

# Creating Generational Wealth

Expanding Homeownership  
for First Generation  
Homeowners



Moderator:

**Ed Bethea**, *Executive Vice President and Chief Operating Officer of Gateway Community Action Partnership*

Panelists:

**Laura Sullivan**, *Director of Economic Justice, New Jersey Institute for Social Justice*

**Jordan Moskowitz**, *Managing Director of Single Family Programs, NJ Housing and Mortgage Finance Agency*

**Lenny Robbins**, *Senior Program Officer for Lending, Greater Newark LISC*

**Julio Colon**, *Director of Real Estate Development and Management, Urban League of Essex County*



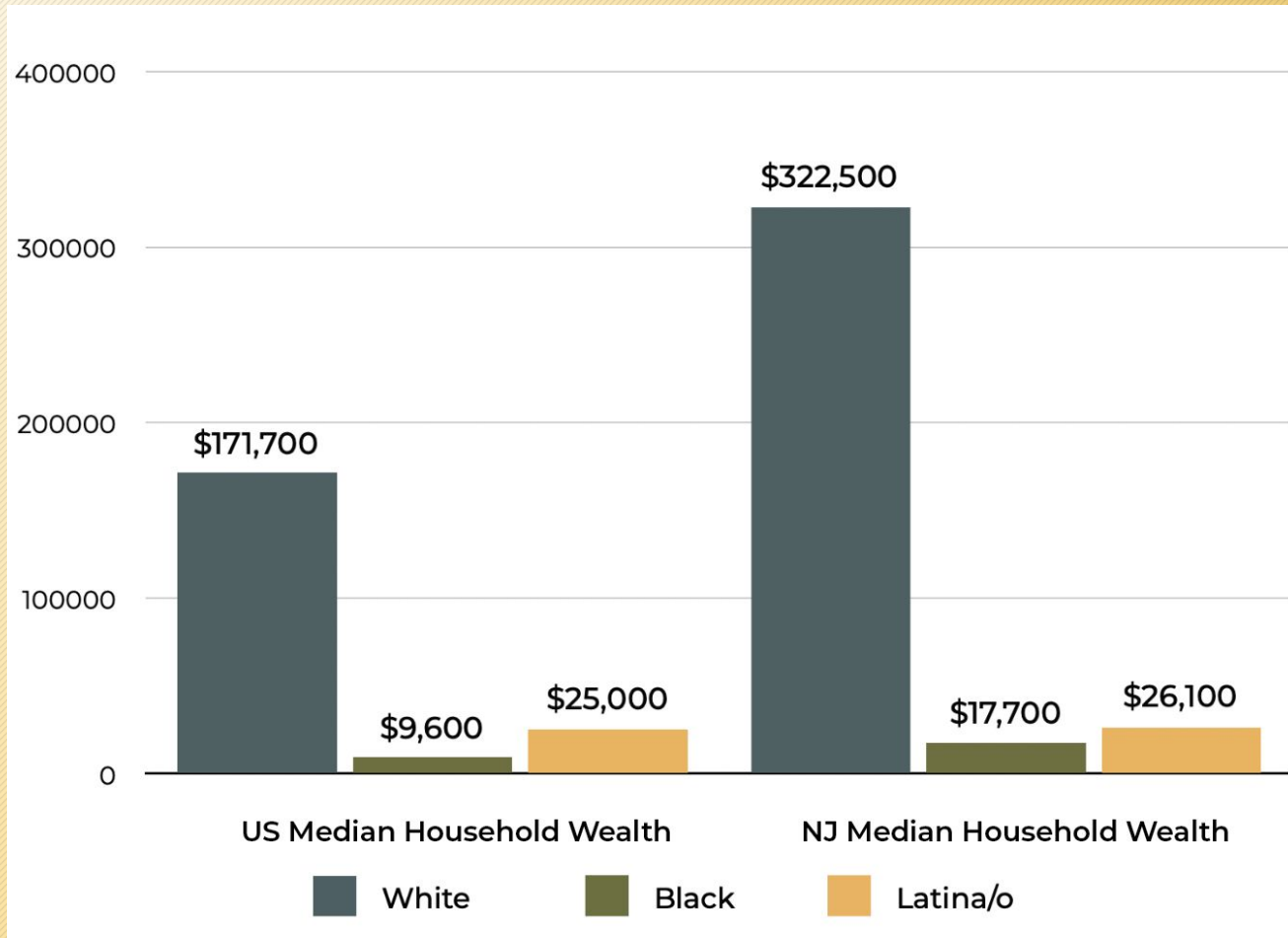
# **Closing the Racial Wealth Gap by Increasing Access to Housing Wealth**



**Laura Sullivan**  
**Director, Economic Justice**  
**New Jersey Institute for Social Justice**  
**[www.njisj.org](http://www.njisj.org)**

