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Washington Realtors praise Congressional approval of housing tax credit expansion

OLYMPIA, Wash. — The Washington Association of Realtors® today predicted that expanding the tax credit for home purchases will create jobs, spur economic activity, and enable more Washington citizens to become homeowners. The U.S. Senate and House approved the measure this week; President Obama signed the bill today.

As Chair of the U.S. Senate Housing Appropriations Committee, Sen. Patty Murray was a co-sponsor of the legislation and fought for its inclusion in the unemployment benefits extension bill.

“As we all know well, the speed of our overall economic recovery depends on the stability of our housing market,” Sen. Murray told Realtors late yesterday. “On Wednesday, the U.S. Senate took another critical step to bolster our housing market by passing legislation to expand and extend the homebuyer tax credit.”

An amendment to H.R. 3548, legislation that extends unemployment benefits sponsored by Rep. Jim McDermott (WA-7), the measure will move the sunset date of the \$8,000 tax credit from November 30 of this year to April 30, 2010. To encourage more move-up buyers, Congress also expanded the policy to include a \$6,500 tax credit for people who have owned a home for five consecutive years in the last eight years and would like to buy a primary residence.

Nearly 5,000 Washington Realtors sent letters to members of Congress urging the extension and expansion of the program, according to Washington Realtors 2009 president, Greg Wright.

We know that recovery of the economy all starts with the recovery of the housing market, so our highest priority as an organization has been to get the real estate market going again," said Wright, a

Chelan Realtor. "The tax credit has been an extremely effective strategy for reviving the housing market, creating jobs, and sparking activity across the economy."

According to an estimate by the state's chief economist, Arun Raha, the tax credit has directly prompted about 7,000 home sales that would not otherwise have occurred. In Washington state, every 1,000 home sales to first-time buyers generates \$112.4 million in economic activity. Their purchase sets off a chain reaction of sales in real estate and throughout the economy. The first buyer purchases a home; the seller becomes the next buyer, and so on. Based on experience, 7,000 home purchases by first-time buyers could generate another 5,000 sales in Washington and produce badly needed economic activity.

"We are so fortunate that members of our congressional delegation didn't let this opportunity die," said Wright. "They went after a strategy that's already worked for Washington homeowners and our economy. Their leadership is truly making a difference in all Washington communities."

Wright added that the tax credit has generated nearly \$107 million in tax revenue through those 7000 sales to fund badly needed state services. Every first-time home buyer home sale generates \$11,100 in state revenue a year through the real estate excise tax, business and occupations tax, and sales tax. Seven thousand first-time home purchases generated nearly \$80 million in state revenue and \$27 million in revenue for local government, which would not have been there without the credit.

According to research by the National Association of Realtors (NAR), home prices have stabilized in many areas and even shown modest gains in some markets. NAR's most recent monthly housing survey shows that in September 2009 the inventory of homes for sale decreased again to a 7.8-month supply. A "normal" housing inventory, one that reflects a stable market, is a 6-month supply.

The Northwest Multiple Listing Service this week reported a 63 percent jump in pending sales during October compared to the same month a year ago, a gain many brokers attribute to a tax credit that was set to expire at midnight on Nov. 30. They also reported that by the end of October there has been a 17.4 percent drop in listings from the same month a year ago.

For more information or to schedule an interview with a Realtor or homebuyer, please contact Barb Lally, 360.561.4848.

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