

Realtors® Win Push for Home Buyer Tax Credit Extension

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Home buyers across the country are celebrating Congress' decision to extend the \$8,000 first-time home buyer tax credit through April 30. Adding to the good news, the credit has also been expanded to include a \$6,500 credit for current homeowners, provided they have lived in the home they're selling for five consecutive years of the past eight years. If they have a binding contract on or before that date, they will have until through June 30 to close the transaction. The REALTOR® Association of Southern Minnesota praised the decision as the right measure to encourage continued economic stabilization.

“As leading advocates for housing and real estate issues, Realtors® understand that while present home sales have been rising recently, they are far from normal and well below the activity of the pre-bubble years,” Jim Pfau, Association President, said. “The tax credit should continue to reduce inventory to acceptable levels.”

Income limits for eligible home buyers have also been expanded. Single buyers with an income of up to \$125,000 qualify, as do married couples with a combined income of up to \$225,000. However, the purchase price of the home cannot exceed \$800,000. In addition, buyers are required to attach documentation of their purchase to their tax return.

According to data from the National Association of Realtors® and the Internal Revenue Service, the tax credit is working very well. NAR economists estimate it has contributed approximately \$22 billion to the general economy and more expect more than 2.3 million first time buyers to take advantage this year. Each home purchase generates about \$63,000, the equivalent of about one new job.

Economists also attribute the tax credit to the significant upsurge in first-time buyers this year. The *NAR 2009 Profile of Home Buyers and Sellers* reports first-time home buyers

reached the highest market share on record over the past year. Entry-level buyers accounted for 47 percent of all home sales, up from 41 percent of transactions in last year's study. Pfau says first-time buyers are playing a major role in ensuring a real estate and economic recovery.

“First-time buyers are taking advantage of the once-in-a-lifetime opportunities in the current market, investing in their future through homeownership.” He said. “These investments are in turn reducing housing inventory and helping to stabilize home prices, which is good for the future of our entire economy.”