

THE TWO NEW JERSEYS: A DEEPENING DIVIDE



A REPORT BY THE NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE



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Established in 1999 by Alan V. and Amy Lowenstein, the Institute's cutting-edge racial and social justice advocacy seeks to empower people of color by building reparative systems that create wealth, transform justice and harness democratic power – from the ground up – in New Jersey. Known for our dynamic and independent advocacy aimed at toppling load-bearing walls of structural inequality to create just, vibrant and healthy communities, we are committed to exposing and repairing the cracks of structural racism in our foundation that erupt into earthquakes in communities of color. The Institute advocates for systemic reform that is at once transformative, achievable in the state and replicable in communities across the nation.

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INTRODUCTION



When the Institute released *Making the Two New Jerseys One*,¹ we described New Jersey as a modern-day version of Dr. Martin Luther King Jr.'s "Two Americas."

Since that last analysis, New Jersey's approximately \$300,000 racial wealth gap has doubled.

We now live in two New Jerseys that are even further apart.

As this report reveals, staggering racial disparities continue to persist and grow between white New Jersey and Black and Latina/o New Jersey in terms of wealth, homeownership, income and health insurance.

Why?

New Jersey designed it this way during its founding as a colony and has never confronted, let alone, repaired that harm.

There is a direct line from New Jersey's history of slavery, when white families were given 150 acres of land and up to an additional 150 acres of land for each enslaved Black person they brought with them,² through generations of policy violence rooted in structural racism, to today's racial wealth gap disaster.³

Even recently, in the face of the devastating COVID-19 pandemic – 2020's leading cause of death among Black people in the state – New Jersey had an opportunity to finally begin to repair the enduring harm to Black people by implementing reparative policies and investments and to protect Black communities from future disasters.

Instead, even as New Jersey rightly provided necessary short-term relief, it also pushed through the legislature – in just one week – the Economic Recovery Act of 2020,⁴ which included \$14 billion in corporate tax breaks – a budgetary priority that we and our partners wrote would "eclipse critical funding needs for Black people in this state."⁵ The state also failed to sufficiently address housing affordability and supply and failed to move on strategic policy recommendations like reparations and Baby Bonds, among others, that could help close the racial wealth gap.

As one of America's wealthiest states, New Jersey's challenge is not one of resources. Rather, it is that the state has designed a racialized system that determines who gets access to our wealth.

Since our last analysis, those with home equity and savings, who are disproportionately white, saw their wealth grow substantially, while those without, who are disproportionately Black and Latina/o, remained separated from homeownership and the opportunity to build wealth.

While the Institute and partners, with Governor Murphy and legislative champions, have achieved meaningful policies in recent years such as a \$15 minimum wage, investing in first generation homeownership programs and fighting racial discrimination in home appraisals, so much more remains to be done to establish a foundation of racial equity in our state.

We are in a pivotal, turbulent and opportune time in our history, just months into a new presidential administration that is determined to roll back key civil rights progress from the last century – and during an election season in New Jersey in which every seat in the New Jersey Assembly is on the ballot and in which voters will elect a new governor.

We are inspired by the belief that even – especially – in the most difficult times lies an opportunity to harness our collective power to not only react, but to affirmatively advance a bold vision in which Black and Latina/o people – and indeed all of us – are connected to the vast prosperity of the Garden State.

An opportunity to finally make the Two New Jerseys One.

But first, clarity is required to understand the challenges we face – by the numbers.

THE TWO NEW JERSEYS: A Growing Racial Wealth Gap Disaster

New Jersey has a \$640,000 racial wealth gap disaster.

Today, in white New Jersey, the median household wealth is \$662,500.

