COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE OF THE WHOLE

Remote location using Microsoft® Teams
Monday, May 9, 2022
10:00 a.m.

PRESENT:

COUNCIL PRESIDENT DARRELL L. CLARKE, CHAIR
COUNCILWOMAN CHERELLE L. PARKER, VICE-CHAIR
COUNCILWOMAN CINDY BASS
COUNCILWOMAN KENDRA BROOKS
COUNCILMAN ALLAN DOMB
COUNCILWOMAN JAMIE GAUTHIER
COUNCILWOMAN KATHERINE GILMORE RICHARDSON
COUNCILMAN DEREK S. GREEN
COUNCILWOMAN HELEN GYM
COUNCILMAN KENYATTA JOHNSON
COUNCILMAN CURTIS JONES, JR.
COUNCILMAN DAVID OH
COUNCILMAN BRIAN J. O'NEILL
COUNCILWOMAN MARIA D. QUINONES-SANCHEZ
COUNCILMAN MARK SQUILLA
COUNCILMAN ISAIAH THOMAS

BILLS: 220240, 220284, 220285, 220286, 220287, 220288
RESOLUTION: 220300

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COUNCIL PRESIDENT CLARKE: Good morning. Thank you for joining us this morning. We're going to get started.

But before we begin the public hearing, I'll make the following announcement: Due to the continuing threat from public health of COVID-19, City Council Committees are currently meeting remotely. We are using Microsoft Teams to make these remote hearings possible.

Instructions for how the public may view and offer public testimony at public hearings of Council Committees are included in the public hearing notices that are published in the Daily News, the Inquirer and Legal Intelligencer prior to the hearings and can also be found on PHLCouncil.com. I now note that the hour has come.

Mr. McDermott, will you please call the roll to take attendance. And Members that are in attendance, say a couple of words to make sure your image is displayed on the screen. Thank you.

THE CLERK: Councilmember Bass.

COUNCILWOMAN BASS: Good morning, Mr. President, colleagues and the City of Philadelphia. I am present. Good morning, everyone.

COUNCIL PRESIDENT CLARKE: Good morning.

THE CLERK: Councilmember Brooks.

(No response.)

THE CLERK: Councilmember Domb.

COUNCILMAN DOMB: Good morning, Council President, colleagues and attendees. I'm present.

COUNCIL PRESIDENT CLARKE: Good morning.

THE CLERK: Councilmember Gauthier.

COUNCILWOMAN GAUTHIER:

(No response.)

THE CLERK: Councilmember Gilmore Richardson.

COUNCILWOMAN GILMORE RICHARDSON: Good morning, Council President. Good morning, colleagues. I am present.

COUNCIL PRESIDENT CLARKE: Good morning.

THE CLERK: Councilmember Green.

(No response.)

THE CLERK: Councilmember Gym.

COUNCILWOMAN GYM: Good morning, Council President. Good morning, colleagues. I'm present.

COUNCIL PRESIDENT CLARKE: Good morning.

THE CLERK: Councilmember Johnson.

(No response.)

THE CLERK: Councilmember Jones.

(No response.)

THE CLERK: Councilmember O'Neill.

COUNCILMAN O'NEILL: Good morning, everyone.

COUNCIL PRESIDENT CLARKE: Good morning.

THE CLERK: Councilmember oh.

COUNCILMAN OH: Good morning. I'm present.

COUNCIL PRESIDENT CLARKE: Good morning.

THE CLERK: Councilmember Parker.

COUNCILWOMAN PARKER: Good morning, Mr. President. Good morning, colleagues.

COUNCIL PRESIDENT CLARKE: Good morning.

THE CLERK: Councilmember Quinones-Sanchez.

COUNCILWOMAN QUINONES-SANCHEZ: Good morning, Mr. President. Good morning, colleagues. I'm present.

COUNCIL PRESIDENT CLARKE: Good morning.

THE CLERK: Councilmember Squilla.

(No response.)

THE CLERK: Councilmember Thomas.

COUNCILMAN THOMAS: Good morning, Council President. Good morning, colleagues. Good morning to the public. I'm present.

COUNCIL PRESIDENT CLARKE: Good morning.

THE CLERK: And, Council President Clarke.

COUNCIL PRESIDENT CLARKE: Good morning --

COUNCILMAN GREEN: And, Council President, I'm also present. Councilmember Green.

COUNCIL PRESIDENT CLARKE: Thank you. Thank you, Councilman. Good morning.

COUNCILMAN GREEN: Good morning.

COUNCIL PRESIDENT CLARKE: Okay. We've established our quorum. This is the continued public hearing of the Committee of the Whole regarding Bill Nos. 220284, 220285, 220286, 220287, 220288, 220240 and Resolution No. 220300.

Mr. McDermott, please read the titles of the bills and all the resolutions -- and the resolution. I'm sorry.

And let the record reflect Councilwoman Gauthier is present.

Mr. McDermott.

THE CLERK: Bill No. 220284, an ordinance to adopt the Capital Program for the six Fiscal Years 2023 to 2028 inclusive.

Bill No. 220285, an ordinance to adopt a Fiscal 2023 Capital Budget.

Bill No. 220286, an ordinance adopting the Operating Budget for Fiscal Year 2023.

Bill No. 220287, an ordinance amending Section 10-1001 of The Philadelphia Code, entitled "Fees of Commissioner of Records," to increase certain fees for the recording of deeds and mortgages and related documents, under certain terms and conditions.

Bill No. 220288, an ordinance amending Section 19-1403 of The Philadelphia Code, entitled "Imposition of Tax," by creating a Philadelphia County Demolition Fund to increase and encourage economic development by demolishing blighted properties within the City, imposing a related fee for recorded documents and related items; and making technical changes; all under certain terms and conditions.

Bill No. 220240, an ordinance substantially increasing the budget and number of areas and neighborhoods around the City served by the Community Life Improvement Program, CLIP, to improve the health, safety and cleanliness of every neighborhood and enhance the quality of life for all residents.

And Resolution No. 220300, resolution providing for the approval by the Council of the City of Philadelphia, a Revised Five Year Financial Plan for the City of Philadelphia covering Fiscal Years 2023 through 2027 and incorporating revised changes with respect to Fiscal Year 2022, which is to be submitted by the Mayor to the Pennsylvania Intergovernmental Cooperation Authority, pursuant to the Intergovernmental Cooperation Agreement, authorized by an ordinance of this Council approved by the Mayor on January 3, 1992 by and between the City and the Authority.

COUNCIL PRESIDENT CLARKE: Thank you. Today we continue the public hearing on the Committee of the Whole to consider the bills read by the Clerk that constitute proposed operating and capital spending measures for Fiscal 2023, a Capital Program and a Forward-looking Capital Program for Fiscal 2023 through Fiscal 2028.

Before we begin to hear testimony from the witnesses that we have for today, everyone who has been invited to the meeting to testify should be aware that this public hearing is being recorded. Because the hearing is public, participants and viewers have no reasonable expectation of privacy. So by continuing to be in the meeting, you are consenting to being recorded.

Additionally, prior to recognizing Members for questions and comments they have for witnesses, I will note for the record at this time we will be using the chat feature available in Microsoft Teams to allow Members to signify that they wish to be recognized. In order to comply with the Sunshine Act, the chat feature must only be used for this particular purpose.

This morning we will hear testimony from the Office of Property Assessment and the Board of Revision of Taxes. And some time this afternoon, we're scheduled at 3:00, that may be altered, we will hold public testimony.

So, Mr. McDermott, our first person to testify is?

THE CLERK: The first one to testify is James Aros, Chief Assessor for the Office of Property Assessment.

COUNCIL PRESIDENT CLARKE: Thank you.

Mr. Aros, are you connected? There you go. Thank you very much and --

MR. AROS: Yes. Good morning.

COUNCIL PRESIDENT CLARKE: -- please state your name for the record and please proceed with your testimony.

MR. AROS: Sure. Good morning, Council President Clarke, members of

Council. My name is James Aros, Jr. I'm the Chief Assessment Officer at the Office of Property Assessment. Joining me today are Monica Williams, OPA's Deputy Chief Assessment Officer and Maria Holmes, OPA's Administrative Services Director.

I am pleased to provide testimony on the Office of Property Assessment's Fiscal Year 2023 operating budget. For Tax Year 2023, OPA has completed a reassessment of the entire City with the goal of continuing to improve through regular reassessments the level of accuracy and uniformity of Philadelphia's real property assessments.

This was the first comprehensive reassessment since Tax Year 2020 and the first reassessment in which the OPA utilized the new CAMA, standing for Computer-Assisted Mass Appraisal System. Since the last reassessment, OPA has implemented key process and procedure changes that were suggested by industry expert Robert Gloudemans as well as recommendations made by an external audit commissioned by City Council.

These implementations include creating and staffing a dedicated professional sales validation unit that is responsible for the timely screening and validation of all real estate transfers in the City, hiring additional data analysts and contracting with an outside vendor to assist in the review and data collection of all classifications of residential and nonresidential properties, construction grades and condition codes.

With this reassessment, most parcels have seen some change in either the value, land to building allocation or taxable status and owners should expect that the assessment will be more accurate and will reflect the changes that have occurred in the real estate market over the past several years. The assessments for Tax Year 2023 are now available on the City's property search website.

OPA is currently putting

together information for City Council staffers who provide constituent services to help them answer questions and will provide a briefing for them later this week. Additionally, OPA's working in conjunction with Revenue, Finance and the City's Office of Information Technology to provide an online tax calculator for property owners, which has been available for previous reassessments.

OPA expects to spend much of FY23 reviewing and responding to First Level Review applications and market value appeals filed as a result of the reassessment, while simultaneously preparing for the next reassessment. During FY22, OPA contracted with the International Association of Assessing Officers also known as IAAO to conduct an audit of the Department.

The goal of the audit was to ensure that OPA is meeting certain industry standards and to provide recommendations on additional improvements the Department can make.

Last week the IAAO issued their final report. And I am pleased to report that their independent ratio study found that OPA's 2023 reassessment met industry standards for uniformity, appraisal level and equity.

OPA will begin implementing the recommendations of the IAAO audit in FY23. OPA expects that the audit will assist in planning future data quality initiatives and to recommend optimal business processes and staffing levels. Additionally, OPA intends to increase the number of training and professional development opportunities for employees with the IAAO and other professional organizations to ensure that the Department can develop future leaders in the industry.

Both the audit and the commitment to professional development are the first steps of the OPA's goal of achieving the IAAO's Certificate of Excellence in Assessment Administration also known as the CEAA. The CEAA is awarded to jurisdictions that successfully integrate the best assessment practices in the workplace.

In FY23, OPA will begin working on several additional data quality projects. OPA was awarded funding from the Operations Transformation Fund to work with an outside vendor to collect and verify building square footage data as well as create sketches that can be used in the CAMA system. These initiatives will improve OPA's data, which will improve the quality of assessments and ensure that OPA is using the CAMA system to its full capacity.

OPA is also in collaboration with several other large jurisdictions across the United States in requesting that the Biden Administration grant access to data contained in the Uniform Appraisal Database. This database contains information on millions of U.S. homes that were appraised for mortgages. Access to this data would allow the OPA to verify existing data and potentially add additional data elements that OPA was unable to collect previously.

OPA will continue to work to maintain a staffing complement in accordance with industry recommendations and fill vacancies for evaluators and clerical staff with qualified applicants at both the entry and experience levels as needed. OPA will continue to work with OHR to develop strategies that increase the size of the candidate pool for the Evaluator 1 title, in addition to using the Management Trainee title to find qualified candidates and ensure diversity in OPA's candidate pool.

Communities of color are unrepresented in some jobs in the private sector, private real estate and provide the experience needed to qualify for OPA's evaluator positions. Utilizing the Management Trainee job title will give the OPA an opportunity to ensure diversity by offering an additional pathway into the evaluator positions.

The remainder of my testimony

has been submitted previously. I thank you for the opportunity to testify and I will gladly answer any questions you have.

COUNCIL PRESIDENT CLARKE: Thank you. Thank you very much for your testimony. We'll jump right into a couple of questions and then I'll turn it over to my colleagues.

So it will be an interesting conversation today, as I'm sure you're anticipating. So last week the Administration announced an average increase in the assessments of 31 percent for Philadelphia homeowners. So a question about information and the availability of information as people figure out what they're going to do, what its impact will be. I'm a little concerned.

So what's OPA's plan to ensure homeowners, particularly those who has less digital access because, yes, in 2022 we still have a significant number of people who do not have digital access,

and also, when will the homeowners
receive their property reassessments?
And then another part of that question is
how much time will they have to file an
appeal? They have some concerns about
that also.

MR. AROS: Sure. Let me try to
go through those as you asked them. So
as far as the digital access, that's
obviously something we've been mindful
of. As I mentioned, the values went up
earlier this morning I believe. So those
that have the digital access can start
looking at those now. We also have the
OPA hotline which is 215-686-9200. Folks
that don't have digital access or find it
a little confusing can call that number
and get what the preliminary value is for
their property if they have any
questions.

Looking towards the actual
notice mailing, so right now we have said
that we expect to mail by September 1st.
Preliminary estimates are -- that we
would be likely able to mail before that,

so we're probably looking at some time over the summer. We don't have an exact date for that as the vendor that handles our mailing like many industries out there have run into some supply chain issues, so they have not been able to guarantee us an exact time when they were able to do a mailing.

We did recognize that having homeowners wait that long to sort of see what their numbers would be, we would have to make a trade-off so we did decide to post digitally because that was the one avenue we had currently to be able to put the values out to the public.

As I mentioned, I've spoken with Council representatives last week to coordinate briefing sessions for staff members for Council offices that deal with constituent services, so that way there's another avenue that folks can get some of the information from. And obviously, we'll be available to go to as many community meetings and discussions as possible over the next few months.

As far as the assessment -- I'm sorry, the appeals, so the First Level Review deadline will be contingent on when the actual mailing goes out, but folks will not have a shorter time than before. Typically, it's been at least four weeks from the time the notices are mailed that they have the ability to file the First Level Review, so we wouldn't be shortening that.

And for those that can look at their assessment on the web, they will actually have more time than normal to see what their assessment is as there will be more time leading up to the mailing. Usually the notices -- excuse me, the values are posted online simultaneously with the mailing. And then the BRTs for formal appeals is the first Monday in October.

COUNCIL PRESIDENT CLARKE: Okay. So let me ask you a question. Starting with the hotline, this phone number, what's the likelihood that -- I'm getting an echo. What's the likelihood that a person can call that hotline and get an answer within an hour? I mean, you're talking about a lot of folks that are going to have concerns. I mean, is the hotline capable of handling that volume?

MR. AROS: So that's the number we've used. Traditionally it's our -- it's an offsite-hosted call center that takes care of calls for both OPA and Revenue. That number is the one that goes out on the notices every year, so it serves as OPA information, Homestead hotline and also some Revenue issues. And traditionally, I have not gotten feedback that that number has caused issues as far as folks not being able to get through.

But typically as a start, you would expect there might be an uptick in volume of calls, but that's the number we've used consecutively --

COUNCIL PRESIDENT CLARKE: Have you --

MR. AROS: -- for a decade or so. I would think they should be able to answer to the requests.

COUNCIL PRESIDENT CLARKE: Not to cut you off, Mr. Aros, so I understand typically what it's been used for, other issues. But I mean, we anticipated, should have anticipated a significant level or higher level volume of calls based on the significant increase. So have we staffed up or have you contracted out to be able to accommodate this? I mean, you knew this was coming so.

MR. AROS: Yes, that's a contracted call center that we've had like I said for close to a decade now. And we've been in communication with them to let them know the process and how that's changing for us this year. So, therefore, they would be able to staff up accordingly or reallocate resources accordingly with the expectation that there could be an increased call volume as the notices -- I'm sorry, the values get posted on the web.

COUNCIL PRESIDENT CLARKE: All right. Okay. I guess we'll have to see

on that one. In terms of our
capabilities of mailing, and you talk
about supply chains and I understand we
may not even have enough envelopes, I
guess that's pretty much a global issue,
have we given any thought to bundling the
notices with water bills or some other
type of mailing that we do? I tend to
get my water bill on time. It doesn't
seem to be a problem from the Water
Department, Water Revenue.

MR. AROS: Yeah. So the main
issue with the supply chain as you
mentioned is envelope shortage. I know
it's affecting a couple of City
departments here and other governmental
agencies across the country which has
caused some concerns with elections
coming up and mail-in balloting. So it's
not local to Philadelphia, but
unfortunately it is affecting all across
the country really.

We have not had any specific
discussions with bundling it with other
mailings that go out. Obviously, some

cases the water bill may go to a different person, then will get the notice. We can certainly look into that, but that's not something we have specifically had any conversations about as of this point.

COUNCIL PRESIDENT CLARKE: All right. I just ask that you look at every possibility because this is a challenge and we like people to be able to get notification sooner than later. The fact that people don't have digital access may be somewhat of a disadvantage because they will get theirs later. We should make every effort to make sure everybody has an opportunity.

MR. AROS: Yes, we agree on that.

COUNCIL PRESIDENT CLARKE: So as soon as you can have that conversation with others, the better. And I understand why we have a large reassessment -- and this will be my last question for this round -- because of the prior two years us basically not doing anything based on COVID and a number of other issues and CAMA, I guess.

Is there a strategy as we move forward that we will not have these significant increases in assessments in the future, like being able to do assessments every year which was actually a conversation that was had some time ago; is that a likelihood?

MR. AROS: Yeah. So it's certainly my commitment that OPA will continue to do regular reassessments and that certainly could be reassessments every year. We will value each year on a year-by-year basis and either market factors of if the market ever becomes flat or operational issues could affect whether a reassessment is completed in one year or not, but our goal is to have the opportunity to not have to have these kind of three-year waits, especially with the kind of market we've seen which exacerbates the changes in value.

COUNCIL PRESIDENT CLARKE: Okay. All right. I'm going to turn it over to my colleagues now for this first round.

Chair recognizes Councilwoman Gilmore Richardson.

COUNCILWOMAN GILMORE RICHARDSON: Good morning. Thank you so much, Council President.

And thank you, Mr. Aros, for your testimony. I just wanted to start with a couple of questions first around equity in this assessment process. And so, if you could explain to us in detail how you all ensure that the assessment was done equitably and that the brunt of this assessment does not fall on our most disadvantaged constituents.

And I bring that up because early on in the process the Administration talked very clearly about equity in this budget. And so, can you talk to us about how you all with this implementation of CAMA, which is a new system for the City of Philadelphia, how you ensured there was equity in this assessment?

MR. AROS: Sure. So I think one

of the improvements I spoke to earlier in the creation of a dedicated professional sales validation team speaks towards equity for the whole City. In the sense that previous to that, sales were done throughout the Department by a number of individuals handling the accounts. And not that that created an equity problem, but the more people that are doing it, it can be a little hard to ensure certain standards and procedures are met by everybody that's doing it. So that was one of the recommendations that we were given I think in both the Council audit and from our external consultant.

And we think that will certainly help improve some of the equity, because the same set of people will be looking at the sales from throughout the City and we expect that if there's any unconscious bias that might be related with either doing sales for properties you're valuing or knowing things about certain neighborhoods, that would eliminate that in the process.

As far as -- I'm sorry. Did you have a follow-up to that?

COUNCILWOMAN GILMORE RICHARDSON: No, no. Go ahead.

MR. AROS: As far as the impacts, obviously we're trying to get the assessments as accurate as possible without necessarily looking at the level of change because we want to get the number right. And obviously, there's whatever that may be and then the impact obviously of those do affect the homeowners. As far as some of the measures on the tax side, I can certainly defer to the Director of Finance on speaking to those.

But for us, if it was a focus on just getting the number as accurate as possible throughout the City, and I think as I mentioned with the ratio study that was done externally, I think that speaks to the overall work that we've done improvement for the City. But we recognize that obviously some of the neighborhoods that might feel the biggest brunt might not see the largest dollar increase as far as value, but percentage-wise could be up some significance. And I think that's why from the tax side, the Administration has been working on what kind of relief measures could be available to help those constituents.

COUNCILWOMAN GILMORE RICHARDSON: And I agree, the relief measures will be vitally important. And I look forward to working with the Administration and our leadership and my colleagues on that. I wanted to go back to a recent report from the Philadelphia Fed, and it found that while equity in our property assessments are much improved following AVI, and I have to say I was here for AVI. I was an LA in Council then.

But it found, for example, that the improvement in uniformity of assessments was lower in majority Black low-income and lower property-valued neighborhoods. The report even stated that quality of assessment in majority Black neighborhoods even became slightly worse post-AVI. It also found that Philadelphia's PRD, and you know that's the Price-Related Differential, remained above the threshold of 1.03 in 2019.

And so, can you provide us with the Coefficient of Dispersion and the PRD for this year's assessments? And if so, do they remain below industry-recommended thresholds? If they do not, what are we doing to address these ongoing issues with our reassessments? And lastly, there have been concerns raised about the office's transparency about methodology of these ratios. And can you make the methodology publicly available to us?

MR. AROS: Sure. Just give me a second as I pull those numbers for you. So these were the final numbers from the external audit, which were calculated based on the numbers from the completion of the '23 reassessment. So there were two sets here. I'll use the final market value ratio statistics stat for those that have the -- we passed this document along, but it will be Page 11 on the audit for anybody in Council that does have this.

So breaking the single family properties out into row, single and twin properties. Coefficient of Dispersion for rowhomes city-wide 13.4 percent. Price-Related Differential on rowhomes, 1.025 --

COUNCILWOMAN GILMORE RICHARDSON: You said 1.025?

MR. AROS: Correct.

COUNCILWOMAN GILMORE RICHARDSON: So only .005 difference from 2019?

MR. AROS: I don't have the 2019 number in front of me at this point, but if the 2019 number was .03, I think that math would be correct.

COUNCILWOMAN GILMORE RICHARDSON: Okay.

MR. AROS: So .03 being the higher end of acceptability so we're under within standards on that. Single homes, Coefficient of Dispersion was 11.3. Price-Related Differential, 1.026. And twin homes Coefficient of Dispersion

10.7; Price-Related Differential, 1.014. And all of those metrics for both the COD and the PRD as mentioned in the report do meet industry standards.

We will be doing --

COUNCILWOMAN GILMORE RICHARDSON: Mr. Aros, and apologies for the interruption, but you would agree that it is very slightly under the 1.03; would you agree with that?

