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THE PROBLEMS WITH PHILADELPHIA REAL PROPERTY ASSESSMENT PRACTICES AND SOLUTIONS

PENNSYLVANIA ECONOMY LEAGUE (Eastern Division)
215 South Broad Street, Philadelphia, PA, 19107

Report No. 417

August 1980

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BASIC DATA SOURCE

The source of the assessed value/sale price data used in this report is the City of Philadelphia, Real Estate Sales Statistical Report, 1978, which contains the following comment:

"The Assessed Value/Sale Price (A/S) ratios should not be considered as representing an entirely accurate index for purposes of assessment because (a) continuing changes in assessed value throughout the entire year are not reflected in the A/S ratios; (b) the A/S ratios are based on a small number of real estate transfers as compared to the total number of taxable properties in the City; (c) some unusual transactions may not have been excluded from the assessed value and sale price tabulations; (d) one or two transactions with a high A/S ratio in any area where the number of transactions was small could have materially affected the A/S ratio for the particular area; (e) in some areas, the properties sold may not have been representative of all properties in those areas either in use-type or structural condition."

THE PROBLEMS WITH PHILADELPHIA REAL PROPERTY ASSESSMENT PRACTICES AND SOLUTIONS

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215 South Broad Street, Philadelphia, PA, 19107

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PREFACE

It is no secret that Philadelphia has big problems. The Pennsylvania Economy League in its continuing role of watchdog of Philadelphia's fiscal health is greatly concerned about one problem that cries for immediate attention and corrective action. It is the unfair, inequitable and non-uniform assessment of real property in Philadelphia.

The problem is not a new one. For over 30 years, going back to the days of the new City Charter and City-County consolidation, the unsound administration and assessment of property have been addressed and solutions proposed. Nothing has happened. The accompanying report documents that the assessment of property is getting worse. For example, the ratio of assessed values to the prices of property sold (sales-assessment ratio) in the period 1971-78 has shrunk from 53.6% in 1971 to 34.1% in 1978. Among the 66 wards of the City the average ratio of assessed values to the selling prices of private residential property ranged from 17.1% to 88.0% in 1978.

The courts are crowded with assessment appeals. In a recent class-action suit in Common Pleas Court, which involved 150 real estate assessment appeals, Judge Jacob Kalish, in his opinion, called the City's tax assessment system a "hodge podge," and said that the City's property assessments violated the state constitutions' requirement that all taxes be applied uniformly. He stated that "it would be intolerable to permit the court's own appointees (the City's Board of Revision of Taxes) to continue to ignore the clear mandate of the law."

These are difficult times. The City government and the School District of Philadelphia have continuing problems of matching expenditures to revenues. Real estate taxes are a major part of the tax base of the City and School District. In the budgets for fiscal year '81, the City government estimates revenues of \$192 million from real estate taxes, or 24% of its local tax revenues; in addition, the School District estimates revenues of \$221 million from its real estate tax and its use and occupancy tax (which is also based on real estate assessments), or 90% of its local tax revenues. Recent years have seen little growth in real estate assessments. Assessments have not kept pace with market value. As a result, Philadelphia is tarnished with a "no growth" label - an identity which is harmful for the retention and attraction of business and industry.

In fairness to all taxpayers, simple justice, not to mention the law, demands that real property assessment be equitable and uniform. The intent behind uniform assessments is that owners of property pay only their proportionate share of the cost of government. How can there be any justification for not proceeding immediately with responsible action to correct the present system?

The important ingredients of a real estate tax system are uniformity, credibility and predictability. It must also have a fair and equitable appeal procedure. None is present in Philadelphia's real property tax as administered. A taxpayer should know the basis for the assessed value of his property, be able to determine if the assessment is fair, and have the opportunity to appeal the assessment to an independent body.

Uniform assessment of property will provide the opportunity to examine openly, responsibly and equitably those who are entitled to relief such as tax exemption, relief for senior citizens and low income families.

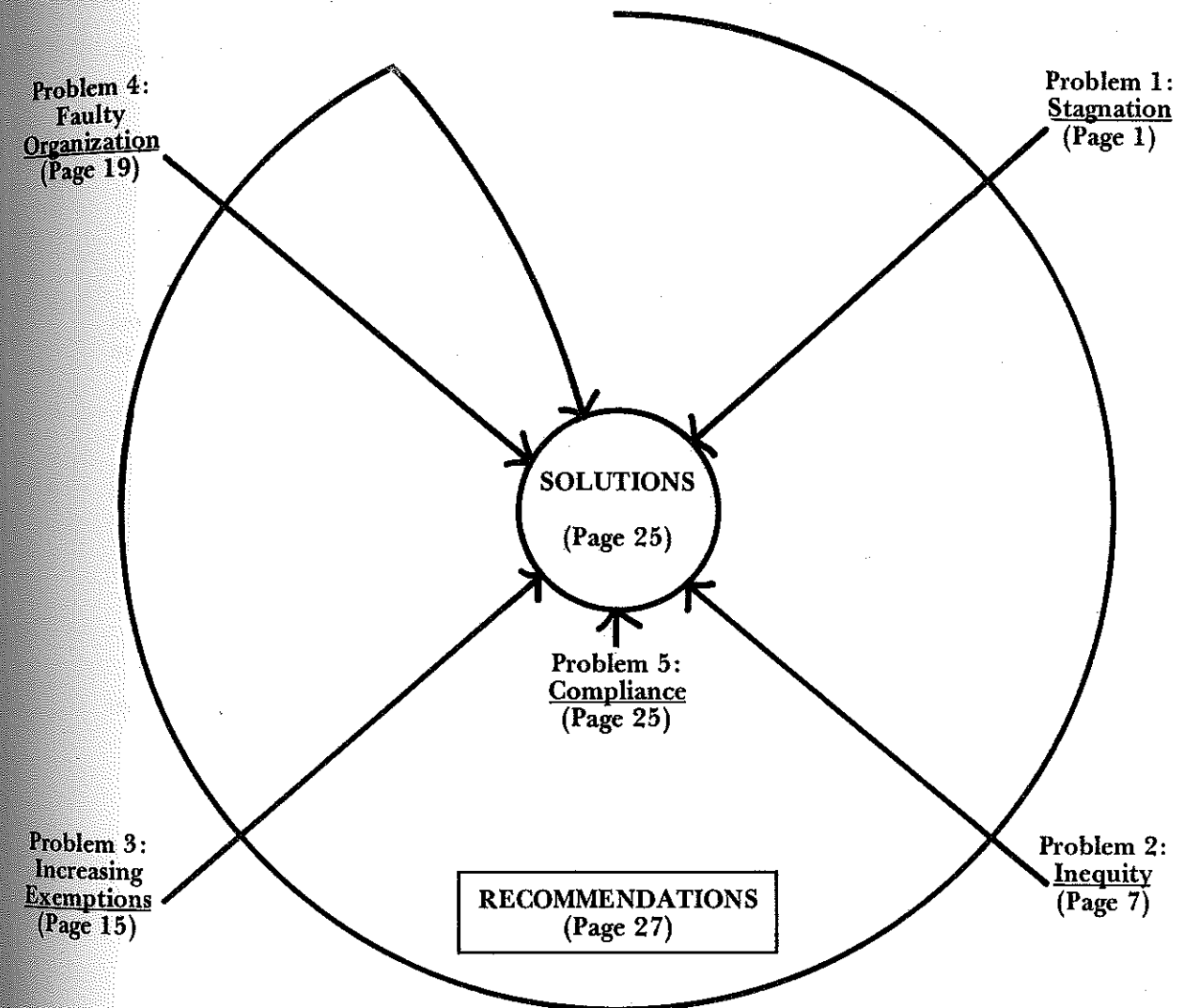
Philadelphia critically needs to get its property assessment function in order. It is important to the economic well-being of all of its citizens, individuals and businesses. It will improve Philadelphia's business climate. It should help the City's economic growth and create more jobs. Admittedly it is a big task. It will take time. It needs professional direction. Fortunately, computerized appraisal data systems and techniques along with independent expertise and personnel training methods are available to assist in this worthwhile effort.

The Economy League undertook this special study of Philadelphia's real property assessment practices because of the adverse results on the City's economy and the unfair and harmful effects on its citizens and businesses. This report is strictly factual and is intended to show the general trend over a period of years in real estate tax assessments in Philadelphia. The report is not intended either to support or refute any particular theory or practice in regard to the calculation of average assessed value/sales price ratios in the taxing district.

It is our purpose to bring the facts and recommendations contained in this report to the attention of public officials, business and civic leaders, and the community at large, with the hope that there will be public discussion and understanding of this important issue and there will be prompt corrective action.

Edwin Rothman
Director

CONTENTS



PROBLEM 1

STAGNATION

Philadelphia real property assessments have grown slowly since 1960 and by meager amounts (less than one percent a year) in each of the past four years.

Philadelphia assessed values have increased by less than half the rate of Pennsylvania as a whole in the period 1960-1978. Some of this is due to the fact that other parts of Pennsylvania have had faster growth in housing and commercial and industrial development. Part of this is due to the fact that Philadelphia (unlike most other parts of the State) has had no general reassessment of property in the period 1960-1980.

Philadelphia assessed values represented 27.2% of the total assessed values of real property in Pennsylvania in 1960. The proportion has dropped steadily to 23.2% in 1970, 21.7% in 1975, and 20.4% in 1978.

Percent Change in Assessed Values 1960-1978		
	Philadelphia	Pennsylvania
1960 - 1965	9.1%	15.7%
1965 - 1970	8.3%	19.8%
1970 - 1975	17.1%	25.3%
1975 - 1978	2.9%	9.7%
1960 - 1978	42.5%	90.6%

In constant dollars (adjusted for inflation as reflected by the consumer price index) Philadelphia assessed values were 43 percent less in 1980 than in 1967.

The ratio of assessed values to the prices of properties sold (sales-assessment ratio) in the period 1971-1978 has shrunk from 53.6% in 1971 to 34.1% in 1978.

The slow growth in assessed values is both a fact and a symptom of many other problems with Philadelphia assessment practices. Figures 1 and 2 and Tables 1 and 2 display the background on overall trends.

