

Tax credit handy for home buyers

First-timers find \$8,000 a big help – if they know of it

BY EMILY RILEY
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Marcia Washington recently celebrated the purchase of a new town house, an investment she made with a little help from Congress.

Washington bought the McMullen Square unit in Wilmington, taking advantage of an \$8,000 tax credit for many first-time home buyers.

A sales associate told Washington about the tax credit.

"I was definitely glad to hear about it," she said.

The current tax credit, a provision of the American Recovery and Reinvestment Act of 2009, is available to first-time home buyers, defined by the IRS as someone who has not owned a principal residence during the three-year period prior to the purchase. Unlike last year's \$7,500 tax credit, the \$8,000 does not have to be repaid by home buyers.

"I still think I would have bought the home even without the extra money, but having it really helped," she said.

The tax credit comes with certain stipulations, including a deadline. Purchases must be made between Jan. 1, 2009, and Nov. 30, 2009, to be eligible and buyers must remain on the property for three years, or else the tax credit must be repaid. Single incomes may not exceed \$75,000; double incomes may not exceed \$150,000.

The real estate market has been among the hardest-hit industries in the current recession. Maura Glenn, director of marketing for Benchmark Builders, said the company's McMullen Square properties and other developments are doing well.

"It's an incredible time to be a first-time home buyer and the federal stimulus plan is an added incentive to take advantage of," Glenn said. "That money is available to so many people but not a lot of people know about it."



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Real-estate agent Sharon Tyrell shows off a model town house at McMullen Square in Wilmington. An \$8,000 tax credit is being used by many first-time buyers to get into a new home.

Agents and developers elsewhere are attributing an up tick in sales to the tax incentive, too. In five northern Vermont and New Hampshire counties, homes sales are up 5.1 percent in the first quarter of this year compared with the first quarter of last year.

"We're busier than we've been in the past two years," said Lori Wiggett, Affordable Education, Housing and Development Home Ownership director in Littleton, NH. She agrees part of the increase could be attributed to the \$8,000 first-time home buyer tax credit.

"I know folks in the real estate industry are using that to encourage buyers to get moving now," Wiggett said.

The McMullen properties are what Glenn calls "work-force housing," a term used to describe the economic and proximal criteria their clientele look for in real estate purchases. Locating their development close to major roadways and maintaining a price

point between \$215,000 and \$245,000 attracts buyers such as Washington, even in a recession.

"We're seeing a lot more traffic lately," Glenn said. "People are starting to feel more secure and less fearful about the market. There are many signs of improvement, which boosts consumer confidence to take the next step and put their toe in the water to see what they can buy."

Washington put her toe in the water in February and has been living in her new home since March 27. As far as decorating goes, Washington plans on making a few minor changes to her new surroundings.

"I'm just going to do a few cosmetic things – just a little painting and maybe a ceiling fan," she said.

This story includes material from the Associated Press and Gannett News Service.