



Preserve, enhance and celebrate urban living

December 8, 2017

Hon. Kenyatta Johnson
City Hall, Room 580
Philadelphia, PA 19107-3290

Re: CCRA supports Bill No. 170901

Dear Councilperson Johnson:

On behalf of the Center City Residents' Association (CCRA), I write in support of Bill No. 170901 ("the Bill"), which is the latest in a series of amendments expanding the breath and scope of the Tax Exemptions for Longtime Owner-Occupants of Residential Properties Program (otherwise known as "the LOOP Program").

Realizing that many longtime homeowners of limited economic means – especially seniors on fixed incomes – could be adversely impacted by the City's Actual Value Initiative (AVI), CCRA has for years been a strong proponent of the LOOP Program, which provides a limited property tax exemption to eligible owner-occupiers on that portion the assessed valuation of their properties which is in excess of three (3) times the previous year's valuation. For example, last year we supported Bill No. 160012, which removed a 10-year cap on the duration of the tax exemption under the LOOP Program for qualifying middle and low income residents.

It is our understanding that the Bill seeks to further expand the LOOP Program by removing a provision from the law that currently renders homeowners ineligible from participation if their total household income is greater than or equal to 80% of the Area Median Income (AMI), as established by HUD. As a result, if the Bill is passed, long-term owner-occupiers of real estate in the City will be able to take advantage of the LOOP Program for an indefinite period of time so long as their total household income is less than or equal to 150% of AMI, until their properties are sold, transferred, or are no longer their principal residences.

CCRA supports the Bill for two important reasons. First, the Bill furthers the goal of the LOOP Program to help long-term homeowners in Philadelphia on fixed incomes who experience large increases in the assessed value of their properties from one year to the next. As a result, it will help those residents who may not be in a position to shoulder the economic consequences of gentrification.

Second, the economic impact of the LOOP Program on the City's finances is relatively small given that existing legislation already provides an annual cap of \$20 million, and further provides that if the cap were to be reached in any year, then the respective exemptions would be allocated among all eligible

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taxpayers on a pro rata basis so that the total taxes exempted under the LOOP Program would never exceed \$20 million in that year.

We do recognize that there are some potential areas of abuse. For example, there is the possibility that the City may inadvertently allow some taxpayers with household incomes that somewhat exceed 150% of the AMI to participate in the LOOP Program. In addition, we realize that certain high-income taxpayers who benefit from an informal, unrecorded property transfer may slip through the cracks and improperly be permitted to participate.

However, on balance, CCRA believes that the benefits of the Bill outweigh those potential areas of abuse. We therefore look forward to City Council acting on this legislation.

Sincerely,



Wade D. Albert
President

cc. All members of City Council