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Table 1
Assessed Valuation of Taxable Real Estate 1960-1980
(Dollar Amounts in Billions)

Year	PENNSYLVANIA			PHILADELPHIA			Philadelphia as % of Pennsylvania
	Amount	% Inc.	Index *	Amount	% Inc.	Index *	
1960	\$14.51	-	-	\$3.95	-	-	27.2%
1961	15.29	5.4%	-	4.03	1.9%	-	26.3
1962	15.70	2.7	-	4.10	1.7	-	26.1
1963	16.01	2.0	-	4.18	2.0	-	26.1
1964	16.36	2.1	-	4.26	1.8	-	26.0
1965	16.79	2.6	-	4.31	1.2	-	25.7
1966	17.25	2.7	-	4.38	1.7	-	25.4
1967	17.75	2.9	1.000	4.44	1.3	1.000	25.0
1968	18.52	4.3	1.043	4.49	1.1	1.011	24.2
1969	19.26	4.0	1.085	4.55	1.4	1.024	23.6
1970	20.11	4.4	1.133	4.67	2.6	1.051	23.2
1971	21.09	4.9	1.188	4.79	2.6	1.078	22.7
1972	21.89	3.8	1.233	4.92	2.9	1.109	22.5
1973	22.78	4.1	1.284	5.09	3.4	1.147	22.3
1974	23.97	5.2	1.351	5.39	5.9	1.214	22.5
1975	25.20	5.1	1.420	5.47	1.5	1.232	21.7
1976	25.80	2.4	1.453	5.54	1.4	1.249	21.5
1977	26.52	2.8	1.494	5.58	0.7	1.257	21.0
1978	27.64	4.2	1.557	5.63	0.8	1.267	20.4
1979	NA			5.66	0.5	1.274	NA
1980	NA			5.71	0.9	1.285	NA

*Index based on year 1967 equals 1.000. Data for following years reflect percent increase from 1967; e.g. Pennsylvania assessed values in 1978 were 55.7% higher than in 1967; Philadelphia was only 26.7% higher.

Philadelphia 1967-1980 Trends in Constant Dollars (Adjusted to CPI)

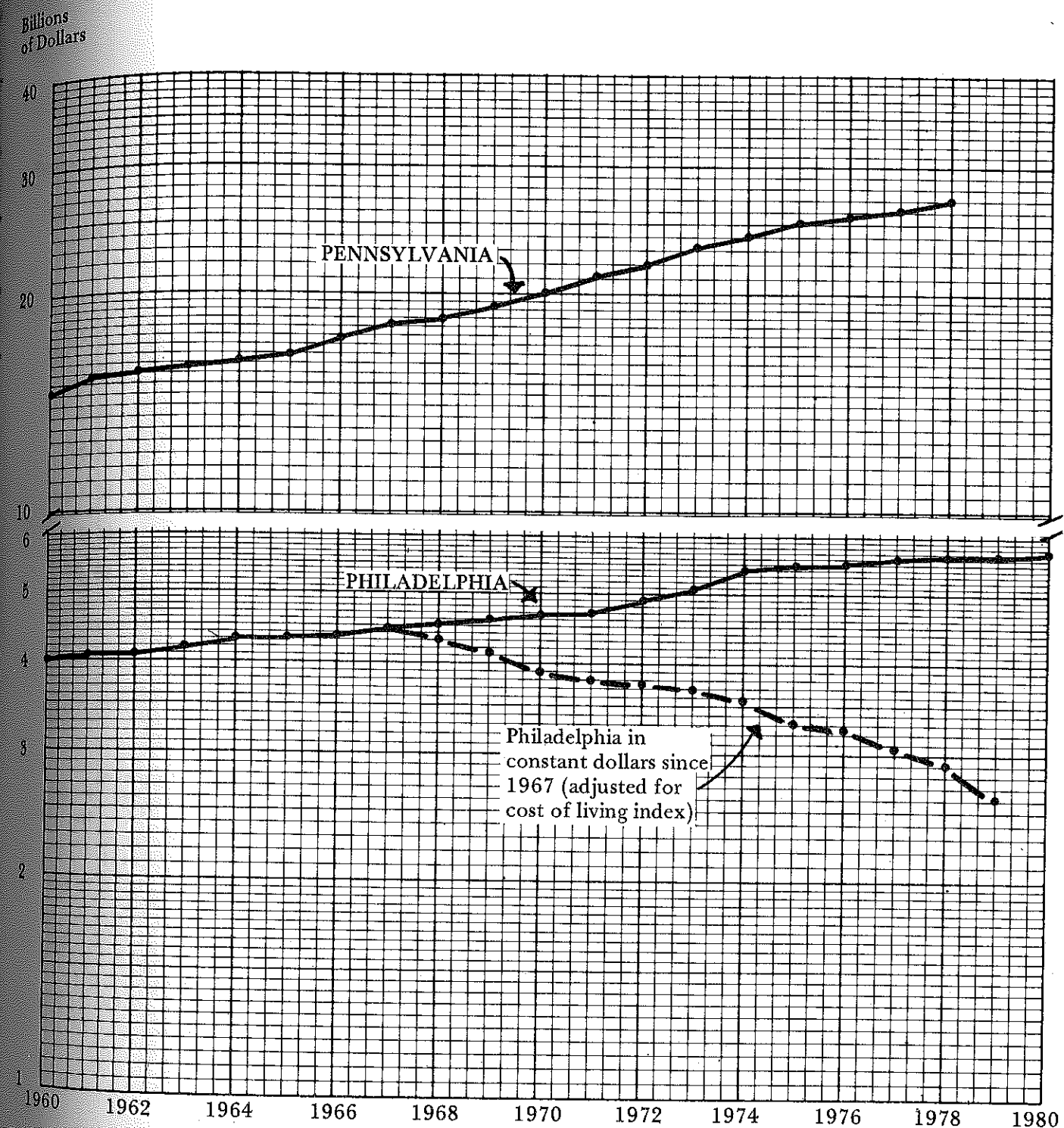
1967	\$4.44 Billion	1974	\$3.55 Billion
1968	4.28	1975	3.33
1969	4.12	1976	3.22
1970	3.90	1977	3.04
1971	3.88	1978	2.90
1972	3.88	1979	2.65
1973	3.76	1980	2.51 Est.

In constant dollars, Philadelphia assessed values were 43% below 1967 in 1980. This reflects the fact that the cost of living (as measured by the Consumer Price Index) has increased much faster than the assessed value of taxable real property in Philadelphia.

NB. Percentages computed on exact figures before rounding.

Source: Pennsylvania State Tax Equalization Board Annual Certification, for 1960 to 1978. Philadelphia Board of Revision of Taxes, Real Property Assessed Valuations, for 1979 and 1980. U.S. Department of Labor, Consumer Price Index for Urban Wage Earners, Philadelphia, Pennsylvania.

Figure 1
ASSESSED VALUE OF TAXABLE REAL PROPERTY:
PHILADELPHIA IN RELATION TO PENNSYLVANIA



Philadelphia as Percent of Pennsylvania:

1960	1965	1970	1975	1978
27.2%	25.7%	23.2%	21.7%	20.4%

Source: Same as Table 1

Table 2

TOTAL REAL ESTATE SALES ACTIVITY IN PHILADELPHIA
FOR THE PERIOD: 1971 TO 1978

Year	Deeds Recorded	Number of Sales	Total Sales Price	Total Assessed Value*	Average Sales Price	Average Assessed Value	A/S Ratio %
1978	28,676	25,102	\$651,154,407	\$221,921,100	\$25,940	\$8,841	34.1
1977	20,865	18,555	448,520,125	176,212,300	24,172	9,497	39.3
1976	27,830	23,197	521,994,334	214,691,630	22,503	9,255	41.1
1975	23,717	19,118	371,108,179	163,413,335	19,411	8,548	44.0
1974	26,017	22,220	418,516,600	187,066,741	18,835	8,419	44.7
1973	25,537	22,348	398,988,347	183,937,800	17,853	8,231	46.1
1972	28,029	24,595	464,384,473	203,071,303	18,881	8,257	43.7
1971	29,608	25,431	385,128,952	206,361,250	15,144	8,115	53.6

EXPLANATION

"Deeds Recorded" represents the total number of real estate transactions excluding deeds recorded for Right of Way and Easement. "Number of Sales" represents the total number of real estate transactions used in compiling the statistical information in this report. The difference between "Deeds Recorded" and "Number of Sales" represents the total number of excluded real estate transactions. "A/S Ratio" = "Total Assessed Value" divided by Total Sales Price" expressed as a percent. The text refers to this as the sales-assessment ratio.

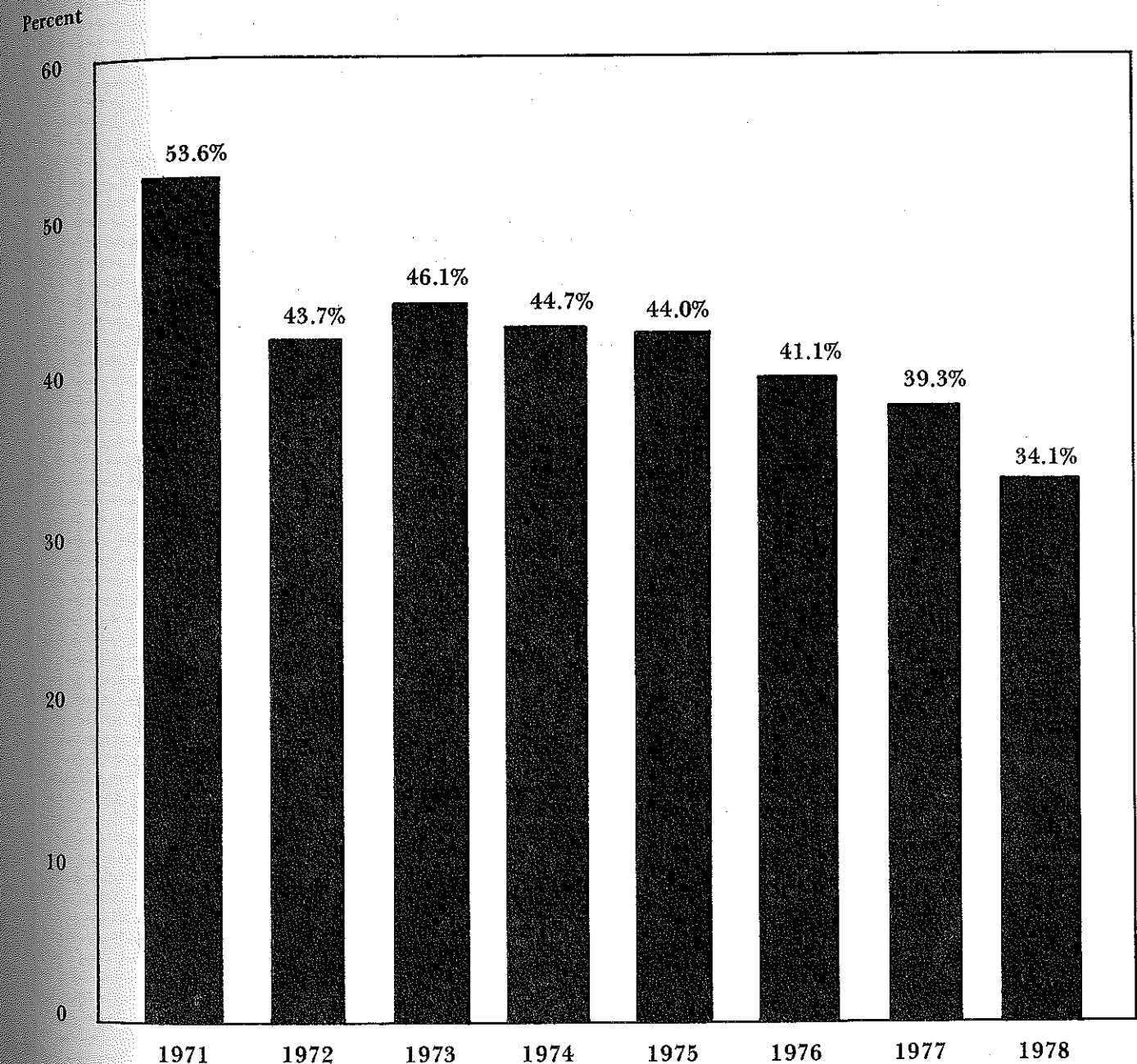
NOTE:

