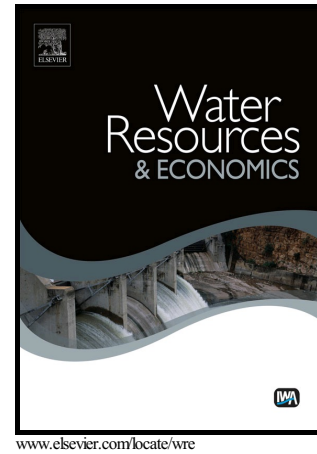


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Analysis of the Impact of Water Quality Changes  
on Residential Property Prices

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**Analysis of the Impact of Water Quality Changes on Residential Property Prices**Hyun No Kim<sup>a\*</sup><sup>1</sup>, Peter C. Boxall<sup>b2</sup>, W. L. (Vic) Adamowicz<sup>b2</sup>

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**ABSTRACT**

This study examines households' preferences for water quality improvements in irrigation water storage infrastructure associated with their residences. We measured homeowners' perceptions about water quality using the water quality ladder discussed by Mitchell and Carson in a stated preference mechanism to estimate the value of water quality changes and their linkage to property values. We used a pivot-style experimental design approach and two different design methods in developing the choice experiment. In empirical estimation we applied econometric approaches that permit flexible structures in error components of the utility function. The results indicate the presence of heteroscedasticity across choice alternatives. We found no influence of experimental design methods on the unobserved components of the utility function for the hypothetical choice alternatives. We find that the economic impacts of improvement and stabilization of water quality in the lake are substantial and that the additional property tax benefits generated by the water quality

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