Towards a Jubilee Economy
Session One: God's Vision to Give Us a Good Inheritance
Participant's Guide

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<u>Goals for Session One</u>

1. Review the course Outline.
2. Be grounded together in Scripture, and God's vision for human beings to inherit a good portion of the creation (a home).
3. Be aware together that black and brown communities in the U.S. have faced racially discriminatory policies and private markets which have been unjust obstacles to building assets and passing down a good inheritance to their children.
4. With a true story and case study, inspire and encourage people to have hope that this *Towards a Jubilee Economy* course will help us explore how we can respond to Jesus with both community responsibility (church and society) and personal responsibility.
5. Assign budgeting as a homework exercise. Set expectation of some transparency about finances in future sessions of *Towards a Jubilee Economy*. Set our emotional challenges into the framework of what Jesus has said to us.

<u>Outline of Session One</u>

- Part 1: Review the Course Outline (10 min)

- Part 2: Be Grounded Together in Scripture and God's Vision (25 min):

    - Why we do this: We want to respond with faith and trust in God for what God has done and is doing, to establish shalom for His people. Session 1 will spend a little more time on establishing that, in a big picture sense.

    - Leviticus 25 (selections): God's vision for Israel was to have each family inherit a portion of the garden land. God said, "You are all My kids!" God helped parents be "in the image and likeness of God" by giving children a good inheritance.

- Part 3: Be Aware Together of Racially Discriminatory Housing Policies and Practices (25 min):

    - Why we do this: We want to be sensitive to historical and present day factors for why our family experiences with money are probably different. Session 1 will spend a little more time on establishing that, in a big picture sense.

    - Read and discuss a recent news article which contains a positive story of black homeownership, set against all the challenges of systemic racism in housing policy enacted by the government and the market.

    - Discuss how white supremacy in the U.S. housing market affects how black and brown people share in the wealth of God’s creation and expressions of God’s generosity.

- Part 4: Discuss Budgeting and Transparency (20 min):

    - Share a case study about how budgeting and transparency with other Christians helped empower community, debt-reduction, and home-ownership.

    - Identify our hopes and fears for moving forward.

    - Introduce the *Budget Template* spreadsheet, and principles of budgeting. Introduce FDIC#3 (Your Income and Expenses) and FDIC#4 (Your Spending and Savings Plan), to start the *Budget Template*.

Session One: God's Vision to Give Us a Good Inheritance

Part 1: Be Grounded in Scripture

We want to be reminded about how God has always shaped and formed and guided His people to be generous and just. We don't live in the Old Testament part of the story. But we can look at different moments.

Note for Participants: The leader should also send out this guide a week in advance of the actual meeting. This should give you enough time to study the passage and reflect on the questions below. Please come ready to discuss.

Leviticus 25:10, 23, 35 - 43, New American Standard Bible

Introduction:

Our society allows people to pass down almost unlimited advantages and disadvantages from parents to children, allowing the rich to get richer and the poor to get poorer. But God established the people of Israel as a renewal of Adam and Eve in the original garden land: Not in all ways, but in a big picture sense. Our first passage of Scripture, *Leviticus 25*, describes God marking every fiftieth year as the time He pushed the "jubilee year" button. God said, "You're all My kids! And it's like I'm bringing you all into the garden land again, so you can receive your inheritance."

Guiding Questions As You Read:

1. If you were part of an agrarian, farming community, what would land mean/represent to you and your family?
2. How do you think the Israelites checked in on each other about their financial health, decisions, wages, debts, etc.? Here are some concrete, example questions to think through:
    a. How would people see if your crops were healthy? Or animals?
    b. If you were working for someone else, who knew your wages? Why?
    c. If you were employing someone else, how would others know how you were treating them?
    d. If you stole from your neighbor, Jewish law said you had to repay 2 - 5 times the value of what you stole (Ex.22:1 - 14). If you were paying off a debt, who would know?
    e. What emotions would you feel if your family and friends had that type of visibility into your financial life?
3. If someone becomes poor (v.35), what does it mean to help that person "live with you"? Why might God not say, "Set that person up to live far away from you"?
4. Why might God have stopped the Israelites from giving loans with interest to a poor person (v.36 - 37)?

5. Why did God remind the people of Israel that He is their Deliverer who brought them out of Egypt, in v.38 and again in v.42 - 43?
6. Notice that our society allows people to pass down almost unlimited advantages and disadvantages from parents to children. What happens to that kind of society over time?

Scripture:

10 You shall thus consecrate the fiftieth year and proclaim a release through the land to all its
inhabitants. It shall be a jubilee for you, and each of you shall return to his own property, and
each of you shall return to his family.

23 The land, moreover, shall not be sold permanently, for the land is Mine; for you are but aliens
and sojourners with Me.

35 Now in case a countryman of yours becomes poor and his means with regard to you falter,
then you are to sustain him, like a stranger or a sojourner, that he may live with you. 36 Do not
take usurious interest from him, but revere your God, that your countryman may live with you.
37 You shall not give him your silver at interest, nor your food for gain. 38 I am the LORD your
God, who brought you out of the land of Egypt to give you the land of Canaan and to be your
God.

