HFA Name: New Jersey Housing and Mortgage Finance Agency
Entry Title: Revamping NJHMFA's Down Payment Assistance for a New Generation of Buyers
Category: Homeownership
Subcategory: Empowering New Buyers

Summary

NJHMFA relaunched its homeownership assistance program with two primary goals in mind. Specifically, to expand program reach to make homeownership attainable and to ensure continuity. This goal was met through policy innovations that created award amount flexibility based on geography and family homeownership status, while using interest rate buydowns to provide all eligible borrowers with below market rates and ensuring legislative appropriations meet demand.

Program Structure

NJHMFA's zero-interest forgivable DPA loans come in increments of $10,000, $15,000, $17,000, or $22,000. These loans must be paired with an NJHMFA first-mortgage and are forgiven after five years so long as the buyer uses the home as their primary residence and does not refinance. The FTHB DPA Program provides an amount of either $10,000 or $15,000 to first-time homebuyers, depending on the relevant county's average purchase price, and the supplemental First-Gen DPA provides an additional $7,000 if those buyers are also first-generation. The regional differences in FTHB DPA reflect the differences in the cost of living across counties in New Jersey, maintaining purchasing power parity, while the First-Gen DPA addresses the additional obstacles to homeownership faced by first-generation homeowners. See Visual 2 and Visual 3 for more information about the regional flexibility.

To further support first-time and first-generation buyers, NJHMFA engages in interest rate buydowns, providing below-market interest rates to buyers with DPA at no extra cost. The interest rate buydowns typically range from 25 basis points to 50 basis points, and buyers are never charged discount points on mortgage loans. See Visual 4 for more information. This feature guarantees that homebuyers with DPA are getting the best possible interest rate, in addition to the down payment direct assistance. Through the combination of interest rate buydowns and DPA, NJHMFA ensures that first-time and first-generation homebuyers earning low-to-moderate-incomes can compete, and win, in a highly competitive housing market. A recent analysis done by NJHMFA has found that a borrower who used these benefits in 2025 would reduce their purchase price by an average of $14,000 and would save more than $37,000 over the course of a 30-year mortgage from reduced interest rates, for a combined savings of more than $51,000 over the course of a 30-year mortgage. Beneficiaries who qualified as first-generation would save an additional $16,500 over the course of the mortgage, pushing their total cost reductions of nearly $70,000 for those buyers. And this does not account for any equity appreciation that was generated from owning a home in New Jersey.

Participation in the program requires that prospective homebuyers fill out NJHMFA's lender referral sheet. This tool uses buyer preferences, such as location, modality, and language to match prospective homebuyers with up to three of the lenders that partner with NJHMFA. Households must secure first-mortgage financing through one of NJHMFA's partner lenders in order to utilize the DPA Program.

Increasing Production, Expanding Reach, Growing Impact

The relaunch of the DPA Program was not just a rebranding of NJHMFA's homebuyer assistance program, it marked a new era for NJHMFA's role in promoting homeownership across New Jersey. See Visual 1 for more information about the history of the relaunch. From 2010 through 2017, NJHMFA produced 2,157 down payment and closing cost assistance loans. In contrast, in the eight years spanning 2018 through 2025, NJHMFA produced 15,272 loans. Further, DPA production in the years 2021 through 2025 alone (11,369 loans) was approximately equal to total homebuyer assistance production from all previous years combined (11,678 loans).

The impressive production increases can be attributed to incremental updates and improvements that have been implemented since the relaunch. Under previous iterations of the Program, assistance amounts were calculated as a percentage of the purchase price. In relaunching the DPA Program, NJHMFA established fixed assistance amounts, improving its ability to plan financially and manage buyers' expectations. The amount began as a fixed $10,000 for all buyers in the state. In November 2022, NJHMFA amended the program so that homebuyers in higher cost counties could receive FTHB DPA in an amount equal to $15,000. The higher amount allows homebuyers in more expensive counties to participate in the DPA Program and to have a greater chance of accessing homeownership. To give a sense of the price differences across the state, in 2025, the median sale price was $275,000 in Cumberland County and was $676,000 in Hunterdon County.[2]

Even as home prices continued to climb, NJHMFA's DPA program continued to grow in volume and as a percentage of the overall buyer market. Homebuyers with an NJHMFA mortgage made up over three percent of the total homebuyer market in New Jersey in both 2024 and 2025.

