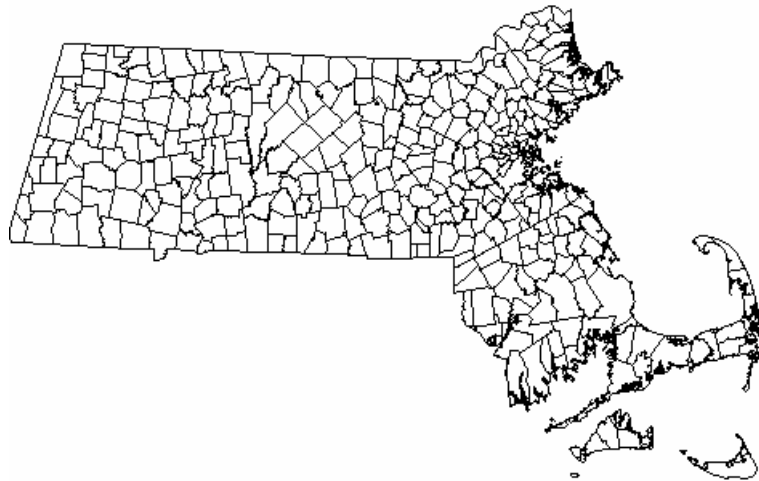


Land-Use Regulation and the Rise in Housing Prices



Amy Dain
Jim Stergios

May 17, 2006

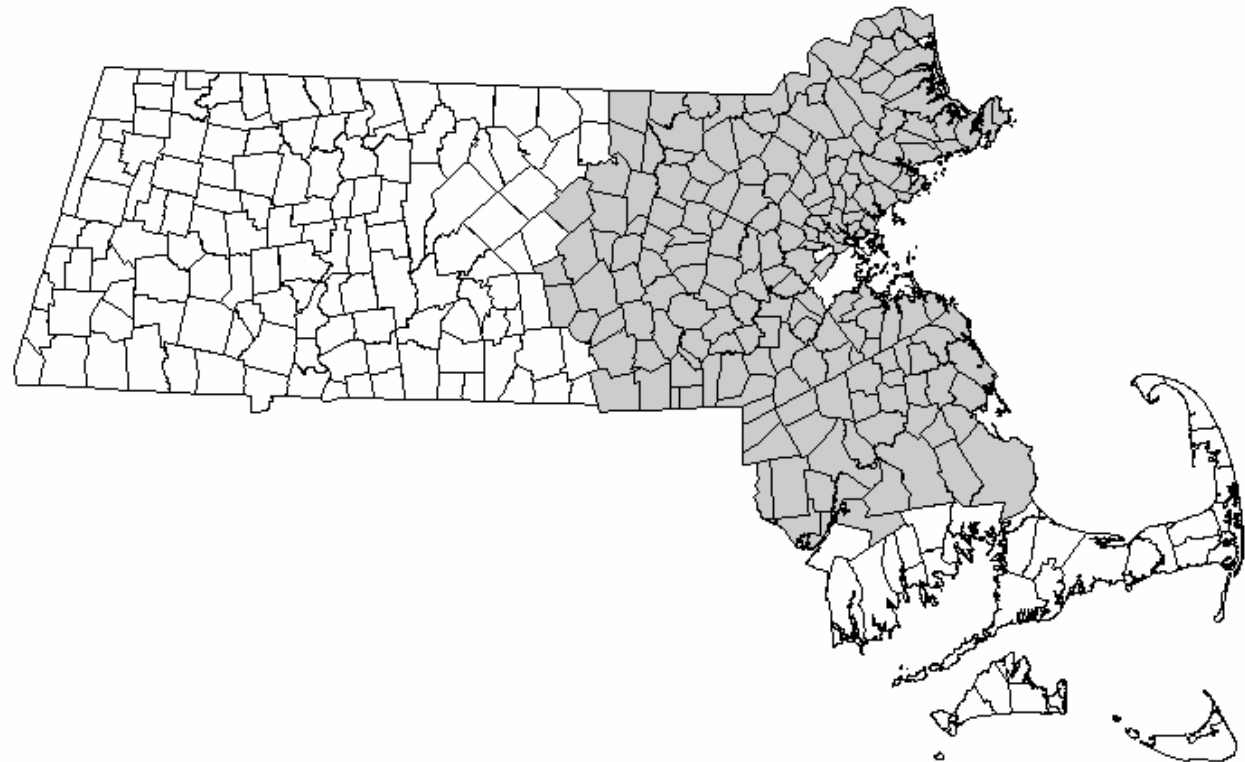


Questions that motivated the undertaking...

