# Senate Investor Ban to Cut Supply & Hurt Low-Income Families


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## Executive Summary


Institutional investors have become a focal point in public debate over housing affordability, often portrayed as a major force driving rising home prices and limiting access to homeownership. Section 901 of the 21st Century ROAD to Housing Act imposes a complex set of limits on the ability of large institutional investors (LII) owning 350 or more properties to freely purchase and own single-family rentals.

Currently, LII own about 0.65% of the nation's single-family homes. Further, over the last two years, LII acquired about as many rental homes as they sold. Their presence tends to be localized, cyclical, and not a primary driver of home price growth. They contribute positively by adding supply through built-to-rent housing, rehabilitating distressed properties, and serving working families who often are not positioned for homeownership. Policies targeting these investors risk reducing rental supply and increasing housing costs.

This overview presents a fact-based assessment of the role of LII in the housing market, drawing on empirical evidence to clarify their actual scale, behavior, and impact. The goal is to distinguish between perception and reality, correct common misunderstandings, and place LII within the broader context of housing supply constraints and market dynamics.

Our conclusion based on this fact-based analysis is that Section 901, if enacted, would:

- Reduce the supply of newly constructed single-family homes.
- Reduce the supply of newly rehabilitated and renovated homes.
- Not promote the conversion of renters into homeowners and exacerbate affordability challenges for renters.
- Impose burdens on low- and middle-income renter households by reducing their housing choices, increasing their rental costs, reducing housing stability, and resulting in a costly displacement from their homes.

**This report examines 13 key dimensions of LII activity in the housing market.**

1. **Size and Market Share:** LII represent a small share of both home purchases and total single-family housing stock (roughly 1%) while small and medium-sized investors account for 24% of purchases and 12.4% of stock.
2. **Geographic Distribution and Concentration:** Their presence is highly uneven and concentrated in a small number of counties and neighborhoods, with most areas of the country experiencing little to no LII activity.
3. **History and Emergence:** LII are responsive to investment opportunities presented by errant government policies. They first emerged after the Great Financial Crisis and reemerged during the pandemic. As both these conditions wound down, their market share shrank.
4. **Home Price Appreciation and Academic Evidence:** There is no strong or consistent relationship between the level of LII activity and home price growth, with broader market forces and land use policies playing much larger roles.
5. **Common Misconceptions:** Widely held beliefs about LII are often based on incomplete or misleading interpretations of the data.
6. **Contribution to Housing Supply:** Built-to-rent is a significant source of new housing construction and helps meet demand for households who would otherwise be unable to purchase a home.
7. **Rehabilitation of Housing Supply:** By upgrading homes efficiently at scale, LII help return distressed housing to productive use and improve the quality of the existing housing stock.


[1] This report was created with the assistance of artificial intelligence, which was limited to using our previous research and writing on institutional investors. All claims and statistics were verified by a human against provided source materials. We would like to thank Amanda Dial for invaluable research assistance.

8. **For Whom Do Institutional Investors Provide Housing?** Residents are working families with children who seek single-family living but who are not well served by existing ownership or multifamily options.
9. **Institutional Housing: Price, Space, and Location Tradeoffs:** LII single-family rental housing differs from other single-family homes not only in tenure (rent vs. own), but also in the type and location of housing it provides.
10. **Can Institutional Single-Family Renters Become Homeowners?** While some renters successfully transition to homeownership, the majority face binding constraints, particularly limited savings and financial resilience.
11. **Constitutional Concerns: Property Rights and Due Process:** Section 901 could well violate the 5th Amendment's Due Process Clause that enshrines rights of both individuals and corporations, as "an essential element of property" is "the right to dispose of it to a constitutionally qualified purchaser" (*Buchanan v. Warley*, 1917).
12. **Realigning Housing Policy Solutions:** The fundamental challenge in the housing market is a persistent shortage of supply, and restricting LII does not address this core issue.
13. **How to Improve Section 901:** Carefully targeted reforms can better align policy objectives with housing market realities while avoiding unintended consequences.

## Conclusion

Taken together, these findings suggest that LII are a relatively small and localized component of the housing market. Understanding their role accurately is essential for informed policy discussions and for focusing attention on the underlying drivers of housing affordability. The biggest risks associated with current proposals to restrict such investments are numerous, with several likely unintended consequences.

