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Joe Bianco sold this house on South 18th Street thanks to the first-time homebuyer tax credit. Metro: Rikard Larma

Time's almost up for homebuyer tax credit

PHILADELPHIA. With the federal homebuyer tax credit set to expire Friday, some would expect local real estate agent Joe Bianco to be scrambling to scoop up potential last-minute buyers. Instead, Bianco is confident he won't see a doomsday-like decline in sales.

26.9 PERCENT:

The increase between sales of new single-family homes in March compared to February, representing the biggest jump since 1963.

"I think South Philly is a pretty hot market and think it's going to be pretty steady the rest of the year," said Bianco, co-owner of Alpha Realty Group in South Philadelphia.

About 400,000 sales nationally have been attributed to the credit since its inception last year and extension last November. Buyers have to sign a sales sheet by Friday and close by June 30 to get in on the action.

Some experts predict that activity will increase before the deadline, but slightly tail off after the credit and spring buying season close, although it won't be known until after June.

"I think we'll see a spurt in sales and prices this spring and that will level off and remain sluggish for the rest of the year," said Econsult

Corp. vice president Kevin Gillen. "I think the tax credit really helped to initially stabilize the housing market...but as it wore on, we sort of hit the point of diminishing returns."

While some in the housing industry would like the Obama administration to extend the credit again to further spur sales, expert Kevin Gillen said there's plenty reason not to.

Gillen noted that the credits have used millions of taxpayers' dollars – \$8,000 per first-time homebuyer and the \$6,500 credit created this year for other buyers – and likely accomplished its goal to stabilize the once-falling market.

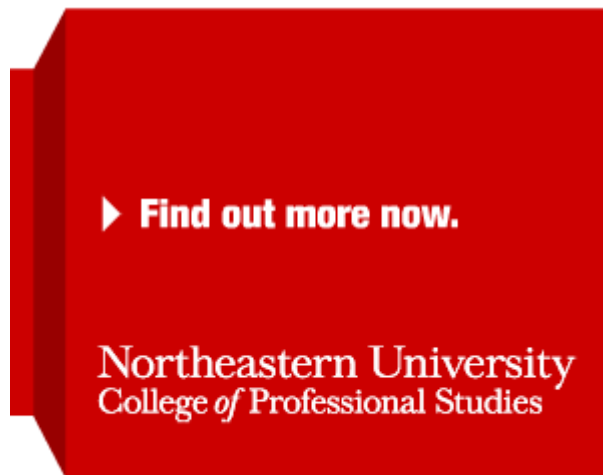
"If I thought that major price declines were going to resume, I might be in favor of it," he said. "Since I don't think extending it would do a whole lot more good, I don't think there's a strong policy case" for extending it.

Solomon D. Leach

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