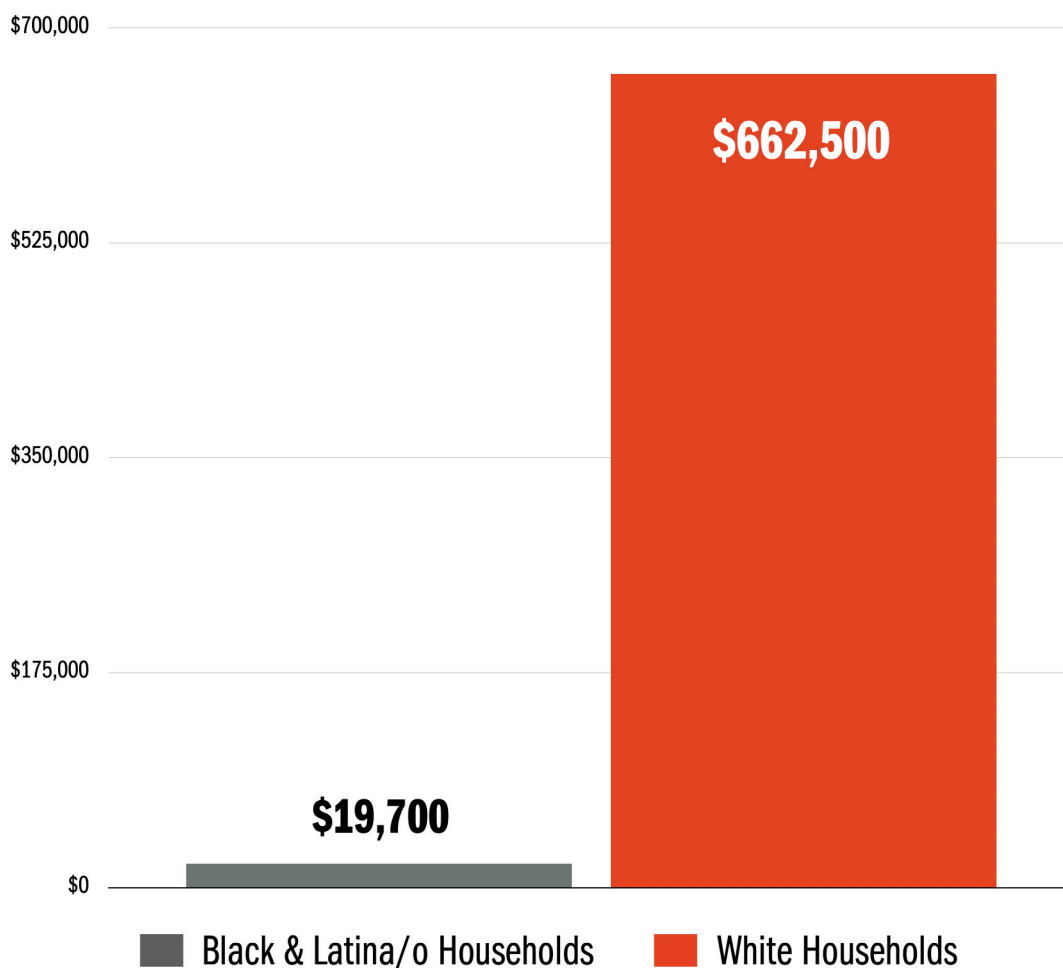
In Black and Latina/o New Jersey, the median household wealth is less than \$20,000, a more than \$600,000 wealth gap.

That wealth gap has doubled since the years before the pandemic, when it was approximately \$300,000.⁶

With the highest median wealth for white families among states,⁷ New Jersey's staggering racial wealth gap remains⁸ one of the starkest in the country.

NEW JERSEY'S DEEPENING WEALTH DIVIDE

Median Household Net Worth by Race/Ethnicity in New Jersey



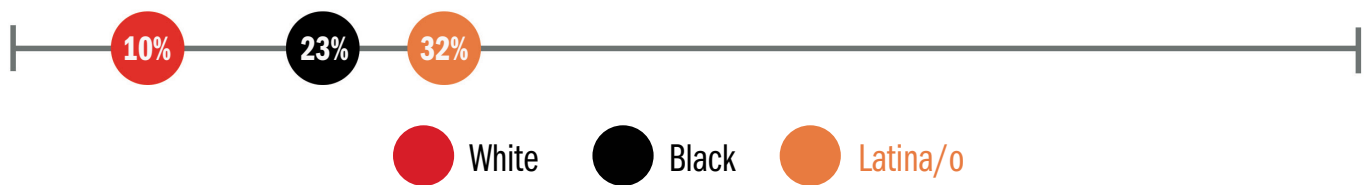
Source: Authors' analysis of 2023 Survey of Income and Program Participation (SIPP). Data represents December 2022. Analysis at household level.⁹

New Jersey Median Net Worth for Individuals



Source: New Jersey Institute for Social Justice ("Institute") analysis of 2023 Survey of Income and Program Participation (SIPP). Data represents December 2022. Analysis at individual level.¹⁰

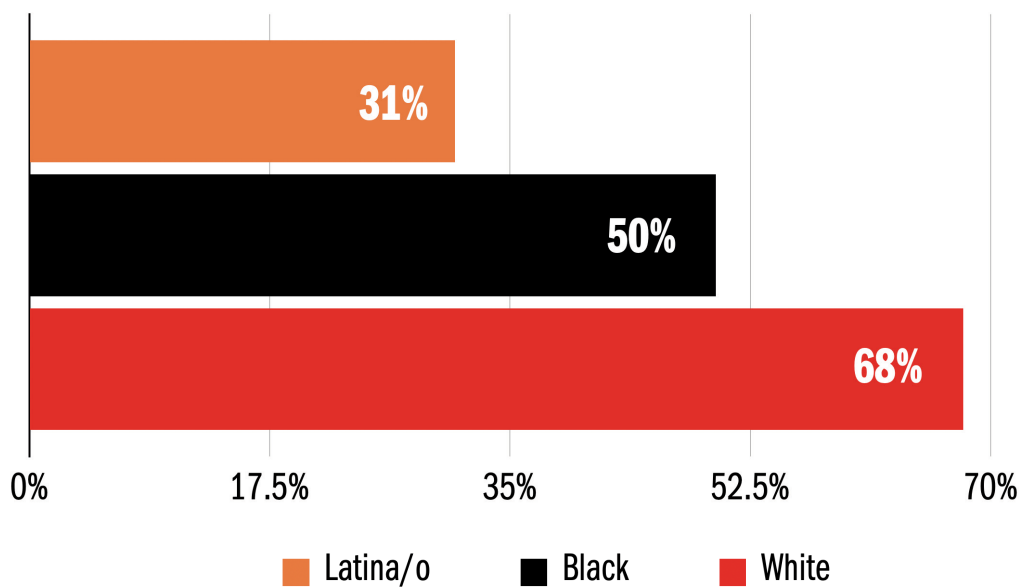
Percentage of NJ Individuals with Zero or Negative Net Worth



Source: Institute analysis of 2023 Survey of Income and Program Participation (SIPP).

