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

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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:
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