39 If a countryman of yours becomes so poor with regard to you that he sells himself to you, you
shall not subject him to a slave's service. 40 He shall be with you as a hired man, as if he were a
sojourner; he shall serve with you until the year of jubilee. 41 He shall then go out from you, he
and his sons with him, and shall go back to his family, that he may return to the property of his
forefathers. 42 For they are My servants whom I brought out from the land of Egypt; they are not
to be sold in a slave sale. 43 You shall not rule over him with severity, but are to revere your God.

Session One: God's Vision to Give Us a Good Inheritance

Part 2: Be Aware of Racially Discriminatory Housing Policies and Practices

Take 15 minutes to read the *Brief Timeline* and the *Washington Post* article, "One Home, A Lifetime of Impact." Or, if you read Part 2 at home before the session began, you can just jump into discussion.

Guiding Questions As You Read:

1. The *Brief Timeline* describes white supremacist policies and practices in the U.S. housing market which kept black and brown homeownership down. The *Washington Post* article says, "Housing discrimination prevented blacks from owning homes for more than a century." How much of this history were you aware of before? How does it impact you now, reading it?
2. The *Washington Post* article doesn't explain in detail how Mary Pherribo's children and grandchildren benefited from her purchase of a house. But based on what it does say about homeownership in general, what might have been the benefits?
3. Compare God's vision in Part 1 with American reality in Part 2.

Brief Timeline

1911 – 1914: The average down payment for (new and existing) single-family houses in 22 cities was almost 68 percent of the purchase price, and 46 percent of homes were acquired debt free.[1]

1934: The New Deal's Federal Housing Authority started to insure bank mortgages for white borrowers. The FHA "insured bank mortgages that covered 80 percent of purchase prices, had terms of twenty years, and were fully amortized. To be eligible for such insurance, the FHA insisted on doing its own appraisal of the property to make certain that the loan had a low risk of default. Because the FHA's appraisal standards included a whites-only requirement, racial segregation now became an official requirement of the federal mortgage insurance program."[2] These homes had a "whites only" requirement in the deed, which controlled resale. The FHA manual warned housing developers, bankers, realtors, etc. that if children "are compelled to attend school where the majority or a considerable number of the pupils represents a far lower level of society or an incompatible racial element, the neighborhood under consideration will prove far less stable and desirable than if this condition did not exist."[3]

1945 - 1968: After WWII, 1.2 million African American veterans returned home. They were denied GI Bill benefits to get the FHA home loans that were made available to white veterans.

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[1] William J. Collins and Robert A. Margo, "Race and Home Ownership, 1900-1990," Vanderbilt University and NBER; http://cliometrics.org/conferences/ASSA/Jan_00/margo.shtml.
[2] Richard Rothstein, *The Color of Law: A Forgotten History of How Our Government Segregated America* (New York: W.W. Norton & Company, 2017), p.64 – 65.
[3] Rothstein, p.65 – 66.

By 1968, when this was formally made illegal, white America had been given a $1.2 billion head start.[4] The federal government used an affirmative action program to subsidize white flight into the suburbs, draining cities of tax revenue for schools, parks, libraries, and city services.

1968 - 2009: Bank redlining was made formally illegal, even though it keeps happening.[5] Also, banks deployed the reverse strategy: predatory lending. From the late 1970s, when foreclosures in black communities first began to rise,[6] bank lenders bet that black homebuyers would default on their mortgages. Banks continued and expanded these practices until the financial crisis of 2008–09 disproportionately devastated black and brown homeownership and retirement savings.[7]

	White (median household)	Black (median household)
2005	$134,992	$12,124
2009	$113,149	$5,677

2009 - present: The Federal Reserve Bank's quantitative easing policy kept housing prices artificially inflated, rewarding boomer homeowners but penalizing communities of color and asset-poor, already indebted millennials.[8]

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[4] Rothstein, p.82 – 83. Erin Blakemore, "How the GI Bill's Promise Was Denied to a Million Black WWII Veterans," *History.com*, September 30, 2019; https://www.history.com/news/gi-bill-black-wwii-veterans-benefits. Ira Katznelson, *When Affirmative Action Was White: An Untold Story of Racial Inequality in Twentieth-Century America* (New York: W.W. Nelson & Co, 2005); cf. Hilary Herbold, "Never a Level Playing Field: Blacks and the GI Bill," *The Journal of Blacks in Higher Education*, Winter 1994. Thomas W. Hanchett, "The Other 'Subsidized Housing': Federal Aid to Suburbanization 1940s-1960s", edited by John F. Bauman, Roger Biles and Kristin M. Szylvian, *From Tenements to the Taylor Homes: In Search of an Urban Housing Policy in Twentieth Century America* (University Park, PA: Pennsylvania State University Press, 2000), p.163 – 179.

