

Housing Happenings... in Lackawanna & Luzerne Counties



*A quarterly publication produced by the Housing Task Force
of The Institute for Public Policy & Economic Development*

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**The Housing Task Force is
comprised of members of
the Lackawanna Housing
Coalition and the Luzerne
County Housing Partnership**



LACKAWANNA COUNTY
HOUSING COALITION



LUZERNE COUNTY
HOUSING PARTNERSHIP

Welcome

Welcome to the first edition of *Housing Happenings*. This publication will be published quarterly and is produced by the Housing Task Force of The Institute for Public Policy & Economic Development. The task force is a partnership of the Lackawanna County Housing Coalition and the Luzerne County Housing Partnership. We will also have a guest columnist which will be written by our task force members.

In this Inaugural Issue, we will look at The New Economic Stimulus Law and how it will affect homebuyers and homebuilders. Also detailed is information on new programs in Pennsylvania.

This issue will also provide the reader with information about the newly created www.nepahousing.org website which was created as an educational resource to consumers and professionals looking for accurate information on housing.

First Annual Lackawanna - Luzerne Counties Housing Symposium

The first annual Lackawanna - Luzerne Counties Housing Symposium was held on Wednesday, March 11, 2009. The event was attended by over 70 housing professionals including those from the building industry, realtors, agency officials, and government.

Keynote speaker was Dr. David Crowe, Chief Economist at the National Association of Home Builders (NAHB). Crowe discussed the current housing market regionally, statewide, and nationally.

Other presenters included: Jesse Ergott, Executive Director of Neighborhood Housing Services of Lackawanna County and the Lackawanna Housing Coalition; Charlie Kasko, Signature Building Systems of PA, LLC, and Chair of the Housing Task Force; and Joseph Terrana, Terrana Law and President of the Luzerne County Housing Partnership. Topics included foreclosure mitigation, new homebuyer tax credits, and the unveiling of the housing task forces new website at www.nepahousing.org.



*Pictured L to R are : Charlie Kasko, Chair, Housing Task Force;
and keynote speaker Dr. David Crowe*

News from the National Association of Home Builders

New Stimulus Law Includes \$8,000 Home Buyer Tax Credit

A \$787 billion economic stimulus package signed into law this week by President Obama contains elements to bolster housing and the economy. Including a more enhanced home buyer tax credit in the final legislation would have been the best way to spur housing demand and move the economy forward. However, the new law does include several provisions that should help to put housing and the economy on the right track. Chief among these is an \$8,000 first-time home buyer tax credit for qualified home purchases in 2009. To encourage home buyers to get off the fence, the tax credit:

- Does not have to be repaid;
- Is fully refundable;
- Will remain in effect until December 1, 2009 so that consumers can utilize it during the critical summer and fall home buying months;
- Allows tax credit home buyers to participate in the mortgage revenue bond program; and
- Permits state housing finance agencies to help buyers at closing by advancing the credit amount as a loan using tax-exempt bond proceeds.

The tax credit will bring fence sitters back into the market, help stabilize home values, and slow the rate of foreclosures. It will also save and create tens of thousands of jobs in housing and housing-related industries generate billions of dollars in wages and salaries and billions more in federal, state, and local tax revenue. More information on the first-time home buyer tax credit can be found at www.federalhousingtaxcredit.com.

Other Key Provisions

Other important components in the American Recovery and Reinvestment Act of 2009 will help small businesses and bolster the housing market. The legislation will:

- Help home borrowers by restoring the higher 2008 FHA, Fannie Mae and Freddie Mac loan limits through the end of this year. The limit will return to \$729,750 from the current \$625,500 in the highest cost markets. It will also rise in many other areas because the 2008 maximums were based on a more generous formula and, for most areas, higher median prices.
- Temporarily allow exchange of Low-Income Housing Tax Credit allocating authority for tax-exempt grants;
- Appropriate \$2 billion in HOME funding for affordable housing;
- Increase bonus depreciation and Section 179 small business expensing for business investment in 2009; and
- Provide up to a 10-year deferral of tax due to business debt restructuring

Long-Term Outlook Favorable

Despite the serious problems we are facing today, it's also important to keep your eye on the big picture. Home builders are resilient. We've weathered bad storms before and we will again. Looking at the market over the long-term, the U.S. is definitely on a growth path. Our population will rise by about 35 million over the next 10 years. All of those people will need someplace to live.