*Continuing changes in assessed value throughout the entire year are not reflected in the Assessed Value until the subsequent year.

Source: City of Philadelphia, Real Estate Sales Statistical Report, 1978.

Figure 2

Assessed Value As Percent of Sale Price
For Each Year From 1971 to 1978



Source: City of Philadelphia: Real Estate Sales Statistical Report, 1978.

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PROBLEM 2

INEQUITY

Philadelphia property assessments reflect great inequity between different areas of the city and between different types of property.

Among the 66 wards of the city, the average ratio of assessed values to the selling price of private residential property ranged from 17.1% to 88.0% in 1978. The median was 32.7%. Table 3 provides a rank-order distribution. The geographical dispersion by quartiles is illustrated in Figure 3.

It is impracticable to maintain assessments in an exact relationship to selling price. A deviation of 20%, plus or minus, is sometimes considered a reasonable range. However, in only 53% of the city wards was the average sales-assessment ratio within a range of 20% deviation from the median. Thirty-three percent were above this range; 14% were below.

The coefficient of dispersion (a measure of the average extent of deviation around the median) is a standard measurement of equity in assessments. A low coefficient is considered good; a high coefficient is considered bad. In a survey of 15 large cities in 1976, Philadelphia was the fifth highest for all properties and the fourth highest for single-family homes (Table 4).

In addition to great inequities in the assessed value of property in different areas of the city, there is wide variation in the average assessments for different types of property. In 1978, the average sales-assessment ratio ranged from a low of 29.6% for private residential property to 58.2% for industrial property. (Tables 5 and 6; also see page 14.)

A PEL survey of other large cities shows Philadelphia to be outstanding in disparity between different types of property (Table 7).

Table 3

Philadelphia: Sales-Assessment Ratio for Residential Property
in 1978; in rank order (high to low) by City Wards

Rank	Ward	Ratio	Rank	Ward	Ratio
1	37	88.0%	34	48	32.2
2	19	77.8	35	42	31.3
3	28	75.2	37)	8	31.1
4	11	75.1	37)	46	31.1
5	6	69.4	39)	34	30.9
6	47	64.1	39)	50	30.9
7	16	63.5	40	61	30.6
8	32	62.4	41	45	30.4
9	44	53.9	42	27	30.2
10	43	52.2	43	1	29.8
11	3	50.3	44	22	29.7
12	4	50.1	46)	30	29.4
13	36	49.6	46)	33	29.4
14	29	48.9	47	38	28.8
15	51	48.8	48	66	28.4
16	60	48.6	49	54	28.2
17	7	48.1	50	58	27.6
18	13	47.2	51	65	27.5
19	24	45.7	52	53	27.4
20	12	45.1	53	62	27.3
21	18	44.8	54	56	26.9
22	17	40.8	55	55	26.8
24)	59	38.6	57)	64	26.4
24)	49	38.6	57)	57	26.4
25	20	38.3	58	9	25.9
26	52	37.7	59	35	25.4
27	40	36.4	60	41	24.7
28	14	34.4	61	39	23.9
29	31	34.3	62	26	22.1
30	23	33.8	63	2	20.6
31	10	33.7	64	21	19.4
32	25	33.6	65	15	17.4
33	5	32.7	66	63	17.1

Distribution:

Range: 17.1% - 88.0%

1st (High) Quartile: 48.6

Median: 32.7

3rd (Low) Quartile: 27.6

Low: 17.1

Number within deviation
of plus or minus 20%
from median: 35

Percent:
53.0%

Number more than 20%
above median: 22

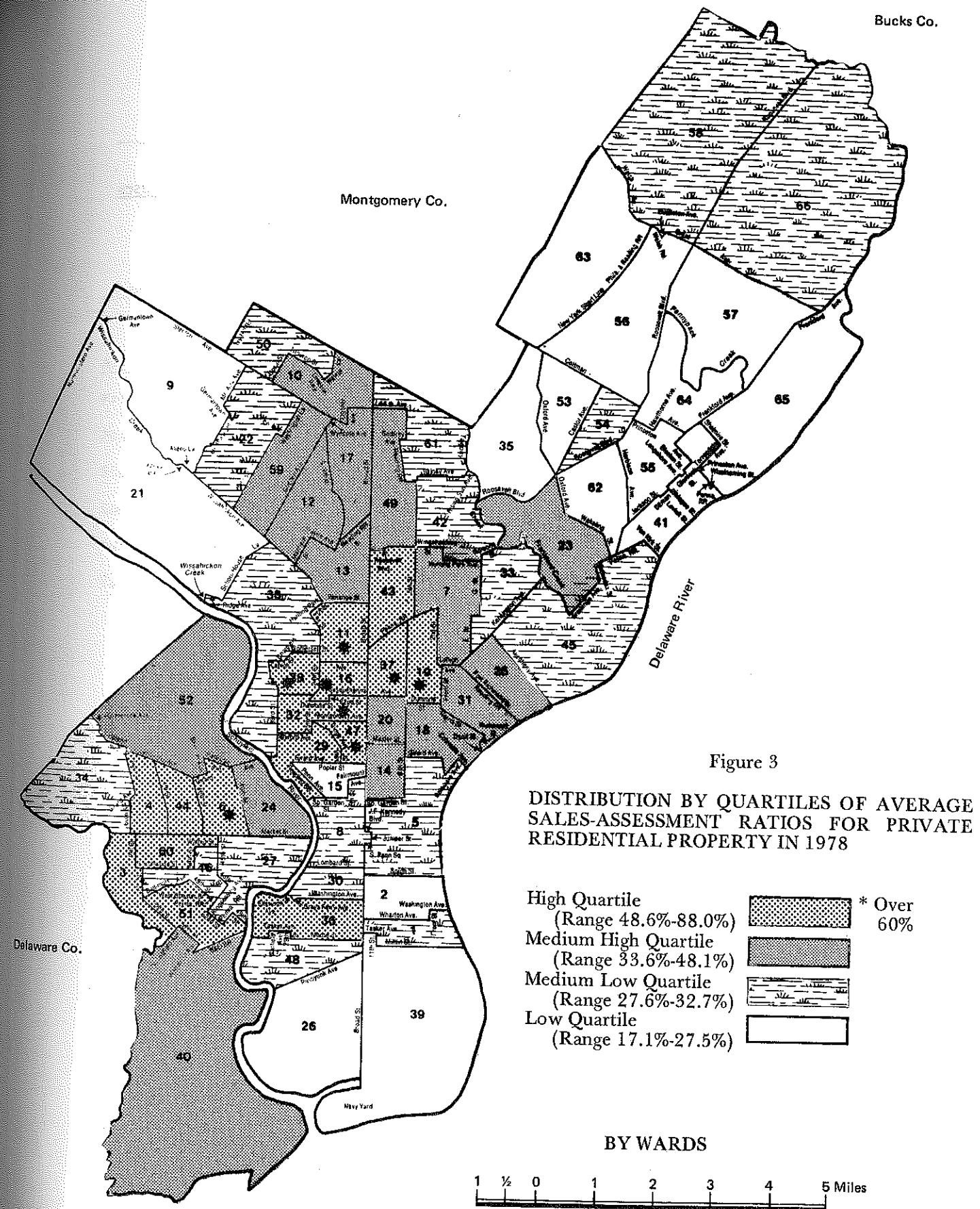
33.4%

More than 20%
below median: 9

13.6%

	Number more than 75%:	Percent:
Range of 50-75%:	4	6.1%
Range of 35-49%:	8	12.1
Range of 30-35%:	15	22.7
Range of 25-30%:	15	22.7
Range of 20-25%:	17	25.8
Number under 25%:	7	10.6
Total	66	100.0

Source: Computed from City of Philadelphia, Real Estate Sales Statistical Report, 1978.
(See Table 6A, in the appendix.)



Source: Prepared from data in City of Philadelphia,
Real Estate Sales Statistical Report, 1978
(See Table 3)

Table 4

Statistics on Assessment Ratios of Sampled Real Property Sales
in Philadelphia and Other Large Cities: 1976

City	All Types of Real Property		Single Family (nonfarm) Houses	
	Median	Coefficient of Dispersion*	Median	Coefficient of Dispersion
Philadelphia	34.8	47.4	34.1	44.8
New York	26.7	58.5	22.6	35.3
Chicago	19.7	37.9	19.2	33.0
Los Angeles	17.3	18.4	16.9	19.1
Detroit	39.9	10.7	48.7	14.7
Houston	12.3	41.7	11.5	30.0
Baltimore	42.2	67.5	40.8	65.7
Dallas	14.3	38.9	13.9	26.5
Washington	68.4	28.1	67.1	26.1
Cleveland	32.0	38.3	31.8	28.1
Indianapolis	21.0	36.9	14.6	26.7
Milwaukee	73.1	17.2	72.9	15.4
San Francisco	15.7	15.8	14.0	25.9
Pittsburgh	35.9	51.9	31.0	59.7
Boston	25.1	65.9	19.4	47.8

* The coefficient of dispersion measures the variation of individual assessment ratios around the median, and is calculated by dividing the mean of the deviations by the median ratio.

