



The Gains from Right to Rent

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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 two years. It is clear that the vast majority of people facing foreclosure are not benefiting from these programs.

The limited impact of mortgage modification plans has increased interest in alternative policies to help homeowners facing foreclosure. One obvious alternative is “Right to Rent” legislation that would give homeowners facing foreclosure the option to remain in their homes as tenants paying the market rent for a substantial period of time (e.g. five to ten years).

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 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.

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.¹ 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 94.5 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.

¹ The HUD measure excludes units that are not considered to be in good condition.

TABLE 1
Renting 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	\$1,037	\$629
Boston-Cambridge-Quincy, MA-NH	\$400,300	\$2,175	\$1,345	\$830
Chicago-Naperville-Joliet, IL-IN-WI	\$256,400	\$1,393	\$1,004	\$389
Cleveland-Elyria-Mentor, OH	\$150,850	\$820	\$694	\$126
Detroit-Warren-Livonia, MI	\$172,100	\$935	\$809	\$126
Los Angeles-Long Beach-Santa Ana, CA	\$608,600	\$3,307	\$1,361	\$1,946
Minneapolis-St. Paul-Bloomington, MN-WI	\$243,400	\$1,323	\$873	\$450
New York-Northern New Jersey-Long Island, NY-NJ-PA	\$463,550	\$2,519	\$1,313	\$1,206
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	\$235,300	\$1,279	\$1,005	\$274
Phoenix-Mesa-Scottsdale, AZ	\$263,300	\$1,431	\$877	\$554
Portland-Vancouver-Beaverton, OR-WA	\$283,800	\$1,542	\$809	\$733
Sacramento-Arden-Arcade-Roseville, CA	\$412,700	\$2,243	\$1,022	\$1,221
San Diego-Carlsbad-San Marcos, CA	\$564,250	\$3,066	\$1,418	\$1,648
San Francisco-Oakland-Fremont, CA	\$704,350	\$3,828	\$1,658	\$2,170
Tucson, AZ	\$207,750	\$1,129	\$743	\$386
Washington-Arlington-Alexandria, DC-VA-MD-WV	\$456,300	\$2,480	\$1,131	\$1,349

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

*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 over \$1,200 a month. In San Diego, the savings would be over \$1,600 a month, in Los Angeles, over \$1,900, and in San Francisco, almost \$2,200 a month. By contrast, the saving from Right to Rent would be substantially less in markets that did not experience a significant bubble. The savings would be less than \$300 a month in Philadelphia, and just over \$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
Renting 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	\$1,512	\$1,037	\$475
Boston-Cambridge-Quincy, MA-NH	\$400,300	\$1,975	\$1,345	\$630
Chicago-Naperville-Joliet, IL-IN-WI	\$256,400	\$1,265	\$1,004	\$261
Cleveland-Elyria-Mentor, OH	\$150,850	\$744	\$694	\$50
Detroit-Warren-Livonia, MI	\$172,100	\$849	\$809	\$40
Los Angeles-Long Beach-Santa Ana, CA	\$608,600	\$3,002	\$1,361	\$1,641
Minneapolis-St. Paul-Bloomington, MN-WI	\$243,400	\$1,201	\$873	\$328
New York-Northern New Jersey-Long Island, NY-NJ-PA	\$463,550	\$2,286	\$1,313	\$973
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	\$235,300	\$1,161	\$1,005	\$156
Phoenix-Mesa-Scottsdale, AZ	\$263,300	\$1,299	\$877	\$422
Portland-Vancouver-Beaverton, OR-WA	\$283,800	\$1,400	\$809	\$591
Sacramento-Arden-Arcade-Roseville, CA	\$412,700	\$2,036	\$1,022	\$1,014
San Diego-Carlsbad-San Marcos, CA	\$564,250	\$2,783	\$1,418	\$1,365
San Francisco-Oakland-Fremont, CA	\$704,350	\$3,474	\$1,658	\$1,816
Tucson, AZ	\$207,750	\$1,025	\$743	\$282
Washington-Arlington-Alexandria, DC-VA-MD-WV	\$456,300	\$2,251	\$1,131	\$1,120

