

The Gains from Right to Rent in 2010

Dean Baker and Hye Jin Rho

September 2010

Contents

Introduction.....	1
Ownership Costs Versus Renting: Pre-tax.....	2
Ownership Costs Versus Renting: After-Tax.....	3
Conclusion	5
Appendix.....	6

About the Author

Dean Baker is the Co-director of and Hye Jin Rho is a Research Assistant at the Center for Economic and Policy Research, in Washington, D.C.

Acknowledgments

The authors thank Nicole Woo for helpful comments.

Introduction

Though Congress and Presidents Bush and Obama put forth several different mortgage modification programs, the rate of foreclosures has continued to rise over the past several years. According to CoreLogic, about one-in-four (23%) mortgages were underwater in the second quarter of 2010, and another one-in-four (28%) were nearly underwater.¹ It is clear that the vast majority of people facing foreclosure are not benefiting from these programs. The flagship program, HAMP, has managed less than half a million permanent mortgage modifications as of July.²

The limited impact of mortgage modification plans has increased interest in alternative policies to help homeowners facing foreclosure. One sensible alternative is the “Right to Rent” legislation introduced in the House of Representatives by Representatives Grijalva and Kaptur (H.R. 5028) that would give homeowners facing foreclosure the option to remain in their homes as tenants up to five years. During this period, they would be paying the fair market rent as set by an independent appraiser.

This would give homeowners an important degree of security, since they could not simply be thrown out on the streets. If they like their house, their neighborhood, and the schools for their kids, they need not have their lives severely disrupted by foreclosure. This policy should also benefit neighborhoods in the most hard-hit areas, since they would not have large numbers of vacant homes following foreclosures.

Right to Rent rules may also increase homeownership, since it will make foreclosure a less attractive option for lenders. If they knew that they could not foreclose and get a house free and clear, they may put more effort into arranging modifications that homeowners can afford.

During ordinary years, homeowners would not gain much from having a right to rent, since the gap between ownership costs and rental costs is usually not very large. However, because of the run-up in house prices during the housing bubble years, ownership costs vastly exceeded rental costs in many bubble markets.

This paper calculates savings from renting, in 2010, compared with owning a house purchased in 2006 or 2007 in 16 major metropolitan areas. (The appendix includes calculations for 100 cities, including these 16.) The analysis calculates the savings both before- and after-tax, allowing readers to see the impact on ownership costs of the mortgage interest and property tax deductions.

1 Berry, Kate. “Why Writedowns on Second Mortgages Are So Scarce.” American Banker. September 20, 2010. Accessed at http://www.americanbanker.com/issues/175_180/why-writedowns-on-second-morts-are-so-scarce-1025740-1.html

2 Smith, Matt. “Why Obama’s Mortgage-Relief Program Failed.” SF Weekly. September 1, 2010. Accessed at <http://www.sfweekly.com/2010-09-01/news/why-obama-s-mortgage-relief-program-failed/>

Ownership Costs Versus Renting: Pre-tax

Table 1 shows ownership costs for a house that sells for 75 percent of the median house price in each of the 16 cities listed below. The basis for rental costs is the Department of Housing and Urban Development's Fair Market Rent for a two-bedroom apartment. The calculations effectively assume that a house that sells for 75 percent of the median price in the metropolitan area is equivalent to the median two-bedroom rental unit in good condition.³ The price is the average of the median prices for 2006 and 2007, the peak years of the housing bubble. The ownership costs comprise mortgage payments, property taxes, and insurance and maintenance costs. These costs assume a 30-year fixed rate mortgage at 6.0 percent interest on a balance equal to 93 percent of the price of the home, property taxes of 0.75 percent of the house price, and total insurance and maintenance costs of 0.75 percent.

