

## Research Summary

### Investor-Owned Residential Properties and Housing Affordability

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#### BACKGROUND

The nationwide shortage of rental and owner-occupied housing is estimated to be at least 1.5 million units according to the National Association of Home Builders and as many as 5.5 million according to the National Association of Realtors. The National Low Income Housing Coalition estimates the shortage of affordable and available rental homes for people with extremely low incomes (at or below the federal poverty guideline or 30% of area median income, whichever is greater) could be as high as 7.1 million.

This lack of adequate housing supply leads to higher prices for renters and homebuyers alike, forcing some into homelessness and preventing others from becoming homeowners. A complex mix of economic and bureaucratic factors is hampering efforts to improve the situation. On a macroeconomic level, relatively high interest rates and inflation are prompting current homeowners to stay where they are, contributing to persistently low vacancy rates. This creates challenges for younger families hoping to purchase homes, and as data from the Urban Institute highlights, cultivating homeownership is critical for improving economic security and mobility.

A potential obstacle limiting access to attainable housing is the rise in institutional investors in the single-family housing market. According to recent data by Cotality investor activity in the rental housing market remained stable through the end of 2025, averaging 80,000 to 100,000 monthly purchases. In 2025, investors accounted for 30% of all single-family home purchases—a slight increase from the 29% share recorded at the end of 2024. The trend persists as investors may be less sensitive to increased interest rates, making it difficult for families with low- or moderate-incomes to compete with offers often in cash and above asking price.

Analysis by Brookings suggests the number of large institutional investors has decreased, with these investors owning about 3% of the total single-family rental units; however, smaller investors remain resilient. These numbers also vary by geographic region with investors targeting areas with the highest returns when factoring in potential rent increases. Research from Harvard's Joint Center for Housing Studies shows that investors are also more likely to purchase lower-cost homes and rent the property, potentially limiting access to homeownership for individual homebuyers.

Policymakers are exploring strategies to regulate investor-owned residential properties by limiting the number of units an entity can purchase, taxing these property owners differently or eliminating mortgage deductions on second home purchases. Other potential strategies for increasing homeownership rates include right of first refusal policies and variations of "tenant opportunity to purchase act" programs.

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Right of first refusal policies vary in form. For tenants who create a [housing cooperation](#), these policies can require affordable housing property owners offer to sell to the housing co-op before any other potential buyer. Municipalities can also establish right of first refusal regulations to preserve local affordable housing developments. If an owner, typically involved in the federal Low-Income Housing Tax Credit program, decides to sell the property and convert it into anything other than housing for low- and moderate-income households, right of first refusal policies require the owner to offer to sell to a nonprofit housing agency or the municipality prior to other potential buyers. These policies can also include price requirements if developers received tax credits when constructing the affordable housing.

The [Tenant Opportunity to Purchase Act](#) was enacted in the District of Columbia in 1980. This innovative program assists low- and moderate- income households facing displacement by providing financial assistance to renters including seed money, earnest money or acquisition funds. The program also provides technical assistance and supportive services for preparing legal documents and loan applications. Policymakers are exploring programs based on a similar model.

## REGULATION OF INVESTOR-OWNED PROPERTIES

### Enacted Legislation

**Colorado** ([SB 174, 2024](#)) requires the Department of Local Affairs to develop a long-term affordability strategies menu. The menu must include regulating short-term rentals, second homes, or underutilized or vacant units to promote maximizing the use of local housing stock for local housing needs. The Department published its [Housing Action Plan Guide for Colorado Communities](#) in June 2025. The Department also published [additional appendices](#) and a [tools & resources page](#).

**Maine** ([SP 856, 2024](#)) restricts taxpayers who own more than one residential property within the state and are subject to an existing municipal lien from being eligible to claim a deferral.

