

Fix Housing First is Now History. Below are the Stimulus Package Highlights

In response to the economic decline over the past 18 months, leadership from the Greater Houston Builders Association (GHBA) spent months in the early stages during 2008 meeting with representatives in Washington D.C., Austin and Houston. The goal was to emphasize the direct impact the housing industry has on the nation's economy. The following is a list of just a few of the facts* shared with members of Congress and elected officials to emphasize our position.

RAMIFICATIONS - When 1 million single family homes are not built nationwide:

- Over 560,000 jobs and \$25 billion in wages for those who make home building products such as lumber, concrete, windows, doors, plumbing, flooring and appliances are lost
- Over 580,000 jobs and \$32 billion in wages lost by lenders, architects, estate agents, lawyers, support staff and other providers.
- \$145 billion in lost income with the loss of over 3 million jobs in all industries i.e. those involved in selling building products and transporting them to the construction site.
- Loss of \$4.9 billion in spending on appliances, furnishings, and property alterations

*Compiled by Texas A&M Real Estate Center

With compelling numbers such as these, the Coalition continued to pursue the Fix Housing First effort to relay the message that *the economy will not get back on track unless the underlying cause of the economic crisis is addressed – namely falling home values.*

GHBA leaders took a “grassroots” approach to call on Congress to take immediate steps to revive housing and the economy. The GHBA also contacted its own 2,200 member base to make group visits to their local congressional offices.

WHAT YOU SHOULD KNOW

The House version included a \$7,500 home buyer tax credit provision. As part of the effort to cut the cost of the final bill, negotiators agreed on an \$8,000 tax credit for first-time home buyers. While we would have preferred a more enhanced tax credit like the Senate version, the conferees did retain some key elements from the Senate and contributed to other modifications that are beneficial to home buyers and home builders. The following applies to qualified home purchases in 2009.

Key Housing Provisions in Stimulus Legislation

The American Recovery and Reinvestment Act of 2009 contains several components that will help small businesses and bolster the housing market.

Key Provisions of the American Recovery and Reinvestment Act

Tax Provisions

- \$8,000 first-time home buyer, true tax credit (no repayment) for the purchase of a principle residence between January 1 and December 1, 2009. Recaptured if home is sold within three years.
- Short-term gap financing for Low Income Housing Tax Credit (LIHTC) projects:
 1. Provision allowing states to turn in portion of 2009 LIHTC allocations for cash.
 2. Special appropriation of \$2 billion in HOME funds.

- Up to a ten-year deferral of tax from business debt cancelled as part of a repurchase or restructuring
- 5-year carry back of 2008 net operating losses for businesses with gross receipts of less than \$15 million (three year average).
- Extension of enhanced bonus depreciation.
- Extension of increased small business expensing.
- Enhancements to the section 25C program for energy efficiency remodeling improvements to existing homes.
- One-year patch of the Alternative Minimum Tax.
- Increase New Markets Tax Credit allocating authority for 2008 and 2009.
- Delays for one year the start of 3% government contractor withholding requirement.

Other Key Provision

Increases in FHA, Fannie Mae and Freddie Mac loan limits to 2008 levels.