



EXECUTIVE SUMMARY

Access to wealth in New Jersey is defined by red lines. “Redlining,” the government policy that excluded communities of color from homeownership, was part of an extensive, state-sanctioned system of racial discrimination in housing and land ownership that pervaded the state. Today it remains the foundation of New Jersey’s racial wealth gap.

Erasing New Jersey’s Red Lines: Reducing the Racial Wealth Gap through Homeownership and Investment in Communities of Color, a report by the New Jersey Institute for Social Justice, tells the story of the racialized system in New Jersey that for generations intentionally failed to provide resources to New Jersey’s Black communities, while simultaneously affording its white communities numerous incentives, subsidies, and other support to build wealth. This system has created the dramatic racial disparities in homeownership and the resulting staggering racial wealth gap that exist in New Jersey today.

WHERE ARE WE NOW? New Jersey has one of the starkest racial wealth gaps in the country. The median net worth for New Jersey’s white families is \$352,000—the highest in the nation—but for New Jersey’s Black and Latina/Latino families it is just \$6,100 and \$7,300, respectively. The disproportionate rate of homeownership is one of the primary causes of the racial wealth gap. Today, 77 percent of New Jersey’s white households own a home; by contrast, less than half (41 percent) of Black households do. Understanding how New Jersey has historically and systematically excluded Black communities from homeownership—and, thus, wealth accumulation—will allow us to properly address the problem and begin to end the state’s racial wealth gap.

HOW DID WE GET HERE? Housing policy led to the racial wealth gap in New Jersey. Black people—through slavery, racially restrictive covenants, exclusion from the GI Bill, redlining, and predatory lending practices, among other actions—have been systematically denied the same opportunities for wealth building through homeownership afforded to white households. These barriers are not a thing of the past and must be addressed through policy change.

WHERE DO WE GO FROM HERE? New Jersey must reckon with its racialized history of exclusion, which continues to this day, to open up access to wealth and homeownership for communities too long excluded from it. To replace barriers with opportunities, this report advances the following policy proposals:

1. New Jersey should develop a lockbox fund to meaningfully and deeply invest resources into increasing homeownership in redlined communities
2. New Jersey should establish the New Jersey Reparations Task Force (S-322/A-711) to develop innovative strategies to repair its racialized history of disinvestment in Black communities
3. New Jersey should conduct an evaluation of the impact of its existing homeownership programs on redlined communities
4. New Jersey should create a statewide Land Bank Commission to effectively implement its Land Bank Law
5. New Jersey should support the expansion of Community Land Trusts in redlined communities
6. The New Jersey Office of the Attorney General should open statewide investigations into housing discrimination and predatory lending

Erasing New Jersey’s Red Lines: Reducing the Racial Wealth Gap through Homeownership and Investment in Communities of Color provides a roadmap for how New Jersey can create a new system of community investment that will help eliminate the racial wealth gap and expand homeownership and housing security in redlined neighborhoods. In doing so, we can finally begin to erase New Jersey’s red lines and create a New Jersey that allows all to prosper.