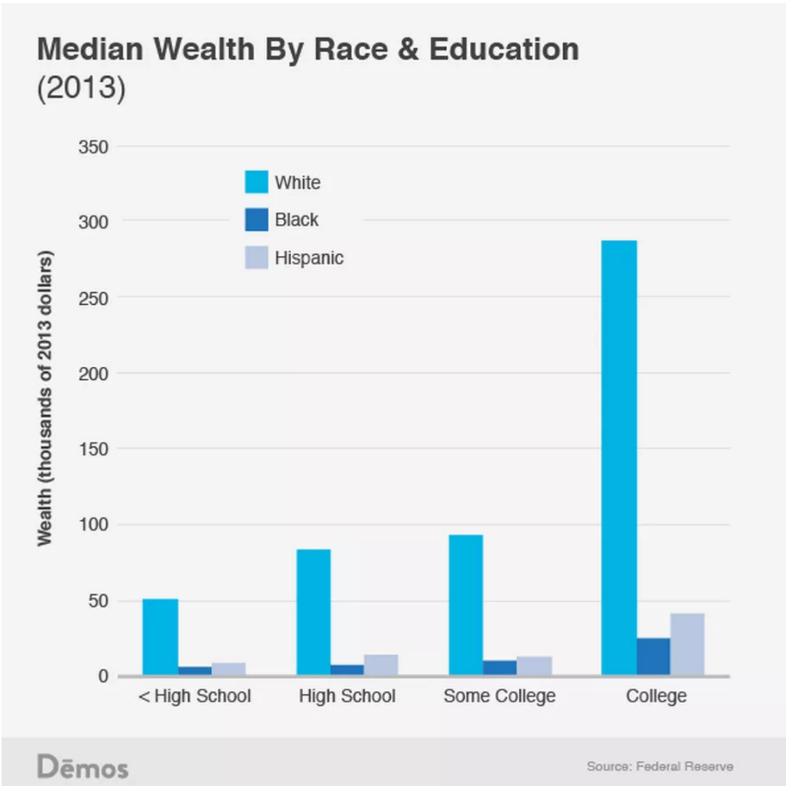
[5] Aaron Glantz and Emmanuel Martinez, "Kept Out: For People of Color, Banks Are Shutting the Door to Homeownership," *Reveal News*, February 15, 2018; https://www.revealnews.org/article/for-people-of-color-banks-are-shutting-the-door-to-homeownership/. In May 2015, Associated Bank settled for $200 million for redlining in Chicago and Milwaukee. In September 2015, Evans Bank in New York settled with the State of New York for $825,000, and Hudson City Savings Bank settled with the Department of Justice for $33 million for redlining in New Jersey, New York, and Pennsylvania. Redlining is alive and well, just quieter and more subtle.

[6] Keeanga-Yamahtta Taylor, *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership* (Chapel Hill, NC: The University of North Carolina Press, 2019)

[7] Jamelle Bouie, "The Crisis in Black Homeownership," *Slate*, July 24, 2014. https://slate.com/news-and-politics/2014/07/black-homeownership-how-the-recession-turned-owners-into-renters-and-obliterated-black-american-wealth.html.

[8] Mike Shedlock, "Ben Bernanke—The Father of Extreme US Socialism," *FX Street*, March 4, 2019. https://www.fxstreet.com/analysis/ben-bernanke-the-father-of-extreme-us-socialism-201903040305 summarizes an article by David McWilliams, "Quantitative Easing Was the Father of Millennial Socialism," *Financial Times*, March 1, 2019; https://www.ft.com/content/cbed81fc-3b56-11e9-9988-28303f70fcff writing, "Fed chairman Ben Bernanke's "cash for trash" QE scheme drove up asset prices and bailed out the baby boomers. The cost of course, was pricing millennials out of the housing market. Unorthodox policy penalizes the asset poor. What assets do millennials have? Hardly any. Instead they are saddled with mountains of student debt which, thanks to president George W. Bush, could no longer be discharged in bankruptcy. The Bankruptcy Reform Act of 2005 would have better been called the Debt Slave Act of 2005. Then, when the Great Financial Crisis hit, the Fed came along bailed out the banks, bailed out the bondholders, bailed out

Generations later, wealth leveraged by homeownership is still the number one reason why white people have so much wealth, and black people do not.[9] The following snapshot[10] illustrates it:



Fannie Mae, and bailed out the asset holders in general, leaving millennials mired in debt unable to afford a house."

[9] E.g. In Boston, "Close to 80% of whites own a home, whereas only one-third of U.S. blacks… are homeowners" according to Ana Patricia Munoz, et.al., "The Color of Wealth in Boston," *Federal Reserve Bank of Boston*, March 25, 2015; https://www.bostonfed.org/publications/one-time-pubs/color-of-wealth.aspx; Laura Shin, "The Racial Wealth Gap: Why A Typical White Household Has 16 Times The Wealth Of A Black One," *Forbes*, March 26, 2015; https://www.forbes.com/sites/laurashin/2015/03/26/the-racial-wealth-gap-why-a-typical-white-household-has-16-times-the-wealth-of-a-black-one/#28960fda1f45; Chuck Collins, "The Wealthy Kids Are Alright," The American Prospect, May 28, 2013; http://prospect.org/article/wealthy-kids-are-all-right.

[10] Data from Matt Bruenig found in Danielle Kurtzleben, "White High School Dropouts Are Wealthier Than Black or Latino College Graduates," *Vox*, September 24, 2014; https://www.vox.com/2014/9/24/6840037/white-high-school-dropouts-have-more-wealth-than-black-and-hispanic.