TABLE 1
Rent vs. Owning: Monthly Savings, Before Tax

Metropolitan Statistical Area (MSA)	Median House Price, 2006-2007	Monthly Ownership Costs	Monthly Fair Market Rent	Monthly Savings Gained by Renting
Baltimore-Towson, MD	\$306,550	\$1,666	\$1,203	\$463
Boston-Cambridge-Quincy, MA-NH	\$400,300	\$2,175	\$1,357	\$818
Chicago-Naperville-Joliet, IL-IN-WI	\$256,400	\$1,393	\$1,015	\$378
Cleveland-Elyria-Mentor, OH	\$150,850	\$820	\$735	\$85
Detroit-Warren-Livonia, MI	\$172,100	\$935	\$796	\$139
Los Angeles-Long Beach-Santa Ana, CA	\$608,600	\$3,307	\$1,420	\$1,887
Minneapolis-St. Paul-Bloomington, MN-WI	\$243,400	\$1,323	\$899	\$424
New York-Northern New Jersey-Long Island, NY-NJ-PA	\$463,550	\$2,519	\$1,359	\$1,160
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	\$235,300	\$1,279	\$1,095	\$184
Phoenix-Mesa-Scottsdale, AZ	\$263,300	\$1,431	\$919	\$512
Portland-Vancouver-Beaverton, OR-WA	\$283,800	\$1,542	\$839	\$703
Sacramento-Arden-Arcade-Roseville, CA	\$412,700	\$2,243	\$1,039	\$1,204
San Diego-Carlsbad-San Marcos, CA	\$564,250	\$3,066	\$1,324	\$1,742
San Francisco-Oakland-Fremont, CA	\$704,350	\$3,828	\$1,760	\$2,068
Tucson, AZ	\$207,750	\$1,129	\$815	\$314
Washington-Arlington-Alexandria, DC-VA-MD-WV	\$456,300	\$2,480	\$1,494	\$986

Source: Census Bureau, HUD, and authors' calculations, see appendix.

Note: Monthly ownership costs based on a house selling for 75 percent of the median.

In the most bubble-inflated markets in **Table 1**, homeowners would see substantial reductions in costs by becoming renters paying the market rent. In the Boston market, the savings would be over \$800 per month, while in the New York and Sacramento markets, the savings would be nearly \$1,200 a month. In San Diego, the savings would be over \$1,700 a month, in Los Angeles, close to \$1,900, and in San Francisco, over \$2,000 a month. By contrast, the saving from Right to Rent

³ The HUD measure excludes units that are not considered to be in good condition.

would be substantially less in markets that did not experience a significant bubble. The savings would be less than \$200 a month in Philadelphia, and around \$100 a month in Detroit and Cleveland.

There are two important qualifications to these numbers. First, if homeowners bought their homes before the peak of the bubble, they would almost certainly owe less on a mortgage. Therefore the savings to these homeowners from becoming renters would be lower.

The second qualification is that the 6.0 percent mortgage rate used in these calculations is likely to be lower than many homeowners are currently paying. Most of these homeowners were already in difficulty prior to the recent fall in mortgage rates and so would have been unlikely to have been able to take advantage of the recent drop in interest rates by refinancing. Furthermore, many of the homeowners now in trouble had taken out subprime or Alt-A loans. These loans typically have substantially higher interest rates. The appendix shows ownership costs calculated on the same basis for the 100 largest metropolitan areas, assuming interest rates of 7 percent and 8 percent, in addition to the 6 percent rate shown in Table 1. Homeowners who currently pay an interest rate above 6 percent would stand to save much more than the calculations shown in Table 1 indicate.

Ownership Costs Versus Renting: After-Tax

The preceding analysis ignored the benefits that owners get from mortgage interest and property tax deductions. For many homeowners, especially moderate-income homeowners who are particularly likely to face foreclosure, these mortgage deductions will be of little or no value. Many of these homeowners take the standard deduction on their tax returns, so that the mortgage interest and property tax deductions provide them with no additional savings.

