

AMENDMENT NO. _____ Calendar No. _____

Purpose: To prohibit large institutional investors from purchasing certain properties.

IN THE SENATE OF THE UNITED STATES—119th Cong., 2d Sess.

H. R. 6644

To increase the supply of housing in America, and for other purposes.

Referred to the Committee on _____ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. WARNOCK

Viz:

1 At the appropriate place, insert the following:

2 **SEC. ____ . HOMES ARE FOR PEOPLE, NOT CORPORATIONS.**

3 (a) DEFINITIONS.—In this section:

4 (1) CONSUMER REPORTING AGENCY.—The term
5 “consumer reporting agency” has the meaning given
6 the term in section 603 of the Fair Credit Reporting
7 Act (15 U.S.C. 1681a)).

8 (2) EXCEPTED PURCHASE.—The term “ex-
9 cepted purchase” means any purchase of a single-
10 family home that is—

11 (A) newly constructed, renovated, or a
12 rental conversion for sale by a large institu-

1 tional investor and not as a residence rented
2 pending sale;

3 (B) pursuant to a build-to-rent program
4 where the large institutional investor purchases
5 newly constructed single-family homes to be
6 managed as rental properties, whether as com-
7 munities exclusively of renter-occupied single-
8 family homes or as communities of single-family
9 homes that are both owner- and renter-occu-
10 pied;

11 (C) pursuant to a renovate-to-rent pro-
12 gram that—

13 (i) substantially rehabilitates single-
14 family homes that do not meet structural
15 or core system elements of local building
16 codes; and

17 (ii) makes improvements in an aggre-
18 gate dollar amount of not less than 15 per-
19 cent of the purchase price of the single-
20 family home;

21 (D) pursuant to a homeownership program
22 that—

23 (i) requires rental payments and any
24 other fees that are not greater than those
25 collected by the large institutional investor

1 on other similarly situated single-family
2 homes not covered by the eligible home-
3 ownership program;

4 (ii) is subject to a contract between
5 the large institutional investor and renter
6 that shall be considered a consumer credit
7 transaction secured by a dwelling or real
8 property;

9 (iii) provides for positive reporting of
10 rental payments to consumer reporting
11 agencies for any renter, who shall be in-
12 formed of and opts into such reporting;
13 and

14 (iv) requires contribution of meaning-
15 ful financial support from the large institu-
16 tional investor, including price concessions,
17 for the purchase of the single-family home
18 by the renter;

19 (E) pursuant to a program to boost home-
20 ownership that—

21 (i) provides for positive reporting of
22 rental payments to consumer reporting
23 agencies for any renter who is informed of
24 and opts into such reporting;

1 (ii) provides for the right of first re-
2 fusal and a 30-day “first look” period; and

3 (iii) may entail the meaningful finan-
4 cial support from the large institutional in-
5 vestor, including price concessions, for the
6 purchase of a single-family home by the
7 renter (whether it is the home the renter
8 occupies or another home);

9 (F) in connection with the satisfaction of
10 debts previously contracted in good faith and
11 where the large institutional investor has the
12 right to repossess the single-family home under
13 such contract;

14 (G) undertaken by a mortgage servicer,
15 lender, or other entity that has a legal right to
16 a single-family home, for the purpose of loss
17 mitigation or compliance with servicing or in-
18 vestor obligations, and not as a long-term in-
19 vestment strategy, and is solely as a result of—

20 (i) a foreclosure;

21 (ii) a deed-in-lieu of foreclosure;

22 (iii) enforcement of a mortgage, deed
23 of trust, or other security interest; or

24 (iv) operation of law following bor-
25 rower default;

1 (H) purchased from another large institu-
2 tional investor that either owned the single-fam-
3 ily home on the date of enactment of this Act
4 or purchased the single-family home in compli-
5 ance with this section;

6 (I) purchased from an investor not covered
7 under this section, so long as the purchase oc-
8 curred not more than 2 years after the effective
9 date under subsection (f);

10 (J) newly constructed, renovated, or a
11 rental conversion that is intended and operated
12 for occupancy as part of a community for
13 households with 1 or more members aged 55
14 years or older, and satisfies visitability stand-
15 ards established by the Secretary of Housing
16 and Urban Development; or

17 (K) purchased through a single purchase
18 or combination or series of purchases described
19 in subparagraphs (A) through (J).