# 1. Size and Market Share

## Definition and Context

Large institutional investors (LII) are defined as entities owning 350 or more residential properties. While they have attracted significant attention in public discourse, their actual footprint in the U.S. housing market is limited, especially when compared to smaller-scale investors and the broader housing stock.

## Market Share of Purchases and Housing Stock

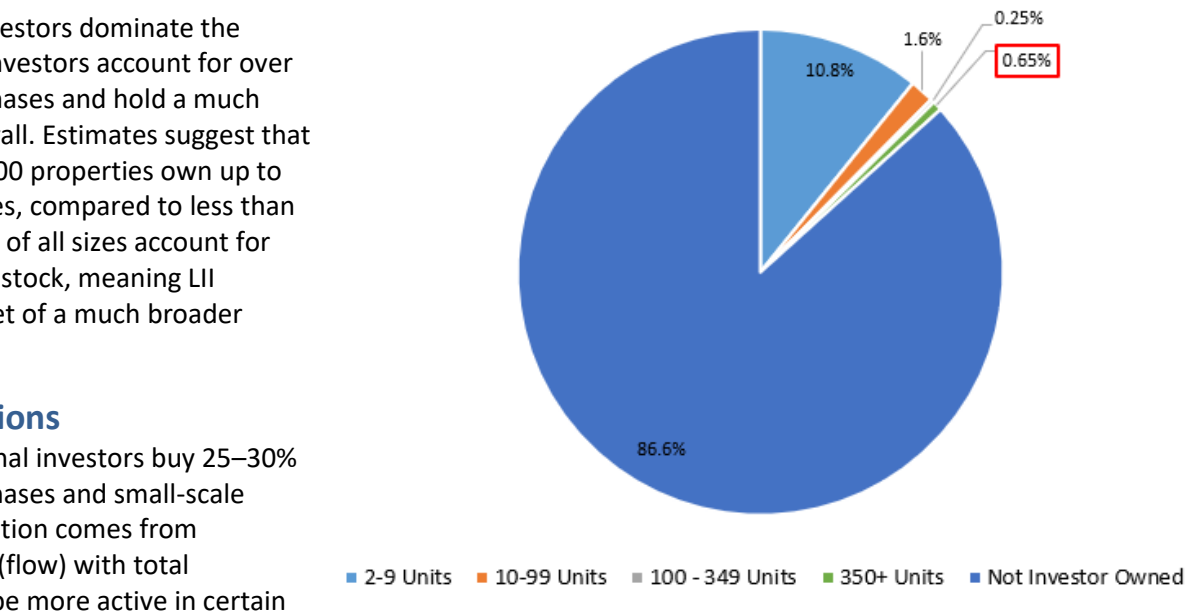
In early 2024, LII accounted for only 1% of homebuying activity, while investors of all types have represented roughly a quarter of home purchases. At their peak, the LII share did not exceed 3%. This distinction is often overlooked, as widely cited statistics frequently combine all investor types, overstating the role of LII.

Thus, it is not surprising that in June 2025, LII owned about 0.65% of single-family housing stock, with this limited footprint reflecting the fact that they both buy and sell homes, rather than continuously accumulating properties. Over the last two years, they sold 185,000 rental homes, slightly more than they acquired (178,000). As a result, even periods of increased acquisition do not translate into a large share of total housing stock.

## Comparison to Other Investors

Small and medium-sized investors dominate the investor landscape. These investors account for over 90% of investor home purchases and hold a much larger share of housing overall. Estimates suggest that investors with fewer than 100 properties own up to 12.4% of single-family homes, compared to less than 1% for LII. In total, investors of all sizes account for about 13.3% of the housing stock, meaning LII represent only a small subset of a much broader group.

***Chart 1: Investor-Owned Share of Single-Family Housing Stock in June 2025: by Portfolio Size***




Source: Parcl Labs and AEI Housing Center.

## Common Misconceptions

Claims that "large institutional investors buy 25–30% of homes" conflate LII purchases and small-scale owners. Another misconception comes from confusing purchase activity (flow) with total ownership (stock). LLI may be more active in certain periods, but their overall ownership share remains small, largely because they are both buyers and sellers. While it's commonly thought that LII portfolios are expanding, over the last two years, they acquired about as many rental homes as they sold (oldest historical data available).

