

# OTHER PROVISIONS OF THE RECOVERY ACT

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(Source: C.A.R. Legal Department March 6, 2009)

## ***Q 1. What are the other housing stimulus provisions or provisions of interest in the Recovery Act?***

**A** A brief summary of some of the remaining provisions of the Recovery Act that stimulate housing or may otherwise be of interest to REALTORS® are as follows:

- **Making Work Pay Credit:** Both wage earners and self-employed workers will receive a work credit of 6.2% of earned income or \$400, whichever is less, for individuals earning up to \$75,000 (or \$800 for married couples earning up to \$150,000). Wage earners will generally receive about \$8 to \$13 per week more on their paychecks as a result of a reduction in their FICA withholdings. Self employed workers can receive this work credit by claiming it on their tax returns. This program ends on December 31, 2010.
- **Neighborhood Stabilization Program:** \$2 billion will be added to the Neighborhood Stabilization Program. This program provides funds to state and local governments for stabilizing and reviving distressed neighborhoods, rehabilitating affordable housing, improving public facilities, and other community development efforts.
- **Net Operating Loss Carryback for Businesses:** This provision allows eligible businesses with a net operating loss for 2008 to carry back the loss to offset profits earned over the past 5 years.
- **Bonus Depreciation for Businesses:** This provision allows businesses to deduct a 50% first-year bonus depreciation for new equipment purchased in 2009.
- **Vehicle Sales Tax Deduction:** Taxpayers may deduct state, local, and excises taxes on the purchase of a new car, light truck, or other vehicles in 2009 for individuals earning less than \$150,000 (or \$250,000 for joint filers). The deduction cannot exceed the tax for the first \$49,500 of the vehicle's purchase price.
- **Energy-Efficient Homes and Buildings:** Clean-energy provisions include \$16 billion to make homes and buildings more energy efficient, such as a 30% tax credit to homeowners who purchase new furnaces, windows, and insulation.
- **Rural Housing Service:** \$500 million will be used to fund federal loan programs for rural housing.
- **Lead Hazard Reduction:** About \$100 million has been allocated for HUD's lead based paint and hazard reduction and remediation activities.

- Section 8 Assistance: \$2 billion will be used to fund Section 8 project-based housing contracts for 12 months.
- Emergency Shelter for Homeless: \$1.5 billion has been earmarked to help homeless persons and families in shelters.