

**CITY OF PHILADELPHIA  
DEPARTMENT OF REVENUE  
REAL ESTATE TAX REGULATIONS FOR CITY OF PHILADELPHIA AND  
SCHOOL DISTRICT OF PHILADELPHIA**

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**ARTICLE IV  
DISCOUNTS AND ADDITIONS TO TAX; EXEMPTIONS FROM REAL ESTATE  
TAXES**

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**Section 407. Exemptions for Longtime Owner-Occupants of Residential Properties**

(a) Definitions. For purposes of this Section, the following definitions shall apply:

- (1) "Certified Market Value." The assessed value of the property as certified by the Office of Property Assessment in the year immediately preceding the tax year.
- (2) "Eligible Property." The Principal Residence and domicile of an eligible taxpayer under § 19-3903 of the Code and under subsection (b) of this Section.
- (3) "Homestead Exclusion." As described in §19-1301.1 of the Code and in §202 of these regulations.

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- (9) "Principal Residence." The dwelling place of a person, including the principal house and lot, and such lots as are used in connection therewith which contribute to its enjoyment, comfort and convenience. For purposes of this Section, the term may also include a building with a maximum of one commercial establishment and maximum of three residential units of which one residential unit must be the principal residence of the longtime owner-occupant.
- (b) Eligibility for Exemption of Real Property Taxes.
- (1) Real property shall be eligible for the exemptions provided for under Chapter 19-3900 of the Code if it meets all of the following conditions:
    - (A) The property is owned and occupied by a Longtime Owner-Occupant on January 1 of the tax year.

- (B) The property is the Principal Residence and domicile of the Longtime Owner-Occupant.
- (C) The property is located in an eligible long-established residential area or area of deteriorated, vacant or abandoned homes and properties as defined by Section 19-3904 of the Code and subsection (c) of this Section.
- (D) All real estate taxes on the property are current or subject to a payment agreement that is not in default, except in the following circumstances:
- (i) A taxpayer shall not be found ineligible pursuant to this paragraph while the taxpayer has an application for a payment agreement pending determination by the Department.
- (E) The property has not previously received an abatement of taxes under § 19-1303(2), § 19-1303(3), § 19-1303(4) or § 19-1303(5) of the Code or under Section 402, Section 403, Section 404, or Section 405 of these regulations. **This condition of eligibility shall not apply to a property the owner of which received or benefited from assistance provided in connection with the acquisition of the property as part of a government or nonprofit subsidized low or moderate income housing program.**
- (F) The total household income is less than or equal to one hundred fifty percent (150%) of the Area Median Income, adjusted for household size, as established by the U.S. Department of Housing and Urban Development ("HUD") in its most recent publication for Philadelphia County.

EXAMPLE: Area Median Income for Philadelphia County as determined by HUD for Fiscal Year 2013 is \$79,200;

Household Size	1	2	3	4	5	6	7	8
Maximum Income (150% of Area Median Income)								
	\$83,200	\$95,050	\$106,950	\$118,800	\$128,350	\$137,850	\$147,350	\$156,850

- (2) The OPA may request, at its discretion, that an owner submit documentation for proof of eligibility i.e., ownership, residency.

(c) Eligible Areas.

- (1) The following areas of the City are hereby declared to be established residential areas or areas of deteriorated, vacant or abandoned homes and properties:

(A) All wards of the City.

(d) Benefit Determinations.

- (1) For purposes of calculating City and School District real estate taxes, upon application pursuant to paragraph (3) of this subsection, if the Certified Market Value of an eligible property for any tax year, minus any Homestead Exclusion, is more than three times the Certified Market Value of such property for the immediately preceding tax year, then the Certified Market Value of such property for such tax year shall be deemed to equal three times the Certified Market Value of such property for the immediately preceding tax year, and no further Homestead Exclusion shall be allowed. The foregoing deemed Certified Market Value shall remain the deemed Certified Market Value until such property is sold, transferred or is no longer the Principal Residence of the eligible taxpayer, but in no event for more than ten (10) years.

EXAMPLE 1

The Certified Market Value ("CMV") of the taxpayer's property (Principal Residence) for Tax Year 2014 is \$350,000 and the Homestead Exclusion is \$30,000; the CMV for Tax Year 2013 is \$100,000. Determination of the benefit would be as follows:

- $\$350,000 - \$30,000 = \$320,000$ ;  $\$320,000 / \$100,000 = 3.2$
- The deemed (i.e., recalculated) CMV for Tax Year 2014 would be:  
 $3 \times \$100,000 = \$300,000$

EXAMPLE 2

The CMV of the taxpayer's property (Principal Residence) for Tax Year 2014 is \$350,000 and the Homestead Exclusion is \$0 because the taxpayer either did not apply for the Homestead Exclusion or did not timely file an application for such exclusion; the CMV for Tax Year 2013 is \$100,000. Determination of the benefit would be as follows:

- $\$350,000 - \$0 = \$350,000$ ;  $\$350,000 / \$100,000 = 3.5$
- The deemed (i.e., recalculated) CMV for Tax Year 2014 would be:  
 $3 \times \$100,000 = \$300,000$

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Provided all of the eligibility conditions as described in subsection (b) of this Section are met, the taxpayer in Examples 1 and 2 would be entitled to an exemption because the CMV of the eligible property for Tax Year 2014, minus the Homestead Exclusion, is more than three times the CMV of such property for Tax Year 2013. No further Homestead Exclusion would be allowed. The \$300,000 CMV deemed for Tax Year 2014 would remain the deemed CMV until the property is sold, transferred or is no longer the Principal Residence of the eligible taxpayer – for a maximum of ten (10) years.