Unequal Retirement Savings

Percentage of NJ Individuals with Any Pension or Retirement Account



Source: Institute analysis of 2023 Survey of Income and Program Participation (SIPP).

THE HOMEOWNERSHIP GAP: A Key Driver of the Wealth Gap

We cannot look at the wealth gap without looking at the homeownership gap. Homeownership has always been and remains a key driver of wealth-building.

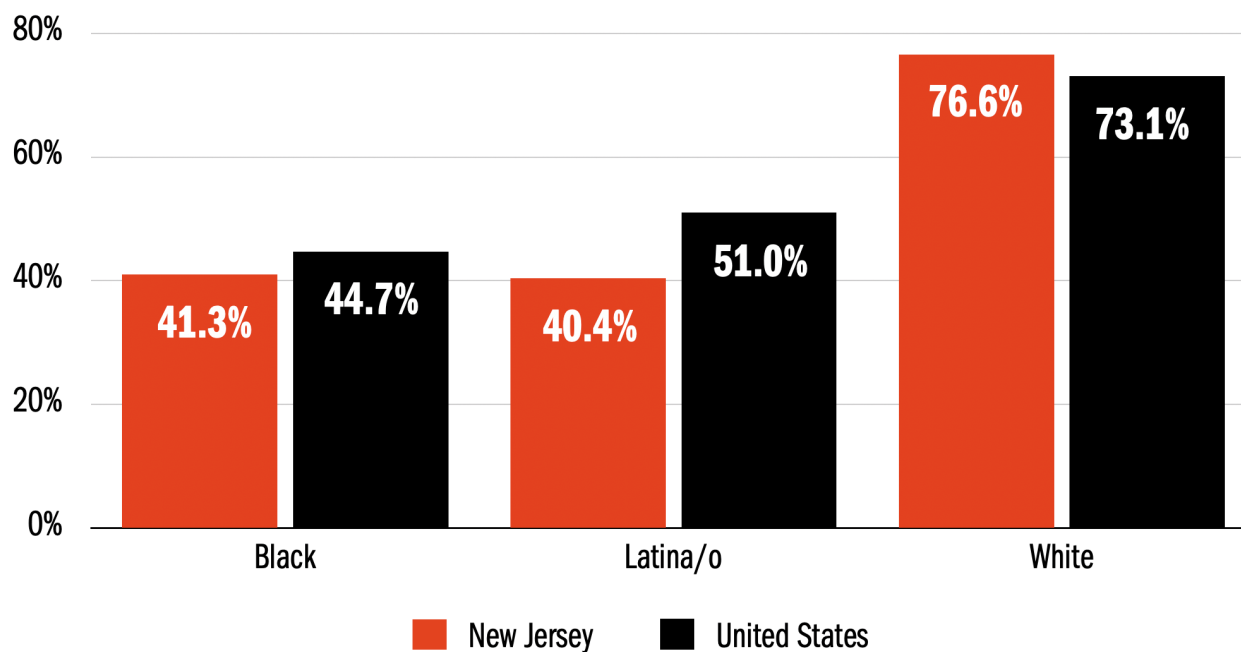
Over the course of the pandemic and since, Black and Latina/o families, who are significantly less likely to own homes, have largely remained separated from homeownership in one of America's wealthiest states – enlarging our already staggering wealth disparities.

The statewide homeownership rate for white New Jersey households is 76.6%, nearly double the homeownership rates for Black and Latino/a New Jersey households who have homeownership rates of 41.3% and 40.4% percent, respectively. These disparities in homeownership have changed very little over the past decade as revealed in the figure on the next page.

The typical Black and Latina/o family in New Jersey rents their home, while over three-quarters of white families own theirs. Even when Black and Latina/o families are able to buy homes, they tend to benefit less financially from the investment due to ongoing barriers to fair lending, segregation, appraisal discrimination and disproportionate vulnerability to foreclosure.¹¹

Compounding the inequality, the income required to maintain homeownership in New Jersey is much higher than in the U.S. overall. The median income of New Jersey families with a mortgage is about \$150,000 (see p. 5), approximately double that of Black and Latina/o families in the state (see p. 7), highlighting that without quality, well-paying jobs, families of color will continue to struggle to attain and sustain homeownership.