- Do local housing regulations allow the market to meet the range of housing needs in the state?
- Are current local land use regulations effective at accomplishing their intended goals?
- Are municipal restrictions on housing development causing housing scarcity, and thus fueling price appreciation?

Municipalities Studied

- Within 50 miles of Boston
- 187 municipalities
- Over half of state's 351 cities and towns

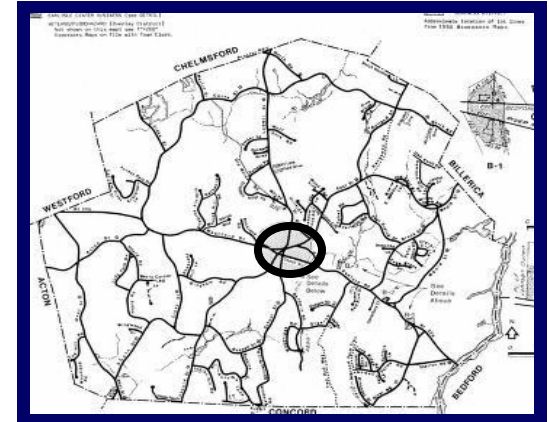


Lot Size – Single Family Lots

MassGIS data (from '99, '00)

2-acre lots zoned in over 90% of town's area:

- | | |
|--------------|---------------|
| 1. Boxford | 8. Groton |
| 2. Carlisle | 9. Paxton |
| 3. Lincoln | 10. Plympton |
| 4. Medway | 11. Princeton |
| 5. Berlin | 12. Rehoboth |
| 6. Bolton | 13. Sutton |
| 7. Dunstable | 14. Townsend |

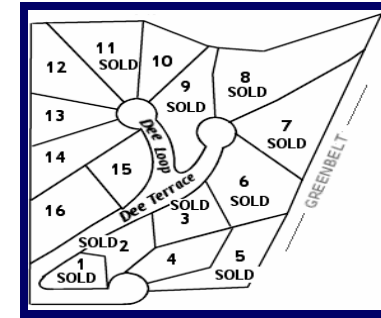


Half of the municipalities (95 of 187) zone over 50% of land area for one acre lot sizes or larger.

[MIT study: Median actual lot size from 1998 – 2002: .9 acre]

Numerous frontage, setbacks, width, yard size and other requirements...

Lot Shape



“No pork chop, rattail, excessively funnel-shaped or otherwise gerrymandered lots shall be allowed.” – Millbury Zoning Bylaw

Perimeter/area ratios:

$(p^2/a)/(a/r) \leq X$, with X ranging from 20 to 30

-6 municipalities

$p^2/a \leq X$, with X ranging from 22 to 45

-26 municipalities

$p/a \leq X$, with X ranging from 0.02 to 0.08

-7 municipalities

Key

p = perimeter

a = actual lot area

r = required lot area

Other shape requirements: Fit circle, square, rectangle, ellipsis within lot lines.

Cluster/Flexible Zoning

(Open Space Preservation Design, Conservation Subdivision, PUD)

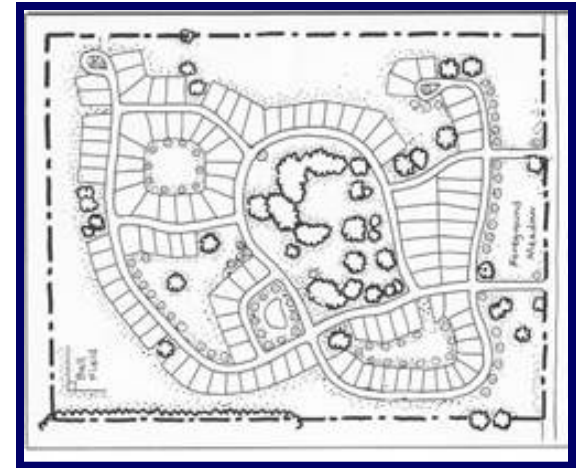
80% of municipalities have it.
But only limited success.

Of $\frac{3}{4}$ of municipalities that told us results of cluster zoning...

