Progress & Poverty INSTITUTE

A PHILADELPHIA POLICY BRIEFING

TAX LAND MORE. TAX HOMES LESS.

Same revenue. Lower rate on buildings, higher on land.

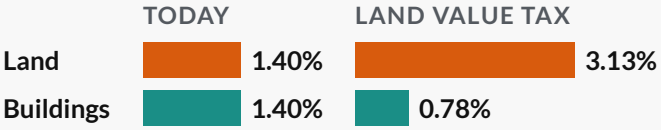
2 in 3

PHILADELPHIA HOMES PAY LESS

The median home saves **$174 a year** on a typical bill of $2,531.

ONE PROPERTY TAX, TWO RATES

Today one rate covers land and buildings. A land value tax taxes land at 4 times the building rate.



Same assessments, same total for the City and School District. Fixing up a home is taxed at half today's rate.

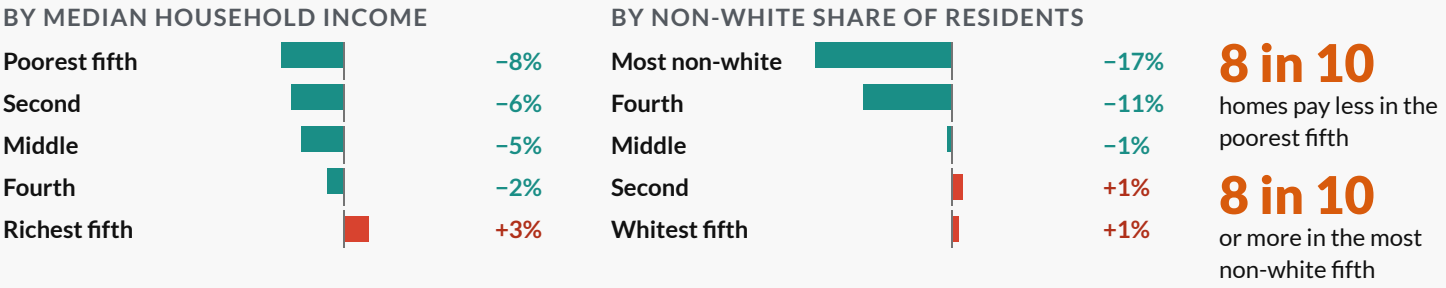
A ROWHOUSE, AND THE EMPTY LOT NEXT DOOR

YEARLY TAX BILL	TODAY	AFTER	CHANGE
Owner's rowhouse	$1,903	**$1,723**	**−$180**
Same house, rented	$3,303	**$2,990**	**−$313**
Empty lot, same land	$682	**$1,525**	**+$843**

Typical home: $49,000 land, $187,000 building. Both houses save 9%.

The rule of thumb: a property pays less when its land is under about 26% of its value.

THE BIGGEST CUTS GO TO POORER AND MORE DIVERSE NEIGHBORHOODS



8 in 10 homes pay less in the poorest fifth

8 in 10 or more in the most non-white fifth

Change in homes' total tax bill, by fifths of Philadelphia neighborhoods; both charts share one scale. An independent federal estimate of land values (FHFA) points the same way, at about half the size. On OPA's current land values, the pattern reverses: the biggest cuts go to richer, whiter neighborhoods.

IDLE LAND PAYS MORE



1,470 taxable acres sit vacant or paved for parking: 21,733 taxable vacant lots and surface parking lots that together would fill a square 1.5 miles on a side. A typical such lot would see its tax bill double, so it starts to pay to build, or to sell to someone who will.

Building-heavy property pays less and land-heavy property pays more: 66% of homes and about half of apartment buildings pay less, while most commercial properties pay more, nearly 9 in 10 warehouses and gas stations among them.

Some homeowners pay more too. Of homes with a Homestead Exemption, 66% pay less (median saving $277) and 34% pay more (median $449), mostly where land is a big share of value. LOOP and the Senior Citizen Tax Freeze continue.

Modeled estimates, not tax bills: land taxed at 4 times the building rate, revenue-neutral, City and School levy, tax year 2026, after today's abatements expire. Land values are PPI's estimates, not OPA's: each lot takes the typical price per square foot of the ten nearest sales of vacant lots and teardowns since 2020, adjusted for lot size and date. "Homes" are 1–4-unit parcels. Assumes the Homestead Exemption fix in step 2, over.

HOW PHILADELPHIA GETS THERE

BEFORE A VOTE **Build public understanding**

Poll Philadelphians and test how best to explain the shift. Give every owner a way to look up their own property. Publish accurate land values years before any rate changes, so owners see their land and building figures move while their bills don't. Land taxes have been lost this way before: Pittsburgh repealed its split rate amid the backlash to a 2001 reassessment, and Altoona dropped its land tax in 2016 partly because it "caused confusion."

1 CITY COUNCIL, NOW

Fix land assessments

Require the Office of Property Assessment to value land accurately, tested against sales; the front's figures use a first version of such values. No state permission needed, and every gain on the front depends on it.

2 STATE, IN PARALLEL

Pass enabling legislation

State law lets smaller cities tax land above buildings, but not Philadelphia. The bill must also fit the Homestead Exemption and other long-running relief to two rates: under today's homestead rule, 64% of exempt homeowners would pay more; with the fix, 34%.

3 CITY COUNCIL, THEN

Pass the land value tax

Shift the rate from buildings to land, revenue-neutral, phased in over 10 years, once land is valued accurately and the city has clear state authority. Restore the full abatement for graduated buildings, and let new abatements glide out over the phase-in.

PENNSYLVANIA HAS DONE THIS FOR A CENTURY

About 20 Pennsylvania municipalities have taxed land above buildings. Harrisburg (since 1975) and Allentown (since 1997) are among those that still do. Published studies of those cities found:

+14%

new homes a month in Pittsburgh from a 5% cut in its building tax rate. Bourassa 1987

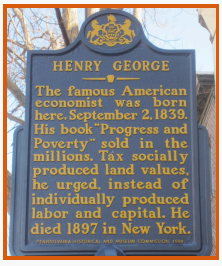
6–8 pts

faster growth in homes per square mile over a decade in split-rate towns: denser, less sprawl. Yang 2014

The 10-year abatement is honored, then glides out. No abatement ends early, and graduated buildings get their full ten years back: 33% of abated properties never pay more overall, 23% pay more for good. New abatements glide to zero over the phase-in.

~6,000

more homes over 20 years than under today's law; about 4,000 if OPA keeps valuing new buildings' land as it does now. PPI supply model; range 3,000–12,000



A PHILADELPHIA IDEA

Land gets its value from all of us: the transit, schools, jobs and neighbors around it. A building gets its value from the people who build it and keep it up.

Henry George, who made that case, was born at 413 S. 10th St. in 1839. The state marker outside: "Tax socially produced land values, he urged, instead of individually produced labor and capital."

WHO ELSE BACKS IT

Pittsburgh Post-Gazette editorial board

"Pittsburgh should return to its roots in land value taxation." Dec. 2025

Joe Gyourko, Wharton

"We should tax land much more than structure," with a careful, lengthy phase-in. Brookings, 2026

ATU Local 689, Metro DC's transit union

Proposed a land value tax around Metro stations to fund transit. 2025

Chicago DSA

Platform plank: "Protecting Homeowners by Taxing Land, Not Property."

Scan for the electronic version, with every source linked.

Model: PPI's Philadelphia model, built on LVTShift, an open-source parcel model. The Homestead Exemption comes off land and building in proportion to value, which needs 53 Pa.C.S. § 8583(c) amended. Owner-occupied homes pay less about as often as homes overall.

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