

119TH CONGRESS
1ST SESSION

H. R. 1745

To amend the Internal Revenue Code of 1986 to impose an excise tax on the failure of certain hedge funds owning excess single-family residences to dispose of such residences, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2025

Mr. SMITH of Washington (for himself and Ms. SÁNCHEZ) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to impose an excise tax on the failure of certain hedge funds owning excess single-family residences to dispose of such residences, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Humans over Private
5 Equity for Homeownership Act” or the “HOPE for
6 Homeownership Act”.

1 **SEC. 2. EXCISE TAX ON CERTAIN TAXPAYERS FAILING TO**
 2 **SELL EXCESS SINGLE-FAMILY RESIDENCES.**

3 (a) IN GENERAL.—Subtitle D of the Internal Rev-
 4 enue Code of 1986 is amended by adding at the end the
 5 following new chapter:

6 **“CHAPTER 50B—EXCESS SINGLE-FAMILY**
 7 **RESIDENCES**

“Sec. 5000E. Newly acquired single-family residences.

“Sec. 5000F. Excess single-family residences.

“Sec. 5000G. Definitions and other special rules.

8 **“SEC. 5000E. NEWLY ACQUIRED SINGLE-FAMILY RESI-**
 9 **DENCES.**

10 “(a) IN GENERAL.—In the case of a hedge fund tax-
 11 payer, there is hereby imposed a tax on the acquisition
 12 of any newly acquired single-family residence equal to the
 13 greater of—

14 “(1) 15 percent of the purchase price, or

15 “(2) \$10,000

16 “(b) NEWLY ACQUIRED SINGLE-FAMILY RESI-
 17 DENCE.—For purposes of this section, the term ‘newly ac-
 18 quired single-family residence’ means any single-family
 19 residence which was acquired by the taxpayer in any tax-
 20 able year which begins after the date of the enactment
 21 of this chapter.

22 “(c) PURCHASE PRICE.—For purposes of this sec-
 23 tion, the term ‘purchase price’ means the adjusted basis

1 of the newly acquired single-family residence on the date
 2 such residence is purchased.

3 **“SEC. 5000F. EXCESS SINGLE-FAMILY RESIDENCES.**

4 “(a) IN GENERAL.—In the case of an applicable tax-
 5 payer who fails to meet the requirements of subsection (b),
 6 there is hereby imposed a tax equal to the product of—

7 “(1) \$5,000, and

8 “(2) the excess of—

9 “(A) the number of applicable single-family
 10 residences owned by the taxpayer as of the last
 11 day of the taxable year, over

12 “(B) the maximum permissible units for
 13 the taxable year.

14 “(b) REQUIREMENT.—

15 “(1) IN GENERAL.—An applicable taxpayer
 16 meets the requirement of this subsection for any tax-
 17 able year if the number of applicable single-family
 18 residences owned by the taxpayer as of the last day
 19 of the taxable year is equal to or less than the max-
 20 imum permissible units determined with respect to
 21 such taxpayer for such taxable year.

22 “(2) SPECIAL RULE FOR CERTAIN SALES.—For
 23 purposes of applying paragraph (1), a single-family
 24 residence which is sold or transferred in a disquali-
 25 fied sale during the taxable year shall be treated as

1 a single-family residence which is owned by the ap-
 2 plicable taxpayer as of the last day of such taxable
 3 year.

4 “(c) MAXIMUM PERMISSIBLE UNITS.—The max-
 5 imum permissible units with respect to any applicable tax-
 6 payer for any taxable year shall be determined as follows:

“In the case of—	The maximum permis- sible units for a hedge fund taxpayer is—	The maximum permis- sible units for any other applicable taxpayer is—
the first full taxable year beginning after the ap- plicable date . . .	90 percent of the num- ber of applicable sin- gle-family residences owned by the taxpayer on the applicable date	50 plus 90 percent of the number of applicable single-family resi- dences owned by the taxpayer on the appli- cable date
the second taxable year beginning after the ap- plicable date . . .	80 percent of the num- ber of applicable sin- gle-family residences owned by the taxpayer on the applicable date	50 plus 80 percent of the number of applicable single-family resi- dences owned by the taxpayer on the appli- cable date
the third taxable year be- ginning after the ap- plicable date . . .	70 percent of the num- ber of applicable sin- gle-family residences owned by the taxpayer on the applicable date	50 plus 70 percent of the number of applicable single-family resi- dences owned by the taxpayer on the appli- cable date
the fourth taxable year beginning after the ap- plicable date . . .	60 percent of the num- ber of applicable sin- gle-family residences owned by the taxpayer on the applicable date	50 plus 60 percent of the number of applicable single-family resi- dences owned by the taxpayer on the appli- cable date
the fifth taxable year be- ginning after the ap- plicable date . . .	50 percent of the num- ber of applicable sin- gle-family residences owned by the taxpayer on the applicable date	50 plus 50 percent of the number of applicable single-family resi- dences owned by the taxpayer on the appli- cable date
the sixth taxable year be- ginning after the ap- plicable date . . .	40 percent of the num- ber of applicable sin- gle-family residences owned by the taxpayer on the applicable date	50 plus 40 percent of the number of applicable single-family resi- dences owned by the taxpayer on the appli- cable date
the seventh taxable year beginning after the ap- plicable date . . .	30 percent of the num- ber of applicable sin- gle-family residences owned by the taxpayer on the applicable date	50 plus 30 percent of the number of applicable single-family resi- dences owned by the taxpayer on the appli- cable date

