

# Housing Costs Worksheet

Practice calculating and comparing housing expenses for better decision-making

## Part 1: Budget Calculation Exercise

Calculate your maximum affordable housing payment using the 28/36 rule.

### Your Income Information

Annual Gross Income

\$0

Monthly Gross Income (Annual / 12)

\$0

### 28% Rule - Housing Costs

Maximum Housing Payment

\$0

Includes mortgage/rent, property taxes, and insurance

### 36% Rule - Total Debt

Maximum Total Debt Payment

\$0

Includes housing + car + student loans + credit cards

## Part 2: Cost Comparison Scenario

**Scenario:** Alex is deciding between renting an apartment for \$1,500/month or buying a condo for \$275,000. Alex has \$30,000 saved and a household income of \$75,000/year. Use the information below to calculate and compare total monthly costs.

### RENTING

Monthly Rent	<input type="text" value="\$1,500"/>
Renter's Insurance	<input type="text" value="\$"/>
Utilities (est.)	<input type="text" value="\$"/>
Parking	<input type="text" value="\$"/>

**Total Monthly Cost:** \$

### BUYING

Mortgage Payment (P&I)	<input type="text" value="\$"/>
Property Taxes	<input type="text" value="\$"/>
Homeowner's Insurance	<input type="text" value="\$"/>
PMI (if applicable)	<input type="text" value="\$"/>
HOA Fees	<input type="text" value="\$"/>
Maintenance (1%/year / 12)	<input type="text" value="\$"/>
Utilities	<input type="text" value="\$"/>

**Total Monthly Cost:** \$

## Part 3: Scenario Analysis Questions

1. Based on your calculations, which option has the lower monthly cost? By how much?

The renting/buying option costs \$\_\_\_\_\_ less per month because...

2. What upfront costs would Alex face for each option?

Renting upfront costs:

Security deposit, first/last month...

Buying upfront costs:

Down payment, closing costs...

3. Would Alex need PMI? Why or why not?

Calculate the down payment percentage and explain...

4. Calculate Alex's DTI ratio for the buying option. Would a lender likely approve this mortgage?

Show your calculation:  $(\text{monthly debt} / \text{monthly income}) \times 100 = \text{\_\_\_\_\_\%}$

## Part 4: DTI Calculator

Calculate your own Debt-to-Income ratio to understand your borrowing capacity.

Monthly Debt Payments

Housing Payment (mortgage/rent)

0

Car Payment

0

Student Loans

0

Credit Card Minimum Payments

0

Other Monthly Debt

0

Monthly Gross Income

0

**0%**

Debt-to-Income Ratio

Under 36% = Good | 36-43% = Acceptable | Over 43% = May have difficulty qualifying

## Part 5: Personal Housing Needs Assessment

Evaluate your current situation to help determine if renting or buying is right for you.

How long do you plan to stay in this location?

Select...



How stable is your current job/income?

Select...



How much do you have saved for a down payment?

Select...



What is your credit score range?

Select...



How comfortable are you with home maintenance?

Select...



How important is flexibility to move?

Select...



## Part 6: Reflection and Decision

**1. Based on your needs assessment above, which option (rent or buy) seems better suited to your current situation? Why?**

Consider your answers above and explain your reasoning...

**2. What factors would need to change for the other option to become more attractive?**

List specific changes in circumstances that would shift your decision...

**3. Beyond the financial considerations, what lifestyle factors are important in your housing decision?**

Consider commute, space needs, pets, community, schools, etc...

**4. Create a 3-year action plan to prepare for your preferred housing choice.**

Year 1:  
Year 2:  
Year 3: