

First Generation Foundations

**A Guide to Advancing Equity
with First Generation
Homeownership Programs**



April 2024



TABLE OF CONTENTS

INTRODUCTION	2
Why Focus on First-Generation Homebuyers?	4
SECTION II: FIRST-GENERATION HOMEOWNERSHIP PROGRAMS IN ACTION	6
STASH: First Gen Home, Massachusetts	6
First-Generation Downpayment Assistance Programs, Minnesota	7
First-Generation Homebuyer Program, Vermont	8
Homeownership Assistance Program, North Carolina.....	8
SECTION III: DEVELOPING A FIRST-GENERATION HOMEOWNERSHIP PROGRAM	10
Step 1: Gather and Review Data from a Wide Range of Sources	10
Step 2: Identify Program Benefits	11
Step 3: Define Eligibility Requirements	11
Step 4: Funding and Sustaining Your Program	13
Step 5: Capturing and Evaluating Impact	15
Other Program Design Considerations	15
Conclusion	16
AUTHORS AND ACKNOWLEDGEMENTS	17
Appendix	18

INTRODUCTION

Homeownership has long been a path to creating financial security and intergenerational wealth, and it continues to be the primary driver of wealth building for families in the U.S. today. While homeownership rates overall have been on the rise, the cost of purchasing a home is significantly higher compared to a year ago, pricing many buyers out of the market.

The need for programs that provide renters a path to homeownership is vast, and it is only increasing as housing cost burdens reach unprecedented highs. This need is particularly acute for first-time homebuyers and buyers with low to moderate incomes. It is even more acute for buyers of color who have been historically and deliberately excluded from homeownership due to decades of deeply entrenched discrimination in our nation's housing and lending systems. Increasingly, policymakers and community leaders are seeking ways to more effectively reach homebuyers who have been deliberately excluded from homeownership for generations.

One equity-focused solution taking root throughout the country is the use of first-generation homeownership assistance programs. These programs differ from first-time homebuyer programs by providing direct support or favorable terms to homebuyers who identify as members of the "first generation" in their family to own a home.¹ By taking this approach rather than simply a first-time homebuyer approach, first-generation programs can be a valuable tool to remedy the lasting generational impacts of our nation's racist housing policies and practices while still abiding by current fair housing and fair lending laws.

As outlined in [a 2021 policy proposal](#) by the National Fair Housing Alliance® (NFHA™) and the Center for Responsible Lending (CRL), research completed by the Urban Institute shows that nationwide, there are 12.2 million first-generation homebuyers with modest incomes who are both mortgage-ready and would benefit from a first-generation homeownership program. Given the historical exclusion of people of color from homeownership in previous generations, 72 percent of these eligible borrowers would be families of color, and 43 percent would be Black families.² Homing in on those who are in the most likely age group to purchase a home (25 – 54) and earn more than 40% of the Area Median Income, in the communities where they live, yields roughly 5 million households, 71 percent of whom are households of color. With the vast majority of future new homebuyers through 2030 expected to be people of color³, first-generation programs also put homeownership in reach of a larger pool of homebuyers to ensure that we have a healthy

¹ The term "first generation homeowner," while generally referring to those whose parents do not or did not own a home, can be defined in different ways with different specifications. More on the exact definition of the term is included in Section III.

² <https://nationalfairhousing.org/wp-content/uploads/2021/06/crl-nfha-first-generation-jun21.pdf>

³ <https://www.urban.org/research/publication/headship-and-homeownership-what-does-future-hold>

NFHA's Work to Support First-Generation Homebuyers

For several years, NFHA has championed the use of a first-generation approach to homeownership programs. In 2021, NFHA and CRL drew upon research conducted by the Urban Institute to develop a policy proposal for a national first-generation downpayment assistance program. The proposed program would meet the needs of buyers lacking the intergenerational wealth that often comes from having a parent who owns their home.⁴ NFHA and CRL went on to author a paper in 2022 encouraging the addition of first-generation homebuyers to the Government Sponsored Enterprises (GSEs) Affordable Housing Programs.⁵ In addition, NFHA's President and CEO, Lisa Rice, put forward a proposal in a publication by the Minneapolis Federal Reserve Board of Governors that proposed combining a first-generation homebuyer strategy with a Special Purpose Credit Program.⁶ NFHA also included the addition of first-generation down payment assistance (DPA) programs in a list of recommendations for the GSE's equity plans. NFHA collaborated with members of Congress to help develop proposed legislation to create a national first-generation homebuyer program.⁷ Through its Inclusive Communities Fund, NFHA has also invested fair housing settlement dollars into the development of first-generation homeownership pilot programs in several cities throughout the country.

and robust housing finance system. Smaller scale, regional, state, and local entities have the potential to create programs with a similar reach to ensure that assistance addresses the harmful effects of past and current exclusionary practices and helps communities realize a more equitable future.

This guide builds on NFHA's existing policy proposals and research to support local, state, and regional actors to develop and adopt first-generation homeownership policies and programs. To develop this guide, we drew on NFHA's existing publications. We also conducted a series of informational interviews with a range of programs that have adopted a first-generation strategy in their state or service area.

The guide starts by outlining the impetus for creating a first-generation program for homebuyers. Then, it highlights several examples of programs successfully serving first-generation homebuyers throughout the country. It concludes by detailing considerations and recommendations for nonprofit organizations, state housing finance agencies, local governments, and others interested in designing an effective first-generation housing program.

