it's a footprint. It's a diagram of a footprint for a particular property. They will have like 30 feet times 20 feet. It will have, like, the low garage area and things like that. So, it gives you an easy sense of your square footage and how we possibly got to it.

The picture gives you an idea of -- anybody -- it's somewhat self-explan -- it's a picture of the property. It's what the property looks like.

COUNCILMAN OH: Okay. I am going to interrupt just to let you know that, you know, what I think we are trying to do -- what I am trying to do is understand the level of appeals that are legitimate based on inaccurate assessments or problematic assessments, and what -- what resources the Administration has put to addressing those issues.

MR. MCKEITHEN: Well, we have the resources to address the First Level Reviews. We have 109 evaluators. And we have roughly 95 to 100 that will actually address the First Level Reviews.

My guess is that a lot of the First Level Reviews and some of these areas that have had the biggest degree of uproar will have a lot of similar issues. That's my 25 years experience or more. When you have areas that are -- have a lot of degree of appeals or First Level Reviews, you have similar issues. And so, we will be able to address those, you know, versus we had a lot of First Level Reviews that are going to be sprinkled out from every where.

My guess is that a lot of them are going to come from several areas around town. We will be able to address them in a broader format.

COUNCILMAN OH: Okay. I will conclude my questions with this statement that it doesn't seem correct to me that you would now be adding all the more resources after you have completed this process, which indicates to me -- I am just laying this out there for future discussions outside of this forum.

It would indicate to me that you are anticipating a extensive process or that you are placing monies -- you are prioritizing the spending of this money in an area which I am questioning is necessary or as important as other things. So the fact that these 49 new hirees and this 1.7 million is here at the end of the process, is something that I would like to understand better. Okay.

Thank you.

COUNCIL PRESIDENT CLARKE: Thank you Councilman.

Chair recognizes Councilman Squilla.

COUNCILMAN SQUILLA: Thank you, Mr. President.

During the process you said during the assessments you actually used different criterias as far as square footage and then also you said L&I records. Is that just based on permits that people filled to refurbish their homes?

MR. MCKEITHEN: Yeah. Their permits people taking out to do different things to their property.

COUNCILMAN SQUILLA: If they take out permits to work on their home, they may be taxed more?

MR. MCKEITHEN: Not necessarily. While we may pick up or record information from a permit, it does not mean that it's going to change the overall condition of the property. Some people take out permits or permits can be taken out to do what we would call a lot of deferred maintenance type of things. We really like to concentrate on the major permits like gut jobs, total renovations, things like that.

COUNCILMAN SQUILLA: So, if someone is, like, redoing a bathroom or something?

MR. MCKEITHEN: Yeah. Somebody fixed up a bathroom and does not necessarily mean that it's going to change overall condition code of the entire house.

COUNCILMAN SQUILLA: Because my fear is that when this does happen, you have some people that don't get permits and do their work. If we are going to go after people that do get permits, any chance they are doing remodeling their home and they have more of an opinion, people have told us at some of these meetings, well, I'm not going to get a new front now. If I get a new front, they will raise my taxes.

I mean, is that a possibility?

MR. MCKEITHEN: I have heard that in other places, and I haven't found it to be true. Where we get hurt in this overall mass appraisal process is when people sort of, like, gut out houses and things like that and don't take out a permit. And, you know, they don't have obvious signs like the big can sitting on the side of the house and something like that. It's hard for us to even determine. It doesn't sell. The property doesn't sell. It's hard for us to determine if that property has been grossly fixed up.

Now, we will have to see as time goes on whether the City of Philadelphia residents want to lean more towards keeping the outside of their properties a lot less attractive. But this is another reason why I was speaking of the enhancement. Why I want to try to get in -- better in the system, get into more homes. These people aren't, let's be honest, going to let me in either.

So, there is a limitation to the mass appraisal process that has to be dealt with on a global basis outside of OPA, which I think the City is addressing with some of the new license and inspection policies.