Program Outcomes and Alignment with NJHMFA's Mission

NJHMFA has managed to expand production, while maintaining its focus on communities at the core of its mission, namely low-to-moderate income households. With the addition of the First-Gen DPA, NJHMFA has been able to enhance its assistance to help, in particular, low-to-moderate income households in communities historically excluded from homeownership opportunities.

From 2020 through 2025, NJHMFA has provided $159 million in DPA loans to nearly 12,734 households consisting of 17,411 first-time homebuyers earning low-to-moderate-income. A full 88% of these households earned less than or equal to the area median income at the time of purchase. The median income of households that purchased a home using DPA was $98,600. For reference, the Department of Housing and Urban Development calculated New Jersey's median family income as $131,700[3] in 2025, and Home Mortgage Disclosure Act data shows that buyers purchasing a primary residence with a mortgage had a median income of $146,000 in 2024 (the latest data available). In other words, the average New Jersey homebuyer with a mortgage earns 32% more than NJHMFA's average homebuyer with DPA.

The income gap between the average New Jersey buyer and NJHMFA buyers demonstrates that the DPA Program is providing important support for a population often underserved by the private markets. This fact is event more evident when comparing average home purchase price of NJHMFA buyers and all New Jersey buyers. In 2025, NJHMFA buyers purchased homes that cost $315,000 to $350,000 on average. In comparison, the average home purchase price for all New Jersey buyers, including those with and without a mortgage, ranged from $650,000 to $700,000 during the same year.

Achieving Program Goals with Legislative Support

NJHMFA initially used federal Hardest Hit Fund (HHF) dollars to relaunch the FTHB DPA Program and subsequently expanded funding sources to include Agency funds and bond proceeds. Recognizing the success and critical importance of the DPA program, the Legislature included DPA as a line item in the FY 2022 and FY 2023 State budgets to replace the expiring federal funds, allocating $20,000,000 and $25,000,000, respectively. In May 2023, the Legislature enacted P.L.2023, c.78, codifying the First-Time Homebuyer (FTHB) DPA Program and creating the supplemental First-Generation (First-Gen) Homebuyer Program, which together constitute NJHMFA's DPA Program as it exists today. Following the enactment of P.L.2023, c.78, the Legislature provided $40,000,000 in both the FY 2024 and FY 2025 budgets. The adjustment to the state budget resources permits NJHMFA to engage in long-term planning to prevent funding from being at risk of running out, which ensures that there is never a rush on available funds.

The support of the Legislature has been critical in achieve each of NJHMFA's goals for the revamped DPA Program. The availability of state funds to support the Program has allowed for both the expansion of the

[2] New Jersey Realtors, "Statewide Monthly Report," https://njar-public.stats.10kresearch.com/reports
[3] U.S. Department of Housing and Urban Development, "FY 2025 Income Limits Documentation System – FY 2025 State Income Limits – New Jersey," https://www.huduser.gov/portal/datasets/il/il2025/2025summary.odn?inputname=STTLT*3499999999%2BNew+Jersey&selection_type=county&stname=New+Jersey&statefp=34.0&year=2025

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Program and continuity. NJHMFA is reaching more first-time buyers than it ever has and is, thus, creating more homeownership opportunities for low-to-moderate-income homebuyers than ever before. Production was 1,643 in 2021, 1,875 in 2022, 2,313 in 2023, 2,920 in 2024, and 2,618 in 2025. During the time, the DPA Program provided a cumulative $145,000,000 in direct assistance to homebuyers.

This investment in New Jersey homebuyers will produce benefits far beyond the initial investment amounts. In a report to the Legislature, NJHMFA found that in the approximately two years following the enactment of P.L.2023, c.78, the DPA program saved low-to-moderate-income homebuyers more than $74,000,000 through direct assistance and will save these homebuyers over $194,500,000 in interest payments over the lives of their mortgage loans. These combined savings sum to a total savings of $268,645,649, a total benefit far surpassing the initial investment of just under $80,000,000. In addition, beyond the immediate savings realized as a result of FTHB and First-Gen DPA, DPA Program homebuyers have realized substantial increases in household equity and wealth as a result of the home equity generated through their DPA-supported home purchase.

Takeaways

The continued success of the program is premised on the all-of-the-above approach that NJHMFA has taken to helping New Jersey's working families achieve the dream of homeownership.

