

How might changes in property values impact neighborhoods across Philadelphia?

Presentation to City Council

April 2012

What is the purpose of this presentation?

- In order to get a sense of the changes that could occur with the implementation of the Actual Value Initiative, we looked at some examples of how current values compare with recent sales values.
- We reviewed sales data and existing market values in the OPA system for a variety of neighborhoods in each Council District
- Average sales prices help provide estimates for average home value, which should be a good, but not exact, gauge for where new market values will be. Some neighborhoods, however, have limited sales, and therefore may not be fully reflective of the neighborhood's values.

Why these neighborhoods?

- Approximately 4-5 Geographical Market Areas (GMAs) were selected for each of the 10 Council Districts.
 - Properties located within a GMA have similar characteristics (such as type of property, square footage, and sales price)
 - GMAs are therefore often smaller than neighborhoods, and so may represent just a portion of the neighborhoods identified
 - GMAs were selected to show a cross section of the city – some with relatively low home values and others with higher values.
- OPA provided the current average market values in the GMAs and researched recent sales to provide average current sales prices
- As there are only 4-5 GMAs for each District, these may not be typical for the whole area.

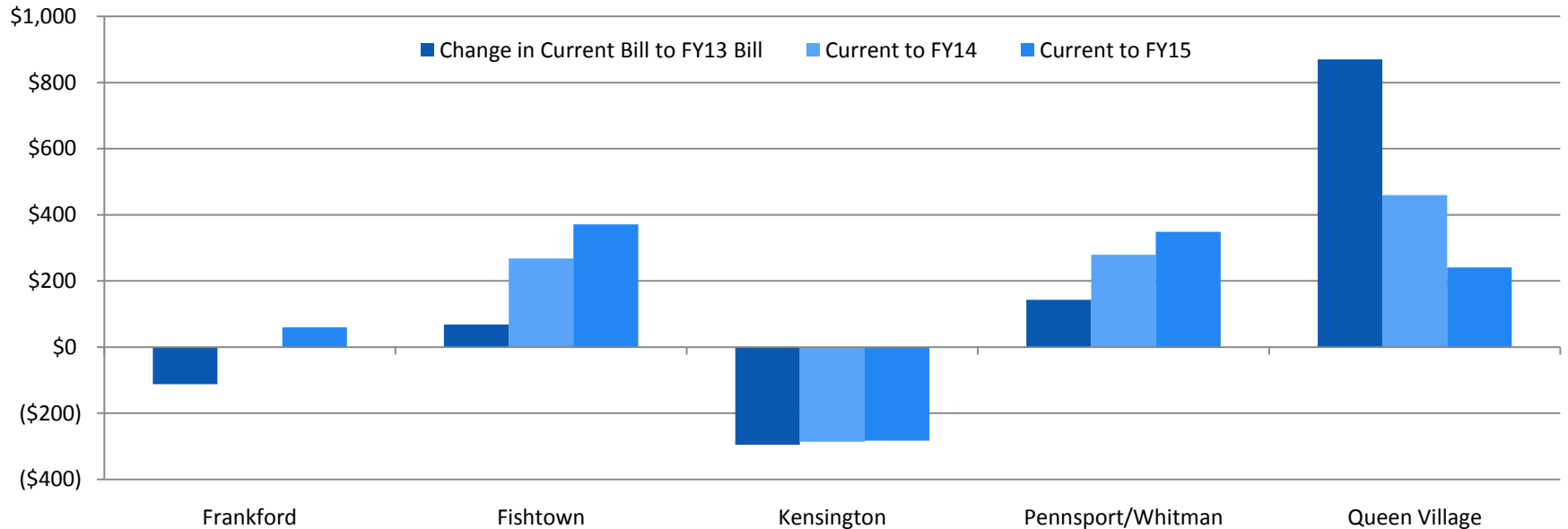
How are the amounts calculated?

- Since the average property tax bill will increase by 9%, we used that as the average change for this group.
 - Note, the average tax bill for this particular group of GMAs is not intended to reflect the average for the city.
- The tax rate was adjusted to hit the same average tax bill for this entire group of properties for the three years, using smoothing and a \$15,000 homestead exemption. The tax rates used to hit this number for this sample set of properties is 2.4% in FY13, 1.64% in FY14 and 1.25% in FY15. FY15 would therefore reflect the full impact of AVI.
- We have assumed a homestead exemption for all properties – in our AVI proposal, commercial properties and residential properties that are not owner-occupied would not receive this exemption.

What does the data show?

- As we would expect, some properties that may have been relatively overbilled will see a reduction in their tax bills. Other property owners will see increases in their tax bills.
- A \$15,000 homestead exemption provides significant relief for lower valued properties. The data shows that average properties within certain GMAs may have \$0 tax bills.
- Smoothing provides different outcomes for different property owners. The impact of smoothing depends on the combination of the value of the home and the amount of change from the old market value to the new market value.