Distribution: Number of Cities in Dispersion Range:
All Properties: Single Family Homes:

Range 10-19	4	3
Range 20-29	1	5
Range 30-39	4	3
Range 40 & Over	6 (Phila., 5th largest)	4 (Phila., 4th largest)

Source: U.S. Bureau of the Census, 1977 Census of Governments, Vol. 2. Taxable property values and assessment sales price ratios (issued November 1978), Table 19.

Table 5

REAL ESTATE SALES IN PHILADELPHIA BY TYPE OF PROPERTY
1978 - 1977

Type of Property	Number of Sales	Total Sales Price	Total Assessed Value	Average Sales Price	Average Assessed Value	A/S Ratio %
YEAR 1978						
All Types	25,102	\$651,154,407	\$221,921,100	\$25,940	\$ 8,841	34.1
Private Residential	18,847	432,369,577	127,900,900	22,941	6,786	29.6
Apartments & Hotels	3,219	118,630,252	46,763,000	35,743	14,089	39.4
Stores & Dwellings	1,599	31,139,039	12,470,700	19,474	7,799	40.0
Commercial	611	44,742,056	23,615,100	73,228	38,650	52.8
Industrial	283	12,774,161	7,433,200	45,138	26,265	58.2
Vacant Ground	443	11,499,322	3,738,200	25,958	8,438	32.5

YEAR 1977						
All Types	18,555	\$448,520,125	\$176,212,300	\$24,172	\$ 9,497	39.3
Private Residential	13,868	287,586,619	94,527,200	20,737	6,816	32.9
Apartments & Hotels	2,147	80,917,463	38,774,800	37,689	18,060	47.9
Stores & Dwellings	1,430	29,548,980	13,631,100	20,664	9,532	46.1
Commercial	490	31,787,840	18,727,300	64,873	38,219	58.9
Industrial	203	10,676,231	7,667,400	52,592	37,770	71.8
Vacant Ground	417	8,002,992	2,884,500	19,192	6,917	36.0

NOTE:

There was one (1) transaction during 1978 for the purchase of Air Rights with a sales price of \$1,719,585 and an assessed value of \$39,000 that has been eliminated from this schedule to reflect an undistorted analysis of the sales of real property for 1978.

Source: City of Philadelphia, Real Estate Sales Statistical Report, 1978.

Table 6

REAL ESTATE ACTIVITY IN PHILADELPHIA 1978
BY WARD - ALL TYPES OF PROPERTIES

Ward	Number of Sales	Total Sales Price	Assessment	A/S Ratio %	Ward	Number of Sales	Total Sales Price	Assessment	A/S Ratio %
City	25,102	\$651,154,407	\$221,921,100	34.1					
1	329	\$ 5,140,278	\$ 1,800,800	35.0	34	578	\$ 13,503,066	\$ 4,729,900	35.0
2	553	14,631,232	3,301,500	22.6	35	516	15,181,900	4,080,500	26.9
3	208	2,285,355	1,280,200	56.0	36	587	5,006,085	2,549,700	50.9
4	227	1,756,876	973,300	55.4	37	192	764,227	711,800	93.1
5	638	41,195,404	14,805,900	35.9	38	228	5,623,883	1,709,600	30.4
6	246	1,601,332	1,212,500	75.7	39	718	14,369,115	4,919,400	34.2
7	494	4,076,092	2,167,300	53.2	40	772	14,697,869	5,518,500	37.5
8	642	47,599,961	19,187,100	40.3	41	441	12,115,555	3,271,200	27.0
9	221	13,912,372	3,677,500	26.4	42	631	11,965,116	4,117,700	34.4
10	390	7,504,618	2,893,500	38.6	43	503	4,836,631	2,748,200	56.8
11	158	1,193,592	1,211,700	101.5	44	353	2,843,095	1,702,100	59.9
12	404	6,403,925	3,384,100	52.8	45	448	7,506,492	2,785,300	37.1
13	295	3,625,950	2,000,100	55.2	46	287	8,881,534	2,980,900	33.6
14	74	1,445,625	527,300	36.5	47	106	716,409	437,600	61.1
15	367	12,796,324	2,958,400	23.1	48	338	6,300,068	2,072,100	32.9
16	161	900,072	615,000	68.3	49	652	10,779,539	4,510,600	41.8
17	317	4,648,763	2,063,300	44.4	50	537	14,473,440	4,637,800	32.0
18	439	3,645,021	1,716,800	47.1	51	344	3,589,859	1,934,700	53.9
19	425	1,792,702	1,331,400	74.3	52	275	8,573,179	3,326,200	38.8
20	65	567,021	281,500	49.6	53	367	12,798,615	3,661,800	28.6
21	574	22,261,079	4,971,700	22.3	54	322	10,360,721	3,140,200	30.3
22	295	9,888,819	3,231,900	32.7	55	329	10,615,257	3,039,700	28.6
23	369	7,541,770	3,185,300	42.2	56	540	25,893,247	10,115,900	39.1
24	280	3,607,553	1,870,600	51.9	57	392	17,623,355	5,049,000	28.6
25	374	4,509,388	1,870,900	41.5	58	697	34,653,095	9,806,300	28.3
26	255	9,292,534	2,247,900	24.2	59	269	5,366,082	2,419,800	45.1
27	144	4,094,978	1,685,200	41.2	60	228	2,933,760	1,807,400	61.6
28	156	625,852	552,500	88.3	61	505	12,860,648	4,122,800	32.1
29	158	1,078,249	449,900	41.7	62	409	9,996,587	2,813,800	28.1
30	403	6,018,365	1,970,900	32.7	63	490	32,843,012	6,024,700	18.3
31	355	3,443,657	1,428,400	41.5	64	242	9,725,630	2,860,100	29.4
32	183	893,196	519,500	58.2	65	365	13,105,532	4,064,400	31.0
33	401	8,608,439	3,210,600	37.3	66	841	32,065,410	9,666,900	30.1

Source: City of Philadelphia, Real Estate Sales Statistical Report, 1978.

For breakdown by type of property see following tables in Appendix A:

- Table 6A: Private Residential
 6B: Apartment Buildings and Hotels
 6C: Stores and Dwellings
 6D: Commercial Properties
 6E: Industrial Properties
 6F: Vacant Ground

Table 7

Assessment Ratios as Reported in Questionnaires, and as Shown in U.S.
Census of Governments for Philadelphia and Thirteen Other Large Cities

City	Year	Reported in PEL Questionnaire Assessed Value to Market Value Ratio				1976 Census of Governments Total
		Commercial	Industrial	Residential	Total	
Philadelphia	1978	52.8	58.2	29.6	34.2	34.8
New York	1979	NA	NA	NA	44.0	26.7
Chicago	1977	(d)	(d)	(d)	19.8 (b)	19.7
Los Angeles	1979	NA	NA	NA	NA	17.3
Detroit*	—	—	—	—	—	39.9
Houston	1978	NA	NA	26.9	NA	12.3**
Baltimore*	—	—	—	—	—	42.2
Dallas	1978	NA	NA	NA	75.0	14.3**
Cleveland	1977	28.7	29.6	26.6	26.9 (b)	32.0
Indianapolis	—	NA	NA	NA	NA	21.0
Milwaukee	1978	100.8	98.1	97.7	98.4	73.1
San Francisco*	—	—	—	—	—	15.7
Pittsburgh	1979	NA	NA	NA	25.0 est.	35.9
Boston	1978	33.8 (c)	42.8 (c)	23.2 (c)	27.7	25.1

* Did not respond to questionnaire. ** The census data may be based on the assessment for county purposes, which is lower than the assessment for city purposes.

(a) Median of samplings of real property assessments and measureable sales ratios.

(b) Countywide data

(c) Estimated ratio. Pursuant to a 1978 constitutional amendment, legislation provides for the fair cash valuation of property in the following percentages: residential-40%; commercial-50%; industrial & manufacturing-55%; and open space-25%.

(d) Assessment ratios are divided by a classified system, where single family residences are 16% and apartments (six or more units) are 33%. Industries in "hard-pressed areas" are classified as 16%. Other commercial and industrial ratios are 40%.

Source: 1979 PEL survey data and U.S. Bureau of the Census, 1977 Census of Governments, Vol. 2. Taxable property values and assessment sales price ratios (issued November 1978), Table 19.

Extract From Ruling of Judge Kalish in Case of Keebler Company v. George T. Kenney et al., Court of Common Pleas of Philadelphia County, Trial Division November 10, 1978.

Judge Kalish consolidated about 150 appeals from the Board of Revision of Taxes of Philadelphia for the tax years 1975, 1976, 1977 and 1978. It was alleged that Philadelphia assessed values were not uniform and in violation of the Pennsylvania Constitution, Article VIII, Section I, which requires that "all taxes be uniform on the same class of subjects within the territorial limits of the authority levying the tax." In interpreting this language, Pennsylvania courts have ruled that "all real estate is the class entitled to uniform treatment and that the ratio of assessed value to market value adopted by the taxing authority must be applied equally and uniformly to all real estate within the jurisdiction of such authority." (McNight Shopping Center, Inc. vs. Board of Property Assessment, Inc., 417 Pa. 234, 1965, emphasis added.)

After reviewing extensive quibbling by witnesses for both sides on various methods of evaluating equity or lack thereof, Judge Kalish concluded the following:

"In spite of the Board's professed declaration that properties are assessed at 50% of their fair market value, the evidence indicates that in fact the ratios today vary widely in the district and have so varied for the years in question in these appeals. Properties in Philadelphia are not assessed uniformly."

"The Board's own expert testified to the fact that residential properties are significantly underassessed relative to industrial and commercial properties. In fact, he testified that the lack of uniformity has worsened from 1974 to 1977."

"Because it is so pervasive, this lack of uniformity must be remedied. Simply to correct these inequalities that may exist to the Appellants . . . would not be sufficient to achieve compliance with the law's mandate. In fact, such piecemeal remedies may actually increase overall inequality by bestowing on one taxpayer an advantage not shared by many others similarly situated. Consequently, for future assessments, the Board must take steps to fix a ratio to be applied equally and uniformly to every type of property in the taxing district and bring order out of the existing hodge-podge."