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

*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 still over \$1,000 a month. In Washington, DC, the gains are over \$1,100 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
Renting 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 from Renting
Baltimore-Towson, MD	\$306,550	\$1,574	\$1,037	\$537
Boston-Cambridge-Quincy, MA-NH	\$400,300	\$2,056	\$1,345	\$711
Chicago-Naperville-Joliet, IL-IN-WI	\$256,400	\$1,317	\$1,004	\$313
Cleveland-Elyria-Mentor, OH	\$150,850	\$775	\$694	\$81
Detroit-Warren-Livonia, MI	\$172,100	\$884	\$809	\$75
Los Angeles-Long Beach-Santa Ana, CA	\$608,600	\$3,125	\$1,361	\$1,764
Minneapolis-St. Paul-Bloomington, MN-WI	\$243,400	\$1,250	\$873	\$377
New York-Northern New Jersey-Long Island, NY-NJ-PA	\$463,550	\$2,381	\$1,313	\$1,068
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	\$235,300	\$1,208	\$1,005	\$203
Phoenix-Mesa-Scottsdale, AZ	\$263,300	\$1,352	\$877	\$475
Portland-Vancouver-Beaverton, OR-WA	\$283,800	\$1,457	\$809	\$648
Sacramento-Arden-Arcade-Roseville, CA	\$412,700	\$2,119	\$1,022	\$1,097
San Diego-Carlsbad-San Marcos, CA	\$564,250	\$2,898	\$1,418	\$1,480
San Francisco-Oakland-Fremont, CA	\$704,350	\$3,617	\$1,658	\$1,959
Tucson, AZ	\$207,750	\$1,067	\$743	\$324
Washington-Arlington-Alexandria, DC-VA-MD-WV	\$456,300	\$2,343	\$1,131	\$1,212

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

*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, it is likely that many would choose to take advantage of this opportunity. This path would offer savings for former homeowners, 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.² 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 2009 Fair Market Rents (FMR) for two-bedroom apartments. FMR uses 3 percentage point trend level increase and local CPI factors to adjust 2006 American Community Survey data on rents. The latest data refer to April 2009 rental costs.

Appendix Table 1 shows comparable ownership costs and rental costs in 2009 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.³

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

3 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, D.C.: Center for Economic and Policy Research.
http://www.cepr.net/documents/publications/ownrent_2008_04.pdf

APPENDIX TABLE 1
Renting vs. Owning in the 100 Largest Metropolitan Statistical Areas (MSAs)

