

Congress weighs sweeping ban on institutional investor ownership of single-family homes

March 13, 2026 | Client Update | 10-minute read

Congress is considering enacting sweeping legislation that would ban large institutional investors from acquiring single-family homes. Although broad in scope, the proposal has important exceptions that may limit its reach in certain circumstances.

Key takeaways

- The [21st Century ROAD to Housing Act](#) (the Bill) is a sweeping piece of legislation that will have a major impact on the real estate and private equity industries if enacted.
- It includes a proposed ban on “large institutional investors” purchases of single-family homes that is broad in scope but has important exceptions that may limit its impact in certain circumstances.
- However, it is unclear how the ban would be applied and what steps the Administration might take to minimize market disruptions and negative impacts from the ban. These are unlikely to be clarified until the Treasury Department engages in rulemaking on these issues.
- On March 12, the Senate voted 89-10 to pass the Bill, which now will be sent back to the House of Representatives for final passage. It is unclear whether the Bill can garner the requisite support in the House, and a conference may be needed to reconcile the House and Senate versions. Several House Republicans have expressed reservations about the institutional investor ban, but the White House has been a key supporter of the ban and backed the Bill as passed by the Senate. In recent days, the President has cast doubt on the Bill’s chances of enactment, saying he will not sign any new legislation until Congress enacts his voting bill, the SAVE America Act, which is stalled in the Senate.

Background on the proposed ban

In a [Truth Social post](#) on January 7, 2026 President Trump said he would take steps to ban large institutional investors from buying single-family homes. On January 20, 2026 the Trump Administration issued an [executive order](#) to prevent large institutional investors from buying single-family homes that could otherwise be purchased by families. The executive order:

- Instructed the Treasury Secretary, in consultation with the Assistant to the President for Economic Policy, to develop definitions of “large institutional investor” and “single-family home” for the purpose of implementing the order.
- Instructed several federal agencies, including the Federal Housing Finance Agency through its conservatorship of the government-sponsored enterprises, to issue guidance to prevent the federal government from providing any assistance that would facilitate large institutional investors acquiring single-family homes and to adopt policies that promote sales to individual owner-occupants.

- Instructed the Justice Department and the Federal Trade Commission to review large-scale purchases of single-family homes for potential anti-competitive effects.
- Provided a tailored exception for build-to-rent communities to preserve legitimate rental development.
- Ordered the Deputy Chief of Staff for Legislative, Political and Public Affairs to prepare a legislative recommendation to codify the executive order so that large institutional investors do not acquire single-family homes that could otherwise be purchased by families.

On March 2, Senate Banking Committee Chair Tim Scott (R-S.C.) and ranking member Elizabeth Warren (D-Mass.) [released new text](#) for the Bill that contained provisions enacting the Trump Administration’s push to ban large institutional investors from purchasing single-family homes.

On March 12, the Bill passed the Senate and is now making its way to the House of Representatives where its future is uncertain. A conference may be needed to reconcile the House and Senate versions, though it is unclear whether that process would be able to reconcile the large differences between House and Senate priorities.

Overview of the Bill’s proposed ban

The scope of the proposed ban and key definitions

The Bill provides generally that “[n]o large institutional investor may purchase, or enter into a contract to directly or indirectly purchase, any single-family home.”

- **“Large institutional investor”** (LII) is defined as any for-profit legal entity that is engaged “in the business of investing in, owning, renting, managing, or holding single-family homes” and “has investment control of not less than 350 single-family homes.”
 - *Definition of investment control.* For purposes of the LII definition, an entity has direct or indirect investment control of a single-family home if the entity:
 - Owns the home;
 - Has primary authority or fiduciary responsibility to make investment or management decisions related to the home;
 - Is or controls the general partner or managing member of the entity that owns the single-family home;
 - Is or controls the investment manager/management company/investment advisor of the entity that owns the single-family home;
 - Owns or controls more than 25% of any equity interests in the entity that owns the single-family home, unless the entity is a passive investor; or
 - Otherwise controls the entity that owns the single-family home. (No standards for “otherwise controls” are provided.)
- **“Single-family home”** is defined as a structure that contains no more than two dwelling units that are intended for residential occupancy. It explicitly excludes manufactured homes as defined in the National Manufactured Housing Construction and Safety Act of 1974.¹
- **“Purchase”** is defined as “any purchase, transfer, or other acquisition of a single-family home, including through mergers, acquisitions, construction, foreclosures, or bulk purchases, whether or not for cash consideration.” Because this definition covers traditional acquisitions as well as construction, it will cover the activities of investors as well as developers and redevelopers.