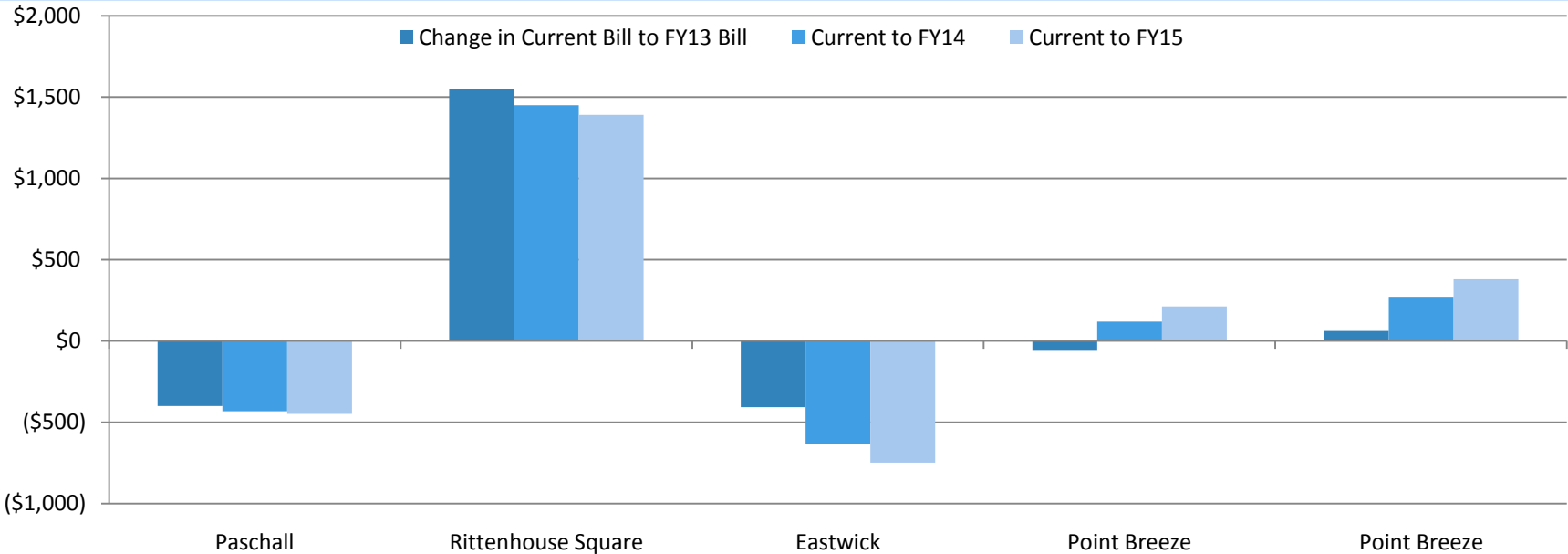
FIRST DISTRICT



Neighborhood	Avg. Current Market Value	Avg. Sales Price	Current Tax	Tax at 2.4% Times Avg. Sale Price - Smoothing (Yr 1) and \$15,000 Homestead	Difference, Current to FY13	Tax at 1.64% Times Avg. Sale Price - Smoothing (Yr 2) and \$15,000 Homestead	Difference, Current to FY14	Tax at 1.25% Times Avg. Sale Price - Smoothing (Yr 3) and \$15,000 Homestead	Difference, Current to FY15
Frankford	\$17,547	\$62,167	\$530	\$417	(\$112)	\$531	\$1	\$589	\$59
Fishtown	\$13,988	\$78,487	\$422	\$491	\$69	\$690	\$268	\$793	\$371
Kensington	\$24,681	\$51,993	\$745	\$450	(\$295)	\$458	(\$287)	\$462	(\$283)
Pennsport/Whitman	\$31,452	\$118,893	\$949	\$1,093	\$143	\$1,228	\$279	\$1,298	\$348
Queen Village	\$187,766	\$488,005	\$5,667	\$6,537	\$870	\$6,127	\$460	\$5,908	\$241

For Illustration Purposes Only – this does not necessarily reflect final values or tax rates to be determined by AVI