**New York** ([A 3009, 2025](#)) included in its 2025-2026 budget bill a component that prohibits institutional real estate investors from acquiring any interest in a one- or two-family home unless the property has been listed for sale publicly for 90 days. The 90-day period restarts if the asking price changes. An institutional investor is defined as “an entity or combined group that: 1) owns ten or more single-family residences and/or two-family residences; 2) manages or receives funds pooled from investors and acts as a fiduciary with respect to one or more investors; and 3) has \$30 million or more in net value or assets under management on any day during the taxable year.” The penalty for violating this provision may be up to \$250,000. Additionally, institutional investors are restricted from claiming depreciation and interest deductions on single-family and two-family homes when filing their New York tax returns, even though these deductions will still be available on federal tax returns.

**Oregon** ([HB 4063, 2024](#)) requires the Department of Administrative Services to conduct an annual statewide housing analysis. The analysis must be segmented into regions and must estimate factors including, but not limited to, housing units projected to be converted into vacation homes or second homes during the next 20 years.

**Oregon** ([HB 4128, 2026](#)) prohibits a covered entity from 1) purchasing, 2) acquiring, or 3) offering to purchase or acquire fee title to a single-family residence unless the residence a) will be used as the principal residence of a person with an ownership interest in the covered entity; b) was constructed or will be purchased, acquired or operated with any funds from federal, state or local government; c) is occupied by a tenant; d) was built for occupancy by a tenant as and has never been occupied by a person other than a tenant; e) is not publicly listed for sale at the time the covered entity makes an offer; f) is acquired through a judicial or nonjudicial foreclosure sale, forfeiture, a deed in lieu of foreclosure or

the enforcement of a judgment, lien, debt or property interest; or g) has been publicly listed for sale for at least 90 consecutive days immediately preceding the covered entity first offering or accepting an offer to purchase or acquire any interest in the single-family residence.

**South Carolina** ([HB 4754, 2024](#)) prohibits "wholesaling", which means having a contractual interest in purchasing residential real estate from a property owner, then marketing the property for sale to a different buyer prior to taking legal ownership of the property. Advertising or marketing real estate owned by another individual or entity with the expectation of compensation falls under the definition of "broker" and requires licensure.

### Pending Legislation

**Arizona** ([HB 2325, 2026](#)) would prohibit institutional investors from 1) owning more than 50 single-family homes in the state; 2) submitting a bid or otherwise offering to purchase a single-family home within the first 60 days after the home is listed or otherwise publicly offered for sale; and 3) acquiring any single-family homes in a bulk purchase.

**Illinois** ([SB 3501, 2026](#)) would create the Restock the Block Act, which would impose on a covered entity an annual fee of 10% of the property value of each residential property owned by the covered entity in excess of ten single family homes or eight multi-family homes. The fee would be deposited into the Affordable Housing Trust Fund to 1) fund public housing projects and developments; and 2) provide rental and mortgage assistance.

**Illinois** ([HB 4387, 2026](#)) would create the Corporate Ownership of Residential Property Act. Companies would be prohibited from owning more than 500 residential properties in the state. These companies would also have to register annually with the Department of Financial and Professional Regulation.

**Missouri** ([HB 2077, 2026](#)) would preclude an institutional investor or its subsidiaries or affiliates from purchasing residential property.

**Missouri** ([HB 3167, 2026](#)) would prohibit an institutional investor from purchasing any covered residential property and would give the attorney general enforcement authority.

**New Jersey** ([SB 3226, 2026](#)) would regulate institutional investor activities related to ownership of single-family homes, including purchase and lease. An institutional investor would be prohibited from contacting the owner of a single-family home or the agent of that owner during the first 75 days that the home is on the market and available for purchase. A violation of this would result in fine up to \$50,000, which would fund homebuyer assistance programs.

**Oklahoma** ([SB 2082, 2026](#)) would prohibit single-family home ownership by covered institutional investors and authorize the attorney general with enforcement power. The legislation would also prohibit county clerks from recording a deed that conveys a single-family dwelling to a corporate entity unless the conveyance is accompanied by a beneficial ownership affidavit. Such affidavit must identify persons or entities who exercise at least a 25% interest in the property or otherwise exercise substantial control.