News Article:

"One Home, A Lifetime of Impact"

Washington Post

Michele Lerner, July 23, 2020;

https://www.washingtonpost.com/business/2020/07/23/black-homeownership-gap/

"In 1936 a widowed black woman bought a home and it changed her family's financial worth for generations. Today homeownership rates of black people lag even further behind whites' rates, affecting their ability to build wealth."

In 1936, Tai Christensen's great-grandmother, a housekeeper and widow in North Carolina with four sons, saved up $500 and bought a house at age 35. That decision, which changed the trajectory of her family's finances for generations to come, wasn't easy for a black woman facing racist housing policies. Mary Pherribo and her late husband, George Pherribo, were both born to parents who had been enslaved.

Mary Pherribo had been inspired by her late husband's grandfather, Henderson Faribault, who became a chef upon his emancipation from slavery, bought a 50-acre property and left each of his eight children a house upon his death in 1901, Christensen said.

Mary Pherribo's decision to buy a home in 1936 changed the trajectory of her family's finances for generations. (Courtesy of Tai Christensen)

"The guts it took for them to make that choice was amazing," says Christensen, director of governmental affairs at CBC Mortgage Agency, a national housing finance agency based in South Jordan, Utah, that provides down payment assistance. "It's proof that you can change the entire line of your family's story. My father and my uncle own multiple properties and pretty much everyone in my family owns a home and has gone to college because of her decision."

Unfortunately, that pattern of homeownership and generational wealth building is broken for many black families. In the first quarter of 2020, 44 percent of black families owned their home, compared with 73.7 percent of white families, according to the Census Bureau. The gap is wider in some cities, with just 25 percent of black families owning a home in Minneapolis compared with 76 percent of whites, which is the widest gap in U.S. cities with more than 1 million residents, a study by Redfin real estate brokerage found.[11] In D.C., 51 percent of black households are homeowners, the highest rate in the country, but far lower than the 70 percent of white households that are homeowners.

And even if they're able to buy a property, black homeowners often face another burden — higher tax assessments, according to an analysis by economists Troup Howard and Carlos

[11] Dana Anderson, "Minneapolis, Milwaukee & Salt Lake City Have the Lowest Black Homeownership Rates in the U.S., With Just One-Quarter of Black Families Owning Their Home," *RedFin*, June 29, 2020 updated on October 19th, 2020;
https://www.redfin.com/news/black-homeownership-rate-across-united-states/

Avenancio-León.[12] The research from the University of Utah and Indiana University found that black families pay 13 percent more in property taxes than a white family in a similar home.

"The homeownership gap between blacks and whites is larger today than it was in 1934, which is when the Federal Housing Administration [FHA] was established," says Donnell Williams, president of the National Association of Real Estate Brokers, a Lanham, Md.-based organization formed in 1947 to promote equal housing. "Half of all blacks born between 1956 and 1965 were homeowners by the age of 50, but blacks born from 1966 to 1976 have a homeownership rate of just 40 percent. If trends continue, black millennials may not even reach a homeownership rate of 40 percent by the time they turn 50."

Causes of the Gap

Discriminatory housing policies were outlawed by the Fair Housing Act of 1968 but their effects still linger.

The racist housing policy of redlining assigned grade levels and color codes to neighborhoods to indicate local lenders' perceived credit risk based in large part on the residents' race and ethnicity, and it was outlawed in the 1960s. Urban areas with a large share of black families were typically redlined, which made it nearly impossible to qualify for a mortgage. A recent study by Redfin found that the typical home in a redlined neighborhood gained $212,023 or 52 percent less than one in a "greenlined" neighborhood over the past 40 years. Today, black homeowners are five times as likely to own in a formerly redlined neighborhood than a greenlined one, according to Redfin's study.

"This equates to homes that are worth less, have less equity and are in neighborhoods deemed less desirable due to the lingering effects of redlining," says Christensen.

The ongoing impact of redlining is illustrated by the disparity in home values between Montgomery County and Prince George's County in suburban Maryland, says Hazel Shakur, a real estate agent with Redfin in Prince George's County.

Recently, a single-family "home in Montgomery County sold for $465,000, while a similar home in Prince George's County sold for $370,000," says Shakur. "What could account for a $95,000 difference? It really boils down to the lack of amenities and poor school rankings in Prince George's County. The lack of investment in Prince George's County is a lingering impact of redlining."

Shakur says the recession and housing crisis hit harder in Prince George's, where 83 percent of the population is black or Latino, compared with Montgomery, which is 60 percent white.

