Progress & Poverty INSTITUTE

A PHILADELPHIA POLICY BRIEFING

VALUE LAND LIKE LAND.

Most land under Philadelphia's buildings is valued by a rule of thumb. For abated owners, that rule is the tax bill.

9 in 10

BUILT PROPERTIES

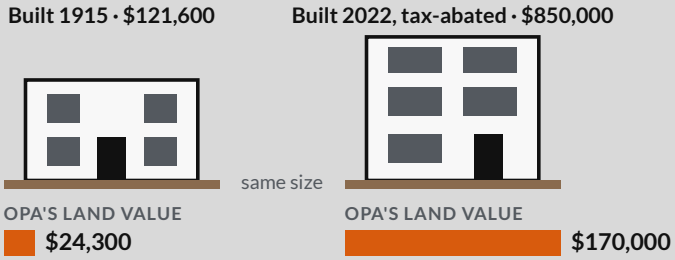
have their land assessed at exactly **one-fifth** of the property's total value.

HOW OPA VALUES LAND TODAY

The Office of Property Assessment (OPA) values most land under buildings at exactly one-fifth of the property's total assessment: a rule of thumb, not a finding about the market.

So land's value follows the building: build or renovate, and on paper the dirt gains value too. But a lot is worth what its location, size and shape are worth, regardless of what stands on it.

TWO 1,330 SQ FT LOTS, SIDE BY SIDE



Two neighbors on a North Philadelphia block, from OPA's own roll: the same land, assessed 7 times apart.

Lockstep

Among similar lots nearby, a pricier building always means pricier land.

Rank correlation of land with building: 1.00

2.2×

Land under new, tax-abated buildings is valued at more than twice its neighbors'.

Per sq ft, against unabated lots nearby

12%

How often a vacant lot and a similar built lot nearby are valued alike.

Of 1,180 matched pairs

ABATED OWNERS ARE TAXED ON THAT RULE

An abatement exempts a new building, so its owner pays tax on the land alone. But OPA sets that land at one-fifth of the total, **building included**: every $100 of building adds $20 of taxed land. So the rule takes back part of the abatement. Of the homes it would add with land valued as land, about **7%** are lost, and **13%** in the most non-white neighborhoods.

Where an abated building went up on a lot that sold vacant, what its land was worth is on record. Set beside OPA's land values, the rule falls hardest on non-white neighborhoods.

OPA'S LAND VALUE ÷ WHAT THE LOT SOLD FOR

Abated properties, median, by neighborhood



684 abated buildings on lots that sold vacant, 2020–2024. By income: 1.20× in the poorest fifth, 0.66× in the richest.

2× **as much taxed land per dollar of sale price** on abated lots in the most non-white neighborhoods as in the whitest, where it is below the sale price. **The fix, overleaf.**

OPA's own records. Certified tax-year 2026 roll. Lot sales: arm's-length sales of lots that were vacant or torn down, since built on and now abated, brought to today's prices with a citywide index; the same lot on today's roll. Neighborhood fifths are block groups by non-white share and by median income. Homes: PPI's model of whether owners build, calibrated to 2023–25 permits.

THE FIX: VALUE LAND UNDER BUILDINGS LIKE VACANT LAND

OPA already values about 41,000 vacant lots, where land is all there is. Value the land under each building from the vacant lots OPA assesses around it, and the one-fifth rule is gone. Tested on land sales of lots since built on, that cuts OPA's average miss from **48%** to **37%**.

Pays more · Pays less · No change · Tax bills at today's rate

96%

OF HOMES: NO CHANGE

Totals and the rate stay put, so without an abatement a new land/building split changes nothing, Homestead Exemption or not.

20,000

ABATED PROPERTIES

Their land tax moves to match their land. In the most non-white fifth of neighborhoods **73%** pay less (−19% in total); in the whitest the total rises **+10%**.

The fix moves $29 million a year of abated owners' tax: $16.0 million up, $12.8 million down. The City and School District collect **$3.2 million** more (+0.1%), or Council could trim the rate from 1.3998% to 1.3977%. **The abatement gets back the homes the rule takes.**

WHAT GOOD LAND ASSESSMENT LAW WOULD DO

The City Code makes OPA test its total assessments against sales each year, but says nothing about land. Land values matter on appeal too: when a building's value carries its location, comparing two buildings compares two neighborhoods. Good legislation would:

1 Define land value

Land is the market value of the lot as if vacant: two similar lots get the same value, whatever stands on them.

2 Retire the rule of thumb

No land value set as a fixed share of the property's total assessment.

3 Use land evidence

Start from OPA's own vacant-land values and from what land sells for: vacant lots, built-on lots and teardowns.

4 Show the work

Publish every property's land value with the evidence behind it, so owners can check it and appeal it.

5 Test land every year

Report land's accuracy against land sales, as for totals, and test that similar lots, built or vacant, abated or not, get similar values.

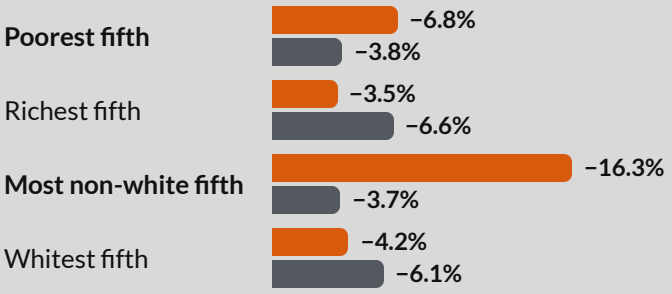
6 Be honest about thin evidence

Say in advance how lots too large to compare, or areas with too few land sales, will be valued, and flag them.

IT ALSO OPENS AN OPTION: A LAND VALUE TAX

A land value tax taxes land at a higher rate than buildings, as Pennsylvania cities have done for a century. It is only as fair as the land values under it. Take one raising today's revenue, land taxed at four times buildings:

CHANGE IN HOMES' TOTAL TAX BILL



With land valued like vacant land, the biggest cuts go to poorer and more non-white neighborhoods. On today's rule, **the pattern reverses**.

Fixing land assessment commits the city to nothing. It makes the choice a fair one, whatever Philadelphia later decides.

Scan for the web version, with every source linked and the method explained.

Modeled for tax year 2026. Land under buildings: the median value per square foot of the ten nearest lots OPA assesses as vacant. Land value tax: revenue-neutral, after today's abatements expire, with the Homestead Exemption taken from land and building in proportion to value; homes' total bills by fifths of block groups.

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Russell Richie, Director of Strategy and Impact
rrichie@progressandpovertyinstitute.org · progressandpovertyinstitute.org