

wsfltv.sun-sentinel.com /news/home-tax-credit-090909,0,3876622.story

SFL

Home sales

Deadline looms for first-time home buyers, but where's the promised cash?

Legislature pledged advances on \$8,000 tax credit

By Harriet Johnson Brackey

South Florida Sun Sentinel

September 9, 2009

Only a few tenacious South Florida home buyers are likely to get a timely advance on the \$8,000 federal income tax credit for first-time home buyers that the Florida Legislature approved this year.

The reasons: The deadline for purchasing a home to meet federal tax rules is getting close and the cash to fund the program has only recently begun to flow to borrowers.

Cities and local housing agencies so far have received a fraction of what they expected.

In Boynton Beach, for example, only \$15,631 has been forwarded by the Florida Housing Finance Corp. to the local office handling the program. That wouldn't even be enough to fully fund two home buyers who qualify for the \$8,000 tax credit. Even if the city housing agency receives the expected allocation of around \$54,000, it could help only eight home buyers.

For all of Palm Beach County, about one-quarter of the \$800,000 the county was expecting has come in. Broward County has received just under \$100,000 of its expected \$290,200.

In Tamarac, the expected \$46,000 would fund fewer than six home buyers, but the money isn't there and applications will not be accepted before Oct. 5. Fort Lauderdale is expecting \$140,000, but the money hasn't arrived yet.

Without that cash up front, potential home buyers like Mike Pafford of Plantation won't be able to swing a down payment.

"I'd have to say no," he said of his plans to buy his first home. The news that the state was going to advance buyers the \$8,000 upfront was exciting, he said, but now he can't move forward.



The program has another problem: First-time home buyers who want to qualify for an up to \$8,000 federal income tax credit for this year must purchase their homes by Nov. 30.

Jon Mumford, an agent with Century 21 Hansen in Fort Lauderdale, said it takes at least a month and possibly two months to complete the purchase of a home, if the deal is a short sale.

First-time home buyers are becoming a driving force in the revival of the housing market. Mumford said in the last two weeks buyers have begun to realize the end of November is approaching. "Within the last three or four months, people are finally getting off the fence," he said.

"For them to go through and get that \$8,000 up front, it's getting a little too close to that deadline," said Eric Fifelski, senior loan consultant at AmeriFirst Funding in Fort Lauderdale.

Housing officials, too, are feeling pushed. Across the state, housing agencies had to create procedures for the program, get local and state approval, then advertise to alert buyers. "You have to take into consideration the amount of work that has been expended on this program, trying to formulate it the way the state intends for it to be done," said Octavia Sherrod, manager of the Boynton Beach community development office.

The ball began rolling earlier this year, when Congress extended and changed a tax break for first-time home buyers.

The new law says home buyers who have not owned a home in the previous three years and who purchase one by Nov. 30 could qualify for a credit of up to \$8,000 on their 2009 taxes.

But since 2009 federal income tax returns aren't due until next April 15, the Florida Legislature set up the Florida Homebuyer Opportunity Program to advance the cash to potential buyers. Home buyers agree to file for the federal tax credit and to repay the money within 18 months.

About \$30 million was allocated to the program, which began July 1.

So far, \$12.6 million has actually been sent to local housing agencies, said Rob Dearduff, administrator of the State Housing Initiatives Partnership or SHIP program.

Small pots of money aren't the only hurdle facing home buyers. In each city or county that has a housing program, there are other guidelines home buyers must meet. In Tamarac, for example, a single person's income cannot exceed \$64,320 and a married couple, \$73,440, in order to qualify for the advance. Tamarac's process received state approval on Wednesday and the program must be advertised to the public for a month before it can take applications.

Palm Beach's Director of Housing and Community Development Edward Lowery said he's confident more funds will be forthcoming. His department has received \$228,520 so far. "The state has always delivered," he said. "I'm looking forward to receiving our entire allocation."

Harriet Johnson Brackett can be reached at hjbrackett@SunSentinel.com or 954-356-4614.

Copyright © 2009, [South Florida Sun-Sentinel](#)