20 (3) SINGLE-FAMILY HOME.—The term “single-
21 family home”—

22 (A) means a structure that contains 2 or
23 fewer dwelling units that are each intended for
24 residential occupancy by a single household;
25 and

1 (B) does not include a manufactured
2 home, as defined in section 603 of the National
3 Manufactured Housing Construction and Safety
4 Standards Act of 1974 (42 U.S.C. 5403).

5 (4) LARGE INSTITUTIONAL INVESTOR.—

6 (A) IN GENERAL.—The term “large insti-
7 tutional investor”—

8 (i) means an investment fund, cor-
9 poration, general or limited partnership,
10 limited liability company, joint venture, as-
11 sociation, or other for-profit entity that is
12 a legal entity structured in a manner that
13 is not aforementioned that—

14 (I) is engaged, in whole or in
15 part, in the business of investing in,
16 owning, renting, managing, or holding
17 single-family homes; and

18 (II) alone or in concert with 1 or
19 more other entities, beginning after
20 the date of enactment of this Act, di-
21 rectly or indirectly has investment
22 control of not less than 350 single-
23 family homes in the aggregate, not in-
24 cluding any single-family home pur-
25 chased in an excepted purchase made

1 after the date of enactment of this
2 Act; and

3 (ii) does not include any local, State,
4 Tribal, or Federal government entity or in-
5 strumentality thereof.

6 (B) RULE OF CONSTRUCTION.—For pur-
7 poses of this paragraph, an entity has direct or
8 indirect investment control over a single-family
9 home if the entity—

10 (i) owns, or has primary authority or
11 fiduciary responsibility to make material
12 investment or management decisions relat-
13 ing to, the single-family home;

14 (ii) is, or directly or indirectly con-
15 trols, the general partner or managing
16 member of the entity that owns the single-
17 family home;

18 (iii) is or controls the investment
19 manager, management company, or invest-
20 ment advisor of the entity that owns the
21 single-family home;

22 (iv) owns or controls more than 25
23 percent of any class of equity interests of
24 the entity that owns the single-family

1 home, unless such entity is a passive inves-
2 tor; or

3 (v) otherwise controls the entity that
4 owns the single-family home.

5 (5) PURCHASE.—The term “purchase” includes
6 any purchase, transfer, or other acquisition of a sin-
7 gle family home, including through mergers, acquisi-
8 tions, construction, foreclosures, or bulk purchases,
9 whether or not for cash consideration.

10 (b) PROHIBITION ON PURCHASES BY LARGE INSTI-
11 TUTIONAL INVESTORS.—

12 (1) IN GENERAL.—No large institutional inves-
13 tor may purchase, or enter into a contract to directly
14 or indirectly purchase, any single-family home.

15 (2) EXCEPTIONS.—The prohibition under para-
16 graph (1) shall not apply to—

17 (A) any excepted purchase; or

18 (B) any purchase of a single-family home
19 in connection with a restructuring or other re-
20 organization of ownership of single-family
21 homes that were owned or purchased on or be-
22 fore the date of enactment of this Act.

23 (3) RULE OF CONSTRUCTION.—Nothing in this
24 section may be construed to—

1 (A) require any large institutional investor
2 to divest or otherwise sell any single-family
3 home purchased before the date of enactment of
4 this Act; or

5 (B) prevent the filing of a petition, or oth-
6 erwise affect any bankruptcy proceeding, under
7 title 11, United States Code.

8 (4) IMPLEMENTATION.—

9 (A) IN GENERAL.—In consultation with
10 the Secretary of Housing and Urban Develop-
11 ment, the Director of Federal Housing Finance
12 Agency, and the Chair of the Securities and Ex-
13 change Commission, the Secretary of the Treas-
14 ury may issue regulations in accordance with
15 the notice and comment rulemaking procedures
16 under section 553 of title 5, United States
17 Code, to carry out the purposes of this section,
18 including regulations to—

19 (i) minimize market disruptions upon
20 identifying a risk of material negative im-
21 pact on the housing market, including an
22 impact on the ability of market partici-
23 pants to dispose of single-family homes in
24 an orderly fashion;

1 (ii) mitigate, to the extent possible,
2 negative impacts on consumers and com-
3 munities; and

4 (iii) further clarify the application of
5 the terms “large institutional investor”,
6 “single-family home”, and “excepted pur-
7 chase”, if the Secretary of the Treasury
8 determines that such regulations will ad-
9 vance the availability of single-family
10 homes for purchase by individual house-
11 holds.

