

## California Approves a \$10,000 Tax Credit for New Home Purchases

*By Steve Doyle, President, Brookfield Homes San Diego*

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*The Legislature for the state of California passed a revised budget plan last week and Gov. Arnold Schwarzenegger signed the historic legislation Feb. 20. Included in this new budget is a \$10,000 tax credit for the purchasers of a new home.*

Did you hear about the California \$10,000 tax credit for the purchase of a newly constructed home?

The Legislature for the state of California passed a revised budget plan last week and Gov. Arnold Schwarzenegger signed the historic legislation Feb. 20. Included in this new budget is a \$10,000 tax credit for the purchasers of a newly constructed home in the state of California. There are conditions to receive this tax credit, some of which are still being worked out. Let me tell you what we do know at this time:

1. The tax credit is good for 5 percent of the value of the newly constructed home, up to \$10,000. (That would mean any home priced over \$200,000 would qualify for the full credit.)
2. The tax credit will be available between March 1, 2009 and March 1, 2010, or when the funding authority runs out. (The Legislature has earmarked \$100 million for this credit. That mean at least 10,000 new home sales. We don't know yet if the tax credit will be based on when the contract for sale is written or when the escrow is closed for the purchase.)
3. The tax credit will be allocated by the Franchise Tax Board and will be available to new homebuyers over a three-year period. (Roughly one third of the tax credit will be available each year, details here are still being worked out.)
4. The new home purchaser must live in the home for at least two years.
5. There are no income limitations for the purchaser.
6. There is no "first time buyer" restriction.
7. There is no repayment requirement (unless the purchaser sells or rents out the home before two years have past from the close of escrow).

This is great news for California homebuyers. And, if the homebuyer also qualifies for the \$8,000 Federal Tax Credit (see blog entry from Feb. 18 at [www.expectmoreinahome.com/blog](http://www.expectmoreinahome.com/blog)), then the total tax credit for buying a newly constructed home would be \$18,000. That is \$10,000 from the state of California and \$8,000 from the federal government.

Steve Doyle is president of Brookfield Homes San Diego/Riverside Division. The company's homes are found in master-planned communities in San Diego, Riverside, and Imperial Counties.

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