Investor Ban Toolkit

This toolkit contains resources to explain investors' presence in state and local housing markets to elected officials. In this document, you will find information and templates including:

- **Overview:** Explains the impact of investors on homeownership, policy analysis, state legislation, legal arguments and legislative amendments.
- **Regional snapshot and types of institutional investors:** A summary of institutional investors in markets across the U.S. and a snapshot of investor categories.
- **Facts and figures:** A collection of compelling statistics related to institutional investors.
- **Myths vs. Facts:** A one-page overview that addresses common misconceptions about institutional investors.
- **Opposition template letter:** A customizable letter that can be used to oppose local investor bans.

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OVERVIEW

For several years, state lawmakers across the country have introduced bills limiting or outright prohibiting institutional investors from participating in the single-family for sale or rental home market.

Generally, institutional investors are firms that invest in home construction projects or purchase of existing homes.[1] They can be any entity with the equity available, including large conglomerates, pension funds and more. These companies invest in single-family homes, multifamily complexes or full-scale neighborhood developments to operate as rentals.

The bipartisan 21st Century ROAD to Housing Act, which went into effect in July 2026, addresses institutional investors, particularly those invested in built-to-rent (BTR) construction. BTR developments are single-family communities and multifamily projects built from the ground up by developers to serve as rentals. The homes are purpose-built single-family rental housing, typically serving families seeking three or more bedrooms.[2]

Notably, NAHB worked with lawmakers to keep a burdensome built-to-rent (BTR) sales mandate out of the final legislative package. An early version of the bill would have required institutional investors to sell BTR homes within seven years. NAHB and Urban Institute estimates found the mandate could have reduced single-family rental investment and cut production by 40,000 to 72,000 homes each year.[3]

Although institutional investors play an outsized role in housing affordability discussions, they hold a relatively small share of single-family housing units overall. In the U.S., most single-family rentals are owned by small and mom-and-pop investors.[4] Institutional investors own just 3% of single-family rentals nationwide, less than 0.5% of the total single-family housing stock.[5]

[1] https://www.congress.gov/crs_external_products/R/PDF/R49015/R49015.1.pdf
[2] https://www.congress.gov/crs_external_products/R/PDF/R49015/R49015.1.pdf
[3] https://www.nahb.org/news-and-economics/press-releases/2026/06/over-1100-housing-advocates-call-on-congress-to-address-affordability
[4] https://www.realtor.com/news/trends/real-estate-investor-report-2026/
[5] https://www.urban.org/urban-wire/will-regulating-large-institutional-investors-actually-make-housing-more-affordable

POLICY ANALYSIS

Restricting single-family rental property ownership runs counter to lawmakers' goal of expanding housing opportunities to address the housing affordability crisis. The affordability crisis is driven by a lack of housing supply, not demand. There is a nationwide shortage of roughly 1.2 million housing units.[6] BTR is one of the few market segments adding tens of thousands of homes that otherwise would not be built. According to NAHB's analysis of U.S. Census Bureau data, there were approximately 14,000 single-family BTR starts during the first quarter of 2026.[7] More housing supply, for purchase or for rent, lowers housing prices overall.

Further, restricting BTR housing would harm families who rely on rental housing. BTR housing provides an alternative housing option for families where homeownership is unattainable or who simply prefer to rent than purchase a single-family home.[8]

Rather than implementing a ban or restricting single-family home purchases by owner type, state lawmakers should steer toward policies that increase supply, lower costs and expand opportunity. Effective local housing reforms include: incentivizing new housing developments, reforming local zoning and land use policies, supporting public-private partnerships to lower development costs and alleviating the regulatory burdens that increase residential construction costs.

STATE LEGISLATION

- Arizona: House Bill 2706, House Bill 2325, Senate Bill 1442
- California: Assembly Bill 1240
- Georgia: House Bill 864, House Bill 1055, Senate Bill 463, House Bill 1116
- Michigan: HB 6074
- Minnesota: HF 2687, SF 3173
- Nevada: Assembly Bill 457
- New Mexico: House Bill 192, Senate Bill 114
- New York: Governor's proposal for 75 days before an investor can bid on a home.
- North Carolina: HB 1056
- Texas: House Bill 2968
- Washington: Senate Bill 5580

[6] https://www.nahb.org/news-and-economics/press-releases/2026/02/2026-housing-outlook-ongoing-challenges-cautious-optimism-and-incremental-gains
[7] https://eyeonhousing.org/2026/05/single-family-built-to-rent-slowed-at-start-of-2026/
[8] https://www.npr.org/2026/03/04/nx-s1-5703574/home-rent-housing-crisis-ownership

LEGAL ARGUMENT

A blanket ban on institutional homeownership is legally vulnerable because it regulates who may own property rather than targeting unlawful or harmful conduct. While governments have broad authority to address housing affordability, that authority is not unlimited. A categorical prohibition on ownership by corporations, investment funds, or other entities may be arbitrary and overinclusive if it sweeps in owners who rehabilitate vacant homes, finance new construction, provide rental housing, or otherwise increase housing supply. Depending on how the ban is drafted, it may also raise constitutional concerns under due process and equal protection principles, particularly where the government singles out a class of lawful market participants without a clear, evidence-based connection between the ban and improved affordability. In addition, a prohibition that forces divestment or substantially destroys the economic value of existing property interests could invite takings claims, while a law that discriminates against or unduly burdens out-of-state owners, investors, or capital may raise dormant Commerce Clause concerns.

The more defensible approach is to regulate specific harms, such as vacancy, code violations, unfair lease practices, deceptive transactions, or anticompetitive conduct, rather than prohibiting an entire category of owners from participating in the housing market. Housing affordability is fundamentally a supply problem, and an institutional ownership ban risks reducing investment in new housing, rehabilitation, and build-to-rent communities without producing a meaningful increase in attainable homeownership.

AMENDMENTS

Typically, legislation that bans or limits institutional homeownership will have a few things in common: (1) limit the number of homes a corporation can own; (2) set a year by which the investor needs to sell the house if above a threshold; (3) tie the LLC to a person who owns it.

Consider offering amendments that do the following:

(1) *Amend the 100-home ownership limit to 1,000 in-state or 1,000 per county.*
(2) *Amend the number of years an institutional homeowner can keep their property; take out the 7 years or 6 years.*
(3) *Amend the last part of the bill (if the bill includes) so that it separates an entity from an individual.*

REGIONAL INFORMATION

The U.S. Government Accountability Office issued a report in March 2026 examining investor homeownership trends for 2018-24 in the Cincinnati, Dallas, Jacksonville, Nashville, Phoenix, and Seattle metropolitan areas.

Percentage of Institutional Investor-Owned Single-Family Homes in Six Selected Metropolitan Statistical Areas:

- Cincinnati (1%)
- Dallas (1%)
- Jacksonville (3%)
- Nashville (2%)
- Phoenix (2%)
- Seattle (1%)