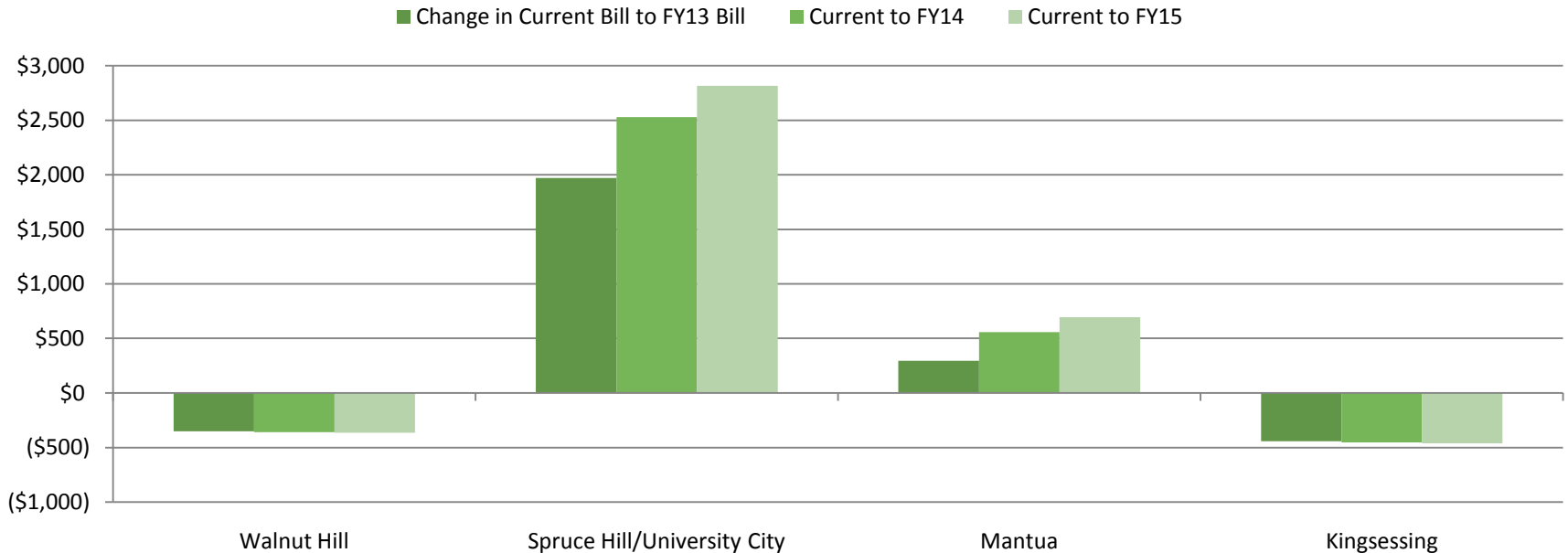
SECOND DISTRICT



Neighborhood	Avg. Current Market Value	Avg. Sales Price	Current Tax	Tax at 2.4% Times Avg. Sale Price - Smoothing (Yr 1) and \$15,000 Homestead	Difference, Current to FY13	Tax at 1.64% Times Avg. Sale Price - Smoothing (Yr 2) and \$15,000 Homestead	Difference, Current to FY14	Tax at 1.25% Times Avg. Sale Price - Smoothing (Yr 3) and \$15,000 Homestead	Difference, Current to FY15
Paschall	\$24,849	\$39,121	\$750	\$350	(\$400)	\$318	(\$432)	\$301	(\$449)
Rittenhouse Square	\$177,003	\$554,070	\$5,342	\$6,893	\$1,551	\$6,792	\$1,449	\$6,733	\$1,391
Eastwick	\$60,935	\$102,317	\$1,839	\$1,431	(\$408)	\$1,208	(\$631)	\$1,091	(\$749)
Point Breeze	\$8,274	\$52,039	\$250	\$188	(\$61)	\$369	\$119	\$463	\$213
Point Breeze	\$11,293	\$72,720	\$341	\$402	\$61	\$612	\$271	\$721	\$380

For Illustration Purposes Only – this does not necessarily reflect final values or tax rates to be determined by AVI

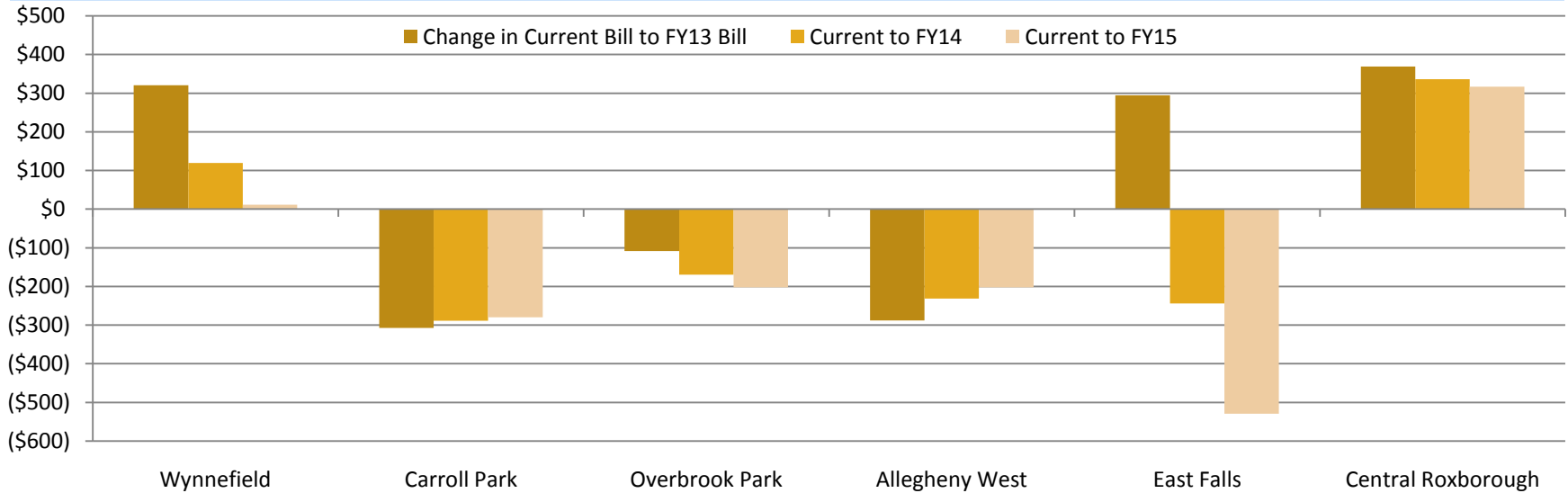
THIRD DISTRICT



Neighborhood	Avg. Current Market Value	Avg. Sales Price	Current Tax	Tax at 2.4% Times Avg. Sale Price - Smoothing (Yr 1) and \$15,000 Homestead	Difference, Current to FY13	Tax at 1.64% Times Avg. Sale Price - Smoothing (Yr 2) and \$15,000 Homestead	Difference, Current to FY14	Tax at 1.25% Times Avg. Sale Price - Smoothing (Yr 3) and \$15,000 Homestead	Difference, Current to FY15
Walnut Hill	\$23,850	\$43,463	\$720	\$369	(\$351)	\$360	(\$360)	\$356	(\$364)
Spruce Hill/ University City	\$80,709	\$435,436	\$2,436	\$4,407	\$1,971	\$4,965	\$2,529	\$5,251	\$2,815
Mantua	\$17,659	\$113,333	\$533	\$828	\$295	\$1,092	\$559	\$1,228	\$695
Kingsessing	\$17,870	\$21,347	\$539	\$97	(\$443)	\$85	(\$454)	\$79	(\$460)

