

Section 8.2 The Cost of Renting a Home

1. The monthly rental cost for a two-bedroom apartment is \$989 plus utilities. The estimated utility expenses are \$145 every two months for electricity, \$100 every month for natural gas, and \$125 every three months for water.
 - a) Calculate the average monthly utilities expense.
 - b) Estimate the total expenses for one year.
2. The monthly rental cost for a bachelor apartment is \$725 per month plus utilities. The estimated utility expenses are \$98 every two months for electricity, \$70 per month for natural gas, and \$115 every three months for water. Telephone service is \$50 per month and optional cable service is \$55 per month.
 - a) Calculate the average monthly expenses for the apartment.
 - b) Estimate the total expenses from the beginning of August to the end of May.
3. Refer to question 1. The first electricity bill of the year is due in February and the first water bill is due in March.
 - a) Make a table showing the total costs per month and the total annual costs per expense.
 - b) Which months have the greatest monthly expenses?
 - c) As a rule of thumb, your monthly accommodations expenses should not exceed your weekly net income. What is the minimum weekly net income needed to afford this apartment?
4. Refer to question 2. The first electricity bill and the first water bill of the year are due in February.
 - a) Make a table showing the total costs per month and the total annual costs per expense, with and without cable.
 - b) What is the range of the monthly expenses?
 - c) Calculate the total annual cost of renting this apartment, with and without cable.
5. Adrian is moving to a new city to start college. He is renting a bachelor apartment for \$655 per month plus electricity. The electricity company requires new customers to pay a \$120 deposit and an \$80 connection fee. The rental agreement requires payment of first and last months' rent prior to moving in. Calculate the total amount that Adrian must pay before moving into his new apartment.
6. Darius will be attending college in September. He is deciding where he wants to live. A single room in an on-campus residence costs \$7800 for the full school year (eight months), and includes a meal plan. A single room in a shared house 30 min from campus costs \$350 per month. Darius estimates he will spend \$400 per month on food if he does not have a meal plan.
 - a) Suggest two reasons why Darius might choose to live in residence.
 - b) Suggest two reasons why Darius might choose to live in the shared house.
 - c) How does the total cost of residence for the school year compare to the total cost of the shared house?
 - d) What other factors should Darius consider when making his decision?



7. Josie's annual gross income is \$34 000. Her net earnings are approximately 85% of her gross earnings. In Josie's town, the rental cost for a one-bedroom apartment is approximately \$780 per month and for a two-bedroom apartment is approximately \$890 per month.
- Determine Josie's approximate weekly net income.
 - Why should Josie share a two-bedroom apartment with a roommate instead of renting a one-bedroom apartment?
 - List two advantages and two disadvantages to sharing accommodations.
8. Last year Samanya's gross income was \$43 000. Her net earnings are 85% of her gross earnings. The average rent for a one-bedroom apartment in her town is \$725 per month. The average rent for a two-bedroom apartment is \$865 per month.
- Calculate Samanya's weekly net income.
 - Can Samanya afford to rent a one-bedroom apartment on her own or does she need to share a two-bedroom apartment with a roommate? Explain.
9. Jordon hopes to rent a semi-detached house. The monthly rental cost for the house is \$899 per month plus utilities. Jordon estimates the utility expenses will be \$185 every two months for electricity, \$75 per month for natural gas, and \$160 every four months for water.
- Calculate the average monthly accommodations expense.
 - How much would Jordon spend on accommodations costs in one year?
 - One month's accommodations expenses should not exceed one week's net income. If Jordon's annual net income is \$38 900, can he afford to rent this house? Explain.
10. Aisling recently graduated from college and started work as a veterinary technician. Her annual gross income is expected to be \$38 000. Aisling's net pay is approximately 85% of her gross income.
- What is the maximum monthly rent that Aisling can afford if she wishes to stay within the guideline of one week's salary being equal to one month's rent?
 - Go to the Web site of a community college that offers a veterinary technician program. What level of secondary school mathematics is required for admission?
11. Last year, Manuel earned \$38 000. His net earnings are 85% of his gross earnings. The average monthly rent of a one-bedroom apartment in his town is \$725. The average monthly rent of a two-bedroom apartment is \$865.
- Calculate Manuel's weekly net income.
 - Explain why Manuel will likely need to share a two-bedroom apartment with a roommate instead of renting a one-bedroom apartment.
12. The monthly rental cost for a townhouse is \$978 per month plus utilities. The estimated utility expenses are \$190 every two months for electricity, \$75 per month for natural gas, and \$190 every four months for water.
- Calculate the average monthly accommodations expense for this townhouse.
 - How much would a tenant spend on accommodations costs in one year?
 - If one month's accommodations expenses should not exceed one week's net income, what is the minimum weekly net income a tenant would need to afford this townhouse?

