Family Office Insights

An Update on "Institutional Investor" Restrictions on Single-family Home Purchases: What Family Offices Need to Know

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Since publication of our April 2026 client alert, Congress has passed the "Homes Are for People, Not Corporations" provisions as Title X of the 21st Century ROAD to Housing Act ("Act").

The key takeaways for family offices remain largely unchanged. The Act closely tracks the March Senate bill, retaining both the 350-home threshold and the broad concept of "investment control" in the definition of a "large institutional investor" ("LII"). Accordingly, absent unusual governance or control rights, most family offices are unlikely to be considered LIIs and therefore are not expected to be directly subject to the Act's purchase restrictions.

There are, however, two notable developments in the enacted version relating to compliance and enforcement.

First, the Act requires LIIs to submit annual reports to Congress regarding their single-family home holdings. Although these reporting requirements apply only to LIIs, family offices invested as limited partners in funds sponsored by LIIs should be aware that some of the associated compliance costs may result in higher management fees, fund expenses or similar charges.

Second, the Act establishes a renter outreach program, administered by the Department of Housing and Urban Development (HUD), whereby renters may report disputes and potential violations of the Act involving properties owned by LIIs. HUD is also authorized to investigate certain complaints, request information from covered investors, coordinate with other agencies and publish annual reports summarizing the information received. The increased oversight created by this program, together with the Act's purchase restrictions and congressional reporting requirements, are likely to contribute to the heightened regulatory scrutiny discussed in our prior post and may continue to affect deal flow involving large single-family home portfolios.

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