COUNCILMAN SQUILLA: I would agree. I just don't want people to think that if there is an opportunity to not get a permit and do it, do their house repairs because they know that they won't be assessed any differently. It's scary to think that we -- people who do things right and pay the money for the permits and do everything above board, well, then somehow be punished by paying higher taxes.

We should, as a city, be incentivizing people to take care of their homes, improving their homes and a new front and maybe giving them a credit for that towards their taxes because they are improving the upkeep of the City of Philadelphia. And if we start looking at all those permits saying, you know what, you pulled too many permits. We know you did work in the house, so that's part of the process that you are using, at least what you said, you look at L&I

records to determine the house values.

If you have five or six houses on a block and they all look exactly the same but one house did a lot of interior work but pulling permits, that house is assessed for more.

MR. MCKEITHEN: That's right.

COUNCILMAN SQUILLA: I mean, the message that we are sending is, it's not a good one. It's sending a message.

MR. MCKEITHEN: It's outside of the purview of OPA. I think that the City overall will have to sort of address that. I think they are.

License and Inspection is ramping up their operation, as well. But the assessor is limited to what the actual permit office makes people take out and record. And that's how we get our information.

COUNCILMAN SQUILLA: Is it possible to go to a different type of assessment? Like, say you do this first round of assessments and then have the people just pay taxes on what their house is valued. Then only change it when they sell it.

Is that something that we can go to as a city?

MR. MCKEITHEN: I think that the attorneys would have to see if that meets State guidelines. The State makes you have certain guidelines as far as your ratios and things like that. So, when you are looking at your overall ratios and State does an analysis -- we just talked to them, as a matter of fact, the other day as they ramp up their operation, that might have a negative effect on how we are viewed upon in Harrisburg.

COUNCILMAN SQUILLA: You have said in the past we are going to do these reassessment every year. Hopefully, in three or four years from now, we will have a pretty good accurate assessment done throughout the city. After that going forward, you are going to keep doing reassessments.

MR. MCKEITHEN: Right. I think, sir, honestly, in my opinion, if the market doesn't accelerate similar in how it was in -- from 2002 to 2006, you will see a modest increase in a lot of areas if you see an increase at all over the years. I think, though, we will have a continuing problem in areas that continue to be hot, continue to be areas that are very popular with individuals moving to Philadelphia. And those are areas that, you know, are going to consistently change as the market consistently runs in those particular areas.

COUNCILMAN SQUILLA: Knowing Philadelphia, it's a city of neighborhoods, people who live there for 50, 60 years, as the market changes they are the people that you want -- you don't want to have to force them to move because their assessments have gone up.

MR. MCKEITHEN: Right.

COUNCILMAN SQUILLA: If we don't have certain safeguards in place -- it's kind of hard to put a safeguard in place to protect everybody.

MR. MCKEITHEN: That's right.

COUNCILMAN SQUILLA: We're going to force some people out of those hot areas where they lived for 30, 40 years. There has to be a way that we cannot do that.

MR. DUBOW: I think that is part of the discussion we want to have with Council about protections over the next course or so.

COUNCILMAN SQUILLA: If you have those answers, I'd like to --

MR. DUBOW: As you said, we are not going to be able to answer everything. I think we should talk about, you know, what relief makes the most sense, you know, in the context of providing relief for people who have those rapid increases but trading that off for what it means for their rate.

COUNCILMAN SQUILLA: Well, for every safeguard you put in place, I know the Administration says that, you know, we have to reach a $1.2 billion plateau for real estate collections. But if we knocked it down to 1.1 billion, then we could have a hundred million dollars in relief that would not change the rate. If we can either do savings or revenue streams that come into the city that would increase that.

MR. DUBOW: Right. If we found another hundred million dollars, that is true.

COUNCILMAN SQUILLA: Tell the Council to look for a hundred million out there. And hopefully, we can agree on where that comes from.

Thank you.

COUNCIL PRESIDENT CLARKE: Thank you Councilman.

Chair recognizes Councilwoman Brown.

COUNCILWOMAN REYNOLDS BROWN: Thank you, Mr. President.

I would like to revisit the issue anchored by Councilwoman Sanchez and stated repeatedly from a number of members here, particularly the District Councilmembers. And that is the one of awareness of protections for seniors and other special populations.

