



Senator Reverend Warnock's 2025 Legislative Housing Package

The housing/rental affordability & availability crisis:

Senator Warnock, like many Americans, believes that the nation is in the midst of a housing affordability and availability crisis, disproportionately impacting young Georgians. Soaring housing costs make building generational wealth increasingly difficult, especially for communities of color. Last year, rental costs grew the most they have in decades, the share of first-time homebuyers reached an all-time low, and the state of Georgia maintained the lowest homeownership rate in the entire Southeast. This is exacerbated by private equity's influence in the state. Taylor Shelton, an assistant professor at Georgia told NBC that "private-equity-backed companies and other large corporate landlords have taken over more single-family homes than in any other region in recent years."

The housing crisis is impacting ordinary hardworking Georgians:

Senator Warnock saw his parents' struggles to save up to purchase a home until later in life. Today, he hears daily from ordinary Georgians who dream of owning their own home, but rising rental costs, high downpayment costs, and low housing stock, that dream is perpetually out of reach.

The solution:

As a package, these bills will address the longstanding issues that impact millions of Georgians working to navigate rising costs of renting and buying a home. The ***Downpayment Toward Equity Act***, the ***Rent Relief Act***, the ***Stop Predatory Investing Act***, and the ***American Housing and Economic Mobility Act*** allows folks who are renting to pocket a little more of the income to put it toward savings or a downpayment, gives people assistance with their downpayment, and makes more houses available for sale by disincentivizing investment firms and other big corporate investors from buying up the available houses in any given housing market, while leveraging federal funding to build nearly three million new housing units.

1. Downpayment Toward Equity Act

Downpayment requirements remain one of the greatest barriers to entry for many first-time, first-generation homebuyers, especially people of color who have been historically excluded from homeownership opportunities and comparatively lack familial wealth. While interest rates hit historic lows during the COVID-19 pandemic and spurred a housing finance boon, creditworthy borrowers who lacked the intergenerational wealth to cover upfront costs were denied this rare

opportunity. Now, with interest rates and home prices skyrocketing, the share of first-time homebuyers has reached an all-time low, the incomes of homebuyers reached an all-time high, and the Black-white homeownership gap is wider than when segregation was legal.

The ***Downpayment Toward Equity Act*** provides financial assistance to first-time, first-generation homebuyers to put toward a downpayment on a home, addressing multigenerational inequities in access to homeownership and helping to narrow and ultimately close the racial homeownership gap in the United States. This bill would help address the legacy of discrimination in our housing markets by providing downpayment and other financial assistance, along with housing counseling requirements to expand access to sustainable homeownership and reduce barriers to entry for credit-worthy, lower wealth borrowers.

The bill creates a new program with the U.S. Department of Housing and Urban Development (HUD) to provide qualified first-time, first-generation homebuyers with grants to aid in purchasing a home, with qualifying expenses including downpayment costs, closing costs, and costs to reduce the rates of interest. Funding will be dispersed by state agencies, minority depository institutions, community development financial institutions, and non-profits that focus on expanding homeownership to low-income populations.

2. Rent Relief Act

The cost of rent and utilities rose faster than home values in 2023, a year that also marked the largest annual increase in rental costs since 2011. More and more Americans are paying a substantial proportion of their income on rent, forcing many of them to pick between other essentials such as food or prescription drugs. As housing has become increasingly unaffordable, more prospective homeowners are forced to remain in the renter market, increasing rent prices further. According to the Federal Reserve Bank of Atlanta's housing market affordability monitor, the United States housing market has grown steadily more unaffordable since May 2021. While solutions to address the U.S. housing shortage have been introduced, many renters need relief now.

The ***Rent Relief Act*** provides relief to low- and middle-class Americans by subsidizing a percentage of individuals' rents that exceed 30% of their income based on specific income thresholds. Areas defined as Difficult Development Areas (DDAs) will increase the income thresholds by a fixed amount to compensate for markets where development costs are high relative to incomes. The bill also permits eligible taxpayers to elect to receive their tax credits as a monthly advance.

The tax credit will be offered to individuals leasing a principal residence and paying rents more than 30 percent of the individual's gross income and below 100% Small Area Fair Market Rent (SAFMR) during the taxable year. The credit is not available for taxpayers with gross income that exceeds \$100,000. However, in high-cost areas, as defined by HUD's Difficult to Develop Areas (DDAs) formula, the income threshold would increase by \$25,000. The bill also includes renters living in a primary residence subsidized by a Federal, State, local, or tribal program by applying the tax credit to 1/12 of the amount paid by the taxpayer and that is not subsidized by any other program.

3. Stop Predatory Investing Act

Institutional investors and private equity firms are purchasing homes at an alarming rate, denying millions of Americans access to the American Dream and an opportunity to build generational wealth., all while contributing to the racial homeownership gap. The United States faces a shortage of at least 4.5 million homes, and aspiring homeowners across the country are unable to find a place to live that they can afford. Underwriting this incredible housing shortage are large investors, including private equity firms, Real Estate Investment Trusts, and publicly traded companies who are aggressively buying up a growing number of single-family homes. Leveraging new technologies and all cash offers, these investors are able to beat out Americans using traditional housing finance tools, turning would-be homeowners into renters and denying families the opportunity to build generational wealth through home equity.

The National Association of Realtors reported that institutional buyers purchased over 13% of all homes sold in 2021, with purchase rates as high as 28% in Texas and 19% in Georgia. These investors are showing no signs of slowing down and increased their purchases at the height of the pandemic and have continued to purchase a sizeable share of single-family homes. The share of investor purchases made by large investors with portfolios of 100 properties or more grew from 14% in September 2020 to 26% in September 2021. As a result, institutional investors now own 25% of the single-family rental market in Atlanta.

To address the problems caused by the rise of private equity and institutional investors in our housing markets, the ***Stop Predatory Investing Act*** would prohibit an investor who acquires 50 or more new single-family rental homes after the date of enactment from deducting interest or depreciation on those properties. This legislation also includes certain provisions that encourage potential property sales to nonprofits, maintain incentives for new housing construction, and protect existing single-family renters.

4. American Housing and Economic Mobility Act

The ***American Housing and Economic Mobility Act*** would leverage federal funding to build nearly 3 million new housing units – bringing down rents for lower-income and middle-class families by 10% according to an independent analysis from Moody’s Analytics.

Additionally, the bill would provide assistance to people hurt by federal housing policy failures, including through VA-guaranteed home loan eligibility for descendants of certain veterans, and a grant program for communities with an appraisal gap. The bill would also create incentives for local governments to eliminate unnecessary land use restrictions that drive up costs while limiting the role of private equity in the housing market.

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