

THE COST OF HOMEOWNERSHIP INTEREST WAS

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M.A. Anari
Research Scientist

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Texas A&M University

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Owning a home is not only a sound investment; it's a popular one as well. Two-thirds of the nation's households own their homes, while fewer than half own common stock. Home equity constitutes about one-third of all household wealth in the United States.

But despite its many benefits, homeownership is a costly, on-going process. Closing costs on a home purchase, which generally range from 5 to 10 percent of the home's purchase price, are just the beginning. Homeowners pay monthly payments toward the principal and interest on the balance of the mortgage loan along with hazard insurance premiums, property taxes, and repair and maintenance costs. When they sell their homes, they pay commissions and other selling costs.

The good news for Texas homeowners is that compared with many other states homeownership costs do not constitute a large proportion of their incomes. This was one of many interesting findings of the 2002 American Community Survey by the U.S. Census Bureau. The survey provides a wealth of information on homeownership in Texas.

Texas Survey Highlights

- More than 4.8 million housing units — 56.8 percent of the state's stock — were owner-occupied, compared with 59.8 percent nationwide (Table 1).
- The median monthly ownership cost for housing units with a mortgage was \$1,096 compared with an average of \$1,168 nationwide (Table 2).
- In a ranking of states by homeownership costs, from least to most expensive, Texas ranked 29th for units with a mortgage and 34th for units without a mortgage (Tables 3 and 4).
- Units without a mortgage had average monthly costs of \$319 compared with the \$313 national average (Table 4).
- Monthly homeownership costs for 27.3 percent of housing units with a mortgage were less than \$999 (Table 5).
- Units with monthly costs between \$1,000 and \$1,249 accounted for 11.7 percent of owner-occupied housing units with a mortgage compared with 12.3 percent nationwide (Table 5).
- Only 2.2 percent of housing units with a mortgage had monthly costs of more than \$3,000, compared with 2.8 percent for the United States (Table 5).
- Homeowners without a mortgage accounted for 36.4 percent of housing units, compared with 30.1 percent nationwide (Table 5).
- Units without a mortgage and with monthly homeowner costs less than \$700 accounted for 33.9 percent of total housing units while units with costs more than \$700 per month made up only 2.5 percent of total units (Table 5).
- Units with a mortgage and with monthly costs of less than 30 percent of household income made up 47 percent of total Texas units (Table 6).
- Units without a mortgage and with monthly ownership costs of less than 10 percent of household income accounted for 15.8 percent of total Texas units (Table 6).
- Among the eight largest cities, Austin was the most expensive in median monthly homeownership costs (Table 7).
- Arlington had the highest monthly homeownership costs for units without a mortgage (Table 7).
- Units with a mortgage with monthly costs between \$1,000 and \$1,249 accounted for the largest number and percentage of housing units in Houston, San Antonio, Austin, Fort Worth and Corpus Christi (Tables 8, 9).
- Units without a mortgage with monthly costs between \$400 and \$499 accounted for the largest number and percentage of housing units in Houston, San Antonio and Austin (Tables 8, 9).
- Dallas has the smallest percentage of homeowners with a mortgage who pay monthly homeownership costs of less than 10 percent of their household incomes (Table 10).
- Units without a mortgage and with a monthly ownership costs of less than 10 percent of the household income accounted for 17 percent of housing units in San Antonio (Table 10).

About the Survey

For purposes of the survey, a housing unit was defined as "a house, an apartment, a mobile home or trailer, a group of rooms or a single room occupied as separate living quarters. . . ." Homes included in the survey were owner-occupied, one-family houses on fewer than ten acres without a business or medical office on the property.

Ownership costs included in survey cost calculations were mortgage payments, deeds of trust, contracts to purchase, or similar debts on the property (including payments for first and second mortgages and home equity loans); real estate taxes; fire, hazard and flood insurance; utilities (electricity, gas, water

and sewer); and heating fuels (oil, coal, kerosene and wood).

Where appropriate, costs also included monthly homeowner association fees and costs of purchasing and maintaining a manufactured home (installment loan payments, personal property taxes, site rent, registration fees and license fees).

