



FIRST-GEN HOME

A MASSACHUSETTS FINANCIAL EQUITY INNOVATION STORY

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PARTNERSHIP
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Readers of Boston Children's Hospital *Collaboration for Community Health* grant applications stumbled across a new phrase. First-generation homebuyer.

First-gen immigrant. First-gen college student. Those were well-known labels that had been used for years. But in this grant application, organizers at the Dorchester-based Massachusetts Affordable Housing Alliance (MAHA) were using it in the context of buying a home.

We want to become the Bank of Mom and Dad, they wrote. We want an equity-driven program that is consistent with the Fair Housing Act. We want to level the playing field, which is already tilted against first-time homebuyers, and even more so against those who have no family history of homeownership.

Boston Children's liked the idea and funded the pilot proposal, thanks in part to support from Sheila Dillon, Chief of Housing for the City of Boston. It was a pilot calling for first-generation homebuyers in Boston to save \$2,000 and qualify for a modest match of \$2,000 for their down payment.



It worked. Homebuyers enrolled and saved and bought homes. Later this year, MAHA is poised to take the STASH (Saving Toward Affordable Sustainable Homeownership) FirstGen Home program statewide thanks to the work of Senator Brendan Crighton (D-Lynn) and Representative Sarah Peake (D-Provincetown) who filed a successful amendment to last year's economic development bill. Matching grants will increase and impact first-gen homebuyers in every corner of the Commonwealth.

It is a Massachusetts housing innovation success story that has quickly spawned similar programs in at least eleven other locales and has some powerful allies at the national level.

From Dorchester to DC

In doing research about a first-gen homebuying program, MAHA administrators called friends at the National Fair Housing Alliance (NFHA). They brought in colleagues from the Center for Responsible Lending (CRL) for the meeting. Like the readers at Boston Children's, they were intrigued. National groups had been looking at ways to design an equity-driven federal down payment assistance program that would address the shameful racial homeownership gap while staying compliant with the federal Fair Housing Act. Many of the ideas involved targeting people who lived in certain "redlined" zip codes but those proposals left too many people on the sidelines.

In April 2021, the Urban Institute published [research](#) showing that first-generation down payment assistance could unlock homeownership for millions of Americans, reducing racial wealth disparities while doing so. One month later, NFHA and the CRL released [FIRST GENERATION: Criteria for a Targeted Down Payment Assistance Program](#). This blueprint took off moving quickly to the halls of Congress.

In July 2021, Congresswoman Maxine Waters, then Chairwoman of the U.S. House Financial Services Committee, filed H.R. 4495, the "Downpayment Toward Equity Act," (H.R. 4231 in the 118th Congress), which included \$100 billion for first-generation down payment assistance and was included as part of the Build Back Better Act.

"On behalf of the thousands of first-generation homebuyers who have taken our homeownership education classes in Massachusetts and the millions more nationwide, we applaud Chairwoman

Maxine Waters and the House Financial Services Committee for authoring and filing this vital and historic initiative,” said MAHA’s Symone Crawford at the time. “Our indefensible racial wealth and homeownership gaps in the United States did not happen by accident. It is the result of intentional policies by government and the private sector that created these gaps and we can only narrow and close those gaps with equally intentional efforts. Supporting first-generation homebuying, those without the so-called Bank of Mom and Dad, is an important vehicle for achieving those goals. In Massachusetts, we have one of the nation’s widest racial homeownership gaps. We need solutions like the Downpayment Toward Equity Act now.”

Massachusetts to Minnesota, Maine and more

Good ideas spread. And some like wildfire.

In 2021, just two years after MAHA launched its STASH (Saving Toward Affordable Sustainable Homeownership) first-gen pilot program, Edina and St. Louis Park, Minnesota became the first communities outside of Massachusetts to offer first-generation DPA programs. 2022 saw Rhode Island, Vermont and Oregon begin programs as well as other efforts in North Carolina and additional locations in Minnesota. This year, Maine opened a first-generation pilot as did Long Beach, CA. The Minnesota legislature in May 2023 passed funding of \$150 million for first-generation down payment assistance, marking the culmination of a coalition campaign including the Minnesota Realtors, the Minnesota Homeownership Center, and Twin Cities Habitat for Humanity.



The \$150 million appropriated in the omnibus housing finance bill for down payment assistance for first-generation homebuyers, and specifically the \$100 million for the coalition’s proposed pilot program (to be administered by Midwest Minnesota Community Development Corporation in partnership with CDFIs, nonprofits, and Tribal entities around the state), will open the door to homeownership for thousands of first-generation buyers —particularly those in communities of color. “It will help advance the goal of closing the racial homeownership gap in Minnesota and getting more first-generation homebuyers over the down payment barrier and into homeownership,” Julie Gugin, president of the Minnesota Homeownership Center, said.

