



Renting a Home

Advantages and Disadvantages of Renting

Renting a Home: Advantages and Disadvantages of Renting

David P. O'Brien Ph.D.

For many, renting is the first step to homeownership and for others it is a long-term lifestyle. Whichever path you take, there are important things to consider including who will live with you, what you can afford, your housing needs and where you will live. There also are legal issues to consider such as the rental application and the rental agreement. In addition, it is important to know your responsibilities as the renter, the landlord's responsibilities and how to move on when you are ready to rent somewhere else or buy a home.

The following are some important terms to understand in the rental process:

- Rent is money paid to live in a dwelling that is owned by someone else.
- Landlords, or owners, offer renters – called tenants – many types of housing from small apartments to single family houses.
- Lease, or rental agreement, is a written contract that lists the rights and duties of both landlord and tenant. Because it is a legal document, it can be enforced by a court. Verbal agreements or assurances are hard to prove and not easily enforceable.

Renting instead of buying has a number of advantages including:

- Low initial and predictable monthly costs
When renting, you usually pay one to three months rent as a security deposit for damage or cleaning. This is much less than the initial

expense of buying a house. Once you have signed a lease, the rent will stay the same during the period of the lease. Also, some rental units have recreational facilities such as a playground, pool, gym or clubroom.

- Limited maintenance
Other than changing light bulbs, you usually will not have to fix things or take care of a yard. An exception to this could be if you rent a single family house that requires you to maintain the landscaping, arrange for service calls or make repairs.
- Mobility and flexibility
Renting also provides flexibility if you need to move for a new job or are undecided about what type of long-term housing you want. Canceling a lease is easier and faster than selling a house. Note: Rental lease obligations are different in each state so you need to know the state law where you rent.

Some disadvantages to renting include:

- Limited control of policy
A renter may have little or no voice in how the building is managed and maintained. There is little freedom to change the color of paint and some landlords restrict the size or type of pets or do not allow pets at all. Renters also do not control who their neighbors will be. There may be problems with noisy and/or nosey neighbors.

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- Financial disadvantages

Renting on a short-term basis, such as month-to-month, can be more expensive than a monthly mortgage loan payment. Longer-term rentals are more likely to be less expensive but landlords will often raise the rent at the end of the rental agreement period. This will increase your housing costs if you want to stay in the same rental unit. If you cannot afford the cost, you will have the expense and inconvenience of moving. Also, money spent on rent is not applied toward ownership and does not build equity. Unlike a mortgage payment, money paid for rent is not tax deductible.

This resource is one in a series on Renting a Home which include:

Deciding to Rent

Advantages and Disadvantages of Renting
Who Will Live There? More About Roommates
What Can You Afford?
What Do You Want?

Finding a Home to Rent

Finding a Rental Unit
Comparing Rental Units
Renting a House
Renting With an Option to Buy

The Rental Process

The Rental Application
Your Right to Fair Housing
Rental Contracts

Legal Aspects of Renting in New Mexico

Regulation of Rental Contracts
New Mexico Rental Law
Military Personnel

Moving Into Your Rented Home

Renters Insurance
Verifying the Condition of the Rental Unit

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