

Vacant Land Management in Philadelphia: The Costs of the Current System and the Benefits of Reform

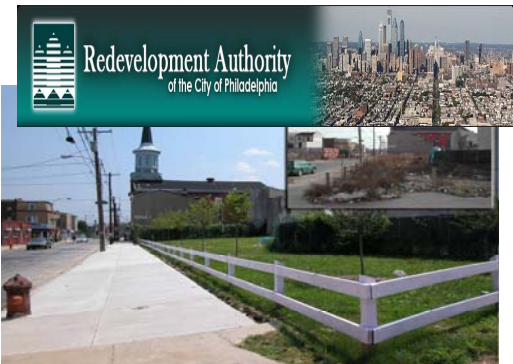


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Redevelopment Authority of the
City of Philadelphia
Philadelphia Association of Community
Development Corporations



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Econsult Corporation was retained by the Philadelphia Redevelopment Authority (RDA) to conduct a cost-and-benefit analysis on the 40,000 existing vacant parcels in Philadelphia. Econsult was able to clearly quantify the devastating costs of the current system to the City and the potential benefits of a possible reform.

RDA had a particular interest in econometric evidences in support of potential policies in foreclosure prevention and repositioning. To address such concerns, Econsult utilized its unique strength in econometric analysis of urban issues and GIS mapping techniques in geographic-sensitive studies.

Additionally, Econsult boasts abundant resources related to housing-related research. In this case particularly, Econsult's comprehensive housing price database and regular subscription to professional construction cost estimators gave Econsult a definite advantage over its counterparts in conducting such research.

Econsult approached the issue from both the cost side and the benefit side. On the cost side, Econsult managed to estimate the potential costs to the City in terms of lost property value (\$3.6 billion), annual City maintenance expenses (\$20 million), and lost property taxes (\$2 million).

On the benefit side, Econsult found that, were such efforts taken, there would be considerable gains to the City from the remediation or redevelopment of the vacant parcels, the rise in tax revenue, the increase in employment opportunities and the overall stimulus effect on the local economy.

Both the high costs of the current system and the significant benefits a new approach might bring led Econsult to believe that immediate action is necessary to stop the leakage in the City's welfare, and a more strategic approach is vitally crucial in handling the vacant parcels for the City's betterment.