America currently has about 105 million occupied housing units. About 70 million of those are owner-occupied. The other 35 million are rental units. Total equity (value of homes minus any mortgage debt) amounts to \$8.5 trillion. 37 percent of all home owners own their home outright, with no mortgage debt. For those who have mortgages, 93 percent are making their payments on time every month. Housing affordability has improved markedly in many metro areas since 2006. Home values will ultimately bottom out and start edging back up. Once we turn the corner on the housing downturn, the longer term housing outlook is promising.

Source: National Association of Homebuilders (NAHB)

New Programs in Pennsylvania

Keystone HELP Loan and Rebate Program [39 Pa.B. 1062]

The Department of Environmental Protection (Department) announces the opening of a new incentive program for homeowners undertaking energy efficiency projects. The Keystone HELP Loan and Rebate Program, offered in partnership with the Pennsylvania Treasury Department and AFC First Financial Corporation, provides rebates and low-interest loans, enabling Commonwealth homeowners to purchase and install energy efficient equipment or to undertake whole-house improvements that will result in reduced energy consumption.

An eligible applicant must be a resident of this Commonwealth, with a combined household income of no more than \$150,000 per year. The home in which the improvements are installed must be the applicant's primary residence, and be owned and occupied by the applicant. For a Keystone HELP loan, the applicant must demonstrate good credit history and the ability to repay the loan.

The Keystone HELP rebates will be available for the purchase and professional installation of certain qualifying equipment, such as heat pumps, boilers, windows and doors bearing the ENERGY STAR label. Rebate value will be 10% of the total project cost, up to a maximum rebate of \$500. Only projects completed after the program opening date of February 23, 2009, will be eligible.

As an alternative to the rebates, Keystone HELP low-interest loans will be available for the purchase and professional installation of the same projects qualifying under the rebate program. Additionally, projects that meet the criteria for a "whole house energy efficiency project" will be eligible for Keystone HELP loans at a much lower interest rate. Interest rates range from 4.99% to 6.99%, and the maximum loan amount is \$35,000. Only projects initiated after the program opening date of February 23, 2009, will be eligible.

The application forms and program guidelines are available on the program's web site at www.KeystoneHELP.com or on the Department's web site at www.dep.state.pa.us (DEP Keyword: "Residential Energy Efficiency"). Applications are also available from the Department of Environmental Protection, Office of Energy and Technology Deployment, 15th Floor, Rachel Carson State Office Building, 400 Market Street, P. O. Box 8772, Harrisburg, PA 17105-8772 or (717) 772-8911. For questions regarding the eligibility of projects, contact David Althoff, Office of Energy and Technology Deployment, at (717) 772-8911 or residentialenergy@state.pa.us before submitting an application.

AFC First Financial Corporation will begin accepting applications on February 23, 2009. Rebates and loans will be awarded to eligible applicants on a first-come, first-served basis. A total of \$1 million is available for rebates this fiscal year. A total of \$16.0 million is available for loans this fiscal year.

