



**JAMESTOWN - JOURNEY OF DEMOCRACY**  
**WWW.JAMESTOWNJOURNEY.ORG**

**OFFICIAL CURRICULUM OF AMERICA'S 400<sup>TH</sup> ANNIVERSARY**  
**SPONSORED BY THE FEDERAL**  
**JAMESTOWN 400<sup>TH</sup> COMMEMORATION COMMISSION**



**Property Rights: Private Property and the Expansion of Freedom**  
Prepared by the University of Virginia Center for Politics

**Purpose:** This lesson will introduce students to the importance of property rights to the functioning of a democracy. Students will participate in a simulation in order to experience the costs and benefits of communal ownership and private ownership of property. By examining the economic situation at Jamestown prior to 1619, students will draw conclusions about the importance of private property to establishing democracy. The lesson concludes by asking the students to examine the role of the citizen in promoting property rights in order to strengthen democracy. This lesson can be partnered with the lesson plan, *European and Indian Views of Land Ownership*.

**Objectives:**

1. Students will participate in an experiment in order to establish the importance of property rights in creating thriving communities.
2. Students will examine the process of establishing private property at Jamestown in order to evaluate the effects of this on the economic success of the colony.
3. Students will define key economic terms in order to analyze their relevance to the establishment of property rights.
4. Students will identify examples of citizen engagement that have extended private property rights to disenfranchised members of American society in order to determine the importance of citizen action in expanding economic freedom.

**Materials:**

1. Simulation, *To Work or Not to Work, That is the Question*
2. Student Resource, *Sir Edwin Sandys' Program to Increase Productivity at Jamestown, 1619*
3. Teacher Transparency, *The Benefits of Home Ownership*
4. Graphic Organizer, *Extending Property Rights*
5. Seven Articles - attached
6. Student Assessment, *Property Rights Poster*

**Key Terms:**

Incentive	Productivity	Commodity
Property Rights	Disenfranchised	Headright

## Procedure:

1. **Warm Up/Motivation.** Establish the importance of establishing property rights by having students participate in the simulation, *To Work or Not to Work, That is the Question*. The simulation examines the process of establishing property rights and the benefits to the Jamestown colony as a result.
2. Transition. Distribute the student resource, *Sir Edwin Sandys' Program to Increase Productivity at Jamestown, 1619*. Direct students to work in small groups to analyze the material and answer the questions included on the sheet.
3. Discuss the relevance of the year 1619 by placing the following statements on the board or overhead.

In 1619:

- The House of Burgesses was established, allowing landowners to select representatives who would make laws for the colony.
- Land was distributed for private use to those who had served their indentures or had paid their own way to Virginia.
- The first Africans arrived in Virginia, thus setting in motion the institution of slavery in America.

Ask the students to hypothesize about the correlation between these events by discussing the following questions.

- What do you think is the relationship between the establishment of property rights and representative government?
  - Why would citizens who owned land want to have a say in the lawmaking process?
  - Is there any connection between the establishment of property rights and the use of slave labor in America? Why would property owners choose to use slave labor versus the labor of indentured servants?
4. To transition to the topic of extending property rights, ask the students to respond to the following question.
    - Why was it important to make sure that new arrivals received land in America?
    - How does private ownership of property benefit an individual? A community? A nation?
  5. Ask students to describe the “American Dream.” Many should say the opportunity to own their own home or business. Project a copy of the teacher transparency, *The Benefits of Home Ownership*. For more advanced students there is an in depth discussion of this topic found at [www.centerforpolitics.org/pubs/reports.htm](http://www.centerforpolitics.org/pubs/reports.htm)
    - What is the incentive for an individual to buy a home?
    - What are the advantages of home ownership for the individual?

- How would an increase in home ownership affect a community?
    - ❖ Local government?
    - ❖ The nation?
  - What are some challenges that have prohibited citizens from owning their own home or business?
  - What is the role of the citizen in extending property rights to those who have traditionally been disenfranchised?
  - What can be done to expand the opportunity to own a home or business to more Americans?
6. Examine the role of individuals and groups in extending property rights to those who have traditionally been denied access by completing a jigsaw activity. Break the students into small groups and have them use the graphic organizer, *Extending Property Rights* to summarize one of the following articles.
- Ferris, Marc. *Development; New House, Not Free, But All Their Own.* New York Times. December, 7, 2003.
  - CHCI National Housing Initiative To Help Latinos Achieve American Dream. [www.chci.org/media/03april23.html](http://www.chci.org/media/03april23.html).
  - Williams, Brandt. *Closing the Ownership, Wealth Gaps.* Minnesota Public Radio. February 10, 2004.
  - Washington Mutual and the National Council of La Raza team up to increase Homeownership, Education and Opportunities for Latinos. [www.hispanicwire.com/news\\_in.php?id=1035&cha=14](http://www.hispanicwire.com/news_in.php?id=1035&cha=14)
  - Native American Home Ownership Far Below Other Americans; But Mortgage Default Data Shown as Less Risky. <http://naihc.indian.com/pr/mortgage-data-11-02.html>
  - Vacacela, Marcia. *Reaching Out to New Immigrants to Create Home Ownership.* Bright Ideas. Winter 2002/2003. [www.nw.org/network/pubs/brightIdeas/documents/CoverStories.pdf](http://www.nw.org/network/pubs/brightIdeas/documents/CoverStories.pdf)
  - Minority Homeownership/ National Association of Realtors. [www.realtor.org/PublicAffairsWeb.nsf/Pages/TPMinorityHomeownership?OpenDocuments](http://www.realtor.org/PublicAffairsWeb.nsf/Pages/TPMinorityHomeownership?OpenDocuments)

After students have worked in a small group discussing their article, break them into new groups so that they can complete their charts. Groups should discuss:

- Strategies used for increasing home ownership
  - Causes for low home ownership in specific communities
  - Success in creating change
7. To Summarize this lesson ask the students to create a poster that communicates the following:
- The importance of property rights
  - The correlation between the establishment of property rights and the growth of democracy
  - The actions of citizens in promoting property rights in order to strengthen democracy

Complete a gallery walk by distributing the assessment sheet, ***Property Rights Poster*** and having the students evaluate their peers' work. Allow students to review peer content before collecting the posters for review.

