



C.A.R.'s HAF Pathway to Home Closing Cost Assistance Grant Program

Issue

The Pathway to Home Closing Cost Assistance Grant Program has depleted all funds. To keep the momentum of the program going statewide, an additional investment is needed.

Overview

C.A.R. HAF's Pathway to Home Closing Cost Assistance Grant Program helps first-time homebuyers who are members of an "Underserved Community*" bridge the affordability gap by providing UP TO \$10,000 in closing cost assistance. Each grant is provided to low-to-moderate income (120% AMI and below) first-time homebuyers who utilize the services of a CA REALTOR®.

"Underserved Community" includes: (i) people of color; (<https://bit.ly/PersonofColorHUD>) (ii) persons with disabilities ¹(physical, cognitive, or mental); or (iii) lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons.

¹ An individual with a disability is defined as a person who has a physical or mental impairment that substantially limits one or more major life activities.

Background

This initiative began in 2020 with an initial \$1,000,000 investment by the C.A.R. Board of Director's to support Fair Housing and Diversity efforts approved in October 2020. The HAF committee got to work on creating a statewide Closing Cost Assistance Grant and brought the Pathway to Home Grant proposal and motion to the Board of Directors during the Fall business meetings in 2021. This initial funding supported 106 households within our three beta territories of Los Angeles, San Bernardino/Riverside, Contra Costa/Solano/Alameda County areas (\$333k per area). These funds depleted within four months of the program roll out.

During the 2022 Fall business meetings, HAF allocated from their funds another \$500,000 for distribution on April 1st, and this was approved by SPF during the 2023 Winter business meetings, with the understanding that we would expand to all fifty-eight counties within California. The program opened again in April 2023 and funds depleted at the end of August 2023. The 2023 funding of \$500,000 from HAF funds was allocated equally between Northern and Southern California. In these latest allocations more than ninety-eight households have already closed escrow with another four households reserving funds to close in the next month.

Then in 2024 Winter Business Meeting an additional Million dollars was included in a pre-approved budget item from C.A.R. Leadership allocated funds, with the understanding that, we would need to find outside partners for this funding and support to continue.

This has brought C.A.R.'s overall investment to \$4 Million Dollars and assisted over 411 households. We then started communication with you BMO to consider both a grant to keep this Closing Costs Assistance program immediately and consider a loan program to adjust or assist with adding Silent 2nd TD to enable lowering the down payment needed by each household allowing for immediate equity in the home acquisition.

Impact

A total of 413 **Households** achieved homeownership with investments of \$4.0 million thus far. \$3.0 million initial investment by C.A.R. and \$1.0 million from HAF's internal reserves.

Geographic Breakdown:

Northern California

RNHS \$332,890 issued to 35 Households in 2022

NPHS \$500,000 issued to 48 Households in 2023

NPHS \$500,000 issued to 50 Households in 2024

NPHS \$500,000 issued to 51 Households in 2025

Total of 184 Households in NorCal

Since the expansion statewide, we have been able to have fundings now in 23 of 40 northern counties, instead of 3.

Southern California

NHSLA \$333,300 issued to 34 Households in 2022-2023

NPHS 333,333 issued to 42 Households in 2022- 2023.

NPHS 500,000 issued to 51 more households in 2023

NPHS 500,000 issued to 51 more households in 2024.

NPHS 500,000 issued to 52 more households in 2025.

Total of 230 Households in SoCal

Since the expansion statewide, we have been able to have fundings now in 8 of 10 Southern counties, instead of 3.

Thus far our Households are made up near 95 percent person of color, 2% LGBTQ+ and less than 3% disabled.

The number of inquiries into the statewide program averages 75 a week, and we do want to maintain the interest and support it with additional available funds. As homebuyers prepare to enter the market with pending lower rates, knowledge of program availability and availability of homes. Recent economic reports still indicate there are more than 1.1 million qualified homebuyers in California, most of them

from underserved communities just needing additional funds for closing costs to be able to obtain homeownership.

We anticipate with the additional investment we anticipate at least 6 months to distribute an additional \$1,000,000, as we provide needed funds for buyers to overcome the obstacles in their way to achieving their goal of homeownership. Closing costs are often a barrier to many of our first-time buyers. In many cases first-time buyers are not even aware of the need for closing costs until it is mentioned to them by their lender or counselor. That is why our program coincides with our continues messages from C.A.R. and the partnership with the STEPS initiative, we continue to educate REALTORS® assist their clients. Many just assume they need to save up for the down payment. By having programs like the Pathway to Homeownership, buyers can overcome the growing challenges of becoming homeowners.

Pathway to Home Closing Cost Assistance Grant Program Key Timeline indicates 411 households helped thus far with our goal for another 3 to fund 1 in the north and 2 in the south.

