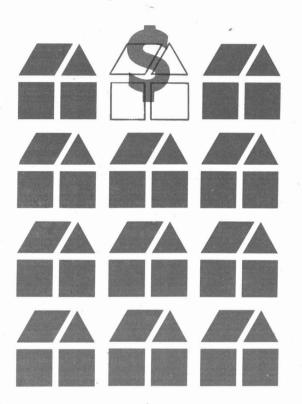
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# Analyzing Your Housing Costs

The Texas A&M University System



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# Analyzing Your Housing Costs

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How much can you spend for housing and still provide for all the other needs of your family? Look very carefully at your expenditures to decide if any changes can be made to increase your family's satisfaction in housing.

To an Indiana de Caractera de Caractera	
To analyze your housing costs:  1. Determine all expenditures stemmyour family's housing. List your fixe payments and estimate a monthly a payments due once or twice a ye vary throughout the year.	d monthly verage fo
Rent or house payment (taxes and insurance may be included)	
Home furnishings	<u>v                                      </u>
Utilities:	
Electricity	
Gas ' <sub>2</sub>	
Water	
Telephone	
Equipment, care and repair	
Property taxes	
Property insurance	
Maintenance (lawn care, painting,	

TOTAL

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2.	Now list your average monthly ex all other areas of family living. (D deducted from salary.)		
	Food		
	Clothing		
	Transportation		
•	Medical		
	Recreation		
	Education		
	Life and health insurance		
	Contributions and other gifts		
	Taxes		
	Installments		
	Savings		
	Other		
	TOTAL	-	i
3.	Add 1 and 2 for total monthly expenditure:	(1)	
		(2)	
	TOTAL		
4.	Average monthly take-home pay	/:	-
5.	Difference (plus or minus) betwee 3 and 4:	een	-
	· · · · · · · · · · · · · · · · · · ·		
m	If your average monthly take		

If your average monthly take-home pay is more than your average monthly expenditures, you are probably doing a good job of financial management. To change your housing situation and continue good management, think about these basic considerations first:

• Your income and family size.

• Your age and the stage of your family.

 Your tastes and values, as shown by your preferred life style.

General economic conditions of the community.

### Your Income and Family Size

The amount of money you can borrow to buy a home usually depends on your earning ability as well as your present income. According to one rule of thumb, a family can afford a house that costs two times the annual income of the main earner. Or, monthly payments for housing should equal about one week's take-home pay.

The larger your family, the more space you will need. Although space requirements are not directly proportional to the size of the family, larger families usually need more space for sleeping and privacy.

The need for dining space varies with the family's way of life. Families who entertain a lot may want a separate dining room; others like to combine the area with the kitchen. A general purpose room such as a den or "family room" also enables effective use of space.

As a rule, the larger your home, the more it will cost to buy or build. And the larger your family, the more you are likely to spend for food, clothing and other expenditures.

# Your Age and the Stage of Your Family

Unfortunately, the greatest demands on the family income often come when the wage earner is young and the family is growing. Very young families and older, retired couples often pay a higher percentage-of-income for housing than the middle-aged family in which the wage earner has hit an earning-career high.

If you are a young wage-earner, consider these questions:

• What are the prospects for higher income?

Do you expect the family to continue growing?What are the competing needs for the growing

family?

• Are you in a job where seasonal unemployment

or union strikes threaten the income flow?

Older wage-earners should consider these questions:

• Is there a real prospect for a reduced or fixed income in the future?

• Is it desirable or necessary to spend less on housing as the family gets smaller?

 Can home maintenance be provided at less physical and financial cost?

 How will transportation needs change in your retirement years?

If both husband and wife are working, consider how long that situation will continue.

 Have you made plans for maintaining your current scale of living if one earner stops working?

Do you have a savings account for emergencies?

### **Your Tastes and Values**

How important is housing to you and your family? Your tastes and values in all areas of family living should help you decide how much to spend for housing. Be prepared to devote time to upkeep and maintenance. Where do you want to live? Consider the practical aspect of transportation to work, school, shopping and other activities.

## **Economic Conditions**

Periods of inflation affect the price of housing and may alter people's thinking about housing expenditures. Recession and unemployment also cause concern, not only about housing costs, but all living expenses. Economic conditions also affect interest rates and scarcity of housing.

Housing is an important item in the spending plan of most families. Because it fulfills essential human needs and represents an investment in goods and services that are continually used, most people feel it warrants the necessary budgeting and planning.

Educational programs conducted by the Texas Agricultural Extension Service serve people of all ages regardless of socioeconomic level, race, color, sex, religion or national origin.

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