## To Work or Not to Work, That is the Question

Adapted from: *All the Fish in the Sea* which is included in *Fish Tales: Classroom Lessons about Economics and the Environment* by Donald R. Wentworth and Kathryn Ratte. For more lessons involving economics visit [www.fte.org](http://www.fte.org) or visit [www.perc.org](http://www.perc.org) for the complete curriculum.

### Materials:

Candy, such as candy corns, M&Ms or cracker fish.

Transparency, *Four Tools of Economic Reasoning*

Transparency, *To Work or Not to Work, That is the question*

Transparency, *Round One Debrief.*

Transparency, *Property Rights Grid.*

### Simulation Objective:

Students will use the four principles of economic reasoning to explain the behavior of their classmates in two simulated situations. The four principles are:

**Choice-** Because resources are scarce, individuals must choose between alternatives. Analysis of decision making begins by identifying the choices people make and investigating their consequences.

**Incentives-** Incentives are the rewards or punishments for behavior. They shape the costs and benefits of available alternatives. People are rational decision-makers, choosing the alternatives they think will give them the greatest excess of benefits over cost. Changes in incentives alter the costs and benefits, causing predictable changes in the choices that people make.

**Property Rights-** Property rights- the formal and informal rules regarding the use, ownership and transfer of property- provide important incentives. Ownership generally provides an incentive for people to consider the value of property in the future. Therefore, people tend to take better care of the things they own and value.

**Voluntary Trade-** Individuals enter into exchanges only when both expect to be better off as a result of the exchange. Trade is possible because people's interests and values differ. Voluntary trade won't continue if one party gains and the other loses in the transaction.

### Teaching Procedure:

1. Use the visual, *Four Tools of Economic Reasoning* to introduce the four tools of economic reasoning to students. Display the overhead and briefly explain each. It isn't necessary to spend a great deal of time with the overhead as students will become more familiar with the tools as they use them in the simulation.

2. Display the transparency, ***To Work or Not to Work, That is the question.*** Ask the students to hypothesize the reasons behind the lack of food and labor at Jamestown. Record the hypotheses on the board or overhead and explain that you'll come back to consider the list later.
3. Announce that the class will observe a brief activity and that you will then ask them to explain the behavior they observed.
4. Turn on the overhead projector. Scatter the candy or goldfish on a blank transparency and adjust the projector so that seated students can see the candy dots or fish. Recruit six volunteers to come to the front of the room and gather around the projector.
5. Explain to the volunteers that they are indentured servants at Jamestown and that you are the Virginia Company representative. Instruct them that they are responsible for harvesting the crops. For each crop they harvest they must perform ten jumping jacks (or other exercise regimen) and that at the end of the harvest they will turn over their product to the company. In return they will receive one crop (candy) regardless of how many they harvest and turn over. The harvest will last 20 seconds.
6. After giving the instructions say, "Go!" and watch the time carefully. *(Students will be hesitant to take any crops. Students who do harvest crops should perform the jumping jacks.)*
7. At the end of the harvest have all the students turn in their harvests. Pay them for their work. Even the students who don't harvest get a candy. Tally the number of crops harvested and record this information on the board or overhead.
8. Display the visual, ***Round One Debrief.*** Remind the students of the four economic reasoning tools and debrief using the overhead questions.

**Choice-**

- What was scarce in this situation? *(Labor, harvested crops)*
- What alternatives were available to the indentured servants?  
*(To Work or to loaf.)*
- What choice did they make and what was the consequence of their choice? *(Decided not to work too much and there was little food)*
- Did any of the servants set out to deliberately starve the colony or Deprive the Virginia Company of its profit?

**Incentives-**

- Was there a reward for harvesting crops? *(Yes, but it was minimal)*
- Was there a punishment for not harvesting crops? *(No. Still got food.)*
- What behavior did the incentives- the set of rewards and punishments- encourage? *(Loafing or relying on others to work.)*

**Property Rights:**

- Who owned the land where the servants were farming?  
*(The Virginia Company owned the land, it was held in common by the colony.)*

- Did the rules of ownership affect the incentives? If so, how? *(Yes, because the settlers didn't own the land so they didn't value it. They didn't share in the rewards of a bountiful harvest.)*

### **Voluntary Trade**

- What voluntary trade took place in this activity? *(The Virginia Company took the harvest in exchange for paying the passage of the settlers and providing living expenses)*
- Who benefited from the exchange and how? *(The settlers benefited by gaining passage to the colony and the Company benefited by producing crops they could sell in Europe. By examining the amount of crop produced- neither side was satisfied with the amount of benefit. The servants didn't see it as worthwhile to work because no matter how hard they worked they received the same payment.)*
- Is this exchange likely to continue? *(No. Neither side achieves what they want.)*

### **In Summary:**

- Based on this simulation, why wasn't the Virginia Company able to produce enough crops to sustain the colony and turn a profit?
  - What could be done to improve the situation?
9. Place more candy on the overhead in a random fashion. Do not turn on the overhead yet. Announce that you are going to run the experiment again but this time you are going to allow the colonists to harvest and be paid on the amount that they harvest. They will get paid 10 cents per candy harvested in the first round and 20 cents per candy harvested in the second round.

Recruit six new volunteers and have them approach the overhead. Tell the farmers that they have one minute. For each crop they harvest they still have to perform the ten jumping jacks.

*There will be a mad rush with some students not getting any candy. Don't put too much candy out.*

10. At the end of the second round there shouldn't be any more candy. Pay the students for their catch. Announce that there can be no third round because all the harvest has been taken or destroyed, the land is a mess. Ask the students if they understood that the harvest would have been worth more in the second round. Tally the amount of crop harvested and record the information with the tally from the first round.

