

# Helping First-Generation Homebuyers become the Next Generation of Homeowners

## **Rhode Island Housing**

Homeownership: Empowering New Buyers

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### ***Helping first generation homebuyers become the next generation of homeowners***

Barriers to homeownership exist for many low income and minority borrowers. It becomes especially true for first-generation homebuyers. Traditionally, these borrowers compete with peers who may be able to tap into family resources to purchase a home and who benefit from the lived experience that comes from growing up in a home your family owns rather than an apartment. Studies show that when parents own a home, their children are more likely to own a home.

### **Addressing Inequities in Access to Homeownership**

RIHousing's new pilot program, *FirstGenHomeRI*, is aimed at helping to open the doors to homeownership for first-generation homebuyers. The program targets first-generation buyers by addressing inequities and barriers to homeownership while boosting the long-term, economic outlook for families who have historically not pursued homeownership. Available to Rhode Island residents currently living in specific areas of the state, the pilot program offers \$25,000 for down payment and closing costs.

RIHousing's FirstGenHomeRI program was developed to **address multi-generational inequities in access to homeownership and create equity in the housing market by narrowing homeownership and wealth gaps in the state**. The resulting wealth and stability that comes from owning a home can open opportunities for homeowners, their children and future generations.

### **Program Need**

Homeownership is often out of reach to first generation homebuyers who lack the down payment needed as well as the education and support to become successful homeowners. This new program *removes what is often the biggest barrier to homeownership: the down payment*, while also providing in-depth homebuyer education, which is the first step on a buyer's path to homeownership.

*Studies show that down payment assistance for first-generation homebuyers could help turn the tide of systemic racism by reducing intergenerational wealth disparities. Researchers have noted that federal, state, and local housing policies have "systematically excluded Black families and other families of color from homeownership," with one UI study projecting the Black-white homeownership gap – at more than 30 percentage points in 2018 – will continue to grow if current policies stay the same.*

### **Program Details**

FirstGenHomeRI is funded as a pilot program with \$1 million in RIHousing funds. The program is targeted to Rhode Island residents currently residing in specific areas of the state, including Central Falls, East Providence, Pawtucket, Woonsocket, and parts of Providence (excluding residents in zip code 02906) and Newport (residents in census tract 44005040500 only). Eligible communities are those with some of the highest levels of need for increased homeownership opportunities. Factors such as median housing costs, household size, and income were used when determining eligible communities, which have roughly similar or higher concentrations of minority populations when compared to the state average and a higher percentage of median incomes below 80% Area Median Income (AMI).

Eligible communities were selected based on market analysis and demographic data to identify census tracts with the highest level of need for increased homeownership opportunities with a **particular focus on increasing the homeownership rate among racial and ethnic minorities**. Census tracts were identified as "low opportunity" areas in the state's consolidated plan.



Eligible communities have some of the lowest homeownership rates in the state (average statewide homeownership rate is 61%):

- Central Falls: 20% homeownership rate
- Providence: 35% homeownership rate
- Woonsocket: 36% homeownership rate
- Newport: 43% homeownership rate
- Pawtucket: 45% homeownership rate
- East Providence: 61% homeownership rate

### **Program Eligibility**

Eligible homebuyers must be first-generation and first-time homebuyers purchasing a 1-4 family home or condominium in Rhode Island, meet loan, income and credit score guidelines and must live in the home as their primary residence. Homebuyers will also receive HUD-approved homebuyer education from community partners to ensure they are prepared for the responsibilities of homeownership and can be a successful homeowner. The down payment assistance is a grant that does not need to be repaid if the homeowner keeps their home for five years as their primary residence.

Complete details and information on how to apply is available online at [www.rihousing.com/FirstGenHomeRI](http://www.rihousing.com/FirstGenHomeRI).

### **Because Life Happens**

FirstGenHomeRI customers are also eligible to participate in RIHousing's HomeSecure Grant program. RIHousing's HomeSecure Grant offers a "safety net" for first-time buyers and is a stand-alone grant offered in conjunction with a RIHousing first mortgage and provides an emergency fund reserve to assist borrowers in the first three (3) years of owning a home. The grant provides an emergency fund reserve in the amount of three (3) months of mortgage payments (Principal, Interest, Taxes, and Homeowner's Insurance) for a period of three (3) years from the closing of the first mortgage loan.