12 (B) RULE OF CONSTRUCTION.—For the
13 avoidance of doubt, no regulation issued under
14 subparagraph (A) may amend the definitions of
15 the terms defined under subsection (a), includ-
16 ing to—

17 (i) alter the scope of excepted pur-
18 chases in a manner that would undermine
19 the goal of expanding the number of sin-
20 gle-family homes available to individual
21 households for purchase;

22 (ii) alter any type of excepted pur-
23 chase in a manner that would undermine
24 the goal of expanding the number of sin-

1 gle-family homes available to individual
2 households for purchase;

3 (iii) add any category of large institu-
4 tional investor as an eligible class if not de-
5 termined by this section; or

6 (iv) alter the quantitative threshold in
7 the definition of “large institutional inves-
8 tor”.

9 (c) DISPOSAL OF HOMES UNDER EXCEPTED PUR-
10 CHASES.—

11 (1) REQUIREMENT TO DISPOSE.—

12 (A) IN GENERAL.—With respect to the
13 purchase by a large institutional investor of a
14 single-family home described in subparagraph
15 (A), (B), or (C) of subsection (a)(2), or with re-
16 spect to the purchase by a large institutional in-
17 vestor of a single-family home described in sub-
18 paragraph (J) of subsection (a)(2) that ceases
19 to meet the requirements of such subparagraph,
20 the large institutional investor shall dispose of
21 the single-family home to an individual home-
22 buyer not later than 7 years after the date of
23 purchase.

24 (B) SUBSEQUENT PURCHASE.—For the
25 avoidance of doubt, any purchase of a single-

1 family home described in subparagraph (A),
2 (B), (C), or (J) of subsection (a)(2) shall re-
3 main subject to the terms of this section not-
4 withstanding a subsequent purchase by a large
5 institutional investor pursuant to another sub-
6 paragraph of subsection (a)(2).

7 (2) APPLICATION.—

8 (A) Paragraph (1) shall not apply in the
9 case of any large institutional investor which is
10 a real estate investment trust if the disposal of
11 such property would be a prohibited transaction
12 that would lead to a 100 percent tax under the
13 statute governing such types of entities.

14 (B) In the case of a large institutional in-
15 vestor that has an active leasing contract with
16 the renter of a single-family home described in
17 paragraph (1) that went into effect not later
18 than 6 months before the date of disposal under
19 that paragraph, nothing in that paragraph shall
20 be construed to require the large institutional
21 investor to dispose of the single-family home
22 subject to this subsection until the date on
23 which such contract expires.

24 (3) REQUIREMENTS FOR DISPOSAL.—

1 (A) RENTER ACCOMMODATIONS.—In the
2 case of a renter described in paragraph
3 (2)(B)—

4 (i) the large institutional investor may
5 provide the renter with the option to renew
6 the active leasing contract in such sub-
7 section, except that the aggregate leasing
8 period of renewals shall not exceed 36 con-
9 secutive months;

10 (ii) the large institutional investor
11 shall confirm whether the renter opts to
12 renew the leasing contract, within the limi-
13 tations of clause (i), through a written at-
14 testation; and

15 (iii) the large institutional investor
16 shall advertise the home pursuant to sub-
17 paragraph (C) beginning on the earlier
18 of—

19 (I) the date on which the renter
20 declines to renew the leasing contract;
21 or

22 (II) the date on which the leasing
23 contract expires.

24 (B) RENTER OPTION TO PURCHASE.—Be-
25 fore the large institutional investor disposes of

1 a single-family home described in paragraph
2 (1), the renter of the single-family home de-
3 scribed in paragraph (2)(B) shall have the right
4 of first refusal and a 30-day “first look” period
5 to purchase the single-family home.

6 (C) ADVERTISEMENT OF PROPERTY.—

7 (i) IN GENERAL.—On the date that a
8 renter described in paragraph (2)(B) de-
9 clines to renew an active leasing contract
10 with a large institutional investor under
11 subparagraph (A), or declines a single-fam-
12 ily home under subparagraph (B), the sin-
13 gle-family home shall be—

14 (I) widely advertised and free to
15 access, and listed in publications,
16 which may include internet platforms
17 or a national Multiple Listing Service,
18 by the large institutional investor; and

19 (II) made broadly accessible to
20 individual homebuyers and the general
21 public, including any licensed real es-
22 tate agents representing potential
23 buyers.

