Deciding Where to Live

A lesson on home buying and renting for grades 3–5
Sharing Your Resources
A lesson on charitable giving for grades 3–5

Preview

Lesson description
In this lesson, students will learn that people live in many different types of homes and use various methods to pay for housing. The lesson begins with students brainstorming types of homes and learning about specific types. Students then work with a partner to sort statements about renting and/or buying a home. Through a class discussion of the correct answers, they learn more about each option.

Objectives
Students will be able to:
• List types of homes people may have
• Explain differences and similarities between renting and buying a home
• Identify a mortgage as a loan a person or family uses to purchase a home

Lesson at-a-glance

<table>
<thead>
<tr>
<th>Section</th>
<th>Purpose</th>
<th>Approximate time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>Introduce the presenter and the topic of the lesson</td>
<td>5 minutes</td>
</tr>
<tr>
<td>Activity: Types of homes</td>
<td>Students brainstorm and learn about different types of homes in which people live</td>
<td>15-20 minutes</td>
</tr>
<tr>
<td>Activity: Paying for housing</td>
<td>Students sort statements about renting or buying a house and learn more about each during the discussion</td>
<td>15-20 minutes</td>
</tr>
<tr>
<td>Closing</td>
<td>Students are encouraged to think about in which type of housing they might live in in the future and how they will pay for it</td>
<td>5 minutes</td>
</tr>
</tbody>
</table>

Total time 40–50 minutes
Materials: *Arrive prepared.*

- **So many homes handout**—one copy per student
- **So many homes answer key and facilitation guide**—one per facilitator
- **Renting or buying handout**—one copy student (Optional: Cut into cards in advance with one set per pair or small group of students.)
- **Renting or buying answer key and facilitation guide**—one per facilitator
- **Deciding Where to Live post assessment**—one for each student (OPTIONAL)

**Background:** *Understand the topic.*

At the elementary school level, students should understand that people pay for housing in different ways. Some people **rent** housing which means they generally pay a predetermined amount each month to live in their home. This amount may include fees for utilities and other costs. A **mortgage** is a loan used by many people to purchase a home. When people buy a home using a mortgage, they often pay for it over a long period of time such as 15 or 30 years. Most elementary school students will not have learned about percentages or how to calculate them. As a result, discussions about **interest rates** should be simple. Avoid discussion about specific rates amounts or how they might be calculated.

**Vocabulary:** *Use grade-appropriate definitions.*

- **Buy:** To purchase of a good such as a home or property.
- **Down payment:** The first payment you make before you get a loan and promise to pay for the rest later.
- **Interest:** Money paid at a specified rate for money that is borrowed, deposited in a bank, or owed to a lender.
- **Loan:** An amount of money that is borrowed.
- **Mortgage:** A loan used to purchase property.
- **Rent:** Money paid in return for being able to use property or live in an apartment, house, etc., that someone else owns

**Delivery:** *Decide on the format.*

This lesson can be conducted with an entire class or in small groups. For each activity, there are several facilitation options provided. Be sure to review the options in advance and determine which one will work best given the setting, number of facilitators, etc. In some cases, the facilitation option you select will influence the number of handouts needed.
Differentiation: *Be aware of your audience.*

When conducting a lesson on home buying and renting, it is important to consider the students and their experiences. Be prepared to acknowledge the range of experiences and backgrounds. Touch base with your classroom teacher in advance to inquire about the student population you will encounter. In particular, keep in mind that students may live in a wide range of homes. Some may not have a permanent home or residence. Many students may be self-conscious discussing their own living arrangements. For this reason, the lesson focuses on a wide array of homes and does not ask students to discuss their own homes or future home choices.

**Tips for PwC facilitators:** *Make the most of your time in the classroom.*

Before facilitating this lesson for the first time, consider the following:

- Read through the entire lesson in advance.
- Touch base with the classroom teacher to make sure you know when to arrive, the process for entering the building, the room setup, photo release protocol, and any available technology. For example:
  - Where should you park? Where should you enter the building? Will you find your own way to the classroom or will someone meet you?
  - What is the room set up (individual desks, tables and chairs, etc.)? Will you have access to a whiteboard?
  - Are you allowed to take photos during the lesson? Remember, you are required to get specific written consent from parents/guardians before taking photos of minors. How will you handle the students whose parents/guardians have not given consent?
  - If you opt to use the post-assessments, should students take it using paper and pencil or online with school-provided devices? Will the teacher want to collect the assessments and forward the results, or should you collect them?
- If you will be presenting with another facilitator or team, consider each person's strengths when deciding who will lead various sections of the lessons, how students will be organized during the lessons, and who is responsible for preparing the materials.
- Remember that adults in most high schools are addressed formally using their title (Mr./Mrs./Ms.). Plan to address the teacher and any of your colleagues in this manner, even if you would normally call each other by first names.