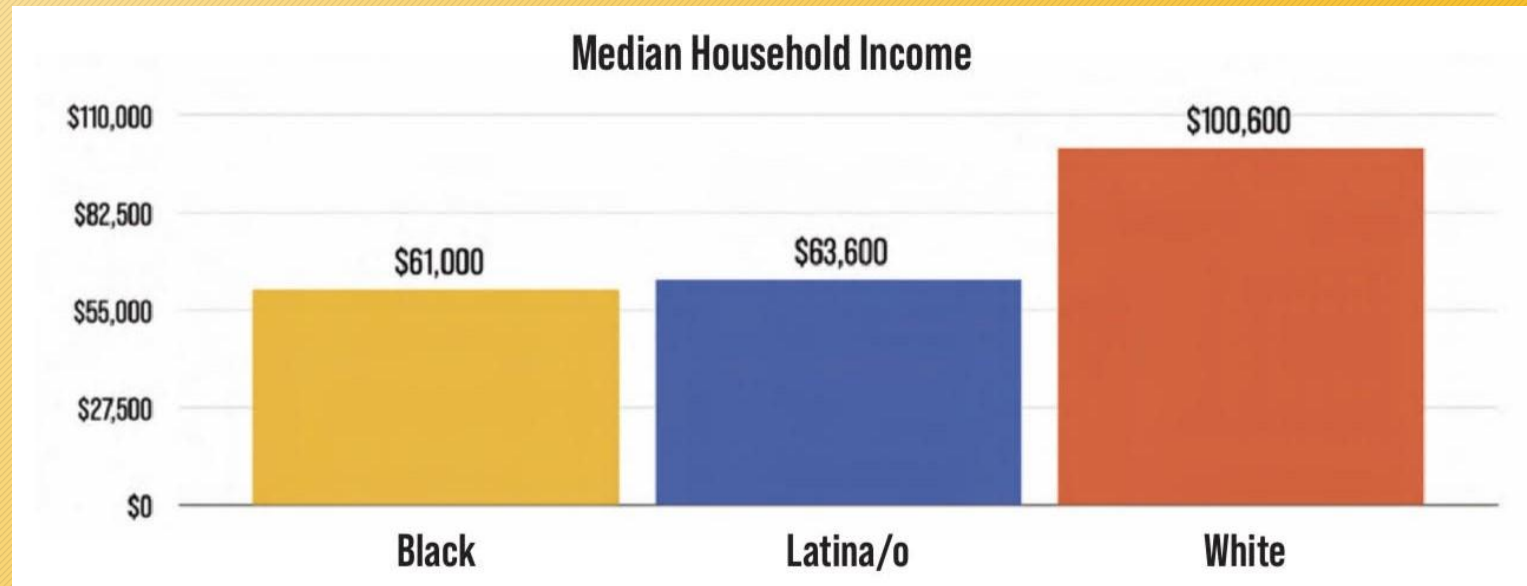
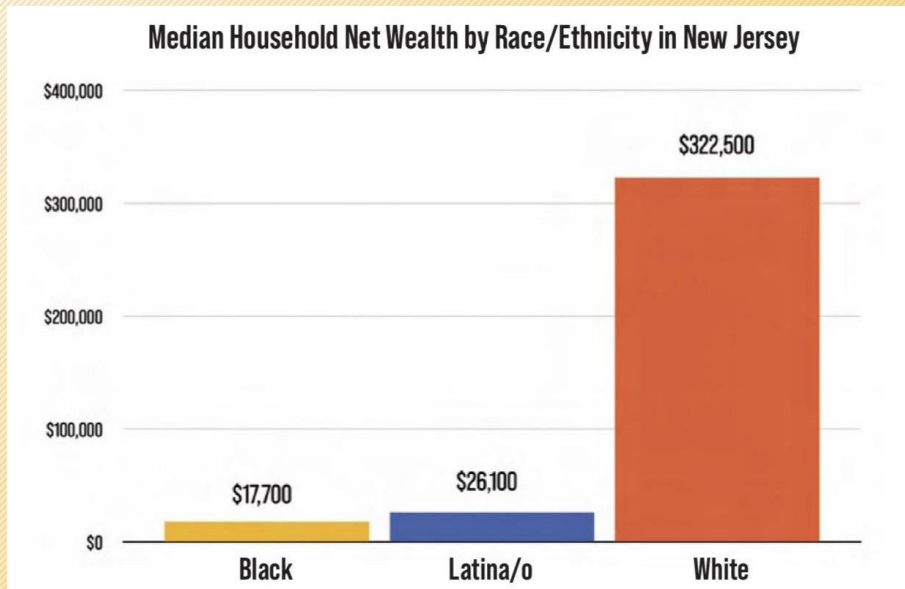


# The Racial Wealth Gap in New Jersey



- NJ has one of the highest racial wealth gaps in the nation
- Our racial wealth gap is about \$300,000 compared to \$160,000 in the U.S.
- 28% of Black NJ households have no wealth or more debts than assets

# Wealth Inequality Exceeds Income Inequality



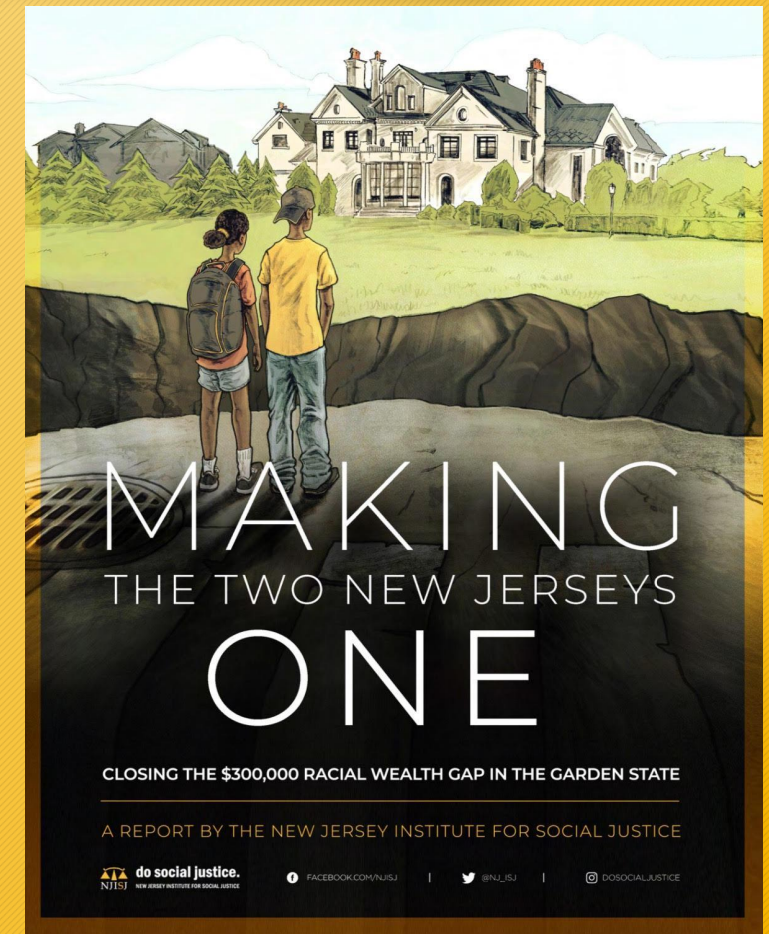
- Wealth provides a rainy-day fund and opportunities for the future in ways that income alone does not



