THE REAL COST OF OWNING A HOUSTON HOME

Your mortgage is only one part of the bill. A clear guide to property taxes, insurance, repairs and the expenses that add up.

What this guide helps you do

- Understand what can change even when your mortgage rate is fixed.
- Know exactly what to check, where to check it, and what questions to ask.
- Build a realistic monthly budget using your own numbers.



Practical information for City of Houston homeowners and residents. Property taxes and insurance rules can also apply beyond the city; local utility services and charges vary by address.

Prepared October 2026. Official reference pages were checked during preparation. Verify current rules, availability, limits and deadlines before acting.

1 Start with your actual monthly cost

A fixed-rate mortgage usually keeps the principal and interest portion stable. It does not freeze property taxes, insurance, utilities or repair bills. If taxes and insurance are paid through an escrow account, your lender may adjust the total monthly payment.

The seven numbers to find

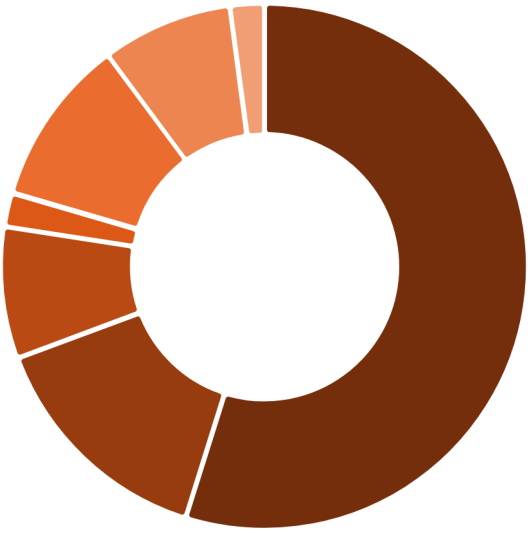
- Mortgage principal + interest (check your loan statement).
- Property taxes (annual tax bills divided by 12).
- Homeowners insurance (annual premium divided by 12).
- Flood or other separate insurance policies, if any.
- Utilities: electricity, water, gas, trash or other services you pay.
- HOA or condominium dues and possible special assessments, where applicable.
- Maintenance reserve for routine work and future replacements.

Simple formula: Monthly cost = principal and interest + monthly share of taxes + insurance + utilities + HOA dues + maintenance savings + other applicable costs.

Illustration only - not Houston averages

These are invented example amounts to demonstrate the method. Replace each with your own bill or estimate. Do not add escrowed taxes and insurance twice.

Expense	Example / month
Principal + interest	$1,700
Property taxes	$450
Homeowners insurance	$250
Flood insurance	$65
Utilities	$320
Maintenance reserve	$250
HOA / other	$65
TOTAL	**$3,100**



2 Property taxes: what can change?

A property tax bill depends on your property's taxable value and the tax rates of the taxing units serving your address. Your appraised value is not always the same as your taxable value: exemptions and other limits may reduce the amount used for some taxes.

Appraised value

minus exemptions and limits

taxable value

times tax rate

your tax bill

Know these three terms

- Appraised value: HCAD's estimate of your property value for tax purposes.
- Taxable value: The value used for a particular taxing unit after applicable exemptions and adjustments.
- Tax rate: A rate set by each applicable taxing unit, such as a school district or municipality.

Homestead exemption: check it

If you own and use the home as your principal residence, you may qualify for a residence homestead exemption. It can reduce taxable value and your tax bill. Texas also provides other exemptions for some qualified homeowners, including certain older adults, people with disabilities and veterans. The amount and tax benefit depend on the applicable taxing unit and your eligibility.

> Important: An exemption does not eliminate all property taxes. An appraisal-value increase does not necessarily cause an equal percentage increase in your bill. Texas rules also include qualifying appraisal limitations that differ from exemptions.

Do this next

- Find your property account at HCAD and check the listed owner, address, values and exemptions.
- If a homestead exemption is missing, review HCAD's application options and documentation requirements.
- Compare this year's appraisal notice and tax bills with the prior year.
- If you think the appraisal is wrong, review your appraisal notice and current protest instructions immediately. Do not assume the deadline is the same every year.