- *When the unexpected happens*  
New homeowners can have unexpected emergencies (the water heater needs repair, car breaks down, medical expenses, etc) that make it difficult to make their mortgage payments. The HomeSecure grant acts as a 'safety net' when you need it.
- *And what if you don't need it? This might be the best part.*  
Grant funds that remain at the end of three years will be applied to the principal balance of the mortgage. This means buyers will be able to have added equity in their home.

Visit: [www.rihousing.com/home-secure/](http://www.rihousing.com/home-secure/) to learn more about HomeSecure.

### **Extra Support and Assistance**

The pilot program is **offered via the RIHousing Loan Center and in partnership with community partners who provide HUD-approved homebuyer education, counseling and support.** As this is a pilot program and we understand that first-generation buyers may need additional support and guidance, the program is only available via our Loan Center. Loan Center staff are able to provide personal, one-on-one guidance and support from pre-approval to the loan closing. Applicants are required to complete a HUD-approved homebuyer education course via one of our community partners, further ensuring buyers have the tools and information needed to become successful first-time homeowners.



In addition to closing the gap between the first mortgage and the cost of buying the home, down payment assistance can leave borrowers with cash reserves for repair needs or other expenses. The \$25,000 in down payment assistance means first-generation/first-time homebuyers have more breathing room for unexpected needs once they own the home.

### **Program Roll Out**

We launched the program in February 2022 via a press conference held at a newly constructed affordable housing development in one of the eligible communities; the location provided the perfect backdrop to launch the effort as the newly constructed homes were available for sale. The new development is comprised of five, new two-family homes available to first-time, income qualified Rhode Islanders being developed by Pawtucket Central Falls Development, one of our HUD-approved counseling agencies who provide housing education and counseling services to program applicants. Joined by Rhode Island Governor and other state leadership and community partners, the program launch received extensive media coverage and helped boost awareness of the program with the spring homebuying season just on the horizon.

### **Success to Date**

**The FirstGenHomeRI program helps remove systemic barriers that continue to limit first-generation buyers and people of color from achieving homeownership, while providing tangible solutions that enable and ensure equity in homebuying.** Making it easier for first-generation buyers to achieve homeownership through down payment assistance will help future generations also achieve greater financial stability—for themselves and for their children—while closing racial homeownership and wealth gaps.

FirstGenHomeRI makes homeownership a reality for families who historically have been denied such opportunities to build wealth and achieve economic stability through housing. Homeownership is a pivotal step towards wealth building, and it is especially impactful when we can advance equity in our state.

First generation homebuyers deserve the opportunity to put down roots in Rhode Island and benefit from the stability owning a home can provide. Homeownership is the primary way families build financial security and home equity is generally their largest source of wealth. For many homeowners, home equity is transformative and generational. **This program aims to help current homebuyers while also supporting the next generation of buyers, who may find it easier to achieve their dreams of owning a home.**

Interest in the program has been robust, **our loan applications have increased 67% over last year** (and 2021 was a record-breaking year for our agency). As the program requires HUD-approved homebuyer education prior to award of funds, we expected several months to pass before being able to close on any loans, but are happy to report that to date we have two closed first loans and 7 more in process with an executed P&S.

### **What's Next?**

Based on overwhelming success of the program, we are hoping to be able to fund the pilot again in FY23.



### ELIGIBILITY

- Qualify as a first-generation homebuyer\*
- Currently reside in the following communities: Central Falls, East Providence, Pawtucket, Woonsocket, Providence (excluding residents in zip code 02906), Newport (residents in census tract 44005040500 only)
- Be a first-time homebuyer purchasing a 1-4 family home or condominium anywhere in Rhode Island
- Have a minimum credit score of 660
- Meet RIHousing Price and Income Limits
- Complete a HUD-approved first-time homebuyer education course (see below)
- Obtain a RIHousing-funded first mortgage through RIHousing's Loan Center
- Purchase and occupy the home as your primary residence