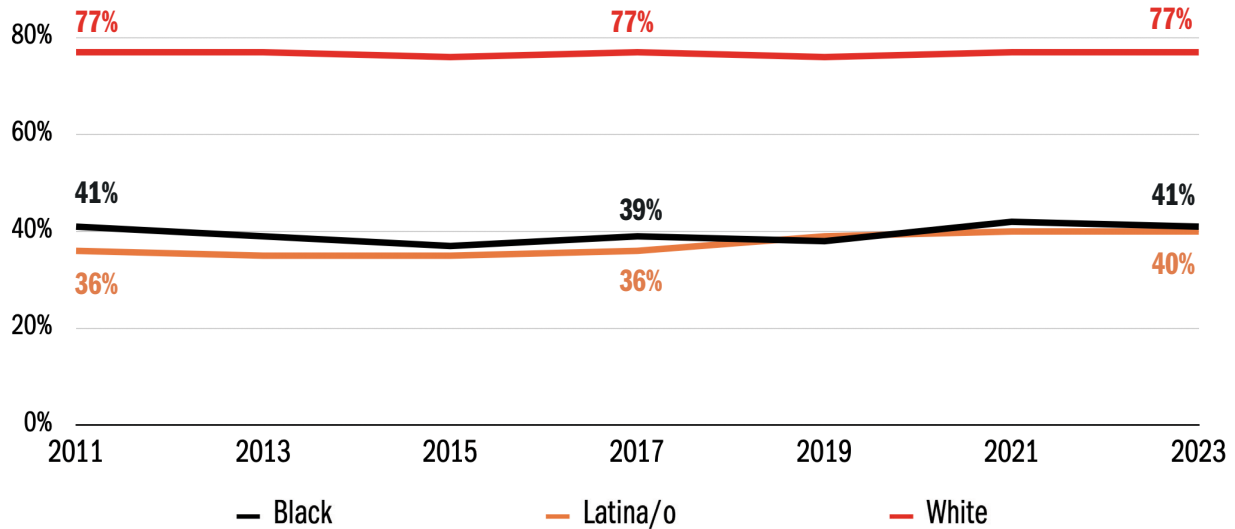
New Jersey Homeownership Disparities Greater than the U.S. Overall Homeownership Rates



Source: American Community Survey (ACS) 2023 1-Year Estimates of Households by Tenure.¹²

Enduring Disparities in Homeownership in New Jersey

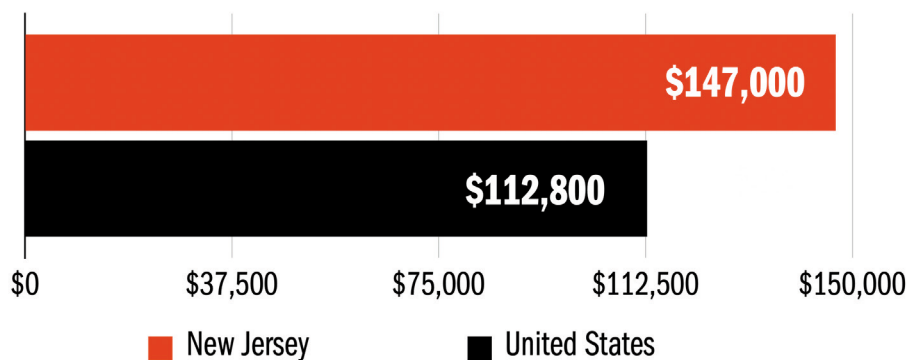
Homeownership Rates 2011-2023



Source: American Community Survey (ACS) 2023 1-Year Estimates of Households by Tenure.¹³

Sustaining Homeownership in New Jersey Requires High Income

Median Household Income Among Households with a Mortgage



Source: American Community Survey (ACS) 2023 1-Year Estimates.¹⁴

HOMEOWNERSHIP OUT OF REACH AS HOUSING COSTS CLIMB

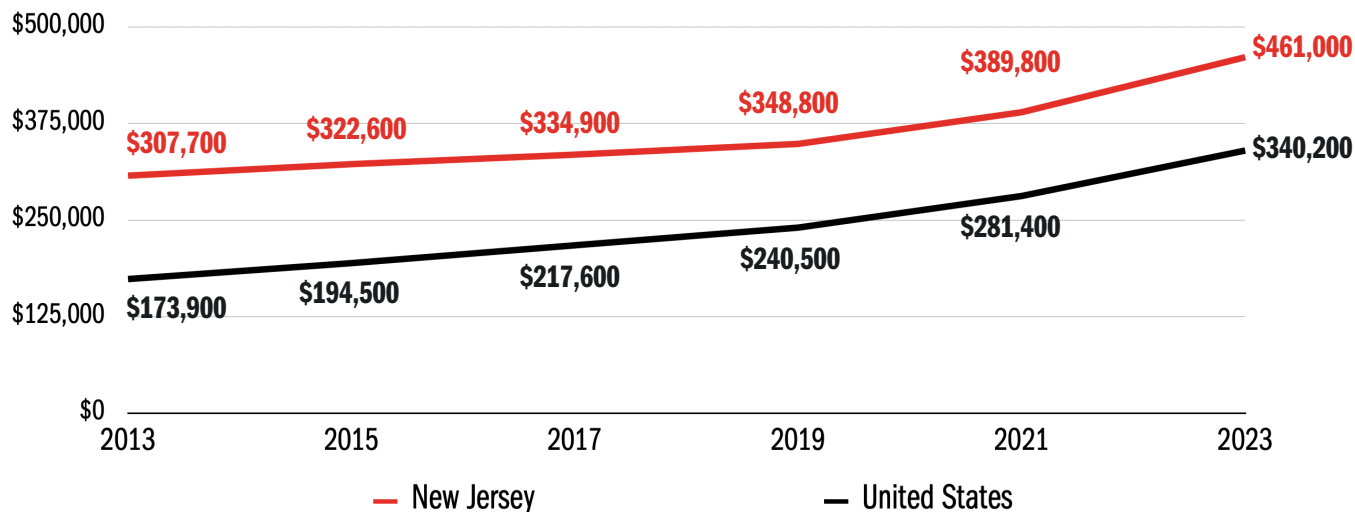
As the value of homes in New Jersey climbed in recent years, homeownership became increasingly out of reach, particularly for renters who are more likely to be Black and Latina/o.