MR. AROS: I mean, I would say it's closer to the high end of acceptability, yes, but we did get in the level of acceptability for this reassessment.

COUNCILWOMAN GILMORE RICHARDSON: And for the record based on this report would you say that as this report states, the quality of assessment in majority Black neighborhoods in Philadelphia even became slightly worse post-AVI? Would you agree with that assessment that was made in the report?

MR. AROS: I would not necessarily agree with that, per se.

When we -- we have done some internal
studies. But obviously when we do the
valuations, we're not considering any
demographic information as far as who
lives in what neighborhoods. We can't
consider that. One of the things that
the industry has been prevalent over the
last two-plus years now is kind of
looking into some of these issues of
inequities in the assessments along the
lines of what you're mentioning so --

COUNCILWOMAN GILMORE RICHARDSON:
And I heard the bell, Mr. Aros. And so,
what I'll do is I will come back on the
second round to ask the additional
questions that I have. My concern is
that you talked about in your testimony
how communities of color are
underrepresented in a lot of the roles
that are sort of a tee-up to the roles
that are in your department, which will
be the individuals working with you all
on the implementation of this CAMA
system. And we know that minorities,
particularly African Americans are

underrepresented around appraisals in general. That's all over in real estate.

And so, my concern is that as we are moving forward in this process that we have, again going back to this equity term that is being utilized by the Administration, that we have equity in this assessment process. And that's with every single person that lives in the City of Philadelphia because times are tough. We're dealing with inflation. We're dealing with a pandemic that we're on the heels of coming out of this pandemic. And so, many individuals in our City live below the poverty level and are not able to afford such a large increase.

And so, I think it's important that we utilize this equity lens in the process, number one. Number two, I'll come back to talk about the deadlines and the opportunity for first review and the opportunity for appeal because saying that you're going to get it to individuals in the mail by September and the deadline is October 3rd for the appeal is just not good enough for me. It's not good enough because we won't have time to get the word out to our constituents.

We won't have time to reach every person to help them with this process because everybody is not Internet and digitally savvy and will need assistance for this process. So I look forward to coming back on the second round and respect my colleagues, but know that I'll have additional questions.

Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilwoman.

Chair recognizes Councilwoman Parker.

COUNCILWOMAN PARKER: Good morning, Mr. President. Thank you for your line of questioning and Councilmember Katherine Gilmore Richardson.

And the reason why the education was so important to me, and I'm glad we got that hotline number out, is because many homeowners who received the notice of proposed valuation do not understand how OPA arrived at the assessed value for their property. And so, they don't understand the impact that that value is going to have on their next tax bill.

The actual tax bills are not sent to homeowners usually until many months after the notices are sent. And as a result, they don't even not just understand the increased assessments, but the urgency of filing a timely appeal. And then when the tax bill arrives, I know you will agree, Mr. Aros, homeowners are faced with tax sort of sticker shock, right. But then they often miss the deadline to appeal their valuation.

So with that being said, I believe there is going to be a record number of First Level Reviews. Tell me, if you will, what is OPA's plan to efficiently process the large number of First Level Reviews that will be filed this year. And then second, after the last city-wide reassessment what percentage would you say of newly assessed properties requested a First Level Review? Do you expect similar numbers with the release of the new assessment and how long does the First Level Review take?

MR. AROS: Sure. So let me try to go through those one-by-one. Let me know if I miss anything. So we anticipate hopefully hiring some more staff in the coming months. And although some of that staff will not be able to make judgments on the FLR process, we think from at least a clerical and organizational perspective, they can almost jump right in and sort of assist the existing evaluators in organizing, going through and processing the First Level Reviews.

COUNCILWOMAN PARKER: Aros, listen, when you say hire some more staff, can you give me an approximate number that you're thinking that you will need to be able to handle the capacity?

MR. AROS: So in our budget we're proposing hiring 15 additional Evaluator 1s, 3 Management Trainees and some additional clerical staff. That would be not including anybody that is either planning or unexpectedly retires over the next few months. So that's what we're budgeted for and we would try to fill all those slots in the coming months, if possible.

One of the things that the Council audit pointed out that they thought worked pretty well was the FLR process. But they said if anything, it was perhaps a little slow so we've been kind of thinking about that over the last few years so --

COUNCILWOMAN PARKER: How long does it take?

MR. AROS: For the First Level Review process?

COUNCILWOMAN PARKER: Yes.

MR. AROS: It depends on really almost the property-by-property basis. If an evaluator has 10 requests, they

usually get through those pretty quick.
In some neighborhoods that --
COUNCILWOMAN PARKER: So I just want to get this straight for the record, is there an average amount of time when it works accurately, what's the timeline for that? When it works the way it's intended to, how long does a First Level Review take?
MR. AROS: I don't have a number off the top of my head, but we can certainly provide one to the Chair.
COUNCILWOMAN PARKER: Okay. Based on the last time we assessed properties, we did the city-wide reassessment, how many properties requested a First Level Review, how many?
MR. AROS: So I'll give you two numbers. For 2019 we had approximately 22,000 FLR requests I believe. For 2020 which was a trending year, that number dropped in half. That was I believe about 11,000 requests.
COUNCILWOMAN PARKER: 11,000. Okay. And I also want to get this right

for the benefit of our residents. From OPA's website, it appears that the review request has to be mailed; is that accurate?

MR. AROS: The request for a First Level Review, it's more efficient if folks mail it. But once the forms are available, they do have the opportunity to drop it off at the office. We bring them out -- once they're available, which they won't be available closer to mailing time, we bring them to community events so folks can have a blank form there and fill out. And we would certainly provide blank forms for anybody such as Council offices that wants to have some available to help constituents. The --

COUNCILWOMAN PARKER: So again just for the record, the request it either has to be mailed or they can hand deliver it in. Right now we don't have a vehicle available online for residents to file. I just want to make sure I'm clear.

MR. AROS: No, there is no

electronic filing for that.

COUNCILWOMAN PARKER: Okay. All right. I just wanted to get that in. I also wanted to -- let me see here. Okay. I'm happy that it's up. We just had somebody to check. Because if we were following the letter of the law, I want to just note for the record that the Philadelphia Code, and this is Section 2-305(u), it requires OPA to make underlying supporting data, the documentation, the methodology and any other information that is used to certify each property assessment publicly available by May 1st. And that information is up now, right, because we --

MR. AROS: No. So what's up right now is the individual property values. The documentation you're speaking about and speaks to the previous question that Councilmember Gilmore Richardson had. We are in the process now of compiling that information and we will be publishing that. But since the reassessment did not finish up until May 1st, that documentation is not posted as of yet. We need to in the next few weeks compile all that so we can have that out there. And that will be out before folks get their physical notices in the mail.

COUNCILWOMAN PARKER: Now, just for the record and we get it, again it was COVID. We understand why we didn't conduct these assessments. And I know along with all of my colleagues we partner with you all at our town hall meetings and I like to get as much information out as we possibly can. But what I want to note for the record is that there's been many complaints by homeowners that their homes were overvalued in the assessment.

And again, I want to reiterate that was a problem as it related to a lack of uniformity. And when you all come, because you know I'm going to have you out, the staff out at the meeting that I'm hosting, I want us to be prepared to talk about the uniformity associated with the assessment criteria, what you've done over the past three years to address those recommendations, the assessment modeling, all of that be made public and right now what's being done to increase the transparency of this whole process. And I will come back on the second round.

Thank you so much, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilwoman.

Chair recognizes Councilman Jones.

COUNCILMAN JONES: Thank you, Mr. President.

Probably during this budget process, I think I can say without successful contradiction that at this moment in time you're the most hated member of the Administration for a period of time. Taxes are never popular so I get it, and thank you for your service to do it. I want to say that whenever called upon, your office has gone out to the community and actually walked the streets, looked at valuations so I am satisfied with the level of service, one-on-one, community group-by-community group that you do, so I want to thank you for that.

A couple of questions: What is the amount of taxable properties, real estate taxes in the City of Philadelphia? What is the value of it? I remember when you first started what that number was. What is it today?

MR. AROS: So I can give you the preliminary numbers which we've passed along to Council last week. City-wide overall preliminary market value, and this was taken towards the end but not at the completion of the reassessment so these numbers will change slightly, but we'll have those -- we'll have that information to Council hopefully later this week. Total market value for the City approximately $203.8 billion.

COUNCILMAN JONES: So that's up, Mr. President, from 99 billion when we

first started this process?
Mr. President; is that about right?

COUNCIL PRESIDENT CLARKE: Yes, sir.

COUNCILMAN JONES: Do you remember that?

COUNCIL PRESIDENT CLARKE: Yes, sir. That sounds like the ballpark that we addressed earlier, yes, sir.

COUNCILMAN JONES: So we are literally doubled in the amount of value in the City of Philadelphia. My second question --

MR. DUBOW: One point of clarification. I think Mr. Aros answered a slightly different question for you guys. You asked the taxable value, and I think he gave you taxable and exempt.

COUNCIL PRESIDENT CLARKE: Yeah.

MR. AROS: I apologize, yes. Let me --

MR. DUBOW: I believe the taxable is --

COUNCIL PRESIDENT CLARKE: I believe that's all the universities and everything else which aren't taxable.

MR. AROS: I don't have that number rolled up right in front of me, but we will certainly get that as quickly as possible.

MR. DUBOW: It's around 153 billion.

COUNCILMAN JONES: So we're maybe 50 percent higher than we were when we first started along this process. And is that due to real sales, comparable sales and things like that that you're basing that on?

MR. AROS: The current value as compared to that first number, the 99 million?

COUNCILMAN JONES: Yes.

MR. AROS: So that's based on changes in the market from when this process first started so comparable sales, also income information for income-generating properties, what kind of rents and income those properties are bringing in, data corrections and updates, so as we fix and correct data throughout the years. And some property, new construction goes up, those sort of things, that all adds value to that total number there. So there's a couple of different things rolled in there.

But the number is primarily obviously generated by sales of comparable properties and for those income or specialty properties, the income they generate or the cost of construction for properties.

COUNCILMAN JONES: So I say that to say that it would have been preferable that we had this information maybe a week, two weeks ago so we could do our bellwether testing in neighborhoods within our respective parts of the City and in particular parts of our District. But just on a quick cursory review, there are places that I got the most amount of complaints, the upper Wissahickon area where a lot of notable Commissioners live in the City of Philadelphia.

The values are all over the place. And I know the neighborhood well enough to know that a lot of them are single ranch-style homes. I cannot understand the variance in some of those properties. If you look at that, that's one neighborhood. The second neighborhood is Wynnefield, one that is near and dear to Member Gilmore. And in some of those areas like on Wyndale Avenue, the property values on the same block are so different that I cannot understand having walked those blocks how they can be that different.

So to that extent, there is not a uniformity that I can understand that your appraisers are putting on certain properties. And I know if you go to a neighborhood such as Germantown where each block is eclectic, you can walk on one block in Germantown and have compacted rowhouses and in another part of Germantown have single Victorian homes. How do you then in those kinds of close proximity take account the differential in value?

On other blocks in Overbrook

Park, you have homes located in industrial, not industrial, but school areas that those properties may have different valuation. But how do you then drill down to make sure you're not throwing the baby out with the bath water by way of values? When I say to you that in certain parts of my District just on the random sampling I've done, those increases are moderate, $53 a year is not going to make or break people.

But when you start talking about 50 percent increases and I'm looking at them, now I won't say they're exact blocks, but almost since '19 closing in on 80 percent increases, I cannot understand how the real estate market has varied that much. Redfin and other places don't suggest that type of increase. So my final part of that is equity. My colleagues have talked about equity in neighborhoods and things like that, appraisals, how they can change the trajectory of entire families and communities based on their fairness or discriminatory aspects.

Finally, how much money have you put aside, we usually do about 30 million for those kinds of -- how much have we put aside for those challenges?

MR. AROS: So let me go back to some of the points you made. Obviously, we're getting some of our data to Council as quickly as possible, and we submitted some initial data last week and we expect to hopefully have some more this week. And traditionally, we've met with the Council folks that wanted to go through some of their own districts individually. They've been in person before.

I don't know if we would be able to accommodate in person, but we are absolutely open to having those kinds of meetings as we had traditionally had to kind of walk through what Council folks are seeing with their Districts and walk them through the process and any concerns they may have seen that jump up.

As far as variance between the property type in the neighborhood, when we look at sales of singles versus rowhomes, we try to group those in their own units so that way we're comparing rowhomes to rowhomes, single Victorians as you mentioned to those individual properties and we have -- the City's drawn up into about 570 market areas. So in some cases while we don't look at school catchment districts for instance, you mentioned schools, specifically but if we can see there's an influence in a certain geographical area that causes prices to separate even across the street or within a neighborhood, we try to group those properties together as best as we can.

And as far as the numbers you mentioned at the end, I think that's more of a tax policy issue so I'll defer to Mr. Dubow.

MR. DUBOW: Yeah. I think that question was what we built in for appeal losses; is that correct?

COUNCILMAN JONES: Yeah.

MR. DUBOW: So we built in a

substantial increase, but I'll have to
get back to you with the exact number,
but we are assuming that it's a big loss.

COUNCILMAN JONES: All right.
Two things, know that I'm going to
request a callback as we start to
solidify these numbers to get a better
handle on it. You know, the same thing
that makes you laugh makes you cry.
Property value is going up on one end.
It's a good thing when you start to look
at your investment in a home, whether
it's your personal home or other homes
that you might find as investments, but
it's the same thing that will make you
cry if you live in Wynnefield, you're a
retiree on a fixed income and you have
this big property and now you want to ask
the City to do Airbnb, which I'm pretty
much not so much for.

But if you're telling me that
because of the fixed cost of your income
and cost to have that big house, I may
have to consider some of those cases
because they have to pay the piper, the

tax man. And so, I'm looking forward to more information and drill down into these 500-plus marketplaces to make sure it is equitable.

Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

Chair recognizes Councilman Domb.

COUNCILMAN DOMB: Thank you, Council President. Good morning.

And good morning, Director Aros.

MR. AROS: Good morning.

COUNCILMAN DOMB: I think you have a tough job. But I think I view your job as just trying to report the facts, and the Administration and Council have to deal with those facts and how we can help our residents afford these increases.

But I think as Council President mentioned, a lot of this angst is coming from the fact that we haven't done much in the last three years in the way of doing our assessments and this is a huge catch-up. I think it really will hurt many of the people that are on fixed incomes, senior citizens, lower income and we have to figure out how to help them as best we can and make sure they don't lose their home.

So having said all that, my question is from the increases which looks like about 31 percent of residential over this time period, how much of the increases in assessments are from actual appreciation or correcting assessments that weren't accurate back in 2019 that we're fixing now with the CAMA system? Any idea of that percentage of what was pre-appreciation versus what was fixed based on incorrect assessments of in 2019?

MR. AROS: Yeah. We don't have an exact break-out of that. That would be quite hard to calculate to be honest. It's a combination of a couple of things which you mentioned and which I sort of spoke to with Councilmember Jones. I can say that if you look at the additional years of sales that we added in as part of this analysis and then look at, you know, I studied maybe five or six independent studies between average sale price, medium sale price throughout the City, that 31 percent number is pretty much in line with most independent analysis.

Now, again we don't do exactly the way they do it, but there is some external verification in general of that number we certainly think. So it's the last two years in some cases, some external experts and economists have had double digit growth city-wide and 20-plus percent growth in certain neighborhoods in the City in one particular year, which is unprecedented in many ways.

And even when in 2018 into early 2019 I was reading a HUD report that mentioned that City growth was slowing down and their overall estimate at that point was 7 percent, which was slowing down at that point. And then the two years after that, supply was down but demand was strong enough that the values really went higher in individual years. And I can remember seeing it in the last decade certainly. So that number is reflective I think quite close to what (inaudible) --

COUNCIL PRESIDENT CLARKE: All right. Mr. Aros, you froze for a moment. Could you I guess repeat the last part of your response.

MR. AROS: Last part was essentially I believe saying the different items that Councilmember Domb mentioned kind of rolled into it. But just looking at an appreciation, our number is fairly close to what some external analysis has said about the market over the last few years.

COUNCILMAN DOMB: So let me ask this question, Director Aros, because I was looking at the numbers and it looks to me we have four Council Districts that overall have seen 25 percent or greater increases in assessments and we have four that are below 20. But when you look at the four below 20, three of them at least have a lot of commercial real estate in there so I think it's blended together that lowers the residential percentage.

But in Councilmember Sanchez and Councilmember Bass's Districts, the increases seem really strong including Councilmember Parker's, they're over 30 percent. I think Parker was 30 overall and Councilmember Bass was 32 and Councilmember Sanchez was 42 or 43. Has that in three years gone up that much money in those neighborhoods?

MR. AROS: So one other part of the process that would have been a little different from where we last did our reassessments in '19 and '20 would be that we as I've mentioned earlier the 500, almost 600 geographic market areas that we have throughout the City, so we look at those with every reassessment and we drew up new zones that included one new zone was primarily Kensington, Fishtown areas, that space, because that was really reacting different than anything else in those zones that we previously had. And also, we're a dedicated zone for Graduate Hospital.

So there could have been some change where in the larger group those values had been depressed a little bit and since that, they were being grouped with other homes that weren't alike and those sale prices were moving them down a little bit by moving into their own sort of variant so that way they act the same and not like some of the other neighborhoods that perhaps are not developing at the same rate, if at all at the moment. That can account for some of the change as well.

But I will say that not for residential properties exactly, but the number I saw a few years ago prior to the pandemic, I think Kensington, Fishtown was one of the top 10 neighborhoods in the country that one of the magazines wrote as far as land appreciation in a year or two's worth of time.

So when you're looking at

percentage depending on where the values are starting, if your value is starting a little lower, it's easier to get 40 percent appreciation than if you're $1 million property, let's say. Doesn't mean the impact is any less significant. But we have seen on a national level Philadelphia reported out as having neighborhoods that are among the hottest in the country as of -- and this was again prior to the pandemic, but definitely some rapidly changing markets in certain sectors of the City.

COUNCILMAN DOMB: Okay. Thank you. One other question: The office market, we're still not seeing the office workers return and it's now May. I don't know what the number is, but maybe we're at 50 or 60 percent of the office workers optimistically back in their offices. Are we concerned about appeals of office buildings, because when you have the vacancies in office space, it devalues the building immediately.

And my question is, A, are we

concerned and, B, have we had a set-aside for potential appeals from that office market?

MR. AROS: You know, I don't know if concern is the word I would use. But we always look at that because we obviously don't get the exact rent rolls year over year, so there could be individual change within the building that we just don't have until the appeal process when that comes in. We did have overall office go up some. That probably would reflect some catching up in value from the last reassessment and then any changes over the couple of years since we did the last one.

Certainly, I think that the lack of folks coming back to the office could be a long-term concern, but a lot of those buildings do have long-term leases so if they haven't stopped seeing that income as of yet we wouldn't see the immediate impact on that, but those buildings a lot of times will appeal most of the time because they have the funds to be able to put a case on and have law firms on retainer as-needed.

So we haven't built into any of our numbers anticipated reduction in assessments for the assessment portion of it, but we recognize that we're projecting to January 1, 2023, and in any sector of the market there's a lot of things that could change in the next seven months or so.

COUNCILMAN DOMB: All right. Thank you very much, Director Aros.

Thank you, Council President. Thank you.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

Chair recognizes Councilman Oh.

COUNCILMAN OH: Thank you very much, Council President.

Good morning, Director.

MR. AROS: Good morning.

COUNCILMAN OH: Council did an independent audit and the methodology of OPA was determined to be below industry standard, and then you are reporting that

the IAAO issued some type of report.
What report is it that said the
methodology meets industry standard?

MR. AROS: Sure. So in Fiscal Year '22, we commissioned -- we put an RFP out for an external audit. IAAO responded and was awarded the contract. So they looked at a number of things in the office, including processes and procedures, staffing levels, integration with the new CAMA environment, and we also had them do a ratio study which it just recently produced numbers from the '23 reassessment.

That was sent over to Council last week. We just got that in last week, so I know some folks over there may not have gotten it yet. We can provide that to anybody that hasn't seen it yet. But the IAAO as the primary publisher, educator and leader of industry standards and mass appraisal and administration, they're the ones that set the guidelines that if anybody is doing the study, they're using this organization's standards and methodology to make a determination as to whether certain metrics meet industry standards or not.

So we were able to bring them in and they did an independent ratio study, several different ratio studies similar to what was done in the Council audit. And that's what I speak to specifically when I say that certain performance metrics, the ones that they reviewed, they say that we do meet industry standards based on the most recent assessment that we just finished.

COUNCILMAN OH: Okay. I haven't seen that. I would like to see that and I have a lot of concerns about this entire process ever since I got elected for the last 10 years. The assessment and the property tax and all the disastrous things that occur, particularly the fact that things are so inconsistent. One house right next the other exactly the same, such great differences. And I find that so very troubling.

When a property is assessed, particularly a structure, a structure on the real estate, you're looking at actual value which is not necessarily the sales price or anything like that, but you come up with a value and that value is in many cases very high. You're now saying that city-wide there's going to be a 31 percent increase in the assessed value of the structures.

But what I never hear is that in the process there is taken into consideration that the prices are artificially high. In other words, a 10-year tax abatement means that someone is willing to purchase a structure and put a lot of money into it and then that entity, the price or assessed value is higher because the taxes are offset for 10 years, but the buildings next to them, the houses next to them end up getting a very high assessment, although nothing has happened with them. It just happened to be in the same geographic area.

Do you take those programs into

consideration when you come up with the assessed value because I don't think that you do?

MR. AROS: Yeah. So there is no specific variable in our modeling process that says sell a property that has abatement or does not, but it is accounted for in another way. So we have condition codes, condition factors on every property that we model. So properties that are newer construction which are the ones that again they may or may not have abatement, but most new construction in the City that's 10 years old or newer does have an abatement.

There's very few that for some reason don't have that. Those sales are in the same model, but those sales are not used to generate the value of, say, an average condition property which may not have been updated or renovated in 20 or 25 years or a property that maybe is 50 years really before any major upgrades and what we would call as below-average condition. Meaning that if somebody else

were to move in, they probably would want
to upgrade most of everything in there,
but it's a livable property.