\*A first-generation homebuyer is defined as any person whose parents or guardian never owned a home during the homebuyer's lifetime or lost the home to a foreclosure or short sale and does not own a home now. Anyone who lived in foster care also qualifies as a first-generation home buyer program like this can make dreams into reality

### TERMS AND CONDITIONS

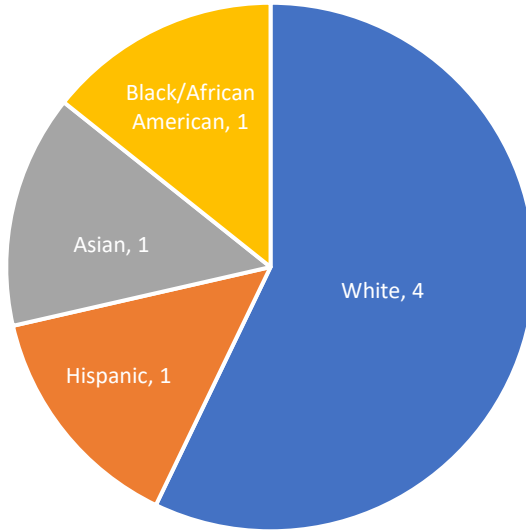
- Zero percent (0%) interest
- No monthly payments
- Forgiveable after 5 years of owning and residing in the home\*\*

\*\* The down payment assistance is a grant that does not need to be repaid if the homeowner keeps their home for five years as their primary residence.

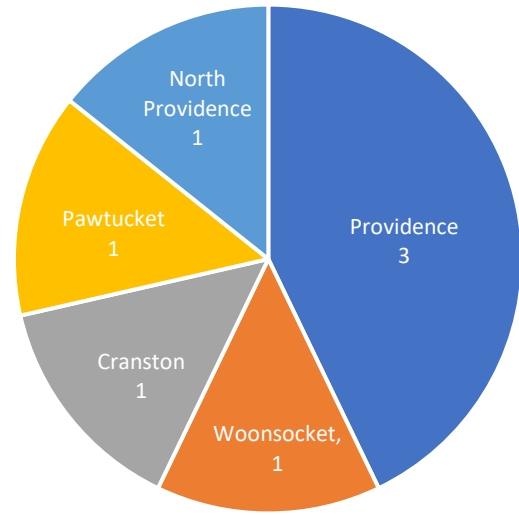
## Live Loans

We have closed 2 FirstGenHomeRI Loans in April; both to minority homebuyers residing in Providence. These two homebuyers are also eligible for the HomeSecure grant.

We have 7 more in process with an executed P&S.



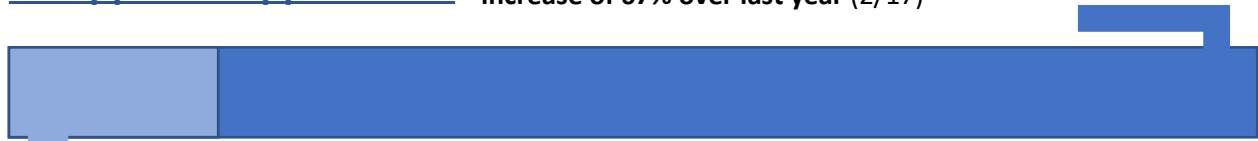
Race



Property City

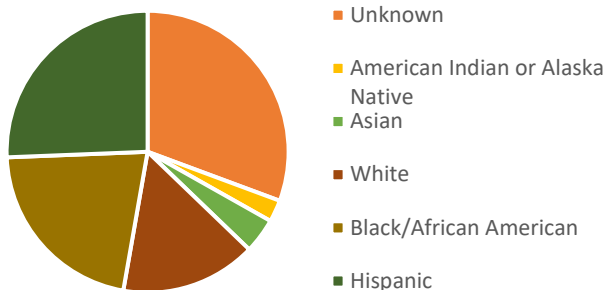
## Preapproval Applications

895 Preapproval Applications since launch; an increase of 67% over last year (2/17)

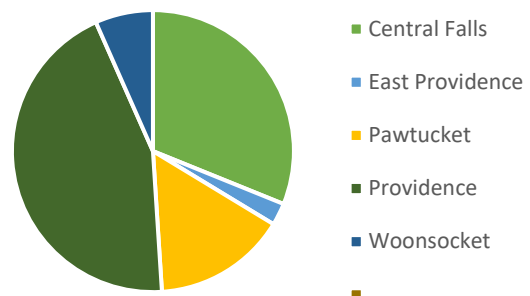


148 met FirstGenHomeRI FICO/ present residence requirements and have been preapproved for a first mortgage through the RIHousing Loan Center.