For Illustration Purposes Only – this does not necessarily reflect final values or tax rates to be determined by AVI

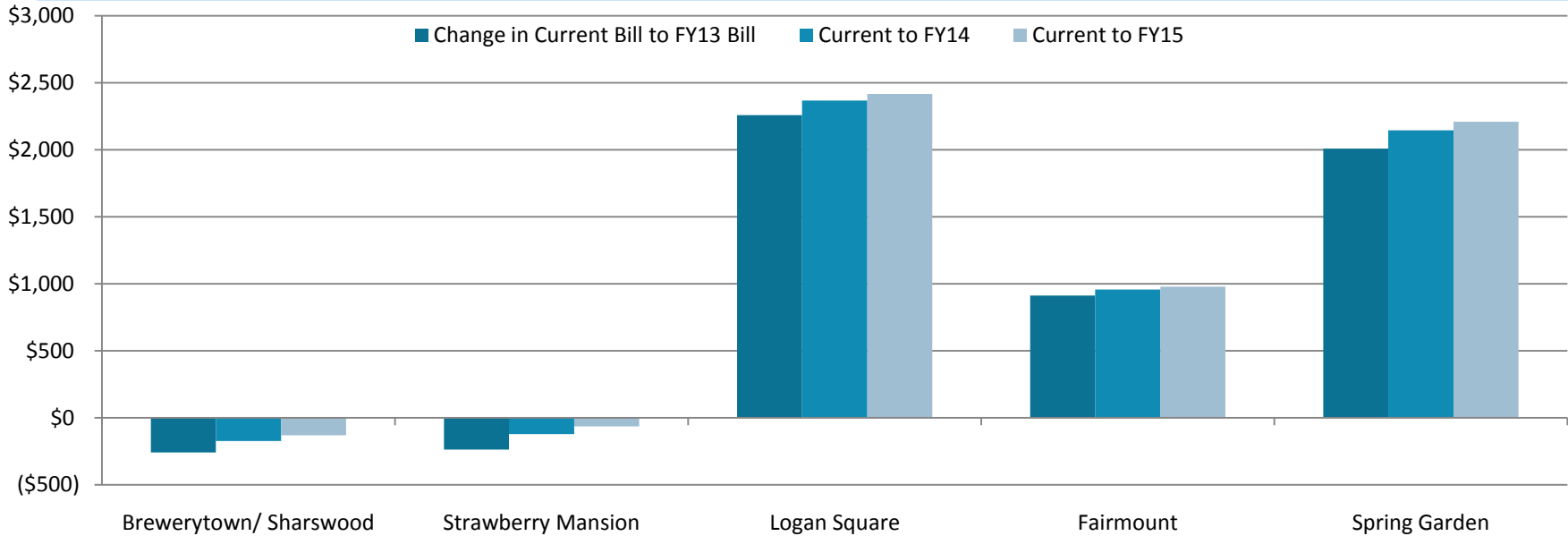
FOURTH DISTRICT



Neighborhood	Avg. Current Market Value	Avg. Sales Price	Current Tax	Tax at 2.4% Times Avg. Sale Price - Smoothing (Yr 1) and \$15,000 Homestead	Difference, Current to FY13	Tax at 1.64% Times Avg. Sale Price - Smoothing (Yr 2) and \$15,000 Homestead	Difference, Current to FY14	Tax at 1.25% Times Avg. Sale Price - Smoothing (Yr 3) and \$15,000 Homestead	Difference, Current to FY15
Wynnefield	\$108,645	\$278,435	\$3,279	\$3,600	\$321	\$3,398	\$119	\$3,290	\$11
Carroll Park	\$21,905	\$45,519	\$661	\$354	(\$307)	\$372	(\$289)	\$381	(\$280)
Overbrook Park	\$51,231	\$122,580	\$1,546	\$1,438	(\$108)	\$1,377	(\$169)	\$1,344	(\$203)
Allegheny West	\$15,893	\$37,227	\$480	\$192	(\$288)	\$248	(\$231)	\$278	(\$202)
East Falls	\$171,287	\$386,574	\$5,170	\$5,464	\$294	\$4,926	(\$244)	\$4,641	(\$529)
Central Roxborough	\$79,805	\$233,200	\$2,409	\$2,778	\$369	\$2,745	\$336	\$2,725	\$317

For Illustration Purposes Only – this does not necessarily reflect final values or tax rates to be determined by AVI

