



Home builders expect boost from state tax credit

Program is projected to help 10,000 buyers

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Online: See the California program at ftb.ca.gov and the federal program at federalhousingtaxcredit.com

A \$10,000 state tax credit will benefit a projected 10,000 new-home buyers starting Sunday and, in turn, could help beleaguered home builders, the California Building Industry Association said yesterday.

The measure, costing \$100 million over the next three years, was included in the budget compromise passed by the Legislature and signed by Gov. Arnold Schwarzenegger last week.

“What we've been missing in the market the last couple of years are people,” said Tim Coyle, senior vice president for government affairs of the builders group.

“Already, with the news of this tax credit being authorized and signed into law last Friday, we're beginning to see interest in people who we need desperately to return back to housing markets where they haven't been for so long,” Coyle said.

Lane Marceaux, president of Shea Homes' Northern California division, said home building plummeted from nearly 209,000 units in 2005 to about 64,750 last year and was projected to fall an additional 12.6 percent this year without the tax credit program.

The credit is available to anyone who closes escrow by March 1, 2010, on a home that has never been occupied and who promises to live in it at least two years. The benefit would be limited to 5 percent of the price and no more than \$10,000. It would be paid in equal amounts over three years but never exceed the tax owed.

It differs slightly from the \$8,000 refundable federal tax credit included in President Barack Obama's economic stimulus package. That program, retroactive to Jan. 1 and lasting through Nov. 30, applies to first-time buyers on a sliding-income scale, but includes all types of home purchases.

It requires a three-year commitment to occupy the home, is payable in one lump sum and, unlike the state credit, can exceed the tax owed to the IRS.

But first-time buyers in California could potentially receive an \$18,000 credit if they meet both state and federal limitations.

Steve Doyle, president of Brookfield Homes' San Diego/Riverside division, said he hopes to increase production 15 percent to 20 percent beyond the 150 units planned this year if the tax credits generate increased

sales.

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