



An Article Of Interest...

Housing Tax Credit Working, So Keep Momentum Going, NAR Urges Congress

Consumers are just starting to see the first glimmers of a bright future for the housing market and the overall economy. It's up to Congress to make that glimmer a reality by building on the momentum created by the \$8,000 home buyer tax credit.

One of the key ways to do that is for Congress to extend the home buyer tax credit, said [National Association of Realtors® First Vice President Ron Phipps](#) today to the Senate Banking, Housing and Urban Affairs Committee during a [hearing](#) on "The State of the Nation's Housing Market."

"The data on the present home buyer tax credit show that the credit has had its intended impact—sales have jumped in recent months to a projected 5.1 million for the year and housing inventory has been trimmed, thus stabilizing home prices noticeably," Phipps said. He also pointed out that each home sale generates approximately \$63,000 in additional economic activity, providing a tremendous economic boost to the national economy.

"But it is a fragile recovery, and now is the time to build on home sales momentum by extending the tax credit throughout 2010 and expanding it to all home buyers," he said. The present credit, due to expire on November 30, cannot help new purchasers now who write a contract today—they won't be able to close before the deadline, and will lose out on the credit, said Phipps. "Without congressional action now, the market and our national economy may freeze again—possibly as soon as this month."

Phipps called upon Congress to take action on a number of additional fronts to strengthen the recovery. First, make the FHA and Fannie Mae/Freddie Mac loan limits permanent; these are set to expire on December 31. "Maintaining current loan limits would ensure that families have access to low-cost financing to purchase homes and can refinance problematic loans into safer, more affordable mortgages," Phipps said.

In addition, Congress should continue federal government involvement in the secondary mortgage market. “Without the government’s involvement in the secondary mortgage market, market participants will have no incentive to reach out to lower income, creditworthy consumers. We must ensure that the housing market works in all markets and at all times, and that mortgage capital is provided to all potential and qualified purchasers in a way that promotes sustainable homeownership,” said Phipps.

Congress must also adequately address:

- The lack of liquidity in the jumbo mortgage market;
- Tight credit in the commercial real estate market;
- The Home Valuation Code of Conduct’s unintended side effects that are hindering sales;
- Increased funding to help FHA upgrade their technology and for Congress to ensure that funding be included in the final version of the FY2010 appropriation for HUD;
- Administration incentives and uniform procedures for speeding short sales under a new Foreclosure Alternative Program; and
- The potential for significant spikes in interest rates or disruptions to the flow of mortgage capital as the Federal Reserve unwinds the mortgage-backed securities purchase program to ensure that this does not happen.

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