24 (ii) COMPLIANCE.—If a single-family
25 home described in paragraph (1) is not

1 purchased, or no offer to purchase is
2 made, by an individual homebuyer within
3 60 days of the date on which the single-
4 family home is advertised under clause (i),
5 the large institutional investor shall be
6 considered to be in compliance with the
7 disposal requirements under paragraph
8 (1).

9 (D) RULE OF CONSTRUCTION.—Nothing in
10 this paragraph shall be construed to require a
11 renter to renew a lease or to affect State or
12 local tenant-landlord laws regarding require-
13 ments related to lease renewal processes or leas-
14 ing periods.

15 (d) ENFORCEMENT.—

16 (1) CIVIL PENALTIES.—Any large institutional
17 investor that violates subsection (b) or paragraph
18 (1) or (2)(B) of subsection (c) shall be subject to a
19 civil penalty of not more than \$1,000,000 per viola-
20 tion, or 3 times the purchase price of the property
21 involved, whichever is greater, enforced by the Sec-
22 retary of the Treasury.

23 (2) TRANSFER TO HUD FOR HOMEOWNERSHIP
24 EXPANSION ACTIVITIES.—For fiscal year 2027 and
25 each fiscal year thereafter, to the extent and in the

1 amounts provided in advance in appropriations Acts,
2 civil penalties assessed under this section shall be
3 transferred to and available to the Secretary of
4 Housing and Urban Development to provide addi-
5 tional funding for the HOME Investment Partner-
6 ships program under subtitle A of title II of the
7 Cranston-Gonzalez National Affordable Housing Act
8 (42 U.S.C. 12741 et seq.), to be allocated in accord-
9 ance with the formula under that program, for new
10 construction, acquisition, and rehabilitation of sin-
11 gle-family homes and to provide assistance grants to
12 first-time homebuyers, which may be for
13 downpayments, closing costs, and interest rate
14 buydowns.

15 (e) STUDIES ON LARGE INSTITUTIONAL INVES-
16 TORS.—

17 (1) GAO REPORT.—Not later than 2 years
18 after the date on which the prohibition under sub-
19 section (b)(1) takes effect, and again not later than
20 10 years after that date, the Comptroller General of
21 the United States shall submit to the Senate Com-
22 mittee on Banking, Housing and Urban Affairs and
23 the House Committee on Financial Services a report
24 on—

1 (A) the impact of the ownership by large
2 institutional investors of single-family homes on
3 housing availability and affordability for renters
4 and homebuyers; and

5 (B) the effectiveness of this section in re-
6 ducing demand by large institutional investors
7 for single-family homes and expanding home-
8 ownership for renters and homebuyers.

9 (2) HUD REPORT.—Not later than 2 years
10 after the date on which the prohibition under sub-
11 section (b)(1) takes effect, and again not later than
12 10 years after that date, the Secretary of the Hous-
13 ing and Urban Development, in consultation with
14 the Secretary of the Treasury, the Administrator of
15 the Rural Housing Service, the Executive Director
16 of the Loan Guaranty Service of the Department of
17 Veterans Affairs, the Chair of Securities and Ex-
18 change Commission, and the Director of the Federal
19 Housing Finance Agency, shall submit to the Com-
20 mittee on Banking, Housing and Urban Affairs of
21 the Senate and the Committee on Financial Services
22 of the House of Representatives a report on—

23 (A) whether there should be adjustments
24 to the definition of the term “large institutional
25 investor”;

1 (B) the financial impact of this section on
2 large institutional investors, renters, and home-
3 buyers; and

4 (C) any legislative recommendations re-
5 garding ways to improve the authorities pro-
6 vided under this section to increase the supply
7 and affordability of single-family homes for pur-
8 chase by individual homebuyers.

9 (3) SENSE OF CONGRESS.—It is the sense of
10 Congress that—

11 (A) this section is intended to expand the
12 number of single-family homes available to indi-
13 viduals for purchase and is aimed at preserving
14 and expanding the supply of single-family
15 homes available to individuals; and

16 (B) any further study on the effectiveness
17 of this section and any legislative recommenda-
18 tions therefrom should consider this sense of
19 Congress.

20 (f) EFFECTIVE DATE.—The requirements and prohi-
21 bitions under subsections (b), (c), and (d) of this section—

22 (1) shall take effect on the date that is 180
23 days after the date of enactment of this Act; and

24 (2) are repealed on the date that is 15 years
25 after the effective date under paragraph (1).