ORDER: "... the Board of Revision of Taxes of the City of Philadelphia is directed to reassess for the future every real estate property in its district according to a fixed and announced ratio and is further directed to submit to this Court a report within sixty days indicating what implementation plan it intends to adopt consistent with this Opinion."

Instead of moving promptly to implement the Court Order, the City chose to delay action by appealing the ruling. The matter is still in limbo.

PROBLEM 3 INCREASING EXEMPTIONS

A large amount of the assessed values of real property in Philadelphia is in properties which are exempt from taxation. The number and value of tax exempt properties has been increasing faster than the number and value of taxable properties.

In 1971, the assessed value of tax exempt property was 27.26% of the total assessed values of real property in the city. The proportion has generally increased since 1971, was about 29% in 1975 and 30.44% in 1978.

Tax exempt properties in both numbers and assessed values increased by more than twice the rate of taxable properties in the period 1971-1978 (Table 8, Figures 4 and 5).

Taxation in Pennsylvania is constitutionally required to "be uniform upon the same class of subjects within the territorial limits of the authority levying the tax." The General Assembly may provide (and has provided) for tax exemption for certain kinds of property under strict limitations, generally based on use rather than ownership.

Whether Philadelphia has or has not granted tax exemption to properties within or beyond the strict legislative authorization is a subject beyond the scope of this survey. However, the burden of financing the services provided to tax exempt properties increases the tax burden on the tax paying properties. The increasing amount of tax exempt property is a matter for concern.

Table 8

Trends in Taxable Properties and Tax Exempt Properties
in Philadelphia 1971-1978
(Dollar Amounts in Billions)

Year	TAXABLE PROPERTIES				TAX EXEMPT PROPERTIES				Percent of Total Which is Tax Exempt
	Number	Annual Change (%)	Assessed Value	Annual Change (%)	Number	Annual Change (%)	Assessed Value	Annual Change (%)	
1971	528,133	—	\$4.787	—	20,196	—	\$1.794	—	27.26%
1972	526,752	(2.6)	4.924	2.9	21,543	6.7	1.894	5.5	27.78
1973	527,199	*	5.089	3.3	21,519	(*)	2.048	8.1	28.70
1974	527,359	*	5.387	5.9	20,439	(5.0)	2.186	6.7	28.86
1975	527,300	(*)	5.467	1.5	20,838	2.0	2.238	2.4	29.04
1976	548,612	4.0	5.544	1.4	21,418	2.7	2.421	8.1	30.40
1977	550,258	0.3	5.582	0.7	21,840	2.0	2.423	*	30.26
1978	550,673	*	5.626	0.8	22,090	1.1	2.462	1.6	30.44
Percent Change 1971-1978									
		4.2%		17.5%		9.4%		37.2%	—

*Change less than 0.1%

Source: City of Philadelphia, Real Estate Sales Statistical Report, 1978.

Figure 4

Proportion of Philadelphia Real Property Assessments
in Taxable and Tax Exempt
Property

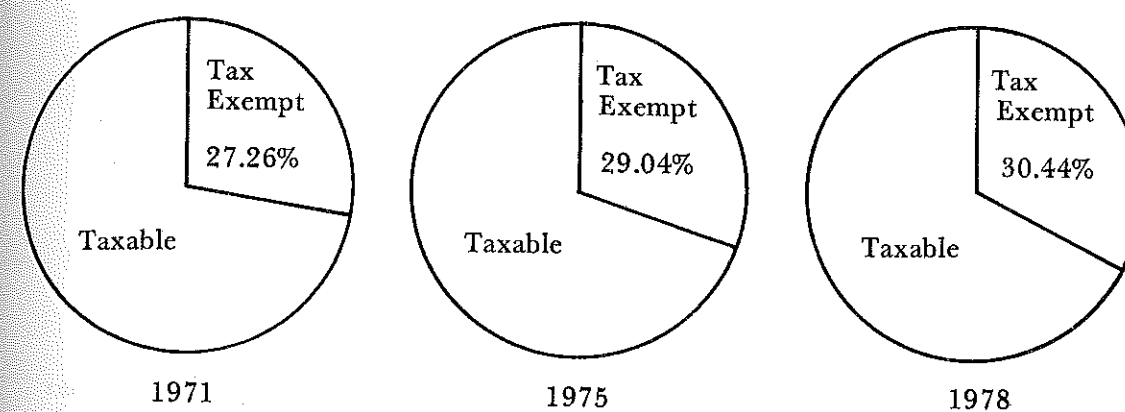
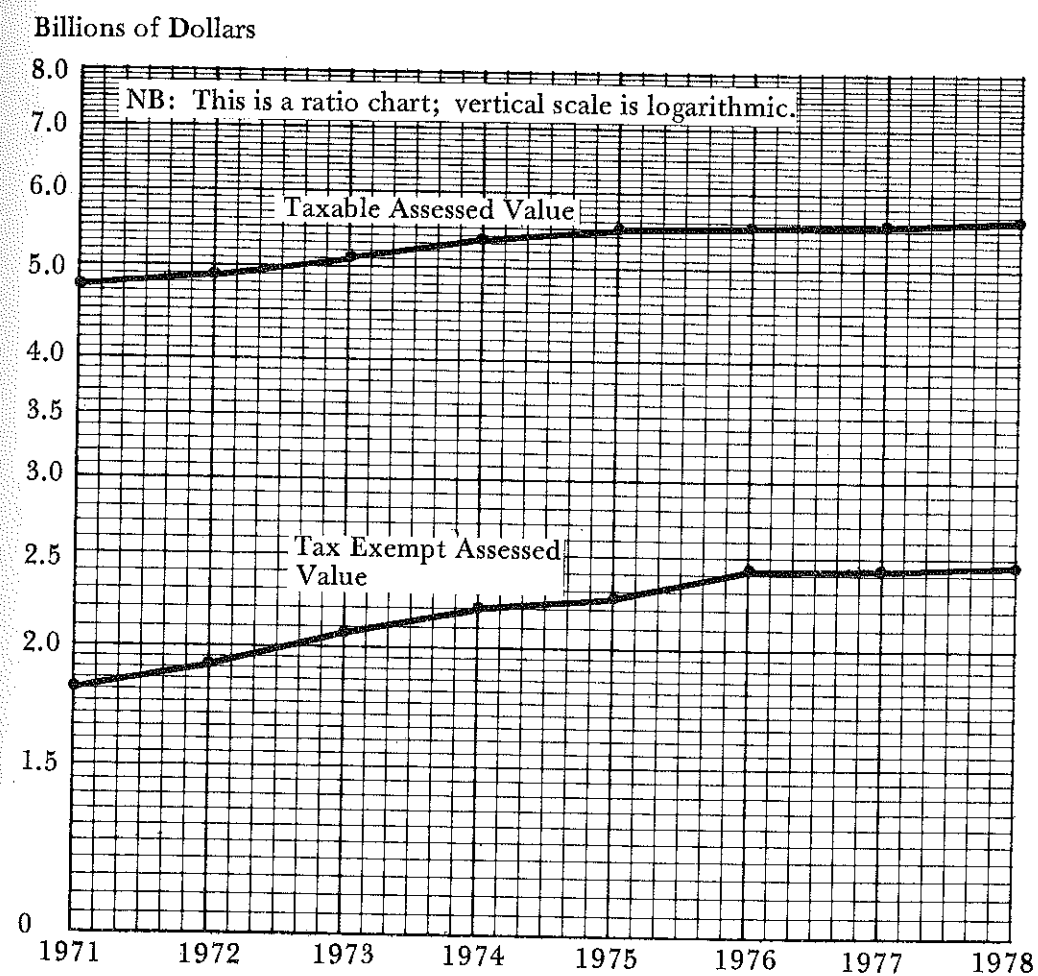


Figure 5

Trends in Philadelphia Taxable and Tax Exempt Real Property
1971-1978



Source: Prepared from City of Philadelphia, Real Estate Sales Statistical Report, 1978. (See Table 8.)

PROBLEM 4
FAULTY ORGANIZATION

Philadelphia suffers from fundamental weaknesses in the organizational arrangements for performing the function of assessment of property for taxation. Outstanding in this faulty organization is the requirement that the function be performed by a 7-member board which is responsible for both making the assessments and, as an adjudicating body, hearing and deciding upon appeals from the taxpayers on the equity of the assessing body's actions.

A PEL study of the assessment function in 14 large cities (including Philadelphia) found that Philadelphia was the only city in which the power to decide upon appeals of its own action was vested in the same body (Table 9).

Placing in one body the power to make assessments and decide appeals on its own actions has been the common and traditional practice in Pennsylvania. The practice has been challenged for many years, but to date no action to change the practice has been approved by the State Legislature.

Counties which have adopted home rule charters have the power to correct this weakness. Some have done so. Delaware County assigned the function of making assessments to the County Treasurer and established a separate 3-member Board appointed by the County Council to hear and decide on appeals. Northampton County assigned the function of making assessments to a Division of Revenue within a Department of Administration; a separate appeals board was established to hear and decide on appeals.

In a 1957 study (Report No. 264) on completing Philadelphia city-county consolidation, the Economy League's Eastern Division recommended that the Board of Revision of Taxes should be abolished, its assessing function be assigned to a Chief Assessor appointed by the Director of Finance with the approval of the Mayor, and that a separate Tax Appeals Board be established. Legislation was required. In 1963 (Act 395) the General Assembly authorized Philadelphia City Council to separate the assessing function from the Board of Revision of Taxes (which Board, or similar Board, would retain the appeals function), subject to approval of any proposed changes by the city electorate. To date, City Council has taken no action. Similar recommendations were made by a Charter Revision Commission in 1973. Still no action.

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Philadelphia is also unique in having the Board appointed by the Judges of the Court of Common Pleas. A PEL survey of 14 large cities (including Philadelphia) found that five have an elected chief assessor; seven have an appointed assessing agency (in six of these seven, the chief executive is the appointing authority). (Tables 9 and 11.)

Although a matter separate from organization, procedural requirements on frequency of assessments should be noted. Pennsylvania (and Philadelphia) has no legal requirement on the frequency of assessments. Old laws requiring triennial assessments in some counties have generally been abolished. Practice of partial reassessment of portions of a county or city is clearly in violation of the constitutional requirement that "all taxes shall be uniform, upon the same class of subjects, within the territorial limits of the authority levying the tax . . ." In a recent class-action suit in Philadelphia Common Pleas Court, Judge Jacob Kalish cited this requirement, and added that "it would be intolerable to permit the court's own appointees (the City's Board of Revision of Taxes is appointed by the court) to continue to ignore the clear mandate of the law." Only by periodic reassessment can uniformity be maintained. (See page 14.)

