

HOUSING DECISIONS

Evaluating Renting Versus Buying

Detailed practice, calculation, decision-making, and assessment

GRADES 9-12	TIME 2 x 42 min	GROUPING I / pairs / whole	PRODUCT Brief
YOUR CHALLENGE Compare time horizon, savings, flexibility, five-year cash flows, equity, and ownership risks using fictional assumptions.			

Housing Choices Affect Both Money and Daily Life

Renting and buying have different costs, responsibilities, and risks. A useful comparison includes the planned length of stay, savings, credit, debt, maintenance, taxes, insurance, closing and selling costs, mortgage terms, possible equity, and uncertainty about future home value.

Term	Student-friendly meaning
Down payment	Upfront amount paid toward purchase.
Closing costs	Fees and expenses paid in connection with the purchase and loan.
Equity	Home value minus debt secured by the home.
Principal	Amount borrowed that remains to be repaid.
Maintenance	Cost and work needed to care for the property.
Time horizon	Expected length of time before moving or changing plans.
CLASSROOM USE All people, employers, figures, brackets, and documents in this packet are fictional. Never place a real Social Security number, employer ID, bank number, or tax document in classroom work.	

Part 1 - Evaluate Readiness Factors

Buying requires more than comparing a mortgage payment with rent.

Factor	Renting may fit when...	Buying may fit when...	Case evidence
Time horizon	Move likely soon	Stay for years	
Savings	Limited upfront cash	Down payment/closing/emergency funds	
Maintenance	Prefer owner responsibility	Can fund/manage repairs	
Credit/debt	Still improving	Supports sustainable financing	
Flexibility	High value	Lower value	

Which factors are financial and which relate to lifestyle or uncertainty?

Part 2 - Calculate Five-Year Renting Cost

Fictional rent begins at \$1,900/month and rises 3% each year. Renter insurance is \$216/year.

Year	Monthly rent	Annual rent	Renter policy	Annual total
1	\$1,900			
2				
3				
4				
5				

Increase monthly rent by 3% each year and round to cents. Find the five-year total.

Part 3 - Estimate Five-Year Ownership Cash Outflow

Use the simplified figures; do not treat this as a mortgage quote.

Cost	Annual / one-time	Five-year amount
Mortgage principal and interest	\$1,780/month	
Property taxes	\$6,000/year	
Home insurance	\$1,800/year	
Maintenance reserve	\$3,600/year	
Closing costs	\$11,000 one-time	

Calculate the five-year cash outflow. Explain which amount may build equity and why cash outflow is not the same as economic cost.

Part 4 - Add Decision Evidence

Use these fictional facts: buyer expects \$32,000 principal reduction after five years; possible selling costs are \$18,000; home value change is unknown.

Evidence	Renting	Buying	Uncertainty
Five-year cash outflow			
Equity/principal reduction	None stated	\$32,000	
Selling cost	None stated	\$18,000	
Maintenance surprise	Owner risk	Buyer risk	
Move after two years	More flexible	May be costly	

Create a cautious comparison. Do not assume the home rises in value.

Part 5 - Write a Rent-or-Buy Decision Brief

Casey may relocate within three years, has \$24,000 saved, and wants predictable costs.

Decision check	My evidence
Time horizon	
Savings/upfront cash	
Five-year rent estimate	
Five-year ownership outflow	
Equity estimate	
Selling/repair risk	
Missing mortgage facts	
Recommendation with limitation	

Write 150-200 words. Explain why this is a readiness decision, not a claim that renting or buying is always better.