So fundamentally, I believe we need to exhaust any and all opportunities to ensure that we are layering the message. And often I go back to my days as a teacher. And, you know, it takes children seven times to hear something before they get it. Sometimes it takes adults that many, as well.

MR. DUBOW: Sometimes more.

COUNCILWOMAN REYNOLDS BROWN: So for seniors who are -- many of them hibernate given the stage they are in their lives, we don't -- and given the notion that we are quick to penalize folk and demonize folk because they don't know, so I am hopeful that there will be a revisit of this community outreach piece because it's clear just by the questions being raised that we are doing a lot. We certainly are not doing enough given what a lot of them are facing.

I'm concerned that there has been no uniformity of the message across the boards. I think it was the President who raised there is something happening at Strawberry Mansion but not everyone is being trained uniformly across the board. So, that is concerning to me as one of the members of this body that everyone is getting the message that the day is here and here is the bad news. This is what you need to do in terms of the Homestead Act and the other protection measures that are in place.

MR. DUBOW: Part of that -- I'm sorry.

COUNCILWOMAN REYNOLDS BROWN: To that end -- please, what is the goal of NACs in this effort?

MR. DUBOW: Well, get to that in a second. I think part of the message also has to be it's not bad news for everybody.

COUNCILWOMAN REYNOLDS BROWN: Okay.

MR. DUBOW: For a lot of people they will be seeing decreases. That is something that saw at the drop ins that people would come in, be really kind of panicked. And as you talked them through, they would be really relieved. It's part of the message. People need to not panic, understand rates are coming down.

COUNCILWOMAN REYNOLDS BROWN: Okay. In an attempt to have fairness.

MR. DUBOW: Yes. On NAC's role.

MS. ADAMS: Hi. We've been working with Eva Gladstein.

COUNCILWOMAN REYNOLDS BROWN: Yes.

MS. ADAMS: And CEO to make sure that they -- so, they've been involved in all of our drop-ins to make sure that their staff and stuff from OHCD are also helped to be trained.

COUNCILWOMAN REYNOLDS BROWN: Okay.

MS. ADAMS: This is what I was referring to before. They have been kind of involved in all of these conversation. They've attended trainings. Marisa has been doing sort of trainings for not only council staff but also citywide staff so that they are out in the communities able to talk about this. Philly Rising has also been involved.

COUNCILWOMAN REYNOLDS BROWN: Okay. Okay.

MS. ADAMS: So they are also able to get out the message, as well. We are trying to loop as many people in as possible to talk not only about the Homestead and the First Level Review but generally about AVI and to try and reinforce Rob's message, not to panic. Because you see your assessments going up, doesn't mean you are actually going to end up paying more.

One of the things we found is that actually that AVI calculator has been really helpful on kind of helping the people who can plug in their address and actually see and play around with different tax rates. And just use the Mayor's introduced tax rate and they can see what that could end up looking like.

The other thing I want to make sure that we talked about is our telephone town halls.

COUNCILWOMAN REYNOLDS BROWN: Yes. How is that separate from the call in.

MS. ADAMS: Actually, it's different -- it's very different from the drop-in. We had one on the 11th of March. We are having another one on Wednesday night and another one on Thursday night.

The way it works is we actually dial out about a hundred thousand homeowners in the city or property owners in the city.

COUNCILWOMAN REYNOLDS BROWN: Very good.

MS. ADAMS: Last we -- did one on the 11th and we had 15,000 stay on the line for at least a minute. Then we ended up -- the way it works is that Rob and Richie were on the -- sort of being interviewed by Marisa and talking through some questions. We took phone calls, took questions from members of the public. We actually fielded about 70 phone calls, and 30 of them went through to Rob and Richie in that hour.

And so, people asked us a variety of things. We reemphasized a lot about the Homestead Exemption and how to apply. It's not too late. We talked about language access and what people could do. We talked about senior citizens and tax freeze to make sure that people are aware of that. We talked about how you can fill out the First Level Review and what were the reasons for filling out the First Level Review.

