

Los Angeles Times | BUSINESS

LOCAL U.S. WORLD BUSINESS SPORTS ENTERTAINMENT HEALTH LIVING TRAVEL OPINION MORE


MONEY & CO. TECHNOLOGY PERSONAL FINANCE SMALL BUSINESS COMPANY TOWN JOBS REAL ESTATE AUTOS

IN THE NEWS: GOLDMAN SACHS | MAYWEATHER-MOSLEY | ECONOMIC GROWTH | IMMIGRATION MARCH | OIL SPILL | LAKERS-THUNDER

REPLAY

Great service. Great people. Great fares.

Visit cathaypacific.com/us



Expiring federal tax credit sets off rush to buy homes

Incentives that can total as much as \$18,000 for first-time buyers in California if agreements are reached by Friday, April 30, have prompted a shopping boom in the Southland.



Keith Alvarez, left, and his partner, Levon Aharonyan, stand in front of the four-bedroom, two-bath home they are buying in Van Nuys. They are racing to close by a June 30 deadline for a federal tax credit. They plan to use the money to fix up the house. (Genaro Molina / Los Angeles Times / April 29, 2010)

as of 04:02PM ET 4/30/2010

DJIA	11008.61 -158.71
NASDAQ	2461.19 -50.73
S&P500	1186.68 -20.1

QUOTE:

advertisement

REPLAY

**Great service. Great people.
Great fares.**

Visit cathaypacific.com/us



ADS BY GOOGLE

CODA Electric Vehicle
New 4-door sedan, 90-120 miles and safe with 2010 delivery.
www.CodaAutomotive.com

First Time Home Buyer?
Get a Low Down Payment - Ditech FHA Secure Home Loans, Great Rates
www.Ditech.com

By Alejandro Lazo, Los Angeles Times
April 29, 2010 | 7:18 p.m.

E-mail Print Share Text Size



The expiring federal tax credit for home shoppers has put some froth back in the Southland's real estate market: People are ditching work to search for new digs, plundering savings for down payments and striking as fast as they can to sign contracts ahead of the Friday deadline.

Buyers can get a tax break of up to \$8,000 for first-time purchasers and \$6,500 for some current homeowners if they reach agreements by April 30 and seal their deals by June 30.

California lawmakers sweetened the package last month by passing a \$10,000 credit that kicks in Saturday. Now, some buyers in the state can qualify for as much as \$18,000 in federal and state tax relief if they time their purchases just right.

The dual incentives have created a mind-set reminiscent of the bubble years, particularly among first-timers, who stand to gain the most money.

The Latest | NEWS AS IT HAPPENS

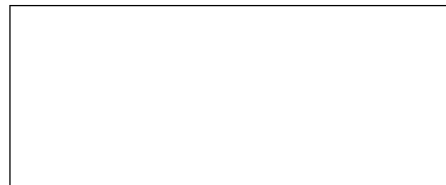
Police warn about street closures and potential traffic problems in anticipation of immigrant rights rally - *L.A. Now* 04/30/2010, 1:09 p.m.

Transparency in the editing process - *Readers' Representative Journal* 04/30/2010, 1:08 p.m.

LeBron James' league-MVP honor pales to Kobe Bryant's rings - *Lakers Blog* 04/30/2010, 1:02 p.m.

Lance Armstrong, girlfriend Anna Hansen expecting another child - *Ministry of Gossip* 04/30/2010, 12:52 p.m.

'American Idiot' doesn't score with Tony Awards - *Gold Derby* 04/30/2010, 12:41 p.m.



"I am looking at properties almost constantly, and it is just kind of a feeding frenzy right now, which frustrates me," said Zeenath Shareef, 30, a Venice Beach renter and finance director for a Santa Monica consulting firm who took half days off to look for a home.

"In my mind, properties are going more quickly, and in some cases for more than what they would normally sell for, because people are in such a rush to buy ahead of this deadline," she said. "I hear people saying, friends of mine saying, 'I have to buy, I have to buy, I have to buy.'"

Los Angeles shoppers opened contracts on 911 houses in March, a 32.2% increase from March 2009, according to data from the California Assn. of Realtors. While that increase was sizeable, it also reflects a rebound from a period last year when the nation was gripped by the financial crisis and talk of a second Great Depression abounded.

In Santa Ana, buyers opened contracts on 190 houses in March, an 8% increase from the same month a year earlier. In San Diego, buyers opened contracts on 721 houses in March, a 7.5% increase from March 2009.

Similar data for April weren't available yet, but real estate professionals said the incentives had added kerosene to the traditionally busy spring season and analysts expect sales and prices to rise in coming months as contracts close.

"The stimulus has worked," said Rick Hoffman, president of Coldwell Banker Residential Brokerage in San Diego and Temecula Valley. "Buyers are confident that we have seen the bottom of the real estate market and that we are on the way back up."

Many economists don't share such optimism and warn that once the effects of the credits wane, sales and prices are likely to drop.

"We had a serious uptick due to the tax credit, but whatever boost that gave us is now at the end," said Dean Baker, co-director of the Center for Economic and Policy Research in Washington. "So I think we will see resumed declines. The only real question is how fast."

The federal tax credit was created in 2008 by the Bush administration as a \$7,500 incentive for first-time purchasers, who were required to repay the money in a series of installments. Congress increased the amount to \$8,000 in February 2009 when it passed the economic stimulus package and waived the repayment requirement. As an initial deadline for the credit loomed last November, Congress extended and expanded it to include as much as \$6,500 for some current homeowners.

"The bulk of the money is going to people who were going to buy anyway," said Robertson Williams, a senior fellow with the Tax Policy Center in Washington. "It is a short-term fix to the market that is going to be reversed to some degree sometime down the road."

In March, California lawmakers approved a credit of as much as \$10,000 for people buying a new or first home. Buyers must claim the California credit over three years.

Despite the criticism that the tax incentives are giving an artificial boost to the market, they do appear to be motivating buyers such as Keith Alvarez, 25, who works in human resources for the reality television company Bunim Murray Productions.

Last December, Alvarez and his partner, Levon Aharonyan, 24, a nurse, grew fed up with paying rent, so they cut back on meals out, worked overtime shifts and filed their 2009 taxes in January to save up for a deposit.

Factoring in the benefits of the federal tax credit, they grew confident they could become homeowners and in March began scouring the market for good deals. Alvarez and Aharonyan were outbid on some properties and didn't bother putting in contracts on others they thought too expensive. The deadline to qualify for the federal credit loomed.

Then, on Wednesday, the couple received the news that their offer of \$300,000 for a short-sale property had been accepted.

The race is now on to close before the June 30 deadline, though their real estate agent, Demetra Kalivas in Woodland Hills, said she was confident her clients would qualify for the two credits worth \$18,000.

Alvarez said he and Aharonyan planned to use the money to rehabilitate the four-bedroom, two-bath house on a quiet, tree-lined street in Van Nuys.

"The carpets are a mess, the tiles need to be redone, the kitchen cabinets are horrible and God knows what was in the refrigerator," Alvarez said. "It needs some work. But what really caught my eye was

24 Hour Newsroom
Where you want it. When you want it.

RSS » Twitter » Facebook »
Mobile » Events » Kindle »
Subscribe » E-Edition » News-letters »

Receive alerts on your mobile phone.
Text **BREAKING** to **52669**.

MOST VIEWED | MOST E-MAILED

Florida Republican Rep. Brown-Waite cites health problems, says she won't seek re-election

Oil from rig explosion hits Louisiana coast

Obama assures Gulf residents federal help is coming

Population growth slows in L.A., California

Nation's GDP grows at 3.2% rate in first quarter

Chief Beck: L.A. won't be guided by Arizona immigration rules

Chevron doubles profit on higher oil prices

Nation's GDP grows at 3.2% rate in first quarter

Arizona lawmakers modify immigration law

&'Cadillac of steam' to ride the rails again

the backyard. The backyard was huge."

alejandro.lazo@latimes.com

Copyright © 2010, The Los Angeles Times

ADS BY GOOGLE

CODA Electric Vehicle

New 4-door sedan, 90-120 miles and safe with 2010 delivery.
www.CodaAutomotive.com