Over a third (36.2%) of New Jersey households are cost-burdened by housing – spending more than a third of their income on it. While this is high, the same is true for over half of renters (51%).¹⁵ As housing prices have skyrocketed, those who are already homeowners have seen their wealth grow while those who rent are facing a growing affordability crisis.¹⁶ Additionally, median monthly housing costs for New Jersey homeowners are simply out of reach for too many to access and sustain homeownership.

Additionally, New Jersey has consistently had some of the highest foreclosure rates in the nation,¹⁷ disproportionately impacting owners of color¹⁸ and stripping wealth from families who are working to build it. The racial wealth gap means Black and Latina/o families are more vulnerable to foreclosure because they have a limited financial cushion when inevitable economic shocks – such as a layoff or medical crisis – arise.

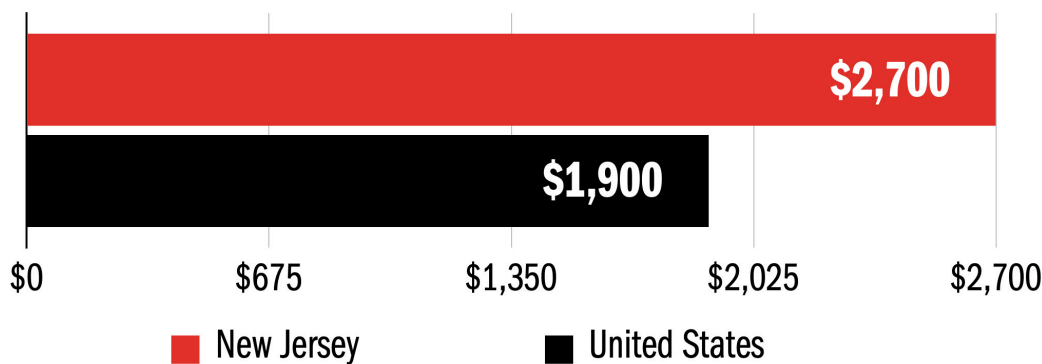
Escalating Home Prices Make Homeownership Increasingly Unaffordable in the Garden State

Home Values in New Jersey and U.S. 2013-2023



Source: American Community Survey (ACS) 2023 1-Year Estimates.¹⁹

Median Monthly Housing Costs for Households with a Mortgage



Source: American Community Survey (ACS) 2023 1-Year Estimates.²⁰

INCOME, POVERTY AND HEALTH INSURANCE: ANOTHER STORY OF INEQUITY

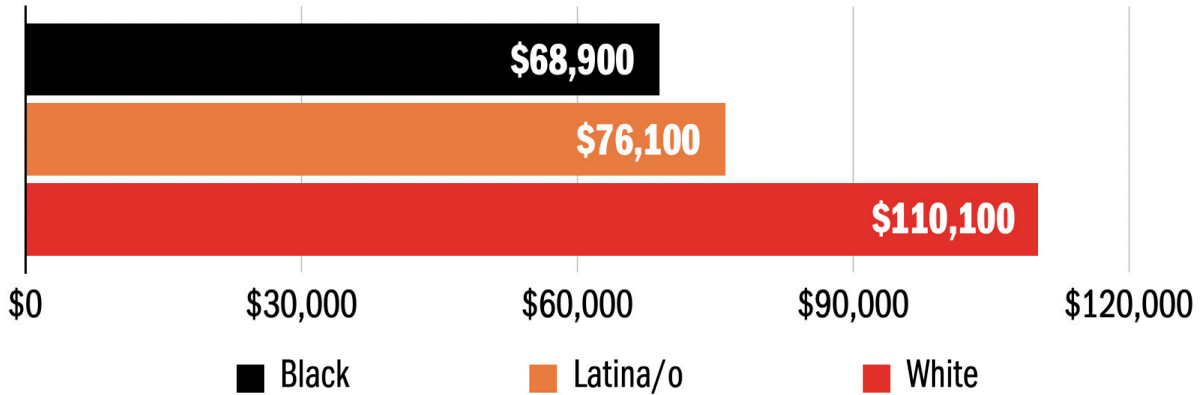
New Jersey is one of the most expensive states in the country, with overall costs the third highest among the 50 states and Washington, D.C. – about 9% higher than the country overall.²¹