# Key Building Blocks of the Racial Wealth Gap

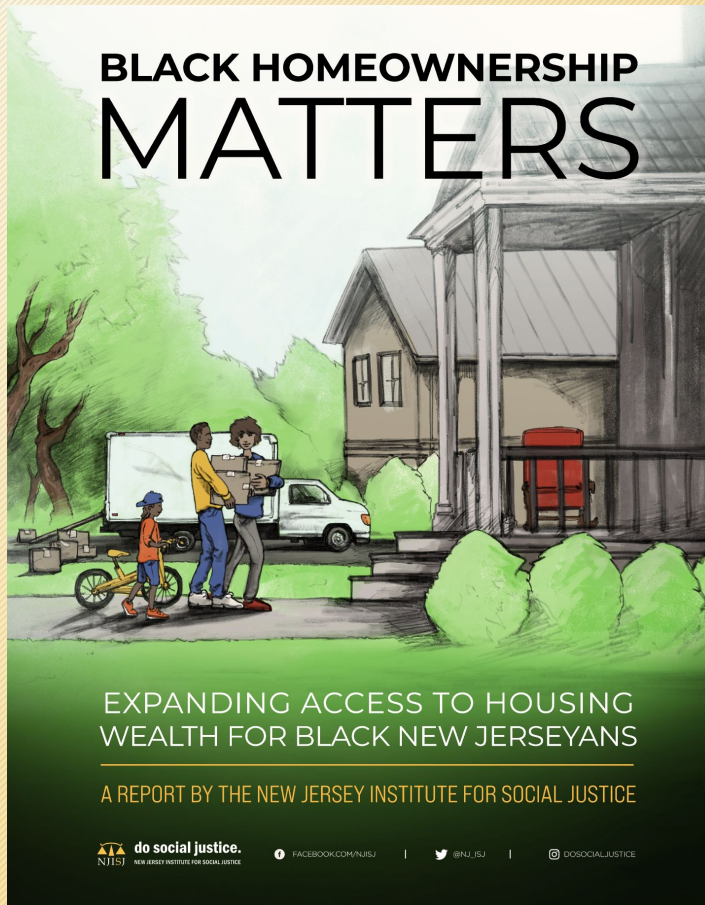


- Housing and Homeownership
- Work & Benefits
- Unequal Access to Intergenerational Wealth-Building Assets
- Student Loans





# Need to Expand Access to Financial Benefits of Homeownership

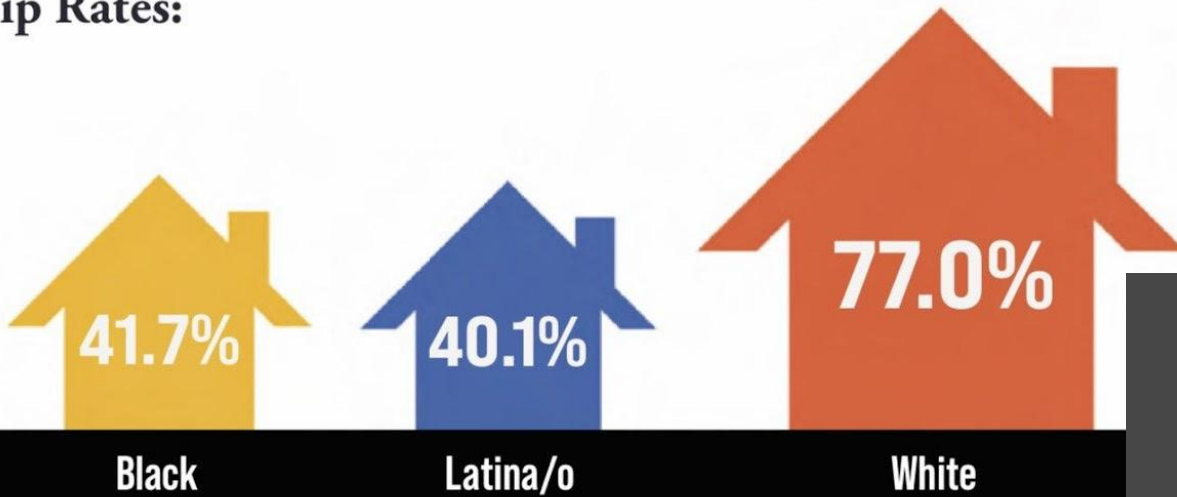


- Inequality in home ownership is a major source of wealth inequality by race/ ethnicity
- Inequities persist in rates of and returns to homeownership
- Median home equity for NJ white families is \$130,000, while median Black and Latina/o families rent