When we do our sales analysis, sales of the properties and conditions that I mentioned are used as a factor to determine those values and what people are paying for those properties that are average or below average condition is what's used to generate those values.

The sale price of a brand new construction whether it's abated or not, it is not a factor we take out of that or apply it to other homes in the neighborhood that are not new construction, similar for properties that are renovated. That one blends a little more because we come across a fair number of unpermanent renovations throughout the City. And if you don't take out a permit, you can't have an abatement.

So there are renovations where we would code it as a renovated property that may get grouped in with abated properties because somebody did not go through the proper procedures to be able to apply for the abatement in the first place. But because we have seven different condition codes, those properties that have the abatements are sort of in their own groups and they're not, those sales are not used to extract a price for anything in separate condition codes.

COUNCILMAN OH: I always point out University of Penn because I think that's a great example of this problem. There's a tax abatement, plus if you work for University of Penn and you purchase within a certain catchment area, they assist you, they give you assistance in purchasing a home. And on top of that, if you can try to get your child into Penn Alexander or any of the other charter schools that Penn or Drexel is identifying as a public school entity that they're going to invest in, those are all calculated into why you would pay more than you should for a house.

And the people who do those

calculations are pretty smart and they're usually well-educated and they have a pretty good income, but they live in a neighborhood surrounded by people who have less education, less income and many of whom have been living in those neighborhoods for such a very long time, this type of thing pushes them out of the neighborhood.

And again, if they could get the money for their houses, okay. But they're not going to get the money for their houses because they're overassessed and they are going to be subject to sheriff's sale and other things. And I have such a problem with this entire process in this City.

There are things about Philadelphia, particularly being a city of neighborhoods, being a city that has such old infrastructure and where, yes, there are homes that are really worth that much and there are homes that are underappreciated and people with an astute eye will pay more for that. But there seems to be a very large geographic area where the population does not have the money. They don't have the ability. The homes when we look at them, they're not worth anything like they are assessed to be.

And I think many of the Councilmembers, and particularly District Councilmembers, have an inventory of contradictions and discrepancies. And myself being an At-large Councilperson, I look at them as well. The appeal process is so problematic when so many people have to appeal these inconsistencies of just shockingly different values on identical properties, and I'm not sure what else could be done. But I do think at the end of the day there is something that Council has to do about this situation. But thank you very much. Thank you.

Thank you, Council President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman. And there will be something that this Council will do about this situation, trust me. Thank you, Councilman Oh.

Chair recognizes Councilwoman Bass.

COUNCILWOMAN BASS: Good morning. Thank you.

COUNCIL PRESIDENT CLARKE: You're welcome.

COUNCILWOMAN BASS: And I just really want to follow up on Councilman Oh's line of questioning because -- and I'll tell you a really quick story that I've told before, but I remember when I purchased my first home in Mount Airy, it was a rowhome and it's a great little block. And I remember the neighbor, a neighbor coming over who has long since passed in case anybody asks, but who has long since passed came over and said to me, oh, you know, Cindy, you really missed it, we had a guy who worked on this block who worked for the BRT or OPA and he really made sure that our values stayed low so our taxes never went up. And it was kind of like a situation of who you knew, and that was how taxes were assessed in the City of Philadelphia seemingly for a very long ago, which came out really too long ago.

And so, we had the sort of historic systemic problem in the City of Philadelphia when it comes to real estate taxes and assessments and fairness. And I don't think that anybody would disagree with that. And I think you would probably -- would you agree with that as well?

MR. AROS: Oh, sure. Going back -- I've been here almost 20 years and I think the last decade has been, approximately the last decade has been significantly different than that first part that I was here. Absolutely.

COUNCILWOMAN BASS: Absolutely, I would agree. I would agree completely. So let me just go into a couple of questions because I have a great amount of concern. And as Councilman Oh said, you have some properties where folks really don't have the means to maintain their property and in a lot of those neighborhoods, those neighborhoods are gentrifying now.

And so, what that means is that there is a large number of folks throughout the City who are being displaced. And they're being displaced because you have landlords who are in some cases, not all cases, but in some cases who are raising rent to take advantage of a very robust market, and then you have folks who are unable to maintain their properties and housing values are going up, assessments are going up. And in the 8th District, assessments seem to be going at a very quick pace in terms of just the value really skyrocketing is the way I would describe it.

So I have a few specific questions and I'm probably going to have to come back on Round 2 to get all of my questions in. So the first is I wanted to know if you would go back over that hotline number and say it if you could

again, and throughout your conversation
maybe if there's a way to post it.
So one of the things that I
noticed is you mentioned the hotline
number. I wasn't really familiar with
it. I don't know how many people really
are familiar with it. And I think that
this is very important information
because as it was mentioned early on, a
lot of people still don't have access,
Internet access to be able to just go
online and look this information up. So
if you would, could you give us that
number again?
MR. AROS: Sure. That number is
215-686-9200. And folks that may not
have digital access can call that number
and get the preliminary posted 2023
market value for their properties. And
that number has traditionally been on the
assessment notices and documentation that
has gone out with the assessment. If
folks have called what was known as the
Homestead hotline, they may have used
that number before. So it serves a

couple of different purposes. But today obviously I think most folks will be looking for the preliminary value that just got posted.

COUNCILWOMAN BASS: Okay. All right. Thank you very much. And I also want to ask you just around notification again. How are you going about it? If you could highlight that again, how you are notifying communities, particularly underserved communities about what's happening?

I noticed that you said that your office is available, which suggests that if we host something that you'll come out, you'll present, you'll inform the community which we always do appreciate. But I really would like to see because of the importance of the work that you do, I would really like to see something that's proactive on your part beyond what is already happening to touch the community and touch folks, because just to be clear the assessment changes, the resulting tax changes are going to

have some people saying I can't afford to
live here anymore.

And so, this is really important
that you're touching as many people as
possible to let them know what may be
coming down the pike so that they can
prepare to file their appeal or do
whatever is necessary to hold onto their
homes.

MR. AROS: Sure. So as I
mentioned earlier, I think we have good
working relationships with I think most
of the Council offices --

COUNCILWOMAN BASS: Yes.

MR. AROS: -- you know, we have
several meetings on the books already for
Majority Leader Parker's District. She's
every year, pretty much we have folks out
there. And we have existing
relationships with a number of the RCOs
where every time there's a reassessment,
they have us come out.

In addition to what we typically
send in the mail, post online, the
Mayor's digital team has put additional

digital-centered information out there between social media, blog posts, but obviously understanding that a lot of folks may not really be making use of those kind of avenues.

In our meetings with the AVI Committee, Council's AVI Monitoring Committee, we said we're happy to coordinate with any avenues that Council thinks that we are perhaps not making use of. And there's some additional funding being put aside for overall outreach which I would defer to Mr. Dubow if he's available to say some more about that.

MR. DUBOW: Sure. One of the things that we assumed that we want to be doing additional outreach over the next couple of months and the money that we set aside, we put aside money for outreach, including money to let us work with each Councilmember so we have funds available for that too. So we are eager to work with everyone on that outreach.

COUNCILWOMAN BASS: Okay. Like I said, I'm really glad to hear that you're willing to work with all of us on outreach efforts and try to reach our constituencies. But I think that it's important that there's a gameplan that inclu -- that's really driven by OPA that really is a little more independent of what we're doing, of what we may be doing.

Some members may be doing a lot of activities around this. Some may not be doing as much, but just to ensure that there is that contact, that there's that touch in every single district I think is just very important. We're certainly going to be having you guys out and hosting events. And particularly now that the summer is here, we have events almost every single night so we'll be expecting you all to be there on a regular basis.

But beyond that, how are we going to make sure that you all are connecting because a lot of the folks who will be most negatively affected are going to be Black and Brown families, Black and Brown folks often living in neighborhoods that are gentrifying. But you're also going to have a significant effect on people who are not minority and who are middle income and who are barely hanging on.

So the idea that you can sort of hook onto a couple of events here and hook onto a few events here, I would just really like to see something from you guys that says we're going to do this, we include Councilmembers but it's driven by OPA. So I think that that's really important, particularly in light of the impact that we know it's going to have and particularly in light of the fact that we know that it's going to be a lot of people who are going to be negatively impacted, and there's no doubt about this. So I'll come back around for the second round of questions.

Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilwoman.

Chair recognizes Councilwoman

Quinones-Sanchez.

COUNCILWOMAN QUINONES-SANCHEZ: Good morning. Good morning folks.

Director, I want to go to a particular issue in light of some of the conversation that's been happening around general market areas and how you established them in the City. In May of 2017, I introduced a bill that passed in 2019, Bill 170467. The bill specifically went to Title 2 around the City County consolidation, and it required that OPA promulgate regulations and standards and practices to set standards around something that you talked about and I think you were talking with Councilmember Gilmore Richardson, that we wanted to make sure that your common level ratio and your predetermined ratio as you've been talking about it had a Coefficient of Dispersion, the COD, that did not take in -- Councilman Oh alluded to this -- did not overinflate artificial value based on abated properties.

And I would argue that this is

the case in Norris Square and Kensington.
So clarify for me, is Fishtown and
Kensington together or are their own
separate areas?

MR. AROS: I don't know if those two groups at large are completely in the same area, but that general area was broken out from some of the surrounding zones around it because those markets as you well know is kind of behaving differently than a lot of stuff on the periphery, so we didn't want those to impact one way or another some of the other neighborhoods that were not seeing the same sort of market --

COUNCILWOMAN QUINONES-SANCHEZ: It is not apples to apples. Putting Kensington in the Fishtown general area is not fair, all right. So speak to me how we're going to make sure -- as I look at the some of the values, the increase of 40 plus percent in my District is extremely problematic because for instance in Norris Square because where the average long-term resident's income is about $20,000, as you can imagine these values of these abated properties at $600,000 coming in, how are you making sure and explain it to us because I want people to understand, how do you take a block where you have $400,000, $500,000 $600,000 abated properties and how do you add that value or subtract that value in your GMA to determine what the level is?

MR. AROS: Right. So when we're talking about $400,000, $500,000 or $600,000, whatever new construction homes, as we go through the modeling process what are homes that are new construction selling for and values them appropriately based on sales of other new construction homes, if a property is built 1925 in what we would say is average condition, sales of those properties are compared with each other to see what people are paying, what kind of prices folks are paying for those particular properties, and then they're valued accordingly.

So there isn't a specific

adjustment from the new construction homes that is applied or deducted, added, whatever to homes that are at this point about 100 years old or give or take 25 years either way, but those homes are valued separately of the sales. I would say the new construction are valued using sales of new construction. Sales of older properties are valued using sales of older properties. So it's what somebody's willing to pay for that, not what they're willing to pay for the new construction up the street or around the corner or whatever, because we have a lot of infill construction and some blocks themselves are essentially all new construction. So we differentiate between year built and the condition of the properties when we do the sales analysis.

COUNCILWOMAN QUINONES-SANCHEZ: So will people be able to see that? For instance, one of the problems in the initial assessment going back to 2019 was that when you create these market areas then it becomes an average of bulk value. How are you making sure that that average bulk value which is inflated or unrealized value of abatement is not getting smoothed over to the long-term resident next door? What is the formula that you use?

MR. AROS: So the overall modeling process we'll be posting as part of the documentation that I mentioned, a little more detail about that which can get very detailed. But in general, there's no smoothing from an abatement to an average condition property. It's what are --

COUNCILWOMAN QUINONES-SANCHEZ: But don't you have --

MR. AROS: -- folks --

COUNCILWOMAN QUINONES-SANCHEZ: -- a general area that you determine a value? When you've lumped some together, right, in gentrifying areas where you lump them together, how are you keeping them apart if you're saying that the area value, your GMA is based on bulk? How are you making sure that it is individualized?

MR. AROS: So the GMA is part of the larger zone. We have 16 zones throughout the City for residential where we do models because we couldn't do 570 models. A lot of times there's not enough sales in an individual area that would allow us to get any sort of determination or delineation of separation of values there.

So as I've mentioned, the primary factors when you're talking about the abatements would be the year the property is built and the condition we have it in. But also, newer properties for the most part is broad-brush, but they tend to be larger in some of the older neighborhoods. So three-story properties are not grouped with two-story properties, for instance. And we talk about the actual square footage. There are different buckets for larger properties that are new construction that are three-story versus two-story older rowhome.

Again, we're trying to very much say if someone is paying this much for this type of property and that's what the market, willing buyer, willing seller are paying for these specific properties, we're not smoothing out a value. That's extracted from a different type of property and applying it to that. It's what are the sales saying for this specific type of property.

And the common property that we find in these zones are these older homes because the zones are large and Philadelphia is natively an older city. What's older in the Northeast may not be what's older in Center City or the River Wards. So there's an average year built, but in those cases new construction pretty much anymore is not the typical property. It's not treated as such. There's not a value extracted from that that's applied to other properties in that area that aren't larger, newer construction little to no depreciation of the actual improvements of the property.

COUNCILWOMAN QUINONES-SANCHEZ: You're saying there's 16 zones. And you're going to confirm with me whether Fishtown and Kensington together, because again I will argue that you cannot put, you know, for South Kensington in particular --

MR. AROS: So --

COUNCILWOMAN QUINONES-SANCHEZ: -- who gets hit hard, if you're doing your comparables, Northern Liberties and Fishtown, we've already overinflated this market because of that, right, because of the new construction.

MR. AROS: Yeah. So I use Kensington as a very overall general term. Obviously, there's Old Kensington, East Kensington, so anything that might fall into the Kensington bucket may not be in the same grouping as say Fishtown or whatever, but that River Wards area down there was separated out from some of the surrounding areas where we knew we could see in the market that the market was not behaving the same and they should not be in the same model.

As I mentioned earlier, we can brief individual Councilmembers in the coming weeks. We can certainly get into the specific market delineations with you or anybody else that's interested for their particular areas.

COUNCILWOMAN QUINONES-SANCHEZ: Thank you, and I'll come back in the second round. Let me use this opportunity to pitch the importance of us fully funding our housing counseling and other agencies, which we're going to need, right, to get to all of these long-term residents in South Kensington where we see this 40 percent growth, which is going to be impacted, as I said long-term residents here.

And so, we need to make sure as Councilmember Bass said, that there is an aggressive plan by OPA, but we need to look at who our partners are who have done this work and we need to properly fund them because we're going to need to go to the streets and make sure that people are Homestead, LOOP and OOPA and all the other plans that we have, and that plan has to be hugely aggressive.

This is going to be devastating for South Kensington. So I'm going to drill down on those numbers because I think if again what we saw in 2019 comes to fruition now, we will be displacing many of the long-term residents as I said whose income is $20,000 and have lived here 30, 40 years and who have faced all this infill housing at an inflated value of $600,000 for comparables.

One of the issues in Kensington is size. Because we have a lot of blocks that are three stories, that is what's being built, the three stories plus the rooftop deck and that creates a disparity in square footage and should impact the value, but it could negatively impact the older homes that are three stories and might be 1100 and 1300 square feet. So I'll come back on the second round, but let me make that plea that our housing counseling agencies have to be prepared to help us as we educate folks through this process.

Thank you, Council President. I'll be back.

COUNCIL PRESIDENT CLARKE: Thank you, Councilwoman.

Chair recognizes Councilman Thomas.

COUNCILMAN THOMAS: Thank you, Council President.

Good morning, everybody. I'm going to jump right into my questions just so I can be as efficient as possible. When we looked at the numbers in where we are right now, I think one of our biggest concerns is basically how OPA confirmed the underlotting data that you're using to essentially assess the properties.

And when we look at certain situations, I'm wondering how did the new assessments that we have take into account sales that happened during the last year, right? So when we think about someone let's say buying their property or a certain value amount and the amount that they purchased their house for within the last year or so, our assessment has the value of the house being significantly less. So can you explain that because that's a significant concern of mine?

MR. AROS: Sure. So sales in the last year, and I'll say Calendar Year 2021 if that's make sense, so we cut off our analysis at a certain point. So there's limited data from 2021, virtually no data from the second half of the year, that was used to value for this assessment. So the additional sales that we were able to use this time around came from 2018, 2019 and 2020.

So in some cases if there's been sales more recent than that, that show growth in the market, those would not necessarily have been captured in the values that we have because we would have stopped -- we had to stop our analysis in order to start producing the assessments so there's a little bit of a lag between that which is talked about in the IAAO report as a recommendation as well, but limited 2020 -- I'm sorry (inaudible).

COUNCILMAN THOMAS: No, okay. It's still a little confusing. I get what you're saying to a certain extent, but I think the confusing part is when we -- well, with that being said, do you plan to have another because we're supposed to do this annually so will there be another assessment next year looking at what's happening in inflation and what's happening with the market?

MR. AROS: So as I think I mentioned in my opening testimony and moving forward, we will be preparing for the next reassessment which at this point we will be looking at potentially doing a reassessment for 2024.

COUNCILMAN THOMAS: Okay. So talk to me a little bit about developing in the City. So when you have spaces where maybe the last time it was assessed it was maybe a vacant land or vacant property and we've seen some development since then, what percentage of those type of properties do you feel like you've gotten wrong? Because I can tell you that just based on playing with the website myself and knowing some neighborhoods and areas that has had a lot of development, we've already seen some mistakes.

So think about somewhere that might have been valued for low 20,000 because development hadn't taken place and over the last couple of years, we've seen a lot of development. What are you doing around those situations where your assessment is completely off and you're assessing something as if it's still a lot?

MR. AROS: Right. So similar to what I was just mentioning, there is a lag in assessments. So as development happens we usually aren't able to pick it up until it's completed and it's a little bit further down the process --

COUNCILMAN THOMAS: How long

does that normally take you to pick up? So if someone completed a development project today, when do you think you would pick it up on your end?

MR. AROS: It would vary, but I would hope we would pick this up in the next four to six months tops. There's not a specific timeline that I would say it has to be picked up by this or that, but we certainly try to react as quickly as possible when we know that work has been completed on a property. So there are some assessments that may be out right now that reflect the status of the vacant land.

But even with these being posted now, there's continual work that will be done on the 2023 assessments post-certification, including adding improvements and revaluing new construction, recently renovated properties. If a property is torn down, so sort of the opposite of what you're talking about, so if there's a catastrophic loss, a significant fire, those kind of things, along with any clerical errors or subdivisions, consolidations, new accounts created from a larger account let's say, we will continue to pick those up.

Again, our effective date of assessment is January 1, 2023, so we're putting this out there now with the ability to sort of update our records as necessary prior to that January 1, 2023 date. So there will be some cases where a property may be reflected currently as vacant land that we are in the process or will shortly thereafter be putting new construction and a new value on it.

COUNCILMAN THOMAS: Can we just challenge you on that one a little bit? And the reason I'm saying that is because clearly as somebody who represents the entire City, I spend a lot of time in a lot of different parts of the City, and my team and I, we've been waiting for these numbers to come out for some time because we knew that Philadelphia would see an increase as it relates to their real estate taxes because we haven't done it in some time. Hence, why I put out my recommendation on what should we do around taxes as far as putting some money back in the pocket of the people of Philadelphia.

But outside of that, I just really want to challenge the idea that it would take four to six months. I'm well aware of places where development has happened over a year ago or I should even say more than a year ago honestly in some situations. And the value of that particular space in some of those areas is still valued as if it's vacant. We want to make sure that we're getting this thing right.

I think I heard one of my colleagues talk earlier about how you can walk through an area in Germantown and one house can be fully renovated and developed nicely and another house still be vacant. I know we have a lot of protections in place for long time homeowners as well too. But I think similar to what some of my colleagues talked about, I think we have an equity issue that we're looking at.

And I'm not saying this is intentional, right. But what we're looking at is we're looking at situations where often people who don't have the resources or ability to essentially fight for themselves or recognize what's going on are unintentionally displaced while others who do have resources for whatever reason, we're not assessing everything the right way we should.

So I'm hoping that you can at least give us a plan for how to specifically attack this idea of new development and make sure we're getting it right because that's one area that I've seen where we essentially have this. So if you're open to that, my office would love to work with you to help identify some of these places to make sure that we're getting it right and we're doing it through an equitable lens.

MR. AROS: Absolutely. We have

a standing relationship with a number of Council offices on issues like that and they want to reach out and bring some stuff to our attention just to touch base and see where we are and happy to start that relationship with your office.

COUNCILMAN THOMAS: Thank you. Thank you, Council President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

Chair recognizes Councilman Squilla. Councilman Squil --

COUNCILMAN SQUILLA: Hello. Yes, I'm here. How are you, guys.

COUNCIL PRESIDENT CLARKE: How are you, sir. You're on --

COUNCILMAN SQUILLA: Thank you, AJ, for testifying. I see it's a ton of questions out there and a lot of concerns. Some of these are going to seem duplicative. But as we do the AVI and as we see these numbers coming in and we see these large increases, what is the percentage of people that are 50 percent increasing and more for assessment?

MR. AROS: I --

COUNCILMAN SQUILLA: For residential?

MR. AROS: I don't have that number handy, but we can get that to the Chair quickly.

COUNCILMAN SQUILLA: Okay. The reasoning is that 50 percent triggers the requirements for LOOP, Long-term Owner Occupant Program. Understanding that those people are going to be eligible if they're there 10 years or longer and depending on their income, that also is going to be money that comes out of the total budget. Do we know how much we have budgeted for increase in LOOP?

MR. DUBOW: Yeah. As you know, LOOP has a cap of 25 million a year. One of the proposals we have on the relief side is to take that up to 30 million so there would be an additional 5 million a year.

COUNCILMAN SQUILLA: My question is do we know how many people have increased 50 percent so that we don't

know if that's enough money or not? And
if we include a large number of people,
that's going to cut off all the people
who are in LOOP now, they're going to pay
an increase in taxes also.

MR. DUBOW: Yeah. And that's exactly why we're raising the cap and agree with you that's a conversation we need to continue to have as we figure out what the appropriate mix of relief is.

COUNCILMAN SQUILLA: All right. So we will be getting those numbers then shortly, because I did see city-wide and it seemed like it looked like 152,000 were greater than 50 percent increase.

MR. AROS: I think the preliminary number I had seen was a little bit less than that, but we're in the process of rolling up the final values now. So we'll have a better estimate of that in the next few days.

COUNCILMAN SQUILLA: All right. Well, even say it's 100,000. If you have 100,000 households eligible for LOOP, that's going to be a big increase in the maximum number for -- I'm sorry. I didn't realize my camera was on.

