

## First Steps in Re- Housing

If you're reading this guide it's probably because you're in a crisis- A housing crisis. Perhaps your wages don't afford you decent housing, and sadly this is true for many people. The high cost of housing in the Metro area has most struggling to survive. Some are behind on their rent and fear getting evicted, others may already be living in a temporary shelter situation. Keep this guide as a reference, as it serves two purposes:

1. To suggest ways you can manage the immediate housing crisis
2. To help you find the path to a more secure future

Government and nonprofit help are only temporary solutions and unable to sustain for long periods of time. So, consider the facts of your current situation, and if debt is your big issue along with housing you are in a crisis. Although a limited amount of debt isn't necessarily a bad thing, excessive debt can prevent you from achieving your long-term financial goals. Some people don't know when they're in over their heads with debt, but even if you're in trouble it's important to know there are things you can do to get out of it. While the solution might not be easy, you can regain your balance for the future.

1. More than 20 percent of your income goes toward paying off car loans, credit card debt, or other kinds of debts.
2. You have to borrow money each month to pay off your debts.
3. You don't know how much money you owe.
4. You pay only the minimum amount on each bill.
5. You pay your bills late each month and sometimes even miss payments.
6. Creditors have to call you to get you to pay your bills.
7. Businesses refuse to give you credit.
8. You have taken money from retirement accounts and/or have used credit cards to pay normal monthly bills.
9. You write postdated checks.
10. You have to take an extra job to pay your bills.

Fill in the worksheet below with ideas about how to solve your current crisis to begin to manage your finances:

# Extra Income Ideas Worksheet

Idea	How can I apply this in my life?
Part-time work	
Working extra hours/overtime	
Seasonal work	
Volunteering	
Starting a small business	
Turning a hobby into an income	
Selling items	
Pooling income with my family	
Other ideas:	

Sometimes debt can make you feel as if you're living at the bottom of a deep well. The good news is there are many different ways to pull yourself up and out into the daylight of financial security. The following steps can help you get started:

- Because interest on debt compounds over time, there's no time to get started reducing it like the present.
- Cut your everyday expenses so you can use more of your money to pay off your debts.
- Work with a credit counselor to set up a debt-reduction plan. Although each company you owe will send you a bill each month, your best course of action is to send any extra cash to the creditor who is charging you the highest interest.
- Consolidate your loans by shifting higher-interest loans to a single, lower-rate loan and make sure you're not running up new charges.

- Limit yourself to one or two credit cards. Pay off any other cards you have, call those companies to cancel your accounts with them, and cut up those cards. Keep the final one or two cards in a safe place at home where you won't be tempted to use them for frivolous occasions. You can even call the card companies and have the credit limit lowered on those last cards to prevent you from running up too much debt on them. (To stop most credit card offers being mailed to you, call 1-888-5OPT-OUT.)
- Earn the most money you can. A second job or working overtime are ways to increase your monthly income. If you have a family, however, it's best to decide whether your time is most valuable at home or at work.
- Sell or trade items that you own but never use. Instead of pawning these items at a pawnshop, sell them yourself and use the money to help pay down debts.
- When you pay off one debt, make sure you continue to set aside the same amount of money each month to pay off other debts.

Sometimes you have to be honest with yourself in order to make the best financial decisions. If you purchased a car but are having trouble making monthly payments, you may be better off selling the car and paying off your loan than letting a creditor repossess the car. A record of a repossession will hurt your credit rating.

If a participant currently has housing but fears getting evicted, the time to act is now. Encourage participants to start by figuring out how far behind they are in the rent. Then, they can make a repayment plan to discuss with their landlord.

- ▶ In general, remind participants it's a good idea to talk with their landlord as soon as they run into trouble. The longer they wait, the more their landlord will think they are unwilling to pay the back rent. Participants will save money if they work out a solution with their landlord *before* he or she starts the eviction process as there are court costs involved with getting eviction papers.
- ▶ When participants talk with their landlord, they should give a brief reason why the problem occurred. They shouldn't spend too much time describing their troubles. They just want their landlord to know the situation is *temporary*. Remind participants that to the landlord, they are a customer, not a friend.
- ▶ One way to pay back rent is to ask the landlord if there is any work that can be done on the property. Hallways may need new paint or lawns may need attention. Some evening or weekend time could lower the amount a participant owes.
- ▶ Encourage participants to stay focused on how they can pay their back rent when they talk with their landlord. Participants need to realize they are asking him or her for a favor: to continue living in a place that participants haven't paid for completely. This is no time to start an argument with the landlord. Participants may feel the landlord has not kept up the property—it might be a good idea to bring up these problems *after* they have paid the back rent.