This affordability burden in New Jersey falls disproportionately on Black and Latina/o families, who typically have lower incomes than the U.S. median.²² About one-sixth of Black and Latina/o families live below the federal poverty line, together making up over half of all people in poverty in the state – even though they represent about a third of the state’s population.²³ And economic vulnerability is much more widespread than the federal poverty line reveals due to the inadequacy of the poverty line in measuring the true costs of necessities, particularly in New Jersey.²⁴

In addition, Black people are also over twice as likely to lack health insurance than white people, and Latina/o residents are an astounding six times more likely to be uninsured. That leaves these residents at substantial risk of financial devastation in the case of a medical crisis.

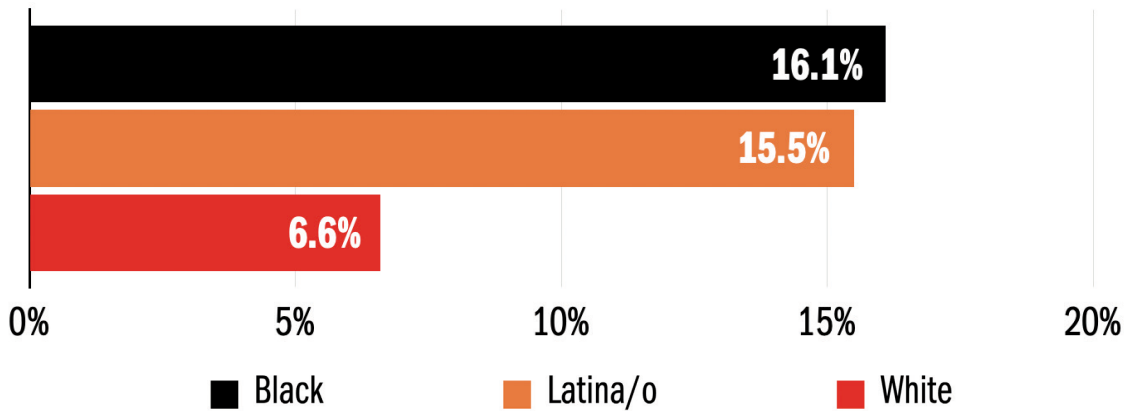
Substantial Income Disparities in New Jersey

Median Household Income



Source: American Community Survey (ACS) 2023 1-Year Estimates.²⁵

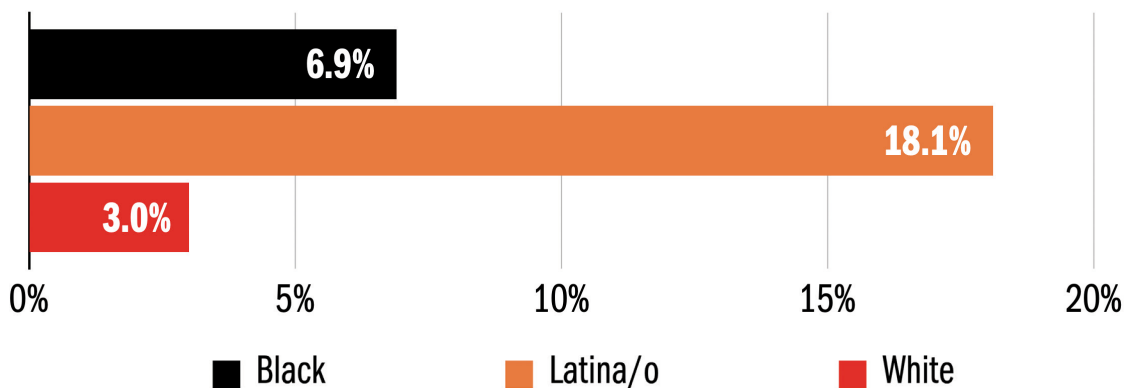
Black and Latina/o New Jerseyans Much More Likely than White New Jerseyans to Face Poverty



Source: American Community Survey (ACS) 2023 1-Year Estimates among residents in the state.²⁶

Substantial Inequities in Health Insurance Coverage

Percentage without Health Insurance



Source: American Community Survey (ACS) 2023 1-Year Estimates among residents in the state.²⁷

CONCLUSION

New Jersey is one of the most prosperous states in the nation, but also one of the most inequitable.

The policy choices that designed the Two New Jerseys separated Black and Latina/o communities from our prosperity.

The truth is there is enough prosperity for everyone in the Garden State to enjoy.

Particularly now, in the face of a national political environment that poses a great risk to Black and Latina/o people and a changing political landscape here in New Jersey, we must not retreat.

Instead, New Jersey has the opportunity to be a model of racial justice that can be built, from the ground up in our communities, with collective advocacy and political will.

That will require us to be affirmative, deliberate and bold – and to invest in reparative policies that expand prosperity for Black and Latina/o people and all New Jerseyans.