11. Ask the farmers why they didn't wait for the second round. *(They couldn't wait for the second round because they were afraid everyone else would take them all.)*
- What problems are created in this situation? *(People were grabbing, some got more than others)*
  - Why did everyone work in this round? *(Because they would get paid for their labor)*
  - Why weren't any of the farmers concerned about the condition of the land? *(It wasn't theirs, there is plenty of it)*
  - Why were more crops raised in round 2?
12. Place the Property Rights transparency on the overhead but don't turn it on. Invite six more volunteers to the overhead. Explain to the volunteers that there will be one new rule.
13. Assign one rectangle to each student and explain that he or she owns the farmland in the rectangle. Ask the students to place the crops in their fields, as much as they want to plant. Students should consider that they will have to work (do jumping jacks) to harvest the crops before deciding to plant them in their rectangles. Inform students that if they harvest crops belonging to someone else they have to pay a one dollar fine and lose the right to farm in the future.
14. Once the crops are planted, review the rule and remind the students that there will be a one-minute round for them to harvest their crop. Say, "Go," and start timing. *(Some who are confused by the rules may try to harvest others' crops, be sure to stop this and prevent them from future farming.)*
15. After a minute, call "Stop." Pay for any harvested crops. Tally the score and place on the board with the tallies from previous rounds. Compare the numbers.
- In which round do we see the highest production of crops? *(It should be the last round)*
  - How can this be explained? *Ask the students to identify the similarities and differences in the three experiments, both in terms of setup and results.*
  - Encourage students to use the economic vocabulary of choice, incentives, property rights and voluntary exchange to explain the differences and similarities.
16. Summary Activity. Ask the students to respond to the following writing prompt in a short essay.

How did the establishment of property rights aid in the success of the Jamestown colony? Comment on the role each of the following played in increasing the profitability of the colony.

- Choice

- Incentives
- Property Rights
- Voluntary Exchange

## Four Tools of Economic Reasoning

- Choice: Because resources are scarce, individuals and organizations must choose among alternatives.
- Incentives: Incentives are the rewards or punishments for behavior. They shape the costs and benefits of available alternatives. People are rational decision makers, choosing the alternative they think will give them the greatest excess of benefits over cost. Changes in incentives alter the costs and benefits, causing predictable changes in the choices people make.
- Property Rights: Property rights- the formal and informal rules regarding the use, ownership, and transfer of property provide important incentives. Ownership generally provides an incentive for people to consider the value of property in the future. Therefore, people tend to take better care of things that they own and value.
- Voluntary Trade- Individuals enter into exchanges only when both expect to be better off as a result of the exchange. Trade is possible because people's interests and values differ. Voluntary trade won't continue if one party gains and the other loses in the transaction.

## To Work or Not To Work, What is the Question?

Read the following document from Jamestown. What problems was the Virginia Company facing in attempting to make a profit from the colony?

Spring, 1611

Sir Thomas Dale reaches Virginia in May, a time when all hands could have been used in planting. Dale finds nothing planted except “some few seeds put into a private garden or two.” And the people he finds at “their daily and usuall workes, bowling in the streets.

(Morgan, Edmund. *American Slavery, American Freedom*. W.M. Norton and Company, New York. 1975.)

Clues:

- All land was owned by the Virginia Company and held in common.
- The English were able to trade for corn from the Indians.
- Regardless of how hard you worked, you received the same payment of food, housing and supplies.
- The person next to you who “loafed” received the same as you who had worked.

## Round One Debrief

### Choice:

- What was scarce in this situation?
- What alternatives were available to the indentured servants?
- What choice did they make and what was the consequence of their choice?

### Incentives

- Was there a reward for farming in this round?
- Was there a punishment for farming in this round?
- What behavior did the incentives- the set of rewards or punishments- encourage?

### Property Rights

- Who owned the land where the crops were grown?
- Did the rules of ownership affect the incentives? If so, how?

### Voluntary Trade

- What voluntary exchange took place in this activity?
- Who benefited from the exchange and how?
- Is this exchange likely to continue?

**Property Rights Grid**


## Sir Edwin Sandys' Program to Increase Productivity at Jamestown, 1619



Sir Edwin Sandys was the treasurer of the Virginia Company in 1619. Sandys realized that greater incentives needed to be provided to the settlers in order for the colony to turn a profit. His program introduced a variety of measures that were to have a lasting effect on the success of the colony.

Provisions from Sandys' program:

- Settlers who had arrived prior to 1616 (Old Planters) were granted "headrights" of one hundred acres. Those who arrived as servants received their land at the end of their service.
- Anyone who came on their own or paid the way for someone else after 1616 was granted a "headright" of fifty acres.
- The company received a small payment for each fifty acres granted. The payment equaled approximately the value of a day's labor.
- As an alternative to indentured servitude, persons could be assigned to work company land as sharecropping tenants. They turned over half of their earnings to the company in return they were granted fifty acres at the end of their seven year term.
- The Magazine, which provided supplies to the settlers and was originally run by the Virginia Company, was opened to private investors.
- Encouraged the production of commodities other than tobacco such as iron works, glass, and silk.

Reflecting on what you learned in the simulation, answer the following questions.

1. How did Sandys' program provide incentives for settlers to become more productive?
2. What would happen to the price of supplies if the magazine was opened to competition? Why?
3. Why do you think that Sandys was concerned about the overproduction of tobacco?
4. What do you think was the result of this program? Explain your answer.

\*Compiled by the Cincinnati office of the Neighborhood Reinvestment Corporation, April 2003.

