

Housing Stimulus Package Needed to Turn Around American Economy

By: Mark Harris

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The statistics are startling: more than half a million jobs were lost in November, with nearly 1.9 million jobs lost year-to-date. One of the hardest-hit segments is the housing industry and related businesses, where it is estimated that three million Americans have lost their jobs in the past few years.

An economic stimulus package currently being proposed to Congress could help reverse this trend and restore our country to financial stability.

The centerpiece of the package focuses on the housing market, which is an integral part of the American economy — accounting for 15 cents of every dollar spent in our country during a typical year.

“It cannot be stressed enough that Congress needs to act quickly to stem the tide of the housing crisis across America,” said Mark Harris, President of the Huntsville Madison County Builders Association. “When the housing market is suffering, billions of dollars in wages and purchases are lost, negatively affecting almost every sector of the U.S. economy.”

Fix Housing First, a coalition of more than 600 organizations led by the National Association of Home Builders, is urging Congress to take quick and decisive action to stimulate the housing market and stop the decline in home values which will ultimately create more jobs and help lift the American economy.

According to the coalition, this can be done through a significant tax credit and implementation of an interest rate buydown for 30-year fixed-rate mortgages.

The Tax Credit

In July, President Bush signed into law the Housing and Economic Recovery Act of 2008 which authorized a \$7,500 tax credit for qualified first-time home buyers purchasing homes on or after April 9, 2008 and before July 1, 2009. However, due to a wave of financial disruptions during September and October, the economy has worsened, credit has tightened further, and the spillover to the general economy has been much deeper than previously anticipated. This means that a more robust economic stimulus package is necessary to get the economy moving again.

Specifically, a more significant credit is needed to enable families to buy homes and help strengthen the economy of their local community and the nation. In the plan that the coalition is recommending, the credit amount would be substantially increased to 10 percent of the price of the home, up to \$22,000. Unlike the current credit, it would not be limited to first-time buyers and the home owner would not be required to repay the credit.

The Mortgage Interest Buydown

The coalition is also recommending a mortgage interest rate buydown which will help get buyers back into the market and further stimulate the economy. Interest rates recommended by the coalition range from 3.99 to 2.99 percent for homes purchased by the end of December 2009.

The coalition also supports continued intensive efforts to prevent foreclosures and keep people in their homes.

The combination of these stimulus actions would increase demand for housing, help stabilize home values, reduce foreclosures, restore and save tens of thousands of jobs and turn the housing market and economy back in the right direction.

For more information about Fix Housing First, contact **the Huntsville Madison County Builders Association at (256) 536-2602** or visit **www.fixhousingfirst.com**.