⁴ <https://nationalfairhousing.org/wp-content/uploads/2021/06/crl-nfha-first-generation-jun21.pdf>

⁵ <https://nationalfairhousing.org/wp-content/uploads/2022/04/First-Generation-for-GSE-Affordable-Programs-4-11.pdf>

⁶ <https://www.minneapolisfed.org/-/media/assets/events/2021/racism-and-the-economy-focus-on-financial-services/rice-proposal.pdf>

⁷ See, https://democrats-financialservices.house.gov/uploadedfiles/2023_downpayment_toward_equity_act_fs.pdf See also, [https://www.congress.gov/bill/118th-congress/senate-bill/3930/text#:~:text=Introduced%20in%20Senate%20\(03%2F12%2F2024\)&text=To%20provide%20downpayment%20assistance%20to,States%2](https://www.congress.gov/bill/118th-congress/senate-bill/3930/text#:~:text=Introduced%20in%20Senate%20(03%2F12%2F2024)&text=To%20provide%20downpayment%20assistance%20to,States%2)

Why Focus on First-Generation Homebuyers?

Research shows far-reaching benefits to homeownership including improved educational outcomes for children,⁸ better health outcomes,⁹ and increased civic engagement.¹⁰ Additionally, studies reveal that when parents own a home and have greater wealth, their children are significantly more likely to also own a home.¹¹ First-generation homeownership programs fill that gap for those who do not have this advantage. In doing so, they increase the ability for buyers who lack intergenerational wealth to access the stability and asset-building benefits of homeownership.

Decades of housing discrimination by public sector and industry players have embedded large disparities in wealth and homeownership across race and ethnicity in our nation today. There are a number of structural barriers that deny people of color access to homeownership opportunities; these include the dual credit market, residential segregation patterns, biased technologies, and discriminatory appraisal practices. Despite modest gains in Black and Latino homeownership since 2019, the national homeownership rate for Whites is 73.3 percent, compared to 44 percent for Blacks¹² and 48.5 percent for Latinos.¹³ We also know that homeownership is tied closely to wealth. White families have roughly 100 times the wealth that Black families have and 12 times the wealth held by Latino families.¹⁴

As a result of these disparities, first-generation homebuyers of color are less likely to have the support of a prior generation in their journey to purchase a home. Between 2002 and 2004, 6.9 percent of non-Hispanic Whites received a gift of over \$5,000 toward home purchase, compared to 2.5 percent of Black buyers and 2.4 percent of Hispanic buyers. Asian and other buyers were still less than half as likely as their White counterparts to receive a gift over \$5,000 for purchase (3.3 percent).¹⁵ More broadly, according to the Federal

C%20and%20for%20other%20purposes. See also, <https://www.warner.senate.gov/public/index.cfm/2023/7/warner-colleagues-introduce-legislation-to-help-first-time-first-generation-homebuyers-narrow-the-wealth-gap>

⁸ See, <https://www.urban.org/sites/default/files/publication/32706/412899-The-Negative-Effects-of-Instability-on-Child-Development-A-Research-Synthesis.PDF> See also, <https://www.jchs.harvard.edu/research-areas/working-papers/impact-homeownership-child-outcomes> See also, <https://resources.finalsite.net/images/v1618879043/northgatek12paus/r3s3vinx0wv66zea9lcu/Benefits-of-Homeownership-Research-Summary.pdf>

⁹ See, <https://ideas.repec.org/p/osf/socarx/7ya3f.html> See also, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7725589/>

¹⁰ <https://www.habitat.org/our-work/impact/research-series-outcomes-associated-with-homeownership>

¹¹ https://www.urban.org/sites/default/files/publication/99251/intergenerational_homeownership_0.pdf

¹² <https://www.urban.org/urban-wire/new-data-show-black-and-latino-homeownership-rates-increased-during-pandemic>

¹³ <https://nahrep.org/downloads/2022-state-of-hispanic-homeownership-report.pdf>

¹⁴ <https://journals.sagepub.com/doi/full/10.1177/2378023120916616>

¹⁵ <https://www.jchs.harvard.edu/blog/how-many-young-homebuyers-get-support-from-their-parents-and-how-much-of-a-difference-does-it-make>

Reserve, about 17 percent of White families expect to receive an inheritance compared to about 6 percent of Black families and 4 percent of Hispanic families.¹⁶ One study also finds that large gifts and inheritance explain 12 percent of the White-Black wealth gap.¹⁷

With these persistent gaps in mind, the impetus to create homebuyer assistance programs that account for the lack of generational wealth is clear. Programs that focus on helping first-generation homebuyers help overcome discriminatory housing and lending patterns and allow us to create a more equitable future in which everyone has a fair opportunity to access stable housing and build wealth to pass on to future generations. Beyond these individual and generational benefits, research shows that eliminating inequality in housing, credit, and other areas would create new jobs, increase the GDP by trillions of dollars, and strengthen our economy.¹⁸

Moreover, first-generation homeownership programs can be an effective tool for government entities that are seeking ways to meet their obligation to affirmatively further fair housing.¹⁹ By applying an approach that focuses on meeting the needs of those without generational advantages when purchasing a home and obtaining a mortgage, government agencies can implement programs designed to overcome many of the structural barriers to homeownership that persist for people of color.