Race



Property City



## The program relies heavily on partners to provide the HUD-approved homebuyer education:

**Homebuyer Education is available via a network of HUD-approved counseling agencies.** Please visit one of our partner agencies' websites to learn more about the HUD-approved homebuyer education classes they offer and to register for a class.

- [Church Community Housing Corporation](#)
- [Neighborworks Blackstone Valley](#)
- [PCF Development](#)
- [West Elmwood Housing Development Corporation](#)



## Homebuyer Training and Ongoing Counseling

Graduates of CCHC's Homebuyer Training Classes may continue to access pre-purchase counseling until the day they buy, at no additional cost. We encourage program graduates to stay in touch. Post-purchase counseling is also available.

### Newport County Homebuyer Training Classes

*Pre-registration with CCHC is a must*

For a full registration and to learn more about affordable Land Trust houses & training:

please contact:

Aubrey Collins: 846-5114 x: 111 or

acollins@cchcnewport.org

## HomeSecure

FirstGenHomeRI customers benefit from extensive homebuyer education via HUD-approved counseling agencies as well as access to our HomeSecure grant, which provides a “safety net” for first-time homeowners and also includes post-purchasing education so owners have the tools and resources to be successful.

[Learn more about the program >](#)

**Is Homeownership on your “To-Do” List?**

Buying a home is likely the biggest financial commitment you will make. First-time homebuyers need tools and resources to set them up for success. RIHousing’s HomeSecure Grant offers educational and financial resources to support new homeowners in the first three years of owning their home.

# HOME Secure GRANT

**Because “life happens”**

New homeowners can have unexpected emergencies (the water heater needs repair, car breaks down, medical expenses, etc) that make it difficult to make their mortgage payments. The HomeSecure Grant acts as a ‘safety net’ when you need it.

Through the HomeSecure Grant program, RIHousing will establish an emergency fund equal to three (3) months of your mortgage loan payment (Principal, Interest, Taxes and Insurance) that can be used to make your mortgage payment in the event of a short-term emergency.

**And what if you don’t need it?**

This might be the best part. Grant funds that remain at the end of three years will be applied to the principal balance of your mortgage. This means you’ll be able to have added equity in your home.

Working with local financial literacy course providers, RIHousing offers this exciting, limited-time grant through its Loan Center.

**Interested in learning more?**

[www.RIHousing.com/Home-Secure](http://www.RIHousing.com/Home-Secure)

