

Rent, bills and expenses

In this lesson we will look at the differences between renting, buying and shared ownership properties and the expenses people need to consider.





Independent Living

Independent living means having the freedom and confidence to make your own choices about how you live your daily life. It's about being as self-sufficient as possible and having control over decisions like where you want to live.

Independent living can help you gain valuable life experiences, develop a sense of autonomy, and unlock new opportunities for personal growth. It's an empowering step towards adulthood.



Renting

Paying for the use of a house or flat. The owner of the property is known as the landlord. Anyone renting a property is known as a tenant. Tenants need an initial deposit and to pay rent each month. The person who manages the agreement and contract between the landlord and tenant is a letting agent.

Buying

Most people who want to 'own' their own home need a deposit and to take out a loan (debt) known as a mortgage. The mortgage is usually paid back in monthly instalments and is a long term commitment over a period of years. The amount paid in total for a mortgage will considerably exceed the sum borrowed, once interest is taken into account.

You can find out more and use our mortgage calculator [here](#)



Share Ownership

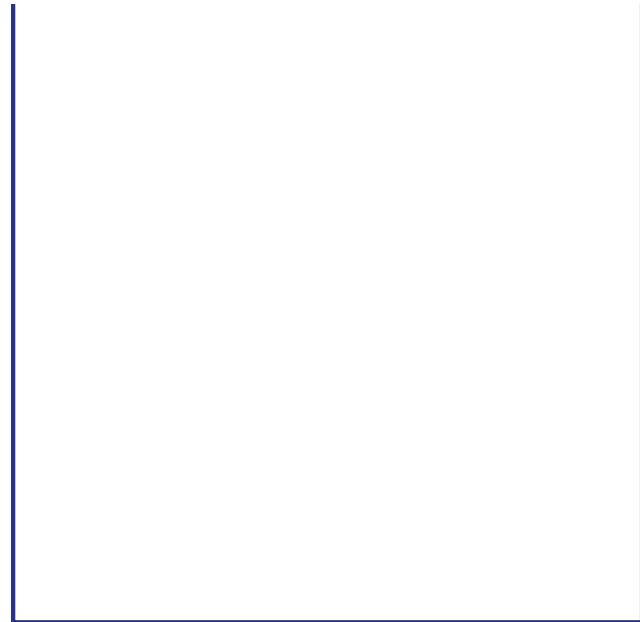
An arrangement that allows someone to buy a portion of the property and pay rent on the remainder. This is often through a housing association, independent organisations that manage affordable homes for people on low incomes or with particular needs.

A large, stylized graphic on the left side of the slide. It features a blue, semi-circular shape with a white shadow effect, resembling a speech bubble or a stylized letter 'S'. Inside this shape, the word "SHARE" is written in large, white, bold, sans-serif capital letters. To the right of the blue shape is a solid orange circle. In the bottom left corner, there is a solid dark blue circle. The background is split into a white left half and a green right half.

SHARE



Activity - Define these different terms



Bills and expenses

Owning, renting or sharing ownership of a property each comes with different costs that are important to understand. Whether you choose to rent, buy outright, or explore options like shared ownership, it's crucial to be aware of the associated expenses. Renting may seem more affordable upfront, but you'll need to factor in ongoing rental payments. Buying a property requires a larger initial investment but could lead to long-term savings.

This worksheet breaks down the costs for each option, helping you make an informed decision that aligns with your financial situation and goals.





What's are different costs for buying and renting



Tenants pay a deposit before they move in, usually equivalent to one month's rent, which will be returned to them when they leave. Rent is usually payable monthly. If a number of tenants are living in the same property (a house or flat share) the tenants will usually share the deposit and rent. Rent will vary according to the size, location and condition of the property. Costs of utility bills might be included within the rent paid, otherwise these will be paid separately monthly or quarterly (e.g. internet, electricity, gas, council tax). You'll also need to consider contents insurance.

Buyers need a deposit which is usually a minimum of 5% of the purchase price. Mortgage repayments are paid monthly and will include interest. The amount of interest you pay will depend on the mortgage agreement. Utility bills will be paid separately to the mortgage payments. You'll also need to consider Stamp Duty, legal fees, valuation and survey fees, and buildings and contents insurance.





Tenancy Costs & Expenses

A tenant is someone who rents a property, like a house or an apartment, from a landlord. In the UK, when you become a tenant, you sign a contract called a tenancy agreement with the landlord. This agreement gives you the right to live in the property for a certain period of time.

As a tenant, you have responsibilities like keeping the property clean and not causing damage. The landlord is responsible for repairs and maintenance.

A large, solid orange circle is positioned in the upper left quadrant of the green background, partially overlapping the white kitchen area of the image.

Letting Agent

Advertise available properties to potential tenants and manage properties for landlords. They often charge tenants fees for services such as reference and credit checks, checking-in and checking-out inventories, and administration costs.



Tenancy Agreement

A contract between a tenant and their landlord that gives both parties certain rights. For example, it gives the tenant the right to occupy the property and the landlord the right to receive rent for letting the property. The tenancy agreement will state when the tenant must pay rent e.g. on the 1st of every month, and that the landlord can withhold some or all of the deposit if the tenant(s) has caused any damage to the property, or not paid their rent.





Deposits

Landlords should pay tenants' deposits into a government-authorized deposit protection scheme. These schemes ensure tenants will get their deposit back if they meet the terms of their tenancy agreement, don't damage the property and pay the rent and bills.

Social Housing

Local councils and housing associations rent homes to people on low incomes or who need extra support. The local authority or housing association act as the landlord.





Regular Costs – Optional or Unavoidable?

When renting or buying a property in the UK, there are several costs involved, some unavoidable and others optional. Unavoidable costs include a deposit (usually one month's rent for renting), stamp duty (a tax when buying), council tax.

Optional costs can be things like broadband and TV packages

Utilitise

These include gas and electricity (energy), and water. Costs vary depending on how much is used and which company provides the services. Utility bills are usually paid for monthly.



A close-up photograph of a white "TV LICENCE REGISTRATION FORM". The text "TV LICENCE" is in large, bold, black capital letters, and "REGISTRATION FORM" is in smaller, black capital letters below it. A gold and silver ballpoint pen is positioned diagonally across the bottom of the form. The form has a light blue horizontal band. There are decorative circles: a large orange one at the top center and a large dark blue one at the bottom left. The background is a solid green color.

TV LICENCE

REGISTRATION FORM

Forename(s)

TV License

This is a legal requirement if you watch or record programmes as they're being shown live on TV, or watch or download programmes on BBC iPlayer. A TV licence can be bought annually or paid for in monthly instalments.

Broadband Subscription

A connection to the internet which can be transmitted to different devices such as tablets and laptops through a WiFi (radio) signal, which is required for TV packages. Broadband is usually paid for monthly.



TV LICENCE

REGISTRATION FORM

Forename(s)

Other Costs

Other costs to consider:

- Mobile phone contract or pay-as-you-go
- Contents insurance
- Food and necessities
- Clothes
- Essential travel costs

You can use our range of calculators to work out bills and savings [here](#)

See you next time!