**Educator insights:** *Adapt this lesson for your classroom.*

PwC is pleased to offer these lessons for use by classroom teachers to support or augment their financial education efforts. Please recognize that the materials were designed for employees to use as facilitators when visiting a class. Therefore, some sections (such as the introduction) may be unnecessary. Feel free to adapt the materials in whatever way makes the most sense for your classroom including the optional extension activities at the end of the lesson.
Teach

Opening (5 minutes)

• Thank the teacher and introduce yourself to the class. Explain to the students that PwC is a professional services firm that is committed to providing all students with financial literacy education through its program, Access Your Potential.® In simple terms, explain what you do at PwC and how it relates to what the students will be learning during the lesson.

• Let students know that you are there to help them learn more about one of the biggest financial choices they will likely have as an adult—where to live and how to pay for it.

Activity: Types of homes (15–20 minutes)

Set up

• Tell students that people live in many different types of homes. A house is one type. An apartment is another. There are also very descriptive words that help you picture in your mind what it might look like.

Implementation

• Challenge students to work with another student and list as many types of homes as they can. Encourage them to be creative but remind them that the names must be realistic in order to count. If students struggle, prompt them to think about places people live in books they have read.

• Let them know that they will then work with another pair to see how many home types they came up with that were different from the other pair. They will get one point for each unique home name. If students have played Boggle or Scattergories before, this method of scoring for unique responses may be familiar.

• Allow time for pairs to brainstorm their list and then work with another pair to share and score their responses.

• Ask for examples of some of the responses. Responses may include anything from a house and an apartment to a castle and a teepee.

Conclusion

• Distribute a copy of the So many homes handout to each student. Direct students to work with the same student as before to identify each type of home pictured.

• Discuss student answers using the descriptions from the So many homes handout answer key and facilitation guide as a reference.

• Reinforce that people live in many different types of homes. The type and style of home they choose may be influenced by where they live, the lifestyle they prefer, their culture, or the amount of money they spend on housing.
Activity: Paying for housing (15–20 minutes)

Set up

- Tell students that just like there are different types of homes a person can live in, there are also different ways that a person or family can pay to live somewhere.
- Ask students to raise their hands if they have ever spent the night in a hotel. Share with students that one way to pay for housing is to pay for each night that you spend there. This is a good option when you are traveling, but it can get expensive if you plan to stay somewhere for a long time.

Implementation

- Explain to students that most people choose one of two ways to pay for their regular housing. They either rent or buy a home.
- Distribute a copy of the Renting or buying handout to each student. Direct students to:
  - Circle the statement if they think it applies only to renting a home.
  - Star the statement if they think it applies to both renting and buying a home.
  - Leave the statement alone if they think it applies only to buying a home.
  - Put a question mark next to any statements about which they are unsure.

Conclusion

- Once students have finished, call on students to read the statements and ask if they circled, starred, or left the statement alone. Use the Renting or buying handout answer key and facilitation guide as a reference when discussing student answers.
- Let students know that the decision to rent or buy a home will be one of the biggest financial decisions they make in the future. They will also need to decide things like where to live, what style of home to live in, and more. Housing is a major expense for most people, and it can be influenced by many factors, including a person’s chosen career. For example, many people want to live somewhat close to where they work.

Closing (5 minutes)

- (OPTIONAL) Distribute a copy of Deciding Where to Live post assessment to each student. Direct students to answer the questions. Inform them that they do not need to put their name on the assessment unless the teacher wishes to keep a copy for grading purposes.
- Thank the students and the teacher for letting you come and talk to the class about home, buying, and renting.
- Encourage students to think about where and how they wish to live when they think about other choices for their future such as what career they will pursue.
Teacher-led follow up ideas

Bulleted list of ways the educator can extend the lesson once the facilitator leaves. Each list will include a mention of a corresponding module from the Digital Classroom, such as:

- Use Homeward Bound module in the beginner level of the Earn Your Future® Digital Classroom Earn Your Future® Digital Classroom (https://app.pwcfdnearyourfuture.org/) to help students learn even more about income and careers. This resource made possible by the PwC Charitable Foundation, Inc.®, is designed for students in grades 3–12 and can be delivered in multiple formats (classroom, small group, or individually) and has accompanying educator resource guides to assist in delivery. Students can engage with financial literacy concepts through innovative self-paced modules featuring custom videos, animations, and interactive activities. A free teacher login is required to access the modules.

