

Do Conservation Districts Make Housing Less Affordable?

An Open Letter to City Council:

On October 19 the Cambridge City Council will consider a [Policy Order](#) addressing Cambridge Neighborhood Conservation Districts (NCD) and their possible impacts on property values. This Policy Order is largely based on a September 10, 2020 [Cambridge Chronicle](#) Op Ed, itself a reprise of a Feb. 27, 2020 [blogpost](#) by a local political activist, claiming that “Conservation Districts Make Housing Less Affordable.” However, an objective real estate data review, reveals not only the Cambridge Neighborhood Conservation Districts have not increased property values or rents, but also that, on average, increases in these Districts are consistently lower than those in areas outside these Districts. Moreover, in analyzing both Cambridge data and the actual studies this blogger cites, alongside others, the presented conclusions are readily debunked. The Council should not be in the business of opposing neighborhood preservation efforts particularly through efforts whose premises are so obviously flawed and tendentious.

Exploring the Issue with facts for Cambridge

A review of Cambridge real estate data shows that values are NOT going up disproportionately in Neighborhood Conservation Districts (NCD). We can do this by comparing Cambridge rents in Conservation District neighborhoods and NON-Conservation District neighborhoods by using sources like [Area Vibes](#).¹ Here we learn that:²

- East Cambridge (NOT a Conservation District): rental rates are 12% higher than the average Cambridge rents and property values are 11% lower than the Cambridge average. This data was compiled largely before the study group was started, so it would not be impacted by it.
- Mid Cambridge (largely comprising a Conservation District): average rents are 12% lower than the Cambridge average and property values are 35% lower.
- Area Nine (including Avon Hill Conservation District): rents are equal to the Cambridge average and property values are 6% higher.

Cambridge City Council Properties Provide Further Insight

- Our City Councillors' own experiences offer a useful lens through which to view these patterns.³ Councillors in Conservation Districts have seen more moderate rent and property value increases than those in unprotected areas of the city. This data is particularly insightful for this reason: three are renters. The other six own their own homes. Of the nine Councillors (renters and non-renters), two live in Neighborhood Conservation Districts (both Mid-Cambridge); The neighborhoods where the remaining Councillors reside represent a cross-section of residential areas: Neighborhood 9; Riverside; Observatory Hill/West Cambridge; Cambridgeport; the Port; East Cambridge; and Wellington-Harrington.
- How have these specific Cambridge property values (for both owned and rented homes) changed between 2015 and today for Neighborhood Conservation Districts (NCDs)? Data compiled by Redfin.com shows that on average Councillors living in or adjacent to Conservation Districts show a stunning 9.46% LOWER average housing value increase than those Councillors NOT living in Conservation Districts. Specifically, NCD Councillor properties from 2015 to today show an average 36.01% property value increase.⁴ In contrast, non-NCD Councillors' properties had an average 45.47% property value increase since 2015.

- The reasons are important, but first, let's examine 2015 to present data for Councillors' properties both within Neighborhood Conservation Districts (NCDs - and adjacent) and those in non-NCDs: The NCD residing group includes the following percentage increases: 35.69%; 37.50%*, and 34.93%* (condo value increase); For non-NCD dwelling Councillors, the results are significantly higher: 39.46%; 43.38%; 39.46%; 47.17%; and 57.89%.
- Cambridge Renter data confirm these conclusions: One Councillor's rental home saw a likely 29.69% rent increase since 2015; This seems about average. CDD reports a 36% increase in the rent of a single bedroom apartment and a 28% increase in two-bedroom apartment rents from January 2010 to August 2016, not accounting for inflation.⁵ These data can be compared with a city-supported mixed income rental housing for one person in a building that saw c.18% rent increase in a 2-bedroom apartment there—A Councillor living in city supported housing faces far less severe rental price increases. This large multi-unit city-owned property sold in 2005 for \$2.247 million; today's assessed value is \$2.110 million, which shows that these city-owned properties also do not increase land values (and drive up housing prices) in the same way that other housing projects do. This fact alone behooves Cambridge to build more housing on city lands and acquire city properties for this specific purpose. The far lower valuation increases on city-owned property is consistent with urban planner, Patrick Condon's recommendations in Smart Cities as a key means to keep property values low enough so that long term residents can afford to continue to live here.⁶