Of course, many homeowners do take advantage of these tax deductions. However, even in these cases, the benefits of the deductions are likely to be limited. The actual value of the deductions is the difference between the homeowners' tax liability using the standard deduction and their liability when they take advantage of these ownership-related deductions. In the vast majority of cases, this difference will not be very large, since most homeowners have few substantial deductions on their tax returns other than their housing-related deductions.

Table 2 shows the savings, assuming a 25 percent marginal tax rate, from renting under the assumption that half of the increased deductions from homeownership are equal to half the combined value of the mortgage interest and property tax deductions. The standard deduction in 2009 for a married couple with 2 children filing jointly is \$13,300. The assumption that the net increase over the standard deduction is equal to half of homeownership-related expenses implies different amounts of non-homeownership expenses, depending on house prices. In the case of metropolitan areas with moderately priced homes, like Chicago or Minneapolis, this assumption leaves substantial room for non-homeownership deductions – \$4,700 and \$5,200, respectively.

TABLE 2
Rent vs. Owning: Monthly Savings, After-Tax -- 25 percent bracket

Metropolitan Statistical Area (MSA)	Median House Price, 2006-2007	Monthly Ownership Costs	Monthly Fair Market Rent	Monthly Savings Gained by Renting
Baltimore-Towson, MD	\$306,550	\$1,514	\$1,203	\$311
Boston-Cambridge-Quincy, MA-NH	\$400,300	\$1,977	\$1,357	\$620
Chicago-Naperville-Joliet, IL-IN-WI	\$256,400	\$1,267	\$1,015	\$252
Cleveland-Elyria-Mentor, OH	\$150,850	\$745	\$735	\$10
Detroit-Warren-Livonia, MI	\$172,100	\$850	\$796	\$54
Los Angeles-Long Beach-Santa Ana, CA	\$608,600	\$3,006	\$1,420	\$1,586
Minneapolis-St. Paul-Bloomington, MN-WI	\$243,400	\$1,202	\$899	\$303
New York-Northern New Jersey-Long Island, NY-NJ-PA	\$463,550	\$2,290	\$1,359	\$931
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	\$235,300	\$1,162	\$1,095	\$67
Phoenix-Mesa-Scottsdale, AZ	\$263,300	\$1,301	\$919	\$382
Portland-Vancouver-Beaverton, OR-WA	\$283,800	\$1,402	\$839	\$563
Sacramento-Arden-Arcade-Roseville, CA	\$412,700	\$2,039	\$1,039	\$1,000
San Diego-Carlsbad-San Marcos, CA	\$564,250	\$2,787	\$1,324	\$1,463
San Francisco-Oakland-Fremont, CA	\$704,350	\$3,479	\$1,760	\$1,719
Tucson, AZ	\$207,750	\$1,026	\$815	\$211
Washington-Arlington-Alexandria, DC-VA-MD-WV	\$456,300	\$2,254	\$1,494	\$760

Source: Census Bureau, HUD, and authors' calculations, see appendix.

Note: Monthly ownership costs based on a house selling for 75 percent of the median.

However, in the case of the most highly priced markets, like San Francisco and Los Angeles, the assumed housing-related deductions are more than twice the size of the standard deduction. Therefore, this calculation understates the benefit of the tax deduction and overstates housing costs. This overstatement cannot be very large relative to the potential savings from paying the market rent. Even in San Francisco – the highest-priced market – if the full amount of homeownership-related expenses were counted as a net increase in deductions, it would only amount to a net savings of \$6,000 a year or \$500 a month, compared with the figure shown in Table 2. This is less than one-third of the savings shown in Table 2.

In this case, the gains from switching from ownership costs to rents are still substantial, even after taking account of the tax deductions for homeownership. In the case of Sacramento, the savings are about \$1,000 a month, and in San Diego, almost \$1,500 a month. In Washington, DC, the gains are close to \$800 a month.

