City of Philadelphia
Pennsylvania

Office of the Controller

INVESTIGATION OF THE CITY OF PHILADELPHIA'S HOMESTEAD EXEMPTION PROGRAM

FOLLOW-UP REVIEW

AUGUST 2026

City Controller

Christy Brady, CPA

Ensuring transparency, accountability, and fiscal integrity in city government

CITY OF PHILADELPHIA
OFFICE OF THE CITY CONTROLLER
INVESTIGATION OF THE HOMESTEAD EXEMPTION PROGRAM FOLLOW-UP

EXECUTIVE SUMMARY

Why the Controller's Office Conducted the Investigation

The Office of the City Controller (Controller's Office) conducted a follow-up investigation to its December 2024 report on the legitimacy of property owners claiming the Homestead Exemption. The Controller's Office Special Investigation Unit (SIU) initiated the investigation after this issue was raised by City Councilmembers and in response to an inquiry from a Philadelphia resident who identified properties, they believed were improperly receiving the Homestead Exemption. It is crucial that the city prevents ineligible property owners from claiming the Homestead Exemption, as it reduces real estate tax revenue essential for funding the School District of Philadelphia and vital city services.

What the Controller's Office Found

Since the initial Controller's Office report was released in 2024, the Department of Revenue (Revenue) indicated on July 29, 2026, that it took remedial action to remove 13,355 illegitimate homestead exemptions from a list of 22,041 properties receiving the benefit. This resulted in an additional $33.5 million in revenue for the School District of Philadelphia and the city. While Revenue stated they reviewed 22,041 properties, the Controller's Office SIU reviewed every property receiving the Homestead Exemption and identified 58,000 properties with various degrees of risk, resulting in almost 36,000 more properties that are potentially ineligible for the program.

If Revenue realizes similar results from their remedial actions, it could generate an additional $30 million in revenue annually for the School District and the city by investigating all properties with a risk factor that may not be eligible for the Homestead Exemption.

What the Controller's Office Recommends

While Revenue began implementing some of these recommendations between the release of the Controller's December 2024 report and the completion of this report, the City Controller's Office continues to recommend the following:

- Strengthen the verification process for property ownership and ensure each property owner only claims one homestead exemption.
- Enhance communication between City information systems to flag properties with identical mailing addresses or identical owner names for multiple exemption filings.
- Conduct reviews for properties with exemptions where owners reside outside Philadelphia to confirm eligibility.
- Improve data accuracy by requiring standardized name formats for property records to prevent duplicate exemptions under slightly varied names.
- Continue enforcing penalties for improper exemptions and recoup lost tax revenue.

INTRODUCTION

Pursuant to Section 6-400(c) of the Philadelphia Home Rule Charter, the Controller's Office SIU initiated an investigation of the city's Homestead Exemption Program after being contacted by a Philadelphia resident who identified properties that they believed were improperly receiving the exemption. The issue has been a priority for many members of the Philadelphia City Council, including the Council President who raised it during the Fiscal Year 2025 budget process.

The investigation was performed to determine the legitimacy of property owners claiming the Homestead Exemption. The city must prevent ineligible property owners from claiming the exemption, as it reduces real estate tax revenue available for funding the School District of Philadelphia and vital city services. This investigation focused on:

- Property owners improperly receiving multiple exemptions.
- Property owners improperly receiving the exemption for a home that is not their primary residence.
- Business entities and rental/vacant property owners improperly receiving the Homestead Exemption.

In December 2024, the Controller's Office SIU estimated that the city is losing $11.4 million in lost revenue annually to illegitimate homestead exemption recipients, or $57 million over five years.

BACKGROUND

The Homestead Exemption is a property tax relief program that began in 2013 and is available to all property owners. To qualify, the homeowner must own and reside in the property, claiming it as their primary residence. The Homestead Exemption reduces the taxable portion of the property assessment conducted by the Office of Property Assessment (OPA), resulting in lower real estate taxes paid by the deeded owner.

Initially, the Homestead Exemption deducted $30,000 from the property tax assessment, but City Council has increased it over time. In 2024, City Council approved raising the exemption from $80,000 to $100,000 for the 2025 tax year to offset the increase in property taxes that resulted from rising property values.

Real Estate Tax Calculation

Real Estate taxes are the city's second-highest tax revenue stream, having generated over $903 million in FY25, comprising 13.9% of General Fund revenues with $922 million (14.6%) projected in FY26 For the 2026 tax year, the rates are:

ENTITY	% OF TOTAL TAX
School District of Philadelphia	0.7839%
City of Philadelphia	0.6159%
Total	**1.3998%**

This combined rate of 1.3998% is applied to the taxable amount of a property's current value, which is determined by the OPA. Successfully enrolling in the Homestead Exemption program will reduce the taxable amount of the property by $100,000, resulting in annual tax savings of approximately $1,400 per residence.

