

Housing Alternatives

Overview

This lesson helps students understand the different housing options available when renting or buying.

Lesson Objectives

Students will be able to:

- Identify various housing alternatives.
- Determine local housing options, both renting and buying.

Lesson Procedures

1. Have students read Lesson 10.1 from the student lesson. Use the Introduction scenario in the lesson as an overview for the lesson. Ask students what Emilio and Justine should do. Record their answers on the board and have the class vote to see what they would recommend.
2. Review the lesson content, focusing on the main points. Remind students that spending money on a place to live is one of the most important financial decisions they will make. Use Activity 10.1A to help them evaluate their personal housing needs or preferences.
3. Review Activity 10.1 by discussing how the students options and needs will change throughout their lives, depending on their individual circumstances. Use Activity 10.1B to illustrate this concept. Debrief the activity.
4. Conclude the lesson by revisiting the FINAL NOTE from the student guide. Review their answers given at the beginning of the lesson and check to see if they would vote differently after the lesson.
5. Use Review 10.1 to assess student learning.

PERSONAL FINANCIAL LITERACY

PASS OBJECTIVE

Objective 10.1: Compare the costs and benefits of renting versus buying a home.

Objective 10.2: Explain the elements of a standard lease agreement (e.g., deposit, due date, grace period, late fees, and utilities).

Objective 10.3: Explain the elements of a mortgage (e.g., down payment, escrow account, due date, late fees, and amortization table); types of lenders; and fixed or adjustable rate mortgage loans.

“Home isn’t a place, it’s a feeling.”

Cecelia Ahern

VOCABULARY

Apartment

Condominium

House

Renting an Apartment

Overview

This lesson discusses the costs and benefits of leasing and explains the rights and responsibilities of renting a place to live.

Lesson Objectives

Students will be able to:

- Discuss the reasons that people rent.
- Explain the features of a standard lease agreement.
- Recognize other costs involved in leasing an apartment or house, such as deposits, late fees, and utilities.
- Evaluate the cost and benefits of renting.

Lesson Procedures

1. Have students read Lesson 10.2. Use the Introduction scenario in the lesson and discuss the differences in strategies used to find a place to rent. Ask students what they would do if they were looking for an apartment.
2. Review the lesson content, emphasizing the costs and benefits of leasing. Explain the different terms of a lease and examine the terms used in a lease. Use Activity 10.2 to review those terms and discuss the activity.

Optional: Go online or ask a local apartment complex for a copy of a lease agreement to review with students as part of this activity

3. Conclude the lesson by revisiting the FINAL NOTE from the student guide. Ask students if they would change their strategies (as discussed in the Introduction) for searching for an apartment.
4. Use Review 10.2 to assess student learning.

PERSONAL FINANCIAL LITERACY

PASS OBJECTIVE

Objective 10.1: Compare the costs and benefits of renting versus buying a home.

Objective 10.2: Explain the elements of a standard lease agreement (e.g., deposit, due date, grace period, late fees, and utilities).

“Home is any four walls that enclose the right person.”

Helen Rowland

VOCABULARY

Landlord

Lease

Rent

Tenant

Utilities

Buying a House

Overview

This lesson discusses the costs and benefits of buying a home.

Lesson Objectives

Students will be able to:

- Discuss the reasons that people buy homes.
- Explain the terms associated with a mortgage.
- Describe the different types of lenders and housing loans.
- Identify the various costs of homeownership.
- Assess the costs and benefits of owning a home.

Lesson Procedures

1. Have students read Lesson 10.3. Use the Introduction scenario in the lesson. Ask students what Hank should do if he is serious about buying a house.
2. Review the lesson content, emphasizing the costs and benefits of buying a house, the process of getting a mortgage, and the importance of comparing interest rates. Use Activity 10.3 to help students apply these concepts. Discuss the activity.
3. Conclude the lesson by revisiting the FINAL NOTE from the student guide. Ask students what they think Hank should do next.
4. Use Review 10.3 to assess student learning.