HCAD homestead application: **https://hcad.org/hcad-online-services/homestead/**

HCAD exemption guidance: **https://hcad.org/hcad-help/frequently-asked-questions/**

Texas Comptroller exemptions: **https://comptroller.texas.gov/taxes/property-tax/exemptions/**

3 Home insurance: compare the real protection

Your homeowners insurance premium can change at renewal. What matters is not just what you pay each year, but what the policy would pay after a covered loss.

The five things to check

- Premium: What the insurer charges for coverage.
- Deductible: Your share of a covered claim before the policy pays, subject to the policy terms.
- Dwelling coverage: How much insurance is available to repair or rebuild the structure.
- Replacement cost vs. actual cash value: How age and depreciation may affect payment.
- Exclusions and separate deductibles: Read the rules for wind, hail, hurricanes, water and other losses.

Watch percentage deductibles. For example, a 2% deductible on $350,000 of insured dwelling coverage is $7,000. That is an example, not a claim about your policy. A percentage deductible may be much larger than a fixed-dollar deductible.



Flooding is a separate question

Most standard homeowners policies do not cover flood damage. Check flood exposure even if your address is outside a FEMA high-risk flood zone. FEMA maps identify regulatory flood zones; they do not capture every possible source of flooding. Ask an insurance professional about available flood coverage, waiting periods and limits.

Do this before renewal

- Read your declarations page; write down premium, deductibles and coverage limits.
- Ask for two or three quotes with comparable coverage, not just a lower advertised price.
- Check discounts, insurer licensing and complaint history.
- Ask what happens if roof damage, a major water leak or a flood occurs.
- Do not cancel existing coverage before replacement coverage is secured.

Texas Department of Insurance comparison checklist: **https://www.tdi.texas.gov/consumer/home-insurance-shopping-guide.html**

FEMA / NFIP flood insurance: **https://www.floodsmart.gov/**

4 Repair costs: plan before things break

A home has components with different lifespans. The goal is not to predict the exact day something will fail. It is to spot problems early, keep records and set money aside for repairs you cannot avoid.

A simple Houston-focused maintenance routine

Check	Why it matters / next move
Air conditioning	Change filters per equipment guidance; schedule professional service when needed; track unusual noise and cooling problems.
Roof and gutters	Look for missing shingles, blocked gutters, stains and drainage problems; use qualified professionals for roof work.
Plumbing and water	Check under sinks, around water heaters and toilets; act on unexplained water use.
Exterior drainage	Keep drainage paths clear; note where water collects after heavy rain.
Foundation and openings	Photograph new cracks or doors that suddenly stick; seek qualified evaluation for persistent changes.
Pests and moisture	Watch for termites, visible leaks, moldy odors and damp areas.

How much should you save?

No single maintenance percentage works for every Houston home. A newer house and an older house with aging AC and roofing can have very different needs. Start with a monthly amount you can sustain, then increase it as you inventory major systems and obtain replacement estimates.

Practical approach: List your five most expensive components (for example roof, AC, water heater, plumbing and major appliances). Estimate when each may need work and build a reserve. Keep a separate emergency fund for sudden failures.

Before hiring a contractor

- Get a written scope, total price, payment schedule and materials list.
- Ask about licenses or registrations where required, insurance and relevant experience.
- Get multiple written estimates for major non-emergency work.
- Do not pay the entire job upfront; verify permits when applicable.

5 The smaller bills that add up

Utilities: look at a full year, not one month

Houston summer electricity bills may be very different from winter bills. Review 12 months of usage and cost. Check for higher consumption, changed rates, service fees and leaks. Compare usage before assuming every increase comes from the utility rate.

HOA and condo costs

If your property has an association, plan for recurring dues and ask whether special assessments are possible. Condominium owners should also understand which repairs the association covers, its reserve planning and what remains the owner's responsibility.

Mortgage insurance and other loan expenses

Some loans include mortgage insurance or program-specific charges. Review your loan documents and current lender statement to understand whether they can end and under what conditions. Do not assume all mortgage insurance disappears automatically at the same time.

Water bill suddenly jumped?

Check for leaks and confirm meter readings or usage. City of Houston customers may qualify for certain water-bill adjustments depending on the circumstances. The official city request form details documentation requirements, limits and deadlines; approval is not automatic.

City of Houston water-bill adjustment request:
https://www.houstonwaterbills.houstontx.gov/ProdDP/Billing/AccountBasedServiceRequest/UniversalAdjustmentRequest

Do this next

- Download your past 12 months of utility bills and calculate an average.
- Review HOA notices, annual budgets and special assessment announcements.
- Check whether utilities, association costs or optional services are already included in another payment.
- For non-emergency city service issues, use Houston 311.

