

“Social justice should be the underlying goal of all humanity.”  
-Alan V. Lowenstein, Institute Founder



TESTIMONY OF HARBANI AHUJA, ESQ.  
NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE  
IN SUPPORT OF A5415  
NEW JERSEY ASSEMBLY APPROPRIATIONS COMMITTEE  
THURSDAY, JUNE 22, 2023

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**do social justice.**

Good morning, Chairwoman Swain, Vice-Chair Mukherji, and Assembly members:

My name is Harbani Ahuja, and I am an Associate Counsel in the Economic Justice Program at the New Jersey Institute for Social Justice (the “Institute”). Thank you for the opportunity to testify in support of A5415, which provides down payment assistance for first-time and first-generation home buyers. We ask that you support A5415, but we recommend several amendments to strengthen the bill.

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. In May 2022, the Institute released our report, *Black Homeownership Matters: Expanding Access to Housing Wealth for Black New Jerseyans*, which not only underscores the present-day barriers to homeownership for Black New Jerseyans, but also highlights how Black New Jerseyans benefit less financially from homeownership compared to white New Jerseyans.<sup>1</sup>

Black homeownership matters.

Owning a home is the primary way that most families build wealth. Today, just 41.7% of Black New Jersey households own homes compared to 77.0% of white New Jersey households.<sup>2</sup> There is a dire need for more affordable homeownership options for Black families in New Jersey. A recent poll found that 87% of New Jerseyans believe that housing costs are a very or somewhat serious problem.<sup>3</sup>

This homeownership divide has contributed substantially to New Jersey having one of the starkest racial wealth gaps in the nation, with its white families holding \$322,500 at the median compared to only \$17,700 for the state's Black families.<sup>4</sup>

To close this enormous wealth divide, we must take a multipronged approach. While the introduction of a first-generation down payment assistance program in this bill is an important first step, it should be more clearly prioritized over first-time homeownership support in the bill because it would more effectively help to close racial disparities in homeownership.

Down payment assistance programs need provisions to specifically help close the racial wealth gap or they will fail to adequately address the structural barriers to Black homeownership.<sup>5</sup> Analysis from the National Fair Housing Alliance and the Center for Responsible Lending shows that nationally, a down payment assistance program design with both income and first-generation program eligibility requirements would create a larger eligible pool of participants that were families of color, and Black families in particular, rather than a program design based on income alone.<sup>6</sup> Recent analysis from the Urban Institute also highlights that first-generation down payment assistance programs would do a better job of closing disparities in wealth than first-time homebuyers programs; in fact, down payment assistance programs that do not consider structural barriers to homeownership for people of color could actually increase racial disparities in wealth and homeownership.<sup>7</sup>

The state should ensure that funds for this program reach those with the greatest need and investments are as robust as possible. We know that many families in New Jersey have a dream of homeownership. We would like to see substantial investments in first-generation homeownership in the state – still, with the high demand for these programs, demand will likely outpace supply quickly as we saw in California with a similar program.<sup>8</sup> Given this, in addition to prioritizing first-generation participants, assistance needs to be publicized within Black and Brown communities throughout the state to ensure that these communities can actually benefit from these programs. The bill should include provisions reflecting outreach to community partners serving communities of color similar to the bill language adopted in Vermont's first-generation home buyer assistance program.<sup>9</sup>

The total amount of funding for first-generation should be as robust as possible. The Governor's budget includes \$15 million for first generation down payment assistance plus \$25 million for the existing down payment assistance program. The bill should include at least this \$40 million dollar total and we would also recommend a greater proportion go specifically to first generation down payment assistance. Also, given that The New Jersey Homebuyer Tax Credit Program established by the bill commits four years of funding to the program, we would like to see a commitment of

funding for at least four years for the first-generation components of the bill as well. Additionally, the Tax Credit Program provides subsidies for the development of homes for first-time home buyers who have incomes up to 140% of AMI. This level is simply too high. We recommend up to 80% of AMI. This would help to prevent the displacement of people already living in these distressed communities.

Homeownership remains a vital component of affordable housing<sup>10</sup> and is a crucial asset-building opportunity, with home equity making up the greatest portion of household net worth in the United States.<sup>11</sup> Homeownership can be affordable because owners have much more predictability in monthly payments;<sup>12</sup> thus, the Institute appreciates the goal of this bill to expand access to homeownership to those currently facing barriers. Still, better targeting to families who have historically experienced obstacles to homeownership is needed.

We thank you for consideration of the bill today and urge you to vote in favor while considering amendments to strengthen the bill to ensure that the down payment assistance programs primarily serve first-generation homebuyers and that partnerships in communities of color are effectively leveraged to ensure benefits reach Black and Brown families that have for too long faced barriers to homeownership.

