



HOMEOWNERS ASSOCIATION OF PHILADELPHIA HAPCO

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Bill 120340

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Proposing the granting of tax exemptions to longtime owner-occupants of certain properties in the City of Philadelphia.

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It is an unfortunate experience when taxpayers feel overwhelmed by the expenditures of their government. Citizens understand the need to fund public services, and all of us recognize the present economic circumstances. Yet when year after year government promises “this is it, give us this money, and we will run your government”- and then those promises of temporary tax increases, and living within the budget, reliably fail at every level- property owners are understandably displeased and dejected.

These failures are not the fault of this City Council. To the contrary, we see you working and scrambling for solutions, and your effort is appreciated. We can only ask that you continue to exercise the firmest of legislative oversight, and somehow insure that those who implement the work of government on your behalf maximize the results, and minimize the cost.

So now we are faced with yet another massive shortfall: the sudden announcement by highly paid officials that they made a miscalculation somewhere, and they need another quarter billion dollars. And the.

solution is always the same: they come to this legislative body, and tell you to increase taxes, *or else*. Be assured that no one in the public is fooled by the claim that this new Actual Value Initiative is not at its heart a tax increase. No matter how the Initiative is presented, it is clear that it will result in a huge number of families paying a hefty increase in tax. When the pre-announced goal of the project is to collect 94 million dollars in additional taxes, it is hard to approach the matter as anything but more taxes due. It is frankly also difficult to understand the proposed cart-before-the-horse approach, where the assessments and the actual taxes that will ultimately be due remains a mystery to you, and to us.

Even so, the public recognizes that fairness and equality in property tax assessment is mandatory and appropriate. If and when the details are determined, the Actual Value concept certainly warrants consideration and may well deserve approval.

But it is obviously the method of implementation of this new concept of uniformity which concerns your constituents. I appear this afternoon on behalf of HAPCO, the Homeowners Association of Philadelphia, to comment on just one narrow piece of this unfortunate puzzle which you are tasked with piecing together. This is the proposal contained in bill 120340, which would partially exempt long time owners from the significant additional tax burden which the Actual Value Initiative will unquestionably create.

And our concern is this: the quest to protect residents from losing the place they call home is commendable. Council's sensitivity to the issue is admirable. The proposed legislative findings are right on target: no one who has lived in a home should be forced to abandon it because the government suddenly decides to assert the right to take more taxes: taxes potentially so high, that a resident of our city, who may have called that property home for many years, more than ten years, to use the language of the Bill, can no longer afford to live there. It is that legitimate concern which properly prompts this Council to contemplate methods to spare a long time resident from losing the place they call home.

And yet there is a significant flaw in the proposal represented by the Bill under consideration: the Bill purports to be concerned about residents who have lived long in a place- but favors those who *own* a home, while utterly discriminating against a virtually identical citizen,

in an identical neighborhood, who lives in a virtually identical house, for an identical period of time or longer- but has made a life decision, or life has made the decision for them, to *rent* that virtually identical property. Where is the concern, the fairness, the protection, for that family that has lived an identical life, but chooses to rent the home which they call home? Why do the legislatively expressed Declarations of Policy in the Bill not apply with identically equal force to those of your tenant constituents who are in equal danger of losing their homes if the taxes dramatically increase? When the Bill recites a concern that “*some residents are particularly vulnerable to the process of neighborhood change known as gentrification*”, why are those citizens who chose to rent their home, whose rent will of necessity be increased in an amount equal to the hefty new tax increase- why are those citizens not entitled to equal protection from this Council? Why are they not perceived as equally at risk, if indeed not more vulnerable, to the danger of losing their residence due to gentrification?

Now of course you don't care about the landlord. Let's be honest. I wouldn't even ask you to contemplate that issue. But it is axiomatic that the tenant will pay the tax that the landlord is assessed. When you offer lower taxes to one group, granting exemptions to that favored group, the *unfavored* group will not only be deprived of the exemption, but will pay higher taxes as well. It is a double blow. Not only do the taxes on a tenant occupied property not receive an exemption, but the amount of tax to be paid for the tenant-occupied properties must by definition be even higher, to compensate for the lower taxes that the favored ones are privileged to pay. It must be said straight out. If you grant exemptions to owner-occupied property, but not to renter-occupied property, the significantly higher costs to the owner of the tenant's home will assuredly be passed on to the tenant. The result will be that the tenant, the equal citizen who has lived just as long in their home, can no longer afford it.

I am privileged to know first-hand the sincerity of the individuals who comprise this Council. I do not for a moment believe that you intend the ramifications of Bill 120340 when considered in this light- that in financially favoring long term owner-occupants, you will be forcing long term tenant-occupants out of their homes, and their streets, and their neighborhoods. I know this is not your intention. But that will be the result if this Bill, which favors owners and discriminates against tenants, is enacted.

By expressing valid concern for long-term residents, but withhold any concern for tenants, it is a discrimination, and an unfairness, that we humbly suggest should be reconsidered. When the Bill is prefaced with a Policy Declaration that *“Longtime owner-occupants of principal residences throughout the City face the real threat of losing the financial ability to remain in their homes by virtue of the rising market values and consequent property tax assessments which are the hallmarks of a gentrifying neighborhood”*, know of a certainty that this threat is equally as real for the tenant-occupant, who faces equal fear that when the city raises the taxes on the property they have occupied for years, the cost of which will assuredly be passed on to them, they will likewise lose the financial ability to remain in their homes, by virtue of the rising market values and all the hallmarks of a gentrifying neighborhood. We therefore oppose Bill 120340.

We thank you for your time this afternoon. The strain of correcting Philadelphia's financial problems, which sadly seem to increase every day in this city, is a massive burden, and it is your burden, and it is with reluctance that yet another issue is placed before you. But fairness, and equal protection for all of your constituents, mandates that we express these concerns, and suggest that you should decline to enact a Bill, however well intended, which is a windfall to half of the city's citizens, but an unfair discrimination to the rest.

Thank you as always for your time.

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