¹⁶ [The Fed - Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances \(federalreserve.gov\)](https://www.federalreserve.gov/econres/bankers/2019/01/2019-01-15-disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances)

¹⁷ <https://www.urban.org/sites/default/files/alfresco/publication-pdfs/412371-Private-Transfers-Race-and-Wealth.PDF>

¹⁸ <https://www.citigroup.com/global/insights/citigips/closing-the-racial-inequality-gaps-20200922>

¹⁹ <https://nationalfairhousing.org/issue/affirmatively-furthering-fair-housing/>

SECTION II: FIRST-GENERATION HOMEOWNERSHIP PROGRAMS IN ACTION

Several programs throughout the country have adopted a first-generation approach as part of their strategy to support homebuyers who have been impacted by discriminatory practices or face obstacles when purchasing a home. Since having a down payment is the number one obstacle to purchasing a home, particularly for first-generation buyers, most of these programs focus on providing DPA to households with at least one buyer who is a first-generation homebuyer. NFHA spoke to staff from eight existing programs, led both by state housing finance agencies and nonprofit organizations, and reviewed public information available for several additional programs launched between 2019 and 2023.

Profiles of several of these programs are detailed here to highlight the broad range of programs emerging throughout the country, and a more detailed matrix of the programs and their key features is included in the Appendix.

STASH: First Gen Home, Massachusetts

One of the first organizations to adopt a first-generation downpayment assistance program was Massachusetts Affordable Housing Alliance (MAHA) in Dorchester, Massachusetts. They launched their Saving Toward Affordable Sustainable Homeownership (STASH): First Gen Home program in 2019. MAHA piloted the idea of acting as the “bank of mom and dad,” meeting a need that they observed for the first-time homebuyers in their service area who did not have the benefit of parents who owned their homes or whose families had lost homeownership due to foreclosure. Building from initial two-year seed funding from Boston Children’s Hospital’s *Collaboration for Community Health* and support from several banks and corporate funders, MAHA’s STASH program now provides buyers in Boston who save \$2,000 with the opportunity to receive anywhere from \$10,000 to \$20,000 in matching funds, depending on the use of other assistance programs.

As of this publication, MAHA’s STASH program has helped over 100 participants purchase homes, and approximately 97 percent of those buyers are people of color, compared to the average of 70 percent of buyers of color through their other housing programs.

MAHA’s STASH program has grown significantly from the pilot stage in the last four years and continues to spread to buyers throughout Massachusetts. MAHA is now working with five nonprofit organizations throughout the state, with funding from Massachusetts’ state legislature, to support 150 first-generation homebuyers. The Partnership for Financial Equity released a paper entitled “[FirstGenHome – From Massachusetts to Minnesota and Beyond](#)” in 2023 about MAHA’s program and the growth of first-generation homeownership programs throughout the country.

First-Generation Downpayment Assistance Programs, Minnesota

In 2023, the Minnesota House and Senate passed [HF2335](#), the “First-generation Homebuyers Down Payment Assistance Fund” program, a pilot program brought forward by a coalition of Minnesota-based groups that included Minnesota Realtors®, Twin Cities Habitat for Humanity, the Minnesota Homeownership Center, the City of Minneapolis, and 24 other of nonprofit and housing and finance industry members.²⁰ The bill provided a total of \$150 million for first-generation homebuyers DPA, \$100 million of which was dedicated to a proposed community-based pilot program for thousands of first-generation homebuyers throughout the state.²¹ This program will be launching in 2024 as a forgivable down payment assistance fund.²²

This large appropriation and statewide program were the culmination of extensive research²³ on the pilot programs of several other organizations and jurisdictions throughout Minnesota, which demonstrated success with smaller-scale first-generation programs. One of the coalition members that helped bring forward the bill securing DPA for first-generation homebuyers, NeighborWorks Home Partners (NWHP), began their involvement with statewide efforts when they piloted a small first-generation program with the City of Woodbury several years ago. The pilot provided solid proof of concept and solidified a process by which program beneficiaries could self-attest to their status as first-generation homebuyers. As of this publication, the program has provided 29 homebuyers with a path to homeownership in Woodbury. Over 83 percent of these families represented BIPOC communities.

NWHP then launched its first-generation downpayment assistance program in early 2023, which provided \$10,000 in down payment and closing cost assistance as a forgivable loan to buyers in Hennepin, Ramsey, Washington, Dakota, and Anoka counties.²⁴ The program successfully provided DPA loans to 16 families, over 87 percent of whom represented BIPOC communities. Several other local governments in Minnesota have also launched first-generation down payment or closing cost assistance programs, including the City of St. Louis Park, the City of Edina, and Ramsey County.

²⁰ <https://www.mnrealtor.com/blogs/mnr-news1/2023/05/17/first-generation-homebuyers-down-payment-assistanc>

²¹ https://www.revisor.mn.gov/bills/text.php?number=HF2335&type=bill&version=5&session=ls93&session_year=2023&session_number=0

²² <https://www.firstgendpa.org/>

²³ <https://www.mnrealtor.com/member-services/advocacy/dparesearch>

²⁴ <https://nwhomepartners.org/get-ready-help-for-homebuyers/down-payment-help/first-generation-down-payment-assistance/#:~:text=Who%20qualifies%3F&text=Buyers%20must%20have%20a%20minimum,time%20and%20first%20generation%20borrower.>

First-Generation Homebuyer Program, Vermont

On May 12, 2022, Vermont legislators passed Act 182, appropriating \$1 million for the Vermont Housing Finance Agency (VFHA) to create a first-generation DPA program in 2022.²⁵ The language in the bill explicitly states the following:

Outreach. Recognizing that Black, Indigenous, and Persons of Color have historically not had access to capital for homeownership purchases and have been systematically discriminated against in the housing market, the Agency shall work with Vermont chapters of the NAACP, AALV, and USCRI; the Executive Director of Racial Equity, the Vermont Commission on Native American Affairs; and local racial justice organizations to develop a plan of active outreach and implementation to ensure that down payment assistance opportunities are effectively communicated and that the funds are equitably available to communities of Vermonters who have historically suffered housing discrimination.