## Conclusion

LII own less than 1% of single-family housing stock, about 1% of homes purchases, and an about equal share of home sales. These shares are dwarfed by the much larger role played by small and medium-sized investors. Accurately distinguishing between these groups is essential for understanding housing market dynamics and informing policy discussions around LLI.

**For more:** Read our reports "Institutional Investors in the U.S. Housing Market: Myths and Realities" and "President Trump and Institutional Investors in Single-Family Rentals".

# 2. Geographic Distribution and Concentration

## National Overview

Large institutional investors (LII) are not evenly distributed across the United States. While they receive significant national attention, their presence is highly uneven and concentrated in a relatively small number of locations. In most parts of the country, LII ownership of single-family homes is minimal or entirely absent. Even where concentrations are higher, their share of the housing stock remains modest.

At the national level, this uneven distribution reflects the fact that LII operate selectively, targeting markets with favorable economic conditions, including strong population growth, high single-family rental demand and where supply has not kept up with demand.

## Concentration Across Counties

LII ownership is heavily concentrated in a small subset of counties: just 162 counties (or roughly 5% of U.S. counties for which Parcl Labs data are available) account for 80% of all institutionally owned single-family homes. At the same time, most counties (57%) have no institutional investor presence at all.

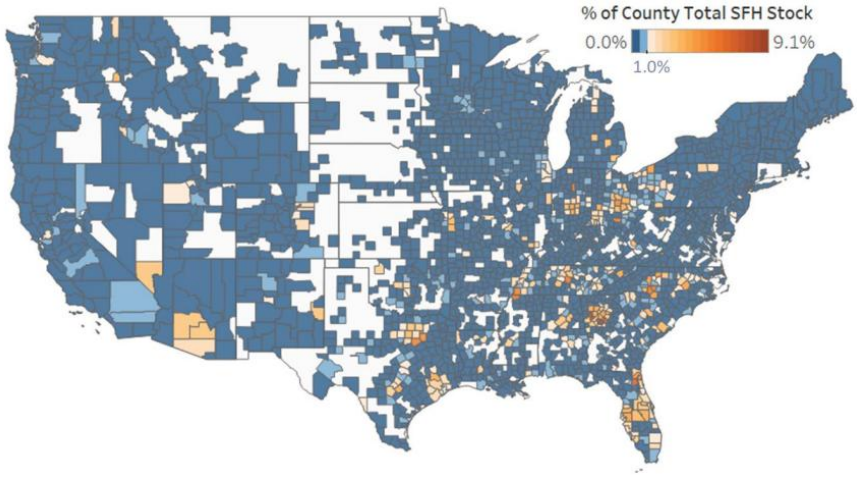
Even in the counties where LII are active, their share of the housing stock remains modest. No county has an institutional investor share exceeding 10%. This indicates that while activity may be clustered geographically, it does not translate into dominant ownership in any local market. Areas of high activity also tend to have high levels of purpose built-to-rent homes, which adds to supply. These include Texas, Florida, Georgia, Arizona, North and South Carolina, Ohio, and Tennessee.

## Metro and Neighborhood Patterns

LII's operational model tends to concentrate their activity in specific markets and neighborhoods to achieve economies of scale by acquiring homes in close proximity. Their acquisitions typically focus on lower middle- to middle-income areas where homes are more affordable and rental demand is strong.

Even in metros that are often cited as examples of heavy LII activity, such as Atlanta, Dallas, and Houston, their overall presence remains limited. LII account for approximately 4.2% of the housing stock in Atlanta, 2.6% in Dallas, and 2.2% in Houston. Within these metros, many ZIP codes have very low levels of institutional ownership, and only a small number reach higher concentrations.

***Chart 2: Institutional Investor Share of County Total Single-Family Stock***




Source: Parcl Labs and AEI Housing Center.

## Implications for Market Understanding

The geographic concentration of LII helps explain why their impact is often overstated in public discourse. Observers in high-concentration neighborhoods may perceive a strong presence, while most areas experience little to no LII activity. This uneven distribution can create a misleading impression that LII are broadly reshaping housing markets nationwide.

In reality, their activity is both limited in scale and highly localized. Understanding this geographic pattern is essential for accurately assessing their role in the housing market and for avoiding generalizations based on a small number of concentrated areas.

**For more:** Read our report "Institutional Investors in the U.S. Housing Market: Myths and Realities" and "President Trump and Institutional Investors in Single-Family Rentals".