**Rhode Island** ([HB 8102, 2026](#)) would preclude any legal entity from possessing, controlling or otherwise claiming legal title to real property exceeding an aggregate value of \$25 million in single-family dwellings or multifamily dwellings. Any entity that possesses more than this value would be required to divest a graduated yearly amount from assets equal to 10% of the aggregate total over \$25 million.

**Vermont** ([HB 607, 2026](#)) would prohibit covered entities from purchasing, acquiring or offering to purchase or acquire a single-family residence unless the residence has been listed for sale to the general public for at least 90 days.

## Failed Legislation

**Arizona** ([HB 2360, 2025](#)) would prohibit corporations from purchasing a single-family residence unless the single-family residence has been on the market for more than 60 days or there is a change in the asking price. A change in the asking price resets the 60-day time period.

**California** introduced legislation ([SB 1212, 2024](#)) to prohibit an investment entity from purchasing, acquiring or leasing an interest in a single-family dwelling or other dwelling that consists of one or two residential units. A purchase, acquisition or lease of an interest in housing in violation of this prohibition would be considered void.

**Connecticut** introduced legislation ([HB 6112 / SB 442, 2025](#)) to 1) prohibit out-of-state hedge funds from purchasing single-family dwelling units; 2) mandate separate bidding for large investors and individual buyers at a foreclosure auction; 3) require private equity firms and large investors to disclose detailed information on property ownership; and 4) cap the number of single-family dwelling units that can be owned by a corporate entity.

**Georgia** introduced the End Corporate Ownership of Homes Act ([HB 864, 2025](#)), which would require corporations to report the number of single-family dwellings they own to the state auditor. A public portal listing of such reports would be created. The legislation also restricts how much interest in single-family dwellings a corporation could own, with a cascading restriction phasing out entirely by 2030. Any corporation owning an interest in a single-family dwelling after December 31, 2030, would be subject to a \$750,000 fine per single-family dwelling.

**Hawaii** ([HB 2200 / SB 2819, 2026](#)) would prohibit “covered entities” from purchasing single-family residences in the state. “Covered entity” means any partnership, corporation, or real estate investment trust that 1) owns ten or more single-family residences; 2) manages or receives funds pooled from investors and acts as a fiduciary with respect to one or more investors; and 3) has \$30 million or more in net value or assets under management on any day during the taxable year. The legislation also provides enforcement authority to the state attorney general.

**Hawaii** ([HB 2351, 2026](#)) would prohibit corporate owners from renting a single-family home to a residential tenant when the owner has a property interest in five or more such properties. Individual owners would be prohibited from renting a single-family home to a residential tenant when the owner has a property interest in seven or more such properties.

**Florida** ([HB 401, 2025](#)) would allow municipalities to zone land exclusively for owner-occupied homes. The legislation would establish a new classification, “single-family hybrid housing,” which applies to homes primarily used as rentals and owned by corporations, investment groups or related entities. If an owner has three or fewer properties in the same county, their homes would be considered “single-family” instead of “single-family hybrid.” An individual cannot own more than three single-family properties in a county and still qualify for residential zoning.

**Hawaii** ([SB 1131, 2025](#)) would impose an excise tax on hedge funds failing to dispose of excess single-family residences, escalating over a ten year period. The legislation would also impose a tax on any newly acquired single-family residences by a hedge fund.

**Hawaii** introduced legislation ([SB 924, 2023](#)) to eliminate the home mortgage interest deduction for second homes under state income tax law.

**Illinois** ([HB 4071, 2025](#)) would prohibit any person, firm, or corporation from establishing, maintaining, or operating a modular home community without a license from the Housing Authority.

**Illinois** introduced the Family Home Ownership Act ([SB 2924, 2024](#)) to impose a tax on certain partnerships, corporations, limited liability companies or real estate investment trusts that purchase single-family residences. The tax would be equal to 100% of the fair market value of the residence with proceeds of the tax used for providing rental and mortgage assistance.

**Indiana** ([HB 1293, 2025](#)) would establish a transfer tax equal to 50% of the fair market value of a single-family residence for each single family residence acquired by an applicable taxpayer. The legislation establishes a maximum number of single-family residences that may be owned by an applicable taxpayer for purposes of calculating an annual excise tax on any excess single-family residences. The excise tax revenue would be used to financially support a housing down payment assistance fund.