An example of the tax amount owed for a property assessed at $250,000 with and without the Homestead Exemption is shown below:

WITH HOMESTEAD EXEMPTION			WITHOUT HOMESTEAD EXEMPTION	
Assessed Value	$ 250,000		Assessed Value	$ 250,000
Homestead Exemption	100,000		Homestead Exemption	-
Taxable Amount	150,000		Taxable Amount	250,000
Tax Owed	$ 2,100		Tax Owed	$ 3,500

The Philadelphia School District currently receives 56% of all property tax revenue collected by the city. This funding supports the school district's budget and educational programs. In 2025, the school district received approximately $1.15 billion in property tax revenue, and in 2026 projects to receive $1.17 billion.

Homestead Application Process

Applications for the Homestead Exemption program are available on the city's website (phila.gov/homestead) and can be submitted electronically or by mail. Homeowners apply for the exemption by listing their primary residence on the application processed though Revenue. Once enrolled, homeowners do not need to reapply unless deed information changes.

These applications are one page in length and require the following information:

- Owner's name(s) and contact information
- Property address
- Mailing address
- OPA account number linked to the property
- Answers to the following questions:
    - whether the property is the stated owner's primary residence.
    - whether the owner(s) claim primary residence elsewhere; and
    - whether the residence is either a part of a cooperative or business/rental entity. If the property is linked to a cooperative or business/rental, the application asks what percentage of the property pertains to the applicant.

METHODOLOGY AND RESULTS

At the time of this investigation, there were over 253,000 properties listed as receiving the Homestead Exemption in a database obtained from Revenue. Investigators analyzed the data received to determine homeownership and billing address. Investigators established five conditions per property to assess the highest risks of false eligibility claims. These conditions are as follows:

- Is the mailing address listed for the Homestead Exemption different than the property address?
- Does the property list a mailing address that matches the mailing address of another property receiving the exemption?
- Does the owner of the property have a name identical to other homestead recipients?
- Is the property owned by a registered business (LLC)?
- Is the mailing address for the property located outside of the City?

These examinations resulted in approximately 58,000 properties exhibiting at least one condition. The more conditions a property listing meets, the higher likelihood that its homestead exemption status is illegitimate. The scoring breakdown was as follows:

Condition Met	5	4	3	2	1
Properties	79	617	3,610	10,794	42,728

Business-owned Properties

Investigators examined business entities which own residential property in Philadelphia. Currently, a business-entity is allowed to own a property and be eligible for the Homestead Exemption if the owner is the sole proprietor and using the property as their primary residence. However, the findings suggest that this is not the case for a considerable number of listings.

Of the 1,673 homestead properties owned by licensed businesses, 552 list a mailing address outside of Philadelphia, and 166 hold an active rental license. Also, 138 businesses have multiple homestead exemptions addressed to them, with one entity owning 15 properties enrolled in the program.

Duplicate Mailing Addresses

One area of focus was identifying mailing addresses that were listed as the recipient of homestead exemption information for multiple properties. For instance, if the Homestead Exemption mailings from the OPA for 1234 Market Street and 1401 JFK Boulevard were both being sent to 1234 Market Street, then it appeared as though one of the properties may not be a primary residence.

In the current dataset there are 3,047 mailing addresses that receive multiple properties' homestead information. In total, 8,552 properties list matching mailing addresses, an average of 2.8 properties per mailing address. The properties evidencing this condition were determined to have the highest risk of ineligibility.

Property Owners Living Outside the City

Instances where the listed mailing address for a property is located outside of the city and the recipient address for one or more properties, raised suspicion about the property not being a primary residence. Data analysis showed that 8,641 properties have their homestead information addressed outside of Philadelphia. This figure has increased since our December 2024 report, when approximately 6,700 properties were identified.

Investigators determined that it was unlikely that someone at their primary residence would be receive their tax information at another address, especially one outside of the city limits or in a different state. Reasonable scenarios were considered, such as an elderly owner-occupant with the mailings addressed to their children outside the city, but data analysis determined that there were few reasonable exceptions, leaving a significant majority to be deemed ineligible for the program.

In other instances, accounts were addressed to a mortgage company or property management firm which handles the real estate tax payments, and these too were omitted from the findings.

Duplicate Names

The investigators noticed a high frequency of people with the same name holding an active homestead exemption. After analyzing the database, 38,365 properties were identified as being owned by someone with the same name as another property owner.

Investigators did consider that common names, such as Smith or Jones, would generate many matches while not all being the same person. However, further data analysis led investigators to believe that a significant number of name matches were the same person, especially when linked by mailing address. Data shows that 2,839 homestead exemptions are linked to someone who matches both the name and address of another homestead exemption recipient.