Interest in first-generation homeownership continues to grow. In July, the New Jersey State Legislature enacted a bill creating a First-Generation Homebuyer Down Payment Assistance program, to be administered by the New Jersey Housing and Mortgage Finance Agency. “So many Black and Brown families are faced with barrier after barrier when trying to purchase a home. This legislation will be a tool to assist Black and Brown communities across the state in buying a home and building generational wealth,” said Rev. Eric Dobson, Deputy Director of Fair Share Housing Center which pushed for its passage.

What's Next?

Later this year, the National Fair Housing Alliance will publish a guide for nonprofits and government officials to help facilitate setting up additional first-generation homebuyer programs. We look forward to that guide and the acceleration of First Gen Home programs throughout the country.

This is the first in a series of Partnership for Financial Equity papers in the coming years that will highlight important financial innovations in reaching low- to moderate-income households and communities of color that began here in Massachusetts. Building on the *All Inclusive Boston* and *Massachusetts: For All of Us* campaigns, we will detail how our region has been a Financial Equity leader and needs to continue to innovate to solve persistent racial wealth gaps that prevent us from reaching financial equity for all.

According to a [2019 McKinsey study](#), the racial wealth gap constrains the US economy as a whole. It is estimated that its dampening effect on consumption and investment will cost the US economy between \$1 trillion and \$1.5 trillion between 2019 and 2028—4 to 6 percent of the projected GDP in 2028. A [Citi GPS report](#) stated closing the Black wage gap could have added \$2.7 trillion in income available for consumption or investment.

Massachusetts is an acknowledged leader in FinTech. We aspire to be a leader in FinEq as well.

About Partnership for Financial Equity

We are a partnership of financial industry professionals, community leaders and government officials dedicated to closing racial wealth gaps and improving the financial futures of low- and moderate-income households.

We started in 1990 as the Massachusetts Community & Banking Council (MCBC) to provide a forum for Massachusetts financial institutions and community organizations to meet and share information with the goal of affecting positive change in the availability of credit and financial services in traditionally underserved communities across the Commonwealth.

MCBC has a proud history as the sponsor of *Basic Banking for Massachusetts*, the first voluntary statewide low-cost checking and savings account program established in 1994. In 1999, we developed the anti-predatory lending campaign, *Don't Borrow Trouble* that was adopted by Boston Mayor Thomas Menino and later by Freddie Mac. For over twenty-five years we have produced high-quality research reports on home mortgage lending and small business lending patterns. Those reports led to the passage of the Mortgage Lender Community Investment law in 2007 as Massachusetts became the first state in the nation to cover independent mortgage companies for community reinvestment activities.

First Generation Homebuyer Programs Across the United States 2019-2023

Program Name	Year Started	Type	Sponsoring Organization	Amount	
STASH FirstGen Home program	2019	Matched savings	MAHA	\$20,000	10:1 Matching Grant for costs in buying a home
First-Generation Homebuyer Program	2021	DPA/Closing Cost	Edina Foundation and City of Edina, MN	\$15,000	0% forgivable loan/\$1000 per year over 15 years
First Generation Homeownership Program	2021	DPA/Closing Cost	City of St. Louis Park, MN	\$75,000	0% forgivable loan/5% per year over 20 years
FirstGenHomeRI	2022	DPA/Closing Cost	RI Housing (Central Falls, East Providence, Pawtucket, Woonsocket, Providence (all but one CT), Newport (only one CT))	\$25,000	Grant after 5 years
First Generation Homebuyer Program	2022	DPA/Closing Cost	Vermont Housing Finance Agency	\$15,000	Grant
FirstHome	2022	DPA/Closing Cost	Ramsey County, MN	\$93,150	0% forgivable loan/5% per year over 20 years
Homeownership Assistance Program	2022	DPA/Closing Cost	North Carolina Housing Coalition (16 counties)	\$30,000	
First-Generation Homebuyer program	2022	DPA/Closing Cost	Oregon Department of Housing and Community Services	\$60,000	0% forgivable loan/5% per year over 20 years
First Generation Pilot program	2023	DPA/Closing Cost	Maine Housing	\$10,000	Plus 1% below market mortgage
First-Time Homebuyer Assistance Program	2023	DPA/Closing Cost	City of Long Beach, CA	\$20,000	Grant after 5 years
NWHP First Generation- Down Payment Assistance Program	2023	DPA/Closing Cost	NeighborWorks Home Partners (Hennepin, Ramsey, Washington, Dakota and Anoka Counties, MN)	\$10,000	0% forgivable loan/\$1000 per year over 10 years
First-Generation Homebuyer Down Payment Assistance	2023	DPA/Closing Cost	New Jersey Housing and Mortgage Finance Agency	\$10,000	Combined with \$15,000 available to first time buyers