# 3. History and Emergence of Large Institutional Investors

## Origins in the Great Financial Crisis

Large institutional investors (LII) are a relatively recent presence in the U.S. single-family housing market. Their emergence can be traced to the aftermath of the Great Financial Crisis (GFC), when a wave of foreclosures and a sharp decline in home prices created unusually favorable conditions for large-scale investors. Around 2010-2011, institutional investors began acquiring distressed properties in markets that had experienced the most severe price declines.

This period marked the formation of a new asset class: scattered site single-family rental housing owned and operated at scale. Investors with access to capital were able to purchase, rehabilitate, and rent out homes that might otherwise have remained vacant or in poor condition, helping to stabilize distressed housing markets. Rather than initiating market changes, LII responded to existing market disturbances, stepping in where traditional homebuyers were constrained.

## Expansion in the 2010s and Pandemic Period

Following their initial entry, LII remained active through the 2010s. Their continued presence was driven by a persistent housing shortage, rising rents, and strong demand in supply-constrained markets. LII targeted regions where supply failed to meet demand with favorable long-term rental prospects. Activity waned from the mid-2010s to 2019 as foreclosures declined.

Activity accelerated again during the COVID-19 pandemic, when historically low interest rates, surging home prices, and rising inflation lead to an influx of capital into the rental market. Rental yields and expected appreciation exceeded returns on alternative assets.

## Recent Trends

LLI purchases peaked at 3% around 2022 as monetary policy tightened and interest rates rose. By 2025, their share of home purchases fell back to roughly 1% of sales. This cyclical pattern underscores that LII are highly responsive to broader economic and financial conditions.

## Conclusion

The history of LII indicates that they are not a longstanding or dominant force in housing markets. Instead, they emerged in response to specific economic conditions—particularly market distress, supply shortages, and low interest rates—and their activity has fluctuated accordingly. If the goal is to shrink the presence of LLIs in the housing market, the best approach is building more housing, adding to supply, reducing market distortions, and lowering their returns.

**For more:** Read our report "Institutional Investors in the U.S. Housing Market: Myths and Realities".

# 4. Home Price Appreciation and Academic Evidence

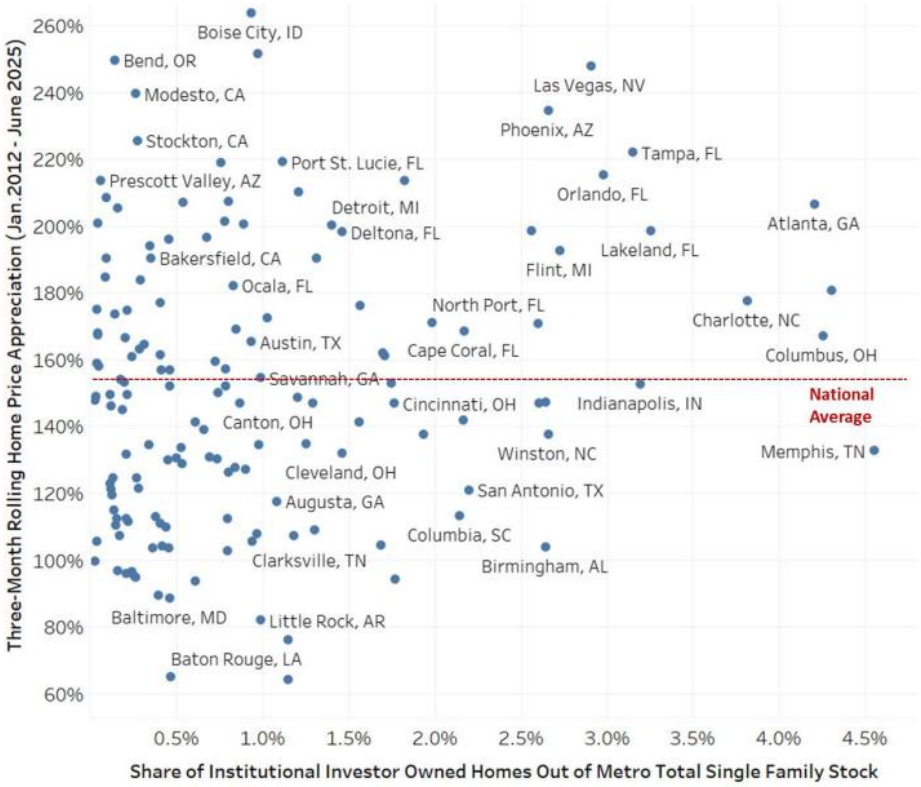
## Observed Relationship with Home Prices

A common concern is that large institutional investors (LII) drive up home prices. However, there is little evidence of a strong or consistent relationship between institutional investor activity and home price appreciation (HPA).