State	Metropolitan Statistical Area (MSA)	Median House Price, 2006-2007	Monthly Home Ownership Costs in 2009**			Monthly Fair Market Rent, 2009***
			Low	Middle	High	
AL	Birmingham-Hoover	\$136,000	\$739	\$849	\$1,003	\$698
AR	Little Rock-North Little Rock-Conway	\$121,150	\$658	\$756	\$894	\$680
AZ	Phoenix-Mesa-Scottsdale	\$263,300	\$1,431	\$1,643	\$1,943	\$877
	Tucson	\$207,750	\$1,129	\$1,296	\$1,533	\$743
CA	Bakersfield	\$255,950	\$1,391	\$1,597	\$1,888	\$736
	Fresno	\$298,850	\$1,624	\$1,865	\$2,205	\$842
	Los Angeles-Long Beach-Santa Ana	\$608,600	\$3,307	\$3,798	\$4,490	\$1,361
	Modesto	\$365,100	\$1,984	\$2,278	\$2,694	\$864
	Oxnard-Thousand Oaks-Ventura	\$644,650	\$3,503	\$4,022	\$4,756	\$1,502
	Riverside-San Bernardino-Ontario	\$396,050	\$2,152	\$2,471	\$2,922	\$1,125
	Sacramento-Arden-Arcade-Roseville	\$412,700	\$2,243	\$2,575	\$3,045	\$1,022
	San Diego-Carlsbad-San Marcos	\$564,250	\$3,066	\$3,521	\$4,163	\$1,418
	San Francisco-Oakland-Fremont	\$704,350	\$3,828	\$4,395	\$5,197	\$1,658
	San Jose-Sunnyvale-Santa Clara	\$747,450	\$4,062	\$4,664	\$5,515	\$1,338
CO	Stockton	\$413,250	\$2,246	\$2,579	\$3,049	\$950
	Colorado Springs	\$212,750	\$1,156	\$1,328	\$1,570	\$796
CT	Denver-Aurora	\$244,300	\$1,328	\$1,524	\$1,803	\$891
	Bridgeport-Stamford-Norwalk	\$503,550	\$2,736	\$3,142	\$3,715	\$1,214
DC*	Hartford-West Hartford-East Hartford	\$251,100	\$1,365	\$1,567	\$1,853	\$1,021
	New Haven-Milford	\$273,000	\$1,484	\$1,703	\$2,014	\$1,101
FL	Washington-Arlington-Alexandria, DC-VA-MD	\$456,300	\$2,480	\$2,847	\$3,367	\$1,131
	Cape Coral-Fort Myers	\$255,600	\$1,389	\$1,595	\$1,886	\$984
	Deltona-Daytona Beach-Ormond Beach	\$202,600	\$1,101	\$1,264	\$1,495	\$896
	Jacksonville	\$197,100	\$1,071	\$1,230	\$1,454	\$907
	Lakeland-Winter Haven	\$148,350	\$806	\$926	\$1,095	\$784
GA*	Miami-Fort Lauderdale-Pompano Beach	\$311,400	\$1,692	\$1,943	\$2,298	\$1,156
	Orlando-Kissimmee	\$244,950	\$1,331	\$1,528	\$1,807	\$985
	Palm Bay-Melbourne-Titusville	\$211,050	\$1,147	\$1,317	\$1,557	\$866
	Sarasota-Bradenton-Venice	\$256,800	\$1,395	\$1,602	\$1,895	\$1,059
HI	Tampa-St. Petersburg-Clearwater	\$202,800	\$1,102	\$1,265	\$1,496	\$946
	Atlanta-Sandy Springs-Marietta	\$190,750	\$1,037	\$1,190	\$1,407	\$878
IA	Augusta-Richmond County, GA-SC	\$112,600	\$612	\$703	\$831	\$646
IN	Honolulu	\$554,850	\$3,015	\$3,462	\$4,094	\$1,631
KS	Des Moines-West Des Moines	\$147,850	\$803	\$923	\$1,091	\$727
LA	Boise City-Nampa	\$197,650	\$1,074	\$1,233	\$1,458	\$722
	Chicago-Naperville-Joliet, IL-IN-WI	\$256,400	\$1,393	\$1,600	\$1,892	\$1,004
KY*	Indianapolis-Carmel	\$141,100	\$767	\$880	\$1,041	\$745
	Wichita	\$109,150	\$593	\$681	\$805	\$632
LA	Louisville-Jefferson County, KY-IN	\$140,400	\$763	\$876	\$1,036	\$680
LA	Baton Rouge	\$138,100	\$750	\$862	\$1,019	\$788

