

Before you start searching for an apartment, it's important to know how much you can afford. Take a look at your monthly income. As a rule of thumb, you should only be spending 30% of your gross income¹ on housing (rent and utilities) so that you can also afford food, transportation and healthcare.

\$16.18 The hourly wage needed for a single adult to rent an affordable two-bedroom apartment in North Dakota, costing **\$841**, based on HUD's fair market rents².

Let's say Betty makes \$16.18 an hour and typically works 40 hours a week. Here is how we would determine her monthly income.

Hourly wage X hours worked per week X 52 weeks ÷ by 12 months.

$\$16.18 \times 40 = \$647 \times 52 = \text{her annual income of } \$33,644 \div 12 = \$2,804.$

To ensure that she is not going to be paying more than **30%** of her gross income, we'll take her monthly income of $\$2,804 \times 30\%$ or $.30 = \$841.20.$

DON'T FORGET UTILITIES

Utilities in an apartment usually include water, heat, electricity, cable/internet. In some cases, some utilities are included in your rent payment, but it is important to get that information up front. You should assume that utilities will equal about 18% of your rent depending on your location and type of rental. To figure out your utility cost take your rent $\$841 \times 18\%$ or $.18 = \$151.38$, for a total housing payment of $\$992.38$. If the apartment that Betty is interested in **does not** include utilities, the total of rent and utilities should not exceed $\$841$. This means Betty can afford $\$690$ for rent and an **18%** utility payment of $\$151.38$. It is important to understand what is included in your rent payment and to budget for these expenses.

YOUR FIRST MONTH

The first month in your new apartment, you should be prepared to pay first month's rent, a security deposit³ and utilities.

In Betty's case, her rent is \$841. Her landlord is asking for a security deposit of \$700 and she figures her utilities will be around \$130. She needs to save approximately \$1,671 before she can move.

Having a good handle on your income and expenses and budgeting for the future is a great first step in beginning your rental search.

¹ Gross income is defined as your salary or wages before any deductions are taken.

² Fair market rent is the amount of money a property would rent or lease for if it were available at this time.

³ In North Dakota, a security deposit cannot exceed the amount of one month's rent. If the tenant owns a pet, the landlord may require a "pet deposit" not to exceed the greater of \$2,500 or two months to cover any pet related property damage. This amount includes the regular deposit, Legal Services of North Dakota, www.legalassist.org.