“In the case of—	The maximum permissible units for a hedge fund taxpayer is—	The maximum permissible units for any other applicable taxpayer is—
the eighth taxable year beginning after the applicable date . . .	20 percent of the number of applicable single-family residences owned by the taxpayer on the applicable date	50 plus 20 percent of the number of applicable single-family residences owned by the taxpayer on the applicable date
the ninth taxable year beginning after the applicable date . . .	10 percent of the number of applicable single-family residences owned by the taxpayer on the applicable date	50 plus 10 percent of the number of applicable single-family residences owned by the taxpayer on the applicable date
any taxable year beginning more than 9 years after the applicable date . . .	0	50.

1 “(d) DEFINITIONS.—For purposes of this section—

2 “(1) APPLICABLE SINGLE-FAMILY RESI-
3 DENCE.—The term ‘applicable single-family resi-
4 dence’ means any single-family residence which was
5 acquired on or before the applicable date.

6 “(2) APPLICABLE DATE.—

7 “(A) IN GENERAL.—The term ‘applicable
8 date’ means—

9 “(i) the last day of the first full tax-
10 able year ending on or after the date of the
11 enactment of this chapter, or

12 “(ii) in the case of any taxpayer de-
13 scribed in subparagraph (B), the date pro-
14 vided in such subparagraph.

15 “(B) TAXPAYERS CHANGING STATUS.—

16 “(i) IN GENERAL.—In the case of any
17 applicable taxpayer described in clause (ii),

1 the applicable date means the last day of
 2 the taxable year immediately preceding the
 3 taxable year in which the taxpayer is de-
 4 scribed in such clause.

5 “(ii) APPLICABLE TAXPAYER DE-
 6 SCRIBED.—An applicable taxpayer is de-
 7 scribed in this clause with respect to any
 8 taxable year if—

9 “(I) such taxpayer was not a
 10 hedge fund taxpayer for the preceding
 11 taxable year, and

12 “(II) such taxpayer is a hedge
 13 fund taxpayer for such taxable year.

14 “(3) DISQUALIFIED SALE.—The term ‘disquali-
 15 fied sale’ means any sale or transfer to—

16 “(A) a corporation or other entity engaged
 17 in a trade or business, or

18 “(B) an individual who owns any other sin-
 19 gle-family residence at the time of such sale or
 20 transfer.

21 **“SEC. 5000G. DEFINITIONS AND OTHER SPECIAL RULES.**

22 “(a) APPLICABLE TAXPAYER.—For purposes of this
 23 chapter—

24 “(1) IN GENERAL.—The term ‘applicable tax-
 25 payer’ means any applicable entity which—

1 “(A) manages funds pooled from investors,
2 and

3 “(B) is a fiduciary with respect to such in-
4 vestors.

5 “(2) APPLICABLE ENTITY.—

6 “(A) IN GENERAL.—The term ‘applicable
7 entity’ means—

8 “(i) any partnership,

9 “(ii) any corporation, or

10 “(iii) any real estate investment trust.

11 “(B) EXCEPTIONS.—The term ‘applicable
12 entity’ shall not include—

13 “(i) an organization which is de-
14 scribed in section 501(c)(3) and exempt
15 from tax under section 501(a), or

16 “(ii) an organization which is pri-
17 marily engaged in the construction or reha-
18 bilitation of single-family residences and
19 which offers such residences for sale in the
20 ordinary course of business.

21 “(b) HEDGE FUND TAXPAYER.—For purposes of
22 this section, the term ‘hedge fund taxpayer’ means, with
23 respect to any taxable year, any applicable taxpayer which
24 has \$50,000,000 or more in net value or assets under
25 management on any day during the taxable year.

1 “(c) SINGLE-FAMILY RESIDENCE.—For purposes of
2 this chapter—

3 “(1) IN GENERAL.—The term ‘single-family
4 residence’ means a residential property consisting of
5 1-to-4 dwelling units.

6 “(2) EXCEPTIONS.—A residential property shall
7 not be treated as a residential property described in
8 clause (i) if—

9 “(A) such property is unoccupied and ac-
10 quired through foreclosure (other than such a
11 residence acquired through foreclosure by a
12 hedge fund taxpayer, as defined in section
13 5000F((d)(3)),

14 “(B) such property is—

15 “(i) not rented or leased, and

16 “(ii) used as the principal residence
17 (within the meaning of section 121) of any
18 person who has an ownership interest in
19 the applicable taxpayer, or

20 “(C) such property—

21 “(i) was a building with respect to
22 which a credit was allowed under section
23 42 (relating to the low-income housing
24 credit), and

1 “(ii) is not owned by a hedge fund
2 taxpayer (as defined in section
3 5000F(d)(3)).