Table 1. Housing Units, 2002

	Texas		U.S.	
	Number	Percent of Total	Number	Percent of Total
Total Units	8,502,060	100.0	119,302,132	100.0
Occupied Units	7,521,712	88.5	107,366,878	90.0
Owner Occupied	4,825,922	56.8	71,302,057	59.8
Renter Occupied	2,695,790	31.7	36,063,821	30.2
Vacant Units	980,348	11.5	11,935,254	10.0
For rent	291,150	3.4	2,760,648	2.3
For sale only	105,927	1.2	1,215,306	1.0
Rented or sold, not occupied	91,005	1.1	1,044,915	0.9
For seasonal or occasional use	228,383	2.7	4,017,968	3.4
Other vacant	263,883	3.1	2,896,417	2.4

Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

Table 2. 2002 Average Monthly Homeownership Costs by Mortgage Status*

	Texas	United States
Housing units with mortgage	\$1,096	\$1,168
Housing units without mortgage	319	313

Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

Table 3. 2002 Median Monthly Homeownership Costs, Housing Units With Mortgage

Rank	State	Cost
1	West Virginia	\$ 762
2	Arkansas	772
3	Mississippi	827
4	Oklahoma	832
5	North Dakota	852
6	Kentucky	870
7	Iowa	879
8	Louisiana	879
9	Alabama	892
10	South Dakota	895
11	Montana	908
12	Wyoming	913
13	Indiana	928
14	Missouri	946
15	Tennessee	962
16	New Mexico	963
17	Maine	971
18	Idaho	972
19	Nebraska	977
20	Kansas	988
21	South Carolina	995
22	Ohio	1,028
23	Pennsylvania	1,062
24	North Carolina	1,071
25	Vermont	1,082
26	Michigan	1,085
27	Wisconsin	1,088
28	Florida	1,091
29	Texas	1,096
30	Arizona	1,105
31	Georgia	1,125
32	Delaware	1,149
33	Utah	1,155
34	Minnesota	1,167
35	Oregon	1,217
36	Virginia	1,228
37	Nevada	1,267
38	Illinois	1,284
39	Rhode Island	1,305
40	Colorado	1,333
41	Alaska	1,363
42	Maryland	1,366
43	New Hampshire	1,377
44	Washington	1,405
45	New York	1,411
46	Connecticut	1,477
47	Massachusetts	1,486
48	District of Columbia	1,549
49	California	1,592
50	New Jersey	1,672
51	Hawaii	1,691

Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

Table 4. 2002 Median Monthly Homeownership Costs, Housing Units Without Mortgage

Rank	State	Cost
1	West Virginia	\$ 212
2	Louisiana	224
3	Kentucky	230
4	New Mexico	234
5	Hawaii	239
6	Alabama	240
6	Arkansas	240
8	Mississippi	245
9	Tennessee	251
10	Wyoming	252
11	Oklahoma	255
12	Delaware	258
13	Idaho	261
13	South Carolina	261
15	North Carolina	264
16	Indiana	268
17	Montana	274
18	Missouri	275
19	North Dakota	276
20	Utah	280
21	Colorado	281
21	Iowa	281
23	Arizona	283
23	Georgia	283
25	Virginia	284
26	Minnesota	292
27	Kansas	294
28	Ohio	300
29	South Dakota	302
30	California	306
31	Michigan	316
32	Nebraska	317
33	Florida	318
34	Texas	319
35	District of Columbia	325
36	Oregon	326
37	Maine	329
38	Alaska	336
38	Pennsylvania	336
40	Maryland	339
41	Nevada	343
42	Wisconsin	371
43	Illinois	372
44	Washington	378
45	Vermont	412
46	Massachusetts	430
47	Rhode Island	434
48	New Hampshire	462
49	New York	470
50	Connecticut	492
51	New Jersey	605

Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

Table 5. 2002 Distribution of Texas Monthly Homeowner Costs by Mortgage Status

	Texas		United States	
	Number	Percent of Total	Number	Percent of Total
Total	4,081,406	100.0	57,637,324	100.0
Housing Units With Mortgage	2,596,524	63.6	40,298,685	69.9
Less than \$200	2,502	0.1	38,632	0.1
\$200 to \$299	13,367	0.3	198,467	0.3
\$300 to \$399	35,294	0.9	545,602	0.9
\$400 to \$499	84,970	2.1	1,161,030	2.0
\$500 to \$599	131,492	3.2	1,799,805	3.1
\$600 to \$699	183,816	4.5	2,478,274	4.3
\$700 to \$799	204,472	5.0	2,899,853	5.0
\$800 to \$899	240,720	5.9	3,161,069	5.5
\$900 to \$999	217,534	5.3	3,118,027	5.4
\$1,000 to \$1,249	478,809	11.7	7,064,765	12.3
\$1,250 to \$1,499	336,318	8.2	5,477,796	9.5
\$1,500 to \$1,999	349,045	8.6	6,521,644	11.3
\$2,000 to \$2,499	149,774	3.7	2,924,060	5.1
\$2,500 to \$2,999	77,002	1.9	1,299,947	2.3
\$3,000 or more	91,409	2.2	1,609,714	2.8
Housing Units Without Mortgage	1,484,882	36.4	17,338,639	30.1
Less than \$100	35,308	0.9	224,605	0.4
\$100 to \$149	98,751	2.4	860,234	1.5
\$150 to \$199	156,426	3.8	1,855,219	3.2
\$200 to \$249	176,464	4.3	2,549,280	4.4
\$250 to \$299	207,693	5.1	2,610,859	4.5
\$300 to \$349	177,640	4.4	2,223,327	3.9
\$350 to \$399	151,998	3.7	1,744,062	3.0
\$400 to \$499	209,975	5.1	2,221,893	3.9
\$500 to \$599	105,172	2.6	1,183,184	2.1
\$600 to \$699	63,769	1.6	670,696	1.2
\$700 or more	101,686	2.5	1,195,280	2.1

Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

Table 6. Texas Monthly Ownership Cost as Percentage of Household Income, 2002

	Texas		United States	
	Number	Percent of Total	Number	Percent of Total
Total Housing Units	4,081,406	100.0	57,637,324	100.0
Units With Mortgage	2,596,524	63.6	40,298,685	69.9
Less than 10 percent	173,470	4.3	2,411,549	4.2
10 to 14.9 percent	451,364	11.1	5,990,408	10.4
15 to 19.9 percent	560,350	13.7	8,064,521	14.0
20 to 24.9 percent	434,183	10.6	7,035,925	12.2
25 to 29.9 percent	297,918	7.3	4,976,127	8.6
30 to 34.9 percent	181,634	4.5	3,271,580	5.7
35 to 39.9 percent	121,243	3.0	2,090,728	3.6
40 to 49.9 percent	118,663	2.9	2,347,844	4.1
50 percent or more	244,002	6.0	3,970,859	6.9
Not computed	13,697	0.3	139,144	0.2
Units Without Mortgage	1,484,882	36.4	17,338,639	30.1
Less than 10 percent	646,875	15.8	7,926,193	13.8
10 to 14.9 percent	319,914	7.8	3,470,710	6.0
15 to 19.9 percent	165,883	4.1	1,952,585	3.4
20 to 24.9 percent	95,073	2.3	1,178,388	2.0
25 to 29.9 percent	68,367	1.7	712,536	1.2
30 to 34.9 percent	41,957	1.0	476,949	0.8
35 to 39.9 percent	26,131	0.6	321,507	0.6
40 to 49.9 percent	29,798	0.7	394,794	0.7
50 percent or more	73,248	1.8	753,360	1.3
Not computed	17,636	0.4	151,617	0.3

Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

Table 7. Median Monthly Homeownership Costs for Major Texas Cities

Total Monthly Cost		
Rank	City	Monthly Cost
1	San Antonio	\$ 697
2	El Paso	702
3	Corpus Christi	739
4	Fort Worth	772
5	Houston City	835
6	Dallas	847
7	Arlington	1,077
8	Austin	1,155

Monthly Homeownership Cost of Units With a Mortgage		
Rank	City	Monthly Cost
1	El Paso	\$ 809
2	San Antonio	926
3	Fort Worth	995
4	Corpus Christi	1,024
5	Houston	1,111
6	Dallas	1,150
7	Arlington	1,189
8	Austin	1,379