	New Orleans-Metairie-Kenner	\$177,000	\$962	\$1,104	\$1,306	\$949
	Springfield	\$210,700	\$1,145	\$1,315	\$1,555	\$874
MA*	Worcester	\$293,350	\$1,594	\$1,830	\$2,164	\$922
	Boston-Cambridge-Quincy, MA-NH	\$400,300	\$2,175	\$2,498	\$2,954	\$1,345
MD	Baltimore-Towson	\$306,550	\$1,666	\$1,913	\$2,262	\$1,037
ME	Portland-South Portland-Biddeford	\$238,150	\$1,294	\$1,486	\$1,757	\$1,042
	Detroit-Warren-Livonia	\$172,100	\$935	\$1,074	\$1,270	\$809
MI	Grand Rapids-Wyoming	\$146,600	\$797	\$915	\$1,082	\$698
MN*	Minneapolis-St. Paul-Bloomington, MN-WI	\$243,400	\$1,323	\$1,519	\$1,796	\$873
	St. Louis, MO-KS	\$155,800	\$847	\$972	\$1,150	\$737
MO*	Kansas City, MO-KS	\$156,450	\$850	\$976	\$1,154	\$791
MS	Jackson	\$118,600	\$644	\$740	\$875	\$784
	Greensboro-High Point	\$134,300	\$730	\$838	\$991	\$699
NC*	Raleigh-Cary	\$186,500	\$1,013	\$1,164	\$1,376	\$795
	Charlotte-Gastonia-Concord, NC-SC	\$162,300	\$882	\$1,013	\$1,197	\$757
NE*	Omaha-Council Bluffs, NE-IA	\$140,250	\$762	\$875	\$1,035	\$757
NM	Albuquerque	\$173,200	\$941	\$1,081	\$1,278	\$753
NV	Las Vegas-Paradise	\$318,050	\$1,728	\$1,985	\$2,347	\$1,013
	Albany-Schenectady-Troy	\$177,000	\$962	\$1,104	\$1,306	\$868
	Buffalo-Niagara Falls	\$106,650	\$580	\$665	\$787	\$723
NY*	Poughkeepsie-Newburgh-Middletown	\$329,000	\$1,788	\$2,053	\$2,427	\$1,117
	Rochester	\$119,050	\$647	\$743	\$878	\$797
	Syracuse	\$108,850	\$592	\$679	\$803	\$754
	NY-Northern NJ-Long Island, NY-NJ-PA	\$463,550	\$2,519	\$2,892	\$3,420	\$1,313
	Akron	\$146,000	\$793	\$911	\$1,077	\$754
	Cleveland-Elyria-Mentor	\$150,850	\$820	\$941	\$1,113	\$694
	Columbus	\$164,050	\$891	\$1,024	\$1,210	\$740
OH*	Dayton	\$128,050	\$696	\$799	\$945	\$687
	Toledo	\$133,350	\$725	\$832	\$984	\$656
	Cincinnati-Middletown, OH-KY-IN	\$154,250	\$838	\$962	\$1,138	\$733
	Youngstown-Warren-Boardman, OH-PA	\$100,700	\$547	\$628	\$743	\$588
OK	Oklahoma City	\$115,350	\$627	\$720	\$851	\$686
	Tulsa	\$115,550	\$628	\$721	\$853	\$707
OR*	Portland-Vancouver-Beaverton, OR-WA	\$283,800	\$1,542	\$1,771	\$2,094	\$809
	Harrisburg-Carlisle	\$151,650	\$824	\$946	\$1,119	\$764
	Pittsburgh	\$113,600	\$617	\$709	\$838	\$710
PA*	Scranton-Wilkes-Barre	\$116,450	\$633	\$727	\$859	\$635
	Allentown-Bethlehem-Easton, PA-NJ	\$208,350	\$1,132	\$1,300	\$1,537	\$853
	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	\$235,300	\$1,279	\$1,468	\$1,736	\$1,005
RI*	Providence-New Bedford-Fall River, RI-MA	\$305,700	\$1,661	\$1,907	\$2,256	\$956
	Charleston-North Charleston-Summerville	\$190,050	\$1,033	\$1,186	\$1,402	\$787
SC	Columbia	\$129,750	\$705	\$810	\$957	\$710
	Greenville-Mauldin-Easley	\$130,700	\$710	\$816	\$964	\$656
TN*	Knoxville	\$139,500	\$758	\$870	\$1,029	\$667
	Nashville-Davidson-Murfreesboro-Franklin	\$162,650	\$884	\$1,015	\$1,200	\$761
	Chattanooga, TN-GA	\$130,250	\$708	\$813	\$961	\$666

	Memphis, TN-MS-AR	\$129,000	\$701	\$805	\$952	\$746
	Austin-Round Rock	\$170,800	\$928	\$1,066	\$1,260	\$912
	Dallas-Fort Worth-Arlington	\$143,250	\$778	\$894	\$1,057	\$905
TX	El Paso	\$93,250	\$507	\$582	\$688	\$595
	Houston-Sugar Land-Baytown	\$132,800	\$722	\$829	\$980	\$866
	McAllen-Edinburg-Mission	\$68,100	\$370	\$425	\$502	\$639
	San Antonio	\$112,400	\$611	\$701	\$829	\$792
UT	Ogden-Clearfield	\$183,750	\$999	\$1,147	\$1,356	\$717
	Salt Lake City	\$222,600	\$1,210	\$1,389	\$1,642	\$802
VA*	Richmond	\$212,700	\$1,156	\$1,327	\$1,569	\$925
	Virginia Beach-Norfolk-Newport News, VA-NC	\$232,050	\$1,261	\$1,448	\$1,712	\$904
WA	Seattle-Tacoma-Bellevue	\$363,300	\$1,974	\$2,267	\$2,681	\$987
WI	Madison	\$219,250	\$1,191	\$1,368	\$1,618	\$846
	Milwaukee-Waukesha-West Allis	\$200,500	\$1,090	\$1,251	\$1,479	\$839

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

Notes: *One or more MSAs in the state incorporate cities in nearby states. **Ownership costs based on a house selling for 75 percent of the median. ***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>.