What drives up costs if conservation districts are not responsible for rising rents and increasing property values? Specifically, in East Cambridge, where increases have been the most dramatic, what appears to matter is its proximity to Kendall Square biotech developments (as signaled in the sizable value increases of the two nearest Councillors' property values). Most renovation costs, for their part, are driven up through the updating of kitchens and bathrooms, not through work on the exterior. Conservation District guidelines only address the facades visible from a public way and would not be a factor unless one wished to make a change. Moreover, exceptions are made for financial burden and decisions can be appealed.

The Data Reassessed

The writer incorrectly claims that “Conservation Districts Make Housing Less Affordable” in both his Feb. 27 blogpost and September 10 Op Ed reprise. In the original post he cites 12 preservation studies. All of these on closer examination show the opposite of what he asserts as can be seen in four of the studies he cites:

- The New York City study on historic districts finds “*no change in reported rents and little evidence of racial turnover in neighborhoods.*”
- The Nashville (Tennessee) study on historic districts concludes there is “*not sufficient evidence to conclude that districting itself causes higher prices or greater price appreciation.*” For national contexts the same study notes that historic designation may have either neutral or beneficial impacts on property values depending on contexts.
- In Connecticut, historic districts least impacted by increased values are those “*where there are significant commercial and multifamily structures*” (a finding that complements East Cambridge)
- Tucson (Arizona) Historic Districts “*insulate property values from wild swings in the housing market, including downturns and ‘bubbles’ caused by real estate speculation.*” Also “*neighborhoods with stable values do not offer opportunities for ‘flipping’ (at a high profit margin). Historic district designation reduces the uncertainty facing the buyer regarding the future value of the investment.*”

The eight other cited studies that formed this blogger's study include data and conclusions that are similarly the opposite of his claims:⁷ 1) [Central States](#) (Ohio etc.) – historic districts only and key other variables omitted including the import of historic districts in revitalizing rust-belt cities; 2) [Dallas](#) (Texas) addresses only the outlying suburban conservation districts; and highlights MORE impactful factors, e.g. proximity to downtown, rail, lakes & scale of home; 3) [Johnson City](#) (Tennessee) - an historic district; promotion of this for inner city fiscal restoration; 4) [Oklahoma](#) – National Registry Sites only; and POSITIVE economic impacts (rehabilitation jobs, local income, goods, services, and heritage tourism); 5) [Philadelphia](#) - only national registry sites; (heightened value before designation; 6) [South Carolina](#) - historic properties and districts only; tourism import and related financials; 7) [U.S.](#) generally: only National Registry sites with prior historic or cultural value; 8) [Utah](#) – National Registry and Historic districts only; real benefits of \$717 million from visitors; \$35 million from Federal Rehabilitation Tax Credit investments.

Going still further afield, a 2012 study focused on [Conservation Districts Across Great Britain](#) concludes in the same way, namely (p.5) that any differential is “generally small when controlling for other factors” and the results are higher for large “suburban” districts and “significantly lower” for “at risk” (urban) settings. More important are single family vs multi-family homes, proximity to key destinations (London) and if site is a “heritage” one or “at risk.” They conclude that *‘district designation does not exhibit a statistically significant impact on property prices inside a conservation area when comparing the trend to carefully selected properties outside the newly designated areas.’ And, whereas in the short-term, “designation has a neutral effect on property price,” in the longer term, one sees “the even broader potential benefits to potential visitors, future generations and heritage.”* We could add other broad-based [studies](#) showing the critical environmental importance of building reuse and preservation, noting the carbon equivalencies for existing building reuse versus new construction.

A Sloppy and Tendentious Argument and Why it is So Misleading

Cambridge-specific data conclusions are consistent with and supported by the very studies cited in the blog. Simply put, real estate values do not go up disproportionately within a conservation district. Why the blog ignores the data and summary conclusions (or misrepresent their findings) to create a counter-narrative, is not clear. What we do know is that the debate about Neighborhood Conservation Districts is intended to be a distraction. By focusing on the possibility of increased renovation costs for homeowners, the objective is to divert attention away from commercial development projects. As one opponent of the Conservation District study noted on a neighborhood list serve:

“East Cambridge’s land represents opportunity....because of its location, your neighborhood should not be able to continue to exist as is....East Cambridge [has been described] ‘as a once-peaceful backwater.’ I understand why people like it that way. Who wouldn’t like to live in a quiet charming town.... But I think more people should have those same opportunities. That means East Cambridge has to change.”

