

THE CHALLENGE

Emma recently graduated from college and found a one-bedroom apartment for \$1,200 per month. Before moving in, she discovered she needed \$4,300 upfront: a security deposit, first and last month's rent, utility activation fees, and moving expenses. Her monthly costs total \$1,405 when including utilities, renter's insurance, and parking.

How can understanding the true costs of renting help you avoid financial surprises and budget effectively for your first apartment?

Learning Objectives

- Identify and explain the key components of a lease agreement.
- Calculate the true costs associated with renting, including upfront and ongoing expenses.
- Understand your rights and responsibilities as a tenant.

CORE CONCEPTS

Term	Definition
Lease	A legal contract between a landlord and tenant that outlines the terms of the rental agreement.
Security Deposit	Money paid upfront to cover potential damages beyond normal wear and tear.
Renter's Insurance	Insurance that protects a tenant's personal belongings and provides liability coverage.
Utilities	Services such as electricity, water, gas, and internet that may or may not be included in rent.
Lease Term	The duration of the rental agreement, typically 6 or 12 months.

Background: Renting is often the first step toward independent living, but many first-time renters underestimate the true costs involved. Beyond the monthly rent, you'll encounter upfront expenses like security deposits and first/last month's rent, plus ongoing costs for utilities and insurance. Understanding lease agreements protects you legally, while knowing tenant rights ensures you receive fair treatment. Proper budgeting for all rental costs prevents financial strain and helps you maintain housing stability.

APPLY IT

PART A: RENTAL COST ANALYSIS

For each rental scenario, calculate the costs and analyze the financial impact.

Scenario 1: Downtown Studio Apartment

Marcus is considering a studio apartment for \$950/month. Security deposit equals one month's rent. Application fee is \$50. Utilities not included: electricity (\$60/month), internet (\$55/month). Coin laundry costs \$30/month.

Total upfront costs: _____

Total monthly costs: _____

Annual total (12 months + upfront): _____

Scenario 2: Suburban 2-Bedroom with Roommate

Alicia found a 2-bedroom for \$1,400/month (\$700 each with a roommate). Security deposit is \$1,400 total. Each pays \$35 application fee. Utilities total \$240/month split evenly. In-unit laundry included.

Alicia's upfront costs (her share): _____

Alicia's monthly costs: _____

Alicia's annual total: _____

Scenario 3: Campus-Adjacent 3-Bedroom Share

Three students share an apartment at \$2,100/month (\$700 each). Each pays \$700 security deposit and \$25 application fee. Utilities (electricity \$120, water \$60) are split three ways. Parking is \$75/month per person.

Each person's upfront costs: _____

Each person's monthly costs: _____

Each person's 9-month total (academic year): _____

Hint: Don't forget that upfront costs include security deposit, first month's rent, and any application fees. Monthly costs include rent plus all utilities, insurance, and fees.

PART B: LEASE AGREEMENT ANALYSIS

Review each lease clause and determine if it protects the tenant, the landlord, or is neutral. Identify any red flags.

Lease Clause	Protects	Red Flag?
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"Landlord may enter at any time without notice for inspections."		
"Security deposit will be returned within 30 days with itemized deductions."		
"Tenant is responsible for first \$100 of any repair, regardless of cause."		
"60-day notice required before lease ends; otherwise auto-renews for 12 months."		
"Late fee of \$50 applies if rent is received after 5-day grace period."		

4. Which clause above is the biggest red flag, and what would you ask the landlord to change?

PART C: TENANT RIGHTS SCENARIOS

5. Your bathroom sink has been leaking for a week. You reported it to your landlord, but nothing has been done. The floor is getting water damage. What are your rights, and what should you do next?

6. You came home to find your landlord had entered your apartment without notice to "check the smoke detectors." Is this allowed? What tenant right does this involve?

7. If you were looking for an apartment, list your top THREE priorities (e.g., location, price, amenities) and explain why each matters to you.

CHECK YOUR UNDERSTANDING

1. What is the recommended maximum percentage of income that should go toward housing costs?

- ☐ A. 20%
- ☐ B. 30%
- ☐ C. 40%
- ☐ D. 50%

2. Explain TWO advantages and TWO disadvantages of renting compared to buying a home.

3. Calculation: An apartment costs \$1,100/month with a security deposit equal to one month's rent. First and last month's rent are required upfront. The application fee is \$45. What is the total amount needed before moving in?

Show your work:

Answer: \$_____ total upfront

4. Emma's roommate suddenly moved out, leaving her responsible for the full \$1,400 rent instead of her \$700 share. Her lease says tenants are "jointly and severally liable." What does this mean, and what options does Emma have?

5. Reflection: Imagine you're preparing to rent your first apartment in 2-3 years. What three specific steps would you take now to prepare financially, and why?