### **Homeownership Builds Successful Children:**

Compared to children of renters (of the same age, income, race, etc.), the children of homeowners:

- Are 25% more likely to graduate from high school
- Are 116% more likely to graduate from college
- Are 20% less likely to become teenage mothers
- Are 59% more likely to own a home within 10 years of moving from a parent's home
- Save taxpayers an estimated \$34,000 in public expenditures that would have been spent if they had remained in rented housing

### **Homeownership Builds Wealth for Low-Income Families**

Compared to renters (of the same age, income, race, etc.), homeowners:

- Are 12 times wealthier
- Have 66% of their wealth in their homes
- Accumulate an average of \$44,000 in home equity during the first ten years of home ownership which becomes the basis for first-generation college graduates and small business owners.

### **Homeownership Builds Community Wealth**

- A 1% increase in home-ownership rates increases the value of each home in the area by an average of \$800.
- Each homeowner produces approximately \$2,572 in home-related goods and services sales at move-in and spent more every year thereafter than renters.
- Each home sold produces approximately:
  - ❖ \$4,000 in realtor fees
  - ❖ \$886 in revenue and taxes for government agencies.
  - ❖ Over \$171 for title companies
  - ❖ \$37,143 in revenues for banks, mortgage lenders and loan providers over the lifetime of the mortgage.
  - ❖ 15 Jobs

### **Homeownership Builds Stronger Communities**

Compared to renters (of the same age, income, race, etc.), homeowners:

- Are 28% more likely to improve their homes
- Are 10% more likely that they have worked to solve local problems
- Live 4 times longer in a community.
- Are 11% more likely to know who represents them in Congress
- Are 9% more likely to know who their school-board representative is
- Are 15% more likely to vote



## Article #1

### Reaching Out to New Immigrants to Create Home Ownership

BY MARCIA B. VACACELA  
ILLUSTRATION BY THOMAS BROAD

In New York in early 2001, **Neighborhood Housing Services of New York City**, along with three other partners, conducted a six-hour homebuyer and credit orientation in Spanish for members of faith-based organizations. Five hundred thirty people attended, 90 percent of who wanted credit and debt management and financial tips. That is just one illustration of the demand among immigrants for financial literacy information and a culturally appropriate response by a local NeighborWorks® organization. The same scene, with only slight variations, could be repeated with other immigrant populations in other NeighborWorks® communities all across the country. We also offer homebuyer classes in Haitian-Creole, for example, in addition to English and Spanish.

The reasons are that new immigrants are one of the fastest-growing segments of the home buying market, and community-based development organizations and the lending community are scrambling to develop new strategies and products to address their unique housing needs.

#### **Impact of New Immigrants**

An August 2002 report from the Joint Center for Housing Studies at Harvard University ([www.jchs.harvard.edu](http://www.jchs.harvard.edu)) provides an overview:

- Foreign-born homeowners have over \$1.2 trillion in housing wealth – one-tenth of the total national housing wealth – despite representing only 8 percent of all homeowners.
- One in five foreign-born homeowners is a recent first time homebuyer.
- The median house value of foreign-born, first-time homebuyers is \$150,000 – 50 percent higher than that of native-born, first-time buyers, largely as a result of the concentration of immigrant households in metropolitan areas with high-cost housing.
- To afford these more-expensive homes, foreign-born, recent, first-time homebuyers are making larger down payments and shouldering heavier cost burdens than native-born homebuyers.
- A larger share of foreign-born than native-born, first time homebuyers lives in metropolitan areas; however, within metro areas, foreign- and native-born, first-time homebuyers are equally distributed among central-city and suburban areas (*New Americans, New Homeowners: The Role and Relevance of Foreign-Born, First-Time Homebuyers in the U.S. Housing Market*, copyright by Rachel Bogardus Drew).

#### **Strategies for Network Organizations**

Based on our experience in New York, local network organizations that want to foster home ownership among new immigrants must develop an organizational commitment, understand the market, be sensitive to cultural diversity, provide specialized counseling and lending, and anticipate the demands of the secondary market. They need to produce or acquire marketing materials in appropriate languages. Recruiting, hiring and training

bilingual counselors and loan officers are important. So is spending time developing relationships and building the NeighborWorks® brand with potential customers. Community “lightning rods,” such as churches and schools, other credit counseling agencies, local real estate professionals, and other community organizations, need to be accessed. Finally, local network organizations need to partner with financial institutions that are trying to reach the same communities. Fortunately, many local NeighborWorks® organizations already are deeply engaged in reaching out to the immigrant communities in their area. Most commonly the outreach occurs through homebuyer orientation and education and financial fitness training. In Fort Wayne, Indiana, for instance, **Project Renew** has arranged to translate its promotional materials and teach its Home Ownership Made Easy classes in Burmese. Six graduates are now on a home-purchase track (*details, page 38*).

In Roxbury, Massachusetts, homebuyer education that includes foreclosure-prevention strategies is offered in six different languages by **Nuestra Comunidad**. They include English, Cape Verdian, Haitian, Spanish, Vietnamese and American Sign Language (*details, page 41*). In Manchester, New Hampshire, where at least three languages and cultures (Bosnian, Hispanic and Anglo) compete in **Manchester NHS** properties, MNHS hosted a Resident Leadership Development Capacity-Building Clinic for selected tenants, property managers, NHS staff and board members to work on improving communications and evoking new leaders (*details, page 45*). In Utica, New York, **Utica NHS** partnered with the Mohawk Valley Resource Center for Refugees to work together on helping immigrants achieve home ownership, with specially translated materials in Bosnian, Russian and Vietnamese.

Much of the network’s responsiveness may be driven by its resident-led local partnerships. But specific, how-to training comes through Neighborhood Reinvestment Training Institutes and such courses as the two-day “Reaching Immigrant Populations to Create Home Ownership” and a Spanish-language version of the five-day “Homebuyer Education Methods: Training the Trainer.”