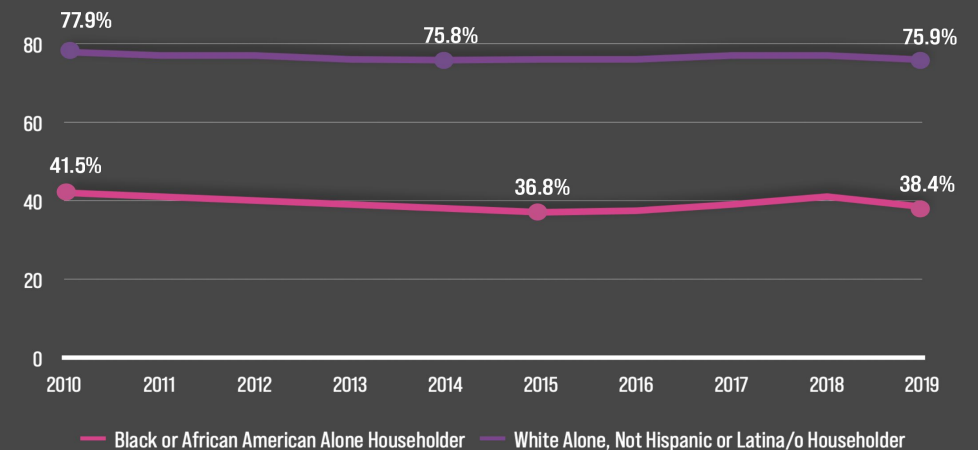
# Homeownership Disparities in NJ

## Homeownership Rates:



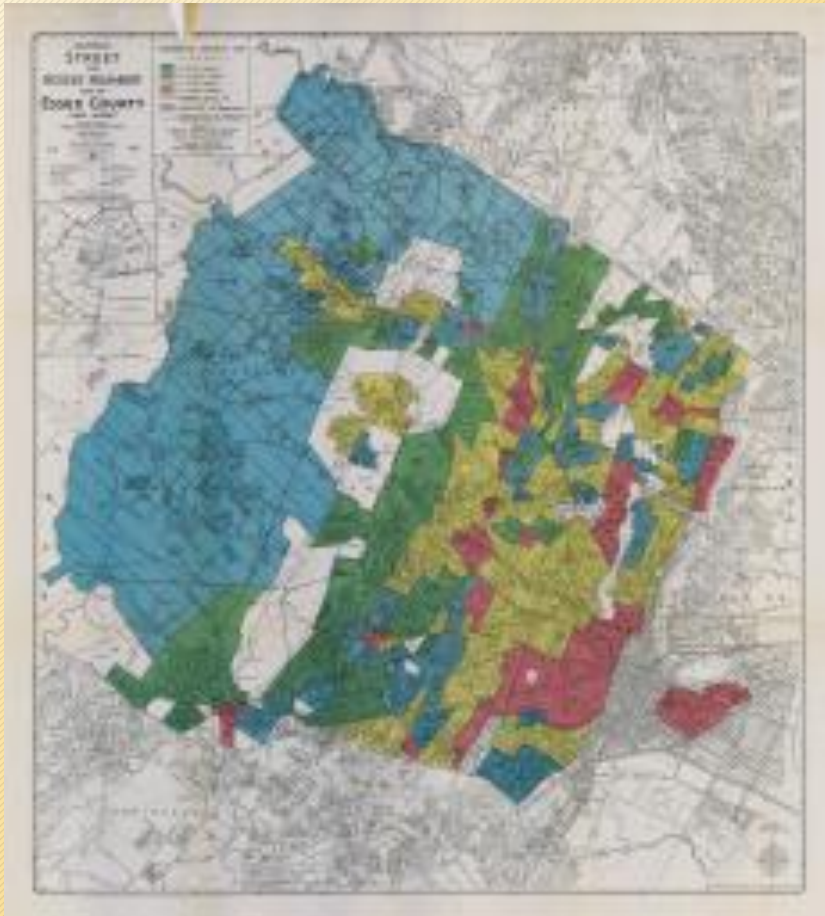
- Comprehensive approach is needed to address this persistent problem
- These disparities are the result of policy and therefore, must be addressed by policy

Figure 2. Persistence of the Black-White Homeownership Gap in New Jersey





# How Did We Get Here?




- Slavery and unequal access to land ownership
- Racially restrictive covenants
- Inequality in the GI Bill
- Redlining
- The Great Recession & predatory lending



# The Difference Eight Miles Makes

	NEWARK	MILLBURN
Black population	50%	2%
White population	11%	67%
Homeownership	23%	81%
Median home value	\$231,500	\$1,096,200



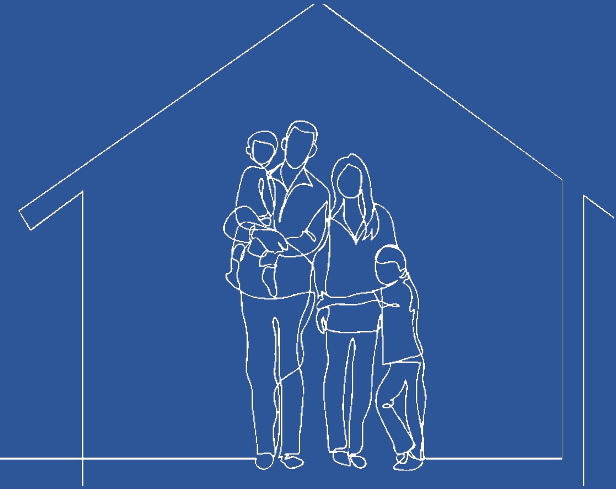
- Redlining and other discriminatory public policies continue to shape our communities
- Home values and place-based resources continue to be substantially lower in redlined communities



# Expanding Access to Housing Wealth



- **First-generation homeownership programs (A5415/S3780)**
- **Increased levels of targeted downpayment assistance**
- **Combat home appraisal discrimination (A1519/S777)**
- **Expand use of Special Purpose Credit Programs (SPCPs)**

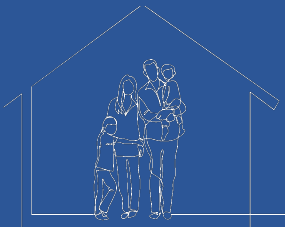


## **Addressing the Wealth Gap through Homeownership Programs**



# NJHMFA Single Family Programs

- **Homeownership Programs**
  - Down Payment Assistance
  - First Mortgage Products
- **Foreclosure Intervention**
  - Emergency Rescue Mortgage Assistance
- **Housing Counseling**
  - First Time Homeowners
  - Foreclosure Prevention





## New Jersey Housing and Mortgage Finance Agency

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Homebuyers

Find a Lender

Homebuyer FAQs

Foreclosure

Find a Counselor

Homeowners

Rentals/HRC

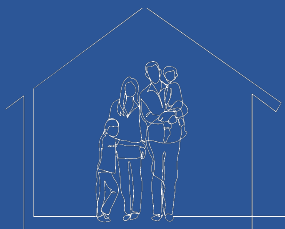
UTAs and Site Evaluator

**NJHMF**  
INVESTING IN PEOPLE  
CHANGING LIVES

### Homebuyer Programs

Learn about our homebuyer programs and how you can get up to \$15,000 toward down payment and closing costs.

[LEARN MORE](#)







# **First-Time Homebuyer Down Payment Assistance**

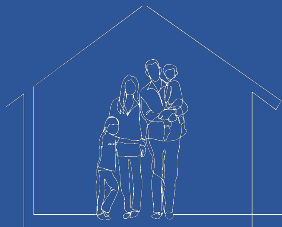
# First-Time Buyer Down Payment Assistance (DPA) Program

- The First-Time Buyer DPA Program provides qualified homebuyers with up to \$15,000 to put towards the down payment and/or closing costs for the purchase of a primary residence in New Jersey.
- All borrowers must be **first-time homebuyers** who have not owned a primary residence in the last 3 years and who do not possess liquid assets exceeding 25% of the purchase price.
- The DPA is a forgivable loan.
  - No payments or interest due.