- Invite students to explore housing options in different locations and compare costs. For example, students can select or be given a specific dollar amount (i.e., $100,000 or $250,000) and see what home they could purchase with that amount in a variety of locations.

- Challenge students to research how housing choices have changed over time in the United States or how it varies across the world. If possible, make connections to what students may be learning about in social studies lessons.

- Direct students to create their “dream houses” using a creative medium such as art, technology, blocks, or cardboard. Then ask students to write a description of the home that would make someone want to purchase or rent it.
Standards correlation

This lesson is correlated to the National Standards for Financial Literacy from the Council for Economic Education available at [http://www.councilforeconed.org/resource/national-standards-for-financial-literacy/](http://www.councilforeconed.org/resource/national-standards-for-financial-literacy/). Standards are classified as primary or secondary. Primary standards are addressed directly and thoroughly. Secondary standards are addressed indirectly or partially.

<table>
<thead>
<tr>
<th>Primary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using credit:</td>
</tr>
<tr>
<td>• Interest is the price the borrower pays for using someone else’s money.</td>
</tr>
<tr>
<td>• When people use credit, they receive something of value now and agree to repay the lender over time, or at some date in the future, with interest.</td>
</tr>
<tr>
<td>• By using credit to buy durable goods—such as cars, houses, and appliances—people are able to use the goods while paying for them.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary</th>
</tr>
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<tbody>
<tr>
<td>Using credit:</td>
</tr>
<tr>
<td>• Borrowers who repay loans as promised show that they are worthy of getting credit in the future. A reputation for not repaying a loan as promised can result in higher interest charges on future loans, if loans are available at all.</td>
</tr>
</tbody>
</table>
Deciding Where to Live

So many homes handout

Directions: Use the word bank to name each type of home shown below.

- castle
- yurt
- camper
- townhouse
- igloo
- log home
- houseboat
- farmhouse
- mansion

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Deciding Where to Live

So many homes handout! Answer key and facilitation guide

Directions: Use the word bank to name each type of home shown below.

<table>
<thead>
<tr>
<th>castle</th>
<th>yurt</th>
<th>camper</th>
<th>log home</th>
<th>farmhouse</th>
</tr>
</thead>
<tbody>
<tr>
<td>townhouse</td>
<td>igloo</td>
<td>houseboat</td>
<td>mansion</td>
<td></td>
</tr>
</tbody>
</table>

- **Farmhouse**: usually found in rural areas often with a barn nearby
- **Townhouse**: typically found in urban or suburban areas, also referred to as row houses
- **Camper**: comes in different styles, including those pulled by a vehicle and ones you can drive

- **Yurt**: Circular, tent-like structures popular in Asia and other areas
- **Log home**: House or cabin made by interconnected logs
- **Igloo**: Homemade of ice and often associated with Inuit history and culture

- **Castle**: Typically, from the medieval period, these homes are often fortified against attack with thick walls, towers, and sometimes a moat
- **Houseboat**: A boat, which is used a permanent home, generally on still water such as a lake or river
- **Mansion**: A very large and sometimes fancy home
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Renting or buying handout

**Directions:** Decide if each statement describes renting a home, buying a home, or both. Circle statements that describe renting only. Put a star by statements that represent both renting and buying. Do nothing to statements that only describe buying a home. If you do not know, mark the statement with a question mark.

<table>
<thead>
<tr>
<th></th>
<th>1. Your home might not be worth as much in the future.</th>
<th>2. You may need to pay for insurance in order to live there.</th>
<th>3. You do not have to pay for repairs such as if the toilet leaks or the hot water heater breaks.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4. You may have to pay extra each month to have a pet.</td>
<td>5. You will pay interest on the money you borrow to do this.</td>
<td>6. You must pay taxes on the property.</td>
</tr>
<tr>
<td></td>
<td>7. You pay all of your moving costs, including boxing up items and moving them in.</td>
<td>8. You will have a landlord.</td>
<td>9. Someone may check to see if you have a habit of paying your bills on time.</td>
</tr>
<tr>
<td></td>
<td>10. You might use a loan called a mortgage to pay for the home.</td>
<td>11. The improvements you can make—such as painting rooms or upgrading the kitchen—may be limited.</td>
<td>12. This usually requires having money saved up in advance for what is called a down payment.</td>
</tr>
<tr>
<td></td>
<td>13. There may be rules about what you can and can't make the outside of your home look like.</td>
<td>14. Before doing this people usually have the home inspected (to see if it has problems) and appraised (to know how much it is worth).</td>
<td>15. Your monthly payments may include utilities like water and electricity.</td>
</tr>
</tbody>
</table>
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Renting or buying handout