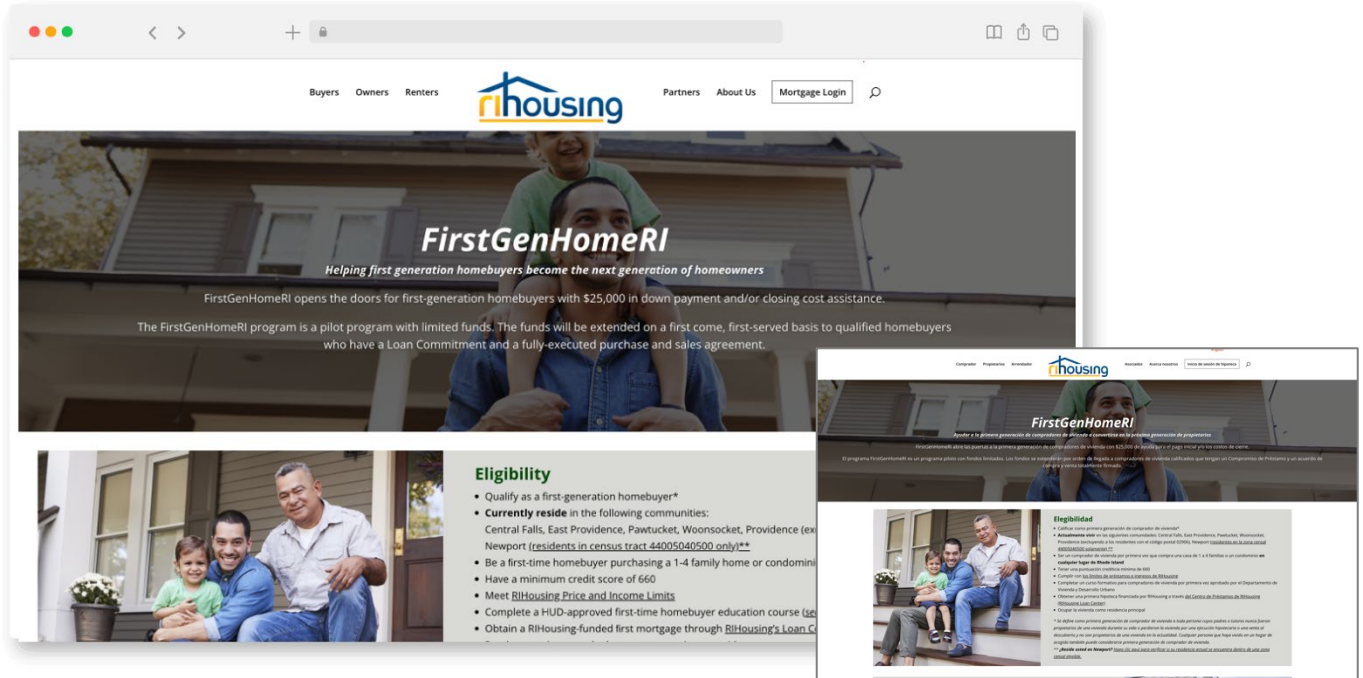
**GRANT RECIPIENTS MUST:**

- Qualify for and receive a mortgage loan from RIHousing\*;
- Complete a Financial Literacy Course offered by a designated RIHousing Community Partner prior to applying for the first mortgage loan\*\*;
- Be a first-time homebuyer purchasing a home in Rhode Island;
- Complete RIHousing’s Online Post-Purchase Financial Education prior to first payment due date for first mortgage loan; and
- Enroll in RIHousing’s automatic mortgage debit payment program.

\*LOAN LIMITS: \$546,752; INCOME LIMITS: \$112,555 (1-2 person household) and \$129,438 (3+ person household).  
\*\*Completion of the Financial Education course is not a guarantee of eligibility for the HomeSecure Grant Program. Course completion is one aspect of eligibility. Applicants will also need to meet RIHousing mortgage guidelines and program eligibility requirements.

RIHousing is a div./s of Rhode Island Housing Mortgage Finance Corporation.

The screenshot shows the RI Housing website's HomeSecure Grant page. It includes a navigation bar with 'Home', 'About', 'Contact Us', and 'Language' options. The main content area features a heading 'Is Homeownership on your “To-Do” List?' followed by a sub-heading 'Because “life happens”' and 'And what if you don’t need it?'. Below this is a 'Next Steps' section with a 'Click here to apply' button. The 'HomeSecure Grant Requirements' section lists 'Grant Recipients Must' and 'Qualifying Events include but are not limited to:'. At the bottom, there is a '620' credit score indicator and a 'Questions?' section with a phone icon and the number 401-450-1343.



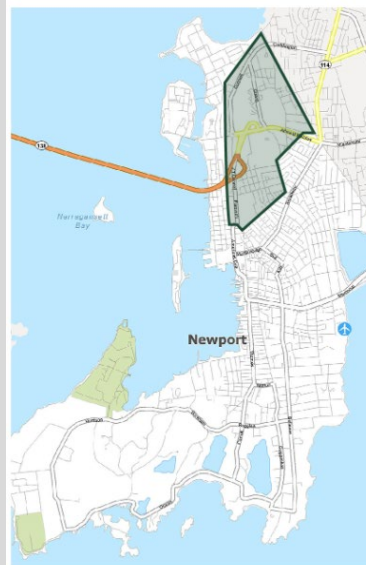
Our website and outreach materials (available in English and Spanish) highlight program eligibility requirements and our efforts to open the doors to homeownership to first-generation homebuyers.