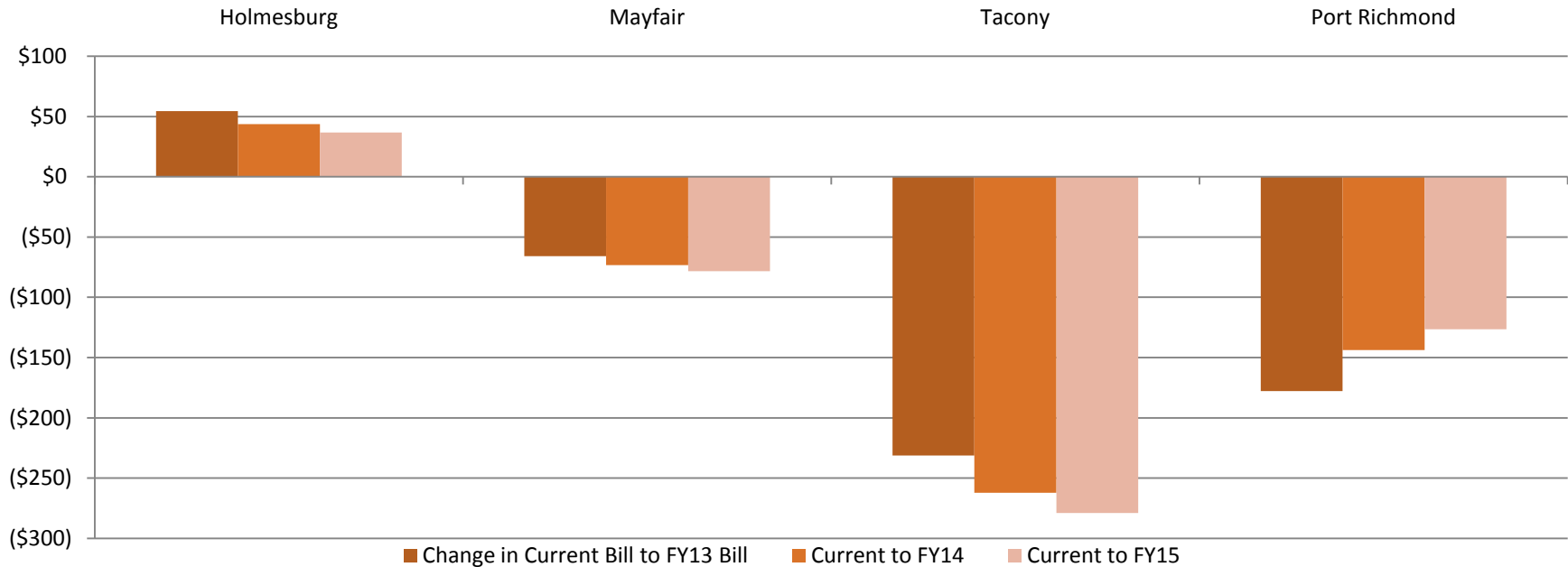
FIFTH DISTRICT



Neighborhood	Avg. Current Market Value	Avg. Sales Price	Current Tax	Tax at 2.4% Times Avg. Sale Price - Smoothing (Yr 1) and \$15,000 Homestead	Difference, Current to FY13	Tax at 1.64% Times Avg. Sale Price - Smoothing (Yr 2) and \$15,000 Homestead	Difference, Current to FY14	Tax at 1.25% Times Avg. Sale Price - Smoothing (Yr 3) and \$15,000 Homestead	Difference, Current to FY15
Brewerytown/ Sharswood	\$12,653	\$35,210	\$382	\$124	(\$258)	\$209	(\$173)	\$252	(\$129)
Strawberry Mansion	\$8,383	\$30,208	\$253	\$16	(\$237)	\$130	(\$123)	\$190	(\$63)
Logan Square	\$187,238	\$660,978	\$5,651	\$7,910	\$2,259	\$8,019	\$2,368	\$8,068	\$2,417
Fairmount	\$103,538	\$343,504	\$3,125	\$4,038	\$913	\$4,083	\$958	\$4,103	\$978
Spring Garden	\$163,988	\$588,179	\$4,950	\$6,958	\$2,008	\$7,094	\$2,145	\$7,159	\$2,209

For Illustration Purposes Only – this does not necessarily reflect final values or tax rates to be determined by AVI