(S.226 Section 2(c) of Act 182)

Thus, when setting out to create their program, VHFA staff conducted an extensive three-month listening tour with dozens of organizations, agencies, and community members throughout the state, asking key questions about the barriers and needs facing buyers of color and buyers with low to moderate incomes throughout the state to understand how their first-generation program could help overcome barriers to equitable homeownership. The program launched in November 2022.

The VHFA's first-generation program provides \$15,000 down payment or closing cost assistance grants to buyers obtaining a VHFA loan through one of its other programs. The first-generation grants can be combined with the agency's other programs to provide up to \$30,000 for downpayment and closing costs for eligible buyers. The program partners with participating lenders throughout Vermont. To be eligible, all borrowers and non-borrowing spouses must be true first-time homebuyers, and at least one person taking title must have parents or legal guardians who have never owned a home or lost ownership due to foreclosure (or be an individual who has been placed in foster care at any time in their life). VHFA distributed all of the funding to eligible homebuyers within the first year of the program. The Vermont legislature renewed the program in 2023 and, as of March 2024, the Vermont legislature is considering whether to renew the program.

Homeownership Assistance Program, North Carolina

North Carolina program administrators took a unique approach to targeting first-generation homebuyers by leveraging federal disaster relief dollars administered through the North Carolina Office of Recovery and Resiliency. When considering the destruction wrought by Hurricanes Matthew and Florence in 2016 and 2018, NCORR and the North Carolina Housing Coalition recognized that homeowners

²⁵ <https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT182/ACT182%20As%20Enacted.pdf>

were often more resilient in the face of disaster than renters due to their higher wealth accumulation, stronger connections to the community, and increased likelihood of having homeowners' insurance (compared to having renters' insurance). These factors enable homeowners to bounce back from disaster faster and with fewer losses, contributing to community resilience.

Since the parameters for Community Development Block Grant Disaster Recovery (CDBG-DR) dollars permitted their use for homebuying assistance, it was decided that targeting first-generation homebuyers in the 16 federally-designated most-impacted counties would be an effective way to promote long-term resilience and economic viability in the disaster-affected coastal counties. Many of these counties included rural areas that were also struggling from younger residents' migration to more urban areas, so the support was also effective in encouraging homeowners to sow roots in the community.

NCORR developed the program – named the Homeownership Assistance Program (HAP) – with the North Carolina Housing Coalition, which provided administrative support in launching the program and provides homebuyer counseling and prepurchase homebuyer education. The assistance amounts were set at up to \$20,000 for first-time buyers and up to \$30,000 for first-generation buyers to maximize impact for households buying in an expensive and supply-constrained market. NCORR and NCHC carried out extensive outreach in both English and Spanish to various trade groups and partners, as well as in other communities. To further strengthen the wealth-building potential of the funds, the loans were designed as liens to be forgiven after three years. The property being purchased was required to be located in one of the 16 counties in eastern North Carolina and could not be in the 100-year flood plain. At the time of this publication, the program has had 235 applications and 65 closed transactions, and it is currently preparing to launch in Haywood County in western North Carolina.

SECTION III: DEVELOPING A FIRST-GENERATION HOMEOWNERSHIP PROGRAM

Every housing market and every service area will have first-time and first-generation homebuyers with different and unique needs. As organizations or government agencies are developing a first-generation program, there are several steps that they can take to carefully consider the program structure, including program benefits and eligibility requirements, and steps they can take to grow and scale a program for wider impact. The steps below offer suggestions and best practices for crafting a first-generation focused approach.

Step 1: Gather and Review Data from a Wide Range of Sources

The first step many of the existing first-generation programs took was to compile and understand the data on the major obstacles to homeownership for the populations they were hoping to reach. While localized data on who would be a first-generation buyer is not available by state or local area at present, Home Mortgage Disclosure Act (HMDA) data will allow analysis of reasons for denial, often broken down by race and ethnicity. These reasons include debt to income ratio, credit history, or lack of collateral. Further analysis of mortgage readiness, often analyzed for those in the 25 to 45 age range, can provide insight into how many

people are ready to purchase at different interest rates and can also provide valuable information about what interest rates would be affordable and how long it might take buyers to save for a viable down payment. For example, in Minnesota, the coalition that ultimately put forward the bill that yielded a \$150 million appropriation for first-generation DPA, developed a study entitled [“Homeownership in Minnesota: Quantifying the Need for Down Payment Assistance, 2021.”](#) The study included a breakdown of racial disparities in home purchase and homeownership, analysis of the main roadblocks to homeownership, and other key data points. This connection between data on racial disparities in homeownership and access to credit and the program design will strengthen any first-generation program.

Much of this analysis can be drawn from existing program data that an organization looking to develop a new first-generation program has in-house. Still, several existing first-generation programs consulted for this guide also conducted extensive listening sessions. They collected anecdotal information about the challenges facing low-to-moderate income homebuyers, homebuyers of color, and

Key Questions on Gathering and Reviewing Data

- What are the demographics of those first-generation buyers in your service area?
- What are the major obstacles in the home purchase process facing first-generation buyers you aim to serve?
- Have you gathered information from a diverse and widely representative group of stakeholders?

other marginalized or historically disadvantaged groups. Through these listening sessions, they discovered the obstacles in financing and access to the real estate market itself and used information gathered to design more effective programs.