Thank you.

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<sup>1</sup> NICHOLE NELSON ET AL., N.J. INST. FOR SOC. JUST., BLACK HOMEOWNERSHIP MATTERS: (2022), [https://assets.nationbuilder.com/njisi/pages/689/attachments/original/1651592853/Black\\_Homeownership\\_Matters\\_Report\\_5.3.22\\_web.pdf?1651592853](https://assets.nationbuilder.com/njisi/pages/689/attachments/original/1651592853/Black_Homeownership_Matters_Report_5.3.22_web.pdf?1651592853).

<sup>2</sup> LAURA SULLIVAN ET AL., N.J. INST. FOR SOC. JUST., THE TWO N.J.S BY THE NUMBERS: RACIAL WEALTH DISPARITIES IN THE GARDEN STATE (2023), [https://assets.nationbuilder.com/njisi/pages/689/attachments/original/1679924762/Two\\_New\\_Jerseys\\_By\\_the\\_Numbers\\_Data\\_Brief\\_3.23.23-compressed.pdf?1679924762](https://assets.nationbuilder.com/njisi/pages/689/attachments/original/1679924762/Two_New_Jerseys_By_the_Numbers_Data_Brief_3.23.23-compressed.pdf?1679924762)

<sup>3</sup> *Most New Jerseyans Say Housing Costs Are a Serious Problem, Finding a Place to Rent is Difficult; Racial and Ethnic Disparities in Housing Access*, RUTGERS EAGLETON CTR. FOR PUBLIC INTEREST POLLING 1 (June 16, 2021), <https://eagletonpoll.rutgers.edu/wp-content/uploads/2021/06/Rutgers-Eagleton-Poll-HCDNNJ-Housing-June-16-2021.pdf>.

<sup>4</sup> LAURA SULLIVAN ET AL., N.J. INST. FOR SOC. JUST., MAKING THE TWO N.J.S ONE: CLOSING THE \$300,000 RACIAL WEALTH GAP IN THE GARDEN STATE 8 (2022), [https://assets.nationbuilder.com/njisi/pages/689/attachments/original/1645217098/Making\\_the\\_Two\\_New\\_Jersey\\_One\\_2.15.22-compressed.pdf?1645217098](https://assets.nationbuilder.com/njisi/pages/689/attachments/original/1645217098/Making_the_Two_New_Jersey_One_2.15.22-compressed.pdf?1645217098).

<sup>5</sup> Jung Hyun Choi and Janneke Ratcliffe, *Down Payment Assistance Focused on First-Generation Buyers Could Help Millions Access the Benefits of Homeownership*, URBAN WIRE: HOUSING AND HOUSING FINANCE (April 7, 2021), <https://www.urban.org/urban-wire/down-payment-assistance-focused-first-generation-buyers-could-help-millions-access-benefits-homeownership>.

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<sup>6</sup> NAT'L FAIR HOUSING ALLIANCE AND CTR. FOR RESPONSIBLE LENDING, FIRST GENERATION: CRITERIA FOR A TARGETED DOWN PAYMENT ASSISTANCE PROGRAM: A PROPOSAL 4 (May 21, 2021).

<sup>7</sup> Choi, *supra* note 4.

<sup>8</sup> Hanh Truong, *California Already Ran Out of Money for First Time Buyer Program. Here Are Other Options*, THE SACRAMENTO BEE, <https://www.yahoo.com/lifestyle/california-already-ran-money-first-172350061.html> (April 11, 2023).

<sup>9</sup> Vt. State. Leg. Act 182 (2022), chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT182/ACT182%20As%20Enacted.pdf; VERMONT FINANCE HOUSING AGENCY, *First Generation Homebuyer Grant Program*, <https://www.vhfa.org/homebuyers/First-Generation-Homebuyer-Grant-Program>

<sup>10</sup> MIKE LOFTIN, THE URBAN INST., HOMEOWNERSHIP IS AFFORDABLE HOUSING 1 (2021), [https://www.urban.org/sites/default/files/publication/104214/homeownership-is-affordable-housing\\_0\\_0.pdf](https://www.urban.org/sites/default/files/publication/104214/homeownership-is-affordable-housing_0_0.pdf).

<sup>11</sup> JONATHAN EGGLESTON AND ROBERT MUNK, U.S. CENSUS BUREAU, NET WORTH OF HOUSEHOLDS: 2015 3 (2019), <https://www.census.gov/content/dam/Census/library/publications/2019/demo/P70BR-164.pdf>. Figure 1 shows that home equity comprised the highest component of net worth in 2014 and 2015 at 34.5% and 34.1%, respectively.

<sup>12</sup> *Id.* at 8.