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[12] Andrew Van Dam, "Black Families Pay Significantly Higher Property Taxes Than White Families, New Analysis Shows," *Washington Post*, July 2, 2020; https://www.washingtonpost.com/business/2020/07/02/black-property-tax/



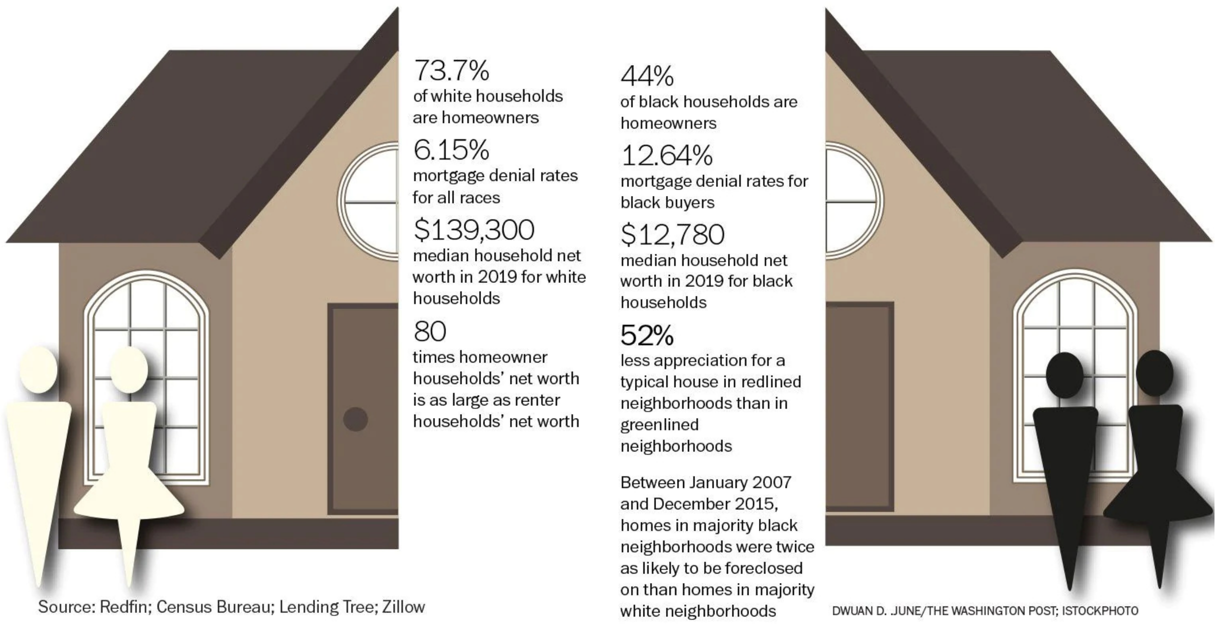

TOP LEFT: This Bowie, Md., home recently sold for $113,000 less than a similar home in Silver Spring, Md., an indication of the lack of investment in Prince George's County compared with neighboring Montgomery County.
TOP RIGHT: This northern Silver Spring home recently sold for $463,000.
BOTTOM LEFT: The lingering impact of redlining may be one reason this home in Glenn Dale, Md., in Prince George's County sold for $121,000 less than a similar home in Montgomery County.
BOTTOM RIGHT: Built in 1995, this Germantown, Md., home in Montgomery County recently sold for $581,000.

“Blacks ended up in Prince George’s County because they couldn’t always buy in other places because of redlining,” says Shakur.

A broad variety of covenants and policies, including redlining of commercial loans, has led to the gap in home values between the two suburban Maryland counties, says Andrew Fellows, faculty research specialist at the University of Maryland and former mayor of College Park, Md.

“In practice, many of the covenants that excluded blacks from some suburban developments were slow to change even after the Fair Housing Act,” says Fellows. “And banks were slow to make commercial loans, which means that Prince George’s County continues to lag in retail development today. That lack of development, which is broadly related to redlining, keeps home values lower in the county.” Fellows says that Prince George’s County became a majority African

American county in the 1980s in part because black professionals left D.C. to escape the school system.



LEFT: RIGHT: Disparities in homeownership

Housing discrimination prevented blacks from owning homes for more than a century, which continues to affect purchasing power today, says Sheharyar Bokhari, a senior economist with Redfin real estate brokerage in Cambridge, Mass.

"The education achievement gap is tied in with redlining because the lack of investment in black neighborhoods included a lack of investment in schools," says Bokhari. "A quality education at a private school or paying for college is out of reach for many families who haven't built wealth in their homes. The education gap limits opportunities for a college education and for a better job, which in turn affects income levels."

Black buyers are more likely to be denied a mortgage loan approval than whites, which adds another major obstacle to closing the homeownership gap. According to a recent study from LendingTree,[13] black home buyers are denied mortgages 12.64 percent of the time; the overall mortgage denial rate is 6.15 percent. It's not just buyers who face a more difficult time getting a loan approval: LendingTree found that black homeowners were denied mortgage refinance loans 30.22 percent of the time, while the overall denial rate is 17.07 percent.

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[13] Tendayi Kapfidze, "LendingTree Study: Black Homebuyers More Likely to Be Denied Mortgages Than Other Homebuyers," *LendingTree*, July 7, 2020; https://www.lendingtree.com/home/mortgage/lendingtree-study-black-homebuyers-more-likely-to-be-denied-mortgages-than-other-homebuyers/

“Access to credit is a major problem,” says Jung Hyun Choi, a researcher with the Housing Finance Policy Center at the Urban Institute in Washington. “Due to tight credit following the Great Recession, many black households could not buy homes. Home prices have increased a lot since 2012, which means that many black households lost opportunities to build wealth.”

