

SC Housing 1960

# Growth control's effect on cost of housing

1-20-85  
**W**HAT EFFECT does limiting the number of building permits have on the value of housing?

That question is at the heart of the debate over Measure J, the county's major growth-control document, which requires the Board of Supervisors to set a limit on the number of building permits for home construction each year.

There are people, such as UCSC Professor Paul Niebanck, who embrace economist Adam Smith's theory of supply and demand. As supply drops off, demand increases, thus driving up prices, says Niebanck.

But there are defenders of the system, such as Supervisor Gary Patton, who claim that high interest rates and the growth pressure of Silicon Valley on Santa Cruz have caused prices to jump.

Monterey County — at 316,200 people and 3,324 square miles — is bigger in population and size than Santa Cruz County — with a population of 203,100 people and 441 square miles. It would be expected to have more construction in a year.

But the relationship between building permits and property values shows that Santa Cruz County's property values are rising proportionately higher than Monterey County's values.

The figures compiled below from the Santa Cruz County Planning Department and Monterey County Planning Department show that although the number of building permits has dropped off in Santa Cruz County, the value of new homes has consistently gone up. In Monterey County, the value of new property has kept closer pace with the number of permits issued each year.

Below is a comparison of Santa Cruz and Monterey counties through the years 1973-83, showing the number of permits and the assessed valuation of new housing units. The figures represent single-family dwellings and multiple-residential units.

YEAR	SANTA CRUZ permits	value in millions	MONTEREY permits	value
1973:	919	\$32.6	2,327	\$52
1974:	740	\$31.3	1,939	\$40
1975:	937	\$44.3	2,103	\$44
1976:	1,411	\$67.8	2,253	\$59
1977:	1,624	\$85.8	2,112	\$71
1978:	1,223	\$69.75	1,995	\$79.9
1979:	1,014	\$86.1	1,855	\$85
1980:	1,087	\$77.6	1,983	\$90
1981:	994	\$73.3	2,154	\$74
1982:	792	\$84.9	1,765	\$64
1983:	568	\$46.8	2,361	\$86