Jeff Merkley
SENATOR for OREGON

Homeownership Promise Act

Summary

Young Americans are struggling to build wealth and community through homeownership. The median age of a first-time homebuyer has risen from 33 in 2019, to 40 years old today. And the share of first-time homeowners has dropped to a record low 21%. Delayed homeownership hurts families' ability to build wealth and reverberates long into retirement.

Congress must ensure every family has a credible path to save up for a downpayment sufficient to purchase a modest home by age 30. The *Homeownership Promise Act* establishes a basic new standard for Americans – any first-time homebuyer who saves can get a 5 times matching downpayment grant. For every $1 saved, the federal government will contribute $5. To help boost savings, employers and nonprofits can also make contributions on an individual's behalf to help people achieve their savings goals even faster. After a few years, these combined funds can be used to purchase a median priced home.

The ***Homeownership Promise Act*** Summary:

- The U.S. Secretary of Housing and Urban Development (HUD) shall establish a matching downpayment grant, called a Homeownership Promise Account, that executes at the time of a home purchase settlement. Prior to closing, the account balance includes the participant's personal, employer and nonprofit contributions.
- Accounts can be opened with any participating Community Development Financial Institution (CDFI). Interest rate for participant contributions will be the same as other ordinary savings accounts.
    - Eligibility:
        - First-time homebuyers purchasing a principal residence who have completed HUD approved housing counseling.
    - Account limits:
        - Overall maximum contribution limit is $60,000 ($10,000 maximum combined personal, employer, and nonprofit contributions in addition to $50,000 maximum federal matching funds).
        - Emergency withdrawals of personal contributions are unlimited, but matching grants can only be disbursed after the full contribution balance is restored.

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