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# California's \$100 Million Credit For New Homes Almost Gone

## Article



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By Dawn Wotapka

Of DOW JONES NEWSWIRES

NEW YORK (Dow Jones)--California's tax credit for new homes is going, going almost gone.

That means consumers looking to tap the credit - up to \$10,000 over three years - better act fast.

To aid the battered state's economy - and, at the same time, whittle bloated inventory - the Golden State's leaders set aside \$100 million for qualified buyers of new homes.

Demand has been swift since the first-come, first-served funds became available for buyers on or after March 1. As of June 10, more than 9,000 applications totaling \$88.3 million have been received, according to state's Franchise Tax Board.

Do the math: Just a few million remain. And only 12,000 applications will be accepted. That makes waiting a gamble: It's impossible to know how long the money will last. From May 27 to June 3 alone, roughly \$10 million was claimed.

"If you're going to buy a new house in California, you better do it now," said David Crowe, chief economist with the National Association of Home Builders.

California's success is due, in part, to the fact that some buyers can combine it with the federal tax credit offering up to \$8,000 for qualified first-time buyers. Interest rates have also been near record lows, though they've recently ticked upward.

"I'm not saying rush out and make an exuberant purchase, but if you've been cautiously waiting, it may be better now than six months from now," said Russell T. Valone, president and chief executive of MarketPointe Realty Advisors. "If you want someone to give you a gift of 8- to 18-thousand dollars, you need to be in the market applying for it."

Not surprisingly, builders and other real estate types are trying to extend the credit, but the state's financial turmoil makes that unlikely.

And not everyone is a fan. There's been some concern that the effort encouraged the sale and construction of new homes - which some consider one of the last things one of the states hardest-hit by the housing crash needs.

"It's hard to imagine that there's a lot of demand for new homes when there's tens of thousands of foreclosures," said Christopher Thornberg, with Beacon Economics, a Los Angeles-based research firm. "We should be focusing on getting that supply of homes diminished. It's those empty homes that turn into blight and crime."

-Dawn Wotapka; Dow Jones Newswires; 212-416-2193; dawn.wotapka@dowjones.com

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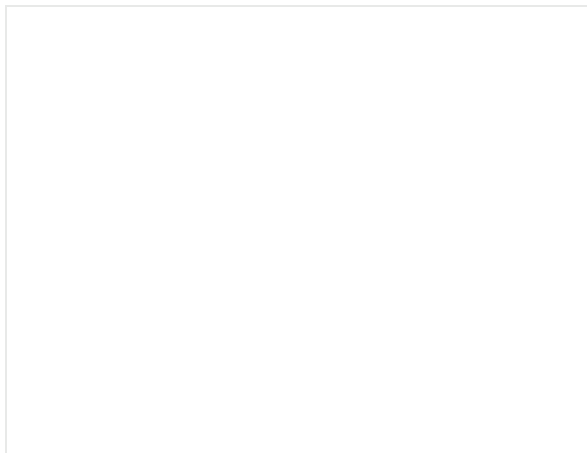
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