

MODESTO BEE

Big down payments keep Valley families from buying homes. These programs can help

September 3, 2026

By: John Holland

Stanislaus County's median-priced house, about \$490,000, would require a \$98,000 down payment at the typical 20%. Most families looking to buy do not have that kind of money on hand. But there is hope: Many lenders offer substantial down-payment assistance to borrowers within income limits.

A common grant is up to \$32,837 to qualifying first-time buyers who contribute at least \$8,000 themselves. This is part of the Affordable Housing Program at the Federal Home Loan Banks. Borrowers can make up to 80% of their county's median annual income. That cap is \$76,000 for a family of four in Stanislaus. Buyers also can get help from nonprofits such as the Stanislaus Community Foundation. It is taking donations for the new Housing Solutions Fund. The programs were highlighted at an Aug. 28 event at the McClure Meadows affordable housing development in southeast Modesto. It will have 38 low-cost houses, with other subsidies besides the down-payment assistance. McClure Meadows will have three- and four-bedroom houses. The first 17 could open in February and the rest within two years. Interested people can contact Self-Help Enterprises of Visalia, one of the project partners, at 559-802-1781 or gateway@selfhelpenterprises.org. It is developing the site with fellow nonprofit Stanislaus Equity Partners.

The mortgages will be through Mechanics Bank, Tri-Counties Bank and Valley First Credit Union. At the event, they gave out information on down-payment assistance throughout their services areas. McClure Meadows also has state and federal support. The latter includes income tax credits for investors in exchange for reduced mortgage payments. They were arranged by U.S. Bank. "We're helping expand affordable homeownership opportunities for Modesto families," said Robert Soria, a vice president at the bank. "This is a program that essentially helps reinvest in the community." "We're trying to build generational wealth." Down payments are not a burden for families with large incomes and perhaps cash from selling a previous home. Saving for a down payment could be tough for lower-earning families after paying monthly expenses. They include rent, which does not build equity in a home the way mortgage payments do.

"We're trying to build generational wealth," said David Becerra, senior project manager for Self-Help Enterprises. He was speaking just before the Modesto City Council approved McClure Meadows last November.

The federal Affordable Housing Program reported about \$632 million in down-payment assistance and related efforts in 2025. This was matched by about \$507 million donated by banks, foundations and other sources. It is a tiny slice of the real estate market but could bridge the gap for some families.

The money comes from a 10% assessment on net earnings by the Federal Home Loan Banks. This is not a government program but rather a network of 11 regional institutions administered by commercial banks, credit unions and other lenders.

More examples of down payment assistance in and near Stanislaus County:

- Mechanics Bank offers the common \$32,837 grant, requiring at least \$8,000 from the buyer. Details are at mechanicsbank.com.
- Tri-Counties Bank has the same program as Mechanics. More information is at tcbk.com.
- Valley First Credit Union has separate programs for low and moderate incomes. The former provides up to \$30,806 to home buyers making up to 90% of the median income and contributing at least \$7,500 themselves. The latter offers up to \$50,000 for earners up to 140% of the median, who must kick in at least \$10,000. More details are at valleyfirstcu.org.

Why are Stanislaus houses in short supply?

Home construction is still recovering from the mortgage crisis of 2008. Prices also can be bid up by commuters to well-paying jobs in the Bay Area.

A family must make at least \$122,000 a year to afford the median-priced home, the California Association of Realtors said. That update, as of June, showed a median mortgage payment of \$3,050 a month. Many new homes are well above the median of close to \$500,000. A small counter-trend is happening with units that are the size of apartments but stand alone on their lots. Prices start at about \$375,000 at the new Fifth Edition community in Turlock. Riverbank has approved 27 small houses along Claus Road that the developer hopes to keep under \$400,000. Both projects are market rate.