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November 6, 2009

U.S. Readies Jobless Aid and Help on Homes

By [JACKIE CALMES](#) and [DAVID STOUT](#)

WASHINGTON — In separate actions to address Americans' continuing economic hardship, the government moved Thursday to assist long-unemployed workers and struggling businesses, as well as home buyers and homeowners facing foreclosure.

Fannie Mae, the federally controlled mortgage company, announced a Deed for Lease program in which those in danger of eviction may be able to stay as tenants in their houses for at least a year.

At the same time, Congress gave final approval to a stimulus measure that will extend unemployment benefits for the longtime jobless, aid that will bring total assistance for many to nearly two years. Other provisions of the bill will expand two popular tax breaks — one for home buyers, the other for businesses operating at a loss.

[President Obama](#) will sign the measure into law on Friday morning, aides said. That will allow him to deliver a bit of good news just as the government releases the monthly unemployment report, which is expected to confirm that the jobless rate remained around 10 percent in October.

To that end, Democratic Congressional leaders expedited action on the legislation in recent days after six weeks of partisan wrangling in the Senate. The House, which passed a bill in September, voted Thursday by 403 to 12 to accept the version that the Senate finally approved unanimously on Wednesday. That sent the bill to the president.

The measure provides up to 14 weeks of additional assistance to unemployed people who have exhausted their state and federal benefits, but up to 20 additional weeks to those in about 26 states with unemployment rates exceeding 8.5 percent. In the past two months, more than 600,000 out-of-work people have exhausted their benefits, according to the National Employment Law Project, a liberal advocacy group. The legislation will not restore aid retroactively.

The extension brings maximum state and federal unemployment compensation to 99 weeks, the longest ever, reflecting the severity of a [recession](#) that has thrown more people out of work for longer periods than at any other time since collection of such data began six decades ago, according to the Center on Budget and Policy Priorities.

Initial state benefits cover up to 26 weeks of unemployment, and federal aid is available after that. The \$787 billion stimulus law enacted last winter provided emergency aid that extended coverage to as much as 79 weeks, and the new legislation builds on that.

The stimulus law's emergency relief expires, however, at the end of the year. Congress and the White House

plan to act before then to extend it into 2010 to assist Americans who are more recently unemployed or who may yet lose their jobs and find themselves unable to find work for a long time.

To spur the housing market, the bill extends an \$8,000 tax credit for first-time home buyers that was due to expire on Nov. 30, making it available to those who have a contract before May 1 on a primary residence priced at up to \$800,000. The bill also creates a new credit of up to \$6,500 for existing homeowners who buy a new residence if they have lived in their current one for at least five of the last eight years.

Further expanding the number of eligible people, the measure raises the income limits for those claiming the credit to \$125,000 a year for individuals and \$225,000 for couples, up from \$75,000 and \$150,000. After that, the break begins phasing out.

The Obama administration had been unenthusiastic about extending the home buyers' credit; many economists say most people claiming it would have bought homes anyway.

The bill also expands a stimulus law provision to allow any struggling business to deduct losses for 2008 and 2009 from profits in five previous profitable years, up from the usual two, and so get much-needed refunds. The original provision, due to expire at the end of the year, applied only to small businesses and to losses in 2008.

Because stimulus measures are generally intended to spur consumption and production by pumping money into the economy, the costs are typically not offset by savings elsewhere in the [federal budget](#), lest that cancel the stimulative effect. But, reflecting concerns about high deficits, Congress did adopt ways to pay for the latest provisions.

Expanding the home buyers' credit will cost about \$11 billion, and the business loss deductions \$10.4 billion. To pay for that, Congress further delayed a 2004 tax break for multinational corporations' worldwide interest expenses that has never taken effect, "saving" \$20.1 billion over the coming decade.

The \$2.4 billion cost of the jobless benefits will be paid by extending into 2011 a surcharge on employers of \$14 a worker that was enacted three decades ago as a temporary step.

As for the Deed for Lease program announced by Fannie Mae, homeowners who want to participate must have mortgages that are guaranteed by the company and must have been unable to renegotiate with their lenders or to qualify for the Obama administration's loan modification program.

Fannie Mae does not make loans directly to consumers but works with mortgage bankers, brokers and other partners in the primary mortgage market to help ensure that they have funds to lend at affordable rates. About 4.45 percent of Fannie Mae borrowers were seriously delinquent in September. Officials said they did not know how much the new program would cost or how many homeowners would be eligible.

Those who benefit from the new program would have to give up the deed to their homes but would be able to rent them at a market rate for at least 12 months. Fannie Mae said some leases might be renewable on a month-to-month basis after that.

David Stout contributed reporting.

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