The FICO credit score system is structured to favor people who use credit, such as credit cards and car loans, but blacks and Hispanics tend to use less credit, says Christensen. She recommends increasing access to credit by relying on rent payment history for people who don’t use credit cards.

“It’s hard to close the race gap in homeownership when everything is stacked against blacks,” says Bryan Greene, fair housing policy director for the National Association of Realtors (NAR). “It’s myopic to look at immediate qualification standards and ignore that people are trying to overcome a century-old legacy of official disadvantage in housing and, on top of that, social dynamics and a lack of political will to fix this.”

The pay gap between whites and blacks is part of the problem, says Williams.

“Systemic racism leads to lower rates of education and lower incomes among blacks, which in turn lead to lower credit scores and a lack of savings,” says Chris Herbert, managing director of the Joint Center for Housing Studies at Harvard University in Cambridge, Mass. “That accounts for about three-quarters of the homeownership gap, but one-fourth couldn’t be directly explained by lower incomes and lower rates of education.”

An Urban Institute report[14] found that because of knowledge transfer and down payment assistance from relatives, white young adults whose parents own a home are more likely to become homeowners. For those under age 35, a white high school dropout whose parents are homeowners is more likely to buy a home than a black college graduate whose parents are renters, according to the report, even though higher levels of educational achievement usually lead to higher rates of homeownership.

While other racial groups regained levels of homeownership since the foreclosure crisis, blacks continue to lag, says Herbert.

“Black homeownership rates are noticeably lower among people in their 40s and 50s because they were victims themselves of subprime loans or saw their parents lose their homes to foreclosure in larger numbers than white people,” says Herbert. “That naturally makes them skittish about trying to buy now and has a lingering impact on their finances.”

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[14] Alanna McCargo, Jung Hyun Choi, and Edward Golding, “Building Black Homeownership Bridges: A Five-Point Framework for Reducing the Racial Homeownership Gap,” *The Urban Institute*, May 2019; https://www.urban.org/sites/default/files/publication/100204/building_black_ownership_bridges_1.pdf

Between January 2007 and December 2015, homes in primarily black communities were twice as likely to face foreclosure than homes in white communities, according to a study by Zillow.

"Our analysis found that black homeowners have greater difficulty sustaining homeownership and are more likely to buy a home later in life," says Choi. "They are also more likely to switch back to renters once they own a home, which means they are much less likely to build equity and household wealth via homeownership."

The housing crisis hit black households harder than white households, in part because they were targets for subprime lenders, says Choi. In addition, she says, foreclosure is contagious because it decreases home values throughout a neighborhood.

"If you're living in an area with no upward mobility and no social network to help you get a better education and find a better job, then you're deprived of opportunities to buy a home and build the home equity that you can invest in your family and your future," says Bokhari.

Why Homeownership Matters

The most crucial impact of the racial homeownership gap is that consistently owning a home provides an ability to build wealth. Homeowners' median net worth is 80 times renters' median net worth, according to a 2019 Census Bureau study. That same study found that whites had a median household wealth of $139,300, compared with $12,780 for black households.

"An important factor of homeownership is the ability to pay the loan off and live rent-free in retirement," says Herbert. "Without pension plans, people today are dependent on Social Security and their savings, so a rent-free home is an important third leg of financial security in retirement."

Owning a home provides wealth that you can pass on to future generations, says Greene.

In 2019, 32 percent of first-time buyers received a gift or loan from a relative or friend to help make a down payment on a home and 21 percent of all buyers received financial help from a parent or other relative for their down payment, according to NAR.

Henderson Faribault, the grandfather of Mary Pherribo's husband, became a chef after his emancipation from slavery. Upon his death in 1901, Faribault left a home for

“Blacks are less likely to get that down payment assistance from their parents if their parents don’t own a home themselves,” says Herbert.

each of his eight children. (Courtesy of Martha Blakeney Hodges Special Collections and University Archives, University Libraries, University of North Carolina at Greensboro)

In addition to financial support, passing on the experience of homeownership from one generation to another provides a path to family wealth building.

“The research on the social benefits of homeownership is a little squishier than the wealth benefit, but there have been academic studies that show that residential stability, whether in a long-term rental or homeownership, provides better outcomes for children in terms of their school performance,” says Herbert. “There’s also some evidence that that magic sauce for community engagement is linked to the amount of time someone lives in a community. Homeowners tend to stay in their community longer than renters.”

Mary Pherribo poses with her son John Pherribo. (Courtesy of Tai Christensen)

The sense of community pride, of building something for your children and grandchildren, can spread in a variety of ways, says Christensen.

“The choice someone makes about buying a home will impact the way generations will think of themselves and increase their demand for great schools, great health care and more amenities in their neighborhoods,” says Christensen.

Possible Solutions

In addition to addressing the systemic problems of discrimination, low quality schools and limited access to higher paying jobs, homeownership education is key to increasing black homeownership rates.

“This is a generational issue,” says Williams. “We started an initiative last year we call the ‘House then the car’ to start the conversation with millennials about why buying a house is so important to build wealth.”