COUNCILWOMAN REYNOLDS BROWN: Okay.

MS. ADAMS: We ended up doing a poll at the end of it. We found that 96 percent of people who took the polls said that they would recommend it to a friend.

COUNCILWOMAN REYNOLDS BROWN: Very good.

MS. ADAMS: It's a really encouraging those people who didn't take part on the 11th of March to take part on Wednesday or Thursday night. We did find that people found it -- people left messages at the end of it for us. We had a lot of people just leaving messages saying that they found it really helpful. Because they don't feel comfortable going out to a community meeting, they found it very comfortable being in their own home and taking a phone call from us.

COUNCILWOMAN REYNOLDS BROWN: Okay.

MS. ADAMS: We are hoping that's one way also of getting the message out to us.

COUNCILWOMAN REYNOLDS BROWN: A glaring message.

MS. ADAMS: To a lot of people in a short period of time.

COUNCILWOMAN REYNOLDS BROWN: What about the Association of CDCs?

MS. ADAMS: Sorry?

COUNCILWOMAN REYNOLDS BROWN: The Association of CDCs? Are they in the loop of information since they are on the ground?

MS. ADAMS: Yeah. Marisa's been talking to them a lot and doing training with PACDC and a few other groups like that as well as business groups. And she had a meeting with community organizations the other day. We are trying to do as much outreach to these different.

COUNCILWOMAN REYNOLDS BROWN: The last group I would suggest is the clergy community because they have a role, as well.

MS. ADAMS: We have actually also -- Marisa can talk more about that.

MS. WAXMAN: So, working with Reverend Byrd from the Mayor's Office of InterFaith Affairs, we have done several outreach events both going out into the community to meet with groups of various clergy groups as well as we posted or participated in a large event that was held here at City Hall that had leaders from a lot of faith organizations so that they can go out and share this information with their congregations.

COUNCILWOMAN REYNOLDS BROWN: School

District and the Archdiocese, they in the loop.

MS. WAXMAN: I don't know that -- I am guessing that maybe the Archdiocese through the off -- through Reverend Byrd's connections. I don't know how we've been --

COUNCILWOMAN REYNOLDS BROWN: Well, the parent university would be an ideal place to have a presence.

MS. WAXMAN: That's a great suggestion, Thank you. Thank you, Chairman.

COUNCILMAN GREENLEE: Thank you Councilwoman.

Councilman Johnson.

COUNCILMAN JOHNSON: Thank you, Mr. Chairman.

Mr. Dubow, just one quick question. So in terms of the lobbying for the various means for us here in --

MR. DUBOW: I'm sorry. I didn't hear you.

COUNCILMAN JOHNSON: In terms of lobbying Harrisburg, do we have official lobbyist on this particular issue from the Administration dedicated to focusing on those relief bills?

MR. DUBOW: Yes.

COUNCILMAN JOHNSON: You do have a lobbyist.

MR. DUBOW: Our lobbyists are working on this issue.

COUNCILMAN JOHNSON: On this issue.

MR. DUBOW: Yeah. They work on a number of issues, but this is one of the --

COUNCILMAN JOHNSON: This is one of the issues that is part of the discussion?

MR. DUBOW: Yes.

COUNCILMAN JOHNSON: Okay. It's good to hear that. The other component is, obviously, yo know, we have constituents that want us to keep the millage rate low as possible.

MR. DUBOW: Yes.

COUNCILMAN JOHNSON: And the other part of this conversation is, so where is the projected tax collection component who will play in this conversation that could possibly get us a certain additional revenue that we can also put on the table to bring that millage rate down as possible?

Because we clearly understand the more relief that we do, obviously, that is why the $30,000 Homestead was cut to 15,000. But also the

Mayor put on the table some other relief measures to help small businesses and gentrification relief. We are looking for additional means.

So what role does that play? Also, to be fair in the process, as well. When I did attend the OPA meeting at Shiloh Baptist Church every agency had a representative there sitting down talking at tables helping people go through the process from Mike DiBerardinis to Sue Slawson to couple other individuals.

