In 2000, Philadelphia implemented a tax abatement program that exempts the value of all improvements to real estate from taxation for 10 years. This report is based on new research conducted by Kevin C. Gillen, Ph.D., for the BIA, using up-to-date data from the Philadelphia Office of Property Assessment. It presents and interprets statistics on the scale, scope and location of abated properties, their breakdown by property type and their fiscal implications.

Its findings support the 10-year tax abatement as an effective driver of real estate improvement, investment and new development at all price levels throughout all city neighborhoods, increasing Philadelphia tax revenues significantly, now and in the future.

By 2026, annual additional revenues from the 10-year tax abatement program should reach $169.4 million for that year and every year afterwards.

Abated properties are located throughout the city.

Since the implementation of the tax abatement program, overall homebuilding activity in Philadelphia has increased by 376%, while falling an average of 11.25% in its suburbs.

Most abated properties are residential, benefiting a wide range of homeowners. The typical abated residence is a single-family house with an assessed value between $200,000 and $300,000. Sixty-seven percent have an assessed value less than $400,000.

The abatement generates additional revenue for the city.

By 2026, annual additional revenues from the 10-year tax abatement program should reach $169.4 million for that year and every year afterwards.

Cumulative Additional Tax Revenue ($m) from Expired and Expiring Abatements

Since the implementation of the tax abatement program, overall homebuilding activity in Philadelphia has increased by 376%, while falling an average of 11.25% in its suburbs.
Sixteen years after Philadelphia implemented the 10-year tax abatement program, its value is becoming evident. Based on analysis of the most up-to-date data, this report clearly demonstrates that the abatements have benefited thousands of owners of modestly priced properties throughout the city’s neighborhoods and that Philadelphia’s tax revenues are growing fast as abatements expire.

Tax abatements are good for the homebuilding industry, good for Philadelphians and good for Philadelphia.

**ABATEMENT IMPACTS**

- **The abatement triggers reinvestment throughout Philadelphia’s neighborhoods, helping to grow the city’s real estate tax base.**
  
  Since the implementation of the abatement, overall homebuilding activity in Philadelphia grew 376%. Abated properties now make up 11% of the city’s total assessed value of real estate.

- **The abatement benefits a wide range of Philadelphia homeowners.**
  
  The typical abated residence has an assessed value between $200,000 and $300,000 and 67% are assessed at $400,000 or less. Twenty-five percent meet the requirements for “affordable” or “workforce” housing.

- **The abatement generates additional revenue for the city.**
  
  Philadelphia is currently realizing an additional $48.1 million in annual real estate tax revenues from properties with expired abatements.

- **By 2026, the city should realize an additional $169.4 million in annual real estate tax revenues.**
  
  After all current abatements have expired in 2026, Philadelphia should realize an additional $169.4 million in annual real estate tax revenues in that year and every year afterwards. These revenues will continue to grow due to rising assessed values and new abatements, as long as the abatement program persists in its current form.

**PHILADELPHIA’S 10-YEAR PROPERTY TAX ABATEMENT**

Updated statistics on the size, location and distribution of tax-abated properties in Philadelphia

March 2017

For 80 years, the Building Industry Association of Philadelphia (BIA) has represented the homebuilding industry in Philadelphia. Today, as the fastest-growing building association in Pennsylvania, its influence has grown to include mixed-use and nonresidential construction. BIA works to promote a healthy development climate on behalf of a wide range of industry professionals: builders, real estate developers, subcontractors, designers, finance experts, brokers, product manufacturers and others.

Kevin C. Gillen, Ph.D. is a Senior Research Fellow at the Lindy Institute for Urban Innovation, Drexel University. The findings and views presented in this report are solely his own and do not carry the endorsement of either institution. Kevin Gillen is a member of the BIA and serves on its board of directors.

This summary is based on a full report, available at www.biaofphiladelphia.com.

The National Association of Home Builders (NAHB), the Pennsylvania Builders Association (PBA) and the General Building Contractors Association (GBCA) provided funding for this report.