Houston 311:
https://www.houstontx.gov/311/

NEW CHAPTER

WHY SOME HOUSTON HOMEOWNERS FEEL STUCK

The financial reality of staying, selling or moving in today's housing market.

Moving can be financially hard even with substantial equity or a real need for a different home.

The Mortgage Rate Lock-In Effect

Homeowners who secured mortgages at historically low interest rates may face significantly higher payments when purchasing another property.

- Their existing mortgage rate may be substantially lower than current rates.
- Selling means giving up that favorable financing.
- A similarly priced replacement home could have a higher monthly mortgage payment.
- Property taxes, insurance, closing costs and moving expenses add to the financial decision.

Key takeaway

Your existing mortgage may be one of your biggest financial advantages.

Why Selling Isn't Always the Obvious Answer

Houston housing conditions have changed from the unusually competitive market of previous years.

- Buyers potentially have more properties to choose from.
- Homes in some neighborhoods are taking longer to sell.
- Sellers need to consider realistic asking prices.
- Mortgage rates affect buyer affordability.
- Home equity does not automatically translate into affordable replacement housing.

What the latest report shows

Greater Houston, single-family homes, July 2026. Source: Houston Association of Realtors (HAR). These are Greater Houston figures, not City of Houston data, and a snapshot, not a prediction.

Measure	July 2026	Change
Active listings	40,750 (highest HAR has recorded)	+3.4% YoY
Homes sold	8,340 (8,212 in July 2025)	+1.6%
Median price	$340,000	+0.6%
Average price	$440,816	+1.9%
Freddie Mac 30-year fixed rate	6.54% (6.72% a year earlier)	Lower

Key takeaway: Equity is real, but it does not by itself make the next home affordable.

Three Choices Worth Comparing

	Option 1: Stay	Option 2: Sell and move	Option 3: Rent out the property
Potential advantages	Keep an existing favorable mortgage rate. Avoid selling and moving costs. Improve the property gradually.	Find a home that better meets current needs. Use accumulated equity toward another property. Potentially reduce maintenance or change housing expenses.	Retain property ownership. Potential rental income. Greater flexibility if moving elsewhere.
Considerations	Ongoing maintenance. Insurance and property tax changes. Renovation expenses.	New mortgage rates. Selling and purchasing expenses. Replacement-home affordability. Property taxes and insurance.	Vacancy and maintenance costs. Property management and landlord responsibilities. Insurance changes. Mortgage terms, taxes and potential loss of homestead exemption eligibility. Rental income may not cover ownership expenses.

Renting is not automatically profitable. Homeowners must evaluate their actual numbers.

Key takeaway: Compare all three with your own numbers before deciding.

SHOULD I STAY, SELL OR RENT?

CURRENT HOME

Estimated market value $ _____

Remaining mortgage balance $ _____

Current mortgage interest rate _____ %

Monthly principal and interest $ _____

Property taxes $ _____

Homeowners insurance $ _____

HOA fees $ _____

Maintenance and utilities $ _____

SELLING AND MOVING

Estimated sale price $ _____

Selling expenses $ _____

Estimated net proceeds $ _____

Replacement home price $ _____

New mortgage interest rate _____ %

Estimated monthly ownership costs $ _____

Moving expenses $ _____

RENTING

Expected monthly rent $ _____

Mortgage, taxes and insurance $ _____

Maintenance reserve $ _____

Vacancy allowance $ _____

Property management expenses $ _____

Estimated monthly cash flow $ _____

Estimates are starting points, not guaranteed outcomes.

Key takeaway: Use real bills and recent quotes wherever possible.

What Houston Homeowners Should Do Next

1. Find your current mortgage rate, remaining balance and actual monthly ownership costs.
2. Review your home's estimated market value using recent comparable sales.
3. Calculate the complete cost of buying a replacement property.
4. If considering renting, estimate rental income after vacancies and expenses.
5. Compare all three options before making a decision.

Reminder: There is no universally correct choice. The right decision depends on personal finances, housing needs, property conditions and long-term goals.

"The smartest move isn't always to move. It's knowing what staying, selling or renting will actually cost you."