ENDNOTES

¹ LAURA SULLIVAN ET AL., N.J. INST. FOR SOC. JUST., MAKING THE TWO NEW JERSEYS ONE: CLOSING THE \$300,000 RACIAL WEALTH GAP IN THE GARDEN STATE (2022), https://assets.nationbuilder.com/njisj/pages/689/attachments/original/1645217098/Making_the_Two_New_Jerseys_One_2.15.22-compressed.pdf.

² GRAHAM RUSSELL GAO HODGES, BLACK NEW JERSEY: 1664 TO THE PRESENT DAY 14 (2019).

³ JAYNE JOHNSON ET AL., N.J. INST. FOR SOC. JUST., ERASING NEW JERSEY'S RED LINES: REDUCING THE RACIAL WEALTH GAP THROUGH HOMEOWNERSHIP AND REINVESTMENT IN COMMUNITIES OF COLOR 6-8 (2020), https://d3n8a8pro7vnm.cloudfront.net/njisj/pages/689/attachments/original/1588358478/Erasing_New_Jersey's_Red_Lines_Final.pdf.

⁴ Tracey Tully, N.J. Approves \$14 Billion in Corporate Tax Breaks in Less Than a Week, N.Y. TIMES, Dec. 21, 2020, <https://www.nytimes.com/2020/12/21/nyregion/tax-incentives-new-jersey.html>; Assemb. Bill 4, 219th Leg., Sess. 2020-2021 (N.J. 2020) <https://www.njleg.state.nj.us/bill-search/2020/A4>.

⁵ Letter from Members of the United Black Agenda to Governor Murphy (Dec. 21, 2020), https://d3n8a8pro7vnm.cloudfront.net/njisj/pages/721/attachments/original/1608691990/UBA_ERA2020_Letter_to_Governor_Murphy.pdf.

⁶ SULLIVAN ET AL., *supra* note 1, at 8. Data quality concerns in recent years, particularly during the pandemic, led to unreliable results for state-level analysis of wealth in the intervening period since 2017.

⁷ *Explore Data: Assets and Debt*, BLACK WEALTH DATA CTR., <https://blackwealthdata.org/explore/assets> (last visited Mar. 7, 2025) (select “State” to see analysis of net worth by state across all states). New Jersey has the highest median white wealth among states with sufficient data to report. *Id.*

⁸ SULLIVAN ET AL., *supra* note 1, at 7.

⁹ New Jersey Institute for Social Justice (“Institute”) analysis of 2023 Survey of Income and Program Participation (SIPP) representing Dec. 2022. See generally *Survey of Income and Program Participation (SIPP)*, U.S. CENSUS BUREAU, <https://www.census.gov/programs-surveys/sipp.html> (last visited Mar. 7, 2025). Black and white people in this analysis do not include people who identify as Hispanic or Latina/o. Though the point estimates for Black and Latina/o households are similar, the two groups are analyzed jointly to increase the sample size of households and thus, increase our confidence in the estimates. See SULLIVAN ET AL., *supra* note 1 at 27 n.39 (provides more information on the use of the SIPP survey for analysis of wealth disparities at the state level).

¹⁰ Institute analysis of 2023 Survey of Income and Program Participation (SIPP) representing Dec. 2022. Because there are more individuals than households in the SIPP survey, the sample size is larger for individual-level analysis and thus, we are able to present analysis at the individual level separately for Black and Latina/o individuals in New Jersey. See generally, U.S. CENSUS BUREAU, *supra* note 9.

¹¹ NICHOLE NELSON ET AL., N.J. INST. FOR SOC. JUST., BLACK HOMEOWNERSHIP MATTERS: EXPANDING ACCESS TO HOUSING WEALTH FOR BLACK NEW JERSEYANS 11-15 (2022), https://njisj.org/wp-content/uploads/2023/05/Black_Homeownership_Matters_Report_5.3.22_web.pdf; see also Amir Kermani & Francis Wong, Racial Disparities in Housing Returns (Nat’l Bureau of Econ. Rsch., Working Paper No. 29306, 2024), <https://www.nber.org/papers/w29306>.

¹² Table B25003H: Tenure (White Alone, Not Hispanic or Latino Householder), 2023: ACS 1-Year Estimates Detailed Tables, New Jersey, U.S. CENSUS BUREAU, <https://data.census.gov/table?q=B25003H&g=040XX00US34> (last visited Mar. 7, 2025) [hereinafter Table B25003H]; Table B25003B: Tenure (Black or African American Alone Householder), 2023: ACS 1-Year Estimates Detailed Tables, New Jersey, U.S. CENSUS BUREAU, [https://data.census.gov/table?q=B25003B%20TENURE%20\(BLACK%20OR%20AFRICAN%20AMERICAN%20ALONE%20HOUSEHOLDER\)&g=010XX00US_040XX00US34](https://data.census.gov/table?q=B25003B%20TENURE%20(BLACK%20OR%20AFRICAN%20AMERICAN%20ALONE%20HOUSEHOLDER)&g=010XX00US_040XX00US34) (last visited Mar. 7, 2025) [hereinafter Table B25003B]; Table B25003I: Tenure (Hispanic or Latino Householder), 2023: ACS 1-Year Estimates Detailed Tables, New Jersey, U.S. CENSUS BUREAU, [https://data.census.gov/table/ACSDT1Y2023.B25003I?q=B25003I%20TENURE%20\(HISPANIC%20OR%20LATINO%20HOUSEHOLDER\)&g=040XX00US34](https://data.census.gov/table/ACSDT1Y2023.B25003I?q=B25003I%20TENURE%20(HISPANIC%20OR%20LATINO%20HOUSEHOLDER)&g=040XX00US34) (last visited Mar. 7, 2025) [hereinafter Table B25003I].

