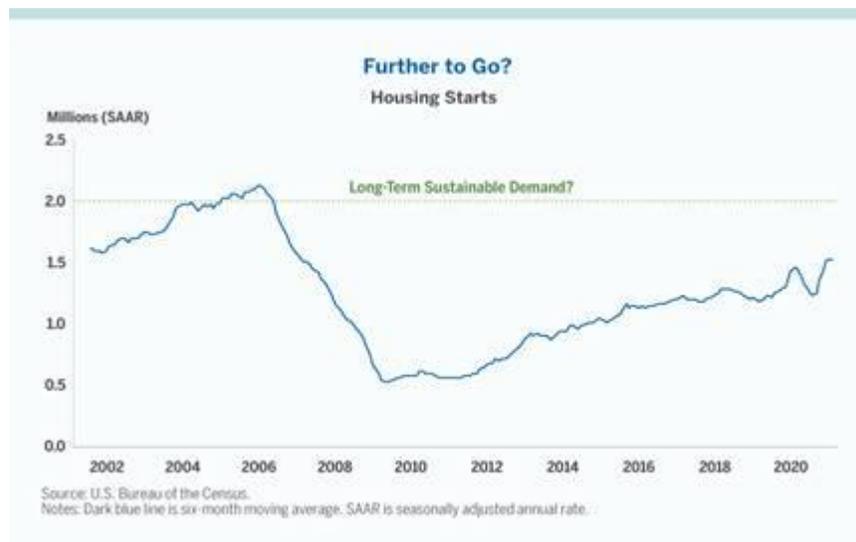





*“As a general rule of thumb, experts say you should not be spending more than 30% of your income on housing expenses,”* says Swapna Venugopal, USA Today Housing reporter. *“Aside from the mortgage payment, this includes costs like mortgage interest, property taxes and maintenance.”* I used to help clients with mortgages and remember a few important things for those contemplating a home purchase. First, have a J. O. B. A good credit rating helps, and a 20% down payment lets you avoid “PMI”, private mortgage insurance. If you are a seller, the capital gains tax would be based on the sales price less \$500,000 tax exemption. (Source: IRS) *“Whether because of downsizing, the death of a spouse...you can increase the home’s cost basis for tax purposes by calculating the cost of any improvements you have made on the property. Think new kitchen, bath or outdoor patios and lights—essentially anything beyond paint and maintenance,”* CD Moriarty, CFP® and Marketwatch columnist. The IRS has a list of which items would be considered improvements, not repairs: Pub. 523.

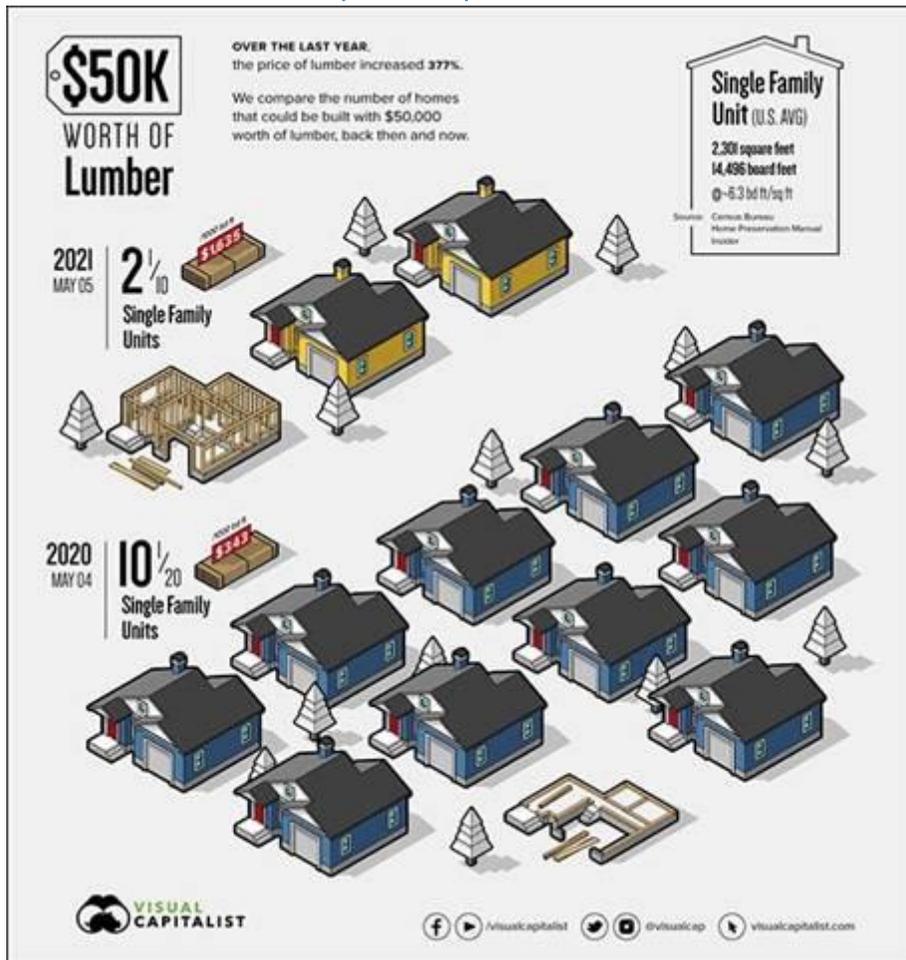




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Housing prices and availability are all a buzz again. The median sale price of new homes in U.S. in March 2021 was \$372,400—and all-time record. (Source: Census Bureau) For those of us that lived thru the “Great Recession” in 2007-2009, this might make you a little jumpy. Turns out the pace of homebuilding slowed after that bubble, naturally. But demand didn’t stop growing. *“Household growth is increasing, necessitating new homes for many Americans; household growth has recently averaged more than 1.5 million units per year. When we also consider tear downs of aging units and increased demand for second homes resulting from the pandemic, we believe materially higher levels of housing starts are sustainable over the long term,”* Alger Research. Meanwhile, according to the Census Bureau, builders have not started 1.5 million house since 2006—it’s been closer to 1.2 million in that period. And they believe the demand is closer to 2 million units going forward. Now, the three things I’m not good at are market timing, and math—but --it seems like a hefty shortage for a long time? *“The primary problem is lack of homes. Yes, home prices are up...they look somewhat expensive relative to normal, but this is about events of the past decade, not some problem with the market....the housing boom will continue,”* First Trust Outlook.



If you are approaching your 5<sup>th</sup> wedding anniversary---it is gonna be an expensive one. Traditionally 5<sup>th</sup> anniversary gifts are to be made of wood. If you have tried to add a deck, or build a new home recently, you don't need to be told the price of lumber has increased dramatically recently. As have the prices of many of the other commodities needed in home building. If your marriage continues....Iron, copper tin and steel anniversary gifts are expected in the coming years. (Cheaper to rent and date ☺!)



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