Vacant Properties

Records from L&I's property database at https://li.phila.gov/property-history were searched to identify properties classified as both vacant and receiving the Homestead Exemption. If a property is vacant, then it is not owner-occupied, and therefore ineligible for the Homestead Exemption. Investigators found that 67 vacant properties are currently receiving the Homestead Exemption, resulting in an annual loss of $93,700.

A number of these properties have been receiving the Homestead Exemption while having been listed as vacant since 2019.

Figure 1- Vacant home with the Homestead Exemption

The following chart shows the breakdown of how much a single vacant property has cost taxpayers since 2019:

TAX YEAR	HOMESTEAD EXEMPTION AMOUNT	ESTIMATED PROPERTY TAX REVENUE NOT COLLECTED
2026	$100,000	$1,400
2025	100,000	1,400
2024	80,000	1,120
2023	80,000	1,120
2022	45,000	630
2021	45,000	630
2020	45,000	630
2019	40,000	560
Total Uncollected Revenue per Property		**$7,490**

Note: This chart estimates the property tax revenue not collected per property if the property was vacant since 2019.

Rental Properties

Investigators considered the increased risk in instances where properties with active rental licenses receiving the Homestead Exemption. Investigators found that 2,471 properties currently carry both an active rental license as well as an active homestead exemption. While having an active rental license or even renting a portion of the domicile does not automatically disqualify a property from an eligible homestead exemption, having both considerably raises the risk of ineligibility.

Attention to this risk was amplified by phone calls received through the Controller's fraud hotline (215-686-3804) from renters alleging their landlords were enrolled in the program but did not live at the property. Any allegations substantiated by investigators resulted in the property address being reported directly to Revenue for further action.

REMEDIAL ACTIONS BY REVENUE

The Controller's Office SIU met with officials from Revenue on June 16, 2026, to discuss the status of the Homestead Exemption program, efforts being made toward improvements, and recovery of lost revenue.

Since the initial Controller's Office report, Revenue mailed approximately 22,000 letters (See Appendix B) to properties requesting verification of residency and ownership of the listing in question. If a property owner did not respond to the initial information request, they were sent a secondary letter. If that second letter was not answered, the property's homestead exemption was removed. Revenue stated if a property was illegitimately receiving an exemption for several years, they were able to recover up to three years of the Homestead Exemption benefit.

On July 29, 2026, Revenue reported the removal of 13,355 properties receiving illegitimate homestead exemptions from 22,041 properties they identified for potentially being ineligible to receive the benefit. This resulted in an additional $33.5 million in revenue for the School District of Philadelphia and the City.

RECOMMENDATIONS

While Revenue began implementing some of these recommendations between the release of the Controller's December 2024 report and the completion of this report, the City Controller's Office continues to recommend the following:

- Strengthen the verification process for property ownership and ensure each property owner only claims one homestead exemption.
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If Revenue realizes similar results from their remedial actions, it could generate an additional $30 million in revenue annually for the School District and the city by investigating all properties with a risk factor that may not be eligible for the Homestead Exemption.

APPENDIX A

CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE

Homestead Application

The Philadelphia Homestead Exemption saves homeowners money on their Real Estate taxes.

To be eligible you must own the property and live in it as your primary residence. There are no age or income requirements. You only need to apply once unless your deed changes.

Final deadline to apply for the Homestead Exemption is **December 1** of each year. Early filers should apply by October 1 to see approval reflected on their next Real Estate Tax bill. Applicants approved after this date will receive a second bill. If you have questions about the Homestead Exemption, call the Homestead Hotline at **(215) 686-9200.**

1 Applicant Information

Owner Name 1

Social Security of owner #1 (optional)

Owner Name 2

Social Security of owner #2 (optional)

Property Address

OPA account number

Mailing Address (if different)

Phone number

Email Address

Save time, apply online.
Search for your address on the property panel of **tax-services.phila.gov**

- Provide the owner(s) names that appear on the property deed
- The application must be signed by one owner who lives in the property. Additional owners are not required to sign
- Provide your mailing address if different from the address of the property for which you are seeking a Homestead Exemption.

Mail completed forms to:

Philadelphia Department of Revenue
PO Box 52817
Philadelphia, PA 19115

2 Property Information

Is this property your primary residence? YES ☐ NO ☐

A primary residence is where you intend to reside permanently until you move to another home. You may be asked to provide proof that this property is your primary residence, such as your driver's license or voter registration card.

Do you claim anywhere else as your primary residence? YES ☐ NO ☐

The Homestead Exemption can be claimed only once for a place of primary residence in Philadelphia. You may not claim this property as your primary residence if: you claim another property as your primary residence, receive a tax abatement, are enrolled in LOOP, or have another Homestead benefit.