New Vehicle Tax Refund

Buy a New Ford Vehicle and Receive a Special Tax Break in 2009.
FordVehicles.com

RELATED STORIES

POWERED BY **surphace**

From the *L.A. Times*

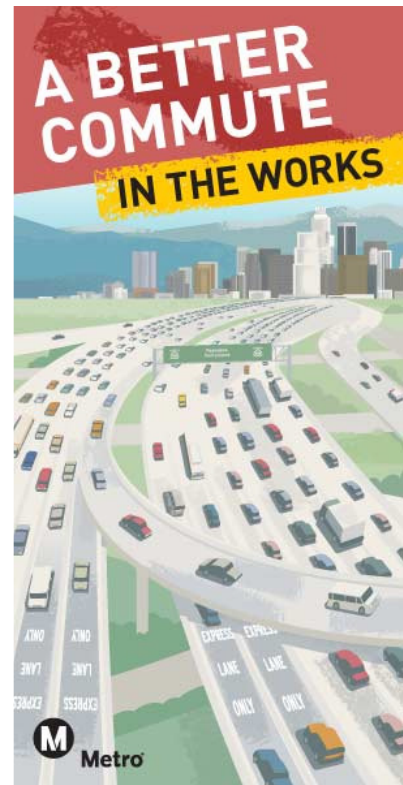
- New home sales jump from record low

From *KTLA*

- Rumor engulfs small Pennsylvania town: Are Beyonce and Jay-Z buying a \$12 million mansion? | kta.com
- Actor Andy Garcia Leads Demonstration for Cuban Political Prisoners - KTLA | kta.com
- Woman Trades 10-year old Granddaughter for Cocaine - KTLA | kta.com

stay twice at a Westin and receive a \$100 Amazon.com Gift Card.* [learn more >>](#) **WESTIN** HOTELS & RESORTS
*restrictions apply.

E-mail
 Print
 Digg
 Twitter
 Facebook
 StumbleUpon
 Share



Comments (8)

[Add / View comments](#)

wkdywarrior at 10:59 AM April 30, 2010

A: Who gives a crap about the picture.

B: The "incentives" are having exactly one effect, causing the prices of houses to be inflated by exactly the amount of the incentives. As soon as they expire, house values will resume their plummet. And rightfully so, prices in the LA area are still grossly inflated, the bubble has not yet deflated fully. These incentives have only delayed the inevitable, prices will decline further, significantly further in LA. Unless you have the means and are planning on living in the house for twenty plus years, buying now is foolish.

Lawrence at 10:03 AM April 30, 2010

No, it still doesn't look normal to the rest of us. Of course it would in your community.

GregMaragos at 9:48 AM April 30, 2010

As a heterosexual male, I have absolutely no problem with same-sex couples buying a house together and sharing their lives, and yet I must confess that I do feel excluded from this conversation. What about a photo of a middle-aged man with his arms around two beautiful, buxom, scantily clad, bisexual women in their mid 20's (long hair, please) sharing a warm embrace? Is that too much to ask for?

Please don't judge me! If you are offended by what I want to see, clearly you are bigoted!

Oh, and by the way, wasn't this supposed to be an article about a tax credit for first-time home buyers? It wasn't? Sorry--I don't know what I was thinking.

[Discussion FAQ](#)

Restaurant Find »



Soups and handmade noodles make Mapo restaurant in L.A.'s Koreatown a standout. [Photos](#)

Las Vegas Pools »



Sin City hotels are betting that elaborate new pools will help lure guests. [Vegas guide](#)



Enjoy more stories like this for **only 50¢ a day**. [Click here to order The Times.](#)

In Case You Missed It...



Two Iranian teens, two reactions to their father's jailing



Where L.A. hipsters buy their eyewear



Tobar: Opening our eyes to the plight of the homeless



S. Korean first woman to scale 14 highest peaks



Study links chocolate and depression

CASH BACK. FULLY LOADED.

5% CASH BACK | **0% INTRO APR** | **NO ANNUAL FEE** | [LEARN MORE ▶](#) |

News

- Local
- U.S. & World
- Business
- Technology
- Sports
- Opinion
- Columnists
- Obituaries

Entertainment

- Television
- Movies
- Music
- Arts & Culture
- Celebrity
- Envelope
- Calendar
- Company Town
- TV Listings
- Movie Listings
- Tickets

Living

- Travel
- Health
- Food
- Home
- Image
- Magazine
- Books
- Autos
- Hot List
- Horoscopes
- Crosswords

Multimedia

- Video
- Photos
- Data Desk
- Your Scene
- Times on Twitter
- Mobile
- Newsletters
- Archives
- Kindle
- E-edition

Top Blogs

- L. A. Now
- Fabulous Forum
- Ministry of Gossip
- TV Show Tracker
- Company Town
- Politics
- Music
- Hero Complex
- Technology
- Movies

More

- Corrections
- Readers' Rep
- Contact Us | Help
- About Us
- Events
- LATMG Media Kit
- Print Edition
- Subscribe
- Manage My Account
- Site Map

Los Angeles Times

Coastline Pilot | Daily Pilot | Huntington Beach Independent | Valley Sun | Burbank Leader | News Press | KTLA | Hoy | Brand X | LA, Los Angeles Times Magazine | ZAP2it | Baltimore Sun | Chicago Tribune | Daily Press | Hartford Courant | Los Angeles Times | Orlando Sentinel | Sun Sentinel | The Morning Call |

Terms of Service | Privacy Policy | Los Angeles Times, 202 West 1st Street, Los Angeles, California, 90012 | Copyright 2010

A Tribune Web site