Step 2: Identify Program Benefits

While program benefits may be restricted by funding sources and other limitations, it is important to use the data gathered about first-generation homebuyer obstacles to define the benefits of a new program. Several first-generation programs interviewed for this guide had the benefits of their programs dictated by legislature, but most crafted their programs by combining the benefits of their existing programs with additional funds.

In its nationwide first-generation downpayment assistance program analysis, NFHA and CRL recommend a minimum of \$20,000 per applicant, a number that could be increased for high-cost markets, to provide sufficient funds to make homeownership affordable. Another example is the analysis completed in the Minnesota-wide study referenced in the prior section, which included a breakdown of the number of renters who could purchase a home with no assistance, with \$10,500 or less, with \$10-501-\$50,000, or with \$50,0001 or more to inform future program design.²⁶

Key Questions When Identifying Program Benefits

- What type of assistance is needed to support first-generation buyers (i.e., down payment or closing cost assistance, lower credit score requirements)?
- What level of assistance would make homeownership viable for first-generation buyers in your area? (i.e., what cash amount is needed, what interest rate adjustments would meaningfully increase access)?

Step 3: Define Eligibility Requirements

Most programs consulted and reviewed for this guide defined a “first-generation” buyer as:

- (1) a first-time homebuyer²⁷

²⁶ https://higherlogicdownload.s3-external-1.amazonaws.com/MNREALTOR/ad6b3d73-7e1c-2b0d-f4b7-cbaa5332f61e_file.pdf?AWSAccessKeyId=AKIAVRD07IEREB57R7MT&Expires=1691609644&Signature=Z1QBM%2FBK2jwADixySr47n6dzf7k%3D

²⁷ HUDs definition of first-time homebuyer is an individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property.

(2) someone whose parents currently do not own a home or have never owned a home

(3) someone whose parents lost a home to foreclosure or who had been in foster care for some period of time as a minor.

Some programs require this of all borrowers on the loan, while others only require this of one borrower. In their 2021 paper, NFHA and CRL recommend defining first-generation homebuyers as first-time homebuyers whose parents currently do not own their home, which has benefits both from an inclusion standpoint and ease of administration.²⁸ When designing a new program, organizations should also consider other criteria for defining first-generation buyers that may be more prevalent in the intended region or service

area (including accounting for a variety of ownership types by parents, such as ownership of a manufactured home, ownership of land without a dwelling structure built on it, considerations around parents who have fractional ownership of property, etc.)²⁹

Across the board, the programs consulted for this review relied on self-attestation to verify that the buyer was eligible for a first-generation program. Buyers filled out affidavits, self-certifications at closing, or similar documents certifying that, to the best of their knowledge, they met the criteria defined by the program to be considered a first-generation buyer. At least one program contains language in its affidavit that clarifies that misrepresentation of first-generation status can result in denial from the program or required repayment of any funds received through the program. Allowing for self-attestation has been critical for programs from an operations and capacity standpoint. It also ensures there are no unnecessary barriers to accessing important homebuying support on the part of prospective buyers who may find the process of providing records or including information about their parents onerous or confusing. See Table 1 in the Appendix for more information about various programs and their approach to verifying first-generation status.

Additional eligibility considerations for first-generation programs are mostly the same for any homeownership assistance program. For all the programs reviewed, requirements included limitations to buyers under a certain income (generally at area median income

Key Questions on Defining Eligibility Requirements

- How will “first-generation” status be defined and verified?
- What Area Median Income (AMI) should eligible homebuyers be limited to?
- What education or counseling, if any, should be required?

²⁸ See pages 11-14 of <https://nationalfairhousing.org/wp-content/uploads/2022/04/First-Generation-for-GSE-Affordable-Programs-4-11.pdf>

²⁹ Both NFHA/CRL’s proposal and proposed federal legislation for first-generation homeownership programs include a carve out for anyone whose parents might have an interest in heirs’ property. This is because families with fractional ownership interests are generally unable to sell or borrow against their interests or the house, and therefore are unable to use home equity to help their children purchase a house. See the Appendix of the following study for further discussion: <https://nationalfairhousing.org/wp-content/uploads/2022/04/First-Generation-for-GSE-Affordable-Programs-4-11.pdf>

or significantly higher). NFHA and CRL's recommendations for a national downpayment assistance program include the use of a 120 percent AMI threshold to create a viable eligible pool of first-generation homebuyers. A higher AMI is recommended for higher cost markets.

Some programs have utilized a model that adds additional benefits to an existing first-time homebuyer program but increases the program benefits if a buyer is a first-generation buyer. For example, the HAP program in North Carolina referenced in the previous section provided *all* qualified first-time buyers with the lesser of 20 percent of the home sale price or \$20,000, and offered even more support for first-generation buyers who can receive up to the lesser of 30 percent of the home sale price or \$30,000.

Most programs reviewed also included homebuyer education requirements like those required by other homebuyer programs already offered, and one required additional coaching to provide more support that might be needed for a first-generation buyer to ensure homeowner success during and after home purchase. Including a provision for first-generation homebuyers to receive post-purchase education may also be a way to help improve homeownership sustainability for buyers in a first-generation program as it will offer new homeowners the opportunity to ask questions and understand recommended practices in the first few years of homeownership.

