LEsson Description and Background

This lesson uses the Better Money Habits video The True Cost of Renting a Place (www.bettermoneyhabits.com) to help students learn about the costs associated with renting a place to live. It outlines the monthly expenses involved in renting and also addresses the percentage of income that should be allocated to housing. This lesson can be used as an extension to Lesson 8: Managing Your Money in Financial Fitness for Life, Grades 9-12. The video is approximately 4 minutes, and the activities in this lesson can be completed in class or assigned as homework.

Better Money Habits Video

Home Buying and Renting: Deciding to Buy or Rent: The True Cost of Renting a Place (4:08)

Financial Fitness for Life Connection, Grades 9-12

Lesson 8: Managing Your Money

Economic and Personal Finance Concepts

- Budget
- Fixed expense
- Variable expenses
- Rent
- Gross income

National Standards for Financial Literacy

Standard 2. Buying Goods and Services, Benchmark: Grade 12

1. Consumer decisions are influenced by the price of a good or service, the price of alternatives, and the consumer’s income as well as his or her preferences.

3. When buying a good, consumers may consider various aspects of the product including the product's features. For goods that last for a longer period of time, the consumer should consider the product’s durability and maintenance costs.
5. People incur costs and realize benefits when searching for information related to their purchases of goods and services. The amount of information people should gather depends on the benefits and costs of the information.

OBJECTIVES
At the end of this lesson, the student will be able to:
- Explain the costs associated with renting.
- Describe the 30% rule for housing costs.

TIME REQUIRED
One 45 minute class period

MATERIALS
Handout 2.1: Renting a Place Video Review
Handout 2.2: Renting a Place Individual Project
Handout 2.3: Renting a Place Assessment
Computer access or apartment/rental guides (if an in-class assignment)

PROCEDURE
1. Ask students if they have ever considered finding a place of their own. Encourage them to discuss what kinds of housing and places they have considered. Ask if they have any idea about the costs of renting a house or an apartment in their area.
2. Tell students they will be watching a video about the costs associated with finding a place to rent. Distribute Handout 2.1 for students to use as a guide while viewing the video. Tell them they will be using the information in this handout to complete a project. Show the video.
3. After viewing the video, be sure students have completed Handout 2.1. Take time to discuss the answers to ensure they understand the information presented in the video.
4. Distribute copies of Handout 2.2. Assign students this handout either as a homework assignment or an in-class assignment. Give each student (or the entire class) a monthly income that is appropriate for your region. You may also choose to include other criteria for students to consider when completing this assignment (such as specific locations in your community).

CLOSURE
Debrief this activity by discussing the process and choices made in Handout 2.2.
BETTER MONEY HABITS HIGH SCHOOL LESSON: 
THE TRUE COST OF RENTING A PLACE

ASSESSMENT
Have students complete Handout 2.3.

EXTENSION
Invite a realtor, leasing agent, or apartment manager to visit the class to discuss leases or other rental agreements, plus the rights and responsibilities of renters.

Show additional videos from Better Money Habits (www.bettermoneyhabits.com) related to home buying and renting.
Answer the following questions based on the information presented in the video, Better Money Habits: The True Cost of Renting a Place (www.bettermoneyhabits.com).

1. What are three factors to consider when looking for a place to live?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

2. What is the 30 percent rule?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

3. What expenses should you expect to pay when renting a place to live?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

4. What options could you consider to reduce your monthly expenses when renting?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
Using the information provided by your teacher, your assignment is to find a place to live in your community. You will need to compare two rentals (either a house or an apartment) and determine which option is best for you. For this assignment, you will only consider the monthly expenses listed below.

Assigned Monthly Income____________________

### Option 1

**Location ____________________________________________________________**

<table>
<thead>
<tr>
<th>Circle which is appropriate:</th>
<th>House</th>
<th>Apartment</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Rent</td>
<td>$______</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Utilities</td>
<td>$______</td>
<td>Electric, gas, oil/other fuels, water/sewer</td>
<td></td>
</tr>
<tr>
<td>Renter’s Insurance</td>
<td>$______</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other costs</td>
<td>$______</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total costs</td>
<td>$______</td>
<td>Does this meet the 30% rule? __________</td>
<td></td>
</tr>
</tbody>
</table>

### Option 2

**Location ____________________________________________________________**

<table>
<thead>
<tr>
<th>Circle which is appropriate:</th>
<th>House</th>
<th>Apartment</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Rent</td>
<td>$______</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Total costs</td>
<td>$______</td>
<td>Does this meet the 30% rule? __________</td>
<td></td>
</tr>
</tbody>
</table>

Which option is best for you? ________________________________

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**BETTER MONEY HABITS: HIGH SCHOOL**

5
As part of this assignment, you were required to compare the cost of two potential places to rent and determine which option was best for your situation. In the space below, explain the reasons for making that choice. Also, list three things you learned from completing this assignment.

I chose Option _________ because:

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

From this assignment, I have learned:

1. _______________________________________________________________________
2. _______________________________________________________________________
3. _______________________________________________________________________
1. What are three factors to consider when looking for a place to live?
   Answers may vary but should include: how close to work, how close to family, how close to friends, the amount of space needed

2. What is the 30 percent rule?
   Take 30 percent of your gross income and allocate that to your general housing expenses, including utilities, insurance, and other costs associated with a place to live

3. What expenses should you expect to pay when renting a place to live?
   Monthly rent, utilities (electric, gas, oil/fuel, water/sewer, garbage/trash, renter’s insurance, other)

4. What options could you consider to reduce your monthly expenses when renting?
   Answers may vary but should include: finding a roommate, finding a smaller place, other

HANDOUT 2.2 ANSWERS
   Answers will vary.

HANDOUT 2.3 ANSWERS
   Answers will vary.