www.nepahousing.org

Building Permit Analysis 2006-Third Quarter 2008

Scranton--Wilkes-Barre PA	2006	2007	2008	Aug-08	Sep-08	Oct-08	Nov-08
SF Permits							
United States	1,681,986	1,378,220	979,889	435,340	480,760	519,530	545,749
<i>Percent change (YTD/YTD)</i>	4.2%	-18.1%	-28.9%	-41.1%	-40.4%	-40.6%	-41.3%
Pennsylvania	37,268	33,121	27,497	13,539	15,125	16,618	17,608
<i>Percent change (YTD/YTD)</i>	-10.2%	-11.1%	-17.0%	-34.6%	-34.0%	-33.7%	-33.9%
Scranton--Wilkes-Barre PA	1,298	1,340	1,265	152	168	183	192
<i>Percent change (YTD/YTD)</i>	-11.7%	3.2%	-5.6%	-30.6%	-30.9%	-31.7%	-34.9%
MF Permits							
United States	473,330	460,683	418,526	245,177	269,164	292,558	306,780
<i>Percent change (YTD/YTD)</i>	3.7%	-2.7%	-9.2%	-10.9%	-12.4%	-14.2%	-17.7%
Pennsylvania	7,257	6,007	6,168	3,012	3,182	3,925	4,062
<i>Percent change (YTD/YTD)</i>	-11.2%	-17.2%	2.7%	-35.5%	-38.0%	-28.6%	-27.7%
Scranton--Wilkes-Barre PA	84	134	151	10	4	4	4
<i>Percent change (YTD/YTD)</i>	-34.4%	59.5%	12.7%	-61.5%	-84.6%	-88.2%	-88.2%
Total Permits							
United States	2,155,316	1,838,903	1,398,415	680,517	749,924	812,088	852,529
<i>Percent change (YTD/YTD)</i>	4.1%	-14.7%	-24.0%	-32.9%	-32.7%	-33.2%	-34.5%
Pennsylvania	44,525	39,128	33,665	16,551	18,307	20,543	21,670
<i>Percent change (YTD/YTD)</i>	-10.3%	-12.1%	-14.0%	-34.8%	-34.7%	-32.8%	-32.8%
Scranton--Wilkes-Barre PA	1,382	1,474	1,416	162	172	187	196
<i>Percent change (YTD/YTD)</i>	-13.5%	6.7%	-3.9%	-33.9%	-36.1%	-38.1%	-40.4%
OFHEO Home Price Index				2007Q4	2008Q1	2008Q2	2008Q3
United States							
<i>Percent change (y/y)</i>	11.6%	7.8%	2.5%	0.8%	-0.1%	-1.8%	-4.0%
Pennsylvania							
<i>Percent change (y/y)</i>	12.1%	8.8%	4.1%	2.8%	2.4%	1.2%	-0.6%
Scranton--Wilkes-Barre PA							
<i>Percent change (y/y)</i>	9.0%	8.4%	8.1%	7.4%	5.0%	4.2%	1.1%

Source: National Association of Home Builders (NAHB)

The federal government's new website to discuss the stimulus package can be accessed at:
www.recovery.gov

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The opinions or findings in this newsletter do not necessarily reflect those of the sponsoring organization, individuals, or institutions, their officers or boards, or The Institute advisory board.

From the Task Force:



Jesse J. Ergott, Executive Director
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Foreclosure Mitigation: Dollars and Sense

It has often been said that the housing industry leads the economy and the events of the past year have certainly affirmed this observation. Looking back just five years, the housing market was booming nationwide and was considered strong here in Northeastern Pennsylvania. Unfortunately, we now know the staggering success in the industry during the earlier part of this decade was mostly artificial; an unfortunate advance-payment on a collective “bad check” written by many subprime lenders, quick-money investors and over-reaching homebuyers.

The statistics are sobering. Nationally, over 8,000 homeowners are calling the “HOPE” hotline every day for foreclosure counseling assistance. Regional counties are reporting an increase of 10%-20% in foreclosures from 2007 numbers. Lost in the reporting of these numbers is how these foreclosures impact us all – our homes, our neighborhoods, our community – and what can be done on a local level to curb their impact.

While there are many components of a successful community-wide foreclosure mitigation strategy, the most crucial piece is reaching out to homeowners who may be at-risk of defaulting on their mortgage. It has been shown that homeowners who seek counseling early in the foreclosure process have a far greater success in saving their home than those who put off dealing with their issue. A quick comparison shows that the average cost of a foreclosure could top \$70,000, but the cost of prevention through outreach and counseling is estimated at only \$3,000. Preventing foreclosures makes sense for the lender and the homeowner. If someone you know is facing foreclosure, contact a HUD-approved counseling agency or visit www.NEPAHomeHelp.org today.