### Which census tract do I live in?

Newport residents are able to easily identify whether they reside in an eligible census:

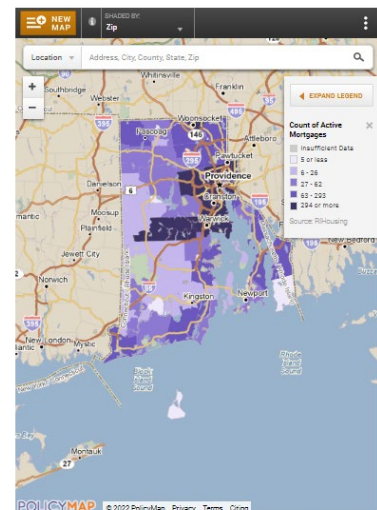
#### Are you a Newport resident?

Check whether your current residence is located within an eligible census tract.



Only residents of census tract 405 are eligible for the FirstGenHomeRI pilot program. The map on the left shows the approximated eligible region.

Unsure if your address is part of the eligible region? Type in your address below to find out (Include street #, street name, Newport, RI).



## FirstGenHomeRI Outreach Materials

Imagery is aspirational:

www.FirstGenHomeRI.com

**FirstGenHomeRI**

\$25,000 in down payment and/or closing cost assistance for eligible first-generation homebuyers.

**FirstGenHomeRI**  
Helping first generation homebuyers become the next generation of homeowners.

FirstGenHomeRI opens the doors for first-generation homebuyers with \$25,000 in down payment and/or closing cost assistance.

The pilot program targets first-generation buyers by removing one of the biggest barriers to homeownership — the down payment — while boosting the long-term economic outlook for families who have historically not pursued homeownership. The down payment assistance is a gift that does not need to be repaid if the homeowner keeps their home for five years as their primary residence.

To qualify, you must:

- Qualify as a first-generation homebuyer\*
- Currently reside in the following communities:  
*Centerville, East Providence, Pawtucket, Woonsocket, Providence (excluding areas in the zip codes 02903), Mansfield (residents over 65 and 4-6052405200 only)\*\**
- Be a first-time homebuyer purchasing a 1-4 family home or condominium in Rhode Island
- Have a minimum credit score of 600
- Meet FHA loan and income limits\*\*\*
- Complete a HUD-approved first-time homebuyer education course
- Obtain an FHA-insured first mortgage through an FHA-approved lender
- Occupy the home as your primary residence

Visit [www.FirstGenHomeRI.com](http://www.FirstGenHomeRI.com) for more information >>>

\* A first-generation homebuyer is defined as anyone who neither parent nor grandparent has ever owned a home in the United States. The term is not dependent on ancestry or race and does not change based on age. Any child of a home owner who qualifies for the program after their 18th birthday is eligible. \*\* Mansfield residents over 65 and 4-6052405200 only. \*\*\* Loan limits: \$125,000; Income limits: \$12,000 for 1-2 person households; \$15,000 for 3-person households.

Facebook post content:

**FirstGenHomeRI**  
Helping first generation homebuyers become the next generation of homeowners.  
[www.FirstGenHomeRI.com](http://www.FirstGenHomeRI.com) >>>

**FirstGenHomeRI**  
Ayudar a la primera generación de compradores de vivienda a convertirse en la próxima generación de propietarios.  
[www.FirstGenHomeRI.com](http://www.FirstGenHomeRI.com) >>>

Facebook post content:

FirstGenHomeRI opens the doors for first-generation homebuyers with \$25,000 in down payment and/or closing cost assistance.

**FirstGenHomeRI** [www.FirstGenHomeRI.com](http://www.FirstGenHomeRI.com)

Facebook post content:

FirstGenHomeRI abre las puertas a la primera generación de compradores de vivienda con \$25,000 de ayuda para el pago inicial o los costos de cierre.

