



Annual Excess Housing Expenditures & Avoided Infrastructure Expenditures
Jurisdiction with Growth Management Policies: California: 2000
Draft (2010.01.15)

Category	In Billions (Up to)	Notes
Excess Mortgage Payments	\$ 20.7	1
Excess Cost of Cash House Purchases	\$ 5.2	2
Increase in Rents	\$ 10.4	3
Total	\$ 36.2	
Infrastructure Expenditures Avoided	\$ 1.0	4
Additional Housing Expenditures/Infrastructure Expenditures Avoided	36.4	

Notes

Assumes household income adjusted house price increases relative to the nation is due to growth management policies (compact development or smart growth). In 1970, California house prices were similar to the national average (see: William Fischel, *Regulatory Takings, Law, Economics and Politics*, Cambridge, MA: Harvard University Press, 1995 (pp. 218-252). For a description of the impact of growth management policies on housing affordability, see: <http://demographia.com/db-dhi-econ.pdf>.

1: Annual mortgage payments (excess compared to the nation). Assumes the average 7.9% interest rate for 2000 and 30 year amortization. Assumes the state rate of mortgaged houses (79%)

2. Assumes 21% of houses are not mortgaged and a 12 year cycle in housing market turnover.

3. Assumes that rents represent 4.6% of house values. See: http://morris.marginalq.com/DLM_fullpaper.pdf.

4. Based upon annual infrastructure expenditures avoided of approximately \$30 annually per capita. Calculated from *Costs of Sprawl --- 2000*.