PERSONAL FINANCIAL LITERACY

PASS OBJECTIVE

Objective 10.1: Compare the costs and benefits of renting versus buying a home.

Objective 10.3: Explain the elements of a mortgage (e.g., down payment, escrow account, due date, late fees, and amortization table); types of lenders; and fixed or adjustable rate mortgage loans.

“You don't want to have so much money going toward your mortgage every month that you can't enjoy life or take care of your other financial responsibilities.”

Dave Ramsey

VOCABULARY

Closing costs
Down payment
Earnest money
Equity
Escrow
Mortgage

Getting Your Ducks in Order

Overview

This activity can be used as an introduction to the content in Standard 10.

Materials

- Book: Make Way for Ducklings by Robert McCloskey.
- Writing paper for each student.

Procedures

1. Explain to students that you are going to read a children's book to them that deals with finding the perfect home. As you read the book, have them write down the issues that Mr. and Mrs. Mallard consider when trying to decide where to live.
2. After reading the story, give students a few minutes to think about the story and make any additions to their list. Then, have them share their answers with the rest of the class.
3. If needed, remind them of the following aspects to consider:
 - Location
 - Proximity to grocery stores, restaurants, etc.
 - Whether they want to live in a rural or an urban area
 - Safety
 - Police presence
 - Visiting the location at different times during the day to see:
 - Traffic
 - Noise level, etc.
 - How location preferences could change based on life situations

Have students brainstorm any additional considerations for Mr. and Mrs. Mallard before making a final decision about where to live.

5. Review the activity by asking them which of the issues (above and from the activity) they or their families should consider when looking for a place to live.

Housing Wheel

Overview

This activity can be used to review the content in Standard 10.

Materials

- Plain white paper plates
- Colored markers

Procedures

1. Ask students if they plan to own a house or rent a place to live. Explain that this activity will help them make a more informed decision when deciding where they want to live.
2. Hand out one paper plate per student; the inexpensive plain white plates will work best. Instruct them to fold the plate into thirds, then fold it into one half – giving them six areas. Post the following questions on the board. Tell them to think about where they plan to live when they graduate from high school, whether moving to a new place in town or going away to another city. If they plan to go to college or trade school in another area, they can substitute “school” for “work” in this activity. Have them use different colors of markers to answer the different questions. Encourage them to take their time when answering the questions because they will be sharing their information at the end of the assignment. Also, encourage them to write their answers neatly so others can read it.
 - a. How close do I need to be to work?
 - b. How long will I live in my current location?
 - c. How much privacy will I need as a tenant/home owner?
 - d. Are you single? Have children?
 - e. How long do you hope to continue working at this job?
 - f. Where would you begin when looking for housing?
3. After completing the questions, have students volunteer to share all six of their answers with the rest of the class. The class will then help decide which housing option is best for them.
4. Have students turn over their housing wheel (paper plate) and define the following terms, one in each section of the plate.

Tenant Landlord Lease Renters Insurance Amenities Security Deposit
5. Review the activity to ensure students have completed it successfully.

Extending the Lessons

Use the quotes in the Teacher’s Guide as an introductory discussion or review for the lessons.

Assign students a living situation (such as a single mom, a college student, an aging couple) to find a place to live in your community. You may also want to include a budgeted amount for them to spend.

Have students prepare a list of questions about finding a place to live. Invite a leasing agent from a local apartment complex, a real estate agent, and/or a bank loan officer to visit class and answer student questions.

Resources

Lessons:

Free lesson plans and other resources at <http://moneyisok.com/standards/standard-10-renting-vs-buying/>

Econedlink Lesson – Renting vs. Buying: <http://www.econedlink.org/teacher-lesson/162/Buying-vs-Renting>

Videos/Online Resources:

Video with Lesson - Renting a Place to Live: <http://www.econedlink.org/teacher-lesson/1268/Renting-Place-Live>

Video with Lesson – Buying a Home: <http://www.econedlink.org/teacher-lesson/1274/Buying-Home>

General personal finance resources available at:

- www.federalreserveeducation.org
- www.mymoney.gov
- www.jumpstart.org