Carve outs from the proposed ban

Despite the broad scope of the proposed ban, the Bill provides several carve outs to the general prohibition on LII purchases of single-family homes. These include:

- **Excepted purchases.** The Bill exempts from the ban certain categories of purchases (as defined above), including:

- *Properties intended for sale.* Purchases of single-family homes that are newly constructed, renovated or rental conversions for sale by a LII that is not a residence rented pending sale. This exception would permit homebuilders and other developers that would otherwise meet the definition of LII to continue to build or redevelop homes with the intent to sell. This type of purchase is, however, subject to the 7-year disposal requirement discussed below.
 - *Build-to-rent programs.* Purchases of newly constructed single-family homes to be managed as rental properties. This type of purchase is also subject to the 7-year disposal requirement.
 - *Renovate-to-rent programs.* Purchases of single-family homes that do not meet local building codes so long as the LII makes improvements of not less than 15% of the purchase price. This type of purchase is also subject to the 7-year disposal requirement.
 - *Homeownership programs.* Purchases of single-family homes where a homeownership program (i) requires rental payments and any other fees are not greater than those collected by the LII on other similarly situated single-family homes not covered by the eligible homeownership program; (ii) involves a consumer credit transaction between the LII and the renter secured by a dwelling or real property; (iii) provides for a positive credit reporting option for renters and (iv) requires contribution of meaningful financial support from the LII, including price concessions, for the renter's purchase of the single-family home.
 - *Homeownership boosting programs.* Purchases of single-family homes if the program to boost homeownership provides a positive credit reporting option for renters, the right of first refusal, a 30-day "first look" period and meaningful financial support from the LII, including price concessions, for the renter's purchase of the single-family home (whether the home is renter-occupied or another home).
 - *Foreclosure.* Purchases of single-family homes to satisfy debts previously contracted where the LII has the right to repossess the single-family home under the terms of the contract.
 - *Loss mitigation.* Purchases of single-family homes by a mortgage servicer, lender or other entity that has a legal right to a single-family home, for the purpose of loss mitigation or compliance with servicing or investor obligations, and not as a long-term investment strategy, and that is solely as a result of (i) a foreclosure; (ii) a deed-in-lieu of foreclosure; (iii) enforcement of a mortgage, deed of trust or other security interest or (iv) operation of law following borrower default.
 - *Other LII purchases.* Purchases of single-family homes from other LIIs that owned the property before the Bill was enacted or acquired the property in compliance with the Bill.
 - *Small investor purchases.* Purchases of single-family homes from other investors not covered by the Bill within 2 years of the effective date (which is 180 days after enactment). This means that an LII may purchase a home that is not owner-occupied for about 2.5 years after enactment.
 - *55+ communities.* Purchases of single-family homes as part of a community for households with 1 or more members aged 55 years or older with satisfactory visitability standards. This type of purchase is subject to the 7-year disposal requirement discussed below if the homes cease to meet the eligibility requirements. The current draft of the Bill is unclear whether this requires acquisition of the whole community.
 - *Combination purchases.* Purchases of single-family homes through a combination of purchases that are permitted above.
- **Reorganizations.** The Bill clarifies that the ban does not apply to any purchases of single-family homes "in connection with a restructuring or other reorganization of ownership of single-family homes that were owned or purchased on or before" enactment.
 - **No divestiture of existing assets.** The Bill states explicitly that it would not require any LIIs to divest or otherwise sell any single-family homes purchased before enactment.
 - **Bankruptcy.** The Bill's restrictions would not affect bankruptcy proceedings.
 - **Government entities.** The Bill provides a carveout for any "local, state, tribal, or federal government entity" that would otherwise meet the definition of a LII.
 - **Manufactured homes.** Manufactured homes are excluded from the definition of single-family homes provided in the Bill.