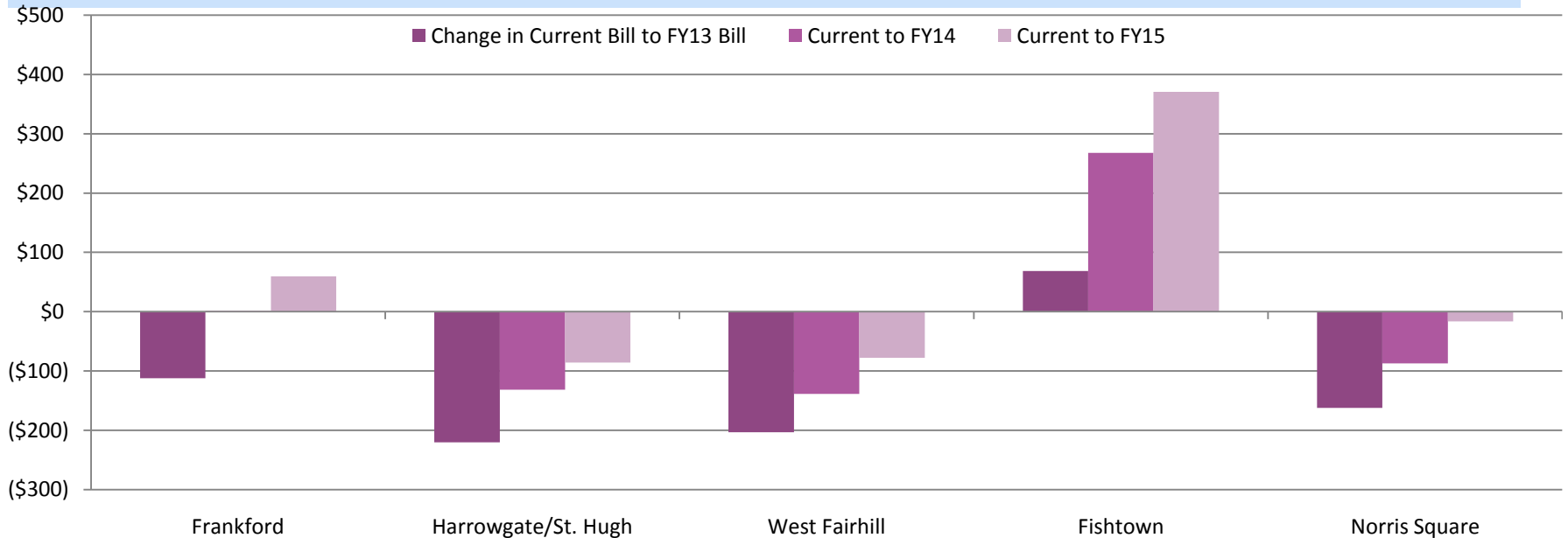
SIXTH DISTRICT



Neighborhood	Avg. Current Market Value	Avg. Sales Price	Current Tax	Tax at 2.4% Times Avg. Sale Price - Smoothing (Yr 1) and \$15,000 Homestead	Difference, Current to FY13	Tax at 1.64% Times Avg. Sale Price - Smoothing (Yr 2) and \$15,000 Homestead	Difference, Current to FY14	Tax at 1.25% Times Avg. Sale Price - Smoothing (Yr 3) and \$15,000 Homestead	Difference, Current to FY15
Holmesburg	\$53,125	\$146,321	\$1,603	\$1,658	\$54	\$1,647	\$44	\$1,640	\$37
Mayfair	\$43,951	\$114,939	\$1,327	\$1,261	(\$66)	\$1,253	(\$73)	\$1,248	(\$78)
Tacony	\$36,677	\$81,295	\$1,107	\$876	(\$231)	\$845	(\$262)	\$828	(\$279)
Port Richmond	\$28,038	\$72,629	\$846	\$669	(\$178)	\$703	(\$144)	\$720	(\$126)

For Illustration Purposes Only – this does not necessarily reflect final values or tax rates to be determined by AVI