-**18 said:** built a lot of cluster

-**16 said:** no cluster built

-**Most said:** 'not much, a few'



-Minimum parcel size too big

-Process risky and time consuming

Tyngsborough's 2004 Master Plan recommends: *"Eliminate requirement that Town Meeting approve each Open Space Residential Development."*

-Not enough flexibility

-No additional units above conventional zoning plan

"No density bonus in ours. Why would you cluster?" – Town Planner

Multi-family Zoning

No MF allowed MF only if 55+

- | | |
|----------------------|-----------------------------|
| 1. Bolton | 1. Boxford |
| 2. Boylston | 2. Carlisle |
| 3. Bridgewater | 3. Lynnfield |
| 4. Dighton | 4. Marshfield |
| 5. Lakeville | 5. Paxton |
| 6. Littleton | 6. Plympton |
| 7. Mendon | 7. Wenham |
| 8. Nahant | 8. Hanover (townhouse only) |
| 9. Seekonk | 9. Medway (townhouse only) |
| 10. West Bridgewater | |

“It may technically say that you can build multi-family, but the bar is so high that you can’t build under it.”

-Planner in town south of Boston

Barriers to MF development where “allowed”:

1. Minimum parcel size
2. Dimensional requirements
3. Re-zoning often required; special permits also risky
4. MF district built-out

Example: Westborough has Garden Apartment and High Rise Apartment Districts. Westborough’s Master Plan states: *“Although these districts appear to provide ample alternatives to single-family housing in the Town, in reality they do not since virtually no land is zoned for multi-family housing.”*

Accessory Apartments

In Owner-Occupied Single-Family Homes

Allowed by 60% of municipalities, but...

- Over half restrict units to relatives of owner (“in-law apartments”)
- Occupancy restrictions require owners to re-permit or re-certify accessory units frequently
- When relatives move out, the kitchen must be removed and apartment reintegrated



Subdivision Regulations

Road Width for New Neighborhoods

Most common: **24 - 28 feet of pavement.**

37 require **30+ feet.** (20% of sample)

20 require no more than **22 feet.**



6 feet



8 feet

“You don’t want to end up with a sea of pavement.”

-Planner in community south of Boston with 32-foot pavement requirement

Wetlands Regs: Land Subject to Flooding



2/3 of municipalities have passed wetlands bylaws/ordinances.

Wetlands Protection Act protects “isolated land subject to flooding” – standing water, **volume ¼ acre-foot**, once per year.

59 municipalities expand definition of flooding

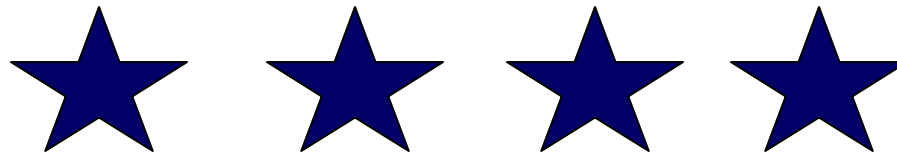
11:	1/8 acre-foot
5:	2,000 sq.ft. (1/20 th of acre)
Dover:	1/6 acre-foot
Hingham:	1/16 acre-foot
Gloucester:	1/43 acre-foot
Wrentham:	3/43 acre-foot
Taunton:	1,000 sq.ft. surface area and 100 cubic feet volume
Wayland:	500 sq.ft. surface area
Swansea:	1,000 sq.ft. surface area that floods once every five years.
24:	variations on “temporary inundation... that covers land not usually under water”

Many lack definitions of flooding altogether, even when they indicate some increased protection for LSF (such as regulating buffers).

North Reading Zoning Bylaw

Article III, Section 340-7.B

“We wish to preserve the blossom of springtime, the green landscape of summer, the changing colors of fall, the snowy cover of wintertime, and the celestial display of nighttime.”



Policy paper

Regulation and the Rise of Housing Prices in Greater Boston

-By Ed Glaeser, Jenny Schuetz and Bryce Ward

Finding: Restrictions on development of housing are causing scarcity and fueling price appreciation in the region.

Top Five Metropolitan Areas By Housing Price Appreciation

OFHEO Repeat Sales Price Indices
1980-2004, CPI Adjusted

- | | | |
|----|------------------------------|-------------|
| 1. | Nassau-Suffolk (NY) | 251% |
| 2. | Boston Quincy (MA) | 210% |
| 3. | Cambridge-Newton (MA) | 180% |
| 4. | Essex County (MA) | 179% |
| 5. | Salinas (CA) | 162% |