At the national level, LII own less than 1% of the single-family housing stock, yet home prices increased by 154% nationally from 2012 to June 2025. This disparity suggests that broader market forces play a far more significant role in driving price growth.

Cross-market comparisons reinforce this conclusion. Some of the fastest-growing housing markets, such as San Jose, have minimal LII presence, while other markets with higher investor shares, such as Memphis, TN, have experienced below-average price growth. These patterns indicate that institutional ownership is not the root cause of strong price appreciation.

***Chart 3: Institutional Investor Ownership Share vs. Home Price Appreciation (Jan. 2012 – June 2025): Largest 150 Metros***




Source: Parcl Labs and AEI Housing Center.

## Findings from Other Academic Literature

The academic literature on institutional investors and home prices is mixed. Some studies find no measurable effect on prices, while others identify relatively small, localized impacts. For example, certain studies estimate modest price increases in areas with concentrated investor activity, but these effects are limited in magnitude and may diminish over time.

Other research highlights that investor activity can support housing market recovery in distressed areas, suggesting that price effects may vary depending on market conditions.

## Interpreting the Evidence

Taken together, the evidence suggests that LII may influence prices at the margin in specific local contexts, but they are not a primary driver of nationwide or broad local market home price trends. Instead, structural market factors, particularly the persistent shortage of housing supply and periods of low interest rates, are far more important in explaining long-term price growth.

**For more:** Read our report "Institutional Investors in the U.S. Housing Market: Myths and Realities".

# 5. Common Misconceptions About Institutional Investors

## Misinterpretation of Market Share

A widespread misconception is that large institutional investors (LII) dominate homebuying activity. This often stems from statistics showing that investors account for a large share of purchases. However, these figures typically combine investor of all sizes. LII account for only about 1% of purchases (flow) and ownership (stock).

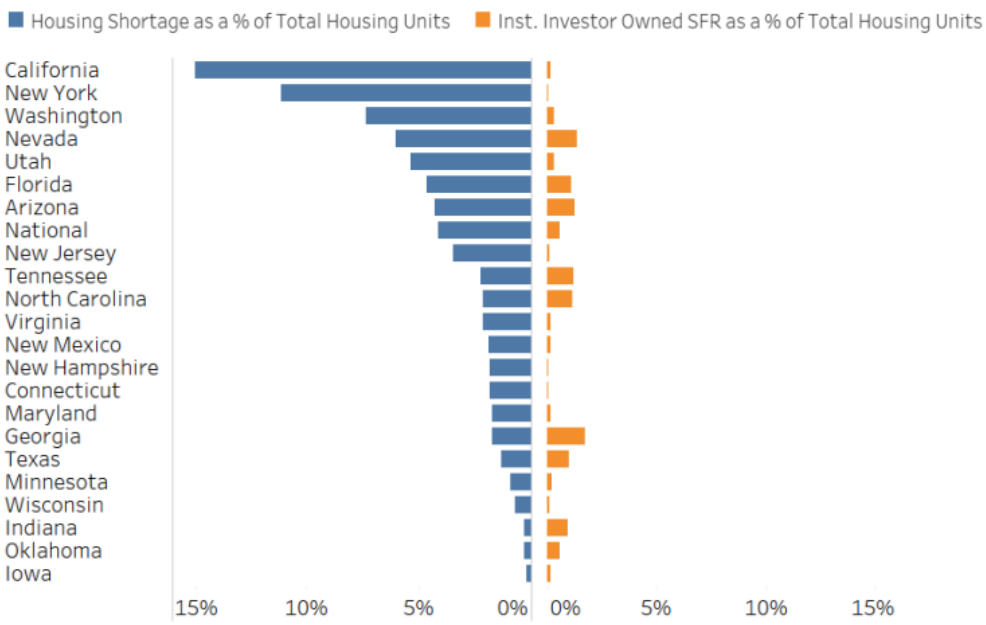
Failing to distinguish between small-scale landlords and large institutional firms leads to a significant overstatement of their role.