**Maryland** ([HB 1460, 2026](#)) would establish a maximum allowable rent for tenants of rental properties owned by investors. The maximum allowable rent would be 1) 120% of the fair market rent for the zip code of a single-family rental property; or 2) 120% of the last recorded sale price of the single-family rental property divided by 12. An investor would be any owner who owns two or more rental properties in the state.

**Minnesota** ([HF 2687 / SF 3173, 2025](#)) would restrict ownership of single-family homes for corporate entities and establish an increased deed tax rate on conveyances of single-family homes to corporate owners. The state portion of revenues from the deed tax would be dedicated to the state's workforce and affordable homeownership program.

**Minnesota** introduced legislation ([HF 685, 2024](#)) to prohibit corporate entities, developers, and contractors from converting single-family homes into a rental property unit.

**Minnesota** introduced companion bills ([HF 1936 / SF 1961, 2023](#)) to disallow the itemized deduction for mortgage interest on a second home. The legislation also appropriates money for the state's homeownership assistance program.

**New Jersey** ([AB 5424 / SB 4615, 2025](#)) would impose limitations and establish certain incentives and disincentives concerning acquisition of single family residences. The legislation would impose a fee on an institutional investor that holds, acquires, or purchases any ownership interest, whether directly or indirectly, or through any combination of an institutional investor's constituent persons or entities. The fee would be \$30,000 for each property owned by the institutional investor on the last day of the calendar year.

**New York** introduced companion bills ([A 1818 / S 1572, 2025](#)) to impose an excise tax on the failure of certain hedge funds owning excess single-family residences to dispose of such residences. Funds from the tax would be used to establish new or supplement existing programs that provide down payment assistance to families purchasing homes.

**New York** introduced companion bills ([A 5693 / S 6691, 2024](#)) to require any limited liability company that files a rent registration statement include a list of all members of the company and each member's ownership interest.

**North Carolina** ([SB 199, 2025](#)) would establish limits on the number of properties people can own and rent to tenants. The limit would only apply in counties with at least 150,000 people and it would make it illegal for any person or company to buy a single-family home in a county where they already own and rent out 100 or more single family homes. The legislation would also grant the state's Attorney General to make rules, conduct civil investigations, bring civil actions, and enter into assurances of discontinuance as related to a potential violation.

**Texas** introduced legislation ([HB 1057, 2023](#)) to prevent institutional investors from purchasing homes until 30 days after the properties have been listed for sale.

**Virginia** introduced legislation ([HB 202, 2026](#)) to restrict any partnership, corporation, or real estate investment trust that from acquiring any interest in any other single-family home, including manufactured home parks if they 1) manage funds pooled from investors; 2) are a fiduciary to such investors; 3) have net value or assets under management on any day during a taxable year; and 4) hold an interest in more than 50 single-family homes.

## OWNER-OCCUPIED HOMEOWNERSHIP

### Enacted Legislation

**California** ([SB 1079, 2020](#)) modified the foreclosure auction process to reduce advantages for large corporations and prevent bulk-purchases of numerous homes at a single auction. Owner-occupants, tenants, local governments, and housing nonprofits have more opportunities to purchase such homes, helping retain owner-occupied home ownership. SB 1079 also authorizes local governments to levy higher fines on corporations or other property owners that leave homes vacant or blighted with the aim of incentivizing the refurbishing of these properties.

**Georgia** ([HB 399, 2025](#)) requires any landlord that is not a resident of the state that owns or operates single-family or duplex residential rental properties in the state to employ a licensed broker licensed that may or may not reside within this state. If the broker does not reside within this state, the broker must employ at least one person, to be located within this state, who is responsible for receiving, coordinating, managing, and responding to communications from tenants of such landlord related to maintenance and other issues related to such properties.

**Utah** ([HB 37, 2025](#)) authorizes municipalities to offer incentives in an area approved for single-family or multi-family residential units to promote owner-occupied, affordable housing.

