



End Hedge Fund Control of American Homes Act

Our nation currently faces a crisis of housing affordability as more American families struggle to become homeowners even as the job market strengthens. While some of our housing challenges, including a supply shortage, will take years to remedy, others can be addressed immediately, including a strong ban on hedge funds owning and controlling large parts of the American housing market. It's past time we give every American family a fair chance to become a homeowner without unfair competition from hedge funds and other investors seeking sky high returns for stockholders.

Following the 2008 housing crisis, large private equity hedge funds bought large portfolios of foreclosed homes. Regrettably, the federal government enabled this growth through bulk sales of federally-backed mortgages and foreclosed properties, a decision that completely and categorically excluded ordinary families and mission driven non-profits from buying these homes and returning them to families seeking to recover housing stability.

Large scale hedge fund investors are accelerating their harmful takeovers in recent years. Data from 2021 show the fastest year over year increase in hedge fund home purchases in 16 years. For example, in 2021, large hedge fund investors bought 42.8% of homes for sale in the Atlanta metro area and 38.8% of homes in the Phoenix area.

Targeting Black families and vulnerable single parents: A recent House Financial Services Committee report found that predatory hedge fund investors targeted homes in neighborhoods with significantly larger Black populations and approximately 30% more single mothers than the national average, with 12.9% of households headed by single women with children under 18.

Stop Harmful Evictions: A 2018 study of foreclosed homes in Atlanta found that hedge funds and investors were 68 percent more likely than small landlords to file for evictions even after controlling for property, tenant, and neighborhood characteristics.

Limit high rents from squeezing American families: To meet investor's return expectations, hedge funds and other investors prioritize maximizing profits by imposing high rent increases, inflated fees, and diminishing quality of housing over time.

The Solution: Ban Hedge Fund Investors from owning single family homes

- This legislation bans hedge funds and all other investors from owning large numbers of homes by establishing a \$20,000 federal tax penalty per single family home owned in excess of 100. To help ensure affordability for families, revenues from this tax are reserved for down-payment assistance programs.
- To allow for an orderly exit from the housing investment market, this legislation allows hedge funds and other investors to sell the homes they own over several years.—
 - Hedge funds and investors must sell at least 10% of the total number of single family homes to families (not companies or any other businesses) per year. And they are banned from selling any single family home to other corporations.
 - The definition of an investor includes any taxpayer, whether they are a Hedge fund, and private equity investor, a Real Estate Investment Trust (REIT), an individual, or any other business entity.

- To ensure this tax penalty focuses on problematic actors, this legislation excludes nonprofit organizations, public housing agencies and other government entities as well as home builders.

Eligible Buyers: Families only

- This legislation includes an explicit certification process for a purchaser to confirm that they do not own a majority interest in any other single family residential real estate.