## Impact on Housing Supply and Affordability

A common belief is that LII are a primary cause of the housing shortage and declining affordability, a view not supported by the data. The nation faces an estimated shortage of six million homes, while LII own only about 800,000 single-family rentals.

In New York and California, where legislative actions to limit LII activities have advanced the most, LII own just 0.1% and 0.2% of the housing stock, against estimated shortages of 11.2% and 15.0% of total housing units, respectively. Eliminating them would have a negligible effect on overall supply.

***Chart 4: Housing Shortage vs. Institutional Investor Presence***




Source: Parcl Labs and AEI Housing Center.

An often-overlooked aspect of LII activity is their role in expanding housing supply through build-to-rent developments and property rehabilitation. These activities can increase the availability and quality of housing, particularly in markets where new construction is otherwise limited.

## Effects on Homeownership and Rents

Critics argue LII reduce homeownership opportunities. The evidence suggests a more nuanced tradeoff. While investors may convert some homes from owner-occupied to rental units, they also expand the supply of rental housing, benefiting households unable or unwilling to buy homes, particularly in supply-constrained markets.

## Claims About Vacancies and Short-Term Rentals

Some narratives suggest that LII leave homes vacant or convert them into short-term rentals; however, there is little support for these claims. LII typically maintain high occupancy rates, as their business model depends on generating rental income. Holding vacant properties would be economically inefficient.

## Conclusion

Concerns surrounding LII are based on incomplete or misinterpreted information. A clearer understanding of their scale, behavior, and incentives shows their role is more limited and nuanced.

**For more:** Read our report "Institutional Investors in the U.S. Housing Market: Myths and Realities".

# 6. Contribution to Housing Supply

## Definition and Context

Built-to-rent (BTR) refers to newly constructed single-family homes that are developed specifically for rental use, typically by large-scale developers and often operated as professionally managed communities. Unlike traditional investor activity, where existing owner-occupied homes are purchased, rehabilitated, and converted into rentals, BTR has become a meaningful source of new home construction and housing for renters who cannot afford to buy but need the space of a single-family home.

## BTR as a Source of Housing Supply

BTR plays an important role as a supply-adding mechanism. By financing and developing new single-family rental communities, large institutional investors (LII) contribute directly to expanding the housing stock, rather than reallocating existing homes between owners. While BTR communities are a new phenomenon, they already account for 4% (about 340,000 units) of the total single-family rental stock.

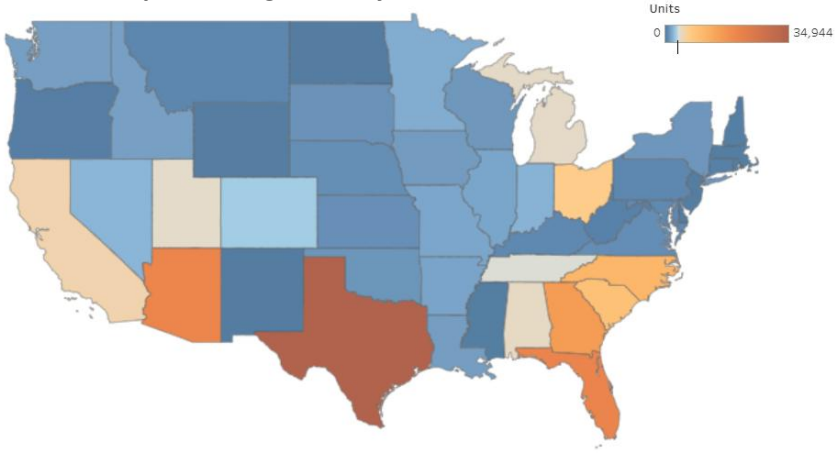
This supply-oriented role is often overlooked in policy discussions. Public concern about investors frequently focuses on single-family home purchases, but BTR reflects a different model where capital is used to build and operate single-family rental housing at scale. As a result, BTR can help meet demand for households seeking the space and amenities of single-family living but are otherwise unable or disinclined to purchase a home.

## Geographic Concentration

BTR activity is concentrated in high-growth Sun Belt markets in states such as Texas, Florida, Arizona, Georgia, North Carolina, and South Carolina where population growth, available land, and more flexible regulatory environments support large-scale development.

