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House-Passed 21st Century ROAD to Housing Act: What Real Estate Professionals Should Know

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If it hasn't already, the 21st Century ROAD to Housing Act may change how you think about acquisitions, development sites, public land, affordable housing capital, and single-family rental strategy. On May 20, 2026, the U.S. House passed an amended version of this legislation. The bill extends well beyond traditional affordable housing policy, and real estate professionals should pay close attention to its key provisions.

The House Removed the Single-Family Investor Sale Mandate

The House removed the seven-year forced sale mandate included in the U.S. Senate version. That provision had raised major concerns for build-to-rent developers, single-family rental operators, lenders, and capital providers because it could have forced certain owners to sell rental homes after a seven-year holding period.

However, the bill still restricts large institutional investors from buying additional single-family homes.

What Restrictions Still Apply to Large Institutional Investors?

The House version still restricts certain large institutional investors from purchasing single-family homes. The prohibition is broad: a large institutional investor cannot purchase, or contract to directly or indirectly purchase, a single-family home unless an exception applies. The bill also defines "purchase" broadly to include acquisitions through mergers, construction, foreclosures, bulk purchases, and other transfers.

A "large institutional investor" generally means an entity engaged in investing in, owning, renting, managing, or holding single-family homes that has direct or indirect investment control of at least 350 single-family homes, excluding homes purchased through certain exceptions.

A "single-family home" is defined as a structure with two or fewer dwelling units intended for residential occupancy by a single household. Manufactured homes are excluded from this definition.

Key Exceptions to the Institutional Investor Ban

A large institutional investor may still purchase or control single-family homes in specific situations. Key exceptions include purchases tied to:

- **Existing assets:** The bill permits purchases of single-family homes in connection with a restructuring or other reorganization of ownership of homes owned or purchased on or before enactment.
- **Build-to-rent programs:** The bill allows the purchase, construction, or retention of newly constructed single-family homes managed as rental property, including renter-only communities and mixed owner/renter communities, under build-to-rent

programs.

- **Renovate-to-rent programs:** The bill allows purchases where the investor substantially rehabilitates homes that fail structural or core system code requirements and makes improvements equal to at least 15% of the purchase price under a renovate-to-rent program.
- **Homes built, renovated, or converted for sale:** The bill allows certain purchases involving newly constructed, renovated, or rental-conversion homes for sale by a large institutional investor, provided the investor does not rent the home as a residence while awaiting sale.
- **Homeownership programs:** The bill allows certain renter-to-owner and homeownership programs, including programs with rent-payment reporting, a right of first refusal, a 30-day first-look period, and possible financial support from the investor.
- **Debt, foreclosure, servicing, and restructuring situations:** The bill preserves room for certain acquisitions tied to debts previously contracted in good faith, repossession rights, servicing obligations, loss mitigation, foreclosure, deed-in-lieu transactions, and restructuring of homes owned or purchased before enactment.
- **Two-year implementation period:** The bill permits purchases from a non-large institutional investor, provided the purchase occurs within two years after the effective date of the bill.
- **Other large institutional investor sales:** The bill permits purchases from another large institutional investor that either owned the single-family home on the date of enactment of the bill or purchased the single-family home in compliance with the bill.
- **Certain investor-to-investor transfers and 55+ communities:** The bill permits newly constructed, renovated, or rental-conversion homes intended and operated for occupancy as part of a community for households with one or more members aged 55 years or older, provided the property satisfies visitability standards established by HUD.

3 Takeaways for Real Estate Professionals

- **Single-family rental and build-to-rent investors should review their acquisition strategy now.** If you are anywhere near the 350-home threshold, you should map your ownership and control structure. The proposed penalties are significant: violators could face a civil penalty of up to $1 million per violation or three times the purchase price of the property involved, whichever is greater. Real estate professionals should consult their attorneys to determine their direct and indirect exposure under the bill.
- **Large institutional investors should prepare for reporting and renter-notice obligations.** The House version also creates compliance obligations. The bill would require each covered large institutional investor to notify the Secretary annually whether it qualifies as a large institutional investor and identify how many single-family homes it controls, including the city and state where each home is located, subject to a limited exception for cities where the investor owns 10 or fewer single-family homes.

The bill also requires large institutional investors to provide renters with written notice about the renter outreach resource when the renter first occupies the home and annually after that. The investor must also provide contact information for the person or entity responsible for renter disputes and post information about the renter outreach resource on a public website accessible to renters.

Real estate professionals should consult their attorneys to determine their compliance obligations.

- **Affordable housing capital stacks may gain more flexibility.** The House version would allow Community Development Block Grant (CDBG) funds to be used for new construction of affordable housing, capped at 20% of the amounts allocated to the recipient. Real estate professionals working on LIHTC, workforce housing, mixed-income, or public-private projects should monitor how local governments utilize these tools.

What Happens Next?

The bill now returns to the Senate. Watch for further changes to the institutional investor language and begin identifying which parts of your business could benefit from the development, land, financing, and inspection reforms. The House version provides real estate professionals more clarity than the prior Senate version, especially regarding build-to-rent projects and forced sales. The final version could still change, so keep your deal pipeline flexible.

FAQ

- **What is the 21st Century ROAD to Housing Act?** The 21st Century ROAD to Housing Act is a broad federal housing bill aimed at increasing housing supply, improving affordability, updating housing finance programs, streamlining certain development rules, and limiting some large institutional investor purchases of single-family homes.
- **Did the House pass the 21st Century ROAD to Housing Act?** Yes. The House passed the amended 21st Century ROAD to Housing Act on May 20, 2026. The Senate must reconsider the bill before it can become law.
- **Did the House version remove the single-family investor sale mandate?** Yes. The House version removed the seven-year forced sale mandate that appeared in the Senate version.
- **Does the House version still restrict institutional investors from buying single-family homes?** Yes. The House version still restricts certain large institutional investors from purchasing single-family homes. The restriction generally applies to covered entities with direct or indirect investment control of at least 350 single-family homes, subject to specific exceptions.
- **Does the bill still allow build-to-rent projects?** Yes. The bill allows certain build-to-rent projects through an exception for newly constructed single-family homes managed as rental property. That exception can apply to renter-only communities and mixed owner/renter communities.
- **How could the bill affect multifamily and affordable housing professionals?** The bill could affect multifamily and affordable housing professionals by changing rules related to infill development, publicly owned land databases, CDBG funding, HOME funding, voucher participation, and HUD-related program administration. These changes could influence site sourcing, capital stacks, project timelines, and public-private development opportunities.

Aaron Whyte is a Chicago multifamily real estate attorney focused on helping investors buy small-to-mid-size multifamily assets in the City of Chicago and across Illinois. He advises buyers on purchase agreements, due diligence, leasing risk, title/survey, zoning and closing execution to help deals close smoothly and avoid post-closing surprises. Contact Aaron at awhyte@gouldratner.com.