A PEL survey of 11 large cities (including Philadelphia) found that five (including Philadelphia) have no legal requirement for reassessments. One city (Los Angeles) has a legal requirement prohibiting reassessment except when property changes hands or there is new construction. This is due to the Proposition 13 constitutional amendment which, in effect, established a mandate for non-uniform assessment practices, directly contrary to the Pennsylvania Constitution and directly contrary to what has generally been conceived as desirable standard for assessment. (Tables 10 and 11.)

For almost all cities surveyed (those with and without a legal mandate for reassessment) there appeared to be no recognizable pattern as to periodic reassessment.

Pennsylvania Fourth to Eighth Class Counties were required in 1951 to establish a system of property tax records and reassess all property at uniform ratios of actual value. Subsequently, all such counties went through reassessment programs -- some of them two or three times since 1951 -- but the decision to reassess remains discretionary with the county governing body.

* * *

The four identified problems are by no means all of the problems with real property assessment practices in Philadelphia (and elsewhere in Pennsylvania). However, the redress of these problems would go a long way in bringing some sense of confidence to the Philadelphia scene. The solutions are reviewed below.

Table 9

Responsibility for the Assessing Function and the Function of Hearing Appeals from Assessments in Philadelphia and Other Large Cities: 1979

	Assessing Function	Appeals Function
1. <u>Philadelphia</u>	7 member board appointed by judges of court of common pleas	Same as assessing function
2. <u>New York</u>	Finance commissioner appointed by mayor	7-member Tax commission, appointed by mayor
3. <u>Chicago</u>	Elected county assessor	Elected county board of appeals
4. <u>Los Angeles</u>	Elected county assessor	Assessment appeals board appointed by the county board of supervisors
5. <u>Detroit</u> *	4 member board of assessors, appointed by mayor	City council, ex officio
6. <u>Houston</u>	Tax assessor-collector, appointed by mayor	Board appointed by mayor, consisting of mayor and 4 councilmen
7. <u>Baltimore</u> *	State	Hierarchy of appeals, starting with local tax appeals court
8. <u>Dallas</u>	Director of revenue and taxation, appointed by city manager	Board of equalization appointed by city council
9. <u>Cleveland</u>	Elected county auditor	Board of Revision, headed by an administrator, and consisting of 3 members: chairman of the board of county commissioners, the county treasurer, and the county auditor
10. <u>Indianapolis</u>	Township assessments are supervised by the county assessor (elected)	County board of review plus a state board of tax commissioners

* Did not respond to 1979 PEL questionnaire; data based on response to 1973 PEL questionnaire.

Table 9
(continued)

Responsibility for the Assessing Function and the Function of Hearing Appeals
from Assessments in Philadelphia and Other Large Cities: 1979

	<u>Assessing Function</u>	<u>Appeals Function</u>
11. <u>Milwaukee</u>	Office of tax commissioner, appointed by mayor	Board of review, appointed by mayor
12. <u>San Francisco</u> *	Elected assessor	Appointed assessment appeals board
13. <u>Pittsburgh</u>	By law, 7 member Board of property Assessment, Appeals and Review. However, the Board agreed to give up its responsibilities for property assessing to a newly created post of Director of Assessment. This arrangement could change at the will of the County Commissioners, though it is not likely.	7 member board appointed by county commissioners
14. <u>Boston</u>	3 member board appointed by the mayor	5 member board appointed by the governor

* Did not respond to 1979 PEL questionnaire; data based on response to 1973
PEL questionnaire.

Source: PEL survey data gathered from questionnaires sent to respective cities in 1979.

Table 10

Frequency of Reassessment as Legally Required and in Practice for
Philadelphia and Ten Other Large Cities, 1979.

<u>City</u>	<u>Legal Requirements</u>	<u>In Practice</u>
Philadelphia	No legal requirements	No pattern, infrequently
New York	Annually	Annually
Chicago	Every fourth year by quadrant	Same as legal requirement
Los Angeles *	When property is purchased, constructed, or changes in ownership *	Same as legal requirement
Houston	No legal requirement	Freeze until 1982. By then, everything will have been reassessed
Dallas	Annually to maintain equality and uniformity	As needed based upon staff and time available
Cleveland	Every 6th year with 3rd year adjustment	Same as legal requirement
Indianapolis	Every 6 years	1979-80 assessment is first since 1969. Statutory waivers have been granted by the leg- islature for the delay.
Pittsburgh	One-third of county was reassessed each year. This practice was challenged in court. Triennial assessment subsequently was abandoned.	Assessments have been frozen at their 1977 level, pending the development of a procedure which will provide for annual reassess- ments
Boston	No legal requirements	No pattern
Milwaukee	No legal requirements	Approximately every 4 years

* Los Angeles reflects the California constitutional amendment resulting from
the so-called Proposition 13 which prohibits changing assessed values except
when ownership changes.

Source: PEL survey data gathered from questionnaires sent to respective cities in 1979.

Table 11

Summary of Assessment Function Organization and Assignment of Appeals Function in Philadelphia and 13 Other Large Cities, 1979

Summary as to Assessment Function Organization

	Number of Cities
Separately elected assessor	5
Chief assessor appointed by chief executive	4
Board of assessment appointed by chief executive	2
Board of assessment, appointed by judges	1 (Philadelphia)
State function	1
Chief assessor approved by county commissioners	1
	14

Summary as to Assignment of Appeals Function

	Number of Cities
Assessments and appeals handled by same agency	1 (Philadelphia)
Assessments and appeals handled by different agencies	13
	14

Source: See Table 9.

SOLUTIONS

Four problems with Philadelphia real property assessment practices have been reviewed in the preceding sections. The solutions can be stated succinctly.

Problem 1: Stagnation. If this problem were the result solely of actual reduction in market values, the solution could not lie in the assessment practices. But, as noted, the problem lies in the failure of Philadelphia assessment practices to keep assessment in line with actual values. The solution is obvious: do so!

Problem 2: Inequity. The inequity in Philadelphia assessments between different parts of the city and between different types of property is glaring and obvious. It is also contrary to the Pennsylvania Constitution which requires that "all taxes shall be uniform, upon the same class of subjects, within the territorial limits of the authority levying the tax . . ." The solution here is also obvious: abide by and enforce the law of the Commonwealth!

Problem 3: Increasing Exemptions. This review has identified this as a problem, but has not extended to determining whether Philadelphia is or is not granting exemptions within or beyond the letter of the law. To the extent that the Pennsylvania Constitution has authorized exemptions, and the General Assembly has mandated or permitted authorized exemptions, the debate is on the merits of the law and not on Philadelphia assessment practices. Continuing independent review of the properties granted exemption is the solution to this problem. The review in first instance should be a recurring function of the agency responsible for assessments. The second stage of review should be the Mayor, Director of Finance, Controller, and Council. The final stage of review should be the news media and public. In cases of doubt, final decision rests with the courts.

Problem 4: Faulty Organization. This is a problem which requires legislative action. One solution lies in the authority given to Philadelphia City Council in 1963 to reorganize the assessing function.

There is still another broad problem not discussed above. This is stated here as Problem 5:

Problem 5: Compliance. How can it be ensured that the things which should be done, are done? The answer is to provide a vehicle for superseding local assessing authorities who are not willing to abide by the law and force compliance. This solution can be best observed by noting the previous recommendations of the Pennsylvania Economy League (summarized in Appendix B).

Regardless of the approach taken, the time has come, and it is critically important, for Philadelphia to move on correcting the serious problems with Philadelphia real property assessment practices.

RECOMMENDATIONS

1. Initiate immediately the reassessment of all real property at a uniform ratio of market value as ordered by Judge Jacob Kalish on November 10, 1978. Diligent action would permit new assessments to be made effective for calendar year 1982.
2. Move immediately to set in motion a reorganization of the governmental structure for administering the assessment function. The Board of Revision of Taxes should be abolished; its assessing function should be assigned to a Chief Assessor appointed by the Director of Finance, with the approval of the Mayor; and a separate Assessments Appeals Board should be established.
3. Examine carefully the roll of tax-exempt property to ensure that all properties favored with tax exemption are entitled to such treatment. Place promptly on the tax rolls all properties not legally entitled to exemption.

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APPENDICES

<u>Appendix</u>	<u>Page</u>
A. Detailed documentation on the 1978 real estate sales and sales-assessment ratios by type of property in the 66 wards of the city. *	31
B. Previous Pennsylvania Economy League recommendations	37

* Source: See Table 6, Page 12.

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Appendix A

DETAILED DOCUMENTATION ON 1978 REAL ESTATE SALES

Table 6A

REAL ESTATE SALES, PRICE AND ASSESSED VALUE IN PHILADELPHIA
1978 BY WARDS AND MAJOR USE-TYPE CLASSIFICATIONS OF PROPERTIES SOLD