MR. DUBOW: You're back.

COUNCILMAN SQUILLA: Thanks. That's going to be a big increase, and we're only adding $5 million to the total. So we have to somehow figure that out, what that assessment would be and what the tax value would be on just for people who are eligible for LOOP, so I think that's one thing.

The other thing is we talked about and you heard about senior freeze and the increase of PACENET. Do we know what the eligibility for Senior Freeze would increase with the PACENET number being moved higher?

MR. DUBOW: So we're assuming that the Senior Freeze cost goes up on the city-wide about 6.5 million a year, so about 32 million over the life of the plan.

COUNCILMAN SQUILLA: All right. And that's for people who will be eligible that we see there?

MR. DUBOW: Yes.

COUNCILMAN SQUILLA: And that's a guesstimate, right?

MR. DUBOW: Yes.

COUNCILMAN SQUILLA: All right. And I heard people mentioning the amount of appeals. You had said First Level Review is going to be -- you have at lest 30 days from the time that the people receive their mailer, right. And then October 3rd is the last day to appeal, the BRT appeal. Are we projecting a 20 percent appeal rate on this year's assessment?

MR. DUBOW: Roughly, yes, in dollar amounts. And this goes back to the question that Councilmember Jones asked. That's about right and it's about a $19 million hit.

COUNCILMAN SQUILLA: All right. So these numbers are being incorporated into --

MR. DUBOW: Into our projections, that's right.

COUNCILMAN SQUILLA: Right. And

what is the average median income from this assessment where we can base our Homestead off of -- I'm sorry. I was meaning income --

MR. DUBOW: You mean average median value.

COUNCILMAN SQUILLA: Value.

MR. AROS: We're in the process of calculating that now. That number we should have soon, but we don't have the final number as of yet.

COUNCILMAN SQUILLA: Because that would determine how high we could increase the Homestead, correct?

MR. DUBOW: Right. Homestead can be up to half of the median value of assessed values.

COUNCILMAN SQUILLA: Right. And right now our Homestead is 45 and projection from the Administration was 60?

MR. DUBOW: Our proposal was to take it to 65.

COUNCILMAN SQUILLA: 65, so that would be for people who -- just for the record, so people whose assessment happens to increase by $20,000, if the Homestead was increased by $20,000 it would be a net equal?

MR. DUBOW: That's right, if they have a Homestead. If they --

COUNCILMAN SQUILLA: If they have a Homestead.

MR. DUBOW: -- don't have a Homestead yet, they could see a $65,000 in their assessment. If they had a Homestead and not see an increase.

COUNCILMAN SQUILLA: In the past we had spoke about during the challenges with AVI initially, we talked about phasing in and we also talked about having a cap on how high assessments could go per year. And both of them, at least from the Administration's standpoint saying that they were illegal or they would be challenged somehow.

How would a cap in this case, and the cap said it wasn't necessary -- and the Administration, Rob, you were there at the time -- it wasn't necessary

because after the first initial increase
we were told that the maximum would be 3
to 4 percent per year, so you would never
have to need to cap because it would not
go over that amount. Now, when we see
these large increases this year, why
would a cap not be illegal to put so that
we could protect our residents from these
large increases that we're seeing now?

MR. DUBOW: I will defer to Drew
Aldinger who's actually a lawyer. I
would just be pretending to know the law,
so I'll ask Drew to weigh in.

MR. ALDINGER: Thank you,
Mr. Dubow, Councilmember Squilla. So the
concern would be there's the Uniformity
Clause, the Constitution of the
Commonwealth that requires uniformity of
taxation which basically means the
assessment ratio has to be uniform for
properties throughout the City of
Philadelphia.

So for the properties -- all
properties that are worth $100,000 would
be assessed at $100,000 and should be

taxed the same. And there is no -- and
that would be true, so if a property was
$100,000 before and stayed at $100,000,
it should be assessed and taxed the same
as a property that went from $50,000 to
$100,000 because they're both worth
$100,000.
The Constitution does have --
the Uniformity Clause does have
exceptions that allow for abatements,
that allows for the Homestead Exemption
and it allows for the LOOP exemption, but
there's no such exception in the
uniformity clause that I'm aware of that
will allow for a cap or for a phase-in.
COUNCILMAN SQUILLA: All right.
And I know that we need a state authority
to put these exemptions in, so therefore
state enabling legislation was necessary.
So are you saying that if the state had
enabling legislation that would allow us
to do that, that we could then proceed
with some form of a cap on our
assessments?
MR. ALDINGER: Sure. I'm not

certain that state enabling legislation would be enough. It might have to actually be an amendment to the Constitution, to the Uniformity Clause, just like that's in there for LOOP and the Homestead Exemption.

COUNCILMAN SQUILLA: Yeah. They did that for them also. So I'm sure if they can do one, they could do both. All right. I know that a lot of people have second round questions. I'll come back on the second round and be happy to continue the conversation. Thank you.

MR. AROS: Just one point of information I mentioned earlier, Councilmember Squilla, that whatever that number, we'll use $100,000 for the increases, that would include potentially properties that are already in LOOP that have increased people as new construction or abatements or other exemptions that would therefore not make them LOOP eligible. So the universe is smaller, but we didn't break those out when you kind of look at those numbers of people who are already in or would not be eligible.

COUNCILMAN SQUILLA: Yeah. And I think we need to know those numbers before we can actually sit down. That's a problem of having these numbers so late and then having a short time period to review and then also have a short time period to review, we have to really get in touch with our constituents and get that information out there so they are prepared to handle this the best they can. So I'll come back in the second round. Thank you.

COUNCIL PRESIDENT CLARKE: Sorry. Thank you, Councilman.

Chair recognizes Councilwoman Gauthier.

COUNCILWOMAN GAUTHIER: Thank you, Mr. President.

Good afternoon, Mr. Aros.

MR. AROS: Good afternoon.

COUNCILWOMAN GAUTHIER: Before I ask you some questions, I want to note for the record how disappointed I am by how little we know about OPA's 2023 tax year assessment and by the communication to the public around the roll-out of new assessments for Tax Year 2023.

First, although it feels like OPA has been working on these assessments for over two years, we've not received OPA's updated methodologies on property-level assessment data. Today many 3rd District residents will see their new assessments online and will be blown away by the on-average 50 percent increase.

They will have questions about how this happened and my office will not be able to effectively respond because OPA has not provided us with a requisite level of detail necessary to analyze and understand these updated assessments. And Council's ability to do its job today in this hearing is also severely hampered.

On top of that, I understand that we don't know when letters to residents will go out. So tech-savvy residents will know their assessments today while others will wait some other unknown number of months to receive their assessment in the mail. This is poor government transparency and public communication about assessment increases that will have serious impacts on our residents. And as a government, we have to do better particularly if we want to keep saying that we care about racial equity.

The residential assessments for the 3rd Councilmanic District has increased by 50 percent. Broken down 94.97 percent for land and 42.64 for buildings. City-wide the residential increase is 31.12 percent. Broken down, that is 19.87 percent for land and 34.28 percent for buildings. Can you explain why residential assessments increased astronomically in my District, especially in light of the fact that the sales comps you used didn't even take account the super hot property sales in '21 and now '22?

MR. AROS: Sure. So I can speak

a little bit to some of the numbers that you just mentioned. Obviously, as I mentioned to some of the other questions your colleagues had, there's three approximately additional sales years of data where use of these assessments that were not previously. And so, new assessments for any District, but obviously concerning yours would have captured change over those years as well as any I would say underassessment if those existed in some areas, that would also kind of be caught in the increases that we see here.

Specifically on the -- you mentioned the land assessment. So one of the concerns that Councilmembers had and I think it was mentioned in the report from a few years ago was the methodology for valuing land as it's considered attributed to a property that has a building on it. So in order to simplify and still meet industry recommendations, this year OPA moved to assessing -- we start with the overall value, but then allocate 20 percent of the value to the land for residential properties.

So in an area where the average say percentage was 15 percent going to 20 would see some shift. It's not an individual increase in the overall market value because that's taken from the overall at the start, but that could account for if you do some of the math what the average was before an average now. At 20 percent it could explain some of that individual shift that you mentioned.

But overall, again capturing sales data, updating some characteristics on properties and viewing our market areas are the three main reasons that would speak to most of the differences that folks are seeing right now.

COUNCILWOMAN GAUTHIER: Okay. Thank you. I'm glad to hear more money is set aside for outreach and Rob's point about setting aside funds to work with Council Offices, but to Councilmember Bass's and Councilmember Sanchez's point we need OPA and the City to spearhead your own community outreach that is more systemic than a community event here or there. This is something that Council also pushed several months ago in a hearing about property taxes.

There are huge equity issues here as it relates to having the time and the means to appeal values. So will OPA and the City commit to developing a more robust outreach plan?

MR. DUBOW: Yes, we will and we have -- we have set aside funds for that too. So part of it we want to do with Councilmembers and part we want to do on our own to take the lead as you suggested.

COUNCILWOMAN GAUTHIER: And what is that going to look like?

MR. DUBOW: We're still putting that together. We will give you all the details as we have them.

COUNCILWOMAN GAUTHIER: Okay. Well, I will argue that the outreach should be as aggressive as the assessment increases, but okay.

MR. DUBOW: Understood.

COUNCILWOMAN GAUTHIER: I'm very concerned with our ability to do targeted outreach to homeowners. Is the City able to cross-reference different departmental databases to figure out which residential households should be eligible for various property tax relief programs?

MR. DUBOW: So the one part that is particularly hard about that is the LOOP eligibility because we don't get individual's tax returns on wage taxpayers. We get them from employers, so we'll have to get that through people's applications.

COUNCILWOMAN GAUTHIER: But for other programs are we going to be -- for that and other programs, are we going to be doing all we can to figure out who is available for relief so that we can have --

MR. DUBOW: Yes.

COUNCILWOMAN GAUTHIER: Okay. Following up on Councilmember Quinones-

Sanchez's point, I'm putting on the record that I'd like to receive a detailed breakdown of the geographic zones in the 3rd Councilmanic District as well as the Coefficient of Dispersion and the Price-Related Differential for the geographic zones in our District across property classes. After this hearing, can you give us these figures in writing for the 3rd District?

MR. AROS: Yeah, we can provide that for the 3rd District for each zone and for any District that requests that.

COUNCILWOMAN GAUTHIER: Thank you so much. As a follow-up to your conversation with Councilmember Parker, after this hearing can you provide a better estimate for how long it will take OPA to evaluate a First Level Review? We need this estimate for our constituents.

MR. AROS: Yes, we will try to get some sort of estimate as quickly as possible.

COUNCILWOMAN GAUTHIER: Thank you. Following up on the points by several of my colleagues, do you agree that we -- this is my last question. Do you agree that we should extend the deadline for First Level Review to a date that is significantly later than four weeks after the receipt of mailing?

MR. AROS: I think we can definitely have that conversation. The issue with saying when the deadline will be would be -- we don't know exactly when our vendor will be able to send these out yet. But the earlier the better and the earlier it is, the longer we may have to be able to extend that deadline as well as the BRT -- well, we can't extend BRT deadline, but they will also have that deadline in October as well.

COUNCILWOMAN GAUTHIER: Do you agree that it's not our residents fault that we don't have envelopes?

MR. AROS: I would not blame the residents for that, no.

COUNCILWOMAN GAUTHIER: Okay. Well, I think that we should significantly consider extending that deadline given that it's not the residents fault that they're going to receive the mailing late. Thank you.

Thank you, Council President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilwoman. That is definitely not the residents fault, I tell you.

Chair recognizes Councilman Johnson.

COUNCILMAN JOHNSON: Hey. Thank you, Council President. Good morning.

COUNCIL PRESIDENT CLARKE: Good morning.

COUNCILMAN JOHNSON: Just have a couple of questions regarding the recent 2022 International Association of Assessment Officers audit of the OPA. We just received a copy of it at the end of the day last Friday. And so, there's a couple of things that stuck out that I wanted to get some clarity from you. And I remember a couple of years ago I did a hearing regarding the formula for OPA and how that formula is published and how accurate the formula is that we're using.

And so, some of my questions I want to zero in on is training all staff members. And the audit of OPA from the IAAO talked about how staff members require additional training and staff also want additional training. I want to get an idea of what plans do you have to provide that training, how will you accomplish that despite the additional workload associated with the bump in assessment that comes with the reassessment?

MR. AROS: Sure. So one of the things mentioned in the audit is that long-range planning document. So we just got the audit ourselves. So we'll be in the preliminary stages very soon of starting that. Training with the pandemic, it's giving us the opportunity to do things virtual which makes it a little easier to schedule. But sometimes folks might need a refresher course if they're virtual learning is not as strong as inperson. But we do have the ability to schedule trainings more frequently.

So over the next coming weeks, I know we've gotten a couple of requests for some retaining and some additional classes that we haven't offered yet. We're in the process of scheduling those. And as I mentioned in my original testimony, we also plan to offer the ability to have those that are interested on the staff the chance to take some classes that are offered outside of normal training here in the Department for our processes and for their state certification, so a lot of those would be offered by the IAAO, but they do not necessarily need to all be IAAO classes, but we have allocated funds in the budget this year to pay for some of that.

Previously that kind of training and education would have been paid for mostly out of pocket by the individual, so we don't want that to be a barrier for anyone here who wants some additional training. And as I said in my original testimony, we want to be able to develop future leaders of this department and of this industry here. So we --

COUNCILMAN JOHNSON: Awesome. And I think that's key for us to build confidence with the constituents that we represent, particularly around this issue. Some people think that again the process was flawed because on one side of the street a house is valued at one amount and across the street another house is valued at another amount or we've had people talk about how there's drive-by assessments, right. And without going into a person's home, how can you really tell the value or just pulling permits or not, does that really give you the true value of a person's individual property.

So I think that training component from a transparency and accountability standpoint for the constituents in which you represent I think is key. But also, let's talk about the issue of accuracy. One particular issue regarding accuracy found by past audits is that assessments were evaluated as acceptable, accurate on a city-wide scale. But once you looked at individual areas within the City, accuracy fell well below industry standards. So give me an idea how you have successfully addressed this specific problem.

MR. AROS: Sure. If you look at our performance metrics prior to this reassessment which I believe we included in our original budget submission, you can see the numerical difference of the city-wide overall. We're still in the process of doing them on an area-by-area basis. And while I say that the assessment of the overall assessment is to be done at a city-wide basis, we certainly look to drill down into each area and see where we've made improvements.

Preliminary indication is we've made improvements in most areas of the City, but we'll be running those final numbers very shortly and that will be all part of the documentation that we publish that wraps up and include some of the methodology you were speaking to regarding the reassessments that will be coming in the next few weeks.

COUNCILMAN JOHNSON: And let me ask you this before I get to the next round. So if property values, we're going to do an increase for 31 percent, right, and when you look at the last assessment which was homes value going up on average of 16 percent, how do you explain that jump?

MR. AROS: So last assessment was at 2019 you're speaking about?

COUNCILMAN JOHNSON: Yes.

MR. AROS: So I would say that the last few years -- well, again this is one of the reasons why we preferred the regular reassessments because if there's drastic changes in the market in any particular year and if it happens in successive years, it's sort of propounds.

But again, as I was mentioning earlier with Councilman Domb's questions from what we've seen and from a number of external analysis, the residential market in the City overall and particularly in certain sections of the City has been -- the changes have been historic some might describe it over the last few years since the last reassessment. So part of that is what's being captured in those numbers.

If you have a market that's flat year over year or slightly changing year over year, those numbers even if you don't do assessments for a few years will be increasing. But it may not be as dramatic as some other ones. But when you see double digit growth in some estimates year over year within the City overall and in certain neighborhoods, that leads to a change around the number that we have talked about so far, that 30 percent.

COUNCILMAN JOHNSON: Let me ask you this: Are you concerned about the accuracy of sales comparisons given that last year there were unprecedented low interest rates and unprecedented low supply of homes for sale which led to bidding wars, especially because those bidding wars ended once interest rates went up again?

MR. AROS: So any changes on the market that we can predict and certainly over the last of couple of years would certainly not have predicted, make you stop and think. But the reality is we have to look at the data that's there and that's what's available and that's what we have to do our analysis on.

So whether a property was subject to a bidding war or somebody told somebody they were going to sell their house and they came in and was on the market, was on the market for a day and they came in at overasking price, we have to look at what the sales are being reported as. We can't artificially back out a number just because we think somebody paid too much for it and use that as a number to base our valuations for us. So it does make it a little difficult.

And I think from now and

projecting to January 1st if there are continued changes in the rates and more supply on the market that might meet some of the demand, you can see some changes from what we've seen over the last couple of years between now and the affected date of appraisal. But we're using the best data we have available as of the time we need to prepare these assessments.

COUNCILMAN JOHNSON: And one last thing, and I know my time is short, and you can just be brief answering this question because I know this reassessment is going to be huge, tell me about the staff. Because the audit, right, they're talking about the backlog and workflows like CAMA data, sales data uploads, right. So in general, what type of staff will you have going into this process? Are you doubling? What does that look like?

MR. AROS: So we didn't double. We didn't have that kind of allocation in the budget. So we've been -- we have a staffing level that has been pretty I'd say flat over the last couple of years in that we've been able to bring new folks on and also kind of just meet the level of retirements that have happened.

I think one of the things I mentioned earlier with opening up to the management trainee position is we can bring people on that may not have some of the real estate knowledge that has traditionally been required to take and pass the evaluator 1 test, but those are folks that we can get in and give them their state classes and offer them some of these other learning opportunities.

It's a position we've used in the past about a decade ago and had some success there, so we think that's a really good pipeline to get talent into the Department that we can develop to fill some of the vacancies that we've had for budgeted positions.

COUNCILMAN JOHNSON: Thank you very much. Thank you.

COUNCIL PRESIDENT CLARKE: Thank

you, Councilman.

Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you, Council President.

And thank you, Mr. Aros. And I know Mr. Dubow is also here. Because I have a limited amount of time, we appreciate it if you could answer the questions in very brief answers, yes or no, specific to the question.

Mr. Aros, when did the Office of Property Assessment finalize the assessments for the City of Philadelphia?

MR. AROS: April 30th.

COUNCILMAN GREEN: I'm sorry. What was the date?

MR. AROS: April 30th.

COUNCILMAN GREEN: April 30th. Okay. Thank you.

Mr. Dubow, you are a part of the Tax Reform Working Group?

MR. DUBOW: Yes.

COUNCILMAN GREEN: And the Tax Reform Working Group, we had our first meeting August last year?

MR. DUBOW: I don't remember the date, but I believe you.

COUNCILMAN GREEN: Okay. And also, I know in several times during our conversation as part of the Tax Reform Working Group you stated that the Administration would use whatever suggestions or guidelines that come out of the Tax Reform Working Group for our ideas for tax policy, correct?

MR. DUBOW: I said that was our goal.

COUNCILMAN GREEN: That was the goal. Okay. And then the Mayor's budget address, my understanding from my recollection and correct me if I'm wrong, the Mayor stated that they would be working with City Council in reference to tax policy also based on information coming out of the assessments?

MR. DUBOW: That's correct.

COUNCILMAN GREEN: And --

MR. DUBOW: And we still plan on doing that.

COUNCILMAN GREEN: Still planning on doing that. Okay. So I guess my question is when did the Administration come up with the proposals regarding tax policy in reference to wage tax reductions and other policies that was submitted the same day that I learned and I think other members of Council learned that OPA assessments came out?

MR. DUBOW: Yeah. After we got the information from OPA, we had discussions about what we thought the best mix of relief would be. So I think we probably finalized that last week.

COUNCILMAN GREEN: Okay. And you finalized that last week?

MR. DUBOW: Finalized our recommendations, which I should also say that we view as obviously not the end of the conversation, but the start of the stage of the conversation.

COUNCILMAN GREEN: And so, when did the Administration start working on those ideas?

MR. DUBOW: Well, we've been

talking about ideas since the Tax Reform Working Group started. But really in terms of honing in on this set of proposals is when we got a better sense of what the increases would look like. So really in terms of what this set looks like it really wasn't until the last couple of weeks when we saw what increases would be.

COUNCILMAN GREEN: When you say the Administration was talking about ideas regarding its policies, that was internal to the Administration because in our various meetings both with members of Council who are part of the Tax Reform Working Group and members of the public that were part of that discussion, the ideas from the Administration were not presented because they said on numerous occasions, you, yourself on behalf of the Administration said on numerous occasions that you would be working with this group and members of Council before any policies came out.

MR. DUBOW: There were lots of

suggestions that came through the Tax Reform Working Group. And so, when those suggestions came through, we did talk about those as an Administration.

COUNCILMAN GREEN: Right, as an Administration, but not with members of the Tax Reform Working Group or with members of Council.

MR. DUBOW: We were involved -- if you remember during the Tax Reform Working Groups, there were break-out groups and we had discussions with members of those break-out groups about ideas for tax reform. So, yes, we did talk about it with portions of the group.

COUNCILMAN GREEN: I participated in a number of those break-out discussions. And for the most part, those discussions were made by either professionals others who were a part of that group and the position of the Administration was from a listening posture, not presenting ideas, but more of a listening posture because the perspective was we work collaboratively together to come up with policies and ideas.

That's why I was somewhat taken aback when this proposal came forward from the Administration, even though on multiple occasions it was stated that we were going to work collaboratively on these policies. So I don't really see how we're going to work collaboratively if internally there's discussions made by the Administration on tax policy, but not being shared with members of Council or with the Working Group.

MR. DUBOW: Yeah. So we thought that it was important to put proposals out there to get the conversation moving. As you said, that Tax Reform Working Group started in August and did not have proposals by March, so we did think that putting forward proposals would help move the conversation along.

As I said, we don't view this as the end of the conversation. We do think that we want to work collaboratively to get to what the best form of relief looks like.

COUNCILMAN GREEN: But in the Mayor's budget address, I believe there was a perspective that there would be a 4.5 increase in reference to real estate tax revenue coming to the City of Philadelphia based on some thoughts or perspectives. So if there was an idea regarding certain policies, wouldn't it have been that time to provide some of that information in reference to putting forth a proposal?

MR. DUBOW: What we said at the time was that we're using 4.5 percent in the Five Year Plan, but that we assumed that there would be more growth than that and that we try to use that increase in growth for relief and what that relief looked like would depend on what the growth was, and then it would be a combination of relief on the real estate side and other relief, and that's what we have put forward in our proposal.