The regulatory environment in these six states favors BTR over built-for-sale. New BTR parcels can be processed as a planned development without the need to subdivide into lots. This saves both time and money over built-for-sale.

***Chart 5: Completed Single-Family Rental Units in BTR Communities***




Source: Yardi Matrix and AEI Housing Center.

These same markets tend to account for both existing BTR communities and new projects under development or in planning. This concentration reflects where institutional investors can most effectively deploy capital to build new housing at scale.

## Completed Stock vs. Future Pipeline

Completed BTR communities already contribute to the housing supply and function as long-term rental assets, but the future pipeline of BTR represents the most significant component of the sector's growth. Nationally, large investors with at least 50 units account for more than 170,000 completed BTR units, with another 62,000 units currently under construction and an additional 91,000 units planned, according to Yardi Matrix data.

## Conclusion

BTR housing is a significant manner by which LII contribute to new housing supply. While their overall market share remains small, their growing role in developing purpose-built rental communities distinguishes them from other types of investors. Policies restricting BTR risks reducing new construction in high-demand markets.

**For more:** Read our analysis of BTR nationwide and explore our interactive dashboard here. Also, read our report "President Trump and Institutional Investors in Single-Family Rentals".

# 7. Rehabilitation of Housing Supply

**A key aspect of large institutional investor (LII) activity is the rehabilitation of properties requiring substantial repairs often beyond the capacity of typical homebuyers. Amherst Holdings data indicate these are long-term investments.**

## Evidence from Prior and New Research

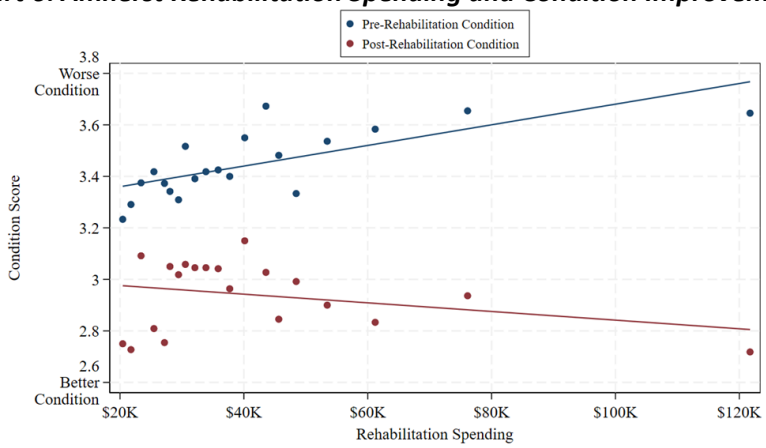
Existing research supports this pattern. An Urban Institute analysis finds that LII disproportionately purchase homes in need of significant renovation. In 2020, two LII reported spending about $15,000 to $39,000 per home on rehabilitation, indicating substantial level of repairs and upgrades investment made.

New data from Amherst Holdings reinforce and expand on these findings. Amherst spends an average of $32,000 per home on rehabilitation. Across 66 metropolitan areas, the firm acquired and rehabilitated about 46,000 single-family homes, investing roughly $1.9 billion in rehabilitation from 2014 to 2025. Amherst is still holding 99% of the 41,000 properties it acquired and rehabilitated from 2014-2022, consistent with a "fix and hold" rather than "fix and flip" strategy. These homes were acquired primarily through MLS (56%), bulk sale (15%), and off-market (11%). For each category, a substantial amount was spent on rehabilitation, amounts usually beyond the means of first-time buyers.

## Rehabilitation Intensity, Targeting and Economies of Scale

We validated these findings using property-level data from Restb.ai, which applies artificial intelligence to real estate listing photos to assess housing condition and quality. For a sample of nearly 9,400 Amherst properties for which we observe condition both before acquisition and after disposition, we confirmed systematic improvement following rehabilitation, with greater investments yielding larger improvements in condition. Our analysis further indicates a clear condition gap at purchase: Amherst tends to acquire homes in worse condition than the median home in the neighborhood.

***Chart 6: Amherst Rehabilitation Spending and Condition Improvement***




Source: Amherst, Restb.ai, and AEI Housing Center.

Taken together, these findings suggest that LII are not simply purchasing average-quality homes but are systematically targeting under-maintained properties and upgrading them, thereby improving the quality of the existing housing stock. LII benefit from economies of scale by standardizing materials, centralizing procurement, and managing renovations across large portfolios. This reduces costs by roughly 20% relative to smaller operators and allows the completion of projects more quickly and consistently, yielding more extensive upgrades and reducing turn times.

