12 roommates in medical residency? 3 housing options to consider

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The average income for first-year medical residents is about $55,000, according to a recent report. Factoring in the burdens many residents have from steep student-loan payments, that money may not go very far.

One way to get a solid footing in budgeting for medical residency: Make a prudent decision when it comes to your living arrangement during residency.

The ideal is to spend no more than 25–35 percent of monthly income on housing, Tal Frank said during an AMA online discussion about living arrangements during residency.

“Even lower is better. This applies to buying or renting,” said Frank, who is president of PhysicianLoans, an AMA preferred provider of home loans and real-estate agent matches.

“The reality is that in many cases, residents must go above that recommended percentage as your income is pre-set and the city is predetermined as well,” Frank added. “But the situation is temporary, of course, so don't worry too much about a higher housing expense if it cannot be avoided. This is also why you should explore pricing on both buying and renting as it is cheaper to rent in some cities and in others it is cheaper to buy.”

Taking that advice into account, here’s a look at the benefits of possible living arrangements during residency.

What are the pros and cons of the varied living arrangements? Let’s take a look.

Option 1: Buying a home

As a resident you have full-time employment and maybe approaching the time of your life where it feels appropriate to consider putting roots down. An AMA Insurance Agency report on residents indicated that 34 percent plan to buy a home in the next two years. The report suggests a 15 percent gross-income limit on what you spend on your mortgage, which might be a tough number to meet early in residency.

As you stay in a home, the amount of debt you owe on your mortgage will decrease, which is the easiest way to build equity. You also can build equity if or when the value of the property increases. The longer you stay in a home, the more equity you build. So, it makes more sense to buy if you are in a program that takes more time. If you are in a three-year program and then move elsewhere, you may build little equity. If the property value decreases, it is also possible to lose money on a home you purchased.

Option 2: Renting with roommates

For single residents, living with a roommate or two is a prudent and fiscally responsible option.

McKinley Glover IV, MD, MHS, is a fellow in diagnostic neuroradiology at Massachusetts General Hospital. After completing medical school in the Southeast, he came to Boston for residency and found rents to be significantly steeper than what he was accustomed to. In light of that, Dr. Glover opted to share a three-bedroom, one-bath townhouse with two roommates.

By splitting his rent with a pair of roommates, Dr. Glover was able to adhere to a budget and “pay myself for retirement,” he said. What he saves on rent now could pay off significantly down the road.

For those concerned about sharing a space with relative strangers, Dr. Glover said that should not be too much of a concern.

“You spend a lot of time working in residency,” he noted, so you will cross paths with your housemates relatively infrequently.

Option 3: Renting on your own

Taking the aforementioned housing budget parameters into account, it is tough to live alone in costlier cities. Those who can swing it generally seem to be in less densely populated areas.

Living alone is a lifestyle decision and one that may allow you to recharge more effectively when you are away from work. Still, even if you can afford to live alone, you would be saving more living with roommates. Also, by living alone, you may be sacrificing on amenities that could be available when splitting housing costs with roommates.