

## Graduate work with an impact — in big cities and on campus

PhD student Nick Allen has helped mainstream new tax-reform concepts for policymakers, while working to enhance MIT grad-school life.

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Nick Allen was part of the Graduate Housing Working Group, whose efforts helped spur MIT to build Graduate Junction, a new housing complex for 675 grad students on Vassar Street. Allen is pictured in front of Graduate Junction.

Credit: Bryce Vickmark

While working to boost economic development in Detroit in the late 2010s, Nick Allen found he was running up against a problem.

The city was trying to spur more investment after long-term industrial flight to suburbs and other states. Relying more heavily on property taxes for revenue, the city was negotiating individualized tax deals with prospective businesses. That's hardly a scenario unique to Detroit, but such deals involved lengthy approval processes that slowed investment decisions and made smaller projects seem unrealistic.

Moreover, while creating small pockets of growth, these individualized tax abatements were not changing the city's broader fiscal structure. They also favored those with leverage and resources to work the system for a break.

"The thing you really don't want to do with taxes is have very particular, highly procedural ways of adjusting the burdens," says Allen, now a doctoral student in MIT's Department of Urban Studies and Planning (DUSP). "You want a simple process that fits people's ideas about what fairness looks like."

So, after starting his PhD program at MIT, Allen kept studying urban fiscal policy. Along with a group of other scholars, he has produced research papers making the case for a land-value tax — a common tax rate on land that, combined with reduced property taxes, could raise more local revenue by encouraging more city-wide investment, even while lowering tax burdens on residents and businesses. As a bonus, it could also reduce foreclosures.

In the last few years, this has become a larger topic in urban policy circles. The mayor of Detroit has endorsed the idea. *The New York Times* [has written](#) about the work of Allen and his colleagues. The land-value tax is now a serious policy option.

It is unusual for a graduate student to have their work become part of a prominent policy debate. But then, Allen is an unusual student. At MIT, he has not just conducted influential research in his field, but thrown himself into campus-based work with substantial impact as well. Allen has served on task forces assessing student stipend policy, expanding campus housing, and generating ideas for dining program reform.

For all these efforts, in May, Allen received the [Karl Taylor Compton Prize](#), MIT's highest student honor. At the ceremony, MIT Chancellor Melissa Nobles observed that Allen's work helped Institute stakeholders "fully understand complex issues, ensuring his recommendations are not only well-informed but also practical and impactful."

### Looking to revive growth

Allen is a Minnesota native who received his BA from Yale University. In 2015, he enrolled in graduate school at MIT, receiving his master's in city planning from DUSP in 2017. At the time, Allen worked on the Malaysia Sustainable Cities Project, headed by Professor Lawrence Susskind. At one point Allen spent a couple of months in a small Malaysian village studying the effects of coastal development on local fishing and farming.

Malaysia may be different than Michigan, but the issues that Allen encountered in Asia were similar to the ones he wanted to keep studying back in the U.S.: finding ways to finance growth.

“The core interests I have are around real estate, the physical environment, and these fiscal policy questions of how this all gets funded and what the responsibilities are of the state and private markets,” Allen says. “And that brought me to Detroit.”

Specifically, that landed him at the Detroit Economic Growth Corporation, a city-chartered development agency that works to facilitate new investment. There, Allen started grappling with the city’s revenue problems. Once heralded as the richest city in America, Detroit has seen a lot of property go vacant, and has hiked property taxes on existing structures to compensate for that. Those rates then discouraged further investment and building.

To be sure, the challenges Detroit has faced stem from far more than tax policy and relate to many macroscale socioeconomic factors, including suburban flight, the shift of manufacturing to states with nonunion employees, and much more. But changing tax policy can be one lever to pull in response.

“It’s difficult to figure out how to revive growth in a place that’s been cannibalized by its losses,” Allen says.

Tasked with underwriting real estate projects, Allen started cataloguing the problems arising from Detroit’s property tax reliance, and began looking at past economics work on optimal tax policy in search of alternatives.

“There’s a real nose-to-the-ground empiricism you start with, asking why we have a system nobody would choose,” Allen says. “There were two parts to that, for me. One was initially looking at the difficulty of making individual projects work, from affordable housing to big industrial plants, along with, secondly, this wave of tax foreclosures in the city.”

### **Engineering, but for policy**

After two years in Detroit, Allen returned to MIT, this time as a doctoral student in DUSP and with a research program oriented around the issues he had worked on. In pursuing that, Allen has worked closely with John E. Anderson, an economist at the University of Nebraska at Lincoln. With a nationwide team of economists convened by the Lincoln Institute of Land Policy, they worked to address the city’s questions on property tax reform.

One paper used current data to show that a land-value tax should lower tax-connected foreclosures in the city. Two other papers study the use of the tax in certain parts of Pennsylvania, one of the few states where it has been deployed. There, the researchers concluded, the land-value tax both leads to greater business development and raises property values.

“What we found overall, looking at past tax reduction in Detroit and other cities, is that in reducing the rate at which people in deep tax distress go through foreclosure, it has a fairly large effect,” Allen says. “It has some effect on allowing business to reinvest in properties. We are seeing a lot more attraction of investment. And it’s got the virtue of being a rules-based system.”

Those empirical results, he notes, helped confirm the sense that a policy change could help growth in Detroit.

“That really validated the hunch we were following,” Allen says.

The widespread attention the policy proposal has garnered could not really have been predicted. The tax has not yet been implemented in Detroit, although it has been a prominent part of civic debates there. Allen has been asked to consult on tax policy by officials in numerous large cities, and is hopeful the concept will gain still more traction.

Meanwhile, at MIT, Allen has one more year to go in his doctoral program. On top of his academic research, he has been an active participant in Institute matters, helping reshape graduate-school policies on multiple fronts.

For instance, Allen was part of the Graduate Housing Working Group, whose efforts helped spur MIT to build Graduate Junction, a new housing complex for 675 graduate students on Vassar Street in Cambridge, Massachusetts. The name also refers to the Grand Junction rail line that runs nearby; the complex formally opened in 2024.

“Innovative places struggle to build housing fast enough,” Allen said at the time Graduate Junction opened, also noting that “new housing for students reduces price pressure on the rest of the Cambridge community.”

Commenting on it now, he adds, “Maybe to most people graduate housing policy doesn’t sound that fun, but to me these are very absorbing questions.”

And ultimately, Allen says, the intellectual problems in either domain can be similar, whether he is working on city policy issues or campus enhancements.

“The reason I think planning fits so well here at MIT is, a lot of what I do is like policy engineering,” Allen says. “It’s really important to understand system constraints, and think seriously about finding solutions that can be built to purpose. I think that’s why I’ve felt at home here

at MIT, working on these outside public policy topics, and projects for the Institute. You need to take seriously what people say about the constraints in their lives.”