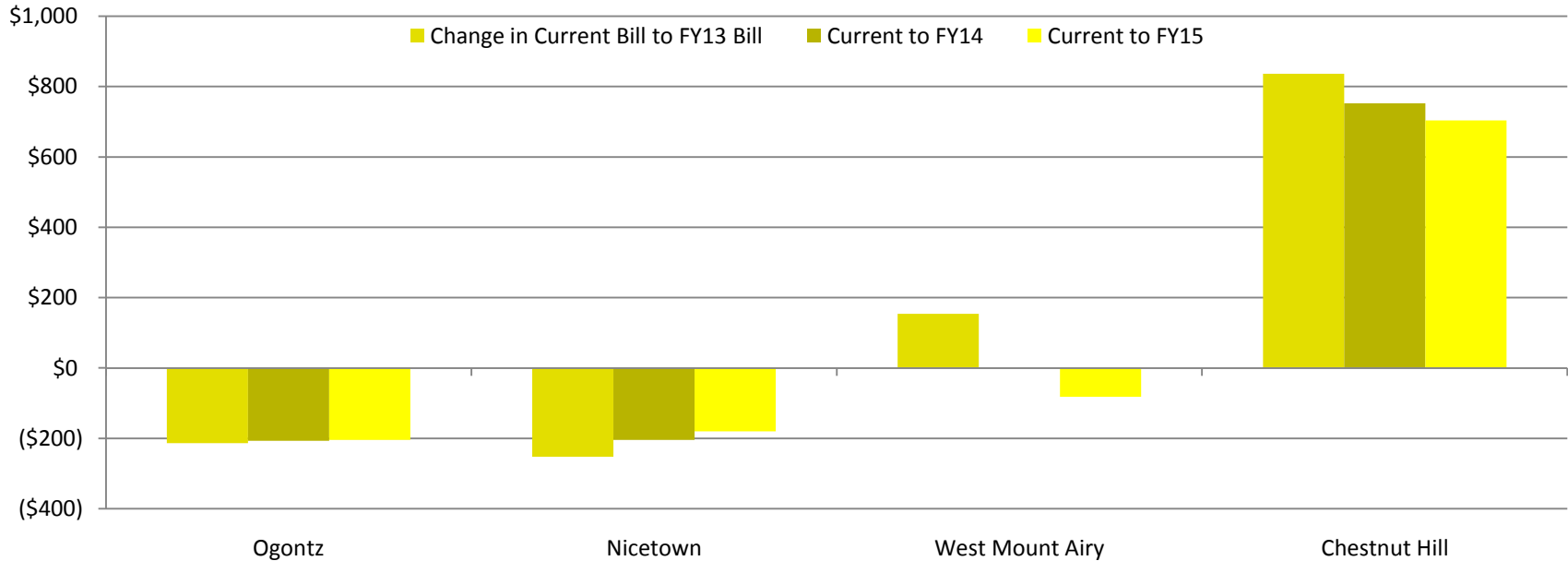
SEVENTH DISTRICT



Neighborhood	Avg. Current Market Value	Avg. Sales Price	Current Tax	Tax at 2.4% Times Avg. Sale Price - Smoothing (Yr 1) and \$15,000 Homestead	Difference, Current to FY13	Tax at 1.64% Times Avg. Sale Price - Smoothing (Yr 2) and \$15,000 Homestead	Difference, Current to FY14	Tax at 1.25% Times Avg. Sale Price - Smoothing (Yr 3) and \$15,000 Homestead	Difference, Current to FY15
Frankford	\$17,547	\$62,167	\$530	\$417	(\$112)	\$531	\$1	\$589	\$59
Harrowgate/St. Hugh	\$14,591	\$43,412	\$440	\$220	(\$220)	\$309	(\$131)	\$355	(\$86)
West Fairhill	\$6,729	\$25,023	\$203	\$0	(\$203)	\$64	(\$139)	\$125	(\$78)
Fishtown	\$13,988	\$78,487	\$422	\$491	\$69	\$690	\$268	\$793	\$371
Norris Square	\$5,370	\$26,667	\$162	\$0	(\$162)	\$75	(\$87)	\$146	(\$16)

For Illustration Purposes Only – this does not necessarily reflect final values or tax rates to be determined by AVI

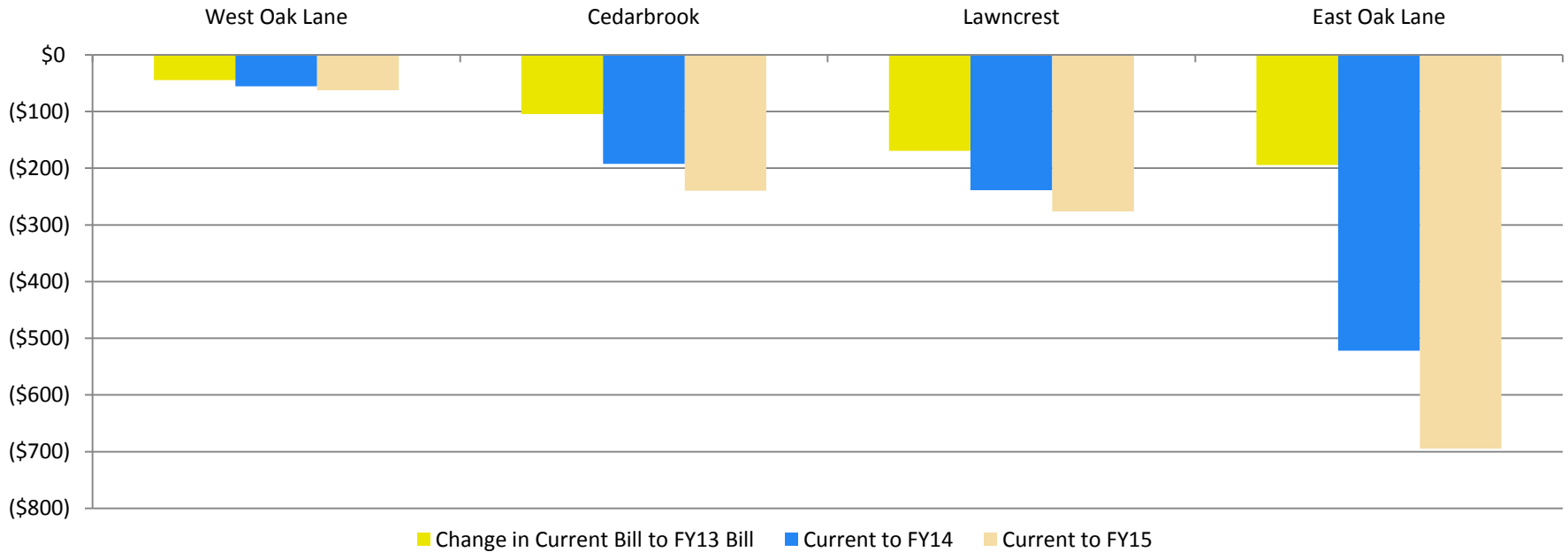
EIGHTH DISTRICT



Neighborhood	Avg. Current Market Value	Avg. Sales Price	Current Tax	Tax at 2.4% Times Avg. Sale Price - Smoothing (Yr 1) and \$15,000 Homestead	Difference, Current to FY13	Tax at 1.64% Times Avg. Sale Price - Smoothing (Yr 2) and \$15,000 Homestead	Difference, Current to FY14	Tax at 1.25% Times Avg. Sale Price - Smoothing (Yr 3) and \$15,000 Homestead	Difference, Current to FY15
Ogontz	\$30,751	\$72,953	\$928	\$714	(\$214)	\$721	(\$207)	\$724	(\$204)
Nicetown	\$20,162	\$49,300	\$609	\$356	(\$252)	\$404	(\$205)	\$428	(\$180)
West Mount Airy	\$87,526	\$219,947	\$2,642	\$2,795	\$154	\$2,642	\$0	\$2,560	(\$82)
Chestnut Hill	\$122,960	\$368,506	\$3,711	\$4,548	\$837	\$4,463	\$752	\$4,415	\$704

