

## Now is Not the Time to Let the Tax Credit Expire

By Gary Rogers, Massachusetts Association of REALTORS® 2009 President

Now is NOT the time to let the \$8,000 Federal first-time homebuyer tax credit expire on December 1. While the Oct. 1 *Boston Globe* editorial is correct in saying that the tax credit has kept the “ice-cold housing market from freezing over entirely,” the market is still cool and could easily be put back on ice, chilling the entire economy. Remember, this market stimulus directly helps real people!

We are fortunate here in Massachusetts. Our housing market is different than the rest of the country. We were not a victim of speculative over-building as in Arizona, California, Florida, and Nevada. And while foreclosures are high, about 97% of Massachusetts households are NOT in foreclosure (according to the Mortgage Bankers’ Association) and foreclosure sales still are just a small percentage of housing sales. Even in the worst-hit communities, we are not experiencing entire sub-divisions becoming foreclosure ghost towns. However, the market is by no means stable. And while prices are lower than in the boom years, many Massachusetts communities are still more expensive than other areas of the country.

REALTORS® from across the state say that the tax credit has significantly increased monthly sales, but only twice since last December. One major factor holding us back is the short supply of non-distressed properties for sale. While many cities and states around the country have excess inventory to sell before those markets become stable, it is somewhat the opposite here. We’ve had 17 straight months of year-over-year decreases

in the number of homes for sale. If we don't do anything to get more homes on the market, we'll continue to see prices go up and inventory go down. This will not stabilize the market.

The tax credit needs more time to work at getting the move-up buyer back into the market. Homeowners, who are on the fence about selling, need to feel confident about the market before they decide to sell their home. The tax credit is building that confidence, but only if it is extended, especially if Congress and President Obama make the credit available for all buyers (not just first-timers).

The housing market can continue to lead this economy out of recession. An estimated \$63,000 is pumped into the communities when a home is sold, including moving expenses and purchases of appliances, furniture, home repairs, landscaping etc., which benefit service sector jobs and retail businesses that the state desperately needs. However, this can only happen if homes are bought and sold.

The tax credit won't last forever, but it needs more time to finish what it has started and continue to directly impact and benefit the public. For all of us, Congress must extend and expand the First-Time Homebuyer Tax Credit.