Step 4: Funding and Sustaining Your Program

The first-generation homeownership programs reviewed for this guide utilized a range of different funding sources to pilot and grow their programs. Several of the programs launched small-scale pilot programs with the support of philanthropic or other grant funding. For example, the STASH program at MAHA was first supported by Boston Children's Hospital's *Collaboration for Community Health*, and the NeighborWorks Home Partners' First-Generation Down Payment Assistance program is currently funded by NFHA's [Inclusive Communities Fund](https://nationalfairhousing.org/issues/inclusive-communities-fund/)³⁰, which provides grants to communities using fair housing settlement dollars.

Other programs have received public funds through city or state government directly, as was the case for the City of Woodbury's pilot program in Minnesota, and through the state legislatures, which was the case for the Vermont Housing Finance Agency and New Jersey

Housing and Mortgage Finance Agency's (NJHMFA) program. Still, other state housing finance agencies used their funds to directly launch programs (e.g., Maine Housing and RIHousing).

The North Carolina Housing Coalition (NCHC) launched its Homeownership Assistance Program (HAP) in November 2022 with federal long-term disaster recovery funding provided through the North Carolina Office of Recovery and Resiliency as a result of Hurricanes

³⁰ <https://nationalfairhousing.org/issues/inclusive-communities-fund/>

Florence and Matthew. The program focused on low- to moderate-income households in the 16 counties designated “most impacted and distressed.”³¹

Funding for first-generation strategies can also be the focus of coalitions that are working to close the racial wealth gap or drive more equitable housing outcomes. For example, Minnesota’s recent \$150 million was a direct result of the advocacy of a broad coalition that was very well-informed by research and organized around the first-generation DPA as a solution to increasing equitable access to homeownership.

Key Questions

- Are there housing or equity-focused philanthropic partners who may be interested in funding a pilot program or contributing to a first-generation program?
- Are there local hospitals or corporations that have an interest in supporting homeownership?
- Is there interest from local or state government officials to support new homeownership solutions?
- Are there alternative sources of funds (e.g., disaster recovery/emergency relief resources) allocated to support homeownership that could benefit from a first-generation approach as they are rolled out?
- What coalitions, collaboratives, or other partnerships would provide support for appropriations or public resources for first-generation homeownership programs?

³¹ [Homeownership Assistance Program | ReBuild NC](#)

Step 5: Capturing and Evaluating Impact

Organizations undertaking a new homeownership program of any kind should consider the data that will be collected to review and evaluate the efficacy of the program.

This data may be required by the program's funding source. For example, in New Jersey, the legislation creating the statewide first-generation program in alignment with the existing first-time down payment assistance program, which was passed in June 2023, states that the agency must provide a report that contains the following:

“...an overview of the total amount of down payment assistance provided by the agency, with information by census tract on the race and ethnicity of the recipients of assistance. The report also shall analyze: (1) the impact of the down payment assistance on the total housing costs of the recipients of such assistance; (2) the impact of the additional loan award for first-generation homebuyers provided pursuant to paragraph (2) of subsection b. of this section, and the other components of the loan program, on first-generation homeownership; and (3) any other information determined by the agency to be relevant to the costs and benefits of the loan program.

(cf: P.L.2023, c.78, s.2)³²

Most of the programs contacted for this guide collect the same data they would have under any loan program, including the data required under HMDA. Data collection may be a key factor when planning for budget and capacity and other infrastructure around evaluating a first-generation program. Organizations that serve as a repository for consumer data may also want to take measures to protect that data.³³

Other Program Design Considerations

While those running existing first-generation homeownership programs noted that administering new first-generation programs was not drastically different from running their other programs for low-to-moderate income and first-time homebuyers, there are some additional considerations to be mindful of.

Using a Special Purpose Credit Program

Program designers specifically looking at ways to reach a historically disadvantaged group or groups of people in their service area may consider pairing a first-generation approach with a special purpose credit program (SPCP). Made allowable under the Equal Credit

³² [NJ Legislature \(state.nj.us\)](https://legislature.state.nj.us/)

³³ <https://techequitycollaborative.org/2023/08/22/privacy-technology-and-fair-housing-in-a-nutshell/>

Opportunity Act, SPCPs are targeted lending programs designed to benefit an economically disadvantaged group of people and can be created to benefit members of protected classes under the Fair Housing Act.³⁴ Adopting a first-generation strategy alongside an SPCP may allow lenders to be more targeted and direct with their efforts to address longstanding racial disparities in access to credit and racial or ethnic homeownership gaps.

Geographic Limitations

Programs with a large service area (for example, lenders, agencies, or organizations that serve an entire state) may consider limiting eligibility for their programs to residents of a subset of census tracts or zip codes that have been historically under-resourced, that have high percentages of residents who are people of color, or that have above average percentages of low-to –moderate income residents. RIHousing, for example, limited its FirstGenHomeRI program to buyers who live in six cities (geographical limitations apply for two cities) to target resources to historically disadvantaged areas. It is important to document the data on the specific needs faced by communities where geographic areas of focus are selected. It is also important consider the impact of any geographic limitations on the buyer’s ability to choose where they want to purchase or the type of home they ultimately buy. For this reason, programs may choose to make residents of a certain geography eligible but allow them to purchase anywhere in the region or state. This approach can help ensure consumers have true housing choice in where they live as well as advance affirmatively furthering fair housing principles.