COUNCILMAN GREEN: When you made a projection of 4.5 percent increase, that also could have been an opportunity to start the conversation of how you would use that increase in reference to some of the policy ideas and suggestions that the Administration would have regarding how those dollars would be used as opposed to having a situation where both members of Council and the public learned about some of these ideas and suggestions from the Administration, which was being discussed obviously internally but not putting forth publicly.

MR. DUBOW: Yeah. As I said again, we view this as not the end of the conversation, as something to kind of jumpstart the conversation to help us all get to what we think is the right array of relief measures.

COUNCILMAN GREEN: I just have a concern in reference to, you know, I thought we were working collaboratively on these issues and trying to come up with a plan on how we move forward. A number of people, myself included and other members of Council, the general public had spent a considerable amount of time trying to work on developing policy ideas to how we move forward the City and how we come up with the resources to address all of the quality-of-life issues we have from public safety, from economic development and then to have information presented that was obviously being discussed and debated internally because the Administration did have a 4.5 percent projection in increase in real estate taxes. So clearly there was an understanding and idea of what type of policy was going to be set forth.

I just think it was very unfortunate to send that information out publicly without having information provided to members of Council where constituents were calling and raising questions and concerns about their real estate taxes and how they were going to be able to address these issues considering all the challenges that we have in the City at this time.

Thank you, Council President.

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

That concludes the first round of questions. We will now go to our second round. And the Chair recognizes Councilwoman Gilmore Richardson.

COUNCILWOMAN GILMORE RICHARDSON: Thank you. Thank you so much, Council President.

And thank you, Mr. Aros. I wanted to quickly talk about an issue that I had previously brought up last year relative to the OPA property search website and the information that was made available. I know we've had some additional conversations around this issue, but I do have relative concern regarding the issue around the proper owners being shown on the OPA website which would then potentially possibly impact individuals that are eligible to receive Homestead Exemption.

And so, could you talk to me a little more about that part of the process? I wanted to ask that question on the record because we will have to look at additional property tax relief measures for Philadelphians across the City. So can you give us an update regarding that portion of the website, how you all are working in tandem with OIT and Records to ensure information is accurately reflected? Because the first thing you're telling us today is that individuals will be able to access the website to get that information and in all instances or not in all instances is that information correct.

MR. AROS: Sure. So as we've discussed I think with your office and other offices, we're regularly getting deed information from Records. We just did a very large import about a week ago I believe to update some ownership and we're also making ad hoc ownership changes and pushing them to the website based on somebody calling us and saying, hey, I was supposed to be the owner, we researched it, yes, that's correct or all property mailing information.

So in general, the information that's posted as far as ownership is pulled from OPA data, but that does not constitute the official owner if you want to call about the property. It's not a disclaimer, but the official owner is who's the last owner of record on the deed and sometimes there is a lag with that. I know we have --

COUNCILWOMAN GILMORE RICHARDSON: So what's the current backlog? My apologies for the interruption. What is the current backlog?

MR. AROS: I don't know the exact number. We can try to find that out of deeds that we just imported, but it was at least two or three months I think worth of deeds that we imported last week that would have updated ownership, and then there are some pending manual changes we made that haven't been pushed out yet. I'll see if we can provide the Chair with a number on those.

COUNCILWOMAN GILMORE RICHARDSON: Sure, that will be helpful. If you can provide that information to the Chair for all of my colleagues, that will be exceedingly helpful. We just want to know where you are in the process. And so, you said it's two to three months. Is that two to three months ending in January of 2022 or just where we are in process because that will help us get a better idea of what we need to do.

I wanted to quickly talk about generational wealth because that's an issue that has come up a lot over the last several years, particularly how Philadelphia is changing looking at the current market conditions, how certain subsets of individuals are able to access equity in their property to sort of help them. This is especially true I believe from our seniors all across the City, particularly seniors who are long-time owner occupants of properties here in Philadelphia.

And so, I don't know if you have

this information. If you do, if you can give it to us today for the record. If not, submit the information to the Chair, but do you have any sense on how many seniors own homes in the City of Philadelphia and if there's any way you can give us an estimate on the average assessment increase by neighborhood for seniors in particular?

And then LOOP is one of the programs that really allows us to help our long-time residents stay in their neighborhoods, particularly as a number of our neighborhoods experience gentrification. I know the last time when we were talking about the onset of AVI, folks were really focusing on my colleagues like Councilmember Squilla's area, Councilmember Johnson's area, Council President Clarke's area. But if you look around the City, it's really everywhere at this point and it's all urban centers around the country.

And so, if you could give us any data by zip code and also by Council

District where the highest increase in assessments are and which neighborhoods and which zip codes in each of those Council Districts, that will be helpful.

MR. AROS: Sure. So on I think your first ask around the seniors, OPA does not maintain any specific information about the owners of a property, whether that's age, income level or anything along those lines, so we would not be able to perform that kind of analysis internally. I don't know if there's other resources in the City that would have that, but we would not be able to provide that --

COUNCILWOMAN GILMORE RICHARDSON: Or even -- I hear the bell, and I know it's the second round. Even if you can give us information if it breaks it down by long-time owner occupants. So if we know how long those residents have been in those particular homes, can we get some type of information around long-time owner occupants, folks that have been in homes past a certain period of time so we can get a better idea of the areas and the neighborhoods and the zip codes that will see the highest increase in assessments this time around?

MR. AROS: Yeah, we'll look into what kind of data that we have that would be available and might be able to provide some information on that.

COUNCILWOMAN GILMORE RICHARDSON: Okay. And my concern is for this time we're coming off the heels of our Census. And so, we should be able to blend some of that data to help us tell a better story. So we have the latest Census data that has been released. We have information relative to this proposed property tax increase, so we should be able to overlay some of that data to help us tell a story, right, because I think it's important people will think, oh, City Council's raising your taxes. But really, this is a property assessment that is done on the Administrative side of government. We are not increasing the tax rate.

And so, we need to have a better picture so we can explain this to our constituents, because I will tell you since I've been on this hearing, my phone has been ringing off the hook already from people calling about this.

MR. AROS: Understood. Yeah, there may be a chance for a blending of some of the Census or other data from other departments overlaid again with the OPA data, but separate, but we can separately see what we might be able to provide for that. And if we need any clarification we can certainly reach out for any details that we may not be capturing.

COUNCILWOMAN GILMORE RICHARDSON: Okay. Thank you, Mr. Aros. Thank you, Council President.

And really quickly, I just wanted to get on the record the administrative proposal around Homestead Exemption, if you all could just tell us about that and your thought process there.

MR. DUBOW: Yes. The current Homestead is $45,000. And looking at the increases we thought we needed to substantially increase that to help offset some of the impact of some of these increases, so we are proposing to increase the Homestead from $45,000 to $65,000. And as you know the way the Homestead works is that value just gets subtracted from the assessed value.

So if a home was assessed at $150,000 and they had a Homestead before this change, that 150 would have gone down to 105. After, it would go down another 20,000.

COUNCILWOMAN GILMORE RICHARDSON: Okay. I heard the bell. Thank you, Council President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilwoman. Thank you.

Oh, you know what, before we continue I got a quick one I want to get in. We're likely going to have a significant number of appeals obviously on First Level of Review, but at the BRT.

Have you all put significant amount of resources or proposed resources for the BRT? I know they can answer for themselves, but I just wanted to get that in there.

MR. DUBOW: So during this year they asked for additional funding that we put in and I mean, our kind of consistent stance is anything they do ask for, we will put in. So they haven't asked for an increase in '23. If they did, that's something that we would seriously consider.

COUNCIL PRESIDENT CLARKE: Yeah, but we didn't know the -- when the original --

MR. DUBOW: Correct.

COUNCIL PRESIDENT CLARKE: -- you didn't know or have a sense of what the likelihood would be.

One other question, marginally related, so a lot of these values obviously increased by the unprecedented level of development in the City of Philadelphia. Neighborhoods that, you know, people, existing homeowners 20, 30 years have been living there actually hadn't done anything to their properties, you know, traditional maintenance, but a new house gets built, significant new houses and that's not supposed to impact the existing home, but then all of a sudden as the value increases on the existing homes, people sell them for more money and then that does impact the existing homeowners because it's a comp, right.

So in this neighborhood normally there's some request for zoning for these new houses that are being built not as much as it should be, but it is what it is. And we're actually increasing the value of property by virtual of us approving the zoning variance automatically. It's rare that you get something zoned and you downzone the value.

Do we, one, look at that when a property has been upgraded in terms of its zoning and not before it's actually sold and then there's a comp established. But people are basically getting an increase in value because of zoning and I don't think it's reflected in the assessment; am I correct or am I not correct?

MR. AROS: So if you're talking about as an example of an existing parcel that's currently a single family home or small multi-family, underlying zoning is generally not used as a factor or as an attribute for the value. Zoning does tend to play more of a factor when you get into vacant land as far as what can be the highest and best use to build a 50-story skyscraper or multi-family or smaller single family home, so that does play into the vacant land value and maybe so part in the commercial. But for existing residential homes, zoning is not a variable that we specifically consider when doing the values.

COUNCIL PRESIDENT CLARKE: So the person gets an upgrade in the value, but does not have the subsequent increase in tax liability?

MR. AROS: If we -- so if nothing changed about the property but the underlying zoning changes which could inherently increase the value of what somebody might pay and develop something different, we wouldn't capture that until the property is sold and redeveloped. So we're kind of capturing existing use with the residential homes for the most part. And zoning changes with that, there may not be enough -- again, we don't use it as a variable and those changes, there may not be enough data to accurately add or subtract value until something changes and we can assess it as a different type of property. But traditionally, it has not been a factor in the residential values for existing properties.

COUNCIL PRESIDENT CLARKE: All right. I actually like you to give it some thought. And I only bring this up because the bottom line is that the values of existing homeowners have gone up dramatically because of the significant level of increasing new development, but for that you wouldn't have these increases. And then subsequently, an existing home gets sold for a substantial amount.

MR. AROS: Yeah. I mean, we're always open to added elements and improvements. So I think particularly in the past when there's been a variance that isn't part of the regular record, it's been hard to pick those up. I know L&I has moved to a new system as well as us, so it's certainly an avenue we can look at as maybe we can get some better realtime information on changes of zoning and variances, so fairly open to that possibility.

COUNCIL PRESIDENT CLARKE: And one last thing relating to that note, fingers crossed, next week one of the questions is reforming the Zoning Board to include local residents in the more significant level of compliance, should be hardships and all the like. And sometimes when people make decisions about whether or not they should support, and I don't want the developers to freak out, Clarke's trying to stop development, whatever, you know, I'm just looking out for the people that's getting these crazy tax bills.

Could there potentially be a conversation or would the folks be available from your office if during the course of the conversations and the questions the availability of people from your office if somebody says, well, we're going to support this development and how will it impact the local taxes. Now, people speculate that it might, but we would like to have some sort of a process that at a minimum, particularly the two representatives on the Zoning Board that are from the community, they may need to lean on you all for a little more information because people need to know if something's going in the neighborhood, it impacts it across the board, not just either increasing or decreasing the density or providing a good service, whatever, but it will more impact more values and subsequently potentially the taxes.

MR. AROS: Yeah. I mean, it's not obviously something we've thought about at this point, but I think there's an opportunity to work out a process where if there's input or information requested from OPA, we can look to figure out a way that that will work for everybody.

COUNCIL PRESIDENT CLARKE: Okay. Thank you.

Chair recognizes Councilwoman Bass.

COUNCILWOMAN BASS: Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: You're welcome.

COUNCILWOMAN BASS: And so, I have a question. Just following up on the Council President's comments, which the thought from developers that if we say anything that they don't like, and we often do, that somehow we're an anti-development City Council, and I think that that's not a correct assessment -- speaking of assessments, that's not a correct assessment of exactly who we are and what we think and what's going on.

I think the development community needs to recognize that every development has an impact on the neighborhood, and what we try to do is address those impacts in a way that minimizes the quality of life for the people who have been living there in many cases for generations, so we certainly hope that you all get that to.

My question is as the assessments were coming together, was there a plan to reach out directly to District Councilmembers to talk to them about the changes that were happening and what was that going to look like? I guess specifically I'm wondering if you saw, and let's say for example, if you saw in Nicetown that there was a particular percentage increase in value,

what would that look like in terms of,
uh-oh, ring the alarm, raise the red
flag, we need to talk to the
Councilperson to figure out what can we
do to address these increasing values
that are going through the roof in a
neighborhood that's beginning to gentrify
in her District.

MR. AROS: Sure. So as I think
I mentioned in a couple of previous
questions, traditionally prepandemic
before my taking this role, this specific
role here, I know there's been as we've
certified assessments, there's data that
we kind of roll out and give on a
district-by-district basis to all the
Council folks.

The last time we did a
reassessment I was over at City Hall and
we sat in one of the rooms and people
came in and out. We had maps by district
to kind of break out. So we want to
offer -- well, let me back up for one
second. We talked at a higher level and
gave some district-by-district numbers to

the AVI Monitoring Group last week when
we spoke to them --

COUNCILWOMAN BASS: To who?

MR. AROS: The AVI Monitoring Group.

COUNCILWOMAN BASS: Okay. Who is the AVI Monitoring Group?

MR. AROS: There's a number of Councilmembers that are on the AVI Monitoring Group.

COUNCILWOMAN BASS: Okay. The information didn't trickle down. I apologize.

MR. AROS: Okay. But anyway as I mentioned earlier, we're open and committed to doing a similar level of going over information with the different Councilpeople, whether that looks like an inperson thing or a virtual thing, obviously we would have to sort of figure out. But the level of detail that Councilmembers are traditionally used to getting after a reassessment, we're absolutely available to try and put that kind of information together and have those meetings.

And I see Mr. Dubow has popped up, so I'll let him jump in.

MR. DUBOW: Yeah --

COUNCILWOMAN BASS: Before Mr. Dubow, before you go, Rob, I would just say as one of the Districts that's seeing significant increases, I appreciate that you went through this particular group and had meetings with them, but certainly you should have had Members whose Districts were adversely impacted in a much more significant way be a part of the conversation other than Members -- like, I don't know who was in the group. I don't know who was at the table, so I don't know how much their Districts are impacted or not. But I certainly think that because my District is going to be heavily impacted by these changes, then you know --

MR. AROS: So in general, Councilmember, I would say that any time we do a reassessment, we want to be available to have the conversation, whether it's 20 percent or 2 percent. So are we throwing up a red flag to say, well, this District says this and we definitely want to talk to them, it's more of from my perspective every time we do a reassessment we want to be available to talk to anybody. So that conversation we would have at any level of change in assessment.

COUNCILWOMAN BASS: Well, I hear you. I'm sorry, Rob, let me just -- I hear you and I understand your viewpoint. You want to make sure that you talk to everyone. But what I'm saying to you is if somebody has a 2 percent or a 3 percent increase versus someone who has over a 30 percent increase in their District, there's a big difference there and they need to be treated differently and we have to recognize that.

MR. AROS: Understood.

COUNCILWOMAN BASS: Thank you. Rob.

MR. DUBOW: The only thing I want to add as Mr. Aros mentioned in his testimony, we want to set up meetings for this week to talk to Council staff to go through the exact kind of discussion you're talking about.

COUNCILWOMAN BASS: It's a little late, Mr. Dubow, I'm just saying. I appreciate that. I look forward to talking to you all, but the numbers are out. The calls are going to start coming. The concern is going to start and we're like, you know, a split backwards hair. We got to make sure that we're in front of what we know is coming. And you've certainly been on that hot seat long enough that you know it's coming, Rob. You know it's coming --

MR. DUBOW: Yes.

COUNCILWOMAN BASS: So we needed to be more aggressive I think in reaching out to the hotspots, but I'll come back around. Respecting the bell, I'll come back around for a third round of questions. Thank you.

COUNCIL PRESIDENT CLARKE: Thank you, Councilwoman.

Chair recognizes Councilman Jones.

COUNCILMAN JONES: Thank you, Mr. President.

From the time we started this meeting and the time before when those assessments came back, I cannot tell you how many constituents are going into your system, looking at their properties and automatically calling me back, you let this happen. They don't know you. They know Squilla. They know Bass. They know Parker. They know Clarke. They know Johnson, and they are calling us saying, we did this.

And we are, as Member Bass talked about, almost as shocked -- in some places that's good news. I can walk on some blocks in my District and say $43 over the course of a year is what you're going to have to pay, but things are good. And one of the blocks, 50 percent and above is just unreasonable. And to think that we're going to have to do this again next year and the year after, we have to put some safeguards, guardrails in place so that this doesn't come the day of your hearing, and that's why you will be called back. It shouldn't happen as a surprise and say guess what, we got a package to unveil, we're going to do it right at this hearing. That's not the way communication should happen between the 4th floor and the 2nd floor. We can do better.

And you may have -- I agree with Member Bass. There are some areas, and I'll go with Upper Wissahickon is one example and parts of Wynnefield and Overbrook Farms that are going to get sticker shock. And for some people, it's not a big deal, they'll write it off. For other people on fixed incomes and not necessarily people who are income-eligible for some things, this massive increase may be the difference between them selling their historic family home and moving in with other relatives so they can afford to live.

These kinds of consequences,

whether intended or unintended need to be discussed in advance, planned for in the future and that's the way -- we owe our citizens that much. So you're going to hopefully -- my colleagues have asked you a number of questions, some of them take longer to answer than others, but in that time between now and maybe mid-June we can come up with some answers so that we can give some people in our District so that they aren't sticker shock with these mailings, but also are really clear about what their recourse and response should be. So it's not a question. It's a comment.

And as soon as you get this information, please provide it to the President of Council so he can distribute it. And as important, chop it up by the 400-plus market areas that you mentioned.

Thank you, Mr. President. President Clarke.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman. Yeah, sorry. I was trying to take myself off of mute. Thank you, Councilman.

Chair recognizes Councilman Squilla.

COUNCILMAN SQUILLA: Thank you, Council President.

I want to go back to the First Level Review. And I know we're going to probably expect a lot of that because a lot of people are doing the First Level Review thinking that it actually is the appeal. When we send out that notice, are we letting people know that the First Level appeal takes some time to be responded to? Are we going to allow people to reapply for a BRT appeal after their First Level Review is beside it or are they still going to have to do it given the October 3rd date?

MR. AROS: So the BRT appeal, that deadline isn't governed by OPA so OPA wouldn't have the ability to waive or alter that. As far as the First Level Review, we typically don't put anything on the notice saying that you will have a response by this date. It's usually just this is the date to file by, but we do include information or we have in the last couple of years of please be mindful that the BRT deadline is whatever specific date it is for that year, and you may not -- if you do not receive a response by this point or if you're unhappy with the response, you should go ahead and file with the BRT by this date or that you don't need to file the FLR to file the BRT. Some folks just skip that process, but we laid all that information out in the material that goes out with the change of assessment notice.

COUNCILMAN SQUILLA: Because I'm going to suggest that anybody who would do an FLR will do an appeal right to the BRT because there's no way we're going to get those responses back in time. Now, you said the letters are going to go out in August or September?

MR. AROS: We're saying we would have them out by September 1st. We had hoped to be out sooner than that, but that's contingent on when we're told the vendor is able to do the mailing.

COUNCILMAN SQUILLA: Because there's a possibility that it will be less than 30 days to appeal at that point even though the deadline is the first Monday in October and there's no -- we'll have to look at that and see if we make sure that we can get letters out to our constituents ahead of time to really pay attention to this mailer. Now, this mailer is coming out in a City of Philadelphia Department of Revenue regular letterhead paper?

MR. AROS: It wouldn't be Department of Revenue. Anything from the City for this particular item would be labeled Office of Property Assessment, but it'll come out similar to the notices in the past, the format overall look will be similar. Some of the data elements on the notice may look a little different and some of the details will obviously be different and specific to this year in particular. But the overall look and feel of the FLR form and the notice itself will be very similar to what folks are used to getting in the past.

COUNCILMAN SQUILLA: All right. And we know that it's going to put last year's assessment compared to this year's assessment in that notice so they will be able to appeal directly to the BRT once they do receive that. The --

MR. AROS: And if I can interrupt for one second, Councilmember, in theory if somebody's assessment did not change, they will not get this letter. The letter does not allow or prohibit them from appealing the BRT. That's a separate processing of itself that folks can do at any time.

COUNCILMAN SQUILLA: And how about if their assessment went down for some reason?

MR. AROS: They can file a First Level Review or a BRT appeal for that as well.

COUNCILMAN SQUILLA: But they wouldn't get a notice?

MR. AROS: No, any change in the

assessment, either the overall market value or the allocation within the overall market value, those folks will get a change of assessment notice. If everything is identical, they won't get a change of assessment notice because there would be no change to the assessment. But anybody that gets a notice for whatever reason, up or down, to file the FLR and then any owner in the City whether they get a notice or not can file with the BRT by that first Monday in October deadline.

COUNCILMAN SQUILLA: Because even people that don't have their overall tax assessment change, it looks like the land values have changed because you took the 20 percent model off the board here.

MR. AROS: Yes, they would get notices from us because the assessment allocation has changed.

COUNCILMAN SQUILLA: All right. Thank you. I'll come back.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

Chair recognizes Councilman Oh.

COUNCILMAN OH: Thank you very much, Council President.

Among the things that I find problematic is Philadelphia is such a city of neighborhoods. That means there's one street that separates similarly-looking housing, one street separates one neighborhood from another and it makes a huge difference. For example, there is a street that separates Southwest Philly from University City. And even though the houses look the same, when you come to the end of that street, that's University of Penn and people have bought homes and they've created shops and all that.

You cross that street and go a block, two blocks down, it's a completely different neighborhood and that's based on crime. What I mean is when you're on this side of the street, you're unlikely to get shot. When you're on that side of the street, you better be careful. And there are a lot of shootings, violent crime and other things. But the assessments are treating those homes like they're the same because they look the same.

Anywhere that you have high crime, I mean you have gunfire, you have violent crime, you have people being shot, the houses don't sell well. In any place have you taken into account those factors of violent crime in assessing the difference between one house and another house?