Community outreach to encourage black homeownership should be a prime priority, says Christensen.

“We want to create a community of comfort to get people talking to lenders and agents about the benefits of homeownership and to overcome their fears,” says Christensen. “We need to start at the baseline and help people understand how property taxes and insurance work and who they can call if they have trouble with their home or their loan.”

Tai Christensen, great-granddaughter of a woman who bought a home in 1936, is building a home with her family in Eagle Mountain, Utah. Pictured from left: Tai Christensen; her three daughters Maya, 14; Kelsey, 17; and Dylan, 8; and her husband, Adam Christensen. (Courtesy of Tai Christensen)

Down payment assistance programs, including grants and loans, are essential to support new home buyers. Another option, suggests Herbert, is to use the tax code to match savings in individual development accounts or shield those savings from taxes to incentivize people to save for a home.

“There’s a program on the books right now, the Native American Home Loan Guarantee program from HUD, that needs to be expanded for blacks,” says Williams, referring to the Department of Housing and Urban Development. “The program offers loans with interest rates as low as 2 percent and lower down payment requirements.”

Adjusting credit score models to allow for utility bills or rent to be included or to find other ways to evaluate a borrower’s creditworthiness is another way to be more inclusive to blacks, says Bokhari.

“Reparations are also an interesting idea that people are talking about as a way to make up for lost wealth due to discrimination,” says Bokhari. “In 1865, some former slaves were offered ’40 acres and a mule’ so there is some precedence for some kind of reparations.”

One of the issues with combating discriminatory housing practices is that people often don’t know they’re being treated differently or given fewer opportunities than others, says Greene.

“That’s why the real estate industry needs to maintain extremely high standards and provide implicit bias training to avoid inadvertently treating someone unfairly,” says Greene. “We’re enforcing our [NAR] Code of Ethics and support Fair Housing [Act] testing by the government and private groups.”

NAR also recommends strengthening the FHA loan program, increasing access to down payment assistance programs, expanding alternative credit scoring models and building more homes to increase the supply of affordable homes, including in Opportunity Zones, a tax incentive program that encourages development in underserved neighborhoods. However, not everyone agrees that Opportunity Zones provide a path to homeownership.

“Opportunity Zones are a tax relief program for wealthy people and doesn’t call for homeownership opportunities for people who live in those neighborhoods,” says Williams.

Undoing centuries of discriminatory practices will take a concerted effort by the government, the real estate industry, financial institutions and nonprofit organizations to close the homeownership gap, Williams says.

For Further Reading (linked from this *Washington Post* article)

- “Black Families Pay Significantly Higher Property Taxes Than White Families, New Analysis Shows”: https://www.washingtonpost.com/business/2020/07/02/black-property-tax/
- “The ‘Heartbreaking’ Decrease in Black Homeownership”: https://www.washingtonpost.com/news/business/wp/2019/02/28/feature/the-heartbreaking-decrease-in-black-homeownership/
- “Home-Buying While Black”: https://www.washingtonpost.com/realestate/home-buying-while-black/2017/09/07/133e286a-8995-11e7-a50f-e0d4e6ec070a_story.html
- “Historically Black Beach Enclaves Are Fighting to Save Their History and Identity”: https://www.washingtonpost.com/realestate/surf-sand-and-race/2017/07/26/f674c5be-61bb-11e7-84a1-a26b75ad39fe_story.html
- See also Sangwon Yang and Mako Nagasawa, “The Illusion of Meritocracy in Housing,” in *A Long Repentance* blog series
    - Part 1 (10 minute read): https://www.anastasiscenterblog.org/a-long-repentance-1/post-6-the-illusion-of-meritocracy-in-housing-part-1-sangwon-yang-and-mako-nagasawa

- Part 2 (10 minute read):
  https://www.anastasiscenterblog.org/a-long-repentance-1/post-7-the-illusion-of-meritocracy-in-housing-part-2-sangwon-yang-and-mako-nagasawa
- Part 14 (10 minute read):
  https://newhumanityinstitute.wordpress.com/2019/03/25/restorative-justice-in-housing-a-long-repentance-post-14-new-humanity-institute-sangwon-yang-mako-nagasawa/

Session One: God's Vision to Give Us a Good Inheritance

Part 3: Discussion about Budgeting and Transparency

Case Study for Encouragement

Introduction:

This story (written by Mako Nagasawa, Tischa Brown) is offered because it highlights opportunities and challenges - personal and communal, financial and emotional - that are important to consider as we undertake *Towards a Jubilee Economy*.

Guiding Questions As You Read:

1. What stands out to you about the power of community?
2. What stands out to you about how people's personal budgeting and transparency helped contribute to these outcomes?

Story:

Bought Home: Ming and Mako Nagasawa had been inspired by Christian mentors who used their homes as part of Jesus' kingdom work. In January 2000, they bought 91 Nightingale in Dorchester, MA for $245,000 (with a 10% down payment). They moved into the 1st floor.