Yet East Cambridge has always changed. The topography long has enjoyed a shoreline with the Charles and has quick access to Boston. East Cambridge historically was and is the cash cow for the rest of Cambridge and was a major industrial engine in the region. Although a great deal of the industrial infrastructure of East Cambridge has been lost, much of the architectural fabric has been preserved. We should not now destroy the homes of current residents and sacrifice the interests of future generations simply because this part of the city represents an “opportunity” for someone else.

Conclusions: How Could the Earlier “Study” have been so Wrong?

The question is an important one. Part of the issue may be lack of expertise in the fields of preservation, planning and economics but it may also reflect a willingness to bend the facts to fit a political agenda aimed at promoting increased commercial development in East Cambridge, under the false flag of renter cost concerns. In short, it is the underlying motives that in part have led to this misguided “study” under the false assumption that commercial development is inconsistent with a neighborhood conservation district.

Councillors: Flawed and downright deceptive arguments should not be the basis for city policy under any circumstances, and certainly should not be allowed to chip away at policies that have protected our civic fabric and made the city a more humane place for generations. Does requiring the city to do an impact study for potential Conservation Districts mean that the city should be required to do similar studies (economic, environmental, traffic and other) for large commercial developments and housing projects, including projects for the recent AHO up-zoning? Consistency is important.

Honorable Councillors: Please recognize the attempt to mislead here. Vote no and allow the East Cambridge Neighborhood Conservation study to proceed as planned without additional obstruction. You will be able to vote again on this once the study is complete and a determination sought. In short, the false data, analysis, and narrative in this blog needs to be recognized for what it is -an effort to impact policy. This kind of effort goes against the stated goals of the city’s [Envision's](#) Urban Form section to “*Maintain the existing patterns of the city where they are well-established, and advance the city’s values through a mix of preservation and complementary infill development.*”

Four Key takeaways

- Do conservation districts in Cambridge increase property values? No.
- Do conservation districts in Cambridge increase rents? No.
- How about elsewhere in the United States and United Kingdom? No.
- Overall everyone’s housing prices go up because of proximity to large developments and commercial areas, as well as people moving here with out-of-scale salaries, willing to pay higher prices.

¹ Overall the average Cambridge rent prices have gone down 11.11% since Oct 2019.

² On possible COVID factors: The neighborhood and Councillor home data go from 2015 to today (2020) so the latter differentials would include COVID. Housing prices in Cambridge have not been heavily impacted by COVID – nor were they in 2008. Analysis of recent real estate sales by a local Realtor I consulted reveals that “the positive rate appreciation has slowed for single family homes, but they are still

3% above October 2019 prices; both condos and multi-families have seen sales decrease without significant loss in value, thus far, but with current inventory at a historically high level, coupled with demand well below normal, appreciation impacts will only become apparent in the coming months.”

³ Needless to say, property values vary significantly across the city, based on a range of factors from size of the property and home, to proximity to commercial areas and other factors.

⁴ One Councillor lives directly adjacent to a Conservation District (Avon Hill). Since some Historic District studies suggest that properties adjacent to these Districts are impacted by proximity. I have included his property with Conservation Districts. Without this inclusion, the NCD value rate increase from 2015 to today would be 36.60%. As a multi-family property this also may be reflected in the value.

⁵ It is interesting to note that at least three City Councillors are landlords— leasing units in their own homes; like many other small city landlords they probably keep their leases well below market rate.

⁶ Patrick Condon also points out that the premise of Supply/Demand simply does not work for urban settings such as this; hence, removing Conservation District limitations to build large residential developments will only drive up property values, forcing out local residents - unless such projects are built on city-owned land.

⁷ The City Council Policy Order cites specifically to the Oklahoma and Dallas studies.