Table 3 shows the same set of calculations, except it assumes that the homeowner faces a marginal tax rate of 15 percent. This is far more common than the 25 percent tax rate, even among homeowners.

TABLE 3**Rent vs. Owning: Monthly Savings, After-Tax -- 15 percent bracket**

Metropolitan Statistical Area (MSA)	Median House Price, 2006-2007	Monthly Ownership Costs	Monthly Fair Market Rent	Monthly Savings Gained by Renting
Baltimore-Towson, MD	\$306,550	\$1,576	\$1,203	\$373
Boston-Cambridge-Quincy, MA-NH	\$400,300	\$2,057	\$1,357	\$700
Chicago-Naperville-Joliet, IL-IN-WI	\$256,400	\$1,318	\$1,015	\$303
Cleveland-Elyria-Mentor, OH	\$150,850	\$775	\$735	\$40
Detroit-Warren-Livonia, MI	\$172,100	\$885	\$796	\$89
Los Angeles-Long Beach-Santa Ana, CA	\$608,600	\$3,128	\$1,420	\$1,708
Minneapolis-St. Paul-Bloomington, MN-WI	\$243,400	\$1,251	\$899	\$352
New York-Northern New Jersey-Long Island, NY-NJ-PA	\$463,550	\$2,383	\$1,359	\$1,024
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	\$235,300	\$1,209	\$1,095	\$114
Phoenix-Mesa-Scottsdale, AZ	\$263,300	\$1,353	\$919	\$434
Portland-Vancouver-Beaverton, OR-WA	\$283,800	\$1,459	\$839	\$620
Sacramento-Arden-Arcade-Roseville, CA	\$412,700	\$2,121	\$1,039	\$1,082
San Diego-Carlsbad-San Marcos, CA	\$564,250	\$2,900	\$1,324	\$1,576
San Francisco-Oakland-Fremont, CA	\$704,350	\$3,620	\$1,760	\$1,860
Tucson, AZ	\$207,750	\$1,068	\$815	\$253
Washington-Arlington-Alexandria, DC-VA-MD-WV	\$456,300	\$2,345	\$1,494	\$851

Source: Census Bureau, HUD, and authors' calculations, see appendix.

Note: Monthly ownership costs based on a house selling for 75 percent of the median.

Conclusion

Many of the homeowners currently facing foreclosure would likely be able to afford the market rent on their home. If, recognizing the extraordinary situation, Congress were to temporarily alter the foreclosure laws to allow foreclosed homeowners to remain in their homes as renters (e.g., H.R. 5028), it is likely that many would choose to take advantage of this opportunity. This path would offer savings for former homeowners, which would provide a modest stimulus to the economy by freeing up some of their funds, as well as help stabilize families and communities that are blighted by foreclosures. In addition, Right to Rent offers the advantage that it could immediately benefit all homeowners facing foreclosure without any bureaucracy and would require no taxpayer dollars.

Appendix

The source for the median house sales prices is the Census Bureau's 2006 and 2007 American Community Survey 1-Year Estimates, data profile tables for metropolitan statistical areas.⁴ For purposes of this paper, 2006 and 2007 median house prices are averaged to define the years safely suggested as the peak years of the housing bubble. The rental costs are based on the Department of Housing and Urban Development's 2010 Fair Market Rents (FMR) for two-bedroom apartments. FMR uses 3 percentage point trend level increase and local CPI factors to adjust 2007 American Community Survey data on rents. The latest data refer to April 2010 rental costs.