4 “(d) ACQUISITION; OWNERSHIP.—For purposes of
5 this chapter, an applicable taxpayer shall be treated—

6 “(1) as acquiring a single-family residence if
7 the applicable taxpayer acquires a majority owner-
8 ship interest in the single-family residence, regard-
9 less of the percentage of that ownership interest,
10 and

11 “(2) as owning a single-family residence if the
12 applicable taxpayer owns a majority ownership inter-
13 est in the single-family residence, regardless of the
14 percentage of that ownership interest.

15 “(e) AGGREGATION RULES.—

16 “(1) IN GENERAL.—For purposes of this chap-
17 ter, all persons which are treated as a single em-
18 ployer under subsections (a) and (b) of section 52
19 shall be treated as a single person.

20 “(2) MODIFICATIONS.—For purposes of this
21 subsection—

22 “(A) section 52(a) shall be applied by sub-
23 stituting ‘component members’ for ‘members’,
24 and

1 “(B) for purposes of applying section
 2 52(b), the term ‘trade or business’ shall include
 3 any activity treated as a trade or business
 4 under paragraph (5) or (6) of section 469(c)
 5 (determined without regard to the phrase ‘To
 6 the extent provided in regulations’ in such para-
 7 graph (6)).

8 “(3) COMPONENT MEMBER.—For purposes of
 9 this paragraph, the term ‘component member’ has
 10 the meaning given such term by section 1563(b), ex-
 11 cept that the determination shall be made without
 12 regard to section 1563(b)(2).”.

13 (b) CLERICAL AMENDMENT.—The table of chapters
 14 for subtitle D of the Internal Revenue Code of 1986 is
 15 amended by adding at the end the following new item:

“CHAPTER 50B—EXCESS SINGLE-FAMILY RESIDENCES”.

16 (c) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to taxable years beginning after
 18 the date of enactment of this Act.

19 **SEC. 3. DISALLOWANCE OF MORTGAGE INTEREST AND DE-**
 20 **PRECIATION IN CONNECTION WITH SINGLE**
 21 **FAMILY RESIDENCES OWNED BY COVERED**
 22 **TAXPAYERS.**

23 (a) MORTGAGE INTEREST.—

24 (1) IN GENERAL.—Section 163 of the Internal
 25 Revenue Code of 1986 is amended by redesignating

1 subsection (n) as subsection (o) and by inserting
2 after subsection (m) the following new subsection:

3 “(n) CERTAIN INTEREST PAID BY COVERED TAX-
4 PAYERS.—

5 “(1) IN GENERAL.—No deduction shall be al-
6 lowed under this chapter for a taxable year with re-
7 spect to interest paid or accrued on acquisition in-
8 debtedness with respect to any single-family resi-
9 dence if the owner of such single-family residence is
10 liable for tax under chapter 50B for such taxable
11 year.

12 “(2) DEFINITIONS.—For purposes of this sub-
13 section—

14 “(A) ACQUISITION INDEBTEDNESS.—The
15 term ‘acquisition indebtedness’ has the meaning
16 given such term under subsection (h)(3)(B), de-
17 termined—

18 “(i) by substituting ‘single-family resi-
19 dence (as defined in section 5000G(b))’ for
20 ‘qualified residence’, and

21 “(ii) without regard to clause (ii)
22 thereof.

23 “(B) SINGLE-FAMILY RESIDENCE.—The
24 term ‘single-family residence’ has the meaning
25 given such term under section 5000G(b)

1 “(C) OWNERSHIP.—The rules of section
2 5000G(c) shall apply for purposes of deter-
3 mining ownership.”.

4 (2) EFFECTIVE DATE.—The amendments made
5 by this subsection shall apply to taxable years begin-
6 ning after the date of the enactment of this Act.

7 (b) DEPRECIATION.—

8 (1) IN GENERAL.—Section 167 of the Internal
9 Revenue Code of 1986 is amended by redesignating
10 subsection (i) as subsection (j) and by inserting after
11 subsection (h) the following new subsection:

12 “(i) DEDUCTION DISALLOWED FOR DISQUALIFIED
13 SINGLE FAMILY PROPERTY OWNERS.—

14 “(1) IN GENERAL.—No deduction shall be al-
15 lowed under this section for a taxable year with re-
16 spect to a single-family residence if the owner of
17 such single-family residence is liable for tax under
18 chapter 50B for such taxable year.

19 “(2) DEFINITIONS.—For purposes of this sub-
20 section—

21 “(A) SINGLE-FAMILY RESIDENCE.—The
22 term ‘single-family residence’ has the meaning
23 given such term under section 5000G(b).

1 “(B) OWNERSHIP.—The rules of section
2 5000G(c) shall apply for purposes of deter-
3 mining ownership.”.

4 (2) EFFECTIVE DATE.—The amendments made
5 by this subsection shall apply to taxable years begin-
6 ning after the date of the enactment of this Act.

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