PRIVATE RESIDENTIAL

Ward	Number of Sales	Total Sales Price	Assessment	A/S Ratio %	Ward	Number of Sales	Total Sales Price	Assessment	A/S Ratio %
City	18,847	\$432,369,577	\$127,900,900	29.6					
1	256	\$ 3,372,623	\$ 1,004,900	29.8	34	456	\$ 10,442,863	\$ 3,228,300	30.9
2	330	7,388,583	1,519,000	20.6	35	439	12,331,161	3,128,900	25.4
3	133	1,410,325	707,400	50.2	36	499	3,915,229	1,940,800	49.6
4	178	1,338,001	669,800	50.1	37	136	425,813	374,600	88.0
5	287	15,891,744	5,202,900	32.7	38	209	4,757,825	1,371,500	28.8
6	161	871,032	604,300	69.4	39	572	10,340,225	2,470,000	23.9
7	413	2,995,347	1,439,900	48.1	40	662	12,264,199	4,464,600	36.4
8	202	11,152,012	3,463,800	31.1	41	340	8,386,235	2,069,900	24.7
9	190	12,272,579	3,175,500	25.9	42	511	9,322,002	2,919,700	31.3
10	336	6,226,863	2,098,600	33.7	43	394	3,442,801	1,798,700	52.2
11	98	468,571	352,000	75.1	44	263	1,889,515	1,018,900	53.9
12	284	3,757,306	1,695,400	45.1	45	375	5,461,496	1,658,400	30.4
13	218	2,297,100	1,083,800	47.2	46	168	3,936,504	1,223,100	31.1
14	49	491,000	168,700	34.4	47	38	139,075	89,200	64.1
15	288	9,978,000	1,733,100	17.4	48	303	5,181,768	1,668,400	32.2
16	126	537,542	341,100	63.5	49	511	8,075,753	3,118,400	38.6
17	255	3,549,941	1,446,700	40.8	50	455	11,759,490	3,630,700	30.9
18	323	2,049,269	917,500	44.8	51	272	2,698,644	1,317,600	48.8
19	319	917,478	713,400	77.8	52	192	4,882,064	1,842,200	37.7
20	49	448,171	171,800	38.3	53	302	9,937,915	2,727,000	27.4
21	451	17,518,874	3,399,300	19.4	54	272	7,961,466	2,245,000	28.2
22	239	8,035,618	2,386,600	29.7	55	289	8,521,315	2,285,000	26.8
23	243	4,394,697	1,487,400	33.8	56	375	15,332,890	4,122,300	26.9
24	172	1,476,929	675,000	45.7	57	306	12,011,720	3,175,900	26.4
25	300	3,349,671	1,124,200	33.6	58	473	23,137,295	6,392,400	27.6
26	220	7,590,225	1,673,900	22.1	59	206	3,945,364	1,522,700	38.6
27	79	1,578,958	476,100	30.2	60	148	1,454,490	707,500	48.6
28	120	463,098	348,000	75.2	61	431	10,331,580	3,164,300	30.6
29	108	563,299	275,600	48.9	62	357	8,685,191	2,374,900	27.3
30	219	3,575,020	1,052,500	29.4	63	401	27,973,970	4,789,100	17.1
31	280	2,527,260	865,800	34.3	64	194	7,076,130	1,870,700	26.4
32	121	483,009	301,300	62.4	65	229	7,304,936	2,012,000	27.5
33	336	5,944,965	1,749,300	29.4	66	686	24,127,543	6,853,600	28.4

Appendix A (continued)

Table 6B

REAL ESTATE SALES, PRICE AND ASSESSED VALUE IN PHILADELPHIA
1978 BY WARDS AND MAJOR USE-TYPE CLASSIFICATIONS OF PROPERTIES SOLD

APARTMENT BUILDINGS AND HOTELS

Ward	Number of Sales	Total Sales Price	Assessment	A/S Ratio %	Ward	Number of Sales	Total Sales Price	Assessment	A/S Ratio %
City	3,319	\$118,630,252	\$46,763,000	39.4					
1	5	\$ 163,000	\$ 54,200	33.3	34	88	\$ 2,252,940	\$ 1,161,000	51.5
2	10	327,950	101,300	30.9	35	49	1,960,750	653,400	33.3
3	39	555,375	293,800	52.9	36	18	213,450	129,000	60.4
4	34	252,500	184,300	73.0	37	12	97,564	83,300	85.4
5	116	8,888,628	2,710,600	30.5	38	5	96,000	51,900	54.1
6	37	283,350	272,200	96.1	39	31	649,840	222,100	34.2
7	28	239,180	170,200	71.2	40	50	1,073,200	459,400	42.8
8	368	23,305,520	7,795,000	33.4	41	59	2,024,900	602,800	29.8
9	18	1,195,200	376,500	31.5	42	66	1,462,198	525,200	35.9
10	29	794,205	467,500	58.9	43	44	442,432	322,900	73.0
11	33	417,721	366,200	87.7	44	50	476,910	339,600	71.2
12	61	1,598,211	996,900	62.4	45	3	36,296	14,000	38.6
13	46	845,686	568,100	67.2	46	103	3,150,296	1,242,400	39.4
14	3	53,393	74,800	140.1	47	55	457,109	265,400	58.1
15	2	99,763	32,800	32.9	48	5	148,500	61,700	41.5
16	6	41,986	40,100	95.5	49	98	1,603,910	833,700	52.0
17	31	662,969	324,400	48.9	50	64	2,259,800	823,900	36.5
18	9	97,000	38,400	39.6	51	48	569,410	352,600	61.9
19	17	126,600	79,700	63.0	52	68	3,015,165	1,261,500	41.8
20	8	46,150	41,200	89.3	53	49	2,038,500	665,100	32.6
21	65	2,506,665	780,000	31.1	54	43	1,910,255	695,300	36.4
22	43	1,606,656	716,600	44.6	55	26	1,099,900	360,300	32.8
23	62	1,431,107	702,600	49.1	56	138	7,499,115	4,477,900	59.7
24	64	1,445,599	744,500	51.5	57	68	3,183,910	780,700	24.5
25	14	168,117	104,600	62.2	58	175	8,181,775	2,561,400	31.3
26	16	540,440	159,700	29.5	59	36	792,242	510,500	64.4
27	52	2,145,620	845,400	39.4	60	51	721,370	565,900	78.4
28	1	2,000	4,000	200.0	61	52	1,639,500	595,100	36.3
29	28	151,200	95,700	63.3	62	21	620,350	187,300	30.2
30	110	1,450,432	547,900	37.8	63	62	3,385,540	990,200	29.2
31	11	96,232	65,800	68.4	64	33	1,908,050	741,700	38.9
32	30	134,387	95,900	71.4	65	96	4,156,836	1,540,600	37.1
33	12	352,900	113,200	32.1	66	145	7,476,497	2,721,100	36.4

Appendix A (continued)

Table 6C

REAL ESTATE SALES, PRICE AND ASSESSED VALUE IN PHILADELPHIA
1978 BY WARDS AND MAJOR USE-TYPE CLASSIFICATIONS OF PROPERTIES SOLD

STORES AND DWELLINGS

Ward	Number of Sales	Total Sales Price	Assessment	A/S Ratio %	Ward	Number of Sales	Total Sales Price	Assessment	A/S Ratio %
City	1,599	\$31,139,039	\$12,470,700	40.0					
1	44	\$ 554,450	\$ 262,400	47.3	34	24	\$ 403,153	\$ 184,700	45.8
2	142	4,192,747	899,400	21.5	35	18	659,950	221,200	33.5
3	23	152,975	154,600	101.1	36	57	546,750	376,300	68.8
4	13	129,100	87,000	67.4	37	30	202,000	168,400	83.4
5	47	1,966,428	573,900	29.2	38	9	135,558	65,600	48.4
6	24	170,660	177,000	103.7	39	99	2,386,800	748,000	31.3
7	37	385,365	217,500	56.4	40	36	726,400	294,400	40.5
8	15	1,094,330	413,800	37.8	41	21	734,785	220,400	30.0
9	1	39,000	7,100	18.2	42	39	736,791	328,200	44.5
10	15	218,350	125,000	57.2	43	43	596,573	365,100	61.2
11	16	184,900	117,900	63.8	44	29	280,050	207,100	74.0
12	29	391,460	251,100	64.1	45	41	764,200	336,800	44.1
13	20	190,500	141,500	74.3	46	11	143,250	89,500	62.5
14	9	365,150	50,600	13.9	47	3	10,750	8,800	81.9
15	40	1,180,175	285,600	24.2	48	25	723,800	260,000	35.9
16	20	164,644	141,900	86.2	49	26	370,425	209,900	56.7
17	21	265,453	159,300	60.0	50	3	89,500	37,600	42.0
18	56	511,065	213,100	41.7	51	15	143,650	107,200	74.6
19	51	343,228	205,300	59.8	52	9	161,100	89,100	55.3
20	3	11,900	17,000	142.9	53	9	481,700	183,700	38.1
21	17	379,990	125,300	33.0	54	3	151,500	45,700	30.2
22	9	90,345	68,000	75.3	55	11	399,292	145,300	36.4
23	25	414,622	245,900	59.3	56	7	317,025	108,300	34.2
24	22	181,875	142,300	78.2	57	2	93,900	24,000	25.6
25	46	666,600	347,800	52.2	58	5	247,240	72,100	29.2
26	14	515,000	132,800	25.8	59	12	244,200	125,900	51.6
27	4	82,500	38,500	46.7	60	14	135,900	80,100	58.9
28	24	99,103	105,900	106.9	61	15	425,800	179,000	42.0
29	16	185,700	70,800	38.1	62	17	463,472	156,500	33.8
30	45	720,700	243,800	33.8	63	7	326,400	99,400	30.5
31	37	414,600	202,400	48.8	64	8	408,500	131,000	32.1
32	22	134,800	65,400	48.5	65	12	504,060	161,200	32.0
33	31	690,850	338,500	49.0	66	1	36,000	11,800	32.8

Appendix A (continued)

Table 6D

REAL ESTATE SALES, PRICE AND ASSESSED VALUE IN PHILADELPHIA
1978 BY WARDS AND MAJOR USE-TYPE CLASSIFICATIONS OF PROPERTIES SOLD

COMMERCIAL PROPERTIES

Ward	Number of Sales	Total Sales Price	Assessment	A/S Ratio %	Ward	Number of Sales	Total Sales Price	Assessment	A/S Ratio %
City	611	\$44,742,056	\$23,615,100	52.8					
1	7	\$ 112,750	\$ 61,800	54.8	34	2	\$ 185,000	\$ 66,300	35.8
2	19	923,258	300,500	32.5	35	4	163,500	68,200	41.7
3	7	49,580	52,900	106.7	36	6	142,600	51,500	36.1
4	2	37,275	32,200	86.4	37	7	21,400	31,700	148.1
5	69	9,277,605	4,337,800	46.8	38	2	384,500	116,700	30.4
6	8	159,950	121,500	76.0	39	6	301,500	121,400	40.3
7	6	98,200	111,900	114.0	40	14	416,000	175,700	42.2
8	44	11,498,849	7,348,100	63.9	41	14	812,635	327,600	40.3
9	3	161,000	34,100	21.2	42	9	260,225	168,900	64.9
10	7	208,700	172,700	82.8	43	12	75,825	72,200	95.2
11	2	4,100	4,700	114.6	44	7	147,370	90,600	61.5
12	20	434,638	365,200	84.0	45	16	806,800	444,800	55.1
13	5	120,664	122,000	101.1	46	5	1,651,484	425,900	25.8
14	8	353,743	179,200	50.7	47	6	97,736	64,900	66.4
15	14	950,236	480,200	50.5	48	2	235,000	79,000	33.6
16	5	118,400	56,600	47.8	49	12	404,300	251,400	64.7
17	7	153,800	123,900	80.6	50	11	280,650	136,000	48.5
18	14	333,400	128,700	38.6	51	5	98,500	81,000	82.2
19	12	138,000	50,600	36.7	52	2	455,000	127,300	28.0
20	1	200	1,300	650.0	53	3	175,000	58,900	33.7
21	23	736,250	415,400	56.4	54	3	310,000	140,000	45.2
22	4	156,200	60,700	38.9	55	2	560,750	230,100	41.0
23	21	963,500	588,100	61.0	56	15	2,633,690	1,383,600	52.5
24	12	183,501	126,500	68.9	57	11	1,394,715	832,000	59.7
25	7	104,500	55,100	52.7	58	7	1,143,900	318,800	27.9
26	3	546,269	278,300	50.9	59	11	323,500	241,300	74.6
27	3	142,500	272,800	191.4	60	13	592,500	436,500	73.7
28	6	35,700	39,400	110.4	61	5	378,768	131,900	34.8
29	1	5,000	2,300	46.0	62	7	138,000	54,500	39.5
30	5	79,100	31,900	40.3	63	3	149,000	52,700	35.4
31	7	85,050	57,000	67.0	64	5	213,050	100,400	47.1
32	7	84,100	41,800	49.7	65	9	527,200	168,200	31.9
33	15	965,440	485,200	50.3	66	1	40,500	14,300	35.3