### Pending Legislation

**Ohio** ([HB 673, 2026](#)) would expand the statewide owner-occupied residence property tax credit to all tax levies.

### Failed Legislation

**Connecticut** ([HB 6493, 2025](#)) would require the owner of a short-term rental unit register and pay a tax on units that are not owner-occupied.

**Massachusetts** ([HB 4410, 2025](#)) would mitigate investor real estate in seasonal communities by allowing such communities to create different tax designations and charge transfer fees on certain properties.

**Mississippi** introduced legislation ([SB 2252, 2025](#)) directing the State Home Corporation to establish a neighborhood housing rehabilitation program in municipalities to preserve owner-occupied properties and bring these properties up to

applicable building codes and standards.

**Montana** introduced legislation ([HB 253, 2023](#)) to establish a primary residences homestead exemption.

**Ohio** ([HB 156 / SB 81, 2025](#)) would authorize a property tax freeze for certain owner-occupied homes.

## RIGHT OF FIRST REFUSAL AND TENANT OPPORTUNITY TO PURCHASE

### Enacted Legislation

**Colorado** ([HB 1287, 2022](#)) established additional protections for residents of mobile home parks, including right of first refusal policies to help stabilize affordable housing supply. HB 1287 further outlines how homeowners can assign their rights to a public entity, such as a housing authority or political subdivision, to purchase their mobile home park.

**Colorado** ([HB 1175, 2024](#)) also created a framework for permitting a local government's right of first refusal or offer to purchase qualifying multifamily property for the purpose of providing long-term affordable housing or mixed-income development. The right of first refusal will terminate on December 31, 2029.

**Connecticut** ([SB 988, 2023](#)) allows residents of a mobile manufactured home park that is being sold to buy the park by matching the sales price.

**Maryland** enacted the Renters' Rights and Stabilization Act of 2024 ([HB 693](#)) which establishes a tenant's right of first refusal for 1-3 unit properties, giving tenants an exclusive negotiation period and/or right to purchase before the owner lists the property for sale.

**Maryland** enacted the Manufactured Housing Modernization Act of 2023 ([SB 746](#)) which requires the owner of a manufactured housing community to comply with certain requirements when selling the housing community, including providing homeowners the opportunity to purchase the community.

**Virginia** ([HB 375, 2026](#)) provides for a right of first refusal for resident entities and localities in which a manufactured home park is located when a park owner enters into a contract to sell such manufactured home park.

**West Virginia** ([SB 538, 2025](#)) removed the sunset date on the provision granting the right of first refusal to land reuse agencies and municipal land banks for acquiring tax-delinquent properties. These entities are permitted to purchase qualifying tax-delinquent properties before they are offered at public auction.

### Pending Legislation

**Illinois** ([3674, 2026](#)) would create the Multi-Unit Residential Rental Property Right of First Refusal Act and require the owner of a multi-unit residential rental property that offers the property for sale to provide written notice to each tenant and the tenants' association offering the tenants' association an opportunity to purchase the property at a price and terms that represent a bona fide offer of sale.

**Illinois** ([3762, 2026](#)) would create the Tenant Opportunity to Purchase Act. Establishes a statutory right of first refusal for tenants and tenant associations if an owner seeks to sell a residential rental property

**New Jersey** ([AB 790, 2026](#)) would give homeowners in a mobile or manufactured home park the opportunity to preserve their communities by providing the resident homeowners the opportunity to purchase their mobile or manufactured home park, or private residential leasehold communities, if the landowner anticipates selling or changing the use of the land.

**Rhode Island** ([HB 8013, 2026](#)) would give mobile home residents a right of first refusal to buy or lease their park. The legislation would also require owners to notify the residents' association and the executive office of housing of bona fide offers and allow time to match the terms.

### **Failed Legislation**

**Connecticut** ([SB 1098, 2025](#)) would establish a tenant opportunity to purchase program to permit tenants in multifamily dwelling units the right to purchase the property, partner with an affordable housing purchaser or assign such right to purchase to a nonprofit or local housing authority.

