



# ADAM SMITH

WASHINGTON'S 9TH DISTRICT

## Saving Homes from Acquisition by Private Equity (SHAPE) Act – Fact Sheet

Rep. Adam Smith (WA-09)

**Background:** Over the past decade, housing in the U.S. has become increasingly consolidated into the hands of large corporations and investors, while rents and home prices have skyrocketed to unprecedented levels. Prospective single-family homebuyers and tenants in single-family rental homes are facing a particularly tight squeeze. Nationally, rents in this type of housing have increased more than 13% over the past year, and even higher in many metro areas, and the average price of single-family homes has increased over 15%.<sup>1</sup>

In 2011, no single entity owned over 1,000 single-family rental units.<sup>2</sup> Now, the five largest rental home operators are estimated to cumulatively own or operate almost 300,000 homes<sup>3</sup> and have come under increasing scrutiny for their negative impacts on the housing market. The increasing purchase of single-family homes by larger institutional investors boxes out the already sparse homeownership opportunities for individuals and families and reduces the number of homes being purchased by people actually living and investing in the community.<sup>4</sup> In addition, these large investor landlords who rent out their properties have faced criticism for harmful practices against renters.<sup>5</sup>

**The Saving Homes from Acquisition by Private Equity Act** seeks to minimize the harmful practice of institutional investors and private equity companies buying up single-family units by:

- Creating a federal real estate transfer tax, set at 100% of the property's sale price, charged to large private equity firms or corporations with \$20 million in assets purchasing any single-family home(s).
- Directs all revenue from the tax into HUD's Housing Trust Fund, which provides grants to states to produce and preserve affordable housing for extremely low- and very low-income households.
- Allows exemptions from the tax for non-profits and government entities, or if the purchase is pursuant to a government program providing housing to low-income individuals.

The purchasing of single-family homes by large investors, especially in the current housing market, serves only to make profits for the investors and provides no value to the communities where these homes are located. People should not have to go up against wealthy private equity and investor firms when they are trying to buy a home in their community. A significant tax on these purchases will help enable more families the opportunity to purchase a home, combat the growing large investor landlord model, and provide additional funding to produce and preserve affordable housing for low-income households.

---

<sup>1</sup> <https://cdn.nar.realtor/sites/default/files/documents/metro-home-prices-q1-2022-single-family-2022-05-03.pdf>

<sup>2</sup> Christophers, Brett. "How and Why U.S. Single-Family Housing Became an Investor Asset Class." *Journal of Urban History*. 8 July 2021, p. 6. doi:10.1177/00961442211029601.

<sup>3</sup> Renters with High-End Houses." Bloomberg. 8 March 2022. <https://www.bloomberg.com/news/articles/2022-03-08/single-family-landlords-eye-wealthy-renters-with-high-end-houses>;

<sup>4</sup> <https://financialservices.house.gov/uploadedfiles/hrg-117-ba09-wstate-raymonde-20220628.pdf>

<sup>5</sup> <https://financialservices.house.gov/uploadedfiles/hrg-117-ba09-wstate-lopezs-20220628.pdf>