Appendix A (continued)

Table 6E

REAL ESTATE SALES, PRICE AND ASSESSED VALUE IN PHILADELPHIA
1978 BY WARDS AND MAJOR USE-TYPE CLASSIFICATIONS OF PROPERTIES SOLD

INDUSTRIAL PROPERTIES

Ward	Number of Sales	Total Sales Price	Assessment	A/S Ratio %	Ward	Number of Sales	Total Sales Price	Assessment	A/S Ratio %
City	283	\$12,774,161	\$7,433,200	58.2					
1	7	\$ 567,000	\$ 311,400	54.9	34	4	\$ 101,100	\$ 63,000	62.3
2	13	852,428	302,500	35.5	35	-	-	-	-
3	3	56,500	64,500	114.2	36	3	186,000	50,000	26.9
4	-	-	-	-	37	4	14,550	49,000	336.8
5	81	4,487,600	1,765,000	39.3	38	1	214,000	90,700	42.4
6	3	30,950	21,700	70.1	39	7	445,050	257,700	57.9
7	9	357,200	227,000	63.5	40	3	79,170	93,000	117.5
8	6	356,200	100,900	28.3	41	4	146,300	47,800	32.7
9	1	18,000	2,700	15.0	42	3	155,000	170,200	109.8
10	2	36,500	21,400	58.6	43	9	277,000	188,800	68.2
11	5	97,200	362,200	372.6	44	3	41,750	39,800	95.3
12	3	93,850	42,900	45.7	45	7	384,800	326,100	84.7
13	3	123,000	67,100	54.6	46	-	-	-	-
14	2	177,605	50,900	28.7	47	2	9,364	8,100	86.5
15	5	163,500	286,200	175.0	48	-	-	-	-
16	3	36,500	34,400	94.2	49	3	125,000	68,200	54.6
17	-	-	-	-	50	-	-	-	-
18	18	573,222	396,800	69.2	51	3	62,155	62,400	100.4
19	11	179,900	205,400	114.2	52	-	-	-	-
20	1	48,100	45,200	94.0	53	-	-	-	-
21	5	209,600	73,900	35.3	54	1	27,500	14,200	51.6
22	-	-	-	-	55	-	-	-	-
23	8	259,000	149,500	57.7	56	-	-	-	-
24	5	158,000	109,500	69.3	57	-	-	-	-
25	6	219,500	238,200	108.5	58	-	-	-	-
26	-	-	-	-	59	1	18,500	11,700	63.2
27	1	32,000	10,100	31.6	60	1	9,500	6,000	63.2
28	2	15,127	53,800	355.7	61	1	50,000	50,000	100.0
29	2	85,900	4,000	4.7	62	-	-	-	-
30	2	39,500	51,700	130.9	63	1	35,000	12,700	36.3
31	8	222,860	198,900	89.2	64	-	-	-	-
32	1	12,500	4,600	36.8	65	4	353,000	130,100	36.9
33	2	530,180	491,300	92.7	66	-	-	-	-

Appendix A (continued)

Table 6F

REAL ESTATE SALES, PRICE AND ASSESSED VALUE IN PHILADELPHIA
1978 BY WARDS AND MAJOR USE-TYPE CLASSIFICATIONS OF PROPERTIES SOLD

VACANT GROUND

Ward	Number of Sales	Total Sales Price	Assessment	A/S Ratio %	Ward	Number of Sales	Total Sales Price	Assessment	A/S Ratio %
City	443	\$11,499,322	\$3,738,200	32.5					
1	10	\$ 370,455	\$ 106,100	28.6	34	4	\$ 118,010	\$ 26,600	22.5
2	39	946,266	178,800	18.9	35	6	66,539	8,800	13.2
3	3	60,600	7,000	11.6	36	4	2,056	2,100	102.1
4	-	-	-	-	37	3	2,900	4,800	165.5
5	38	683,399	215,700	31.6	38	2	36,000	13,200	36.7
6	13	85,390	15,800	18.5	39	3	245,700	1,100,200	447.8
7	1	800	800	100.0	40	7	138,900	31,400	22.6
8	7	193,050	65,500	33.9	41	3	10,700	2,700	25.2
9	8	226,593	81,600	36.0	42	3	28,900	5,500	19.0
10	1	20,000	8,300	41.5	43	1	2,000	500	25.0
11	4	21,100	8,700	41.2	44	1	7,500	6,100	81.3
12	7	128,460	32,600	25.4	45	6	52,900	5,200	9.8
13	3	49,000	17,600	35.9	46	-	-	-	-
14	3	4,734	3,100	65.5	47	2	2,375	1,200	50.5
15	18	424,650	140,500	33.1	48	3	11,000	3,000	27.3
16	1	1,000	900	90.0	49	2	200,151	19,000	9.5
17	3	16,600	9,000	54.2	50	4	84,000	9,600	11.4
18	19	81,065	22,300	27.5	51	1	17,500	13,900	79.4
19	15	87,496	77,000	88.0	52	4	59,850	6,100	10.2
20	3	12,500	5,000	40.0	53	4	165,500	27,100	16.4
21	13	909,700	177,800	19.5	54	-	-	-	-
22	-	-	-	-	55	1	34,000	19,000	55.9
23	10	78,844	11,800	15.0	56	5	110,527	23,800	21.5
24	5	161,649	72,800	45.0	57	5	939,110	236,400	25.2
25	1	1,000	1,000	100.0	58	37	1,942,885	461,600	23.8
26	2	100,600	3,200	3.2	59	3	42,276	7,700	18.2
27	5	113,400	42,300	37.3	60	1	20,000	11,000	55.0
28	3	10,824	1,400	12.9	61	1	35,000	2,500	7.1
29	3	87,150	1,500	1.7	62	7	89,574	40,600	45.3
30	22	153,613	43,100	28.1	63	16	973,102	80,600	8.3
31	12	97,655	38,500	39.4	64	2	119,900	16,300	13.6
32	2	44,400	10,500	23.6	65	15	259,500	52,300	20.2
33	5	124,104	33,100	26.7	66	8	384,870	66,100	17.2

Appendix B

PREVIOUS PENNSYLVANIA ECONOMY LEAGUE RECOMMENDATIONS

In the period 1969-1973, the State Division (with participation of the Eastern, Central, and Western regional Divisions) completed a comprehensive study of The Financing of Local Government in Pennsylvania. The study was sponsored by the Local Government Commission of the Pennsylvania General Assembly, and the Commonwealth's Department of Community Affairs. The recommendations from the final summary report (February 1973) which relate to Philadelphia assessment practices are listed below.

1. Consolidate and codify in a single statute the provisions governing real estate tax authority, including subjects, exemptions, rates, assessment, and collection, both current and delinquent.
2. Provide for the appointment of all assessors by the person or body with general appointing powers in the county (city in case of Philadelphia) government. (In Philadelphia the appointing authority would be the Mayor, consistent with the power of the Mayor in the City Charter to appoint administrative officers.)
3. Provide for a merit system as the basis for the appointment of and tenure for chief assessors, subordinate assessors and other assessment personnel. (In Philadelphia this recommendation is in effect because the employees of the city's Board of Revision of Taxes come under the merit and personnel management provisions of the Philadelphia Home Rule Charter.)
4. Require that all real estate assessments throughout the Commonwealth bear a uniform relationship to market value of taxable property, to be maintained within a range of 90 percent to 100 percent of value.
5. Assign to a State agency the duties and authority to ensure that assessments throughout the State are made on a uniform basis and in close relation to actual values. This State agency should have the following duties and authority:
 - a. Monitor the establishment and maintenance of map and records systems; recommend improvements when necessary and provide technical assistance.
 - b. Have the authority to require the adjustment of assessed valuations of an entire county or of any taxing jurisdiction therein when those valuations are found to be more than 10 percent above or below market value.

Appendix B
(Continued)

PREVIOUS PENNSYLVANIA ECONOMY LEAGUE RECOMMENDATIONS

- c. Have the authority to require the reassessment of properties within the entire county, or within any taxing jurisdiction therein, when there is evidence of widespread deviation of a significant magnitude (e.g. more than 10 percent variation between the lowest and the highest) in the ratios of assessed to market value of individual properties. This authority should include the power to mandamus a county (city, in the case of Philadelphia which is a consolidated city-county) that fails to comply or to take steps to comply with a directive to adjust assessments or to reassess within one year of the date of such directive. Also, to investigate upon petition of petitioners representing one percent of the property owners and one percent of the assessed valuation in a county (city, with respect to Philadelphia) any complaint that the assessing officers are failing to comply with the required standards of uniformity.

Not included specifically in the previous recommendations, but an implied and desirable recommendation previously emphasized by the Eastern Division,

6. Separate the function of making assessments (administrative action) from the function of adjudicating appeals by establishing a separate body for hearing appeals.

* * *

In its recommendations, the PEL recommended that the Department of Community Affairs be assigned the function of regulating and enforcing the uniform assessment system and that this agency assume the functions of the State Tax Equalization Board in certifying the market values of taxable real property to the Department of Education for the school subsidy formulas.

Various other studies have repeated the general tenor of the PEL recommendations, with various modifications. Legislation to implement the recommendations has so far failed to move through the General Assembly.