### EXAMPLE 3

The CMV of the taxpayer's property (Principal Residence) for Tax Year 2014 is \$300,000 and the Homestead Exclusion is \$30,000; the CMV for Tax Year 2013 is \$100,000. Determination of the benefit would be as follows:

- $\$300,000 - \$30,000 = \$270,000$ ;  $\$270,000 / \$100,000 = 2.7$
- The property is not eligible because the CMV for the property for Tax Year 2014 minus the Homestead Exclusion is not more than three times the CMV of such property for Tax Year 2013. The property cannot be enrolled in LOOP but the taxpayer can still take advantage of the Homestead Exclusion.

- (2) The Department of Revenue shall include with the annual property tax bill sent to each taxpayer with a property that may be eligible for LOOP (a) a notice clearly describing the program authorized by Chapter 19-3900 of the Code, the steps a taxpayer must take to enter into the program, and the deadline for doing so; and (b) an application form. The Department and the OPA shall post a downloadable version of the form on their respective websites.
- (3) Except as otherwise provided in this subsection, no later than February 17 of each tax year, the owner of any property that meets the criteria set forth in Section 19-3903 of the Code – and subsection (b) of this Section – and who wishes to participate in the program must apply to the OPA for certification as a participant in the program. (See subsection (e).)
- (A) Effective October 1, 2014, the OPA, at its discretion, is authorized to grant exceptions to the deadline provided in paragraph (3) of this subsection upon the provision that an owner of real property provide evidence of hardship or evidence of other good cause, provided that no exception to the deadline shall be granted with respect to any application received at the time of or after the certification by the Department that total exemptions equal the maximum amount permitted under subsection 19-3905(7) of the Code and paragraph (6) of this subsection. Hardship and “evidence of other good cause” may be determined based on consideration of various factors. The OPA shall determine whether such factors shall be considered individually or shall be

based on a combination of factors or the totality of such factors. The OPA shall promulgate such regulations and forms as are deemed necessary to effectuate the purpose of this subsection (d)(3)(A). The Tax Review Board is authorized to review any adverse final determination by the Department relating to an individual's application for an exception, in like manner and with the same effect as a Petition for Review, as provided in Chapter 19-1700 of the Code.

**(B) Extended deadline for first year of the program. An owner of property who would have been eligible for the exemption of real property taxes beginning in Tax Year 2014, but who failed to submit an application by February 17, 2014, shall be deemed to have submitted a timely application if such application is submitted no later than February 17, 2015, subject to the following:**

**(i) The owner must be eligible for the exemption as of the date the application is actually submitted;**

**(ii) If the OPA approves an application pursuant to subsection 19-3905(3)(b) of the Code and subsection (d)(3)(B) of this Section, the resulting "deemed certified market value" shall first take effect with respect to Tax Year 2015 and shall remain the deemed certified market value no longer than an exemption applied for on or before February 17, 2014;**

**(iii) If the total City and School District taxes exempted pursuant to subsection 19-3905(3)(b) of the Code and subsection (d)(3)(B) of this section, as certified by the Department no later than forty-five days after the deadline for applications under this subsection, when added to the total City and School District taxes already exempted for Tax Year 2014 pursuant to this Section, exceeds twenty million dollars (\$20,000,000), the exemptions allocated pursuant to subsection 19-3905(3)(b) of the Code and subsection (d)(3)(B) of this section shall be allocated among all eligible taxpayers on a pro rata basis so that the total taxes exempted do not exceed \$20,000,000; and**

**(iv) Each exemption authorized pursuant to subsection 19-3905(3)(b) of the Code and subsection (d)(3)(B) of this Section, shall in all other respects be subject to the requirements of Chapter 19-3900 of the Code.**

(4) The OPA shall approve or deny the application and shall determine the exemption amount to which the Longtime Owner-Occupant is entitled. The OPA may also deny the application for lack of complete documentation with leave to refile within a stated period of time.

- (5) Nothing in this Section and Chapter 19-3900 of the Code shall be construed as a limitation on the eligibility or the amount of any special tax provisions of any Longtime Owner-Occupant who qualifies for the special tax provisions established in Chapter 19-2900 of the Code entitled "Senior Citizen Low Income Special Tax Provisions".
- (6) If, for any tax year, the total City and School District of Philadelphia taxes exempted pursuant to the foregoing on all properties in the City, as certified by the Department no later than forty-five days after the deadline for applications under Chapter 19-3900 of the Code, are in excess of twenty million dollars (\$20,000,000) then, notwithstanding subsection 19-3905(1) of the Code and this subsection, the exemptions shall be allocated among all eligible taxpayers on a pro rata basis so that the total taxes exempted do not exceed \$20,000,000.


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- (g) Review by Tax Review Board.

The Tax Review Board is authorized to review any adverse final decision or determination of the OPA relating to a taxpayer's initial and continued eligibility for the real property tax exemption program as provided herein, in like manner and with the same effect as a petition for review, as provided in Chapter 19-1700 of the Code.

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\_\_\_\_ Underlined and **Bold** denote matters added  
[ ] Brackets and **Bold** denotes matters deleted

  
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Commissioner Clarena I.W. Tolson  
Chief Revenue Collections Officer

Date: 8/7/15

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