**FirstGenHomeRI** [www.FirstGenHomeRI.com](http://www.FirstGenHomeRI.com)

Press Event



Media Coverage:

**FirstGenHomeRI program will offer \$25,000 in down payment assistance to first-generation home buyers**

<https://whatsupnewp.com/2022/02/firstgenhome-ri-program-will-offer-25000-in-down-payment-assistance-to-first-generation-home-buyers%EF%BF%BC/>

POLITICS

## **Some first-generation homebuyers can get \$25,000 towards down payment under pilot program**

<https://www.providencejournal.com/story/news/politics/2022/02/16/first-generation-ri-homebuyers-can-get-money-toward-down-payment/6811974001/>

## **Governor McKee, RIHousing launch first-generation home buyers program**

<https://www.abc6.com/governor-mckee-rihousing-launch-first-generation-home-buyers-program/>

[https://www.valleybreeze.com/news/weisinger-explains-first-time-homebuyer-program/article\\_8c68ee50-9331-11ec-9b04-6f6feb821e66.html](https://www.valleybreeze.com/news/weisinger-explains-first-time-homebuyer-program/article_8c68ee50-9331-11ec-9b04-6f6feb821e66.html)

<https://www.wpri.com/money/new-program-offers-25k-for-first-generation-homebuyers/>

## **RIHousing Launches Pilot Program during National Homeownership Month**

<https://www.rirealtors.org/news/2022/02/17/news/rihousing-launches-pilot-program-during-national-homeownership-month/>

<https://patch.com/rhode-island/cranston/new-program-helps-first-generation-homebuyers-rhode-island>

 **RIHousing**  
February 17 · 🌐

ICYMI: We launched the new FirstGenHomeRI program yesterday, a pilot program to help first-generation homebuyers become the next generation of homeowners. Visit FirstGenHomeRI for complete details.


Thanks to our friends at [PCF Development](#) for hosting the launch event yesterday!


Some first-generation homebuyers can get \$25,000 towards down payment under pilot program <https://hubs.ly/Q014n1MN0>



PROVIDENCEJOURNAL.COM

**Some first-generation homebuyers can get \$25,000 towards down payment under pilot program**

 **City of East Providence - Office of the Mayor**  
February 22 · 🌐



**FirstGenHomeRI**  
*Helping first generation homebuyers  
become the next generation of  
homeowners*

FirstGenHomeRI opens the doors for first-generation homebuyers with \$25,000 in down payment and/or closing cost assistance.

**Bob DaSilva, East Providence Mayor**  
February 19 · 🌐

East Providence residents qualify for \$25,000 grant to be used as a down payment for first time homeowners.

<https://www.rihousing.com/firstgenhome/>

Eligib... See more

Program Announcement E-blast



Helping first generation homebuyers become the next generation of homeowners.

[www.FirstGenHomeRI.com](http://www.FirstGenHomeRI.com) >>



**FirstGenHomeRI** opens the doors for first-generation homebuyers with \$25,000 in down payment and/or closing cost assistance. The Pilot program targets first-generation buyers by removing one of the biggest barriers to homeownership – *the down payment* – while boosting the long-term, economic outlook for families who have historically not pursued homeownership

To qualify, you must:

- Qualify as a first-generation homebuyer\*
- Currently reside in the following communities:
  - Central Falls, East Providence, Pawtucket, Woonsocket, Providence (excluding residents in zip code 02906), Newport (residents in census tract 44005040500 only) \*\*
- Be a first-time homebuyer purchasing a 1-4 family home or condominium in Rhode Island
- Have a minimum credit score of 660
- Meet RIHousing loan and income limits\*\*\*
- Complete a HUD-approved first-time homebuyer education course
- Obtain a RIHousing-funded first mortgage through [RIHousing's Loan Center](#)
- Occupy the home as your primary residence

**The down payment assistance is a grant that does not need to be repaid if the homeowner keeps their home for five years as their primary residence.**

Visit [www.FirstGenHomeRI.com](http://www.FirstGenHomeRI.com) for more information.



\*A first-generation homebuyer is defined as any person whose parents or guardian never owned a home during the homebuyer's lifetime or lost the home to a foreclosure or short sale and do not own a home now. Anyone who lived in foster care also qualifies as a first-generation homebuyer.

\*\*Newport residents can check online at [www.FirstGenHomeRI.com](http://www.FirstGenHomeRI.com)

\*\*\* Loan limits: \$453,863; Income limits: \$99,730 (1-2-person household) and \$114,689 (3+ person household).



RIHousing, 44 Washington Street, Providence, RI 02903

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