Budgeting and Transparency Helped Friends Save: Ming and Mako charged $400 per month for the other master bedrooms (one on the 2nd floor and one on the 3rd floor), $300 for regular sized bedrooms (two on 2nd floor and two on 3rd floor), and $150 for basement rooms (two in basement). Some housemates were roommates with each other, bringing their rent down further. Most housemates were teachers, did non-profit work, etc. The Nagasawas' monthly mortgage and insurance was about $2,000/month. From 2002 - 04, as a household community, they were able to help their friend and housemate Tischa Brown. Tischa was a single mom of an adopted daughter who was in private school. Tischa left her teaching job at Lexington Montessori Academy to homeschool her adopted brother Isaiah, who needed to go to play therapy and reading therapy three times a week at Mass General, so homeschool was the only good option. They did so by talking openly about their finances, and each person chipped in about $50 more per month in rent so Tischa would not pay for a room. Tischa was also able to save, attend a first-time home-buyer's class, and earn extra money by setting up an after-school program and summer program ('01, '02, '03) on her floor, called Harvest Montessori Summer Program. In 2001, twelve children ages 3 - 7 attended, from both Lexington and Dorchester, Roxbury, and Mattapan. The program grew so large in summer 2003 that Tischa had to hold it elsewhere.

Helped Friend Buy Home: In 2004, Tischa moved from Boston, MA to Milwaukee, WI to join friends in a neighborhood-based Christian community. After six months, she was able to buy a house on a teacher's salary and savings she had. After just a few more years, Tischa was able to buy a second house (a duplex) so some family members could move from Boston to Milwaukee. In order to buy this house, a friend lent her $10,000 to just hold in her bank account for a few months, because banks require evidence of assets.

Helped Friend Get Out of Debt: In 2006 - 07, LC (housemate from ‘00 to ‘08) participated in a *Lazarus at the Gate* group. She committed to getting out of $20,000 of credit card debt, which had been driven by relational patterns, which she changed. She also borrowed money from her mom to pay off the debt. In 2008, LC got married, and they lived at 91 Nightingale for a few months until they bought a condo unit on Nightingale Street. They later bought a house off of Harvard Street, also within walking distance of Nightingale.

Helped Friend Buy Home: In 2009, Leslie Moore (housemate from ‘00 to ‘09) bought a carriage house in Savin Hill and later a triple-decker at 5 Nightingale, where she started the Traction House Program, a residential discipleship program for young people.

- Leslie eventually bought more residential properties in Boston and then residential and mixed-use properties in Central Falls, RI.
- From 2019, Leslie bought commercial property in Pawtucket, RI to pursue the vision of a “Black Block” for black entrepreneurs and business people.

Helped Friend Buy Home: In 2019, Carla Booker (housemate from ‘05 to ‘15) was able to purchase 72 Esmond from Laura for $245,000. Laura bought it for $235,000 in 2011. In 2019, the house was appraised at $600,000. Carla had moved to 72 Esmond in 2015 (which is just around the corner from 91 Nightingale) to be part of the Traction House program there (Traction had expanded through the partnership of Laura and Carla with Leslie).

- *Helped Friend Buy Home*: Carla offered lowered rent to her housemates ($500 for one room, compared to ~$1000 market rent). Berto (a carpenter) and Nakia Reyes (a teacher), who lived at Esmond from ‘19 to ‘20, were able to save, and then buy their own condo at 12 Lisa Road, Randolph, MA. The price was $335,000 and they put down $19,000.

Homework Assignment

While we assume that you know some of the basics about budgeting, as *Towards a Jubilee Economy* is not a “personal finances 101 course,” we want to spend just a little time on budgeting to be on the same page.

In the *Towards a Jubilee Economy* course, budgeting involves *planning and tracking across time* (per month, or every two weeks) four major financial categories:

- Income: job; rental income; gifts from parents; interest from savings accounts; etc.
- Expenses: rent/mortgage; utility bills; car payments; student debt; restaurants; etc.
- Savings: towards certain life goals
- Giving: towards causes in which you want to participate

Write up your budget, if you haven't before. If it helps, you feel free to use the *Budget Template* we make available on Google Spreadsheets and Microsoft Excel. There are formulas embedded in the spreadsheet that will do summaries for you. Feel free to adjust it and change the column headings so that it fits your lifestyle and makes the most sense to you. Notice the row headings are the 1st and 15th of every month to represent someone who gets paid twice a month. Feel free to adjust that to weekly or monthly if it fits you better.

Some pointers for budgeting:

- Try to use real data from your own life. Over the next month, look at past credit card statements or bank statements to see how much gas you paid for, how much you spent on groceries, how much you spent on gifts for other people, etc.
- Try to use categories or activities that will help you make actual decisions. One person who did this exercise was a graduate student who realized that she spent over $3/day on coffee at Starbucks every day. That added up to over $1,000 in a year. She had not thought about it before. She brought that expense way down by making coffee at home.
- Next month, we will ask you to share parts of your budget with a few others in the *Towards a Jubilee Economy* course -- perhaps 1 - 3 other people. If you would prefer to share percentages rather than absolute dollar amounts, you may do that. For example: "My housing expenses are 28% of my income."

Congratulations on finishing Session One of *Towards a Jubilee Economy*! Over the course of this month, please follow the *Towards a Jubilee Economy Devotional Guide*. Looking forward to Session Two.