

Adding Value: Land Value Appreciation in Allston Brighton and Its Impact on Affordable Housing Development

Daniel Hennessey, Lidong Luo and Brian O'Connor
The Allston Brighton Community Development Corporation

THE PROBLEM

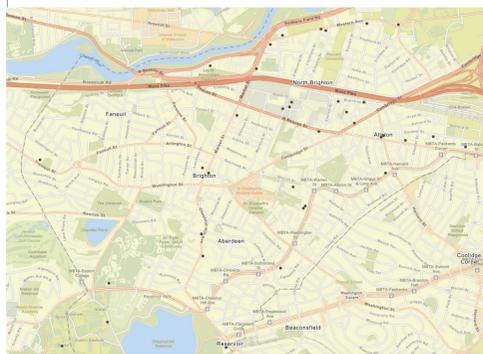
- Land parcel values in the Allston and Brighton neighborhoods significantly appreciate year-over-year, making it significantly more difficult to develop affordable housing units for lower and middle-income families in the neighborhoods
- The area has seen rapid development in recent years, leading some to blame development for rising costs

BACKGROUND

- Our Client examined several parcel redevelopments, which significantly appreciated in land value over time. These redevelopments went through Boston's "Special Permitting" process required for larger parcel redevelopments and had a myriad of additions added to the parcel redevelopment application, all of which helped to grow the price of the building.
- We examined several dozen projects that have gone through the same "Special Permitting" process from the City to see first if similar patterns of price appreciation was seen.
- We examine several policy recommendations for potential use by the clients.

METHODOLOGY

- Literature
 - Historical approach to examining zoning development and reform for Boston and the U.S.
 - Case study and comparative approach were taken when examining literature on policy recommendations and prescriptions
- Data
 - Data on completed or ongoing projects in Allston and Brighton was collected from Boston Planning & Development Agency (BPDA) website.
 - Registry of Deeds and Boston property assessment data allowed for study of housing market
 - Analysis of appreciation trends using descriptive statistics and regression analysis

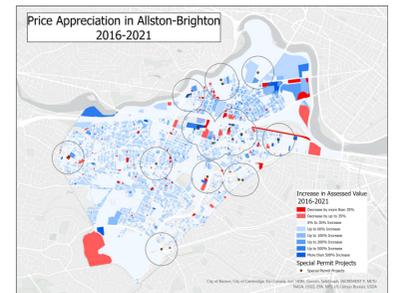


RECOMMENDATIONS

- **Bottom Line:** Our client should pursue policies that grow our understanding of the current state of renting and zoning regulations. Moreover, we should direct future reforms at reducing barriers to affordable redevelopment projects.
- **Recommendation #1:** Grow the amount of publicly available rental data for policy consumption.
 - The problem: We found that there is currently a dearth of descriptive data for rental units in Boston. In order to properly understand the market, the BPDA/City of Boston ought to collect usable and clear data on rental usage and history.
- **Recommendation #2:** Re-convene the Boston Payment in Lieu of Taxes (PILOT) task force to recommend future changes and updates to the program. The goal of this should be to capture some of the significant gains made by larger nonprofits over the years.
 - The problem: Based on the lack of connection between upzoned properties and value appreciation, there must be ancillary factors impacting the rise in prices. Based on the increasingly large nonprofit footprint in Allston and Brighton, PILOT's should be examined for their current efficacy and potential reform.
- **Recommendation #3:** Craft a new study commission to examine, on a longer-term schedule, the impacts of Cambridge's Affordable Housing Overlay (AHO) to potentially adopt a similar program in the City of Boston.
 - The problem: We have seen that the current zoning system in Boston is not conducive to expedient development. One salient aspect of the AHO is to reduce building height, parking, and streamline the redevelopment permitting process.

DISCUSSION

- Overall, residential properties in the neighborhood saw a median increase of \$178,780 in absolute terms, or \$74.25 per square foot of livable area.
- While proximity to new development had a statistically significant impact on property values, it was a relatively small
- Property values near development grew more slowly, by about \$11,000, or \$4/square foot.
- Proximity to newly upzoned properties does not itself appear to increase housing costs, but indirect impacts cannot be ruled out.



FUTURE WORK

- Future research should examine comparative rises in parcel appreciation, specifically for neighborhoods with large low-income and renter populations, such as Allston and Brighton.
- Better data collection to understand impact of price appreciation on rental market