¹³ Table B25003H, *supra* note 12; Table B25003B, *supra* note 12; Table B25003I, *supra* note 12. Toggle using drop down menu to see data values across years.

¹⁴ Table S2506: Financial Characteristics for Housing Units With a Mortgage, 2023: ACS 1-Year Estimates Detailed Tables, United States & New Jersey, U.S. CENSUS BUREAU, https://data.census.gov/table?q=Housing%20Value%20and%20Purchase%20Price&g=010XX00US_040XX00US34 (last visited Mar. 7, 2025) [hereinafter Table S2506].

¹⁵ JOINT CTR. FOR HOUS. STUD. OF HARVARD UNIV., THE STATE OF THE NATION’S HOUSING 2024 (2024), <https://www.jchs.harvard.edu/state-nations-housing-2024> (scroll down to “Excel Data” and download file; then see “Table W-16: State Cost-Burdened Households by Tenure”).

¹⁶ Taylor Jung, NJ rents keep rising, NJ SPOTLIGHT NEWS, Dec. 12, 2024, <https://www.njspotlightnews.org/2024/12/new-jersey-rents-keep-rising-pressuring-lower-and-middle-income-residents/>.

¹⁷ NELSON ET AL., *supra* note 11, at 15; see also Jennifer Von Pohlmann, Foreclosure Rates for All 50 States in October 2024, AT’TOM, Nov. 15, 2024, <https://www.attomdata.com/news/most-recent/foreclosure-rates-for-all-50-states-in-october-2024/>.

¹⁸ NELSON ET AL., *supra* note 11, at 15; Kermani & Wong, *supra* note 11.

¹⁹ Table B25077: Median Value (Dollars) Among Owner Occupied Housing Units, 2023: ACS 1-Year Estimates, U.S. CENSUS BUREAU, https://data.census.gov/table/ACSDT1Y2023.B25077?q=Housing%20Value%20and%20Purchase%20Price&g=010XX00US_040XX00US34 (toggle using drop down menu to see data values across years).

²⁰ Table S2506, *supra* note 14.

²¹ Press Release, U.S. Dept of Com., Bureau of Econ. Analysis, Real Personal Consumption Expenditures by State and Real Personal Income by State and Metropolitan Area, 2023 (Dec. 12, 2024), <https://www.bea.gov/news/2024/real-personal-consumption-expenditures-state-and-real-personal-income-state-and>.

²² Table S1903: Median Income in the Past 12 Months, 2023: ACS 1-Year Estimates Detailed Tables, United States & New Jersey, U.S. CENSUS BUREAU, https://data.census.gov/table?q=S1903&g=010XX00US_040XX00US34 (last visited Mar. 7, 2025) (indicating that median income in the U.S. from the 2023 ACS is \$77,719.)

²³ Table P9: Hispanic or Latino, and Not Hispanic or Latino by Race, 2020 Decennial Census, New Jersey, U.S. CENSUS BUREAU, <https://data.census.gov/table/DECENNIALCD1182020.P9?q=p9&g=040XX00US34> (last visited Mar. 7, 2025); See also QuickFacts: New Jersey, U.S. CENSUS BUREAU, <https://www.census.gov/quickfacts/fact/table/NJ/PST045223> (last visited Mar. 7, 2025).

²⁴ *Alice in the Crosscurrents: An Update on Financial Hardship in New Jersey*, UNITED FOR ALICE (May 2024), <https://www.unitedforalice.org/Attachments/AllReports/2024-ALICE-Update-NJ-FINAL-v3.pdf>.

²⁵ Table S1903: Median Income in the Past 12 Months, 2023: ACS 1-Year Estimates Detailed Tables, United States & New Jersey, U.S. CENSUS BUREAU, https://data.census.gov/table?q=S1903&g=010XX00US_040XX00US34 (last visited Mar. 7, 2025).

²⁶ Table S1702: Poverty Status in the Past 12 Months, 2023: ACS 1-Year Estimates Detailed Tables, New Jersey, U.S. CENSUS BUREAU, <https://data.census.gov/table?q=poverty%20in%20new%20jersey%20in%202023> (last visited Mar. 7, 2025).

²⁷ Table S2701: Selected Characteristics of Health Insurance Coverage in the United States, 2023: ACS 1-Year Estimates Detailed Tables, New Jersey, U.S. CENSUS BUREAU, <https://data.census.gov/table/ACSST1Y2023.S2701?q=health%20insurance&g=040XX00US34> (last visited Mar. 7, 2025).



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