

Perriello Promotes Homebuyer Credit

Brian McNeill
Daily Progress.com
July 14, 2009

Brent Yowell, a UPS employee and National Guard veteran, had long wanted to become a homeowner, but worried that he would struggle to afford buying a house in the Charlottesville region.

An \$8,000 tax credit for first-time homebuyers, however, convinced Yowell to make an offer on a 1,440-square-foot townhouse in the Old Trail community of Crozet.

“I didn’t want to keep paying rent and throwing money away,” Yowell said.

Yowell, 30, closed on the property at the end of April. The tax credit, he said, gave him enough cash to buy furniture and appliances for his first home.

“It worked out great,” he said. “It helped me from going into debt or sitting on milk crates.”

Yowell told his story Monday morning at an event organized by U.S. Rep. Tom Perriello, D-Ivy.

Perriello wanted to highlight what he sees as the success of the first-time homebuyer tax credit, which was included in the \$787 billion federal economic stimulus package approved earlier this year.

Perriello voted in favor of the stimulus measure, officially known as the American Recovery and Reinvestment Act of 2009.

As evidence, Perriello pointed to last week’s report by the Charlottesville Area Association of Realtors that showed a significant increase in sales of homes priced below \$300,000.

“There are a lot of signs of hope right now in the housing market, especially in the below-\$300,000 price range,” he said.

According to sales data compiled by CAAR, there were 950 homes sold between Jan. 1 and June 30 in the Charlottesville area. Of these, 629 — or 66.2 percent — were homes that sold for less than \$300,000.

Real estate agents point to the first-time homebuyer tax credit and attractive mortgage rates as the leading causes behind the recent spike in activity seen in the market’s lower range.

“Two-thirds of homes sold were for under \$300,000,” said Michael Guthrie, president of CAAR and managing broker of Roy Wheeler Realty Co. “You gotta believe that the tax credit has a lot to do with that. ... Without the tax credit, this market would look a lot worse than it does.”

Yowell, who served in Afghanistan and at Guantanamo Bay as part of the Virginia Army National Guard, said the tax credit, an attractive mortgage package from the U.S. Department of Veterans’ Affairs and a secure job with UPS all combined to make this year the time right to buy his first home.

Yowell received his \$8,000 tax credit check two weeks ago, having submitted an addendum to this year’s tax filing.

To qualify for the tax credit, the homebuyer must not have owned their primary residence within the past three years. For married taxpayers, neither spouse may have owned their home in the past three years.

The tax credit is equal to 10 percent of the home's value, up to \$8,000. The credit carries an income limit of \$75,000 for individuals and \$150,000 for married couples.

The tax credit is scheduled to expire Nov. 30. Perriello said lawmakers might decide to extend the measure, depending on how the market looks toward the end of the year.

"It's something we'll look at down the road," Perriello said. "This is something that we've had very positive feedback on. We hope that the housing market will pick up more momentum by the end of the year."

The recent increase in sales in the housing market's lower end is helping to reduce inventory, Guthrie said. However, he added, many of the properties available for \$300,000 and less are vacant homes, meaning that such sales do little to stimulate the "move up" market of more expensive homes.

And overall, home sales in the area and nationally continue to struggle. Sales in the Charlottesville area for the first half of this year declined by 27 percent compared to same period in 2008. Rising unemployment and shaky job security are seen as main obstacles to more possible sales.

On a positive sign, Guthrie said, is word that jumbo mortgage rates are coming down, possibly leading to more sales of homes in the upper reaches of the local market.

"If that continues, we'll have affordability in the move-up market," he said.