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Congress Hears First-Hand Accounts of Effectiveness of Home Buyer Tax Credit

House Small Business Committee Receives Pleas for Temporary Extension and Expansion of Credit in Testimony from Fix Housing First Member; Statements from Coalition Leadership and Leading Economist

Washington, DC (PRWEB) October 7, 2009 – Today, the US House of Representatives Committee on Small Business received first-hand accounts on the effectiveness of the first-time home buyer tax credit, including direct testimony from a member of the [Fix Housing First Coalition](#), Pamela Volm. Volm, President of Annapolis Contracting, provided Committee Members with the story of her small business, its struggles during the housing crisis, and the recent [positive impact of the home buyer tax credit](#).

“I have been in the construction business since 1992. I founded my company in 2003, and we specialized in the framing of multi-family housing in the Maryland area until the downturn,” said Volm. “Our small company started out with 31 employees and grew to 37 at our peak, but when the bottom fell out of the housing market in 2006, Annapolis Contracting went into survival mode. The multi-family work that had grown the company was hardly available.

“Clients cancelled jobs, condensed their subcontractor base, banks pulled funding, and the small – but successful – firm we had built over the past six years faced the critical question of whether we could even survive. We were forced to lay off 17 of our employees, and by the time 2008 came to a close, many small businesses like mine were fearful that they would not make it through 2009.”

Volm went on to illustrate how the first-time home buyer tax credit made a significant difference for Annapolis Contracting over the past several months. “While we started this year fearing for our livelihoods, in March, the first-time home buyer tax credit gave oxygen to our ailing residential marketplace. The passage of the tax credit represented the proverbial light in the darkness, as it jump-started the market, pulling buyers off of the sidelines and getting capital flowing in this critical segment of our economy. As a hard-working member of this very fragile industry, I am here to make clear that letting the first-time home buyer tax credit expire would be disastrous.

“The market is by no means recovered yet, and in fact, it is the first-time home buyer tax credit that is the only thing driving us all towards stabilization,” continued Volm. “With a temporary extension of the tax credit, new buyers purchasing homes would mean millions upon millions of dollars injected into local

businesses and the communities in which they are located. That means more jobs, more economic stability, and even more tax revenue for local governments to get back on healthy financial footing. I'm not an economist – but as a hard-working small business person – that sounds like exactly the kind of economic stimulus our country sorely needs right now.”

Volm concluded her testimony with a plea to Congress to temporarily extend and expand the tax credit, so small businesses like hers could continue to leverage recent momentum. “I hope to never have to live through another time like the past couple of years,” concluded Volm. “On behalf of the millions of businesses all around our nation just beginning to feel the momentum towards a stabilized housing market and a secure economy, I urge this Committee and Congress to temporarily extend the tax credit rather than risk undoing all the good it has achieved.”

The House Committee on Small Business also received statements from Fix Housing First Coalition Executive Director Ken Gear, and leading housing economist, Dr. Kenneth Rosen.

“The tax credit is opening the door of homeownership for millions of first-time buyers and giving them the opportunity to benefit from historically low interest rates and affordability,” said Gear in his statement. “Bringing all of these buyers into the market is reducing inventories and stabilizing prices. This is particularly true in states hit hardest when the market imploded.

“The US Treasury reports the tax credit has been particularly effective in states where the housing crisis reached the most critical levels, with California, Texas and Florida as the top three states where home buyers are taking advantage of the credit. And that success has spread beyond home buyers to benefit everyone connected to the housing sector - movers, suppliers, retailers, manufacturers, realtors, etc. – spurring much of the gradual stabilizing of the economy in recent months.”

Gear continued by noting the challenges still facing the housing market and the economy overall. “The headwinds are still blowing strongly against a stabilized housing market and a strong US economy – unemployment continues to rise, credit is still tight, and millions of families still face foreclosure.

“In truth, the only thing incenting the market right now is the home buyer tax credit. Unless Congress acts, the tax credit will expire on November 30, halting the housing recovery and slowing the economy's momentum just as it is beginning. In fact, without a temporary extension and expansion of the credit, the fourth quarter of 2009 could look very much like the fourth quarter of 2008.

“To prevent a devastating repeat of that critical time, the Fix Housing First Coalition urges Congress to temporarily extend the current \$8,000 tax credit to September 30 of 2010 and make it as broad a possible including an expansion of the current income limits to allow additional working class families to take advantage of it. “

Rosen reiterated the findings of his study released last week, [Examining the First-Time Home buyer Tax Credit](#), which found that the tax credit had thus far been a strong success, but needed to be temporarily extended and expanded to pave the way for true stability in the market and the economy.

“Of the multitude of provisions in the stimulus package, it is clear that the tax credit stands out as a stellar success,” said Rosen in his statement. “The first-time home buyer tax credit has served to stimulate demand for homes, particularly among low and middle-income families. It is proving effective in reducing the supply of homes, as the credit has been the primary cause – buffeted by increased affordability – of the return of buyers to the housing market over the past several months.

“Beyond quantifying the strong success of this credit, our study clearly demonstrates the urgency of passing a temporary extension and expansion of the credit to prevent a halting of the housing recovery and a slowing of the economy’s new-found momentum. Right now housing is one of the only components driving our economic recovery, and the tax credit is largely responsible for housing’s momentum.

“But in less than two months, the tax credit’s expiration would likely cause a relapse in the housing market that the nation’s fragile economy could sorely afford. Housing is an unusually dynamic industry with home purchases stimulating activity beyond the single transaction to extend into retail, manufacturing, and even provide fiscal benefits to help local governments get back on healthy financial footing.

“The first-time home buyer tax credit has proven to be an effective tool in stimulating demand and reducing supply. Given current conditions in the housing market, this program should be temporarily extended and expanded.”

Fix Housing First Coalition is a diverse group of over 25,000 housing stakeholders – including homeowner and community groups, home builders and manufacturers – dedicated to addressing the root cause of our economic troubles. The coalition is advocating for an extension and expansion of the highly-effective first-time home buyer tax credit. For more information, visit www.fixhousingfirst.com or [follow Fix Housing First on Twitter: @fixhousingfirst](https://twitter.com/fixhousingfirst).

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