Is this residence part of a cooperative where some or all the taxes are paid jointly? YES ☐ NO ☐

If you live in a unit of a cooperative and you pay all or a portion of your property taxes jointly through a management agent or association, rather than paying your taxes separately from other units, check yes. If you answered yes, please indicate your percentage of ownership.

If yes, what ______%

Is part of the property used as a business or rental property ? YES ☐ NO ☐

Check yes if the property for which you are seeking a Homestead Exemption is used for other purposes, such as a business or rental property. Please indicate what percentage is used for that purpose.

If yes, what ________%

Did you purchase this property after December 1? YES ☐ NO ☐

New homeowners who bought their primary home in December may be eligible. Please include documentation, such as a copy of your settlement sheet or deed. Do not send originals.

If yes, when ____________

3 Signature

Signature: ____ Date:________________________

By signing this application, I am asserting that I am the owner of the property listed above. The City of Philadelphia has the authority to conduct qualification checks using the information provided. I certify that all the above information is correct. Any person who knowingly files an application which is false in any material matter shall be subject to payment of taxes due, plus interest, plus penalty and shall be subject to prosecution as a misdemeanor of the third degree and a fine up to $2,500.

APPENDIX B

0 B6563 E312 P1/2

CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE

Letter Date: 12-Jan-2026
Letter ID: [redacted]
OPA Number: [redacted]

[redacted]

We are reviewing your assistance program status

Dear [redacted]

Your property [redacted] was selected for routine review of its status in the following program(s):

- Homestead Exemption

What does this mean?

The Department of Revenue periodically requests updated or additional documents from taxpayers enrolled in the programs above. This doesn't mean you've done anything wrong. This review ensures participants follow the rules and keeps the program fair for everyone.

What do you need to do?

Send us the documents requested below in the next **30 days**. Government-issued IDs and proofs of residency **must include** both your name and property address.

Department of Revenue | Municipal Services Building | 1401 JFK Blvd. | Concourse, Taxpayer Services | Philadelphia PA 19102
P: (215) 686-6500 www.phila.gov/revenue

CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE

Letter ID: [redacted]
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You can provide this documentation in any of three ways:

1. **Online** by visiting the Philadelphia Tax Center at tax-services.phila.gov and selecting the "Respond to a Letter" link. You do not need a username or password to securely upload documents online. Please be prepared to provide the Letter ID, beginning with the letter "L", found at the top of this letter.
2. **Email** scanned copies or photos to **TaxBenefitReview@phila.gov** with the subject line: "Residency Documents." Include the OPA number and Letter ID found at the top of this letter.
3. **Mail** copies to the address below. **Do not send originals.** Your documents will not be returned. Include the OPA number above with all correspondence.

Department of Revenue
Municipal Services Building
Audit Division
1401 John F. Kennedy Blvd
Room 480
Philadelphia PA 19102

What documents must I send?

You must send two documents, each showing both your name and your property address:

1. A government-issued ID **and**
2. Another proof of residency that is not an ID.

If you live in a home you own (or have a right to own) but your name is not on the deed, you may have a "tangled title." If you believe you have a tangled title but have not notified us, please contact us at TaxBenefitReview@phila.gov.

Department of Revenue | Municipal Services Building | 1401 JFK Blvd. | Concourse, Taxpayer Services | Philadelphia PA 19102
P: (215) 686-6500 www.phila.gov/revenue

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CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE

Letter ID: [redacted]
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Which documents are acceptable?

Acceptable government-issued IDs are:

- Driver's license
- State or federal photo ID
- Military ID with an expiration date
- Government employee photo ID
- Voter registration card

Acceptable proofs of residency that are not an ID are:

- Award letter for government-issued benefits (such as unemployment compensation or LIHEAP)
- Recent pay stub
- Most recent Form W-2
- State or federal income tax return
- Mortgage, loan, or bank statement

What happens if you do not respond?

If you do not send acceptable documents within 30 days, we will remove you from the program(s) listed above. If that happens, we may also bill you for additional Real Estate Tax.

Department of Revenue | Municipal Services Building | 1401 JFK Blvd. | Concourse, Taxpayer Services | Philadelphia PA 19102
P: (215) 686-6500 www.phila.gov/revenue

CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE

Letter ID: [redacted]
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Have questions about this letter? We are here to help!

Contact the Tax Benefit Review Unit at (215) 686-0303 or email TaxBenefitReview@phila.gov. Please be ready to share the Letter ID found at the top of this page.

For translation services, please call (215) 686-6442.

Para recibir servicios de traducción llame al (215) 686-6442
Для предоставления услуг переводчика, наберите (215) 686-6442
如需翻译服务，请致电 (215) 686-6442
Vui lòng gọi (215) 686-6442 để tìm đến dịch vụ phiên dịch
Pour obtenir des services de traduction, appelez le (215) 686-6442

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