

# The Cost of Car Ownership

While owning your own car can provide a sense of freedom and mobility – this mobility comes at a high price.

## Driving Costs

According to the Automobile Club of Southern California, the average annual cost of driving a new car in Southern California was almost \$8000 a year in 2001. Individuals who own their cars outright and don't face a loan or lease payment each month still incur annual expenses of over \$4000 a year for the privilege of driving. These costs include monthly financing or lease payments, auto insurance, license fees and taxes, maintenance costs and fuel.

## Parking – A “Hidden” Cost

Not usually included in the cost of owning a car is the cost of parking. Most people's cars sit idle most hours, and finding a parking spot in Southern California is often an expensive and time consuming proposition. This can often mean several hundreds or thousands more in household expenses. Even when a parking space is “free”, the cost is usually added to the price of goods, services or rent.

## Car ownership vs. Homeownership

Owning two or more cars doesn't just leave families with higher expenses; it can also cost a family the opportunity to own a home. The average family spends about 18 percent of household income on transportation, and many households in the region spend close to a quarter of their total income—more than on food, healthcare or clothing.

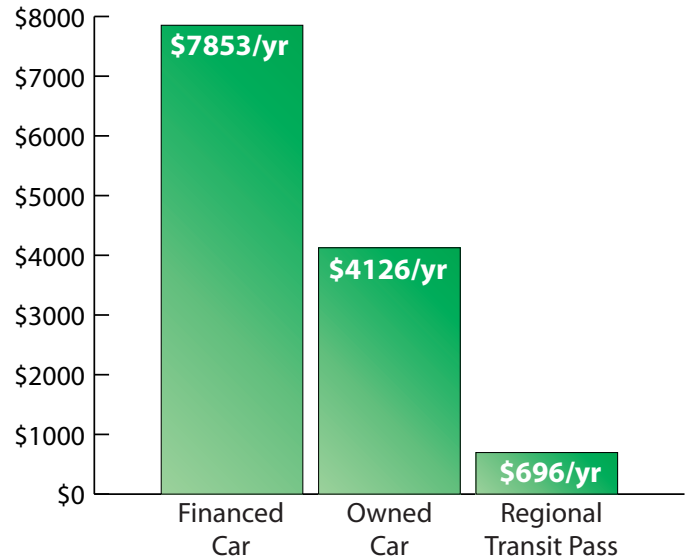
**Over ten years, for every \$10,000 invested in a home, a homeowner can get a return of \$4730 in equity, but for every \$10,000 spent on an automobile, a car-owner receives equity of just \$910.12**

Source: Surface Transportation Policy Project and Center for Neighborhood Technology, Driven to Spend, p.18, 2000.

Yet, by simply owning one less car, some households can purchase a home they might otherwise not be able to afford. In addition, households that opt to buy a home in a walkable, mixed-use community well-served by public transit can take advantage of Location Efficient Mortgages, which allows them to qualify for a home loan of up to \$50,000 more.

## Driving up household costs

A comparison of the annual cost of owning and driving a car with riding public transit demonstrates the significant added expense that households incur with each car they own.



## “Smart” Alternatives to Owning A Car

While being without a car in Southern California might sound like a nightmare to some, there are good alternatives to owning a car in Southern California.

### • Walking and bicycling

By living near your workplace or a shopping district, you can walk or ride a bicycle to work or run errands. It's a quick, affordable and healthy way to get around.

### • Taking Transit

For longer trips, the region has an extensive public transit system of bus and rail lines, and a commuter rail system that links Los Angeles County with Orange, Ventura, San Bernardino and Riverside Counties.

### • Car sharing

For trips that require a car, a company called FlexCar has introduced “car sharing” to Southern California, giving individuals convenient access to a car for a few hours for a modest hourly fee.

### Visit these websites to learn more:

MTA Trip Planner — [www.mta.net](http://www.mta.net)

FlexCar — [www.flexcar.com](http://www.flexcar.com)

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