COUNTY LIST	Down Payment Assistance Amount
Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Union	\$15,000
Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Salem, Sussex, Warren	\$10,000

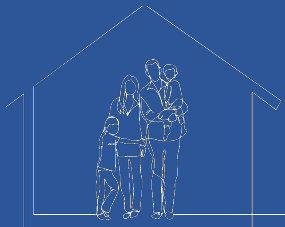
1-800-NJ-HOUSE • [njhousing.gov](http://njhousing.gov)





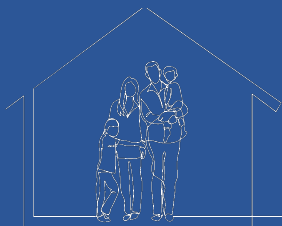
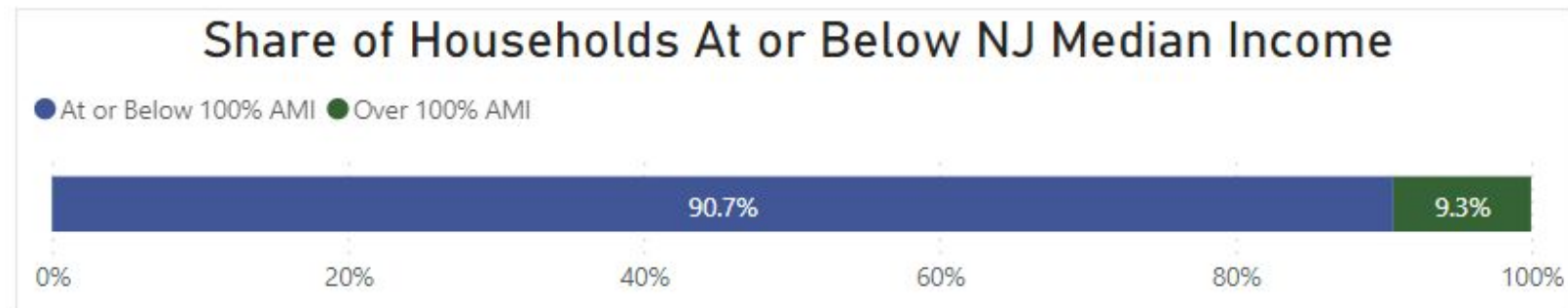
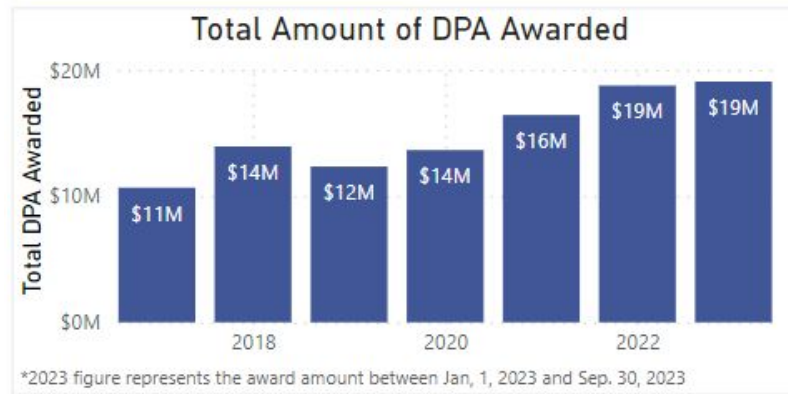
# Down Payment Assistance (DPA) Program

- The assistance is completely forgiven once the homebuyer resides in the property as their primary residence for five-years after purchase without selling, refinancing or defaulting.
- In the event the borrower conveys, refinances or ceases to occupy the premises during the five-year term, all DPA loan funds will be due and payable.
- The DPA is a **second mortgage** that must be coupled with a NJHMFA first mortgage.
  - Conventional, FHA, VA, and USDA first mortgages are available through our full network of 80 participating lenders.



# DPA Program Impact

- Since 2017, NJHMFA has awarded over 105 million dollars in Down Payment Assistance to over 9,700 households of low-to-moderate-income.





# New Jersey Down Payment Assistance (DPA) Dashboard

## Homebuyer Race and Ethnicity



2022

2023

\*NJHMFA data updated through Sep. 30, 2023

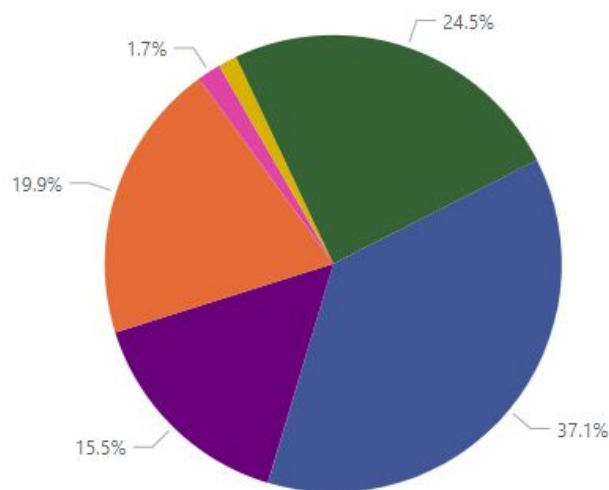
4,772

Total Buyers Awarded DPA

3,527

Number of DPA Awards

### Race and Ethnicity of NJHMFA Homebuyers with DPA



● White ● Black ● Hispanic ● Asian ● Other ● Not Provided

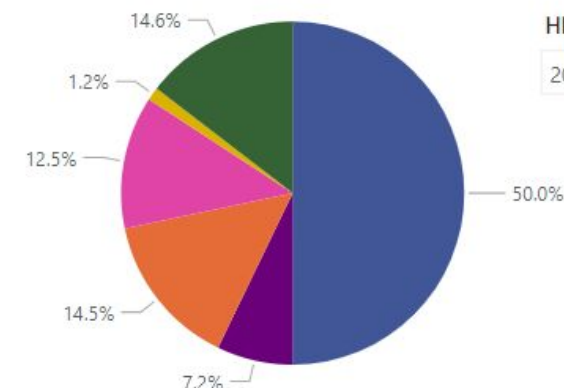
Race Provided

All

### Race and Ethnicity

Race and Ethnicity	Percent of NJHMFA Buyers w/ DPA	Percent of All NJ Buyers
White	37.1%	50.0%
Black	15.5%	7.2%
Hispanic	19.9%	14.5%
Asian	1.7%	12.5%
Other	1.3%	1.2%
Not Provided	24.5%	14.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