### **Challenges and Barriers**

In addition, sad to say, new immigrants also need to be made aware of their legal rights under fair housing and fair lending laws, and of the danger signs of predatory lending practices. They need to be alerted to the possibility of racial and ethnic disparities in the home buying and lending markets. One of the biggest problems, obviously, for new immigrants is not knowing where to obtain reliable information. Hence, the response we experienced – as a long-standing and well-regarded community resource – to our homebuyer and credit orientation. There are no situations in which education and counseling are more critical than when buying a home or in a potential foreclosure. Only through financial awareness and knowledge of consumer rights can we beat predatory lenders, protect the lifetime investment in our homes, and ensure that our neighborhoods will remain strong and proud for generations to come.

### **Convening a National Partnership On Closing the Home-Ownership Gap**

Increasing home ownership among minorities achieved the special visibility of a daylong White House conference in October. President Bush spoke at an afternoon session.

NeighborWorks® system leaders served with other housing industry officials on panels. And two NeighborWorks® families were among the new homeowners featured at the event.

At the conference, the Bush Administration released its *Blueprint for the American Dream*, a 46-page guide to the public/private partnership – of which Neighborhood Reinvestment and Neighborhood Housing Services of America are participants – to increase minority home ownership by 5.5 million by the end of the decade. The U.S. Department of Housing and Urban Development simultaneously released a report, *Economic Benefits of Increasing Minority Home Ownership*, which calculated meeting the President’s goal would create \$256 billion in construction and remodeling jobs, spending on household goods, and other economic benefits. The focus of the conference was the difference in homeownership rates – in some cases, as much as 26 percentage points – between non-Hispanic whites and other racial and ethnic groups. Non-Hispanic whites have a 74.3 percent rate, according to second-quarter 2002 Census data, Asian-Americans and other races are at 53.7 percent, African Americans, 48 percent, and Hispanics, 47.6 percent.

In June, the Bush administration announced a homeownership agenda to dismantle barriers to home ownership by providing down-payment assistance, increasing the supply of affordable homes, increasing support for self-help, home-ownership programs, simplifying the home buying process, and increasing education.

### **President’s Remarks**

“I set an ambitious goal,” the President told conference participants. “I know we’re going to have to work together to achieve it. But when we do, our communities will be stronger and so will our economy.”

Bright Ideas/ Winter 2002-2003 [www.nw.org/network/pubs/brightIdeas/documents/CoverStories.pdf](http://www.nw.org/network/pubs/brightIdeas/documents/CoverStories.pdf)

*Marcia B. Vacacela is director of home ownership services for NHS of*  
WHITE HOUSE CONFERENCE ON MINORITY HOME OWNERSHIP

## Article #2

# DEVELOPMENT; New House, Not Free, But All Their Own

By **MARC FERRIS**

Published: December 7, 2003, Sunday

LAKE CARMEL -- GONZALO GALVEZ feels as if he won the lottery. He and his family have been chosen to move into the first Habitat for Humanity home in Putnam County, even though it is still under construction.

The house is far from free: the Galvezes must spend 400 hours helping build their home - - although Mr. Galvez will do most of it -- and must pay off a \$60,000 interest-free mortgage. Like any homeowner, he is also responsible for property taxes and insurance. But still, it is a home, and in an area where housing is expensive, even 400 hours of work and a mortgage of that size are a small price to pay.

"We provide a helping hand, not a handout," said James Killoran, executive director of Habitat for Humanity of Westchester, which has built 20 units in Westchester since its founding in 1988 and is currently building 10 more in the county.

Mr. Galvez, 31, moved to Putnam County from Mexico 10 years ago and works for Save A Tree, a tree service in Bedford Hills. After his wife, Irma, 29, heard about the Habitat project on television, the couple underwent a credit check and home visits from the selection committee.

Nine other families met the eligibility requirements to be considered for the home. The committee narrowed the field to three finalists, said Judy Carpenter, a board member who is also on the selection committee. Among the rules: the candidate must be a legal resident of the United States, must have lived in Putnam County for at least a year and must have an annual income of at least \$25,000. Applicants also had to have either one child or two children of the same sex, since the house has only two bedrooms.

Habitat for Humanity International is a nondenominational Christian organization founded by Millard Fuller in 1976 as an attempt to eradicate substandard housing for the poor. The group is the 15th largest home builder in country, said Ted Swisher, vice president of the organization, which is based in Americus, Ga. Habitat reached the 50,000 mark in home building this year in the United States, and by 2005 will have built 200,000 worldwide.

"The two biggest misconceptions people have about us are that we give houses away to homeless people and that Jimmy Carter founded us," Mr. Swisher said. "We sell the houses for what they cost to build and we're trying to solve the problem of inadequate housing one home at a time."

Potential recipients must live in substandard housing, which the Putnam chapter defined as requiring the resident to spend half of one's income on rent, or share a bedroom with a child, or have inadequate plumbing or heating.

The Galvez family lives in a tiny two-bedroom apartment in downtown Brewster. Siding peels off the building, the roof leaks, only one bedroom is heated and bats sometimes get inside, scaring the couple's daughters, ages 7 and 4.

"People don't believe there is any substandard housing in Putnam County, but committee members were appalled by some of the conditions we saw," said Carletta Durante, who is a member of the family support committee.

Ms. Carpenter said: "It was eye-opening. Black mold growing in living rooms, water damage, overcrowding. Few people are aware of it, but I've spoken with county workers and friends trying to spread the word about what I've seen."

The Westchester group experienced the same skepticism when it first started. "Nobody outside the county believes that there are pockets of poverty," said Mr. Killoran, one of the county chapter's three full-time employees (along with a family services manager and a construction manager). The chapter also pays building professionals to teach volunteers sound construction techniques.

"Chapters usually start with a grass-roots group," he said, "but to become more effective, they tend to professionalize."

The Putnam chapter has gotten off the ground slowly. Volunteers held their first meeting in 1999, said Larry Maxwell, chapter president and pastor of the Patterson Baptist Church. Completing the paperwork took a year and a half. Staffing the various committees -- family selection, construction, public relations, family support, volunteers and site selection -- also took time.

