What Do We Pay For Living Space?

Even if you have lower monthly housing costs than another homeowner does, you might really be paying more. More, that is, per every square foot of living space! So say data from the 1989 American Housing Survey (AHS).

This Brief shows how homeowners in each region compared in terms of—
- The amount of living space in their homes.
- Their monthly housing costs in general, as well as their costs per square foot of living space.
- Home values in general, plus values per square foot of space.
- Real estate taxes.

Excluded from the calculation of square footage are unfinished attics, carports, attached garages, porches unprotected from the elements, and mobile homes. The AHS is conducted by the Census Bureau and sponsored by the Department of Housing and Urban Development.

Who has more living space?
The largest owner-occupied, single-family, detached homes were in the Northeast (a median of 2,189 square feet large), fol-

The Cost of Housing
Median monthly housing costs for homeowners, by mortgage status and region: 1989

<table>
<thead>
<tr>
<th>Region</th>
<th>Owners with a mortgage</th>
<th>Owners without a mortgage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northeast</td>
<td>$815</td>
<td>$278</td>
</tr>
<tr>
<td>Midwest</td>
<td>$621</td>
<td>$214</td>
</tr>
<tr>
<td>South</td>
<td>$627</td>
<td>$171</td>
</tr>
<tr>
<td>West</td>
<td>$806</td>
<td>$203</td>
</tr>
</tbody>
</table>

Note: Costs for owners of mortgaged homes weren’t statistically different in the Northeast and West nor in the South and Midwest.

The Cost of Living Space Itself
Median annual housing costs per square foot in single-family, detached, owner-occupied homes, by mortgage status and region: 1989

<table>
<thead>
<tr>
<th>Region</th>
<th>Owners with a mortgage</th>
<th>Owners without a mortgage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northeast</td>
<td>$4.60</td>
<td>$1.75</td>
</tr>
<tr>
<td>Midwest</td>
<td>$3.93</td>
<td>$1.45</td>
</tr>
<tr>
<td>South</td>
<td>$4.57</td>
<td>$1.37</td>
</tr>
<tr>
<td>West</td>
<td>$5.84</td>
<td>$1.54</td>
</tr>
</tbody>
</table>

Note: Costs for owners of mortgaged homes in the Northeast and South weren’t statistically different.
lowed by the Midwest (1,969), West (1,745), and South (1,673).

Why are homes larger in the Northeast and Midwest? A major reason is that most homes in these two regions had full or partial basements. In contrast, crawl spaces and concrete slabs were the predominant home foundations in the West and South.

Where is living space costlier?

Among all homeowners, median monthly housing costs ranged from $322 in the South to $518 in the West. The Midwest ($375) and Northeast ($493) fell in between. The graph at the top of page 1 shows that the regional rankings changed depending on mortgage status.

If homeowners in two different regions have housing costs which don’t differ, they’re getting equal value, right? Not necessarily. Take mortgaged owners in the West and Northeast, for instance. There was no difference in their monthly housing costs. (See graph at top of front page.) But, because their homes were smaller, western owners paid over $1 more per square foot annually than those in the Northeast. (See graph at bottom of page 1.)

At the other end of the cost spectrum, mortgaged southern and midwestern owners also had monthly housing costs which didn’t differ. But midwestern owners saw their dollars stretch farther: they spent over half a dollar less annually per square foot.

Among the nonmortgaged, owners in the Northeast spent more on living space itself than their counterparts elsewhere. Notable too is the fact that while western nonmortgaged owners had lower median monthly housing costs than their counterparts in the Midwest, they paid more per square foot.

Where is living space more valuable?

The national median home value ($75,359) hides some large regional differences. The Northeast led the way, at $122,859, followed by the West ($110,317), South ($63,489), and Midwest ($60,790).

Thanks to the combination of its relatively high home values and relatively small homes, living space itself was most valuable in the West. Owner-occupied homes there (single-family detached and mobile) had a median value of $63.04 per square foot. The Northeast ranked a close second, at $57.60. The South ($38.08) and Midwest ($31.89) lagged far behind.

Where are taxes higher?

Though not as large an expense as mortgage payments, real estate taxes nonetheless comprise a significant portion of a homeowners’ overall housing costs. Interestingly, taxes don’t mirror home values throughout the Nation. Though median annual homeowner real estate taxes were highest in the Northeast ($1,500), the Midwest was second ($840), the West third ($780), and the South last ($432). These variations reflect, in part, differing property tax assessment policies among local governments, as well as the reliance on other types of taxes for sources of revenue.

More information:


Contacts:

Housing Costs and Living Space —
F. John Devaney
301-763-8018

Statistical Briefs —
Robert Bernstein
301-763-1584

This Brief is one of a series that presents information of current policy interest. It may include data from businesses, households, or other sources. All statistics are subject to sampling variability, as well as survey design flaws, respondent classification errors, and data processing mistakes. The Census Bureau has taken steps to minimize errors, and analytical statements have been tested and meet statistical standards. However, because of methodological differences, use caution when comparing these data with data from other sources.

Housing Costs and Home Values Defined

Housing Costs — For homeowners, costs include monthly payments for all mortgages, installment loans, or contracts in mortgaged homes. Also included, regardless of mortgage status, are payments for utilities, fuels, real estate taxes, property insurance, land rent, and garbage or trash collection, as well as homeowners association, cooperative or condominium, or mobile home park fees.

Home Value — This is homeowners’ estimate of how much their property (home and lot) would sell for if it were for sale at the time of the household interview. Any nonresidential portions of the property are excluded from the value.