### Race and Ethnicity of all NJ Homebuyers with a Mortgage



HMDA Data Years

2022

● White ● Black ● Hispanic ● Asian ● Other ● Not Provided

Total NJ Homebuyer Market Source: Home Mortgage Disclosure Act (HMDA) Data

Race Provided

All

# New Jersey Down Payment Assistance (DPA) Dashboard

## Homebuyer Race and Ethnicity



2022

2023

\*NJHMFA data updated through Sep. 30, 2023

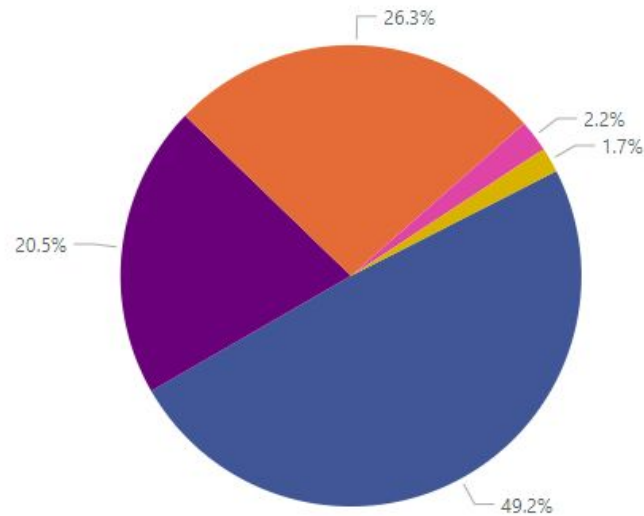
3,603

Total Buyers Awarded DPA

2,752

Number of DPA Awards

### Race and Ethnicity of NJHMFA Homebuyers with DPA



● White ● Black ● Hispanic ● Asian ● Other

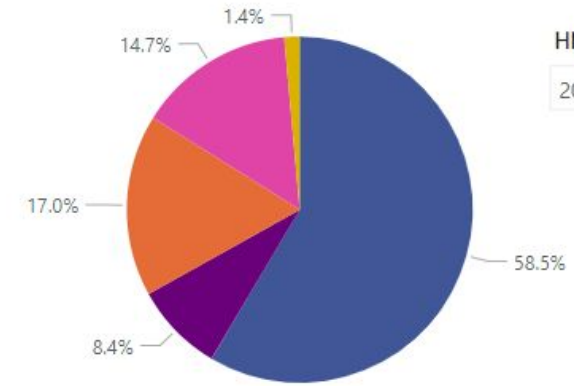
Race Provided

Provided

### Race and Ethnicity

Race and Ethnicity	Percent of NJHMFA Buyers w/ DPA	Percent of All NJ Buyers
White	49.2%	58.5%
Black	20.5%	8.4%
Hispanic	26.3%	17.0%
Asian	2.2%	14.7%
Other	1.7%	1.4%
Total	100.0%	100.0%

### Race and Ethnicity of all NJ Homebuyers with a Mortgage



● White ● Black ● Hispanic ● Asian ● Other

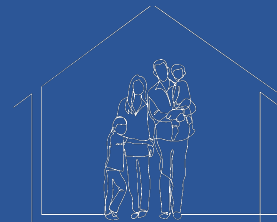
Total NJ Homebuyer Market Source: Home Mortgage Disclosure Act (HMDA) Data

HMDA Data Years

2022

Race Provided

Provided





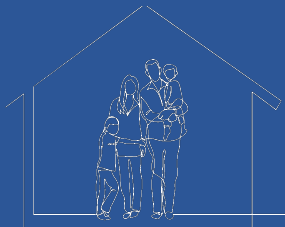


# **First-Generation Homebuyer Down Payment Assistance**

# First-Generation Down Payment Assistance

- The new First-Generation Down Payment Assistance Program launches today!
- The First-Generation Buyer DPA Program provides qualified homebuyers with an additional \$7,000 to put towards the down payment and/or closing costs for the purchase of a primary residence in New Jersey.
- The First-Generation DPA must be used alongside the First-Time Homebuyer DPA, providing eligible buyers with up to \$22,000 in down payment assistance.

COUNTY LIST	Amount of Smart Start DPA	First Generation Homebuyer	Total Amount
Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Union	\$15,000	\$7,000	\$22,000
Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Salem, Sussex, Warren	\$10,000	\$7,000	\$17,000





# First-Generation Down Payment Assistance

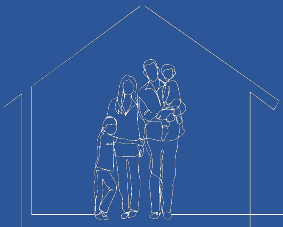
A first-generation homebuyer is defined as a first-time homebuyer who is also either:

a. an individual:

- (1) whose parents or legal guardians do not have any present ownership interest in any residential real property in any state or territory of the United States, or outside of the United States; **AND**
- (2) whose spouse, or domestic partner, and each member of whose household has not, during the 3-year period ending upon acquisition of the eligible home to be acquired using such assistance, had any present ownership interest in any residential real property used as their principal residence in any state or territory of the United States, or outside of the United States;

**OR**

b. an individual who has at any time been placed in foster care in the State of New Jersey.



# Catalyzing Opportunity

**+Building Equitable Ecosystems**

LISC





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Together with residents and partners, LISC forges resilient and inclusive communities of opportunity across America—great places to live, work, visit, do business and raise families.

# Our Reach

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## 2,100 Partners

Our national network includes nonprofits, businesses and government agencies in both rural and metropolitan areas

## 3 National Affiliates

National Equity Fund

[www.nefinc.org](http://www.nefinc.org)

New Markets Support Company

[www.newmarkets.org](http://www.newmarkets.org)

immito

[www.immito.com](http://www.immito.com)

## 39 Office Locations

Atlanta, GA

Boston, MA

Buffalo, NY

Charlotte, NC

Chicago, IL

Cincinnati, OH

Denver, CO

Detroit, MI

Duluth, MN

Flint, MI

Greenville, SC

Hartford, CT

Honolulu, HI

Houston, TX

Indianapolis, IN

Jacksonville, FL

Kalamazoo, MI

Kansas City,  
MO

Los Angeles,  
CA

Louisville, KY

Memphis, TN

Milwaukee, WI

Minneapolis/  
St. Paul, MN

Newark, NJ

New York, NY

Norfolk, VA

Oakland, CA

Peoria, IL

Philadelphia, PA

Phoenix, AZ

Providence, RI

Richmond, VA

San Antonio, TX

San Diego, CA

Seattle, WA

Toledo, OH

Washington, DC



# Our Model

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LISC is an investor, capacity builder, convener and innovator.



## Pool Public and Private Dollars

We raise funds from philanthropies, corporations and financial firms, federal, state and local governments and through the capital markets.

We also generate income from consulting, and lending services.