1. Your home might not be worth as much in the future. **Buying:** If you buy a house, you generally want it to increase in value. If it doesn’t, you may lose money when it comes time to sell it.

2. You may need to pay for insurance in order to live there. **Both:** Both buyers and renters can be required to have insurance.

3. You do not have to pay for repairs such as if the toilet leaks or the hot water heater breaks. **Renting:** One of the things many people like about renting is that someone else is responsible for repairs and maintenance.

4. You may have to pay extra each month to have a pet. **Renting:** Some renters have to pay a monthly fee to have a pet—especially larger dogs. There may also be an extra security deposit charge. This is money paid up front in case repairs need to be made when you leave because of an animal. For example, the carpet may need to be replaced.

5. You will pay interest on the money you borrow to do this. **Buying:** Most people must borrow money in order to buy a house. When we borrow money, we usually pay the lender what is called interest—a charge for borrowing the money.

6. You must pay taxes on the property. **Buying:** The owner of the property is responsible for paying taxes.

7. You pay all of your moving costs, including boxing up items and moving them in. **Both:** Whether you rent or buy, you will probably be responsible for the cost of moving in—and out. Some employers including the military—may help pay for these costs for its employees.

8. You will have a landlord. **Renting:** The person who actually owns the property is your landlord.

9. Someone may check to see if you have a practice of paying your bills on time. **Both:** Buyers will have their credit checked before getting a loan. Renters may have their credit checked before a landlord decides to rent to them.

10. You might use a loan called a mortgage to pay for the home. **Buying:** A loan used for buying a home is called a mortgage.

11. The improvements you can make—such as painting rooms or upgrading the kitchen—may be limited. **Renting:** Most renters are limited with what improvements they can make. It is wise to know those rules, or renters can end up being charged fees if they do things they weren’t allowed to do.

12. This usually requires having money saved up in advance for what is called a down payment. **Buying:** Most people are required to provide a down payment—even if they are borrowing money to purchase a home. How much money needs to be saved up in advance will depend on the cost of the home and the rules of the lender.

13. There may be rules about what you can and can’t make the outside of your home look like. **Both:** Both renters and buyers can have rules about the outsides of their home. The rules are set by a landlord for renters. For buyers, these rules might be set by a homeowners association or the local government.
Deciding Where to Live

Renting or buying handout

14. Before doing this people usually have the home inspected (to see if it has problems) and appraised (to know how much it is worth). **Buying:** Paying to have a home inspected for damage or problems can help buyers know what costs they can expect in keeping up the house. An appraisal tells a buyer how much the house should be worth and if the price they are paying for it is fair.

15. Your monthly payments may include utilities like water and electricity. **Renting:** Every rental agreement is a little bit different. Some include utilities such as water, electricity, and trash pickup. Others do not.
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Post-assessment

Section 1: Please select the correct answer for each of the following questions.

1. Which of the following is **not** a place people commonly live?
   a. Yurt
   b. Boathouse
   c. Log home
   d. Home store

2. People who buy a home often need to borrow money. A(n) ______ is a loan used to purchase a home.
   a. appraisal
   b. down payment
   c. inspection
   d. mortgage

3. Which of the following statements applies to both renting and buying?
   a. You do not have to pay for major repairs such as if the toilet leaks or the hot water heater breaks.
   b. You are responsible for paying taxes on the property.
   c. Someone may check your credit to see if you have a habit of paying your bills on time.
   d. You may have to pay extra each month to have a pet.

Section 2: Please choose the number on the scale that best indicates how strongly you agree or disagree with the following statements:

<table>
<thead>
<tr>
<th>I understand the difference between buying and renting a home.</th>
<th>Strongly disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel confident making decisions about housing.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>I am interested in learning more about buying or renting a home.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

Section 3: Circle your grade level.

K 1 2 3 4 5 6 7 8 9 10 11 12
Deciding Where to Live

Post-assessment I Answer key

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