County officials donated the Lake Carmel house, which had been vacant for more than 10 years and had been seized for nonpayment of taxes, said Robert Bondi, the county executive and a prime mover in bringing Habitat to the county.

The process of tearing down an old building and putting up a new home on the site is behind schedule because of snags in obtaining a permit, weather delays and the challenge of retaining reliable volunteers, who have lost interest because of the delays, said Kathy Connelly, who helps on the family support committee.

Besides the architect and the construction manager, who work without charge, the group has a list of almost 200 volunteers willing to swing hammers and saw wood at the site, but there's no required number of hours for volunteers.

The family's ethnic origins also caused grumblings, Mr. Maxwell said. "At one of our first open meetings, someone said, 'You're not going to give the house to some Hispanic family, are you?'" But our selection committee considered the three finalists as families

A, B and C. All they knew was that there was a man, a woman, and some kids, along with their economic situation."

In Putnam County, the 2000 census shows that the Hispanic population more than doubled after 1990 to almost 6,000, a little more than 6 percent of the county's population, which is almost 90 percent non-Hispanic white.

The chapter attributes delays to growing pains. Site selection for the next house is under way. Part of the problem in Putnam County is that much of its land lies in the New York City watershed area, so there is limited room for development, Mr. Maxwell said. As a result, the chapter is looking to build condominiums.

"If these trends continue, a guy who fixes cars for a living or works in Kmart will never be able to own a house in Putnam County," he said. "These aren't people down on their luck, they're working people caught in the cycle of paying way too much on housing that offers far too little."

New York Times

Published: 12 - 07 - 2003, Late Edition - Final, Section 14WC, Column 1 , Page 5

## Closing the home ownership, wealth gaps

by Brandt Williams, Minnesota Public Radio  
February 10, 2004



*Georgia Hudson's four bedroom, two-bathroom house is close to a school and a park. (Brandt Williams)*

**Minnesota's homeownership rate is among the highest in the nation. However, people of color in Minnesota are less likely than whites to own a home. The largest homeownership gap exists between white and black Minnesotans. The gap alarms housing and civil rights activists who say homeownership is the best way to end generations of poverty.**

Minneapolis, Minn. — Loan officer Chris White just can't understand why more of his fellow African Americans, don't own homes. He says if he could buy a home, anyone can.

"I had a lot of things going against me, as far as income, experience and my credit history and all those things," says White. "But I was still able to do so." White is 20 years-old and a member of the Cross Cultural Home Ownership Alliance. The group leads educational forums for potential homebuyers.

Every week for the last several months White and other members of the alliance have been preaching the gospel of homeownership on a forum broadcast live from Lucille's Kitchen in North Minneapolis on KMOJ radio.

White and his colleagues sermonize about the benefits of home ownership. He says too many young people would rather spend their money on rent and a car with expensive 22 inch rims rather than making an investment in the future.

"You don't have anything to pass on to your children," he says. "You're just throwing that rent to -- you're paying someone else's mortgage, you're not paying your own mortgage.

So we're going to keep banging this over your head just like Snoop Dogg and 50 Cent bangs those 22's over your head. Get those. I know a lot of us --- we have some like that, but we got homes first."

Home equity is the most common form of wealth in the U.S. Minnesota's homeownership gap is actually a wealth gap - and it particularly affects African-Americans. According to a survey by the Federal Reserve, in 2001, the typical white American family had more than six times as much wealth as the typical black family.

Over three-fourths of white Minnesotans own homes. A little over half of all Asian Americans; just under half of American Indians; and four in 10 hispanics in Minnesota are homeowners. Only a third of African Americans in Minnesota own homes.

Vusi Zulu, the associate director of the Northside Residents Redevelopment Council, says homeownership is a gateway to political power. Zulu says historically, Americans who own property have had more say in the laws and policies that govern what happens on the land. He says slavery, followed by other forms of discriminatory public policy put African Americans way behind the wealth curve.

"If we don't have the homeownership, you can't pass it along, which has been mentioned before," says Zulu. "Which means we wind up having generations upon generations who are dependent rather than being able to be economically independent."

There are dozens of public and private programs and initiatives available to help Minnesotans with no income, low income or credit problems become property owners. The state of Minnesota budgeted \$220 million through the Minnesota Housing Finance Agency, for below market rate loans for first time homebuyers in 2004. The agency's goal is that at least 17 percent of those loans go to people of color.

In Minneapolis, Section 8 recipients are eligible to use their vouchers toward a mortgage. The Minneapolis Public Housing Authority was the first public housing authority in the nation to implement the program. Fifteen families have utilized the program since it got going in May of 2000.

The majority of those families are African American, like Georgia Hudson and her two sons.

Hudson maneuvers around the boxes and unarranged furniture in the home she bought in the Nokomis neighborhood in Minneapolis near the airport. The program requires her to spend 30 percent of her household income on the mortgage. The balance of the payment will come from the public housing authority.

The four bedroom, 2 bathroom house is close to a school and a park. Hudson says she can ride her bike to the VA hospital where she works.

"It's very much exciting," says Hudson. "Instead of renting, putting all that money somewhere else, you get to put it towards yourself. And I can remodel anyway I want."

Despite all the money and educational programs available to prospective buyers, there are still barriers to homeownership - not the least of which is increasing home prices. But housing advocates say one of their biggest challenges is breaking down the barriers people set for themselves.

## Article #4

### **Native American Homeownership: Far Below Other Americans But Mortgage Default Data Shown As Less Risky**

**WASHINGTON, DC - November 13, 2002** - Recent initiatives by the White House and the **Department of Housing and Urban Development (HUD)** to increase minority homeownership are necessary to boost the number of Native Americans homeowners, says a national Indian Housing group. While 74.2 % of whites are homeowners only 40.7 % of Native Americans living on reservation or trust land are homeowners, according to a soon-to-be released study by Rutgers University funded by Fannie Mae Foundation.