## Work With Local Partners

Through a network of local offices and community-based partners across the country, we provide grants, loans, equity and technical assistance.

We also lead advocacy efforts on local, regional and national policy.



## Support People and Places

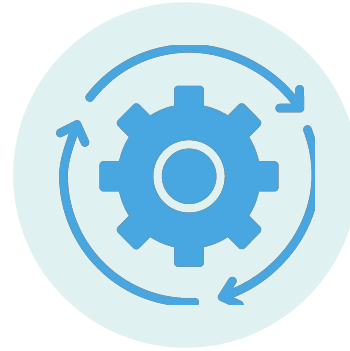
By investing in housing, businesses, jobs, schools, public spaces, safety, youth, health centers, grocery stores and more, we catalyze opportunities in communities nationwide.

# Equitable Ecosystem Building Platform



## PEOPLE-DRIVEN

- Racial equity lens in engaging & investing in diverse developers
- Structured individual and group technical assistance
- Coaching
- Mentoring



## PRODUCT-DRIVEN

- ‘First-In’ capital (recoverable grants to low-cost predevelopment loans)
- Full suite of diverse & flexible capital
- Leverage additional public & private investment
- Enterprise/fund-level investments to build capacity of sister CDFIs (or CDFI-like entities)



## PROJECT-DRIVEN

- Place-based focus (hyperlocal focus)
- Full range of real estate inventory (no deal ‘too big or too small’)
- Support housing development/preservation within broader redevelopment framing



# Strategic Equity to Advance Equity

*LISC  
Strategic Objectives-2022-23*

**LISC**



# Values Alignment

**Operating within an explicit racial justice lens and a shared inclusive recovery agenda, LISC seeks to expand our partnership-building efforts with key stakeholders to create a joint revolving, collective pathway for our target communities.**

**An ecosystem-building pathway comprised of customized technical assistance, navigational and broader community capacity-resiliency efforts to not only access essential financial capital, but also access important intellectual and technical capital necessary for communities to survive and thrive.**

# Equity Building Platform

## *Building & Preserving High-Quality, Safe & Accessible Housing*

### PROGRAM PRIORITIES

- Sustain the **Housing Development Training Institute (HDTI)** as permanent program to build the skill and bandwidth of non-profit developers and mission-driven for-profit developers, with special emphasis on developers of color. Launched in 2021 with 40 individuals from 23 organizations; non-profit, for-profit and public entities. New round concluded this October with another 30 individuals from .
- Creation of new **Affordable Housing Ecosystem Building Fund** specific flexible Acquisition/predevelopment funding pool geared towards affordable housing projects developed by non-profit and mission-driven for-profit developers – with particular interest in supporting developers of color. Two core products; Zero interest loan for very early predevelopment/ project feasibility costs and low interest loans for acquisition and necessary pre-development costs required to set the stage for construction financing.



# Capital Access-Financing Products



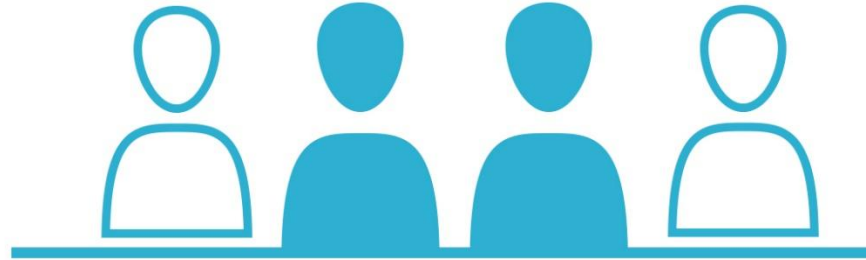
# Core Components of LISC Lending



## Project & Purpose

What do you want to do and why?

How will this benefit a low-income area and residents in a tangible way?



## Relationship

**Historic partnership** – advantageous and something LISC works to cultivate

**New partnership** – LISC is constantly interested in creating new partnerships



## Money in/Money Out









How will LISC dollars flow into the project?

Stage of funding of your project

Repayment Source, Event, Timing

# LISC Products & Projects

## Loan Products

-  Predevelopment
-  Acquisition
-  Construction
-  Mini-Permanent
-  Permanent
-  Bridge
-  Lines of Credit (includes Working Capital, Project Based and Revolving)
-  Working Capital

LISC

## Project Categories



Community  
Facilities



Commercial /  
Industrial  
Development



Charter  
Schools



Mixed  
Use



Affordable Housing

*(Multifamily rental and  
single-family homeownership)*



Economic Development



# LISC Lending Products

	Predevelopment	Acquisition	Construction	Bridge	Working Capital Line of Credit	Mini-Permanent	Permanent	Working Capital
<b>Purpose</b>	To pay due diligence expenses, deposits, and other early phase costs	To pay purchase price and closing costs for property Acquisition	To pay hard and soft construction costs for new or renovation projects	To bridge the timing gap between project or program costs and receipt of cash from committed sources	To provide flexible capital to meet organizational cash flow needs or pay project-based expenses	To provide longer-term loans for projects requiring stabilization or interim financing	To provide long-term, fully amortizing financing	Equipment, Leasehold Improvements, Remodel/ Expansion, FF&E
<b>Investment Amount</b>	<b>Up to \$2,000,000</b> Interest Only – Payable Monthly	<b>Up to \$10 million</b> Interest Only – Payable Monthly	<b>Up to \$10 million</b> Interest Only – Payable Monthly	<b>Up to \$10 million</b> Interest Only – Payable Monthly	<b>Up to \$3 million</b> Interest Only – Payable Monthly	<b>Up to \$10 million</b> Amortizing up to 25 yrs	<b>Up to \$10 million</b> Fully Amortizing Payable Monthly	<b>Up to \$500,000</b> Interest Only – Payable Monthly
<b>Collateral</b>	Some flexibility; generally secured; required above \$500,000	Real estate collateral with LTV of up to 90%	Real estate collateral with LTV of up to 90%	Bridge receipts and/or real estate collateral	Flexible; generally secured	Real estate collateral with LTV of up to 90%	Real estate collateral with LTV of up to 90%	UCC on business assets; lien on equipment
<b>Interest Rate*</b>	8.00%					8.35%	8.35%	8.00%
<b>Term (Years)</b>	Up to 3					Up to 7	Up to 17	Up to 10
<b>Project Type</b>	Arts, Charter Schools, Child Care, Commercial Real Estate, Community Facility, Health Facility, Housing Homeownership, Housing Rental, Nonprofit Social Enterprises							Small Business
<b>Recourse</b>	Required							
<b>Guarantee</b>	Corporate Guarantee Required; Personal Guarantees required for For-Profit entities							
<b>Fees</b>	*Interest Rates are subject to change based on LISC’s cost of capital Up to 1.5% + Legal Fees							

