REMEDIATION AND PROPERTY VALUES: THE COSTS OF CLANDESTINE METHAMPHETAMINE MANUFACTURING IN AUSTRALIA

Introduction
Clandestine methamphetamine laboratories pose a potential hazard to individuals, property and the environment. Contaminated sites often require remediation and the stigma of laboratories in a neighbourhood can negatively impact on house prices.

Aims
We sought to quantify the costs of remediating clandestine laboratory sites and to provide a preliminary estimate of the impact of residential-based laboratories on neighbouring house prices in Australia in the short-term.

Method
Costs of remediation were obtained from multiple contractors and environmental health officers. These were combined with data on the number of clandestine laboratories detected from 2012-13 until 2015-16.

Neighbouring houses were defined as being within 0.1 miles (0.16km: area 8.03 hectares): in metropolitan areas we used 12 houses per hectare and six per hectare elsewhere. Projecting from price reductions in the USA (6.4% and 10%), losses to vendors were estimated from mean state and territory house prices, based on an annual housing turnover of 5.5%.

Results
68% of laboratories were in residential properties.

Remediation costs were estimated at $9916, $20,377 and $66,959 for small, medium and ‘industrial’ laboratories. We calculated that the total cost of remediating 1,871 sites was $29.5 million.

We projected that these laboratories impacted on 9,876 metropolitan and 2,712 other properties. Using an estimated 10% reduction in price, the lost value to vendors was AU$37.6 million or AU$54,315 for each of the projected 692 sales. At 6.4%, the total was AU$24.4 million or AU$35,196 per sale.

Discussion
While previous analyses on the costs of methamphetamine production have included remediation and injury. These initial estimates suggest that there are also potential significant short-term financial costs to property owners near clandestine laboratories through reduced house values.

Implications for Practice
These preliminary estimates were based on broad assumptions. Specific site locations would greatly strengthen their validity but require secure storage to prevent further harms to neighbouring householders.

Research Team
• Robert J Tait¹, Steve Allsop¹, Kimberly Cartwright¹, Anna Ferrante², Dennis Gray¹, Sharlene Kaye³, Rebecca McKeatin¹, Ken Pidd⁴, Alison Ritter³, Ann Roche⁴, Steve Whetton⁴, Marian Shanahan³,⁵
¹National Drug Research Institute, Faculty of Health Sciences, Curtin University
²School of Public Health, Faculty of Health Sciences, Curtin University
³National Drug and Alcohol Research Centre, University of New South Wales, Sydney, NSW
⁴National Centre for Education and Training on Addiction, Flinders University
⁵Drug Policy Modelling Program, University of New South Wales
⁶South Australian Centre for Economic Studies, University of Adelaide.