Conclusion

First-generation homeownership programs can be an integral part of the path to more equitable access to homeownership for everyone. While the approach has only been employed for a few years, it is scaling as a way for organizations to further their commitments to a more just and equitable future by ensuring that resources are targeted towards those who face the biggest hurdles – often generations deep – to achieving the dream of owning a home.

³⁴ See NFHA’s SPCP Toolkit: spcptoolkit.com for more information about how to develop a Special Purpose Credit Program.

AUTHORS AND ACKNOWLEDGEMENTS

Authors

Shanti Abedin

Andrea Lau

Acknowledgements

The National Fair Housing Alliance would like to thank the following individuals and organizations for sharing valuable experiences and information for developing this guide.

MaineHousing

Symone Crawford, Executive Director, Massachusetts Affordable Housing Alliance

Anthonina Fenelon, Director of STASH, Massachusetts Affordable Housing Alliance

NC Office of Recovery and Resiliency, Community Development

Jason Peterson, Chief Executive Director, NeighborWorks Home Partners

Laura Sullivan, Economic Justice Program Director, New Jersey Institute for Social Justice

Jacklyn Santerre, Director of Homeownership, Vermont Housing Finance Agency

Eric Hoffman, Business Development Manager for Homeownership, Vermont Housing Finance Agency

Additionally, NFHA would like to thank **Debby Goldberg**, formerly Vice President of Public Policy and Special Projects, for her initial suggestion to conduct research using a first-generation lens and for her immense contributions to advancing fair housing during her career.

Appendix

Table 1. Key Program Features of Select First-Generation Homeownership Programs

Program	First Generation Definition	Homebuyer Benefits	Terms & Requirements	Income Requirements	Initial Source of Funds
<u>Maine Housing – First Gen</u>	<p>Buyer has not held ownership interest in principal home during lifetime. At least one borrower must have never lived in a home owned by their biological parents or legal guardians during the borrower’s lifetime; OR at least one borrower was in foster care at some point in their childhood.</p> <p>Verification: Self-certification at closing.</p>	<p>\$10,000 towards down payment and closing cost, with minimum borrower contribution of 1% of the loan amount.</p> <p>Zero-point mortgage option available with a 1% discount on already discounted interest rates..</p>	<p>Buyers must apply for MaineHousing loan at an approved lender, and buyers must complete a financial literacy and homebuyer education class.</p>	<p>State household <u>income limits</u> apply.</p>	<p>MaineHousing started this pilot program in April 2023 within its budget. The program has the support of its board and is in pursuit of its agency goals.</p>

Program	First Generation Definition	Homebuyer Benefits	Terms & Requirements	Income Requirements	Initial Source of Funds
<p>Massachusetts Affordable Housing Alliance – <u>STASH</u></p>	<p>Buyer and buyer’s parents, and spouse and spouse’s parents, have never owned a home or lost it to foreclosure.</p> <p>Verification: Self-attestation by affidavit.</p>	<p>\$10,000-\$40,000 in matching funds toward the purchase of a home.</p>	<p>Buyer must save \$2,000 in personal funds, deposited monthly. They also must attend 8 of 12 financial literacy seminars and attend and graduate from a CHAPA approved first-time homebuyer class (8 training sessions).</p>	<p>Buyers must be at 100% of AMI and have a minimum household income of \$45,000.</p>	<p>STASH began in 2019 with the support of a 2-year seed grant from Boston Children’s Hospital.</p>
<p>NeighborWorks Home Partners</p> <p><i>No longer active</i></p>	<p>At least one of the purchasers has never owned a home and their parents never owned a home; OR lost it to foreclosure.</p> <p>Verification: Self-attestation by affidavit.</p>	<p>NWHP’s program provided \$10,000 forgivable down payment assistance loans.</p> <p>NWHP also administers the City of Woodbury’s program, which provides first-time homebuyers with loans of up to \$30,000 for down payment or closing cost assistance, and makes that available to first-generation homebuyers at a 0% interest rate deferred until sale, transfer of title, mortgage pay off, or when it ceases to be owner occupied.</p>	<p>X</p>	<p>X</p>	<p>The City of Woodbury’s program began in 2019, and the NWHP program began in January 2023 with support from the National Fair Housing Alliance’s Inclusive Communities Fund.</p>