## Tips for Working with Your Landlord Worksheet

Following these steps will help you negotiate with your landlord:

1. Figure out how much you owe and what you can pay back.
2. Let the landlord know there is a problem *before* you fall behind in the rent.
3. Make a repayment plan and put it in writing. Make the plan realistic. It's important that you honor this agreement, or your landlord will lose faith in you. Then, he or she may take more drastic steps such as eviction.
4. If the landlord agrees to a repayment plan, put the agreement in writing. Include wording that says as long as you live up to the repayment plan, the landlord will not evict you. The paper should be signed and dated by both you and the landlord.
5. Ask the landlord if there is any work that can be done on the property to help pay the back rent.
6. If you believe your landlord has not lived up to the agreement you both signed, you need advice. Explain the situation to the nonprofit group that has been helping you or seek help from a tenants' rights group or legal aid society. Be prepared to show them the signed agreement.
7. Don't bring up other problems with the landlord; focus on how you can pay the rent owed.

*My plan for negotiating with my landlord:*

***I owe my landlord \$\_\_\_\_\_.***

***I can pay \$\_\_\_\_\_ each week for \_\_\_\_\_ weeks to get caught up on my rent.***

*This is what I plan to say to my landlord: (Actually write out something below)*

Now use the worksheet below to tabulate your new costs so you don't get trapped again:

## Three-Step Spending Plan Worksheet

Step 1: Identify Income Sources		
Source	Expected per month	Actual per month

After-tax wages		
After-tax wages from spouse's income		
Tips, bonuses, cash from hobbies		
Unemployment compensation		
Social Security or Supplemental Security Income		
Public assistance		
Child support		
Food stamps		
Other		
Other		
<b>Total Monthly Income</b>		

<b>Step 2: List Expenses</b>		
<b>Source</b>	<b>Expected per month</b>	<b>Actual per month</b>
Rent/mortgage payment		
Utilities (see <i>Utilities Worksheet</i> , next page)		
Savings (pay yourself first)		
Cellphone (all features)		
Home maintenance		
Groceries (could be offset by WIC benefits)		
Car payment, gasoline, parking		
Bus fare or other public transportation		
Insurance (car, homeowner's or renter's, life)		
Tuition or school-related fees		
Child care		
Child support, alimony, spousal maintenance		
Union dues		
Pets		
Credit cards		
Clothes/uniforms		
Snacks/meals eaten out		
Personal (toiletries, hair, nails, etc.)		
Entertainment		
Charitable donations		
Savings for emergencies		
Savings for long-term goals		
Other		

<b>Total Monthly Expenses</b>		
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<b>Step 3a: Compare Expected Income and Expenses</b>	
Expected monthly income	\$ _____
(minus) expected monthly expenses	- \$ _____
Total	= \$ _____

Do you have money left over? If so, go back and increase your monthly savings expenses to build financial security. Not enough income to cover expenses? Where are your spending leaks?

## Utilities Worksheet

<b>Utility</b>	<b>Per Month</b>
Heating (natural gas, oil, propane, wood)	\$
Electricity (cooling and heating, appliances, lighting)	\$
Water and sewer	\$
Landline phone (include features: caller ID, call waiting, etc.)	\$
Internet service	\$
Cable TV (include all features)	\$
Satellite service	\$
Trash collection	\$
<b>Total Monthly Utilities Expenses</b>	<b>\$</b>

Make certain that you track your actual income and actual expenses for the month. Now, complete Step 3b.

<b>Step 3b: Compare Actual Income and Expenses</b>	
Actual monthly income	\$ _____
(minus) actual monthly expenses	- \$ _____
Total	= \$ _____

How did you do? Are you on track? Do you need to make some adjustments? It's time to start the process all over again and create next month's spending plan.