MR. DUBOW: But we made it a priority --

COUNCILMAN JOHNSON: Everybody did come out and sit at the table and touch base with the people in the community and actually took on the process and welcomed people through the process. I am looking at the big picture when you talk about being on the ground.

But quite sure there is going to be a phase two to this component because I am quite sure after March 31 there is going to be people who are going to want to go and apply for the appeals through the Board of Revision of Taxes. You also have the Homestead Exemption deadline which is also the 31st.

MR. DUBOW: Of July.

COUNCILMAN JOHNSON: Of July, yes. And also, the senior tax freeze deadline is when?

MR. DUBOW: October.

COUNCILMAN JOHNSON: October. Obviously, there is still more -- much work to do beyond March 31. If we can go back to looking at how do we -- hopefully if the bill passes in Harrisburg, we can go after those individual developers specifically who own two, three, four, five, six seven.

MR. DUBOW: You're talking about the lien bill?

COUNCILMAN JOHNSON: Yes.

MR. DUBOW: So, we are obviously hopeful that that will lead to increased revenues. We don't think that it's quantifiable enough for us to include it in our projections. But to the extent that we are successful and we bring in more revenue, that obviously will help with things like the rate.

COUNCILMAN JOHNSON: When you say not quantifiable, elaborate on that specifically.

MR. DUBOW: So, we don't have a number --

COUNCILMAN JOHNSON: Not enough people to go after it money-wise?

MR. DUBOW: We don't have a number in our plan.

COUNCILMAN JOHNSON: Okay. All right. I just think that's a critical component to take a look at. Even if it's an aggressive push to grab another 25, 40 -- 25, 30, 40, 50 million. Strategically, right, even if it take holding up, you know, some of those folks who are still developing in the area. We know for a fact on the roads, because they are still giving out permits that they are still building. Even kind of put them in a position to put more on the table to kind of help us so we can do this thing together.

MR. DUBOW: Yeah.

COUNCILMAN JOHNSON: Just something to take a look at.

MR. DUBOW: Yeah. Getting additional -- improving collections is a high priority for us. I mean, we were looking at legislative -- additional legislative authority. We are looking at increased staffing. We are looking at investments in IT so we can better segment the delinquencies to see what to go after. It's something we are definitely putting a high priority on.

COUNCILMAN JOHNSON: Thank you, Rob.

COUNCILMAN GREENLEE: Thank you Councilman.

Councilwoman Bass.

COUNCILWOMAN BASS: Thank you, Mr. Chairman.

Just a couple questions. What -- how many appeals are you expecting? Do you have a guesstimate in terms of how many people you think will appeal?

MR. MCKEITHEN: That's hard to say. I would anticipate a lot more than the 16,500 we have.

COUNCILWOMAN BASS: So, you have 16,500 right now.

MR. MCKEITHEN: We have 16,500 right now. May go as much as 30,000.

COUNCILWOMAN BASS: Did you not factor in any idea of how many appeals you would actually expect to see? There was no thought?

MR. MCKEITHEN: It was thought to it. It's just that it's hard to quantify in an environment like this where you have never done anything. This will be our first base year where we will be able to come back to this year and say, well, we know that we can expect at least this much next year, et cetera, et cetera.

But if we got -- I would expect 30,000 approximately.

MR. DUBOW: We did build into our budget projections an assumption that there would be increased rate of appeals which would lead to increase loss of assessment -- assessed value.

COUNCILWOMAN BASS: So, that's already budgeted in?

MR. DUBOW: Yes.

COUNCILWOMAN BASS: So, you think 30,000 would be the max that you would receive on the high side?

MR. MCKEITHEN: I think we can easily get 30,000. On the high side, we can easily get more than that.

MR. DUBOW: One of the things that Mr. McKeithen said before is that industry standard is between 7 and 10 percent.

MR. MCKEITHEN: Right.

MR. DUBOW: So we have 579,000 properties. It could go higher.

COUNCILWOMAN BASS: Okay. So, is that on the First Level of Appeal? 30,000 you think of the second?

