3 money rules that get you a happier home

You should love where you live—and be able to afford it, too. Finance pro Nicole Lapin shares the financial keys to a calm, comfortable household.



Former CNN anchor Nicole Lapin is the author of the financial best-seller *Rich Bitch* and one of the stars of the new CW show *Hatched*.

HERE'S SOMETHING you probably don't hear every day but should: More than half of Americans (55 percent) had trouble affording their housing costs over the past three years, according to a 2015 survey by the MacArthur Foundation. Scary, right? It's not only homeowners struggling to write their monthly checks; it's renters, too—both said that in order to pay for housing, they often sacrifice something else important, like saving for retirement, buying nutritious food, or paying credit card bills on time. No home is worth that kind of financial sacrifice. I've said before that if you can't afford to buy a home, there is zero shame in renting, but even that holds true *only* if you rent something affordable and you run your household well. So let's talk house rules.

1 Stick to 35 percent of your budget, max

I don't care if you're renting or buying. I know how tempting it is to spend more, but when you find yourself drooling over a cute Colonial that will cost half your household income, remember: This is one of the—if not *the*—largest expenses you'll ever have, so the amount you spend will determine everything else you can do and pay for in life. By hanging on to 65 percent of your money, you have more freedom with your spending on food, a car, retirement savings, and the old end-of-the-week glass of wine. That said, if a house near your office costs closer to 40 percent of your income but also means you won't need a car, spending a little more might make sense—but only if you budget to ensure the remaining 60 percent is really enough for you. Of course it would feel awesome to live in a palace, but it won't be luxurious for long if you can't pay your bills.

2 Don't expect a house to make you rich

We've all heard over and over that home ownership is a good investment—and it can be, if you have a low-interest, affordable mortgage and you're going to live there for five to 10 years—but it's typically not going to *make* you money the way other investments like stocks might. That's thanks to inflation: Let's say you bought a house in 1990 for $75,000 and paid in full. It's worth $200,000 today. You made a killing, right? Well, no. When you adjust for inflation and subtract the cost of repairs and taxes, you're basically breaking even on that house, and you might be in the hole. Now imagine you kept renting and invested that same $75,000 in steady index funds like the S&P 500. Today, even with inflation (and the occasional crash, if you can last through it without liquidating your stocks), you'd likely have nearly a half-million dollars. See which one was the moneymaker?

3 Treat your home like a business

Yes, home is where your heart is—but it can also be where your stress starts. Just think about how chaotic closets or ugly stacks of bills make you feel. You're much more likely to feel good in your home if you run it efficiently. Carve out an organized desk space; when your financials and paperwork are shipshape, the rest will follow. Use color-coded file folders to organize mail and bills (I have a zebra-print folder to store "action" items that demand my immediate attention, like credit card bills). To cut down on paper clutter, switch to e-bills if you haven't already, then scan and/or shred anything not tax-related over two years old. Trust me, you'll feel less frazzled at home when you're not paying late fees and wading through piles. And that means you can enjoy being in the home you work so hard for.

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