

CLIENT ALERT | March 11, 2026

# Senate Advances 21st Century ROAD to Housing Act

***The Senate version of the bill includes sweeping restrictions on institutional investor single-family home purchases.***

## Key Points:

- **Significant legislation:** The legislation would represent the most significant federal restriction on institutional investment in single-family housing in modern US history.
- **General prohibition:** If the bill is enacted in its current form, large institutional investors — entities with investment control of 350 or more single-family homes — would be prohibited from purchasing single-family homes (excluding manufactured homes) unless a purchase qualified for a statutory exception.
- **Statutory exceptions:** Certain purchases are characterized as “excepted purchases.” However, certain excepted purchases are subject to a disposal requirement, requiring disposal to an individual homebuyer within seven years of purchase, with renters receiving both a right of first refusal and a 30-day “first look” period.
- **Enforcement:** Violations of the prohibition would carry civil penalties of up to \$1 million per violation or three times the purchase price, whichever is greater.
- **No forced divestiture:** The bill does not require large institutional investors to divest or sell single-family homes purchased before the date of enactment, nor does it prevent the filing of bankruptcy petitions or otherwise affect bankruptcy proceedings.

## Procedural Overview

On March 10, 2026, the Senate cleared a procedural hurdle 89-9-1 to advance the 21st Century ROAD to Housing Act (the Act)<sup>1</sup> toward a floor vote as soon as this week, signaling broad bi-partisan support for the bill. Earlier, on February 9, 2026, the House of Representatives passed the bill with strong bipartisan support in a 390-9 vote. The bill is a response to Executive Order 14376 (“Stopping Wall Street from Competing with Main Street Homebuyers”).

The version of the bill that the Senate is proceeding with includes sweeping restrictions on institutional investor involvement in the single-family home market, as laid out in Title IX, Section 901 of the Act (“Homes are for people, not corporations”). These restrictions were not included in the version of the bill that passed the House.

If finalized and approved by the Senate, the bill will likely need to return to the House for reconciliation. As the bill has advanced through the Senate, opposition to passage of the Act has grown. Key sticking points in reconciliation are unrelated to housing and include House Republican demands for community bank deregulation provisions and a permanent (rather than the Senate's temporary) ban on central bank digital currency issuance, as well as President Trump's March 9, 2026, statement that he will not sign other legislation until a separate voting-related bill is passed. Consequently, passage remains possible but uncertain.

The bill is co-sponsored by Senator Tim Scott (R-S.C.) and Senator Elizabeth Warren (D-Mass.).

## **Overview of the Bill**

### **Core Prohibition**

Title IX prohibits large institutional investors from purchasing any single-family home, defined as a structure containing two or fewer dwelling units intended for residential occupancy by a single household (expressly excluding manufactured homes), unless such purchase qualifies for a statutory exemption.

### **Definition of "Purchase"**

The term "purchase" is defined broadly to include 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.

### **Definition of "Large Institutional Investor"**

"Large institutional investor" refers to any for-profit entity engaged in investing in, owning, renting, managing, or holding single-family homes, that alone or together with other entities has direct or indirect investment control over 350 or more single-family homes in the aggregate. The 350-house threshold excludes homes purchased under a statutory exception.

### **Definition of "Investment Control"**

The bill defines "investment control" broadly to include entities that: (i) own the home or have primary investment or management decision-making authority; (ii) directly or indirectly control the owning entity (e.g., general partner, managing member, investment manager, or advisor); or (iii) directly or indirectly own or control more than 25% of the equity class of any entity that owns the single-family home (unless such entity is a passive investor). Notably, "investment control" does not include ownership or control of debt investments and "single family home" excludes manufactured homes, homes of three or more dwelling units, and land.

### **Definition of an "Excepted Purchase"**

The draft bill includes a list of "excepted purchases" — or purchases that are exempted from the general prohibition on purchases. The form that these exceptions take in any final bill will have an enormous effect on the practical implications of the Act for participants in the single-family home market.

In the current version of the Senate bill, an “excepted purchase” means any purchase of a single-family home that is:

- (A) Newly constructed, renovated, or rental conversion homes:** Newly constructed, renovated, or a rental conversion for sale by a large institutional investor and not as a residence rented pending sale. This exception is subject to the seven-year disposition requirement described below.
- (B) Newly constructed build-to-rent programs:** Pursuant to a build-to-rent program whereby the large institutional investor purchases newly constructed single-family homes to be managed as rental properties, whether as communities exclusively of renter-occupied single-family homes or as communities of single-family homes that are both owner- and renter-occupied, subject to the seven-year disposition requirement described below.
- (C) Renovate-to-rent programs:** Pursuant to a renovate-to-rent program that (i) substantially rehabilitates single-family homes that do not meet structural or core system elements of local building codes, and (ii) makes improvements in an aggregate dollar amount of not less than 15% of the purchase price of the single-family home, subject to the seven-year disposition requirement described below.
- (D) Homeownership programs:** Pursuant to a homeownership program that, among other things, is a consumer credit transaction secured by a dwelling or real property.
- (E) Programs to boost homeownership:** Pursuant to a program to boost homeownership that, among other things, provides for the right of first refusal, a 30-day “first look” period, and positive credit reporting.
- (F) Debt satisfaction:** In connection with the satisfaction of debts previously contracted in good faith and where the large institutional investor has the right to repossess the single-family home under such contract.
- (G) Foreclosure transactions:** Undertaken by a mortgage servicer, lender, or other entity that, among other things, 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.
- (H) Purchases from other large institutional investors:** Purchased from another large institutional investor that either owned the single-family home on the Act’s date of enactment or purchased the single-family home in compliance with Title IX.
- (I) Transition period:** Purchased from an investor not covered under this section, so long as the purchase occurred not more than two years after the Act’s effective date.

**(J) Senior housing:** Newly constructed, renovated, or a rental conversion of housing for households with one or more members age 55 or older among other criteria, subject to the seven-year disposition requirement described below if such units cease to meet eligibility requirements.

**(K) Aggregations:** Purchased through a single purchase or combination or a series of purchases described in subparagraphs (A) through (J).

### **Disposal Requirements**

For homes acquired under certain excepted purchases — specifically, newly constructed or renovated for-sale homes (A); build-to-rent programs (B); renovate-to-rent programs (C); and senior housing (but only to the extent such housing ceases to meet the exception requirements) (J) — the large institutional investor must dispose of the property to an individual homebuyer within seven years of purchase.

The seven-year disposal period runs with the property and does not reset if the property is subsequently purchased by another large institutional investor under a different exception.

The disposal requirement will not apply in the case of any REIT if the disposal of such property would be a prohibited transaction that would lead to a 100% tax under the statute governing such types of entities. This is a narrow exception — it applies only where an individual sale would itself trigger the 100% prohibited transaction tax under IRC Section 857(b)(6), not where compliance with the seven-year disposal requirement would cause the REIT to exceed safe harbor volume limitations (such as the seven-sale limit or 10% of assets test).

Additionally, if there is an active lease with a renter of the applicable home that went into effect no later than six months prior to the date by which the home must be disposed, the disposal deadline will be extended until the contract expires (with the caveat that renewals of such contracts are limited to 36 months).

Before disposing of a home that is subject to a lease contract, the renter must be given a right of first refusal and a 30-day “first look” period to purchase the home. If the renter declines to renew the lease or purchase the home, the large institutional investor must widely advertise the property and make it broadly accessible to individual homebuyers and the general public. If no individual homebuyer purchases or offers to purchase the home within 60 days of advertisement, the investor is deemed in compliance with the disposal requirements.

### **Enforcement**

Violations of the prohibition on purchases or the disposal requirements carry significant civil penalties: up to \$1 million per violation or three times the purchase price of the property involved, whichever is greater.

## **Regulatory Authority and Limitations**

The bill authorizes the Secretary of the Treasury, 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, to issue implementing regulations. Additional limitations in the bill suggest that the core restrictions are unlikely to be softened through regulation.

## **Sunset Provision**

The requirements and prohibitions under Title IX will take effect 180 days after the Act's enactment and will be repealed 15 years after the effective date.

## **Possible Modifications**

In the days since the cloture vote in the Senate, certain advocates have proposed an array of changes to Title IX to help mitigate potential negative effects on housing supply, including:

- excluding homes newly built by institutional investors from the disposition requirements, as such homes help alleviate single-family home construction constraints;
- excluding build-to-rent communities from the disposition requirements, as institutional investors may be the only natural buyers for such properties because they are operated as communities;
- clarifying that the newly renovated exemption includes homes acquired with the intent to renovate and/or repair and resell (as opposed to lease) because such resales help improve the quality of the housing stock;
- adding a provision that acquisitions by public REITs are excepted purchases, as such investments help facilitate further investment of long duration capital into the housing market;
- clarifying that the REIT exemption from the seven-year disposal requirement applies where compliance would cause a violation of the volume limitations under the IRC Section 857(b)(6) safe harbors (including the seven-sale limit and the 10% of assets test), rather than only where an individual sale would itself constitute a prohibited transaction;
- expanding the exceptions related to purchases through debt satisfaction and foreclosures to include enforcement remedies for capital providers that help homeowners finance home purchases more generally (e.g., where a prospective homebuyer may seek financing in the form of a ground lease owned by an institutional investor); and
- structuring the Act to preempt conflicting state and local laws to ensure uniformity in the single-family home market.

Latham & Watkins will continue to monitor and report on developments in this space.

## Contacts

**Roman Martinez**

roman.martinez@lw.com  
+1.202.637.3377  
Washington, D.C.

**Mark Semotiuk**

mark.semotiuk@lw.com  
+1.212.906.4793  
New York

**Uriel Hinberg**

uriel.hinberg@lw.com  
+1.202.350.5086  
Washington, D.C.

**Joshua Gelnick**

joshua.gelnick@lw.com  
+1.212.906.3092  
New York

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## Endnotes

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<sup>1</sup> H.R. 6644/S.2651.