Shaadi Nezami

Sources and accuracy

- Houston Association of Realtors: **https://www.har.com**
- Freddie Mac mortgage rate survey: **https://www.freddiemac.com/pmms**
- Harris Central Appraisal District: **https://hcad.org**
- Texas Department of Insurance: **https://www.tdi.texas.gov**

Figures shown are from HAR's July 2026 Housing Market Update (Greater Houston, single-family homes). Check the sources for current numbers. Example calculations are not market statistics.

6 Homeowner action plan

You do not need to fix everything this week. The highest-value first step is a basic review of your bills and coverage.

This week - 30 minutes

- [ ] Find your mortgage statement and identify principal, interest and escrow.
- [ ] Check your HCAD property record and listed exemptions.
- [ ] Find your insurance declarations page and write down deductibles.
- [ ] Review your latest utility bills for unexplained changes.

This month

- [ ] Calculate an average monthly cost using the next worksheet.
- [ ] Get updated insurance comparisons if renewal is approaching.
- [ ] Walk around your property looking for leaks, drainage problems and deferred maintenance.
- [ ] Create a repair reserve that fits your budget.

Every year

- [ ] Review appraisal notices, tax bills and exemptions.
- [ ] Review homeowners and flood insurance limits, premiums and deductible amounts.
- [ ] Revisit HOA budgets, utilities and maintenance plans.
- [ ] Update photos, receipts and a home inventory in a secure place.

Most useful rule: Put a recurring reminder on your calendar to review these costs before each insurance renewal and again when property tax notices arrive.

7 Your homeownership cost worksheet

Use actual bills whenever possible. For an annual expense, divide by 12. For irregular repairs, enter a monthly savings amount. If a line does not apply, use $0.

Important: If your mortgage payment already includes escrow for taxes and insurance, include that escrow amount once, rather than adding those annual bills again. Check whether mortgage insurance is already included as well.

Expense	Monthly amount
Mortgage principal + interest	$ _____
Property taxes (if not in escrow)	$ _____
Homeowners insurance (if not in escrow)	$ _____
Flood / other insurance (if not in escrow)	$ _____
Escrow portion for taxes + insurance	$ _____
Electricity	$ _____
Water / sewer / trash	$ _____
Gas + other utilities	$ _____
HOA / condominium dues	$ _____
Mortgage insurance (if separate)	$ _____
Monthly maintenance savings	$ _____
Other recurring home expenses	$ _____
TOTAL MONTHLY HOME COST	**$ _____**

Total monthly cost × 12 = estimated annual homeownership cost.

A quick comparison

What was your monthly total last year? $ _____

What is your monthly total now? $ _____

Difference per month: $ _____ Difference per year: $ _____

8 Official sources and what to check

These are government or public-agency resources. Links were opened or located on official current pages during preparation in October 2026. Websites, eligibility rules and forms may change after publication.

- Harris Central Appraisal District home: **https://hcad.org/**
  Search property details, review exemptions, find forms and check appraisal questions.
- HCAD homestead application: **https://hcad.org/hcad-online-services/homestead/**
- HCAD property tax FAQ: **https://hcad.org/hcad-help/frequently-asked-questions/**
- Texas Comptroller property tax exemptions: **https://comptroller.texas.gov/taxes/property-tax/exemptions/**
- Texas Department of Insurance shopping guide: **https://www.tdi.texas.gov/consumer/home-insurance-shopping-guide.html**
- Texas insurance comparison information: **https://www.tdi.texas.gov/column/helpinsure-helping-texans.html**
- FEMA National Flood Insurance Program: **https://www.floodsmart.gov/**
- FEMA flood risk overview: **https://www.floodsmart.gov/flood-zones-and-maps/what-is-my-flood-risk**
- Houston 311 city services: **https://www.houstontx.gov/311/**
- City water-bill adjustment request: **https://www.houstonwaterbills.houstontx.gov/ProdDP/Billing/AccountBasedServiceRequest/UniversalAdjustmentRequest**

A note from Shaadi

A home is one of the biggest financial responsibilities most families take on. The monthly mortgage is important, but understanding the other costs helps you plan with fewer surprises. My goal with this guide is simple: help Houston homeowners know what to check and what to do next.

Shaadi Nezami
Houston, Explained.

Educational information only, not individualized tax, legal, insurance or financial advice. Confirm property-specific questions with HCAD, your taxing units, lender, licensed insurance agent or qualified professional.



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