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Continuation of property-tax abatements urged

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A study released today urged continuing the city's property-tax abatements on new construction and renovations, saying the program has strengthened the local economy.

The Building Industry Association, a trade group that promotes residential development, commissioned the study by Econsult Corp., a Philadelphia research and consulting firm.

The tax abatements have stimulated growth, reducing the need for future tax increases or cuts in services, the report said.

The city's property-tax-abatement program began in the late 1970s. To spur conversion of office buildings to hotel and residential uses, the abatements were extended from three to 10 years in 1998. The program was expanded again in 2000 to include new construction for both residential and commercial uses.

The report estimated that from 1997 to 2008, the tax abatements will have generated \$4 billion in additional economic activity. This includes \$700 million in increased earnings by 16,000 workers, the report said.

"Some have argued that the program be curtailed, or may no longer be needed. Others have argued that the program is inequitable, that it favors wealthy property owners over the less wealthy," the report said. But the program is both efficient and fair, benefiting many neighborhoods, the overall economy, and the tax revenue that supports the city and school district, the report said.

There are currently 3,358 abatements in the city, the study said. Abatements have been responsible for two-thirds of the residential development in the city since 2000, it said.

Tax abatements were responsible for such high-profile towers as Symphony House on South Broad Street and Waterfront Square on the Delaware River, which are among 730 tax-abated condominium projects, the report said.

Tax abatements have helped build 1,554 single-family homes in neighborhoods throughout the city, the report said.

The report was released at a news conference in the Pradera Homes, a 53-unit development near Temple University in North Philadelphia.

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