Monthly Homeownership Cost of Units Without a Mortgage		
Rank	City	Monthly Cost
1	El Paso	\$ 273
2	San Antonio	285
3	Corpus Christi	303
4	Fort Worth	306
5	Houston	336
6	Dallas	364
7	Austin	438
8	Arlington	449

Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

**Table 8. 2002 Distribution of Monthly Homeownership Costs by Mortgage Status,
Major Texas Cities**

	Houston	San Antonio	Dallas	Austin	Fort Worth	El Paso	Corpus Christi
Total	301,726	235,510	173,158	119,164	111,119	110,914	53,708
Housing Units With Mortgage	202,003	152,943	109,670	88,671	72,182	80,462	33,983
Less than \$200	0	297	0	0	0	221	0
\$200 to \$299	540	448	0	226	863	0	0
\$300 to \$399	992	2,586	2,287	828	814	1,355	454
\$400 to \$499	5,198	7,830	2,057	423	2,173	2,633	1,283
\$500 to \$599	8,228	11,733	5,210	516	6,596	10,252	2,417
\$600 to \$699	17,510	14,252	6,616	1,608	4,824	11,526	1,884
\$700 to \$799	18,738	16,405	9,756	2,194	5,352	13,081	3,967
\$800 to \$899	19,330	19,291	9,631	4,728	8,535	12,341	1,674
\$900 to \$999	14,396	13,711	10,077	9,467	7,326	9,201	4,641
\$1,000 to \$1,249	36,111	25,513	15,352	17,324	13,231	10,606	7,058
\$1,250 to \$1,499	23,259	16,560	10,169	13,603	9,164	4,205	4,639
\$1,500 to \$1,999	25,820	15,550	17,762	13,765	5,670	3,011	3,138
\$2,000 to \$2,499	12,591	3,782	9,239	8,453	2,603	1,347	1,528
\$2,500 to \$2,999	6,848	1,914	5,107	5,945	1,593	223	718
\$3,000 or more	12,442	3,071	6,407	9,591	3,438	460	582
Housing Units Without Mortgage	99,723	82,567	63,488	30,493	38,937	30,452	19,725
Less than \$100	3,740	3,634	439	162	663	0	1,013
\$100 to \$149	5,488	7,538	2,683	193	2,955	2,155	1,284
\$150 to \$199	10,104	11,212	5,239	2,104	3,382	5,989	1,957
\$200 to \$249	9,889	10,968	6,522	1,727	5,718	4,808	1,563
\$250 to \$299	11,296	11,235	11,145	2,239	6,065	5,050	3,937
\$300 to \$349	12,931	9,916	3,923	3,046	5,317	2,568	1,824
\$350 to \$399	9,217	8,127	6,534	3,664	3,489	3,097	1,227
\$400 to \$499	14,743	11,598	7,126	5,519	3,205	3,486	3,431
\$500 to \$599	7,468	4,033	4,696	5,384	3,052	1,244	2,470
\$600 to \$699	4,175	2,847	5,285	2,642	1,622	768	555
\$700 or more	10,672	1,459	9,896	3,813	3,469	1,287	464

Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

Table 9. 2002 Percentage Distribution of Monthly Homeownership Costs by Mortgage Status, Major Texas Cities

