

**CAMBRIDGE, Mass., April 27, 2005**—With housing affordability remaining a major issue in the Boston metropolitan area, research conducted by the MIT Center for Real Estate’s new Housing Affordability Initiative decisively rejects the view held by many that mixed-income, high-density rental developments negatively impact nearby single-family property values. A new report, released today, finds that for seven case studies in towns in the Boston metropolitan area there are no significant differences in house price changes over time regardless of whether the homes were close to the mixed-income (40B) developments or elsewhere in the town. While fear of property value loss had been voiced by many during the permitting process, this research finds no factual foundation for these concerns.

According to MIT Housing Affordability Initiative director Henry Pollakowski, the findings are especially striking since these developments—in Littleton, Mansfield, Norwood, Randolph, Wilmington, and Woburn--were selected as some of most dense and controversial under Chapter 40B, the state’s antisnob override zoning legislation. If any mixed-income developments were to negatively impact the prices of surrounding single-family houses, it would be these.

As stated in the report, “Effects of Mixed-Income, Multi-Family Rental Housing Developments on Single-Family Housing Values,” the key to the MIT research was to first define “impact area” neighborhoods surrounding the development, and then to compare quality-controlled house price indexes for the impact area and the rest of the town. Unlike previous research that has used arbitrary impact areas, the boundaries in each case study were carefully selected after analyses of zoning and land use maps, aerial photographs, road atlases, and site visits. In addition, the researchers met with town planners, building inspectors, tax assessors, GIS specialists, and town managers to gauge the neighborhood impact of each development.

For each mixed-income development, the MIT Center for Real Estate house price indexes were used to compare house price trends in the impact area to price trends in the rest of the town in the period before, during, and after the introduction of the new development. The results, says Pollakowski, were striking: In all cases, house price movements in the impact areas simply “tracked” those in the rest of the town.

The report’s authors—Pollakowski, David Ritchay, and Zoe Weinrobe—used statistical techniques (hedonic modeling) to build the house price indexes that were used. This method allowed the researchers to isolate the effects over time of the mixed-income, multi-family developments while controlling for changes in prices due to external market forces.

Pollakowski, who is also editor of the *Journal of Housing Economics*, noted that very little reliable research has been done on this topic, and none at all for Boston. The authors conclude that their findings should allay municipalities’ and homeowners’ fears about loss of property value. Given the severe shortage of affordable housing in the Boston metro area, they hope their results will contribute to increasing the rate at which municipalities come into compliance with the spirit of Massachusetts’s affordable housing laws.

This research is the first product of the Housing Affordability Initiative of the MIT Center for Real Estate, in cooperation with MIT’s Department of Urban Studies and Planning. Copies of the report are available on the Affordable Housing Initiative’s web site at <http://web.mit.edu/cre/research/hai/index.html>.

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The release of the research report “Effects of Mixed-Income, Multi-Family Rental Housing Developments on Single-Family Housing Values” this morning will be accompanied by a panel discussion chaired by Terry Egan of *Banker and Tradesman*.

Other members of the panel include Marc Draisen of the Boston Metropolitan Area Planning Council, Matthew Feher of the Massachusetts Municipal Association, Andrew Gottlieb of the Massachusetts Office for Commonwealth Development, Fred Habib of the Massachusetts Department of Housing and Community Development, and Tod McGrath of MIT.

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The following individuals have been “readers” of advance copies of the report and are available to the press for comments:

Karl “Chip” Case, Katherine Coman and A. Barton Hepburn Professor of  
Economics at Wellesley College

Aaron Gornstein, Executive Director of Citizens' Housing and Planning  
Association

Tom Gleason, Executive Director of MassHousing

Clark Ziegler, Executive Director of Massachusetts Housing Partnership

Joe Flatley, President and CEO of Massachusetts Housing Investment  
Corporation

Daniel Hart, E.A. Fish Associates

William McLaughlin, AvalonBay Communities

Joseph Mullins, Joseph R. Mullins Company

The panelists, who have also been provided with advance copies, are available for comments.