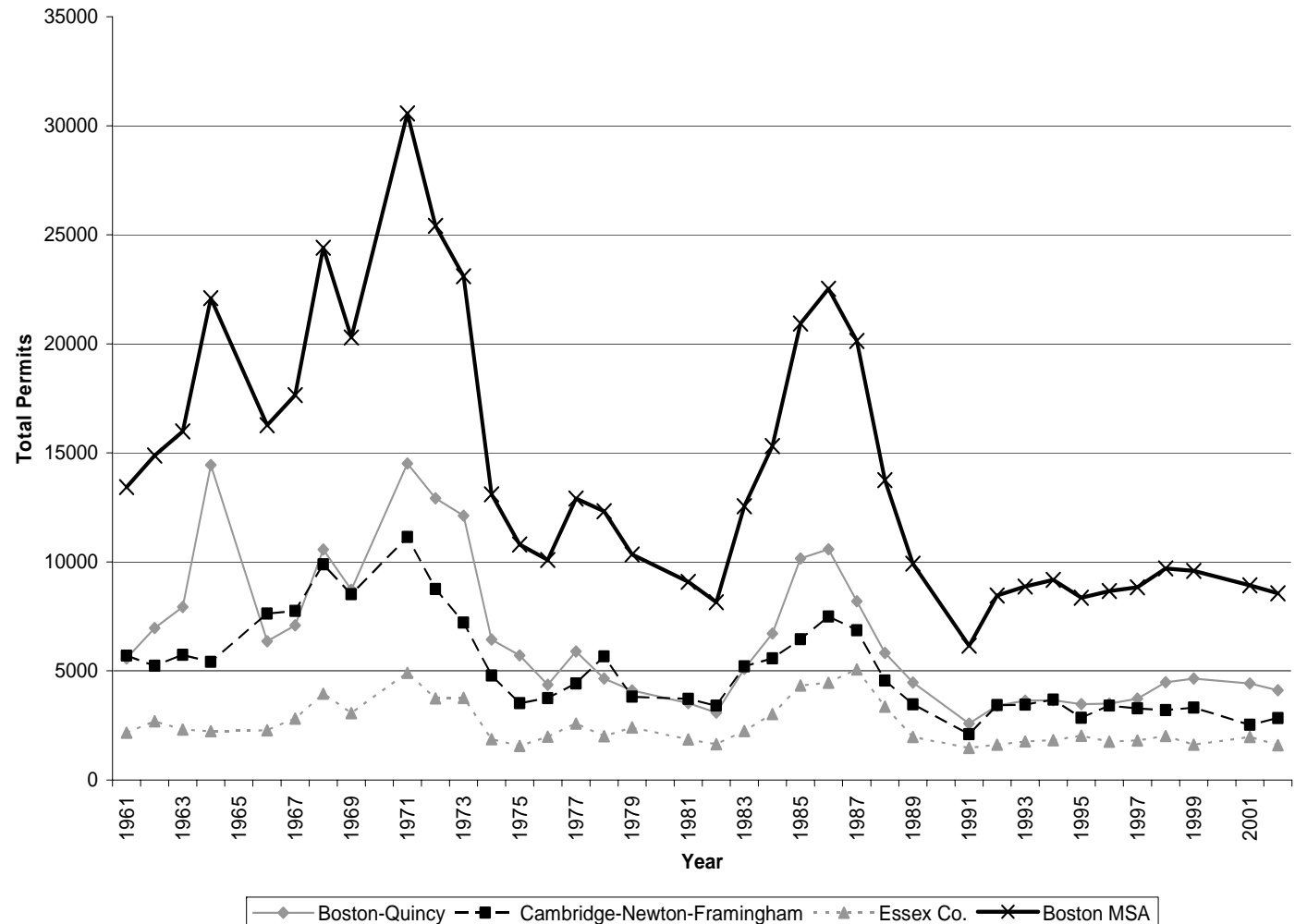
Worcester County takes 9th place.

Rising housing prices mean rising demand, but...

... High demand doesn't have to mean high prices

- In Phoenix and Las Vegas median sales prices were under \$200,000 in 2004.
- Boston area's median sales price was \$418,000.

When prices rise and permits fall, there's a **SUPPLY** problem



Supply Restriction = Regulation

What Does an Acre Cost?

- If land is scarce, an acre extending a lot should be as expensive as an acre sitting under a new lot, but on average...
 - An extra acre costs only \$16,600 in sample.
 - A buildable acre is worth \$450,000.
- This price differential points to regulation.

Impact on Supply

- Each acre per lot required is associated with 33 percent fewer permits 1980-2002
- Correlation between reduced permitting and...
 - Adoption of wetlands bylaw/ordinance
 - Adoption of state standards for septic systems
 - Amendment of subdivision regulations

Impact on Price

- Rough calculation (based on price elasticity and price growth) = 23% to 36% price escalation.