The Native American rate compares to 47.1% for African Americans and 47.2 % for Hispanic Americans.

"The serious gap in homeownership for Native Americans is clearly unwarranted," said **Gary Gordon, Executive Director** of the **National American Indian Housing Council**. "Owning and caring for a home is central to the culture and beliefs of Native Americans. Indeed, their payment record on mortgages shows they outperform other groups."

#### **Home Loan Delinquency and Default Rates**

New mortgage loan data shows that the default rate for Native Americans on Section 184 loans is just above 1.1 %, compared to an overall rate 1.86 % for Federal Housing Administration/Veteran's Administration (FHA/VA) loans. Meanwhile, the **delinquency rate** for 184 loans is 10.4 %, lower than the 11.92 % for Department of Agriculture (USDA) rural home loans, which serve a rural population comparable to the Indian reservation community.

Fannie Mae's Native American Conventional Lending Initiative (NACLI) has a default rate of zero %, and a delinquency rate of 1.23 %. In 2001, the NACLI program made 694 loans totaling \$60,276,000.

"Why is the banking community not doing more in Indian country when clearly these loans are less risky than others?" Gordon said. "We call on our federal banking regulators to make stronger efforts to reduce barriers and bring more lenders, homebuilders and funds for infrastructure to Indian country to develop sorely needed housing," he said.

#### **Minority Homeowners Face Difficulties**

According to HUD's report on the economic value of owning a home, a number of factors inhibiting minority homeownership were identified. The list included: no access to credit; no prior credit history; no down payment capital; no understanding of the home buying process; cultural or language barriers; regulatory limitations and housing discrimination.

"This report reveals that some factors are financial, while others are more culturally based," Gordon said. "In the past Indian housing has been hampered by an array of legal, historical and logistical issues. However, recent evidence suggests greater homeownership success for Native Americans living in Indian country, confirming that the limited funds made available to this point have been effective investments. We call for additional funding to spur further homeownership."

### **NAIHC Promotes Homeownership Education**

NAIHC has created a homebuyer brochure for Native Americans called *Homeownership for American Indians*. To obtain a copy, call (800) 284-9165. The 11-page HUD report, Economic Benefits of Increasing Minority Homeownership, is available by clicking the link found at <http://www.hud.gov/news/release.cfm?content=pr02-114.cfm>.

###

NAIHC assists tribes and tribal housing agencies in reaching their goals of providing culturally-relevant, decent, safe, sanitary, and affordable housing for Native people in Indian communities and Alaskan Native villages.

NAIHC...A Tradition of Native American Housing.

<http://naihc.indian.com/pr/mortgage-data-11-02.html>

## Article #5

### Minority Homeownership

**Barriers still exist that make homeownership difficult for many who want to own a home of their own. The problem with homeownership today is that it doesn't look like America today.**

THE NATIONAL ASSOCIATION OF REALTORS® is committed to making the face of homeownership in America "look more like America." NAR is committed to increasing homeownership, especially among minorities and low- and moderate-income families—the groups that homeownership often eludes the most.

NAR is working with the White House and the Congressional Black Caucus Foundation in its efforts to increase minority homeownership by 5.5 million over the next 10 years. NAR's Housing Opportunity Program focuses on existing and new activities at all levels to improve our nation's housing, increase affordability, and expand opportunities for minorities, persons with disability, seniors, and new households.

NAR's policy initiative includes efforts to increase funds for downpayment assistance, enact an affordable housing production tax credit and expand consumer safeguards regarding credit score disclosure and insurance scoring.

**There is a gap in homeownership rates between minority households and white households. While over 70 percent of white households own their homes, about 50 percent of African American and Hispanic households own their home, according to research from the Joint Center for Housing Studies at Harvard University.**

Here are some statistics that put the issue in focus: The homeownership rate for African American households in the first quarter of 2004 was 49.3 percent, up from 47.7 percent in the first quarter of 2003, while homeownership by Hispanic households was at 47.3 percent, up from 46.7 percent a year earlier. The homeownership rate for Asian, Native Americans, and Pacific Islanders was 58.2 percent, up from 55.7 percent in the first quarter of 2003. By comparison, 75.5 percent of non-Hispanic whites were homeowners, up from 75.0 percent a year earlier.

**More than two-thirds of the new households created in the next 10 years will be minority or immigrant households. Minorities and immigrants place a higher priority on homeownership than does the overall population, according to a study by Fannie Mae.**

The buying power of African Americans now exceeds \$700 billion

annually and the combined buying power of all minorities is over \$1.5 trillion. That buying power is increasing at a rate faster than either the increase in minority population or the increase in the overall buying power of the nation.

**Hand in hand with removing the disparity in homeownership between white and black homeowners is an effort by NAR to bring more minorities into the real estate industry. To achieve this vision, NAR's diversity plan incorporates three major program initiatives.**

Diversity training, through NAR's award winning "At Home With Diversity" program, educates real estate licensees to effectively reach out to all racial and ethnic groups in their communities. More than 12,000 REALTORS® have completed the course and have earned the At Home With Diversity certification. A key benefit of this training is the development of an inclusive marketing plan designed to meet the needs of each participant's market demographics.

NAR advocates policies that address real estate issues in minority communities, and promotes and celebrates the leadership and professionalism of minorities in real estate through partnerships with leading organizations in the industry. NAR has partnered with such organizations as the National Association of Real Estate Brokers, the National Association of Asian American Real Estate Professionals and the National Association of Hispanic Real Estate Professionals.

NAR and HUD, along with the National Association of Real Estate Brokers, the National Association of Hispanic Real Estate Professionals and the National Association of Asian American Real Estate Professionals, recently entered into a partnership to promote fair housing and to expand minority homeownership.