The 7-year disposal requirement

- **Disposal of certain excepted purchases.** After the ban goes into effect, single-family homes that are purchased as (1) properties intended for sale or purchased pursuant to (2) a build-to-rent program or (3) a renovate-to-rent program

must be disposed of to an individual homebuyer within 7 years after the purchase date. The Bill also requires that single-family homes purchased under a 55+ communities' program that ceases to meet those requirements must be disposed of within 7 years after the date of purchase. These disposal requirements apply to subsequent LII purchasers if acquired through another carve out.

- *Application to new developments.* The draft text appears to apply to new build-to-rent developments, requiring sale of homes after 7 years, as the definition of "purchase" includes "acquisition . . . through . . . construction."
- *Carve out for REITs.* Any LII that is a REIT need not dispose of the above excepted purchases if disposal of the property would lead to a 100% tax under the statute governing the REIT.
- *Carve out for active leasing contracts with renters.* If the LII has an active leasing contract with a renter in place more than 6 months before the disposal date, the LII is not required to dispose of the property until after the active leasing contract expires.
- *Renter grace period.* The LII may provide a renter with an option to renew an active leasing contract, but the aggregate leasing period cannot exceed 36 consecutive months.
- *Option to purchase.* The renter will also have the right of first refusal and a 30-day "first look" period to purchase the single-family home before the LII disposes of it.
- *Advertising period and disposal.* If the renter declines to purchase the single-family home, then the LII must widely advertise the home as available. If the LII does not sell the home or receive an offer to purchase within 60 days of the start of the advertising period, the LII will still be considered in compliance with the disposal requirements.

Other provisions

- **Enforcement and penalties.** Any LII that violates the ban or the disposal requirements for excepted purchases will be subject to a civil penalty of the greater of \$1 million or 3 times the purchase price of the property per violation. The Bill delegates enforcement of the civil penalties provision to the Treasury Secretary.
- **Rulemaking authority.** The Treasury Secretary also has principal rulemaking authority under the Bill, but any regulations must be issued in consultation with the Secretary of Housing and Urban Development, the Director of the Federal Housing Finance Agency and the Chair of the Securities and Exchange Commission.
 - Any promulgated rule must go through notice-and-comment rulemaking procedures and aim to minimize market disruptions, mitigate negative impacts on consumers and communities and clarify definitions of "large institutional investor," "single-family home" and "excepted purchase" if the Treasury Secretary determines such regulations will advance the availability of single-family homes for purchase.
 - But no rule may alter the scope of or alter the type of any excepted purchase that would undermine the goal of expanding the number of single-family homes available to individual households. And no rule may add any category or alter the quantitative threshold of "large institutional investor."
- **Reports.** The Bill requires the head of the Government Accountability Office to submit a report on the impact of LIIs on housing affordability and an evaluation of the ban. It also requires the Secretary of Housing and Urban Development, in consultation with other agencies, to submit a report containing legislative recommendations to improve the authorities given to the agencies under the ban.
- **Sunset provisions.** The Bill specifies that the prohibitions will automatically be repealed 15 years after the effective date.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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¹ See 42 U.S.C. § 5402(6) (defining "manufactured home" as "a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or forty body feet or more in length, or, when erected on site, is three hundred twenty or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein; except that such term shall include any structure which meets all the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the Secretary [of Housing and Urban Development] and complies with the standards established under this chapter; and except that such term shall not include any self-propelled recreational vehicle").