# Contact

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[Juditht@lisc.org](mailto:Juditht@lisc.org)

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[Lrobbins@lisc.org](mailto:Lrobbins@lisc.org)

[www.lisc.org](http://www.lisc.org)

**Paving the Path to Equity –**  
<https://report.lisc.org/2021-annual-report/>

## **Before: 217-221 Fairmount Avenue**



**After:  
217 & 221  
Fairmount  
Avenue**

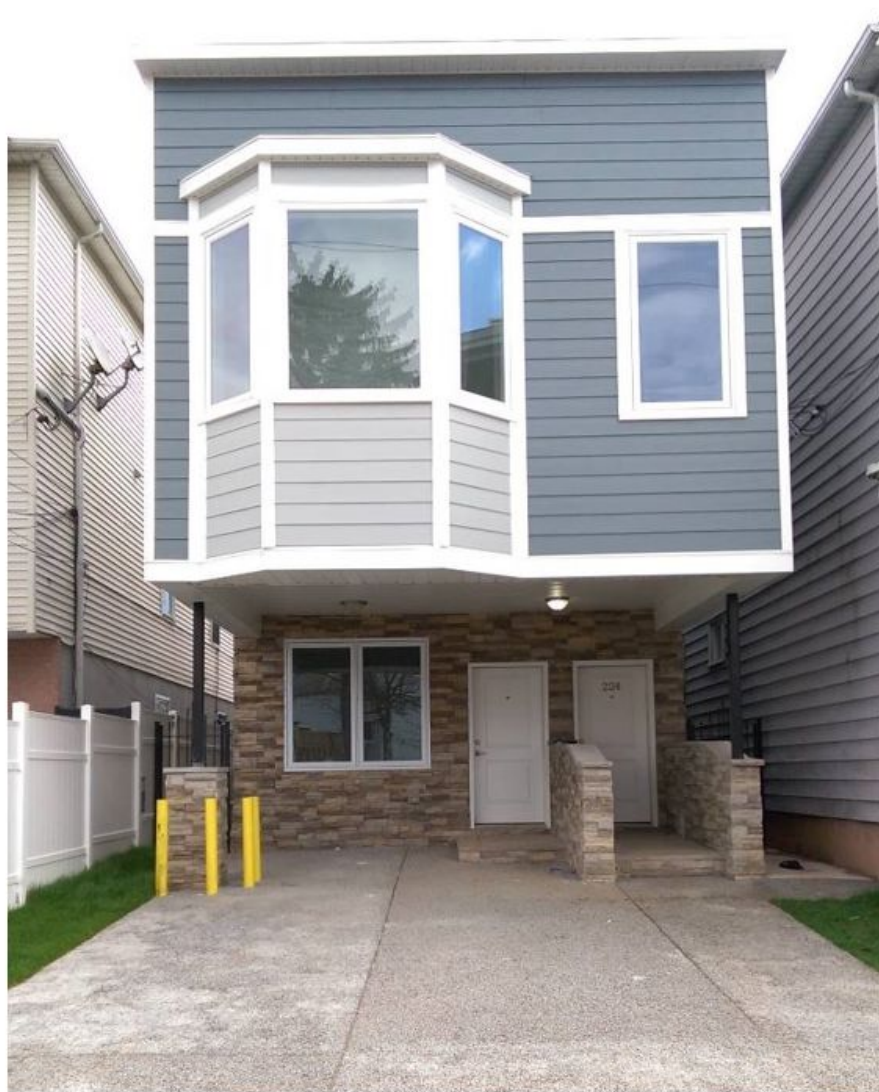




**Before**



**224 Fairmount Avenue**



**After**



# 227 – 229 Fairmount Avenue

**Before**



**Before**

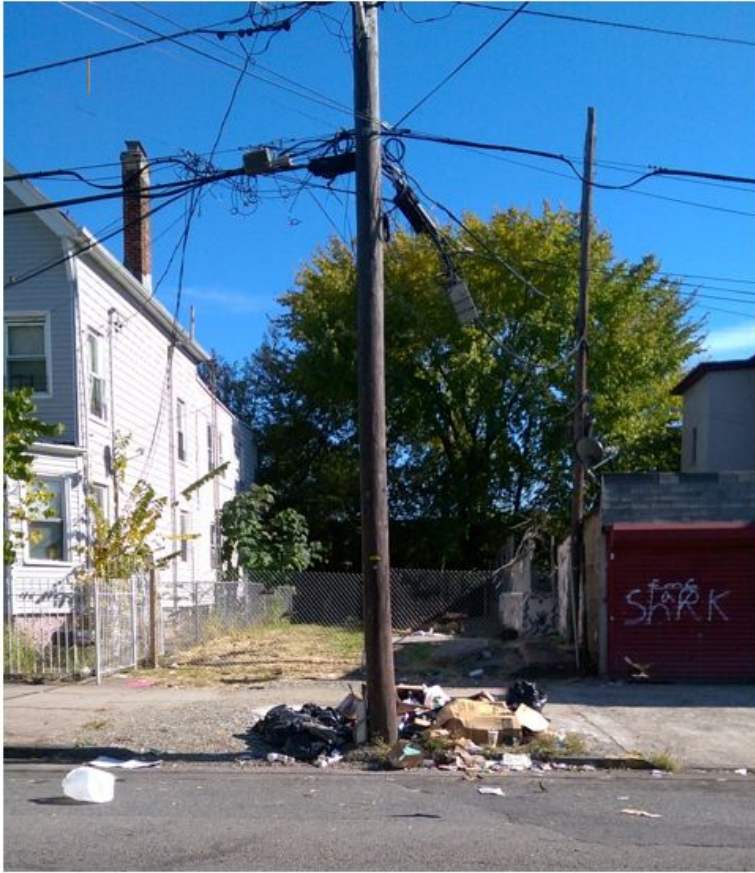


**After**





**Before**



**228 Fairmount Avenue**



**After**



# Questions and Answers

