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Philadelphia Delays 2025 Assessment Notices in Face of Billion Dollar Loss in Commercial Assessment Values

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Tax Alert
5.9.24

It is no secret that Philadelphia (the City), like many major cities, is facing record high commercial vacancy rates. This is problematic for the City as it is undergoing a citywide reassessment for real estate taxes. The lower demand for commercial properties and higher interest rates have led to significant reductions to commercial property values and thus, the reduced values should be reflected in reduced assessments for commercial properties. However, the City of Philadelphia has delayed issuing notices which puts the burden on taxpayers to file assessment appeals to correct the currently unknown 2025 assessments.

The Current Landscape

The City is required to certify assessments by March 31st of each year. This is intended to provide taxpayers with six months to determine if their property is over-assessed, conclude the first level review process, and timely file a tax appeal with the Board of Revision of Taxes (BRT). Ample notice is particularly relevant in a year when the City reassesses all properties; however, the City still has not notified taxpayers of their reassessments.

Despite not providing taxpayers with notice of their assessments, the City has acknowledged the value lost by commercial properties. During recent public budget discussions, city officials expressed concern that lower commercial property values will have a significant negative impact on real estate tax revenues. In fact, it is estimated that the city is facing more than a $1 billion decrease in office building valuations alone. City officials are purportedly already integrating these lower valuations into Philadelphia's budget planning for 2025.

What Can Commercial Property Owners Do?

Despite the March 31st deadline for certifying assessments, the City has historically delayed providing notice to taxpayers. In some cases, taxpayers have not received notices from the City until after the deadline to appeal their assessments.

Commercial property owners that believe their current assessment is too high should consider the following:

- *Review Assessments*: While the values of commercial properties have fallen on average in recent years, not all properties are over-assessed. Taxpayers will need to compare the fair market value of their property to the assessment issued by the City. An appeal should be considered if the assessment is higher than the actual value of the property or if the assessment is not uniform with other properties in the City.
- *Consider Costs & Benefits*: The anticipated benefits of a tax appeal are obvious – reduced taxes. For commercial properties this may include both reduced real estate taxes as well as reduced use and occupancy taxes. However, taxpayers also have to consider the time and costs it takes to resolve a tax appeal. An appeal is initially filed with the BRT and taxpayers can wait a year or more for a hearing. There are also costs associated with filing an appeal, including appraisal fees for properties with assessments over $1,000,000.
- *Deadlines*: The deadline for filing a tax appeal in Philadelphia is always the first Monday in October. That means an appeal of a 2025 assessment must be filed by **October 7, 2024**. Property owners who wish to appeal should prepare and file their appeal in

advance to avoid any last-minute complications.

Final Considerations

Declining market values will require careful review and proactive management by commercial property owners to ensure successful navigation of their property tax responsibilities. The City's delay in issuing reassessment notices makes proactive management of property taxes crucial. Advanced review of assessments and consideration of a tax appeal can lead to significant savings and help align tax liabilities with actual market conditions.

For those considering an appeal or seeking further insights into how the 2025 reassessments could affect their property interests, please contact James C. Vandermark (vandermarkj@whiteandwilliams.com; 215.864.6857), Jonah S. Levinson (levinsonj@whiteandwilliams.com; 215.864.7194) or a member of the Tax and Estates Group.