MR. AROS: No, we would not be allowed to factor demographic or statistical information like that into our assessments. What I can tell you on a broader level to what you were saying was that the 500, almost 600 market geographical market areas that we have, we literally draw those down to the street line level and in some cases to the parcel level. So if we have picked up variances even from across the street to where this side of the street sells for significantly different, we can draw that neighborhood, that geographic market area line down the center of a street.

If they behave the same, we can put a line behind the properties so that way we capture the full street. So when we see influences like perhaps as an example some of the catchment districts where one side of the street may be in it and one may not and we can tell that one side is selling differently even if the properties look alike, we can draw that subneighborhood, that market area literally down to the parcel boundaries of any parcel or a street center line to where one side is in one group and one group is in another.

COUNCILMAN OH: I think that information is very important. I mean, I just looked at the assessment on my house. And where I live, a lot of people would not live. I'm just saying that frankly. I've lived there my whole life. And my assessment is almost doubled, but we have a lot of crime in my neighborhood. And along with that comes illegal dumping, illegal tractor trailers, prostitution, harassment, all that type of stuff.

My neighbors don't come out of their house after dark. They don't use the park and they cannot afford to pay the almost doubling of property values. They cannot do it and I don't think they should, you know. There are a lot of problems in that neighborhood that comes with high crime, and those houses are not -- they're not going to sell for that amount unless it's a whole gentrification effort, you're just going to push people out of entire blocks, which I don't think is the purpose here.

Anyway I will just ask my colleagues, many of them, to reflect on the difference between one home and another home just based on crime. The homes look the same, but this block and that block is a completely different situation. We had a young man shot to death right at the bus stop on the corner of my block, that was over the summer.

The other young man ran into my backyard. I mean, that is a common problem in many parts of our City that distinguishes the value of one home based on neighborhood and quality of life and crime to another. But it doesn't seem to be factored into the assessment. You're telling me because a law doesn't allow it, but I'm thinking there must be some other way to determine that. But I'll leave it at that.

Thank you very much, Council President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

Chair recognizes Councilwoman Gauthier.

COUNCILWOMAN GAUTHIER: Thank you, Council President.

I'm sorry if I missed this before, but can you clarify how soon a resident can file a First Level appeal and when OPA will start reviewing these appeals?

MR. AROS: So the ability to

file First Level Review will be tied into when we're able to mail the notices. Each notice come with a First Level Review form. And once we know what the mailing date is, we will know what the deadline is and everything else. For those that get the notice, it's very easy. It has a barcode that identifies your property, so it doesn't require manual entry. But we will have blank forms for folks that either don't get it or lose it or whatever. But those forms will be available as we prepare to do the mailing.

COUNCILWOMAN GAUTHIER: Okay. Thank you. Are OPA and the City going to work with the BRT to extend the formal property tax appeal deadline beyond October 1st?

MR. AROS: I think as I mentioned a little while ago to Councilman Squilla, that's a state -- set by the state. OPA does not have the authority to ask or waive that deadline for the BRT.

COUNCILWOMAN GAUTHIER: Okay. Are you going to work with the state to do that?

MR. AROS: I --

MR. DUBOW: We can discuss that with the BRT and with our state lobbyists and see what we can do.

COUNCILWOMAN GAUTHIER: Okay. Has the City certified Philly's property tax assessments to the state?

MR. AROS: The state has not asked for our submission yet. So when they ask for the '23 certified roll, we will provide that.

COUNCILWOMAN GAUTHIER: Okay. Can you describe the key differences in OPA's methodology for conducting assessments in Tax Year '23 as compared to the methodology used for conducting assessments in Tax Year '20?

MR. AROS: Tax Year '20 did you say?

COUNCILWOMAN GAUTHIER: (Nodded affirmatively).

MR. AROS: So Tax Year '20 was

what was known as a trending reassessment. So in a year like 2023, we build new models, we recalibrate models, draw up new zones and basically your value starts from scratch. It's not based or predicated on a previous value. We put all the data elements in, we put all the sales in and like I said, recalibrate the models and build them from the start.

For 2020, it was a much broader scope in the sense that we analyzed changes over one-year period of time as opposed to using sales that would go back a little further than that in a full modeling process and we applied them more broadly to properties at the time I believe it was 14 geographic zones throughout the City.

So the sales analysis was shorter just to pick up the changes from the previous year since we had done a reassessment the previous year, and also a factor was applied to a larger scope, a larger area of properties than we normally would do, so there wasn't an individual value we calculated. It was taking a previous assessment and applying an adjustment for sales that were analyzed from the previous certification.

COUNCILWOMAN GAUTHIER: And sorry. Can you just clarify how that's different than your methodology for Tax Year '23?

MR. AROS: Sure. So trying to put it as simple as possible, we didn't take a previous number and add a factor to it. That's what 2020 was. 2020 we took a previous assessment, added a factor which took in, it didn't take in all the characteristics of properties that we normally do when we build the model from the start. So this assessment analyzed more years of sales and it analyzed a number of different features and characteristics about a property that were not analyzed as part of the trending which was placed on top of a previous value, and this one was built from scratch.

COUNCILWOMAN GAUTHIER: And when do you expect to get us a more detailed description of that methodology?

MR. AROS: So normally, I think the Philadelphia Code has a month after our certification date. So just certifying now, we're working to get that as quickly as possible. But hopefully in the next month we will have that detailed methodology required by the Philadelphia Code.

COUNCILWOMAN GAUTHIER: Thank you.

Thank you, Council President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilwoman.

I understand that we are in the process of receiving the data? Mr. Aros, do you know anything about that?

MR. AROS: Sorry. I went on mute for a second. Yes, so we spoke with representatives of Council last Friday as to get some of the data as quickly as possible. And so, we'll be working on that this week now that the values have

been finalized and produce a file so that
Council can have the ability to do some
of their own analysis as requested.

COUNCIL PRESIDENT CLARKE: All
right. That will be helpful. Thank you.

Chair recognizes Councilman
Domb.

COUNCILMAN DOMB: Thank you,
Council President.

Thank you again for your
testimony today, Director Aros. I just
have a comment that I want to maybe ask
the Administration if they can handle
this one. Because I think what I've been
listening to and what I've been hearing
from our residents is the frustration and
also from my colleagues.

And I think that -- I know you
don't necessarily, Director Aros, have an
answer for what I'm about to say, but I
think it's a part of the frustration that
we're hearing from residents and
businesses since this information, the
assessment information was released. The
real issue here is that our budget in the

last seven years has increased over 40 percent. We're like 1.6 billion. And now, we're telling people their taxes are going up even higher.

And the overall frustration is that we are missing a value proposition that speaks to our residents, basically does the value residents receive for the taxes they're currently paying meet or exceed their expectations and would increasing their taxes further enhance the City's ability to achieve results that matter to them like public safety, like quality of life, like improved skills and other City services.

So the question here, in the last seven years after investing 1.6 billion, are we a safer city, a greener city, cleaner and more efficiently run city than seven years ago? And what can the Mayor and the Administration communicate as to why we should levy even more taxes from our residents and property owners after they have already increased our budget by 1.6 billion in the last seven years without it seems meaningful advancement towards the city-wide goals for a public safety, quality-of-life issues and innovative city? So, Rob, do you want to answer that one?

MR. DUBOW: I do, because it's important to communicate that every single penny that will come to the General Fund through this property assessment is going back in the form of relief, either through the increased Homestead, through proposed reductions in the wage tax, through increases and cost of the Senior Citizen Tax Freeze, through increasing the cap on LOOP, if we're putting more money into outreach. None of this is coming back to the General Fund. It's all going back to relief.

COUNCILMAN DOMB: All right. So now I guess the question remains the other 1.6 billion, people are saying seven years when the budget was closer to 4 billion and now it's closer to 5.6 billion, and in any of the surveys that

we've all seen, do I feel the City is
safer, do I feel the quality of life is
better, do I feel our trash is being
picked up on time better, do I feel in
general that the City feels better.
And I think if you ask the
majority of the people, the answer might
not be yes, might be no. So how do we
change that and how do we fix it because
I think people will pay for things if
they feel they're getting the services?
MR. DUBOW: Yeah. And that
is -- aside from this part of discussion,
that is what we tried to do our budget
proposal this year. If you look at where
the increases were, they were in things
like the anti-violence initiatives, there
was additional funding for this the
Streets Department to make sure trash
collection is on time, that we attack
illegal dumping. They were for things
like increasing education, both the
School District and Community College, so
that's really what this budget was about,
about getting to improved outcomes.

COUNCILMAN DOMB: And I really think and I was listening and I heard Councilman Oh talk about his neighbors. You can't have people living in the City who are afraid to go out at night. That just isn't going to keep them here long. You have to fix those issues and they have to be fixed quickly. So I just wanted to share that because I think that's some of the frustration that's going on or most of the frustration. So anyway thank you to the Administration and thank you, Director Aros, for your testimony.

And thank you, Council President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilman.

We have one last question by Councilman Squilla, I believe. Councilman Squilla.

(No response.)

COUNCIL PRESIDENT CLARKE: Councilman Squilla.

(Background interruption.)

COUNCIL PRESIDENT CLARKE: Hello, Councilman?

(No response.)

COUNCIL PRESIDENT CLARKE: Okay. I think Councilman --

COUNCILMAN SQUILLA: I'm here. I don't know if you can hear me.

COUNCIL PRESIDENT CLARKE: I hear you now. Go ahead.

COUNCILMAN SQUILLA: Thank you. I know this is going to be a continued conversation. And I guess my question would be will we be able to bring back OPA and obviously Revenue to deal with these questions because we're already getting inundated? We have received emails, at least one constituent whose property value assessment went through $70,000 to $560,000 in this one year, which as you can imagine would be a shock.

So we're going to get more and more as people start to now go online to look at their assessments and more and more questions will be inundated with our offices. But my fear is not only the people who know how to do it, but the people who do not know how to do it, so we need to be able to get the data necessary that we can notify people who have large increases, how we can inform them of what's going on before they get the letter in September? And we're going to need your help in OPA to get that information. You guys -- do we have house-by-house data at this point? Rob or AJ?

MR. AROS: That's part of the file we're currently putting together for Council that we hope to have over the next few days.

COUNCILMAN SQUILLA: Okay. That may help us.

And then, Council President, we'll probably need some help to reach out to these folks because not everybody is going to be savvy enough to go on online and to look at what their assessments are. And I think we're going to need to get to them before they get this notice so we can inform them what they need to do ahead of time and what protections we need to put in place.

So thank you and looking forward to a possible callback to answer additional questions.

COUNCIL PRESIDENT CLARKE: Yes. Thank you, Councilman. Yeah, we're going to do what we need to do at a minimum to make sure that people get all the information and what assistance.

And, Mr. Aros, you may have to add an additional hotline because we're going to be referring a lot of people over to your office also.

COUNCILMAN SQUILLA: And real quick, Council President. They did last year have the calculator. I don't know if it was mentioned earlier. I don't see that on the OPA site. Is that something they're looking to add again this year?

MR. AROS: Yes. I mentioned it briefly in my opening testimony, but we're working with Revenue, Finance and OIT to have that calculator added to the web in the coming days and weeks. Based on the conversation that we have had with the AVI Group last week we already started working on that.

COUNCILMAN SQUILLA: Thank you.

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

Chair recognizes Councilwoman Bass.

COUNCILWOMAN BASS: Thank you, Mr. President.

So I just had a couple other questions and I wanted to talk about your requests for additional funding, particularly in light of what we just heard from my colleague Councilman Domb and what's been expressed here today. There's a real problem with providing additional funds with the amount of increases that are going to be coming, and people really don't see any value in what they're paying already in taxes.

As my colleague mentioned, people do not feel safer, they do not feel the streets are cleaner -- well, the fact of the matter is it's not safer, it's not cleaner, it's not what it should be or could be, and the budget has grown significantly, yet the services have dropped off also significantly. So it's very hard to advocate for any increase.

Let me ask you about the increase that was requested. Would any of that increase be going towards supporting staffers who would identify properties that were overappraised during these assessments, properties that were inappropriately appraised? Would any of that money be for hiring for those particular positions, those types of positions?

MR. AROS: Yeah. The increase that we see, which is the original appropriated funds that's requested last year is virtually identical. The increases that we -- we had some vacancies we knew we wouldn't fill. So throughout the FY22, we did reduce the target budget. So the increase would be asking for the funding back to fill those positions, which are staffing at all levels, but particularly evaluator vacancies and the incorporation of the management training position, which will be able to help a number of aspects of the Department, but particularly assisting those that are doing the reviews and looking at the First Level Reviews and doing some of the other assessments.

Those aren't necessarily things we would throw a new employee in because they need to have their certification and their training for their state certification, but they would be able to pick up some other work or some other details that would free up some time for folks that would normally be doing a multitude of things to sort of focus on those reviews and that process.

COUNCILWOMAN BASS: Okay. And let me ask you. So the total expenditure for contracts in Fiscal Year '23 is almost 1.5 million. How much of that could be dedicated to hiring and training

City employees to do that same work so that we're hiring staff rather than going to outside contracts as a way of getting our work done?

MR. AROS: Yeah. So most of that I think would be for things that we kind of identified that current employees are bringing additional staffing would be able to do. So some consulting services that we use, for instance, they get market data that's typically unavailable to us for instance, and then there are some -- the call center which we mentioned a couple of times, that's staffed offsite and that's a necessity. We wouldn't have the room or space to have that in the Department --

COUNCILWOMAN BASS: Where is it staffed at?

MR. AROS: The exact location I don't know off the top of my head, but it's offsite. It's contracted out --

COUNCILWOMAN BASS: Is it in the City of Philadelphia?

MR. AROS: I believe so, yes.

COUNCILWOMAN BASS: If we could affirm that, that would be great. I'd like to know.

MR. AROS: And I'm just looking through a couple of other things here. Primarily we'd obviously for as much of the contracting we do we want to bring as much of it inhouse as possible. But some of it, it's more efficient from a turnaround perspective with the work and cost-efficiency to have that done through external vendors.

Most of the -- I don't know that reallocating that money would -- down the line it may be more helpful, but we're trying to fill some of these vacancies now, so I don't think that's an immediate concern. We don't have enough money in the Class 100 to bring people on board, but down the line I think the Class 200 is something we could evaluate and make some changes if we're able to staff up as much as I would like.

COUNCILWOMAN BASS: Okay. Well, we'll look for the additional details.

Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilwoman.

I don't see any other Members requesting questions of these witnesses. So with that, Mr. Aros and Dubow, I want to thank you for your testimony today. Probably should anticipate participating in a callback once all of the numbers are done and the analysis is done on behalf of City Council, and we shield all those phone calls. I'm sure that we're going to have a lot of other questions and hopefully some solutions. But thank you. Thank you very much for your testimony today.

MR. DUBOW: Thank you.

MR. AROS: Thank you.

COUNCIL PRESIDENT CLARKE: By the way, colleagues, I think we have around 40 individuals testifying, members of the public today, so please prepare yourself for that later on this afternoon.

At this time we're going to be

calling the Board of Revision of Taxes.
Are you connected -- Mr. McDermott, who's
the next person to testify?

THE CLERK: The next person to testify is the Executive Director of the Board of Revision of Taxes, Carla Pagan.

COUNCIL PRESIDENT CLARKE: Good afternoon. How are you?

MS. PAGAN: Good afternoon, Council President and Councilmembers and peers. Good morning. I can be brief and open the floor to questions. I'll start by reading our testimony. With me today is Executive Assistant Linda Tucci. The Board of Revision of Taxes will end Fiscal Year 2022 in a good position.

The Board and Operation staff exceeded our expectations to recover from COVID delays in staffing shortages to hear appeal balances from Tax Year 2020 and Tax Year 2021 appeals. We're also pleased to be ahead of schedule with Tax Year '22 appeals. Also, 1,186 appeals filed for Tax Year 2022, the Board is 57 percent. The remaining appeals have been scheduled between today and the end of September.

The Department will use a few hearing dates between October and December of this year to hear appeals of continued parties and those special cases follow by the School District of Philadelphia. The Department's focus for Fiscal Year 2023 will revolve around anticipated heavy appeal-filing volume of course due to the 2023 city-wide reassessment. We are expecting a process anywhere between 15,000 to 18,000 appeals which is 100 percent increase from our 2020 filings.

Since the implementation of CAMA and the shift to remote work, several BRT processes have changed. The Department has updated appeal filing forms that are friendlier to onscreen users. We will also improve our website for ease of use and to simplify the appeal filing process, and we are testing and trying new methods to process emailed appeals and to shorten the time between filing and our first hearing date.

We've also reconfigured our hearing room to easily accommodate hybrid hearing sessions. Even though we face new challenges and stresses related to this new COVID work environment, the BRT is excited about the technological advances that have come from it. We have been forced to think outside the box to find new methods for continued production and efficiency while still serving the property owners of the City.

In this first quarter of Fiscal Year 2023, we plan to sharpen and fine-tune those methods and be ready for this upcoming 2023 appeal season. So with that, I'll open the floor to questions from Council.

COUNCIL PRESIDENT CLARKE: Thank you. Thank you very much for your abbreviated testimony. Appreciate it.

MS. PAGAN: Sure.

COUNCIL PRESIDENT CLARKE: A couple of quick questions that I have before I turn it over to colleagues. So in light of your FY23 reassessment, you obviously want to receive a significant number of inquiries for one reason or another.

A lot of people still remember the good ol' BRT. Now, your in the loop in a different capacity as part of a BRT/OPA team. But a lot of folks, many homeowners are probably going to be notified as these proposed changes later than usual based on the concerns that were raised, mailing, lack of envelopes, all of the things that we talked about earlier.

What steps are you guys going to be taking to ensure that the process is smooth for the Philadelphia homeowners? And by the way, we put a plug in for potential increase in resources earlier --

MS. PAGAN: Yes, I heard.

COUNCIL PRESIDENT CLARKE: We want to make sure our citizens are given every possible consideration as it relates to you all's process.

MS. PAGAN: Absolutely.

COUNCIL PRESIDENT CLARKE: Can you talk about how you may have to respond to this?

MS. PAGAN: Sure. Because of the timing of the 2023 assessments, we are actually encouraging all property owners to appeal now. And I know that the concern is, well, who has Internet access, who doesn't have Internet access. So we do have one employee in our office on standby to take all the phone calls, to retrieve property owners' 2023 assessed values and to actually mail them a BRT appeal form if it's needed.

We can also support Council at any kind of summer outreach that you do to notify residents of the appeal process in the 2023 assessments. We're working with the OIT to update our website to show that same information and we've also put that information on all of our email signatures and on our Department voicemail. So we are trying to get the word out and reach as many people as we can to appeal now rather than waiting until you get that assessment notice in the mail.

COUNCIL PRESIDENT CLARKE: Thank you. I want to make sure I heard you. You said you are recommending that they appeal now?

MS. PAGAN: We are -- appellants can file both the FLR and the BRT appeal. But the FLR process is not an interactive process. The appellants fill out the form, submit evidence to support their appeal argument and they get an answer in writing. So if you get reduced from that process, people are very pleased. But if you get denied, you don't -- there's no voice from the property owners, and we have found that the greatest thing about the BRT is we're ears, if people want to share, we are here to listen to their arguments and to their concerns.

So just in case we do recommend that people file their formal appeal now, just in case the FLR mailing notice is late or if it's not filed by October 3rd, and like you heard Mr. Aros say, our BRT filing deadline is always the first Monday in October, and that's a deadline that we don't set as a City department, but from the state. It's a Pennsylvania statute. So it's not the Board or even myself determining that filing deadline.

COUNCIL PRESIDENT CLARKE: Okay. All right. Another question: What's the average time that a filer must wait between filing and receiving their first hearing date, assuming that time is of notice, that FY23 property assessments for residents do you feel that the BRT can get through all applications before the FY23 property taxes are due? Everything's been somewhat pushed back as you know, so we're a little concerned.

MS. PAGAN: So in a typical year, the BRT filing deadline would be October 3rd, and the Board would start hearing those appeals in January of 2023. And we would usually allow all of Calendar Year 2023 to hear those appeals. The one great thing about us being ahead of the game going into this fall season is that if people can file their BRT this summer, then we're in a good position to start our appeal hearings in late October and then November and December so the hearing starts sooner. But typically, we do not start until January 1 of that tax year.

COUNCIL PRESIDENT CLARKE: Okay.

MS. PAGAN: So about 4 to 11 months between when you would file and you would have your hearing.

COUNCIL PRESIDENT CLARKE: Okay. Thank you.

Any additional questions by members of the Committee for this particular witness?

(No response.)

COUNCIL PRESIDENT CLARKE: I can't believe I'm not seeing any --

MS. PAGAN: They probably went to lunch.

COUNCIL PRESIDENT CLARKE: You must know a lot -- you know somebody. All right. Well, I want to thank you for

your testimony. We'll probably be
getting back to you all because there's a
lot of uncertainty around the OPA and the
assessments. I understand the numbers
are actually coming in as we speak adding
some additional categories. So once
that's in place, this whole issue with
respect to the appeals process as it
relates to the BRT, so we can get a
little more clarity on the timing and
what level of resources that you all may
need. So I anticipate that we'll be
reaching back out to you.

MS. PAGAN: Okay. Thank you.

COUNCIL PRESIDENT CLARKE: I
want to thank you all very much for your
testimony and look forward to the process
that will hopefully provide some level of
relief because this is going to be a very
challenging year for the citizens of the
City of Philadelphia, to say the least.
Thank you. Thank you so much.

MS. PAGAN: Thank you.

COUNCIL PRESIDENT CLARKE: To
the Members, we are scheduled to have our

public testimony at 3 o'clock so we'll come back then. So until then, we will take a break and we will reconvene the hearing this afternoon at 3 o'clock. So I'll see you all at 3 o'clock. Thank you. Thank you very much.

(Afternoon recess.)

COUNCIL PRESIDENT CLARKE: Thank you very much. We're going to get started. First of all, I want to thank you all for your patience. We are going to reconvene from this morning's hearing.

So we will resume the public hearing and begin taking testimony from the public on tax bills related to the Mayor's proposed budget. Before proceeding however, I want to lay out a few ground rules on how we will proceed with the public testimony.

Before we hear the testimony though, I would like to note one item for the record. I want to offer an amendment to the Capital Program and Capital Budget that requires no vote of this body today. This amendment restores the funding for improvements to existing facility also known as ITEF to preCOVID levels. Improvements in existing facilities exist in Parks and Recreation and the Department of Finance.