National Association of Realtors

<http://www.realtor.com/PublicAffairsWeb.nsf/Pages/TPMinorityHomeownership?OpenDocument>

## Article #6

### **CHCI National Housing Initiative To Help Latinos Achieve American Dream**

**Washington, D.C.** – According to recent figures, Hispanics still face significant barriers to achieving the American dream of owning a home. The homeownership rate of 46% for Hispanics continues to lag significantly behind the nation’s overall rate of 68%. In response to this alarming statistic, the Congressional Hispanic Caucus Institute (CHCI), the leading non-profit and non-partisan Hispanic educational organization, launched the National Housing Initiative (NHI). The NHI, a two-year program that will benefit areas with high Hispanic populations, will employ up to 4 mid-career professionals to create and implement specialized housing initiatives for the purpose of increasing homeownership opportunities for Latinos across the country.

“Homeownership is one of the best ways we have to help empower families to achieve financial security and communities attain greater stability,” said Congressman Ciro D. Rodriguez, CHCI Chairman. “For this reason, CHCI is proud to launch this exciting and important endeavor to help address the housing needs of Latinos everywhere. It is through an initiative such as this that Hispanics will continue to assume greater leadership roles in all sectors of society as befitting the largest community of color in the country.”

The NHI Advisory Committee is comprised of a distinguished panel of congressional offices, corporations, and organizations with an expertise in housing. The committee includes the Office of Congresswoman Nydia Velázquez, Office of Congressman Aníbal Acevedo-Vilá, Fannie Mae, Washington Mutual, Countrywide Home Loans, State Farm Insurance Companies, American CityVista, Cuban American National Council, National Puerto Rican Coalition, National Association of Latino Elected and Appointed Officials, National Association of Hispanic Real Estate Professionals, and National Council of La Raza. In support of NHI’s mission of increasing the rate of Latino homeowners, the committee plans to raise \$5 million in the next two years to implement meaningful housing initiatives with measurable results.

“I look forward to collaborating and strategizing with lenders, community based organizations, and elected officials who also seek to empower Latinos in their quest to become homeowners,” said NHI Advisory Committee Chairman and Washington Mutual First Vice President Peter Villegas. “The NHI fellowship selection process established by the committee will help us to identify talented housing professionals who will assist in refining and accomplishing the goals of the initiative.”

<http://www.chci.org/media/03April23.html>

## Article #7

### **Washington Mutual and the National Council of La Raza team up to increase homeownership education and opportunities for Latinos**

AUSTIN, Texas--(HISPANIC PR WIRE)--July 11, 2003--At the National Council of La Raza (NCLR) annual conference, Washington Mutual will announce \$1 million in financial support for NCLR's ongoing efforts to increase homeownership opportunities for Latinos nationwide. Specifically, Washington Mutual's funding will support NCLR's Empowering An American Community Campaign as well as help expand its homebuyer education program to reach 40,000 Latino families, with a goal of turning 7,000 of them into homeowners over the next year – doubling the current levels that NCLR serves.

Despite the rapid growth in Latino homeownership (48.1%) in recent years, the rate continues to lag behind the nation's overall rate (68.1%) and increasing Latino homeownership is top priority for NCLR. "Even though Latinos now represent the largest U.S. minority group, they remain one of the most under-tapped markets for homeownership," said Raul Yzaguirre, president of the National Council of La Raza. "With Washington Mutual's support, we'll be able to significantly step up our efforts to educate Latinos – in both English and Spanish – on what it takes to become a homeowner."

"We believe that everyone should have a place to call home and we're committed to increasing homeownership rates among the Latino community," said Kerry Killinger, Washington Mutual's chairman, president and CEO. "Our partnership with NCLR reflects our ongoing commitment to helping Latinos build wealth and achieve their financial dreams."

A long time supporter of NCLR and its affiliates, Washington Mutual's contribution brings NCLR within \$5 million of reaching its campaign goal of \$30 million. The Empowering America's Communities Campaign will provide funding to expand NCLR's advocacy and education efforts as well as financial support toward a new headquarters building and first ever Latino civil rights museum.

More than 16 percent of Washington Mutual's employees are Latino and earlier this year the company was again named to Hispanic Magazine's "Corporate 100: Best Places to Work for Latinos" for the second year in a row, and was ranked second on Hispanic Business magazine's list of the "corporate elite" with Hispanic employees at executive and management levels.

WaMu is committed to diversity and makes it an integral part of its business – from its intern and management training programs, to the company's \$375 billion lending and investment commitment which will help more low- to moderate-income and minority borrowers become homeowners. Washington Mutual strives to build and maintain a diverse employee base, to offer broad geographic availability and to offer products that enable access to financial services for everyone.

#### About the National Council of La Raza

The National Council of La Raza is a private, nonprofit, nonpartisan, tax-exempt organization established in 1968 to reduce poverty and discrimination, and improve life opportunities for Hispanic Americans. NCLR is headquartered in Washington, D.C. with field offices in Los Angeles, Phoenix, Chicago, San Antonio and San Juan, Puerto Rico.

#### About Washington Mutual

With a history dating back to 1889, Washington Mutual is a retailer of consumer financial services that provides a diversified line of products and services to consumers and small- to mid-sized businesses. At March 31, 2003, Washington Mutual and its subsidiaries had assets of \$276.97

billion. Washington Mutual currently operates more than 2,500 consumer banking, mortgage lending, commercial banking, consumer finance and financial services offices throughout the nation. Washington Mutual's press releases are available at <http://www.wamu.com>.

**Property Rights Poster**

Criteria	Points Possible	Peer Eval.	Teacher Eval.
Showed an understanding of Property Rights	20		
Communicated the importance of Property Rights to a democracy	20		
Demonstrated knowledge of the Ability of individuals and groups to Promote property rights	20		
Identified the benefits of extending Property Rights to a democracy	20		
Created a visually organized And interesting product	10		
Participated in Peer Review	10		
<b>Total</b>	<b>100</b>		

Comments: