

Alert | Real Estate/Institutional Investors



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21st Century ROAD to Housing Act Becomes Law: Implications for Large Institutional Investors

As discussed in [our prior GT Alerts](#), there has been a legislative push to expand housing supply and homeownership opportunities in recent months. On July 11, 2026, the 21st Century ROAD to Housing Act (the Act) became law without the president's signature. While the Act addresses a broad range of issues, this GT Alert focuses on what the new law means for large institutional investors in the single-family home market.

The Act includes a prohibition on the purchase of single-family homes by large institutional investors, subject to several exceptions, with existing portfolios unaffected. The date of enactment is July 11, 2026, and the effective date is 180 days thereafter — Jan. 7, 2027.

Who Is Prohibited From Purchasing Single-Family Homes?

The prohibition applies to large institutional investors, defined as “an investment fund, corporation, general or limited partnership, limited liability company, joint venture, association, or other for-profit legal entity that: (i) is engaged, in whole or in part, in the business of investing in, owning, renting, managing, or holding single-family homes; and (ii) alone or in concert with one or more other entities, beginning after the date of enactment of the Act, directly or indirectly has investment control of not less than 350 single-family homes in the aggregate, not including any single-family home purchased in an ‘excepted purchase’ made after the date of enactment.”

What Is Considered a Single-Family Home?

The Act defines a single-family home as “a structure that contains two or fewer dwelling units, each intended for residential occupancy by a single household.” The definition excludes manufactured homes.

What Constitutes a Purchase?

The Act defines purchase broadly 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.”

Do Exceptions Apply?

The Act excludes certain purchases from the prohibition. Key exceptions include:

- **Newly Constructed, Renovated, or Rental Conversion Homes for Sale (Subparagraph A):** Purchases of newly constructed, renovated, or rental conversion homes for sale, provided the home is not rented pending sale.
- **Build-to-Rent Programs (Subparagraph B):** Purchases of newly constructed homes to be managed as rental properties under a build-to-rent program.
- **Renovate-to-Rent Programs (Subparagraph C):** Purchases under a renovate-to-rent program.
- **Homeownership Programs (Subparagraph D):** Purchases pursuant to a qualifying homeownership program that includes rent-to-own features, opt-in positive rent reporting to consumer reporting agencies, and meaningful financial support from the investor toward the renter’s purchase of the home.
- **Programs to Boost Homeownership (Subparagraph E):** Purchases under a qualifying program that includes opt-in positive rent reporting, a right of first refusal, and a 30-day “first look” period for the renter.
- **Purchases From Other Large Institutional Investors (Subparagraph H):** Purchases from another large institutional investor that owned the home on the date of enactment or purchased it in compliance with the Act.
- **Purchases From Non-Covered Investors (Subparagraph I):** Purchases from an investor not covered under the Act, provided the purchase occurs within two years of the Act’s effective date.
- **Age-Restricted Communities (Subparagraph J):** Purchases of homes intended for communities where one or more household members are 55 or older.
- **Combinations of Excepted Purchases (Subparagraph K):** A single purchase or combination or series of purchases described in subparagraphs A through J of the law.

Additional Obligations and Considerations

Beyond the prohibition and its exceptions, the Act includes several additional provisions:

- **No Divestiture or Seven-Year Resale Requirement.** The Act does not require large institutional investors to divest or sell any single-family home purchased before the enactment date. The Senate version of the bill proposed a seven-year resale requirement for certain excepted purchases, which is not included in the final law.

- **Annual Notification Requirement.** Large institutional investors must notify the Secretary of HUD annually of their status as a large institutional investor and identify the number of single-family homes under their direct or indirect investment control, including the city and state of each home, unless the investor owns 10 or fewer homes in a given city.
- **Renter Outreach Obligations.** Large institutional investors must provide each renter written notice about the Act's federally established renter outreach resource at initial occupancy and annually thereafter. Investors must also prominently feature that information on their public-facing websites.
- **Regulations and Implementation.** The secretary of the Treasury, in consultation with HUD, the Federal Housing Finance Agency, and the Securities and Exchange Commission, will carry out regulations to implement the Act. Regulatory guidance from these agencies may help clarify several open issues under the law.

Looking Ahead

The Act represents a federal restriction on institutional single-family home acquisition. Entities that own 350 or more homes — or that are approaching the 350-home threshold — may wish to consider using the 180-day window before the Act's effective date to assess current portfolio composition, evaluate whether planned acquisitions qualify as excepted purchases, and confirm that compliance systems and annual notification processes are in place.

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