The reason why these amendments are being offered at this time is that the Philadelphia Home Rule Charter spells out the requirements for any changes that are to be made to the Capital Program before Council can enact an amendment to the Capital Program other than an amendment to delete a project.

We must first request through the Mayor the recommendations of the City Planning Commission. The Commission has 30 days in which to respond with this recommendation. So I want to start the clock running now and to ensure ample opportunities for this body to incorporate any potential capital amendments before passage of the budget.

If all Councilmembers have a copy of the proposed amendments, if not, please let me know. I believe everyone does. So the Chair -- Councilwoman Quinones-Sanchez is going to offer this amendment on my behalf and we're not requesting a vote again on the amendments. My intent is to get the amendment on the record.

We will now briefly recess our public hearing and go to our public meeting for the purpose of introducing these amendments and to the capital -- I'm sorry, and to the official record.

Chair recognizes Councilmember Quinones-Sanchez.

COUNCILWOMAN QUINONES-SANCHEZ: Thank you, Mr. President.

I offer amendments to Bill Nos. 220284 and 220285 and request that no vote be taken on them at this time.

COUNCIL PRESIDENT CLARKE: Thank you very much. We'll see that the stenographer receives a copy of the amendments so that they will be made a part of the record.

And we will now go back into the public hearing. Thank you very much for your patience. Okay. We will start our public testimony and lay out a few ground rules.

We're here today to hear from you about the City's proposed budget and where you believe the City should focus its priorities in regards to taxes. Due to the COVID-19 emergency, we have implemented special procedures with respect to public comment which was advertised and posted on Council's website and sent out in a press release.

Speakers interested in giving testimony were asked to call or email us by 3:00 p.m. yesterday so that we can take the technical steps necessary to provide an opportunity for public comment in a virtual environment. To ensure that there is an opportunity for everyone here to be heard, certain ground rules have been established as follows:

Your testimony should be about the City's budget and proposed taxes. All those who signed up to give public comment were telephoned at the beginning of this hearing and invited to join the hearing. Please make sure that your phone is muted at this time and you will be called in the order in which you were signed up.

Once your name is called, please unmute your phone. You will then have up to -- today because of the volume -- two minutes to testify, so please adjust your testimony to reflect the two-minute time limit. In order to be fair, we're willing to hold faithfully to the three-minute limit. So once you ask to begin your testimony, a timer will be started. And when there are 30 seconds remaining to your time, you will be reminded of this.

Once your allotted time is passed, you will be asked to conclude your remarks. And at that time, please mute your phone and stay on the line until the hearing is concluded. I want to thank you very much for your willingness to participate. We really appreciate you taking time out of your busy day.

Mr. McDermott, will you please read the name of our first speaker.

COUNCILWOMAN BASS: Mr. President, I apologize. This is Councilwoman Bass. I am present.

COUNCIL PRESIDENT CLARKE: Thank you, Councilwoman. The record shall reflect.

Good morning, are you connected, the first person?

THE CLERK: Our first witness is Mo Rushdy.

COUNCIL PRESIDENT CLARKE: Good morning -- actually good afternoon. I'm sorry. State your name for the record and please proceed with your testimony.

(No response.)

COUNCIL PRESIDENT CLARKE: Mr. Rushdy.

(No response.)

COUNCIL PRESIDENT CLARKE: Mo Rushdy, are you connected?

MR. RUSHDY: Can you hear me?

COUNCIL PRESIDENT CLARKE: Yeah,

we can now. Please proceed with your testimony.

MR. RUSHDY: My name is Mo Rushdy and I'm testifying today as both the Vice-president of the Building Industry Association of Philadelphia and as a founding member of the Philadelphia Real Estate Alliance, which was recently formed to utilize skills, tools and resources in our industries to impact the future of development, investment and job creation in the Philadelphia region.

I want to thank the Council President and all the members of Council for allowing me to testify today. Our City is at a major crossroads and the need for services and programming has never been greater. Fortunately, tax revenue is coming in at a higher amount than expected and the 1.4 billion in federal American Rescue Plan funds allow Council and the Administration the opportunity to take a step back and consider its priorities as it debates this last budget before the next year's

Mayoral election.

For too long, to borrow Paul Levy's phrase, Philadelphia tax what can leave instead of what must stay. It is past that time that we shift more of the tax burden away from the income and business taxes. The Mayor's proposal is a good start. The BIA is in the business of building and rebuilding Philadelphia and City Hall is our partner in doing so. But our partner cannot keep up.

L&I and the Planning Commission are severely understaffed and in need of additional budget funding in order to ensure that projects are properly planned and reviewed for safety and neighborhood appropriateness, which while allowing us in the developing community the ability to move forward with our projects on time and on budget.

We recognize that there's an urgent need in Philadelphia for affordable housing options for a great many people and we've been seeking to collaborate and craft policies with

Council that help all residents in the City share in its prosperity. The NPI, Neighborhood Preservation Initiative, and its new Turn the Key program are steps in the right direction that the BIA supports wholeheartedly.

The best opportunity to generate significant quantities of affordable housing for Philadelphians would be to list all the red tape on all public land dispositions and allow the private sector with its financing capabilities to take a leading role to get the solution implemented. We as a City also have a huge opportunity in investing close to $40 million to unlock thousands of vacant lots with U.S. Bank liens with the majority of it being vacant and clustered in Council Districts 3rd, 5th and 7th. These Districts also have the highest poverty rates in the City. It is time to put these properties to productive use.

The BIA is sincere in its desire to be part of the solution and to be in solutions that work for all. Thank you

for the opportunity to testify today.
Thank you.
COUNCIL PRESIDENT CLARKE: Thank you for your testimony. We appreciate it. Next name.
THE CLERK: Our next witness is Lauren Gilchrist.
COUNCIL PRESIDENT CLARKE: Good afternoon. State your --
MS. GILCHRIST: Can you hear me?
COUNCIL PRESIDENT CLARKE: Yes, we can. Please proceed with your --
MS. GILCHRIST: Hello. Wonderful. Thank you so much, Council President. My name is Lauren Gilchrist and I'm here today on behalf of the Greater Philadelphia Chapter of NAIOP where I serve as the Co-Chair of the Government Affairs Committee. NAIOP is a 501(c)(6) organization that represents the commercial real estate development community in Philadelphia and it is also a founding member of the Philadelphia Real Estate Alliance.
Thank you so much and to the

rest of your Committee as a Whole for permitting us to provide testimony on the budget. The membership of NAIOP recognizes that there are many important issues to be addressed in the current proposed budget, from housing to crime and basic issues of public health. The City and budget must address a host of challenges that impact neighborhood communities and businesses alike. From our perspective, the City needs to broaden and grow its tax base through equitable and inclusive development to meet these compelling budgetary needs and improve the quality of life in our communities.

It is this growth and the City's built environment that has been driving the tax resources necessary to invest in a high quality of life in all neighborhoods of the City, whether real estate, wage or business taxes. Stifling or stopping this growth will restrict tax revenues that are critical to making the investments necessary to provide quality services to all neighborhoods.

Chief among the things most squarely within City government's control to address are the processes that govern planning and development in the City. In order to invest in equitable growth, the process of planning and development and the investments that will support them must be streamlined and adequately funded to ensure that developers of all shapes and sizes in all communities and in all scales can seamlessly move their projects through our City's processes in order to get to completion.

One of the significant challenges in this system is capacity within the Department of Planning and Development. Even prior to the backlog of applications that was precipitated by the sunsetting of the 10-year tax abatement, the Department of Planning and Development had needed significant additional human resources to accomplish its mission.

In today's budget one additional

head count for the Department has been proposed by the Administration despite a demonstrated need for 10 to 14 additional staff. Unlike other departments providing required reviews and issuing permits, very little of the staff time provided by the Department of Planning and Development is reflected in the calculation of fees associated with building permits. As a result, P&D is not allocated sufficient personnel and technology support to process applications for reviews and permits resulting in long lead times to move projects through to full building permits.

By way of example, it takes approximately 70 hours of staff time to review and manage one midsize commercial development project through the civic design review process. These staffing costs were not factored into the fees for building permits since building permit fees were set prior to the establishment of the current CDR requirement.

Fees generated through the building permit process should fully cover the extensive staff time to review a new project. Without fully funding Planning and Development, less sophisticated developers and some neighborhood communities struggle to navigate the permitting and entitlement process successfully due to lack of ability to withstand extended time frame and less than adequate technical support from Planning and Development staff.

This is a long-term issue that will require creative problem-solving and process change and NAIOP and the Philadelphia Real Estate Alliance are happy to lend our technical capabilities of solving this challenge. Our comprehensive review of all City services required to provide Planning and Development reviews and approvals should be conducted to assure that the City is being compensated for the direct cost of services provided to developers.

For now, however, it's

imperative that you increase Class 100 funding --

COUNCIL PRESIDENT CLARKE: Ma'am, ma'am, you got to wrap it up.

MS. GILCHRIST: Okay. I have one more sentence and then it's all back to you. So your full commitment to the Department will be greatly appreciated. We would love to solution with you and let's work together. Thank you for the time and consideration.

COUNCIL PRESIDENT CLARKE: Thank you so much for your testimony. We appreciate it.

THE CLERK: Our next witness is Jamal Johnson.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record and proceed with your testimony.

MR. JOHNSON: Hello. My name is Jamal Johnson. I'm the General Manager of the Comcast Technology Center. I'm here today in my capacity as Chair of the Building Owners and Managers Association of Philadelphia commonly referred to as

BOMA. I would like to thank Councilmember Clarke and the Committee of the Whole for this opportunity to testify on the proposed FY23 budget.

The past two years have been challenging for a number of fronts. Now, that things appear to be in a turning point in the (inaudible) as the pandemic is concerned, it is clear that we as a community must come together and clarify -- and carefully examine both where we are and where we want to go. For too long the City of Philadelphia is reliant upon revenue streams such as City wage tax, U&O and BIRT that are all portable.

If the pandemic has taught us nothing else, it is that we become too reliant on fragile revenue sources. Exhibit A, the City wage taxes. In March of 2022, Center City office workers were sent home. For approximately 40 percent of these high wage office workers' home is the suburbs, not in the City, which means that those workers are not responsible for City wage tax for two years now.

Furthermore, if neither reports are to be believed, there is a possibility that some, perhaps even many of these workers will continue to work remotely from their homes in the suburbs. At present, BOMA buildings are at best 33 percent occupied with no estimated timetable for when other workers will return to the office. However, we acknowledge the recently proposed budget offers a slight wage tax reduction. We hope this reduction makes it through to the process and is the type of message businesses and residents need to hear.

As employers have been bringing work back to their downtown offices, they've been met with resistance. Many of those employees have theoretically enjoyed a 3.45 pay increase. They have not had to incur increasing transportation costs nor have they experienced the time burdens associated with twice daily commute. The Daily News reports of shootings, crime and unchecked illegal sidewalk behavior compound the return to office narrative. Having these perceptions are hard to break.

We have grave concerns that this resistance will (inaudible) in the City and/or leave the City all together in favor of locations closer to their (inaudible). This will have devastating consequences not only to the commercial real estate, but in the City as a whole.

The value of our buildings are tied in large part to the revenue streams they provide. When that revenue becomes anemic, it will no doubt cascade to the City's tax rolls into real estate. BOMA's longstanding position for a budget that has been assessed to support growth, at worse do now harm. On the surface, one can argue that this --

COUNCIL PRESIDENT CLARKE: Can you please wrap up.

MR. JOHNSON: One more and then I'm done. What happens to the 1.4 billion when ARP funds are exhausted.

After the transition plan where are we. What does the future look like for the next Administration. Make no mistake our recovery period will be measured in years, not in months. To repopulate our office building is the first step to recovery.

In addition to the tax revenue stream, office workers stimulate our local business economy --

COUNCIL PRESIDENT CLARKE: All right. Sir, you're going over -- I hate to limit the time but we have a significant number of people. We want to make sure everybody gets a chance to testify. And we will have additional time, so we're going to have to wrap it up.

Before we proceed, members or people that are on the list, witnesses, in the event that you didn't hear, we're going to have two minutes for individuals to testify. And I'd ask that you please adjust your testimony to reflect the two-minute limit.

When you hear the first bell, you have 30 seconds to conclude your remarks. On the second bell we're going to ask that you please summarize and wrap up for your remarks. Again, sometimes we adjust this but today we have a significant amount of people. We want to make sure everybody gets a chance to testify.

Next witness, Mr. McDermott.

THE CLERK: Our next witness is Ben Connors.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record. Please proceed with your testimony.

MR. CONNORS: Good afternoon. I'm Ben Connors, President and CEO of the General Building Contractors Association, which has a membership of over 300 commercial, industrial and institutional general contractors, subcontractors and construction service firms throughout the Greater Philadelphia region. I'm here on behalf of both the GBCA and the

Philadelphia Real Estate Alliance. I would like to thank you, Council President and all members of Council for allowing me to testify.

First, let me say the Mayor's proposal of reducing wage tax is a good start. We believe City Hall has the opportunity now to get businesses to locate here and grow our job base, lifting Philadelphians out of poverty with those new jobs. When it comes to accomplishing these goals, tax policies matter.

But second, I ask that you allocate funds to improve City services and especially by increasing the funds available to L&I to hire and train more inspectors. Philadelphia has been growing and we hope to continue to do so. But as GBCA members build, L&I has not been able to keep up due to lack of staff. As a result, important job-creating projects are delayed and their funding is in danger.

Meanwhile unscrupulous

contractors are incentivized to not file permits and use misclassified labor which result in unsafe construction sites and less tax revenue for the City. GBCA ask that L&I be given additional resources to proactively attempt to remedy this situation. Finally, I implore City Council to stop imposing additional restrictions on construction.

In recent years City Hall has significantly increased regulatory imposed costs on construction and at a pace that has not been conducive for growth. The truth is Philadelphia has dramatically less construction than other cities and suffers greatly as a result. We implore Council to work with the real estate industry to come up with commonsense solutions that encourage construction while addressing your public policy goals as well.

If properly nurtured (inaudible) hoping Philadelphia is a city that grows equitably. We are eager to work together to help accomplish this. Thank you for your time and consideration.

COUNCIL PRESIDENT CLARKE: Thank you for your testimony. We appreciate it.

THE CLERK: Our next witness is Sue Jacobson.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record and please proceed with your testimony.

COUNCIL TECH SUPPORT: She is not connected on Teams, Council President.

COUNCIL PRESIDENT CLARKE: Not connected. Next witness.

THE CLERK: The next witness is Regina Hairston.

COUNCIL PRESIDENT CLARKE: Good afternoon. Please state your name for the record and proceed with your testimony.

MS. HAIRSTON: Good afternoon, Council President Clarke and members of the Philadelphia City Council. My name is Regina A. Harrison, President of the

African American Chamber of Commerce of Pennsylvania, New Jersey and Delaware. Today in my testimony I'd like to speak about Black business growth and why investment in Black business is crucial.

As the second largest city for a majority diverse population, including 42.2 percent African American, we should be leading the nation in Black-owned businesses. Yet we have the lowest Black-owned businesses per capita rate of any major U.S. city at 1.8 Black-owned businesses per every 1,000 Black residents.

Additionally, according to an Annual Disparity Study, Philadelphia allocated 68 percent of its contract dollars to businesses owned by White males in 2017. We must do better. As we continue to collaborate and work together to build an inclusive business community, we must remain focused and reinforce intentional and targeted investments to build Black and Brown businesses in neighborhoods across the City.

While we have seen some encouraging and intentional legislation come out of this body, we cannot stop here. We should continually look to implement best practices from our other major cities like Chicago, Los Angeles and Milwaukee to create a more equitable and inclusive environment for Black businesses.

One such practice is to focus on an intentionally distributed American Rescue Fund dollars as well as other forms of federal funding. Philadelphia has allocated 575 million of the 1.4 billion received from the American Rescue Plan for FY22 and 335 million for FY23. As 41 percent of Black businesses nationally during the pandemic, we must ask ourselves how much of this funding is gone towards supporting those local and minority-owned Black businesses who need it most.

Other cities like Los Angeles has implemented equity formula to ensure that funding from the ARPA is going towards communities and small businesses disproportionately affected by the pandemic. Majority diversity Milwaukee has allocated 20 percent of its ARPA funding towards supporting communities, small businesses and industries impacted by the pandemic.

We as a city should emphasize the importance of investing in diverse businesses and that includes taking an indepth look at the policy such as tax reform and contracting requirements have on our diverse businesses, more specifically with tax reform that provides relief from burden on small businesses growth, particularly and especially Black and Brown businesses.

Moreover a recent FY23 survey conducted by the Diverse Chambers Coalition of Philadelphia indicated that a reduction in the BIRT would have a positive or highly positive impact on their businesses. By taking the time to holistically look at all of our options and impacts our actions have, we will strengthen our local economy in our Black community.

Other cities have made a critical point in priority to support Black businesses. We must follow suit. We have the responsibility and opportunity to make Philadelphia a more equitable place for all small businesses by investing in them and the time is now. Thank you for your time and consideration.

COUNCIL PRESIDENT CLARKE: Thank you for your testimony. We appreciate it.

THE CLERK: Our next witness is Greg Wendell.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record and please proceed with your testimony.

COUNCIL TECH SUPPORT: The participant is not connected to Teams, Council President.

COUNCIL PRESIDENT CLARKE: Next witness.

THE CLERK: The next witness is Reverend McKinley L. Simms.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record and please proceed with your testimony.

COUNCIL TECH SUPPORT: This participant is not connected as well.

COUNCIL PRESIDENT CLARKE: Thank you. Next speaker.

THE CLERK: Next speaker is Ramah McKay.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record and please proceed with your testimony.

MS. McKAY: Can you hear me?

COUNCIL PRESIDENT CLARKE: Yes, we can. Just proceed with your testimony please.

MS. McKAY: Thank you. So I'm calling as a resident of Philadelphia and an employee at the University of Pennsylvania. I'm the parent of two children that attend Philadelphia public schools. I'm concerned about the chronic underfunding of those schools and I'm calling about one important piece of the solution, which is ensuring that Penn and other wealthy nonprofits make payments in lieu of taxes or pilots to the public schools in an amount equal to 40 percent of what they would pay in property taxes.

So Penn is the largest private property owner in the City. But as a tax-exempt institution, it pays no taxes on billions of dollars worth of noncommercial property. And we know that property taxes are a primary source of local revenue for our school. When wealthy institutions don't pay their share, the result is that students, teachers and staff go without.

So for this reason, I and many others are calling on Penn to pay 40 percent of what it would owe in property taxes to the School District, and I'm urging the City Council to work with Penn, including the Board of Trustees to get this commitment written into this

year's City budget. I want to
acknowledge that two years ago Penn did
agree to pay $10 million per year to the
school for a limited period of 10 years.
This was an important step.

Yet if Penn paid 40 percent of
what it owes in property taxes, based on
figures in the University's own budget,
that would be at least $40 million per
year, about four times the current
pledge. Finally, I want to note that
Penn has an endowment of over $20
billion. It's not right that such a
wealthy institution should be subsidized
through the act of tax exemption by the
poorest big city in the United States.

Paying pilots is a matter of
justice and is a fundamental civic
responsibility. So as a parent,
University employee and City resident, I
hope that the City Council will enact to
ensure that Penn pays its fair share this
year and every year. Thank you so much
for your time.

COUNCIL PRESIDENT CLARKE: Thank

you for your testimony. We appreciate it.

THE CLERK: I've been told that Sue Jacobson is now available.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record and pro --

MS. JACOBSON: Good afternoon, Council President -- oop, good afternoon, Council President and good afternoon, members of City Council. I have been listening the whole time. I'm in now which is terrific. I'm Sue Jacobson, founder and CEO of Jacobson Strategic Communication and also Board Chair for the Chamber of Commerce for Greater Philadelphia.

So first of all, thank you for this opportunity to testify regarding this really important matter, particularly during this recovery period to grow our economy and to reduce poverty and maintain quality services and make our City safer. It is really imperative as my colleague Regina said earlier that we increase the number of gainfully employed people in Philadelphia either working for themselves or for others, and the urgency of this moment, it just can't be understated. At no other time in recent history have we had a more pressing need and confluence of available options to do so.

The facts are that Philadelphia as we know it is being outpaced in terms of job creation and has fewer business establishments per capita than comparable cities, and these factors they contribute to significantly less money being circulated locally. And now, what's happened is that it's exacerbated by rising inflation, interest rates and other costs on individuals and business, including property taxes.

However, we can reverse these statistics and mitigate these effects by substantially reducing the City's -- it is the highest in the nation tax on workers and it is a horrible double tax on people who run businesses in every neighborhood city-wide, essentially giving these hard-working Philadelphians a raise at this critical time.

And this is not an either-or moment. The City can maintain and even improve services going forward by investing in job and business growth. You know, you got the American Rescue Plan, right. You got reasonable growth projections and now, property tax revenue. And the bottom line is Philadelphia is to realize true and inclusive growth in changing its designation as the largest poorest city in America. We got to give Philadelphia a raise and invest in our workers, our businesses and our City. So thank you so much for letting me speak, Council President and members of City Council.

COUNCIL PRESIDENT CLARKE: Thank you for your testimony. We appreciate it.

THE CLERK: Our next speaker is Tonya Ladipo.

COUNCIL PRESIDENT CLARKE: Good

afternoon. State your name for the record and please proceed with your testimony.

MS. LADIPO: Great. Thank you. Tonya Ladipo here. I'm the CEO of the Ladipo Group. First, let me thank you for the time to be able to testify. I come to you as the CEO of the Ladipo Group as well as a resident of Philadelphia. The vision of my company is to be a premier provider for therapy services, equity and diversity and inclusion consulting.

And I say that because we are a Black female-owned business in Philadelphia and have been since 2004. We provide therapy, mental health services to the Black and African American community and then we work with organizations throughout the country and world about equity, diversity and inclusion consultation.

As a small business owner -- and we are small, we have a team of about 25 people. The way the tax structure is in

Philadelphia is very painful. Equity is important in the work that we do and to live and do business in the City that does not have equitable tax structures is very challenging. And so, I would implore Council and in the budget to pass that business owners are taxed one time, not twice, which is how it currently stands.

