

## **REMEDICATION AND PROPERTY VALUES: THE COSTS OF CLANDESTINE METHAMPHETAMINE MANUFACTURING IN AUSTRALIA**

ROBERT J TAIT<sup>1</sup>, STEVE ALLSOP<sup>1</sup>, KIMBERLY CARTWRIGHT<sup>1</sup>, ANNA FERRANTE<sup>2</sup>, DENNIS GRAY<sup>1</sup>, SHARLENE KAYE<sup>3</sup>, REBECCA MCKETIN<sup>1</sup>, KEN PIDD<sup>4</sup>, ALISON RITTER<sup>3,5</sup>, ANN ROCHE<sup>4</sup>, STEVE WHETTON<sup>6</sup>, MARIAN SHANAHAN<sup>3,5</sup>

<sup>1</sup> National Drug Research Institute, Faculty of Health Sciences, Curtin University, Perth, WA

<sup>2</sup> School of Public Health, Faculty of Health Sciences, Curtin University, Perth, WA

<sup>3</sup> National Drug and Alcohol Research Centre, University of New South Wales, Sydney, NSW

<sup>4</sup> National Centre for Education and Training on Addiction, Flinders University, Adelaide, SA

<sup>5</sup> Drug Policy Modelling Program, University of New South Wales, Sydney, NSW

<sup>6</sup> South Australian Centre for Economic Studies, University of Adelaide, Adelaide, SA

### **Background**

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. 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.

### **Approach**

Costs of remediation were obtained from multiple contractors and environmental health officers. These were combined with data on the number of clandestine laboratories detected (2012-13 to 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%, 10% and 19%), losses were estimated from mean state and territory house prices, to vendors (annual housing turnover 5.5%).

### **Outcomes**

We estimated that the total cost of remediating 1,871 sites was \$29.5 million. We projected that these 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 \$54,315 for each of the projected 692 sales.

### **Conclusions:**

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.

### **Disclosure of Interest Statement:**

The Australasian Professional Society for Alcohol and other Drugs (APSAD) recognises the considerable contribution that industry partners make to professional and research activities. We also recognise the need for transparency of disclosure of potential conflicts of interest by acknowledging these relationships in all written publications.

None of the authors has a conflict of interest to declare

This research was supported by funding from the Australian Government under the Substance Misuse Prevention and Service Improvement Grants Fund and Curtin University.