

Zoning Amendment Analysis

In April 2023, Massachusetts passed a [new zoning](#) law requiring 177 commuting communities to expand zoning for multi-family zoning. This aims to create new housing opportunities near transit and address the state's housing shortage.

To comply, Lexington added three multifamily overlay zones across the town. An "overlay" means that properties can choose to follow either the rules of the "underlying zone" (the original zoning) or the multifamily zone.

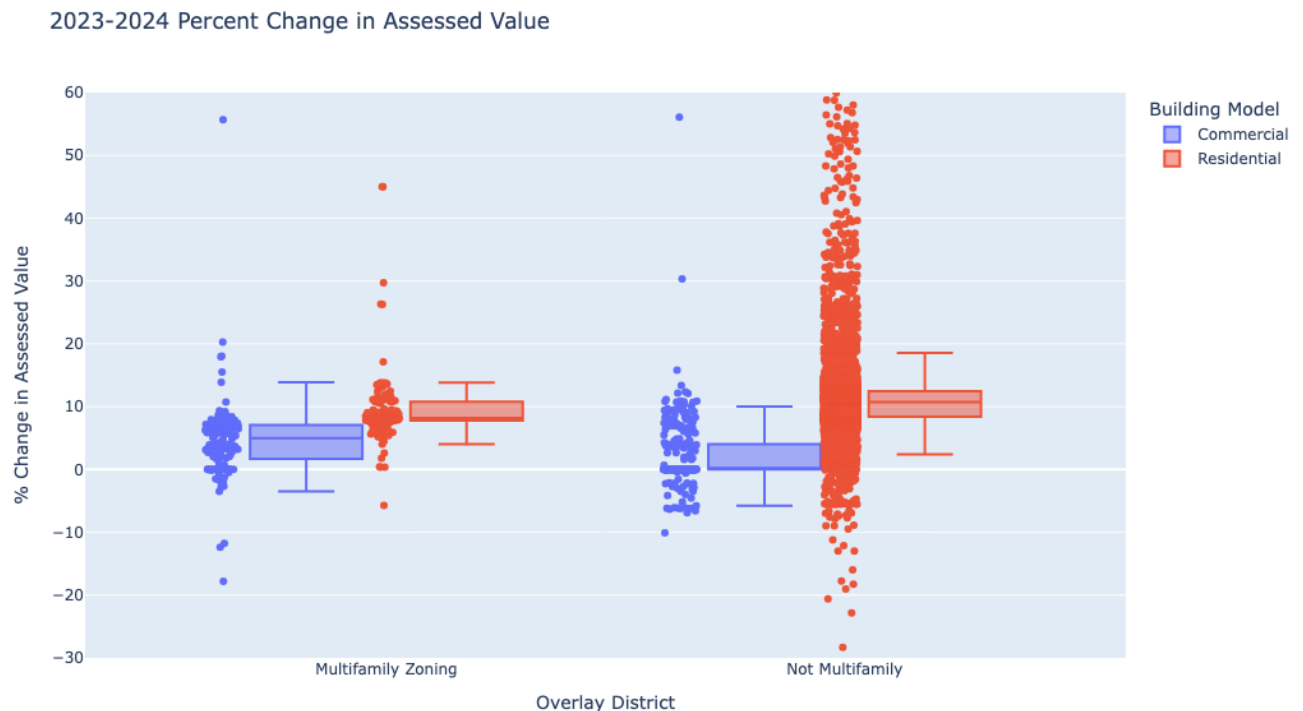
I found a [list of properties](#) where a multifamily overlay zone was enacted. I wanted to see how this affected their assessed values. Since the amendment went into effect in April 2023, its impact would be visible from fiscal year 2023 to fiscal year 2024. I had two hypotheses:

- 1) **Assessments would go up** because large multifamily builders see new value in the property now that they can build there.
- 2) **Assessments would go down** because single-family residents dislike the possibility of large apartments overshadowing their houses. In a small historical suburb like Lexington, they are afraid of a change in their neighborhood's character. Some towns even [rejected the new law](#) for this reason.

To isolate the effect, I calculated the percent change in assessment value from 2023 to 2024 for all properties. I compared the percent change for properties rezoned to multifamily against those that weren't, using the latter as a control group.

I also plotted commercial and residential properties separately, because different factors influence their assessments differently. For instance, a new highway might increase the value of nearby commercial properties but decrease residential values due to increased noise and traffic.

Figure 1: 2023-2024 Percent Change in Assessed Value for Properties in Lexington, MA With and Without Multifamily Zoning



Percent change in assessed property values from 2023 to 2024 for commercial and residential properties in Lexington, MA, comparing properties in multifamily zones to non-multifamily zones.

There does not appear to be any significant impact of multifamily zoning on assessments.

Properties that received a multifamily zoning overlay in 2023 did not significantly change in value compared to other properties. Here's my reasoning:

1. **No Increase:** Lexington is not attractive for large buildings. For multifamily housing to be built, the town would have to provide most of the financing. Massachusetts [doesn't typically grant subsidies](#) to small towns like Lexington, so there's less incentive for approval.
2. **No Decrease:** Since it's unlikely that much multifamily housing will be built, there's no need to worry about the neighborhood's character changing.