I do know that there is a lot of perception that when we're talking about businesses we're talking about businesses that are bringing in billions and billions of dollars in revenue that have thousands and thousands of employees. So I'm speaking as a very small business owner, that when my company is taxed twice, what that prevents from doing is hiring another local person in Philadelphia, that they can then pay rent or buy a property, invest in Philadelphia and keep the dollars here. So I would like first that to be changed. That would significantly help me and my company.

And then I would also say I think when we're talking about equity and inclusion, that when I watch my taxes that I pay as a business owner and as a resident and I'm not having clean streets and I'm not having safe streets to walk on throughout the City of Philadelphia versus a couple of neighborhoods, that is beyond frustrating. The City can do better. And I will appreciate all of Council support in making Philadelphia the city that it can be if we make some of these important changes. Thank you.

COUNCIL PRESIDENT CLARKE: Thank you so much for your testimony. We appreciate it.

THE CLERK: Our next witness is Whitney Harris.

COUNCIL PRESIDENT CLARKE: Good afternoon. Please state your name for the record and proceed with your testimony.

MS. HARRIS: Hello. My name is Whitney Harris and I appreciate the opportunity to speak with you today. I come to you as the owner of Wolford HR consulting. We are an HR Consulting practice based here in Philadelphia that supports area businesses with their human capital strategy. I can attest to the challenges that we as a small business face in addition to the struggles of our clients.

Post-pandemic recovery has been a long and arduous chapter for us as we're looking for ways to enhance benefit offerings, increase base salaries in hopes of attracting more solid talent and reworking current compensation plans to weather what everyone else is calling the Great Resignation.

In addition to running Wolford HR Consulting, I'm a wife of a business owner and a parent to two future taxpayers. We believe that these days of rebuilding beyond the pandemic are crucial and they really dictate whether or not we will continue to stay and fight to do business here in Philadelphia. I came here in 1997, a time when you really didn't want to be out on Market Street after 6:00 p.m., and now Philadelphia is a bustling destination for people my age, people who are dynamic, people who are entrepreneurial and people who are talented.

I would love to stay here and take part in what feels like a new version of Philadelphia. However, I do not want to sacrifice quality of life for just nostalgia nor will I ask my children to live (inaudible) while their parents work as hard as we do. We implore you to give Philadelphia a raise and ensure inclusive growth in job creation for the residents and business owners who do business here. Thank you.

COUNCIL PRESIDENT CLARKE: Thank you for your testimony. We appreciate it.

MS. HARRIS: Thank you.

COUNCIL PRESIDENT CLARKE: Our next witness is Blane Stoddart.

COUNCIL PRESIDENT CLARKE: Thank you. Good afternoon. State your name and please proceed with your testimony.

MR. STODDART: Mr. President?

COUNCIL PRESIDENT CLARKE: Yes, sir. Please proceed.

MR. STODDART: My name is Blane Stoddart. And to the President and Councilmembers, many of whom I work with, BFW is a construction project management company, Black-owned at the Philadelphia Navy Yard. We have 21 employees. We've been in business 13 years. I just wrote some notes down so I wouldn't go over.

Obviously, we would like for the City Council to consider a reduction in the wage tax and a reduction in the gross receipts tax, easing of doing business in the City, zoning and permitting and doing business with the Land Bank. We'd also like City Council to consider not putting up any more unfunded mandates where businesses have to pay more to do business in the City because as you can see, businesses and people are folding with their feet, and we have a 40 percent vacancy rate in Center City, which is the lifeblood of the City.

Finally, a couple of things. I'd like the City to consider more with the monies you have now and as you go through the budget process to consider creating more jobs and job-training programs so that we can deal with the level of poverty we're now seeing. Finally, in terms of building affordable housing, the City knows how to build affordable housing.

The Poplar homes were 185 units of affordable housing built I think in the '90s. The Nehemiah homes was 135 units of housing built by the City. So we're asking the City to not just consider giving land to developers, but subsidizing so that we in the development community can build both rental and homeownership units so that people that are of meager means will have a decent place to live. Thank you so much, Mr. Chairman.

COUNCIL PRESIDENT CLARKE: Thank you for your testimony. We appreciate it.

THE CLERK: Our next witness is Souvier Kahl.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record and please proceed with your testimony.

(No response.)

COUNCIL PRESIDENT CLARKE: Good afternoon. Are you connected?

(No response.)

THE CLERK: That was Souvier Kahl.

COUNCIL PRESIDENT CLARKE: Next witness.

THE CLERK: Our next witness is --

COUNCIL TECH SUPPORT: I believe he dropped off from the call, Council President.

COUNCIL PRESIDENT CLARKE: Okay. Next speaker.

THE CLERK: Our next witness is Will Carter.

COUNCIL PRESIDENT CLARKE: Good

afternoon. State your name for the record and please proceed with your testimony.

MR. CARTER: Do you guys hear me?

COUNCIL PRESIDENT CLARKE: Yes, we can. Please proceed.

MR. CARTER: All right, Councilman. William Carter, Vice-president of Local Government Affairs for the Chamber of Commerce of Greater Philadelphia. Good afternoon, Council President and members of the Committee of the Whole. Once again William Carter, Vice-president of Local Government Affairs for the Chamber of Commerce of Greater Philadelphia.

I want to thank you for this opportunity to testify on the budget today. As many of you are aware, I spent 16 years working in City Council as a Legislative Director and ultimately a Chief Operating Officer. For the past three years, I've served as Vice-president with the Chamber of Commerce for Greater Philadelphia. And I believe I have a unique perspective just on both sides of the public-private issue.

But I will be straight up. For our City to really prosper in addition to reducing gun violence and ensuring quality education, we have to help more people make more money, and that's inclusively whether they work for themselves or they work for others. Honestly it's that simple. I travel often and speak to counterparts in other cities.

They're investing in hard-working people who either work for themselves or for others. They recognize more money being made, the more people are getting paid, the better overall climate the city's in. But you don't have to take my word for it. You can look at the real data and facts that show for decades Philadelphia has not performed well in terms of growing local businesses and creating good-paying jobs.

The facts show in the past four

decades report after report and study after study that Philadelphia has double-digit declining job growth numbers while our regional competitors have double-digit increases. A major reason for this is because we have the nation's highest wage tax and tax on workers, and the only major city that double taxes hard-working business owners. Business owners in Philadelphia therefore have less money to grow their companies and hire employees, and likewise workers in Philadelphia have less money to save or spend locally.

If you pass by Conshohocken lately like I do when I go out to KOP sometimes, you probably see more company signs on those buildings out there. Oracle is out there now. They used to be on the West Coast. They didn't relocate in Philadelphia. They relocated out there in Conshohocken where they can pay less and (inaudible) and still enjoy the region's benefits.

So right now we're just making it easier for too many companies that are already here to move rather than stay in Philadelphia. When they relocate outside the City, it hurts our ability to grow local jobs, enhance business-to-business commerce and increase our tax base for health care, education and public service.

So in closing, I'd just like to say our City can substantially improve its economic standing with initiatives and policies that will grow all businesses and jobs city-wide (inaudible) and job growth, including meaningful ways in terms of tax reform that will help grow and attract employees of all sizes and put more money in working people's pockets. Thank you.

COUNCIL PRESIDENT CLARKE: Thank you. Thank you for your testimony. We appreciate it.

THE CLERK: Our next witness is Zach Wilcha.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record and please proceed.

MR. WILCHA: Good afternoon, Councilmembers. I'm Zach Wilcha. I'm Executive Director of the Independent Business Alliance Greater Philadelphia LGBTQ+ Chamber of Commerce. I'm here today speaking on behalf of Philadelphia's LGBTQ+ business community which is comprised of all races, ethnic backgrounds, sexual orientation, gender expressions and highly varied in industry.

In October of 2021, we came together with our local African American, Asian American, Hispanic American Chambers of Commerce to develop and launch the Diverse Chambers Coalition of Philadelphia. The purpose of this first of its kind local partnership is to work collectively as a community to meet the unique challenges diverse business enterprises face when they engage with our local economy.

With the goals of economic uplift for and within diverse minority business community, we will speak with a unified voice on issues where we unanimously align. One of the goals of our partnership is to regularly conduct surveys to convey the experiences and challenges of our business constituents to those who can make an impact like our City Council.

Our businesses main concerns can be distilled to four Cs, namely, cost of doing business with Philadelphia, clarity of doing business in the City, lack of cleanliness to a barrier to business and being personally and affected by crime. As for the cost of doing business in our City, the main thrust of the complaints is around the business-killing BIRT tax, which our businesses overwhelmingly identify as their most onerous expense.

The double taxes, which do not occur in similarly-situated cities to Philadelphia are grinding away at businesses at a historical moment when resources are thinner than ever. More dangerous for our City's future is the fact that these practices simply do not

exist in neighboring municipalities and makes the prospect of moving one business out of the City quite compelling.
Regarding clarity of doing business with the City of Philadelphia, our business relates to how difficult it is to navigate the ever-changing and labyrinth codes and regulations that exist to keep a business running.

This is not to mention the difficult customer service, outdated technology and the complicated rules that require person power that our small businesses simply do not possess to navigate successfully. An example of this is the Streetery bill which once represented a lifeline for our hospitality-focused businesses to survive a pandemic, but have now turned into a nightmare of bureaucracy for businesses, especially those that operate outside of Center City. This is not an either-or moment to prioritize either City services or create inclusive growth of businesses, and therefore jobs in the tax base.

The City can maintain services while investing in job and business growth, particularly with the 1.4 billion of revenue from the American Rescue Plan. Regional and national competitors are outpacing Philadelphia when it comes to growing jobs and attracting new employers, which is due in part to the fact that Philadelphia has the City's highest wage tax, the only city that double taxes its business through a BIRT tax. These taxes are a major reason why employers choose to locate right outside of Philadelphia.

We believe in the City of Philadelphia. Our LGBTQ+ community businesses know that it's a world-class city, and we want to stay here and be successful. They deserve investment as part of the values that our latest budget will represent. Our City can substantially improve its economic standing with initiatives and policies that grow all businesses and jobs city-wide.

The key to this is real investment in private sector growth, including meaningful wage and BIRT tax reform that will help grow and attract employers of all sizes. Thank you so much for your time and consideration today. We look forward to working with you to forge solutions to the recovery of the City we all love to call home.

COUNCIL PRESIDENT CLARKE: Thank you very much for your testimony. We appreciate it.

THE CLERK: The next witness is Jennifer Rodriguez.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record and please proceed with your testimony.

MS. RODRIGUEZ: Good afternoon. I'm Jennifer Rodriguez, President and CEO of the Greater Philadelphia Hispanic Chamber of Commerce. For the past three decades, GPHCC has been the leading voice developing, promoting and advocating for 12,000 Hispanic businesses in

Philadelphia while encouraging the advancement and economic growth of the Hispanic community.

In Philadelphia building an inclusive economy has become the top priority of both the private and public sector. This priority has become ever more critical in light of the disproportionate impact of COVID-19 in the communities of color and the Hispanic community in particular. At GPHCC, we firmly believe that entrepreneurship is one of the keys to solving the inequity that impedes the growth and development of poor and underrepresented communities and should be a priority of City government as it forms the new City budget.

Research shows that families who own a business have higher median net worth than families who do not, and Hispanic families who own a business have four times the net worth of Hispanic families who do not. Entrepreneurs are the backbone of the economy and across the country, the majority of new jobs are created by small businesses. But here in Philadelphia, entrepreneurship is on life support. We rank at the bottom of comparable cities for many key indicators of economic health, whether it is cost of doing business, ease of doing business, business creation or job growth.

It is more expensive to do business here than in Los Angeles, San Francisco or Washington D.C. Decades of decisions made by our leaders have changed Philadelphia's reputation from a world-class small business city, an innovation hub referred to as the workshop of the world into a place that has earned a reputation as a place in which it is difficult to conduct business.

Entrepreneurs have many location options and increasingly they're deciding against Philadelphia. In fact, the majority of respondents to a survey from the Diverse Chambers Coalition indicated that they would not recommend the City as a place in which to do business due to the relative high cost and difficulty of doing business, coupled with the alarming increase in gun violence.

As City Council and the Administration look for ways in which you can use the budget process to support the recovery of businesses, it should be noted that wage tax relief by itself without a complementary reduction in BIRT would be an incomplete effort. The past three surveys conducted by the Diverse Chambers have confirmed that by far the BIRT is the most burdensome tax for businesses with less than 1 million in revenue and with five or four employees, which comprises the majority of diverse businesses.

At GPHCC, we're committed to supporting Latino-owned businesses as they emerge from the pandemic. We thank you for holding today's hearing and the leaders and staff of our Chamber are ready to work with you to build a stronger and safer Philadelphia for all.

Thank you.

COUNCIL PRESIDENT CLARKE: Thank you very much for your testimony. We appreciate it.

THE CLERK: Our next witness is Ida Garcia.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record. Please proceed with your testimony.

MS. GARCIA: This is Ida Garcia. I'm an insurance agent in Philadelphia. I own my business, my own business. I'm speaking on behalf of the Hispanic Chamber of Commerce also, but mostly on my own behalf and on behalf of all small businesses owned by minorities, but mostly by Latinos. I am a risk consultant, very proud of being an owner of this agency in North Philadelphia.

I currently have six full-time employees. I have been in business protecting mostly minority families and their businesses for the last 10 years. One of my main goals is to grow my business and to hire at least five more team members by the end of the year. These are well-paying, meaningful jobs. Salaries my team members receive are spent in our community.

Philadelphia has one of the highest combined business income tax rates among big cities in the country. Only second to New York City, I believe. The fact that we are taxed on gross receipt and also net income makes it much more expensive and difficult to stay and grow businesses in the City. I'm here today to ask you to consider lowering the business tax rate as well as wage tax rate for workers living in the City.

That will allow me and also all business owners to grow at a much higher pace because I will be able to hire more team members. I would finally like to mention three issues that are badly affecting the quality of life of Philadelphians and need immediate attention, the high crime rate, streets full of trash and also (inaudible) and the low quality of education. So I appreciate your time. I'm really glad that I had the opportunity to speak with you. Thank you.

COUNCIL PRESIDENT CLARKE: Thank you for your testimony. We really appreciate it.

THE CLERK: Our next witness is Joe Santiago.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record. Please proceed.

MR. SANTIAGO: How are you? Can you hear me there?

COUNCIL PRESIDENT CLARKE: Yeah. You have a lot of background noise. So if you can eliminate that, that will be helpful.

MR. SANTIAGO: Sure. Let me help you out. Good afternoon, City Councilmembers and all attendees. My name is Joe Santiago, proud owner of JJS Property Services LLC. The truth is JJS wouldn't be as successful as it is today if it weren't for several City

Councilmembers, so I want to take the time to take the opportunity to thank you and your guidance and you guys know who you are.

Today I want to talk about the impact small businesses bring to the City of Philadelphia. There are obstacles that minority business owners have to endure simply to keep our businesses up and running, hiring new employees to be able to offer them better pay, benefits, et cetera. It is a challenge for us all to say the least.

I'm sure you know the City of Philadelphia has the highest wage tax and it is the only major city that double taxes businesses through business income tax and business receipt tax. Together they are called the BIRT tax. We need this changed so that small businesses have a better chance to survive and offer our employees a higher income and benefit. With that, I want to thank you for giving me the opportunity of speaking today.

COUNCIL PRESIDENT CLARKE: Okay. Thank you. Thank you, sir. Thank you very much for your testimony. We appreciate it.

THE CLERK: Our next witness is Bram Fenua.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record and please proceed with your testimony.

MR. FENUA: Hello?

COUNCIL PRESIDENT CLARKE: Yes. Are you connected?

(No response.)

COUNCIL PRESIDENT CLARKE: Who's the next --

MR. FENUA: Good afternoon.

COUNCIL PRESIDENT CLARKE: There you go. Okay. Go ahead. Please proceed with your testimony, sir.

MR. FENUA: Yeah. Good afternoon. My name is Bram and I own the small store, Asian store, grocery at the South 7th Street. Since the pandemic two years ago, I've been struggling a lot because the people just not shopping at the store. People going online and the rent is going up so high. There's a killing on all the businesses here, so I see so many of my friends just are closing the store and leaving the state.

So, one, I believe that the main thing that because the rent's so high and the business is just going up like crazy everywhere, so I hope this year after a few years of saving and all the permits that we've been doing, we're going to open the new kitchen. We're going to renovate the back of our store and hopefully everything will be done this year. And once it's done, I hope that we can hire more people, we can generate more profit and more revenue for the City and better serve the community.

So I've been around for like 10 years in Philly. I've been looking at a place to live and I love Philadelphia. I want to raise the kids here. Please don't leave us alone, just help us. Let me stay in Philly and please help us.

Thank you very much for your time.

COUNCIL PRESIDENT CLARKE: Thank you very much for your testimony. We appreciate it. We want you to stay here in Philly also, sir.

Next witness.

THE CLERK: Our next witness is Khine Zaw.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record. Please proceed with your testimony.

MS. ZAW: Good afternoon, Council President. My name is Khine Zaw. I am President and CEO of Asian American Chamber of Commerce of Greater Philadelphia. First of all, thank you so much for giving me this opportunity. Our Chamber represents more than 13,000 small businesses in Greater Philadelphia area. The Asian American Chamber of Commerce especially have been active in helping the businesses, especially the small and micro businesses throughout the pandemic helping them get grants and finding job opportunities. And as you have heard from many of our members, the most burdensome tax that they have been carrying is Business Income and Receipts Tax also known as BIRT.

We understand that wage tax is just as problemsome for many of these businesses, but without doing anything to lower the BIRT tax, it will drive these businesses out of Philadelphia. We have 1 out of 5 small businesses in Philadelphia that are owned by Asian Americans and they want to live and grow with the City of Philadelphia, but the crime and the safety are the number one issues for businesses to operate and also get staff members to come and work, especially at restaurants and grocery stores.

So with this public hearing, I would like to request the City Council to consider lowering BIRT and also please visit the business corridors and also look at what these businesses are bringing in for the City. Thank you so much for this opportunity.

COUNCIL PRESIDENT CLARKE: Thank you for your testimony. We appreciate it.

THE CLERK: Our next witness is JoJo Pierce.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record. Please proceed with your testimony.

MS. PIERCE: Hello. Can you hear me?

COUNCIL PRESIDENT CLARKE: Yes, we can. Please proceed with your testimony.

MS. PIERCE: Okay. My name is JoJo Pierce. I am a (inaudible). Because the business tax is too high in Philly, this is why I moved to Swarthmore to be online business. I mean, I do want to rent a store in the downtown. But after checking to pay the rent, to pay the employee and pay the tax, I feel I will not make money and we are a small business. So if we don't make money, we just move, find the place and have the low tax. This is what I do. That's okay. Thank you.

COUNCIL PRESIDENT CLARKE: Thank you so much for your testimony. We appreciate it.

THE CLERK: Our next witness is Anna Lee.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record. Please proceed with your testimony.

COUNCIL TECH SUPPORT: This participant is not connected, Council President.

COUNCIL PRESIDENT CLARKE: Thank you. Next witness.

THE CLERK: Our next witness is Tila Bawie.

COUNCIL PRESIDENT CLARKE: Good afternoon. State your name for the record and please proceed with your testimony.

MR. BAWIE: Hello. Good afternoon.

COUNCIL PRESIDENT CLARKE: Good afternoon.

MR. BAWIE: Can you hear me?

COUNCIL PRESIDENT CLARKE: Yes, we can. Please proceed.

MR. BAWIE: My name is Tila Bawie. I'm a barber's people. And I'm own a small business in Philadelphia. Before pandemic is running good, but after pandemic is slow. And the tax is too high too. And yeah, I hope you can help to drop down the tax for the small business is running good. I hope about in this year or next year it might be better to your help. And, yeah, thank you very much for this opportunity. Thank you.

COUNCIL PRESIDENT CLARKE: Thank you. Thank for your testimony. We appreciate it.

THE CLERK: The last witness is Nora Farida.

COUNCIL PRESIDENT CLARKE: Good afternoon. Please state your name for the record. Please proceed.

MS. FARIDA: My name is Nora. Hello?

COUNCIL PRESIDENT CLARKE: Yes. Go ahead. We can hear you.

MS. FARIDA: Yeah, my name is Nora Farida. I'm a business owner in South Philadelphia. I opened my business during the COVID (inaudible). It's a small business. It is very difficult to grow my business because tax is so high, and then right now the customer, also they told everything right now high. The customer also come so slow right now. My business is so slow. So please help us to grow our business by reducing tax and making our community safer. Thank you so much.

COUNCIL PRESIDENT CLARKE: Thank you. Thank you for your testimony. We appreciate it.

A number of people did not respond or dropped off the call, so hopefully we'll be able to get their testimony in written form at a later date. For those that are still connected, just want to say that this is the start of the process. We appreciate you all's participation and we'll be further discussing with respect to aspects of the proposal and the tax proposal.

Any statements by Members they would like to make before we recess?

COUNCILWOMAN QUINONES-SANCHEZ: Yes, Council President. May I quickly?

COUNCIL PRESIDENT CLARKE: Yes, please do, Councilwoman Sanchez.

COUNCILWOMAN QUINONES-SANCHEZ: Yes. Thank you. I just wanted to thank some of the small businesses, Ida Garcia, Joe Santiago and others. Many of these folks have been very active small businesses in District 7, but they service throughout the City.

And I just wanted to thank them for taking the time. I know that there is an expectation that is part of this budget process. We will have some sort of BIRT reform and some wage adjustments to get money back into the hands of people. And I just want folks to know that we're just as serious on that work as we were when we started the work group. And I want to thank them for their time.

Thank you, Council President.

COUNCIL PRESIDENT CLARKE: Thank you, Councilwoman.

If there are no other comments or questions by members of the Committee, thank you very much. There being none, this Committee will stand in recess until Tuesday, May 10th at 10:00 a.m., at which time we will reconvene on Microsoft's Teams. Thank you all very much. We appreciate it.

COUNCILWOMAN PARKER: Thank you, Mr. President.

COUNCIL PRESIDENT CLARKE: You're welcome.

(Committee of the Whole concluded at 4:05 p.m.)

C E R T I F I C A T I O N

I, hereby certify that the proceedings and evidence noted are contained fully and accurately in the stenographic notes taken by me in the foregoing matter, and that this is a correct transcript of the same.

TANEHA CARROLL
Court Reporter - Notary Public

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