View the report: https://www.gao.gov/assets/gao-26-108675.pdf

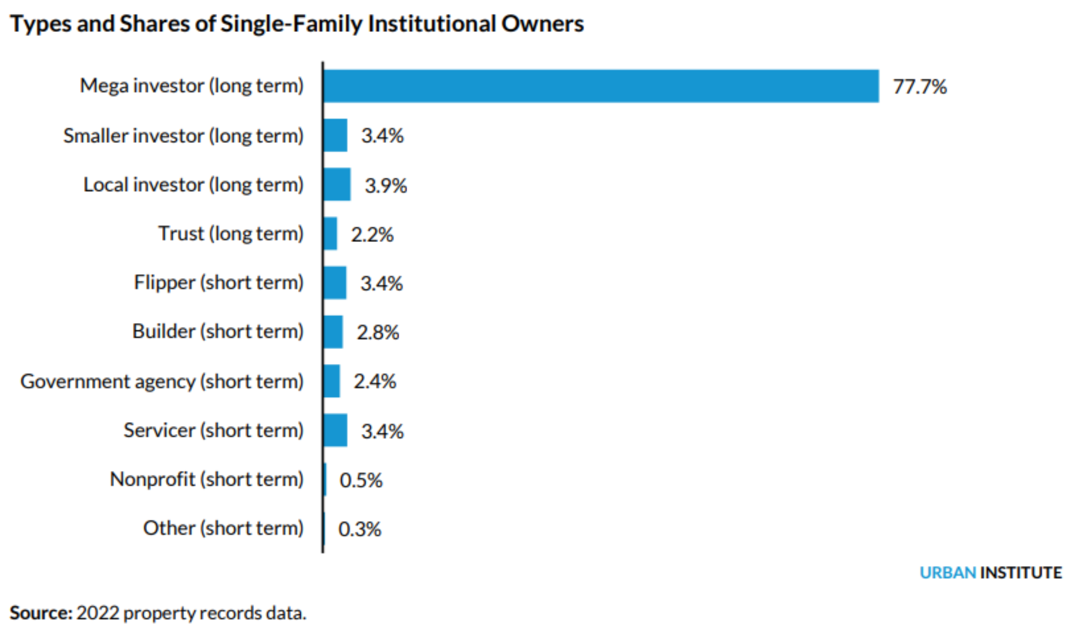
According to ResiClub's analysis using the Parcl Labs' API, these 10 housing markets had the highest share of institutional ownership:

- Atlanta (4.3%)
- Jacksonville, Fla. (3.8%)
- Charlotte, N.C. (3.2%)
- Memphis, Tenn. (3.1%)
- Tampa, Fla. (2.8%)
- Lakeland, Fla. (2.8%)
- Orlando, Fla. (2.8%)
- Indianapolis (2.8%)
- Phoenix (2.6%)
- Las Vegas (2.5%)

View the analysis: https://www.resiclubanalytics.com/p/2-maps-show-momandpops-institutions-homes

TYPES OF INSTITUTIONAL INVESTORS

Types and Shares of Single-Family Institutional Owners



This chart from a recent Urban Institute report provides a snapshot of short- and long-term investors. Builders make up 2.8% of the single-family market, and government agencies make up 2.4%. This chart illustrates that institutional investors are made up of public and private sector entities.

View the report: https://www.urban.org/sites/default/files/2023-08/A%20Profile%20of%20Institutional%20Investor%E2%80%93Owned%20Single-Family%20Rental%20Properties.pdf

FACTS AND FIGURES

- Approximately 7% of new single-family homes built today are for rent.[9]
- Approximately 14,000 single-family homes were built for the rental market in the first quarter of 2026, which is down from 19,000 in the first quarter of 2025.[10]
- Over the last four quarters, 62,000 such homes began construction, which is a 26% decrease compared to the 84,000 estimated built-for-rent starts for the prior four-quarter period.[11]
- As of the fourth quarter of 2025, the mortgage payment on a median-priced home using current mortgage rates would be approximately $3,200 per month, or more than $1,000 per month higher than the average rent on a build-to-rent property. [12]
- A typical development project with 200 units requires a total capitalization of $60 million to cover construction costs. For a developer looking to construct 5,000 units in five years, that's around $1 billion.[13]

[9] https://www.npr.org/2026/03/04/nx-s1-5703574/home-rent-housing-crisis-ownership
[10] https://eyeonhousing.org/2026/05/single-family-built-to-rent-slowed-at-start-of-2026/
[11] https://eyeonhousing.org/2026/05/single-family-built-to-rent-slowed-at-start-of-2026/
[12] https://www.northmarq.com/insights/research/build-rent-special-report-supply-side-pressures-ease-2026
[13] https://sites.lsa.umich.edu/mje/2025/05/16/building-the-future-housing-market-a-look-into-build-to-rent/

OPPOSITION TEMPLATE LETTER

[Your Name]
[Your Title / Organization]
[Address]
[Email / Phone]

[Date]

The Honorable [Legislator's Name]
[Chamber / Committee]
[Address]

RE: Institutional Housing Ban Legislation [insert bill number] — OPPOSE

Dear [Senator/Delegate/Representative] [Last Name]:

The National Association of Home Builders (NAHB) and **[insert HBA name]** are writing to regretfully oppose **[insert bill number]**, which would limit housing availability in the state of **[insert state name]** and intensify affordability challenges. Although well-intentioned to help more hard-working families achieve the American Dream, legislation that limits the homeownership rights of institutional investors does not solve the root problem of the affordability crisis: a lack of housing supply.

Under this legislation, as drafted, the state risks reduced rental inventory, which directly contributes to higher housing costs for renters and buyers. Institutional investors provide housing opportunities for many individuals, including low- and middle-income earners who are unable to afford a single-family home. Restricting homeownership rights of institutional investors is not a silver bullet toward homeownership for community members nor does it solve the nation's shortage of 1.2 million housing units.[14]

The issue of institutional investors is also not as pervasive as many believe. Only 16% of single-family homes nationwide are rentals, and most are owned by small investors. Institutional investors own just 3% of single-family rentals nationwide, less than 0.5% of the total single-

[14] 2026 Housing Outlook: Ongoing Challenges, Cautious Optimism and Incremental Gains | NAHB

family housing stock, many of which are build-to-rent (BTR) developments, single-family communities that are exclusively rentals.[15]

If this legislation was to move forward, BTR developments will likely halt production in our area, which will be a tremendous blow to the local housing market. According to NAHB's analysis of data from the Census Bureau, there were 84,000 BTR starts in 2024 and 68,000 in 2025. At a time of severe housing shortages and affordability challenges, BTR is one of the few residential construction markets adding tens of thousands of homes that otherwise would not be built. As such, restricting the rights of institutional investors defies the goal of expanding housing opportunities and lowering costs.

Instead of restricting homeownership policies, NAHB and **[insert HBA name]** encourage you to consider supporting legislation that incentivizes construction of new housing developments, reforms local zoning and land use policies to increase housing supply, supports public-private partnerships to lower development costs and addresses the regulatory burdens that increase building costs in **[insert state name]**.

For these reasons, NAHB and the **[insert HBA name]** urge you to oppose **[insert bill number]**. We believe ensuring a healthy, functional housing market requires policies that produce more housing stock, not restricting the homeownership rights of companies or individuals. Policies that discourage investment risk worsen the very challenges they seek to solve.

Sincerely,

[insert full name]

[insert job title]

[insert HBA name]

[15] Will Regulating Large Institutional Investors Actually Make Housing More Affordable? | Urban Institute

MYTHS VS FACTS

Myth: Institutional investors take homes away from families.

Fact: Institutional investors own just 3% of single-family rentals, less than 0.5% of the total single-family housing stock.[16]

Myth: Institutional investors have priority during the sale of a house.

Fact: An institutional investor must compete with other buyers when purchasing a home.

Myth: The housing affordability crisis exacerbated by institutional investor homeownership.

Fact: The affordability crisis is driven by a lack of housing supply, not demand. More housing supply, for purchase or for rent, lowers housing prices overall.

Myth: Wall Street owns a majority of single-family rentals in communities across the country.

Fact: "Mom-and-pop" investors, those who own 10 or fewer properties, account for a majority of investor-held housing stock.[17]

Myth: Renting means someone is financially in distress and cannot afford to purchase a home.

Fact: Many high-income households rent due to convenience.

[16] https://www.urban.org/urban-wire/will-regulating-large-institutional-investors-actually-make-housing-more-affordable
[17] https://www.realtor.com/news/real-estate-summary/mom-pop-investors-crackdowns-benefits-recap/

REFERENCES AND FURTHER READING

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