**Florida** introduced the Keep Floridians Housed Act ([SB 1244, 2024](#)) which would establish a tenant's opportunity to purchase. Prior to providing a notice to vacate and selling a property, landlords would be required to provide a tenant with an opportunity to purchase the dwelling unit at a price and with material terms that represent a bona fide offer of sale.

**Hawaii** ([HB 1325, 2025](#)) would require developers of an affordable housing project to assist certain tenants who are subject to displacement or eviction by the proposed project by 1) granting those tenants the right of first refusal of a comparable unit in the housing project at an affordable rate or establish a fund to provide relocation benefits and offer assistance; 2) providing information, either directly or through a contracted service, on how to obtain assistance and exercise the right of first refusal; and 3) establishing procedures to maintain communication with displaced and evicted tenants.

**Hawaii** introduced legislation ([S 2258, 2022](#)) to grant the Housing Finance and Development Corporation the right of first refusal for the development of property on state lands that are within half a mile radius of a rail transit station. This bill would have excluded land controlled by the state's Public Housing Authority or Department of Hawaiian Home Lands.

**Illinois** introduced the Tenant Protection Act ([H 5390, 2022](#)) that includes right of first refusal policies. The legislation states that for a period of 120 days after a tenant is notified of the owner's intent to sell the property, the tenant will be given the right to purchase the unit on the same terms and conditions.

**Kentucky** ([SB 288, 2026](#)) would authorize a tenant to have the right of first refusal to purchase a rental property from the owner of the property and require the owner to notify a tenant prior to listing a rental property for sale or accepting an offer on the property. The legislation would also establish timelines for a tenant to exercise the right of first refusal.

**Massachusetts** ([HB 1544 / SB 998, 2025](#)) would guarantee a tenant's first right of refusal.

**Massachusetts** ([HB 1577, 2025](#)) would establish a tenant opportunity to purchase pilot program for municipalities. The program would end in five years and no more than 15 eligible zip codes may participate.

**Michigan** introduced legislation ([HB 5240, 2024](#)) requiring owners of rental properties to first give tenants of the property or a tenant association an opportunity to purchase the property at a price and terms that represent a bona fide offer of sale. The offer must be prior to the owner soliciting offers or issues a notice to vacate for purposes of demolition or discontinuance of housing use.

**New York** ([A 6100 / S 401, 2025](#)) would establish a state-level Tenant Opportunity to Purchase Act. Rental properties owners interested in selling their property would be required to offer tenants the first opportunity to purchase the property and qualified purchasers the second opportunity to purchase before selling it on the market to a third-party purchaser. The legislation specifies who can be considered a “qualified purchaser.”

**Rhode Island** introduced legislation ([S 202, 2025](#)) to grant a right of first offer to qualified nonprofits for the purchase of certain multi-family residential properties at market prices, within a reasonable period of time to promote the creation and preservation of affordable rental housing.

**Texas** introduced legislation ([H 2456, 2021](#)) to amend requirements for any property owner subject to a right of first refusal policies. Amended requirements would include who these property owners could enter into a purchase agreement with, including (a) a community housing development organization; (b) a public housing authority; or (c) a public facility corporation created by a public housing authority.

**Virginia** ([HB 1973, 2025](#)) would create a framework for localities to preserve affordable housing by exercising a right of first refusal on publicly-supported housing. Localities would be authorized to implement an ordinance that requires an owner to accept a right of first refusal offer by the locality or qualified designee in order to preserve affordable housing for 15-30 years.

## ADDITIONAL RESOURCES

- [Housing and Homelessness Toolkit](#), NCSL
- [Housing and Homelessness Legislation Database](#), NCSL
- [Mom-and-Pop Investors Are Quietly Shaping the Housing Market](#), Cotality
- [Investors Buy Nearly One-Third of Homes Across US](#), Cotality
- [How Housing Costs Drive Levels of Homelessness](#), Pew Charitable Trusts
- [The State of the Nation’s Housing 2024](#), Harvard’s Joint Center for Housing Studies