Appendix Table 1 shows comparable ownership costs and rental costs in 2010 in 100 metropolitan statistical areas, assuming that houses were purchased during the peak years of bubble. The calculations for the low-, middle-, and high-cost scenarios show the monthly payment on a 30-year fixed mortgage at 6 percent, 7 percent, and 8 percent interest rates, respectively, for 75 percent of the median house price for each metropolitan area. The property taxes and combined maintenance and insurance costs both are assumed at 0.75 percent, 1.0 percent, and 1.5 percent for each scenario, respectively.⁵

APPENDIX TABLE

Rent vs. Owning in 100 Largest Metropolitan Statistical Areas (MSA)

State	Metropolitan Statistical Areas (MSA)	Median Home Value 2006-2007	Home Ownership Costs in 2010			Fair Market Rent (FMR) 2010**
			Low	Middle	High	
AL	Birmingham-Hoover	\$136,000	\$739	\$849	\$1,003	\$735
AR	Little Rock-North Little Rock-Conway	\$121,150	\$658	\$756	\$894	\$684
AZ	Phoenix-Mesa-Scottsdale	\$263,300	\$1,431	\$1,643	\$1,943	\$919
	Tucson	\$207,750	\$1,129	\$1,296	\$1,533	\$815
CA	Bakersfield	\$255,950	\$1,391	\$1,597	\$1,888	\$799
	Fresno	\$298,850	\$1,624	\$1,865	\$2,205	\$840
	Los Angeles-Long Beach-Santa Ana	\$608,600	\$3,307	\$3,798	\$4,490	\$1,420
	Modesto	\$365,100	\$1,984	\$2,278	\$2,694	\$930
	Oxnard-Thousand Oaks-Ventura	\$644,650	\$3,503	\$4,022	\$4,756	\$1,479
	Riverside-San Bernardino-Ontario	\$396,050	\$2,152	\$2,471	\$2,922	\$1,108
	Sacramento-Arden-Arcade-Roseville	\$412,700	\$2,243	\$2,575	\$3,045	\$1,039
	San Diego-Carlsbad-San Marcos	\$564,250	\$3,066	\$3,521	\$4,163	\$1,324
	San Francisco-Oakland-Fremont	\$704,350	\$3,828	\$4,395	\$5,197	\$1,760
	San Jose-Sunnyvale-Santa Clara	\$747,450	\$4,062	\$4,664	\$5,515	\$1,438
	Stockton	\$413,250	\$2,246	\$2,579	\$3,049	\$947
CO	Colorado Springs	\$212,750	\$1,156	\$1,328	\$1,570	\$795

4 http://factfinder.census.gov/servlet/DatasetMainPageServlet?_ts=266325995737&_ds_name=ACS_2007_1YR_G00_

5 This paper adopts methodology used previously. For more information on property taxes, refer to: Rho, Hye Jin, Danilo Pelletiere, and Dean Baker. 2008. "The Cost of Maintaining Ownership in the Current Crisis." Washington, DC: Center for Economic and Policy Research. http://www.cepr.net/documents/publications/ownrent_2008_04.pdf