MR. MCKEITHEN: It's First Level with us OPA.

COUNCILWOMAN BASS: Okay. And one other question.

When the assessors or inspectors or evaluators went out and viewed property particular on commercial corridors and those with bid assessments, was there any consideration given to those special assessments that they received or what the impact would be?

Was there any thought?

MR. MCKEITHEN: No. It's not something that the assessor would.

COUNCILWOMAN BASS: Okay. That's not something you would consider?

MR. MCKEITHEN: No. We're just looking for the value.

COUNCILWOMAN BASS: Do you think because there is an additional assessment, that it should

be something that should be considered when
looking at value?
MR. MCKEITHEN: If I am allowed to have an
opinion, because that's the tax side of things.
MR. DUBOW: I guess the question is, do you
think that affects value?
MR. MCKEITHEN: No. I haven't seen any
evidence yet. Once again, this is our first year.
Next year I will able to determine if values of
sales have gone down because of additional taxes
for bids, payment and things like that.
COUNCILWOMAN BASS: Okay. All right.
That's it for now. Thank you.
COUNCILMAN GREENLEE: Thank you
Councilwoman.
Councilman Squilla.
COUNCILMAN SQUILLA: Thank you. As far as
the assessment, I know you said the sales price or
new housing doesn't actually compare to the older
houses on the block. Are you saying that if the
new construction on the block have sold, doesn't
affect the older houses, older properties on that
block?
MR. MCKEITHEN: I'm not saying it doesn't

affect it. What I'm saying is, we don't use it to compare against each other.

For example, when you have new construction, you have things occurring in the neighborhood, naturally that will enhance the neighborhood. Naturally, those neighborhoods are areas that people want to live in and become more desirable. Ultimately, yes, they will eventually push up prices of moderate homes.

But to compare those brand new houses to the existing ones and say that because those brand new houses are selling for this amount, we are going to increase everybody, that is not how we look at it.

COUNCILMAN SQUILLA: How did you come up with the GMAs as far as the neighborhoods were concerned.

MR. MCKEITHEN: Sure. I will have Mr. Keene come up and give a description.

We sort of went over a little bit this morning, the geographical markets in the areas. They are based on sales that have occurred over a period of time.

Kevin, give them another demonstration of

GMAs.

MR. KEENE: They are originally drawn by the evaluation staff who are considered to be the experts in the area. Then we do some testing on sale price per square foot rates to see if, in fact, there was integrity there. Where we are seeing variation in price per square foot rates, it has to be explained.

If it's explained because -- they sell for more because they are next to a park or they sell for less because they are across the street from the entrance to the high school or something of that nature we can explain, then that's fine. But when it comes down to when we are seeing variation in price per square foot rates and we can't explain those by any other -- attribute them to any other source, then we assume it's location, then those cases will either look to revise the boundaries. Or if the boundary confirms what we already know, then we keep them the same or we revise them.

COUNCILMAN SQUILLA: You guys created the GMAs ahead of time before you did the assessments?

MR. KEENE: Yes. It's -- in the assessment cycle, we do sale validation first then field inspection to make sure that both pieces of the data gathering piece are as accurate as they can be. Then we look at the neighborhood designations before we proceed into doing evaluation modeling.

COUNCILMAN SQUILLA: Then you draw up the GMAs and say houses in this area are similarly sold or have a similar --

MR. KEENE: Well, there can be many different types of houses within the GMAs. Some GMAs have 30, 40 different housing types. But the test is if two of them are the same, they should be selling for about the -- about the same rates.

MR. MCKEITHEN: We're looking for consistency in the data once we have accumulated it, once we have done inspections to make sure it's flowing. Then when we see a break like a price per square foot can go up $50 per square foot and we see that consistency -- consistently, we know that that GMA -- that's a GMA boundary possible.

COUNCILMAN SQUILLA: Is that the reason why if we have one street, say, one small street is assessed at one price, the same street on the other side, which is the same house, is assessed like 50 to 100,000 dollars different?

Even though it's the same house on the same street in the same neighborhood, why would we see one side of the street have a $50,000 difference than the other side of the street?

