



State of California  
**Franchise Tax Board**

Joint Hearing of the Assembly Committee on Housing and Community Development and  
the Assembly Committee on Banking and Finance  
Presentation By: Gail Hall, Franchise Tax Board

**California's First-Time Homebuyer and New Home Credits**

**AB 183 (Caballero/Ashburn, Chapter 12, Statutes of 2010)** provided \$200 million of tax credits (\$100 million for new homes and \$100 million for first-time homebuyers).

- Available for purchases on or after May 1, 2010, and before Jan. 1, 2011.
- For enforceable contracts executed on or before December 31, 2010, the New Home Credit was available for purchases on or after Jan. 1, 2011, and before August 1, 2011.
- Credit amount equal to the lesser of 5% of the purchase price or \$10,000.
- Claimed over 3 successive taxable years at a maximum of \$3,333 per year.
- The FTB fully allocated the \$100 million allotted for the First-time Homebuyer Credit and issued 18,679 certificates.
- The FTB allocated \$94 million for the New Home Credit and issued 13,715 certificates.

**SBX2 15 (Ashburn, Chapter 11, Statutes of 2009)** provided \$100 million of tax credits for new homes purchases.

- Available for purchases made on or after March 1, 2009, and before March 1, 2010.
- Credit amount equal to the lessor of 5% of the purchase price of a qualified residence, or \$10,000.
- Claimed over 3 successive taxable years at a maximum of \$3,333 per year.
- The FTB fully allocated the \$100 million.

**Current Tax Benefits for First-Time Homebuyers**

**Federal Mortgage Credit Certificate (MCC):** First-time homebuyers who have an MCC may obtain a federal credit up to 20% of their annual mortgage interest.

California does **not** conform to this federal credit, or provide a similar state credit.

**Penalty-free Early IRA distribution for First-Time Homebuyers:** Federal and state laws allow first-time homebuyers to make an early IRA withdrawal, up to \$10,000, without being subject to the additional tax for early distributions made before the age of 59 1/2.

**Current Tax Benefits for Homeowners**

**Itemized Deductions:**

- Interest on home mortgage.
- Points.
- Private Mortgage Insurance (PMI), federal deduction only.
- Real property taxes on personal residence.