For Illustration Purposes Only – this does not necessarily reflect final values or tax rates to be determined by AVI

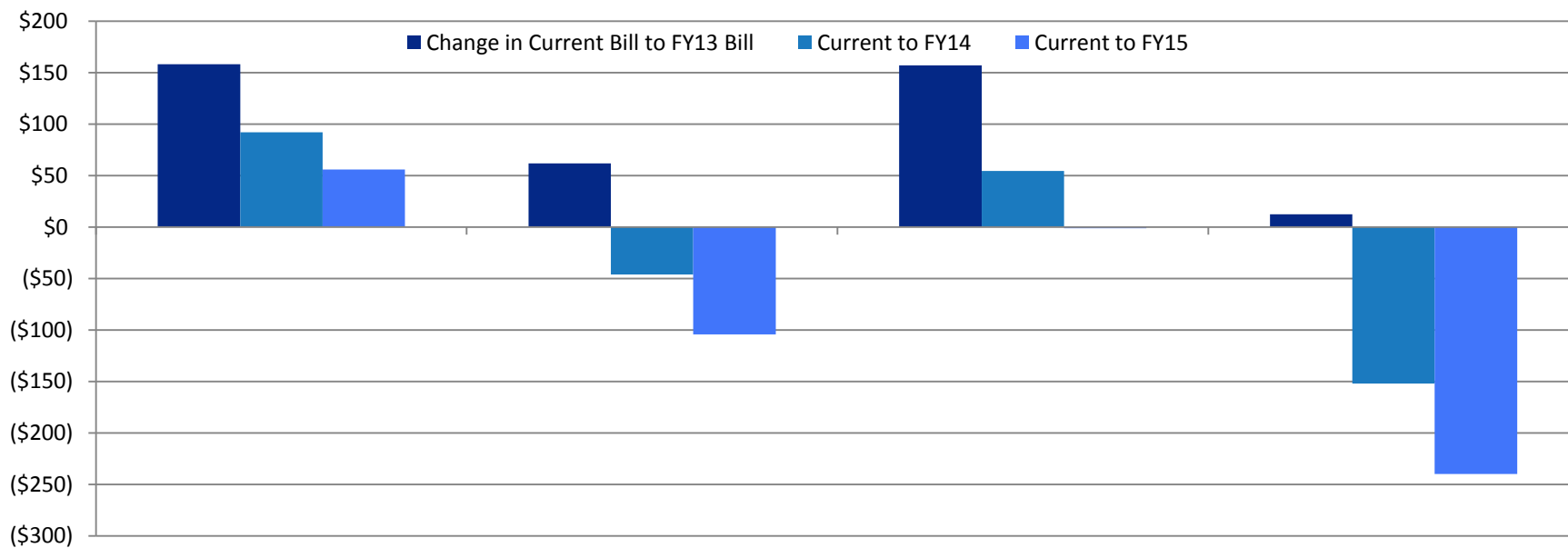
NINTH DISTRICT



Neighborhood	Avg. Current Market Value	Avg. Sales Price	Current Tax	Tax at 2.4% Times Avg. Sale Price - Smoothing (Yr 1) and \$15,000 Homestead	Difference, Current to FY13	Tax at 1.64% Times Avg. Sale Price - Smoothing (Yr 2) and \$15,000 Homestead	Difference, Current to FY14	Tax at 1.25% Times Avg. Sale Price - Smoothing (Yr 3) and \$15,000 Homestead	Difference, Current to FY15
West Oak Lane	\$46,148	\$121,528	\$1,393	\$1,348	(\$45)	\$1,337	(\$55)	\$1,331	(\$62)
Cedarbrook	\$56,730	\$132,882	\$1,712	\$1,608	(\$104)	\$1,520	(\$193)	\$1,472	(\$240)
Lawncrest	\$48,486	\$110,063	\$1,463	\$1,294	(\$169)	\$1,225	(\$239)	\$1,187	(\$276)
East Oak Lane	\$96,214	\$191,873	\$2,904	\$2,710	(\$194)	\$2,382	(\$522)	\$2,209	(\$695)

For Illustration Purposes Only – this does not necessarily reflect final values or tax rates to be determined by AVI

TENTH DISTRICT



Neighborhood	Avg. Current Market Value	Avg. Sales Price	Current Tax	Parkwood		Somerton		Fox Chase	
				Tax at 2.4% Times Avg. Sale Price - Smoothing (Yr 1) and \$15,000 Homestead	Difference, Current to FY13	Tax at 1.64% Times Avg. Sale Price - Smoothing (Yr 2) and \$15,000 Homestead	Difference, Current to FY14	Tax at 1.25% Times Avg. Sale Price - Smoothing (Yr 3) and \$15,000 Homestead	Difference, Current to FY15
Millbrook	\$71,096	\$191,281	\$2,146	\$2,304	\$158	\$2,238	\$92	\$2,202	\$56
Parkwood	\$72,291	\$181,355	\$2,182	\$2,244	\$62	\$2,136	(\$46)	\$2,078	(\$104)
Somerton	\$78,059	\$203,536	\$2,356	\$2,513	\$157	\$2,410	\$54	\$2,355	(\$1)
Fox Chase	\$79,610	\$188,183	\$2,403	\$2,415	\$12	\$2,251	(\$152)	\$2,163	(\$240)

For Illustration Purposes Only – this does not necessarily reflect final values or tax rates to be determined by AVI