MR. KEENE: Normally, that would occur -- might occur on a larger street. We typically don't have GMA boundaries on small streets.

COUNCILMAN SQUILLA: We have -- I will show you something -- I don't know if it's a GMA issue.

MR. KEENE: It may be a different issue. If they are exactly the same properties and they are in the same neighborhood, they should have the same values. Typically, if we look at them we will either see why there is a difference or there is usually something that we can explain as to why they are different. If not, that would be a good question for a review or an enhancement or tweak for the following year assessment cycle to make sure -- to find out why that came out that way and correct it?

COUNCILMAN SQUILLA: How many GMAs are there normally in a city of this size or, I guess, like a Baltimore or Chicago?

MR. KEENE: I known cities about our size that will have as few as nine or ten market areas. We have -- knowing how important neighborhoods are in Philadelphians, people who are born, live and die in the same neighborhood, spend their whole lives there, not consider anywhere else.

COUNCILMAN SQUILLA: Not anymore.

MR. KEENE: Neighborhoods are very, very important. And so, we feel that we don't have a number that we are looking for. We feel that numbers are determined by the market. We may -- we have -- every GMA is designed so that it captures some intelligence about that local market.

There is no -- there is no set number or having too many or too few. We can always find the ones that are the same and combine them. But they are really designed so that if you are looking at comparable sales and you are saying -- if I was looking at comparable sales, same house, same GMA, they should be pretty close. I'm not sure if that answers your question.

MR. MCKEITHEN: We had -- we had about 70 something in Washington, DC when I left. But the housing stock there is much more consistent as far as new construction as far as a lot of different variables. So, Philadelphia is very, very diverse when you start talking about neighborhoods and what can be in each particular neighborhood relative to other cities. It's very unique.

COUNCILMAN SQUILLA: I agree. I think Philadelphia is unique. That is why this is even a tougher job than in some other areas where they have actually done this. I'm glad to hear you say that other areas have done this and try to phase this in over time to alleviate some of the pain that is going on. So, it is possible -- it is possible to actually change the GMA during this process. Maybe next year or the year --

MR. KEENE: Oh, it happens every year. Every year it changes. This year we created several new ones. Then we tested those in the model. Every single one of them performed very strongly. They needed to be created.

MR. MCKEITHEN: That is why we need to do reassessments every year. That is, once again, why we need to keep our resources and just continue to refine this process.

COUNCILMAN SQUILLA: Is it possible for us -- I know we have the GMAs and you saw, like, the pictures and boundary of them. It's kind of hard to tell what streets are separated and which ones aren't. When we go to these neighborhood meetings and we see these big changes, we can say, well, you're in a different GMA. Maybe this -- all this information could help OPA fix a lot of these problems that we are seeing .

Is that something we can have a copy of your GMAs with streets and boundaries on them or no?

MR. KEENE: Yes. We do those either overlay with the Council Districts or overlay with certain areas in the City. Pretty much any way that works for you, we can map that out for you.

COUNCILMAN SQUILLA: If you can email my Council District GMA, I am sure a lot of District Councilmembers would like to have them, also. I think that would be really worthwhile to do that. At Large, I don't know if it would help you guys, too. It would really make a difference when we are trying to explain some of the big differences in values just because they are cross the street from each other.

MR. MCKEITHEN: What would probably help you a lot is if we printed out a big GMA map with your Council District with all of the streets.

COUNCILMAN SQUILLA: Yeah. That would be great. I would love to have that. Thank you.

COUNCILMAN GREENLEE: Okay. Thank.

You. Are there any other questions?

Seeing none, thank you all very much. Thank you for a long day. Mr. Dubow, I guess you are back every day.

MR. DUBOW: Not every day.

COUNCILMAN GREENLEE: Not quite. Okay. All right.

Being no other witnesses today, the hearing on these bills will be continued till tomorrow March 25 -- 27th, Wednesday, March 27 at 10:00 a.m.

Thank you very much.

(Committee of the Whole meeting adjourned at 4:19 p.m.)

C E R T I F I C A T I O N

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