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Northeast-Midwest Institute, Washington DC

Buffalo Area Homeowners to Benefit from River Clean-up

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Buffalo, NY. Residential property values near the Buffalo River could increase by as much as \$140 million if contamination in the river is eliminated, according to a study conducted by the University of Illinois and the Northeast-Midwest Institute.

Findings of the study will be officially released September 15, 2006 at a community forum in Buffalo. The forum will be open to the public and feature a presentation by Dr. Braden concerning the results of the two-year study. Other speakers include Buffalo Mayor Byron Brown; State Senator Mark Schroeder; Mary Beth Giancarlo Ross of U.S. EPA's Great Lakes National Program Office; Abby Snyder of New York State's Department of Environmental Conservation; Jill Spisiak Jedlicka with Buffalo Niagara Riverkeeper; Helen Domske with New York Sea Grant and University at Buffalo; and Nicole Mays of the Northeast-Midwest Institute.

Pollution from past industrial and municipal discharges and disposal of waste earned the Lower Buffalo River designation as one of 43 "Great Lakes Areas of Concern (AOC)" by the International Joint Commission, the U.S.-Canadian government organization concerned with water quality. The major sources of pollution are contaminated bottom sediments and non-point source pollution. Contaminants of concern include PCBs, PAHs, heavy metals and industrial organics. PCBs (polychlorinated biphenyls) are known to affect human reproduction, fetal development, and neurological functions, and harm fish and other aquatic species.

Through a two year study, the Northeast-Midwest Institute in Washington, D.C. and economists from the University of Illinois and Georgia State University have gauged the economic value to local homeowners of clean-up of the Buffalo River AOC. The study focuses on the benefits to homeowners specifically in Buffalo, Cheektowaga, Lackawanna, Hamburg, and West Seneca, as well as Blaisdell and Sloan. The results of the study suggest that eliminating the pollution would make the area a more desirable place to live and increase property values.

Researchers collected data from housing sales in Erie County in the years 2002 through 2004, and directly surveyed 850 recent home buyers in Erie County. Results of the study of housing sales data indicate that the polluted state of the river currently is depressing single-family, owner-occupied property values by \$80 to \$140 million¹, or six to nine percent of the assessed residential property values in the area studied. Clean-up could be expected to raise the property values commensurately. The negative effects of the pollution appear concentrated near the river and to its south. Further to the north in Buffalo and Cheektowaga, property values seem to be affected more by other industrial areas, highways, and rail corridors than by the pollution in the Buffalo River.

These housing sales data findings were further bolstered by homeowner responses to direct surveys on their willingness to pay more for residential properties if the AOC were cleaned up. Based on the responses to the surveys, residents within five miles both north and south of the river would be willing to pay on average approximately 15% more for homes if the contaminated area were cleaned up. Relative to the median property value in the area, this translates into a \$543 million addition to the assessed values of current properties.

The estimated benefits of Buffalo River clean-up generated in the study apply only to single-family residential property owners living within five miles of the river. However, preliminary analysis of multi-family properties suggests that current prices are depressed proportionately more than for single-family homes and could benefit from river cleanup. In addition, river improvements might attract new residents and businesses to the area.

The study was funded by the Great Lakes National Program Office, U.S. Environmental Protection Agency and the College of ACES, University of Illinois at Urbana-Champaign.

¹ All dollar values are expressed in year 2004 (4th quarter) purchasing power. Subsequent inflation in housing prices would increase the current dollar values.

Disclaimer: Until the methods and results described here have been reviewed by qualified scientific peers and published in the peer-reviewed literature, they must be considered preliminary. The opinions, findings, and conclusions of this study are solely those of the authors and do not necessarily reflect the views of the sponsors.