The DPA Program sets an example for other housing finance agencies that are looking to reinvigorate an existing program or build upon an already successful program. By listening to community partners, agencies can tailor the specifics of their new or existing homeownership programs to best meet the needs of the communities they serve. NJHMFA looks forward to continuing to provide underserved markets with homeownership opportunities and continuing to adapt as needs change to deliver a more affordable New Jersey.

Supplementary Materials: Links

DPA Program Report to the Legislature: https://dspace.njstatelib.org/server/api/core/bitstreams/d56050cf-0437-4414-815e-1ecb1b2f0461/content

DPA Dashboard: https://www.nj.gov/dca/hmfa/resources/dpa/

DPA in the Media: https://www.fairsharehousing.org/homeownership-for-all-how-njs-first-generation-down-payment-assistance-programs-help-close-the-racial-wealth-gap/

Supplementary Materials: Visuals

Visual 1: Timeline of DPA Program Funding, Codification, and Expansion

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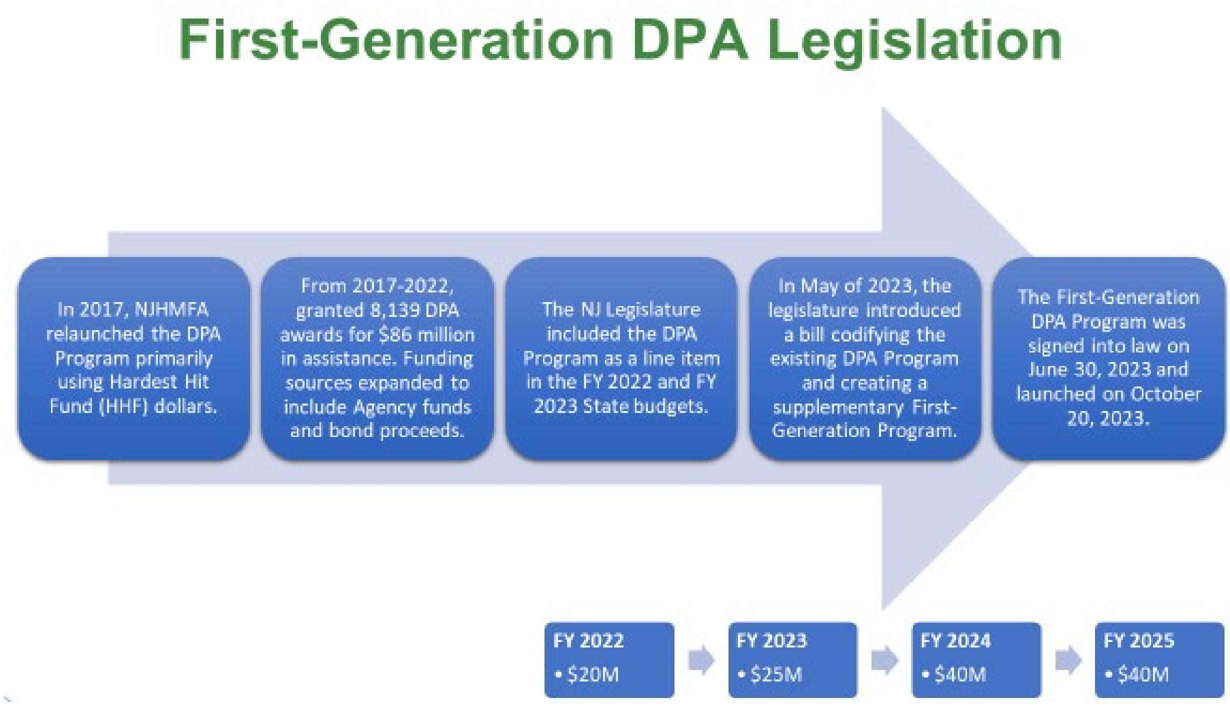