	Denver-Aurora	\$244,300	\$1,328	\$1,524	\$1,803	\$921
	Bridgeport-Stamford-Norwalk	\$503,550	\$2,736	\$3,142	\$3,715	\$1,283
CT	Hartford-West Hartford-East Hartford	\$251,100	\$1,365	\$1,567	\$1,853	\$1,095
	New Haven-Milford	\$273,000	\$1,484	\$1,703	\$2,014	\$1,181
DC*	Washington-Arlington-Alexandria, DC-VA-MD	\$456,300	\$2,480	\$2,847	\$3,367	\$1,494
	Cape Coral-Fort Myers	\$255,600	\$1,389	\$1,595	\$1,886	\$1,029
	Deltona-Daytona Beach-Ormond Beach	\$202,600	\$1,101	\$1,264	\$1,495	\$948
	Jacksonville	\$197,100	\$1,071	\$1,230	\$1,454	\$903
	Lakeland-Winter Haven	\$148,350	\$806	\$926	\$1,095	\$788
FL	Miami-Fort Lauderdale-Pompano Beach	\$311,400	\$1,692	\$1,943	\$2,298	\$1,206
	Orlando-Kissimmee	\$244,950	\$1,331	\$1,528	\$1,807	\$1,052
	Palm Bay-Melbourne-Titusville	\$211,050	\$1,147	\$1,317	\$1,557	\$916
	Sarasota-Bradenton-Venice	\$256,800	\$1,395	\$1,602	\$1,895	\$1,147
	Tampa-St. Petersburg-Clearwater	\$202,800	\$1,102	\$1,265	\$1,496	\$959
GA*	Atlanta-Sandy Springs-Marietta	\$190,750	\$1,037	\$1,190	\$1,407	\$912
	Augusta-Richmond County, GA-SC	\$112,600	\$612	\$703	\$831	\$649
HI	Honolulu	\$554,850	\$3,015	\$3,462	\$4,094	\$1,704
IA	Des Moines-West Des Moines	\$147,850	\$803	\$923	\$1,091	\$737
ID	Boise City-Nampa	\$197,650	\$1,074	\$1,233	\$1,458	\$721
IL*	Chicago-Naperville-Joliet, IL-IN-WI	\$256,400	\$1,393	\$1,600	\$1,892	\$1,015
IN	Indianapolis-Carmel	\$141,100	\$767	\$880	\$1,041	\$754
KS	Wichita	\$109,150	\$593	\$681	\$805	\$640
KY*	Louisville-Jefferson County, KY-IN	\$140,400	\$763	\$876	\$1,036	\$684
LA	Baton Rouge	\$138,100	\$750	\$862	\$1,019	\$792
	New Orleans-Metairie-Kenner	\$177,000	\$962	\$1,104	\$1,306	\$982
	Springfield	\$210,700	\$1,145	\$1,315	\$1,555	\$922
MA*	Worcester	\$293,350	\$1,594	\$1,830	\$2,164	\$991
	Boston-Cambridge-Quincy, MA-NH	\$400,300	\$2,175	\$2,498	\$2,954	\$1,357
MD	Baltimore-Towson	\$306,550	\$1,666	\$1,913	\$2,262	\$1,203
ME	Portland-South Portland-Biddeford	\$238,150	\$1,294	\$1,486	\$1,757	\$1,109
MI	Detroit-Warren-Livonia	\$172,100	\$935	\$1,074	\$1,270	\$796
	Grand Rapids-Wyoming	\$146,600	\$797	\$915	\$1,082	\$749
MN*	Minneapolis-St. Paul-Bloomington, MN-WI	\$243,400	\$1,323	\$1,519	\$1,796	\$899
MO*	St. Louis	\$155,800	\$847	\$972	\$1,150	\$771
	Kansas City	\$156,450	\$850	\$976	\$1,154	\$834
MS	Jackson	\$118,600	\$644	\$740	\$875	\$788
	Greensboro-High Point	\$134,300	\$730	\$838	\$991	\$703
NC*	Raleigh-Cary	\$186,500	\$1,013	\$1,164	\$1,376	\$856
	Charlotte-Gastonia-Concord, NC-SC	\$162,300	\$882	\$1,013	\$1,197	\$806
NE*	Omaha-Council Bluffs, NE-IA	\$140,250	\$762	\$875	\$1,035	\$766
NM	Albuquerque	\$173,200	\$941	\$1,081	\$1,278	\$782
NV	Las Vegas-Paradise	\$318,050	\$1,728	\$1,985	\$2,347	\$1,063
NY*	Albany-Schenectady-Troy	\$177,000	\$962	\$1,104	\$1,306	\$874
	Buffalo-Niagara Falls	\$106,650	\$580	\$665	\$787	\$728
	Poughkeepsie-Newburgh-Middletown	\$329,000	\$1,788	\$2,053	\$2,427	\$1,128
	Rochester	\$119,050	\$647	\$743	\$878	\$803
	Syracuse	\$108,850	\$592	\$679	\$803	\$759

