

Good News for New Home Buyers and the California Economy

It is a home buyers market and now is a good time to go shopping.

With the recent signing of Senate Bill 15, the Governor has created a wonderful opportunity for buyers of new homes. Under the provisions of the bill, a buyer may receive up to a \$10,000 state tax credit for purchasing a new, never occupied home on or after March 1, 2009.

There are no income limits to qualify, but the aggregate tax credit under the program is limited. Tax credits will be given on a first come first served basis, so interested buyers are encouraged to move quickly to take advantage of this unique State incentive.

It is worth noting that while SB 15 has the potential of helping over 10,000 buyers get into a new home, it will accomplish much more.

The recent housing slump has slowed new home construction to the lowest level in over twenty-five years. Creative solutions to the housing downturn that encourage new home construction and fosters an increase in demand for new homes, leads to economic benefits that reach beyond the housing market. And SB 15 does just that.

As new home sales increase, the demand for related goods and services, including construction materials and jobs, will also increase. In addition, increased sales will help builders make neighborhoods complete and spur demand which will help stabilize housing prices for everyone who owns a home.

Also, newly constructed homes means more revenue for local governments in the form of additional or newly assessed property on the tax roles.

I think we all understand that the housing market recovery entails a process and no one thing will fix the economy or the housing market. While SB 15 is not a cure-all, it is a step in the right direction.

I encourage those interested in purchasing a new home to go out and start their shopping. With incentives like this in place coupled with the fact that housing affordability has reached historic levels, now is the time to make a great deal on a new home.

For more information on the tax credit and application procedures go to the Franchise Tax Board's Web site at www.ftb.ca.gov.

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