	Houston	San Antonio	Dallas	Austin	Fort Worth	El Paso	Corpus Christi
Housing Units With Mortgage	66.9	64.9	63.3	74.4	65.0	72.5	63.3
Less than \$200	0.0	0.1	0.0	0.0	0.0	0.2	0.0
\$200 to \$299	0.2	0.2	0.0	0.2	0.8	0.0	0.0
\$300 to \$399	0.3	1.1	1.3	0.7	0.7	1.2	0.8
\$400 to \$499	1.7	3.3	1.2	0.4	2.0	2.4	2.4
\$500 to \$599	2.7	5.0	3.0	0.4	5.9	9.2	4.5
\$600 to \$699	5.8	6.1	3.8	1.3	4.3	10.4	3.5
\$700 to \$799	6.2	7.0	5.6	1.8	4.8	11.8	7.4
\$800 to \$899	6.4	8.2	5.6	4.0	7.7	11.1	3.1
\$900 to \$999	4.8	5.8	5.8	7.9	6.6	8.3	8.6
\$1,000 to \$1,249	12.0	10.8	8.9	14.5	11.9	9.6	13.1
\$1,250 to \$1,499	7.7	7.0	5.9	11.4	8.2	3.8	8.6
\$1,500 to \$1,999	8.6	6.6	10.3	11.6	5.1	2.7	5.8
\$2,000 to \$2,499	4.2	1.6	5.3	7.1	2.3	1.2	2.8
\$2,500 to \$2,999	2.3	0.8	2.9	5.0	1.4	0.2	1.3
\$3,000 or more	4.1	1.3	3.7	8.0	3.1	0.4	1.1
Housing Units Without Mortgage	33.1	35.1	36.7	25.6	35.0	27.5	36.7
Less than \$100	1.2	1.5	0.3	0.1	0.6	0.0	1.9
\$100 to \$149	1.8	3.2	1.5	0.2	2.7	1.9	2.4
\$150 to \$199	3.3	4.8	3.0	1.8	3.0	5.4	3.6
\$200 to \$249	3.3	4.7	3.8	1.4	5.1	4.3	2.9
\$250 to \$299	3.7	4.8	6.4	1.9	5.5	4.6	7.3
\$300 to \$349	4.3	4.2	2.3	2.6	4.8	2.3	3.4
\$350 to \$399	3.1	3.5	3.8	3.1	3.1	2.8	2.3
\$400 to \$499	4.9	4.9	4.1	4.6	2.9	3.1	6.4
\$500 to \$599	2.5	1.7	2.7	4.5	2.7	1.1	4.6
\$600 to \$699	1.4	1.2	3.1	2.2	1.5	0.7	1.0
\$700 or more	3.5	0.6	5.7	3.2	3.1	1.2	0.9

Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

Table 10. Percent of Total Housing Units by Percent of Household Income Spent on Homeowner Costs, 2002

	Houston	San Antonio	Dallas	Austin	Fort Worth	El Paso	Corpus Christi
Housing Units With Mortgage	66.9	64.9	63.3	74.4	65.0	72.5	63.3
Less than 10 percent	6.5	4.5	3.3	3.8	4.2	4.1	8.5
10 to 14.9 percent	11.5	11.3	7.7	8.8	7.7	11.5	11.1
15 to 19.9 percent	12.2	13.0	12.3	16.6	10.2	12.4	10.6
20 to 24.9 percent	10.0	9.0	10.3	11.5	11.1	9.8	7.0
25 to 29.9 percent	7.2	8.1	8.1	10.1	9.0	7.6	8.9
30 to 34.9 percent	4.0	5.6	4.0	6.8	8.4	8.0	1.4
35 to 39.9 percent	3.3	3.3	2.7	3.9	2.4	6.3	1.2
40 to 49.9 percent	4.3	3.5	3.5	3.6	5.6	3.4	4.9
50 percent or more	7.9	6.6	10.4	9.4	6.3	8.3	9.6
Not computed*	0.1	0.2	1.1	0.0	0.2	1.1	0.0
Housing Units Without Mortgage	33.1	35.1	36.7	25.6	35.0	27.5	36.7
Less than 10 percent	14.8	17.0	13.5	12.1	12.7	12.7	16.4
10 to 14.9 percent	6.1	6.3	8.0	4.0	8.7	5.3	6.8
15 to 19.9 percent	4.1	3.2	3.7	3.8	3.6	3.7	5.6
20 to 24.9 percent	2.3	1.6	2.5	0.7	3.1	2.3	3.7
25 to 29.9 percent	1.4	2.1	1.2	0.8	2.2	0.9	0.7
30 to 34.9 percent	1.2	0.8	1.8	1.0	1.6	0.7	2.2
35 to 39.9 percent	0.6	0.9	0.9	0.5	0.3	0.2	0.0
40 to 49.9 percent	0.7	1.1	1.0	0.7	1.6	0.2	0.9
50 percent or more	1.6	2.0	3.8	2.0	1.0	1.5	0.3
Not computed*	0.4	0.1	0.3	0.0	0.1	0.0	0.0

*Cost and income data not available.

Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University



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