	NY-Northern NJ-Long Island, NY-NJ-PA	\$463,550	\$2,519	\$2,892	\$3,420	\$1,359
	Akron	\$146,000	\$793	\$911	\$1,077	\$762
	Cleveland-Elyria-Mentor	\$150,850	\$820	\$941	\$1,113	\$735
	Columbus	\$164,050	\$891	\$1,024	\$1,210	\$750
OH*	Dayton	\$128,050	\$696	\$799	\$945	\$696
	Toledo	\$133,350	\$725	\$832	\$984	\$664
	Cincinnati-Middletown, OH-KY-IN	\$154,250	\$838	\$962	\$1,138	\$726
	Youngstown-Warren-Boardman, OH-PA	\$100,700	\$547	\$628	\$743	\$595
OK	Oklahoma City	\$115,350	\$627	\$720	\$851	\$662
	Tulsa	\$115,550	\$628	\$721	\$853	\$711
OR*	Portland-Vancouver-Beaverton, OR-WA	\$283,800	\$1,542	\$1,771	\$2,094	\$839
	Harrisburg-Carlisle	\$151,650	\$824	\$946	\$1,119	\$820
	Pittsburgh	\$113,600	\$617	\$709	\$838	\$730
PA*	Scranton-Wilkes-Barre	\$116,450	\$633	\$727	\$859	\$639
	Allentown-Bethlehem-Easton, PA-NJ	\$208,350	\$1,132	\$1,300	\$1,537	\$859
	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	\$235,300	\$1,279	\$1,468	\$1,736	\$1,095
RI*	Providence-New Bedford-Fall River, RI-MA	\$305,700	\$1,661	\$1,907	\$2,256	\$963
	Charleston-North Charleston-Summerville	\$190,050	\$1,033	\$1,186	\$1,402	\$863
SC	Columbia	\$129,750	\$705	\$810	\$957	\$767
	Greenville-Mauldin-Easley	\$130,700	\$710	\$816	\$964	\$659
	Knoxville	\$139,500	\$758	\$870	\$1,029	\$732
TN*	Nashville-Davidson-Murfreesboro-Franklin	\$162,650	\$884	\$1,015	\$1,200	\$807
	Chattanooga, TN-GA	\$130,250	\$708	\$813	\$961	\$669
	Memphis, TN-MS-AR	\$129,000	\$701	\$805	\$952	\$783
	Austin-Round Rock	\$170,800	\$928	\$1,066	\$1,260	\$954
	Dallas-Fort Worth-Arlington	\$143,250	\$778	\$894	\$1,057	\$894
TX	El Paso	\$93,250	\$507	\$582	\$688	\$598
	Houston-Sugar Land-Baytown	\$132,800	\$722	\$829	\$980	\$892
	McAllen-Edinburg-Mission	\$68,100	\$370	\$425	\$502	\$655
	San Antonio	\$112,400	\$611	\$701	\$829	\$796
UT	Ogden-Clearfield	\$183,750	\$999	\$1,147	\$1,356	\$749
	Salt Lake City	\$222,600	\$1,210	\$1,389	\$1,642	\$836
VA*	Richmond	\$212,700	\$1,156	\$1,327	\$1,569	\$930
	Virginia Beach-Norfolk-Newport News, VA-NC	\$232,050	\$1,261	\$1,448	\$1,712	\$934
WA	Seattle-Tacoma-Bellevue	\$363,300	\$1,974	\$2,267	\$2,681	\$1,056
WI	Madison	\$219,250	\$1,191	\$1,368	\$1,618	\$899
	Milwaukee-Waukesha-West Allis	\$200,500	\$1,090	\$1,251	\$1,479	\$858

Sources: American Community Survey 2006-2007, Department of Housing and Urban Development, and author's calculations

Notes: * One or more MSAs in the state incorporate cities in nearby states. **HUD redefines metropolitan areas in some cases where traditional MSAs are larger than HUD defined housing market areas. For more information on HUD's definition of specific metro areas, see <http://www.huduser.org/datasets/fmr.html>