Visual 2: DPA Amount Breakdown with FTHB and First-Gen DPA

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

Visual 3: First-Time Homebuyer DPA County Split

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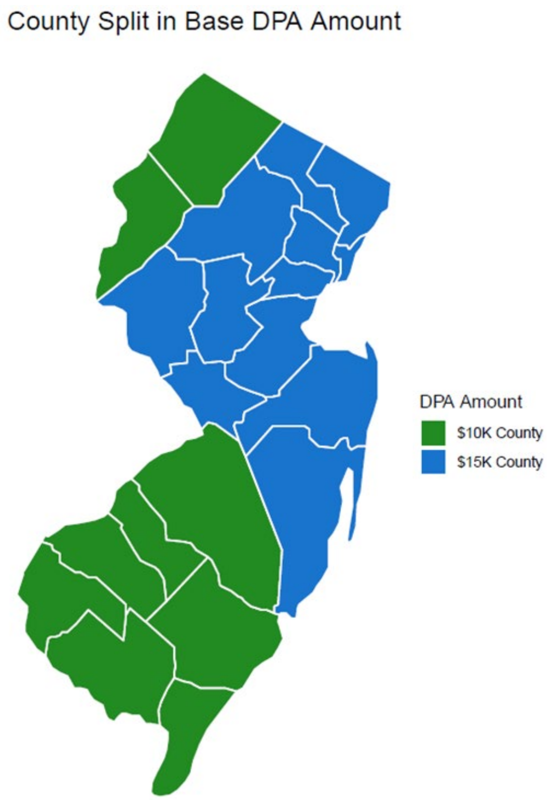
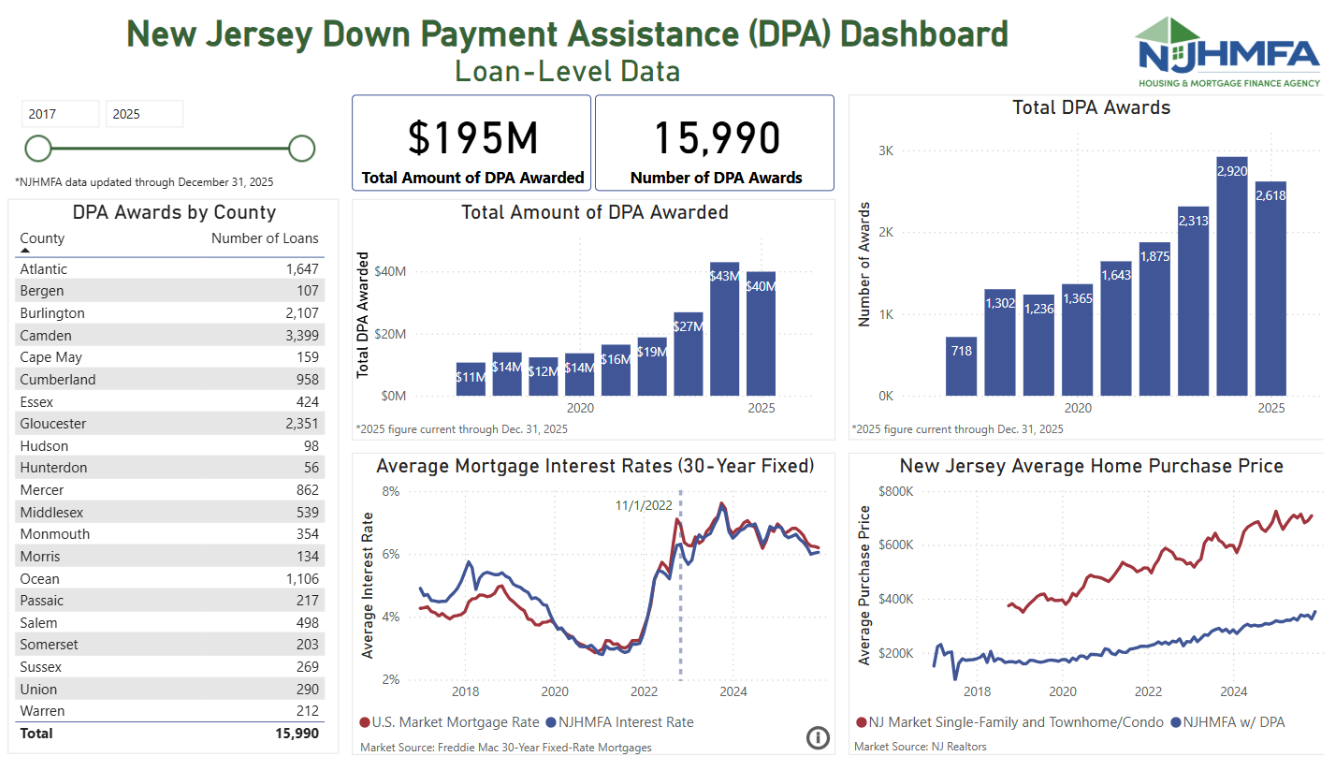


Visual 4: Total DPA Production



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Visual 5: First-Gen DPA Production