

Rangel-Mahoney Bill gives First Time Homebuyers \$7,500 Interest Free Loan

Legislation Provides Additional Tax Cuts to Offset High Property Taxes

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(Washington, D.C.) - Congressman Tim Mahoney (FL-16) co-sponsored the Housing Assistance Tax Act of 2008, introduced by House Committee on Ways and Means Chairman Charles B. Rangel (D-NY) today. The legislation provides tax credits to first-time homebuyers, improve access to low-income housing and allow families to deduct property taxes, as well as other provisions. The legislation will help offer stability to the housing market while assisting families in the purchase of their first home and improving access to affordable housing.

Rangel and Mahoney's legislation will be considered by the Ways and Means Committee tomorrow and by the full House of Representatives in the coming weeks. The Housing Assistance Tax Act of 2008 is designed to complement efforts in the House to address the growing rate of foreclosures nationwide.

"Even with home prices dropping, the cost of housing makes Florida unaffordable for young families to own their own home. Our ability to attract and retain business here in Florida is in part dependent on Florida's ability to provide families the dream of home ownership," said Mahoney. "Additionally, the bill gives all homeowners who use the standard deduction the ability to deduct up to \$700 in property taxes. The combination of out of control homeowners insurance costs and property taxes makes Florida unaffordable and is a major contributor to our recession."

"We need to provide relief to the buyers and families themselves, not just the banks and builders," said Ways and Means Committee Chairman Charles B. Rangel (D-NY). "The House bill puts families first - offering a refundable tax credit to first-time homebuyers, essentially a zero-interest loan to help defray the cost of purchasing a house. The bill will also expand and improve the successful low-income housing tax credit to put builders to work and create affordable alternatives for families seeking new housing."

Below are the main provisions included in the Housing Assistance Tax Act of 2008:

First-time homebuyer tax credit to assist in making a down payment on a home. This would provide individuals and families with a refundable credit (equivalent to an interest-free loan) of ten percent of the purchase price of their home (up to \$7,500). Taxpayers would be required to repay any amount received under this provision to the government over 15 years in equal installments. The credit will be phased out for taxpayers with adjusted gross income in excess of \$70,000 (\$110,000 in the case of a joint return).

Additional standard deduction for real property taxes to help homeowners who claim the standard deduction by allowing them to claim an additional standard deduction of up to \$350 (\$700 for joint filers) for State and local real property taxes. This provision applies for 2008.

Temporary increase in low-income housing tax credit and simplification of the credit. The bill would increase the current limit of the credit from \$2.00 for each person residing in a state by an additional 20 cents per resident. This will help put builders to work to create new options for families seeking affordable housing alternatives. The credit will also be simplified to improve its effectiveness.

Temporary increase in mortgage revenue bonds to allow for the issuance of an additional \$10 billion of tax-exempt bonds to refinance subprime loans, provide loans to first-time homebuyers and to finance the construction of low-income rental

housing.

Please [click here](#) to view text of the legislation, a summary and a table outlining the estimated revenue effects of the Housing Assistance Tax Act of 2008.

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