Program	First Generation Definition	Homebuyer Benefits	Terms & Requirements	Income Requirements	Initial Source of Funds
<p><u>Minnesota – First-Generation Homebuyers Community Down Payment Assistance Fund</u></p> <p><i>Opens in 2024</i></p> <p><u>State Bill Text</u></p> <p>*For information about Minnesota Housing’s program, <u>click here</u>.</p>	<p>At least one of the buyers has never owned a home or lost it to foreclosure; AND their parents never owned a home or lost it to foreclosure.</p> <p>All other buyers must be first-time homebuyers (have not owned a home in the last three years).</p> <p>Verification: Self-attestation by affidavit.</p>	<p>10 percent of the home purchase price (maximum \$32,000) in the form of a zero-interest loan forgivable after 5 years.</p>	<p>Homebuyer must be preapproved for a first mortgage loan, must contribute a minimum of \$1,000 to down payment or closing costs, must complete an approved homebuyer education course, and home must be purchased within the maximum FHA loan amount.</p>	<p>Total income of all buyers must be less than 100% AMI at the time of purchase.</p>	<p>The program is supported by a \$100 million appropriation passed in May 2023 with a goal of 3,000 first-generation homebuyers.</p>
<p><u>North Carolina Office of Recovery & Resiliency – HAP</u></p> <p><u>Administered in partnership with North Carolina Housing Coalition</u></p> <p><i>Eastern NC program indefinitely paused at time of publication; Haywood County program to launch Q2, 2024</i></p>	<p>Must be first-time homebuyer whose parents do not currently own a home.</p> <p>Verification: Self-attestation by affidavit.</p>	<p>First-time home buyers can receive up to 20% of the home sale price or \$20,000; whichever is less.</p> <p>First-generation homebuyers are eligible for up to 30% of the home sale price or \$30,000, whichever is less.</p> <p>Funds are provided as 0% interest, deferred payment loan.</p>	<p>Homebuyer must: be preapproved for a first mortgage loan, complete an approved homebuyer education course, contribute minimum \$500, and purchase a home in one of the 16 eligible counties defined by HUD as Most Impacted and Distressed by Hurricanes Florence and Matthew.</p> <p>HAP assistance can be combined with other funding sources.</p>	<p>Buyers must make under 120% AMI and have liquid assets under \$30,000.</p>	<p>Launched in November 2022, the program was funded by CDBG-DR funds administered through NCORR for post-Hurricanes Matthew and Florence recovery. Haywood County program funded by HUD CDBG-DR funds awarded for long-term recovery from the effects of Tropical Storm Fred.</p>

Program	First Generation Definition	Homebuyer Benefits	Terms & Requirements	Income Requirements	Initial Source of Funds
<p><u>New Jersey Housing and Mortgage Finance Agency – First Generation Down Payment Assistance Program</u></p> <p><u>State Bill Text</u></p>	<p>First-time homebuyer (have not owned a home within the last three years) whose parents or legal guardians do not presently own any residential property in the U.S. AND whose spouse/partner has not owned residential property in the last three years. Pending legislation updating the bill will add a first-time homebuyer who has at any time been placed in foster care in NJ, was an emancipated youth, or designated a homeless youth, and will remove the requirement that ‘each member in household’ not being able to own property.</p> <p>Verification: Self-attestation by affidavit.</p>	<p>\$7,000 zero-interest loan on top of NFHMFA’s down payment assistance (\$10,000 - \$15,000) for qualified first-time homebuyers. This will be a 5-year forgivable loan.</p>	<p>Buyers must complete an 8-hour homebuyer counseling course. Funds must be paired with a NJHMFA first mortgage loan.</p>	<p>Gross household income limitations are to be determined by the Agency.</p>	<p>This program is being launched through a portion of a \$25 million FY24 appropriation in June 2023.</p> <p>In 2024, the state legislature is considering a <u>bill amending the original law.</u></p>

Program	First Generation Definition	Homebuyer Benefits	Terms & Requirements	Income Requirements	Initial Source of Funds
<p><u>RIHousing – FirstGenHomeRI</u></p>	<p>Buyer’s parents or guardian has never owned a home during the homebuyer’s lifetime; OR lost home in foreclosure or short sale and does not currently own a home. Anyone who has lived in foster care also qualifies.</p> <p>Verification: Self-attestation by affidavit.</p>	<p>\$25,000 in down payment or closing cost assistance as a zero-interest, 5-year forgivable loan.</p>	<p>Buyers must live in one of six cities but can purchase anywhere in Rhode Island. They also must complete HUD approved first-time homebuyer education course and obtain a RIHousing first mortgage.</p>	<p>Buyers must make less than RIHousing’s Mortgage Revenue Bond <u>income limits</u> for the service area.</p>	<p>FirstGenHomeRI is a pilot program launched in Feb 2022 with resources from the agency.</p>
<p><u>VHFA – First Generation Homebuyer Program</u></p> <p><u>State Bill Text</u></p>	<p>At least one buyer must be first-time homebuyer and: have been placed in foster care at some time in their life; OR whose parents or legal guardians never owned a home; OR whose parents lost their home due to foreclosure.</p>	<p>\$15,000 grant for down payment and closing costs, which may be combined with VHFA ASSIST to receive an additional \$25,000 - \$30,000.</p>	<p>Must use a VHFA Loan Program. Credit, income, asset, and property eligibility requirements of the other VHFA loan programs apply.</p>	<p>Borrowers must meet the VFHA’s other program income limits and not have more than \$30,000 in combined liquid assets.</p>	<p>VFHA’s program was appropriated through a <u>State bill</u> in May 2022.</p>

Program	First Generation Definition	Homebuyer Benefits	Terms & Requirements	Income Requirements	Initial Source of Funds
<p><u>CalHFA - California Dream for All</u></p> <p><i>Opens April 2024</i></p>	<p>A homebuyer who has never been on title, held an ownership interest or have been named on a mortgage to a home in the U.S. in the last 7 years AND whose parents do not have any present ownership interest in a home in the U.S.; OR who has been placed in foster care or institutional care.</p> <p>At least one borrower must be a first-generation homebuyer, and all borrowers must be first-time homebuyers.</p>	<p>Second mortgage loan for the lesser of \$150,000 or 20% of the home purchase price.</p>	<p>To be used with Dream For All Conventional first mortgage; requires no payments until home is refinanced, sold, or first mortgage is paid off.</p> <p>Must be prequalified with CalHFA lender.</p>	<p>120% Area Median Income</p>	<p>State legislators appropriated \$225 million in the fall of 2023 to target first-generation buyers after a <u>2023 program</u> (\$300 million) aimed towards first-time homebuyers was depleted in 11 days.</p>

