6 Ways to Save on Rent and Expenses When You're Trying to Buy a House

These strategies can help you transform your savings into the down payment you need.

By Devon Thorsby, Staff Writer |Jan. 26, 2018, at 12:10 p.m.

Getting a roommate is one way to reduce your expenses, but make sure you have enough space and always notify your landlord. (JulieanneBirch/Getty Images)

Taking the leap from renter to homeowner is exciting, but it's often harder than many anticipate. Even if the common hindrances of student loans and car payments aren't weighing you down, the amount you pay in rent can make saving up for your down payment next to impossible.

In 2017, the national median for rent increased 2.4 percent for a one-bedroom apartment, reaching $1,040, according to a report by apartment listing site ABODO. The highest average rents for a one-bedroom apartment reported across the U.S. in 2017 were in San Francisco ($3,333), New York City ($2,811) and San Jose, California ($2,486).

With rent fluctuations varying by season, neighborhood and type of property, it may feel impossible to take control of the amount of rent you pay. But with a renewed focus on how to approach lease negotiations, apartment hunting and saving techniques, the process won't feel so painful.

"It's important to make that shift away from, 'It's going to be hard,' and, 'I'm not sure I can do it,' to a fun process," says Marlow Felton, a financial expert and co-author of "Couples Money" and "The Prosperity Factor" with her husband, Chris.

Here are six things you can do to change your rent and spending habits to reach your down payment goal faster.

Get a roommate. One way to cut your rent in half is to bring in a roommate to occupy your spare bedroom or den. Of course, if you live in a studio or already live with a significant other, adding another person to the mix may cut costs, but it could also cause space issues.

You should always follow the stipulations of your lease, as well as notify your landlord of your intent to bring a new tenant into the building. Your landlord has the right to vet any incoming tenant and deny him or her. You also want the roommate to be added to your lease so he or she can contact the property manager for maintenance issues, and so you can remove yourself from full liability of any damage the roommate may cause.

Negotiate your rental rate. When your lease is up, you have the opportunity to try to renegotiate the rent with your landlord. At least negotiating down an annual increase on the rent could be a helpful savings if rental rates have increased significantly in your neighborhood over the last year.

David Mele, president of real estate information site Homes.com, says you can make a lower rent more enticing for the landlord by offering to sign a contract for more than a year. "If a renter were to pursue a two-year lease, they're then guaranteeing the tenant to the landlord for a longer period of time," he says. Keep in mind, however, that breaking your lease before the two years are up could lead to fees, so don't sign on for a lengthy period if you think you may need to move before then.

Another option is to look for an apartment in the off-season – during the colder months – because there are fewer people moving in the winter, "at a time when property managers are looking to fill vacancies and there aren't as many moves taking place," Mele says.

Opt for fewer amenities. If you're looking to move to a new place with hopes of finding cheaper rent, rethink your expectations for amenities. An older walk-up unit with no pool, fitness center or concierge is likely going to be cheaper than the new luxury apartments with rooftop dog parks and in-house sommeliers being built now.

Make your savings a game. Forgoing discretionary spending doesn't have to feel like a punishment to reach a distant goal. Felton recommends making every dollar you save feel like it carries more weight by separating it out and turning it into a game.

To do so, Felton recommends creating a separate savings account, preferably linked to your other accounts and with few or no fees. Then challenge yourself or your spouse to see how much money can go into the new account by cutting out various expenses.

Felton uses the example of daily lattes, which she equates to roughly $8 per day. "I can take that $8 and then put it into the account, and then I can see it and see that it's going toward that goal," she says.

Then rather carrying the mental weight of sacrificing lattes, it's turned into a positive by putting the money toward your home purchase. Soon you'll find yourself "looking for money to fill the account," Felton says.

Move to a cheaper location. Median rents increased in 28 states and the District of Columbia last year, while they decreased in 21 states and remaining the same in one state. Of course, relocating purely for cheaper rent isn't often feasible, but with some metro areas crossing state lines, examining less-expensive neighborhoods in a nearby state could be beneficial.

While median rent for a one-bedroom apartment increased in New York and New Jersey (to $1,595 and $1,259, respectively), Connecticut's median rent decreased (to $1,158), and is also the cheapest option when looking at the statewide median, according to the ABODO report. If you can handle the longer commute, opting to live in Connecticut rather than Manhattan can help you accumulate that down payment savings faster.

If moving to a cheaper state isn't an option, get savvy with your rental search. Mele recommends using the save search features on listing sites to get updates via email or app notifications when new places become available in your price range.

"You can save searches and then get alerts, and it's really handy. That way, you know what the market rates are," Mele says. "And then you can work in concentric circles outside of your target area – you might find that the rates go down."

Track your net worth. Since a house is likely one of the biggest investments you'll ever make, you should also take a wide-angle view of your financial situation. Felton says tracking your net worth on a regular basis – as much as weekly – can be a big help in achieving your goal.

Keep a spreadsheet of your current debt (student loans, car loan), assets (car, stocks) and spending. You should know if your current debt outweighs your assets, or if your spending keeps your worth stagnant, before you take on a mortgage and buy a house.

"Even if [they're] just starting out and someone's going from being a renter to a homeowner, they have to make that mental shift into thinking like a wealthy person and really being aware of that number," Felton says. "If that net worth isn't growing, that just means they're spending too much or they're not saving enough or they're going into debt."

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