## Implications for Housing Supply

In many cases, these homes would not otherwise be rehabilitated at the same scale or speed. Owner-occupants often face financing constraints, limited access to renovation loans, and capacity constraints in managing major repairs. Absent institutional investment, properties requiring substantial work may remain underutilized or deteriorate further.

Based on this evidence, we characterize LII activity as a successful rehabilitation program. By contrast, government-led rehabilitation efforts have often faced significant challenges. Programs such as HUD's Section 8 Moderate Rehabilitation program and mid-century urban renewal were marked by cost overruns, weak oversight, or unintended consequences such as displacement. More recently, the Neighborhood Stabilization Program, undertaken after the Great Financial Crisis, achieved some rehab volume, but had limited neighborhood-wide impact and was administratively complex, underscoring the difficulty of delivering large-scale public rehabilitation programs.

## Conclusion

LII systematically target properties in below-average condition. By upgrading these homes at scale, distressed housing is returned to productive use, improving the quality of the existing housing stock.

**For more:** Read our report "Rehabilitating Housing Supply: Evidence from an Institutional Investor".

# 8. For Whom Do Institutional Investors Provide Housing?

## Definitions and Framework

A common misconception is that institutional investors "take homes off the market." In reality, these homes are occupied by renting households—not corporations—and serve a distinct segment of the housing market. To understand who lives in these homes, we distinguish among three housing types:

- **Single-Family Owner-Occupied (SF–OO):** limited to recent home purchases.
- **Single-Family Rental (SF Rental):** including all single-family rentals and those operated by Amherst.
- **Multifamily Rental:** traditional apartment housing.

We compare housing characteristics and resident profiles across these categories using multiple datasets, including AEI's matched dataset, Yardi Matrix, Amherst proprietary tenant data, and the American Community Survey microdata. We limit the analysis to the Atlanta metro, but plan to expand it.

## Who Lives in These Homes

The evidence shows that institutional single-family rental housing serves a distinct group of households that fall between traditional homeownership and multifamily rental options. These renters are typically working households in their prime family-forming years, with average ages in the late 30s to early 40s, and high rates of employment.

A meaningful share of these households have children: 41% of Amherst renter households include minors, compared to just 21% in multifamily housing. A notable proportion are single-parent families (21% vs. 10% in multifamily), underscoring that these are not marginal renters, but families seeking stable housing environments with access to neighborhood amenities such as schools and community infrastructure.

In terms of education, most households have at least some college experience but are less likely to hold advanced degrees, reinforcing that this segment represents middle- and working-class households.

## Housing Needs and Market Fit

Single-family rental housing meets needs that are often unmet by multifamily options. Compared to apartment living, these homes provide substantially more space. Amherst renters occupy homes with an average of 3.4 bedrooms, compared to just 1.6 in multifamily housing, making single-family rentals far better suited for families with children. As a result, they offer access to single-family living without requiring homeownership.

At the same time, these households are often unable to access ownership due to financial constraints, particularly given limited savings and the inability to manage the risks and responsibilities associated with owning and maintaining a home. They are in a "missing middle" segment of the housing market: Households that are not able to buy but are not well served by multifamily housing.

## Implications

Because these households are already in housing that aligns with their needs, policies that restrict institutional ownership or force divestment would primarily affect current renters. Many would face limited alternatives, as multifamily housing may not meet their needs and homeownership may not be a viable or sustainable option. Large-scale divestment could therefore disrupt housing stability, forcing households to move or downsize and incur substantial relocation costs.

## Conclusion

Institutional investors provide housing to real households, primarily working families with children who seek the space and stability of single-family living but who are not well served by existing ownership or multifamily options. In doing so, single-family rental housing fills an important and often overlooked gap in the housing market.

**Table 1: Resident and Housing Characteristics by Housing Type (Atlanta Metro, 2023)**

*Single-family rental households resemble owner-occupants in family structure but differ sharply from multifamily renters in household composition and housing size.*

| | ACS Single-Family (SF) Home Purchases* | Amherst SF Rentals | ACS SF Rental Homes** | ACS 5+ Unit Rental Buildings** |
|---|---|---|---|---|
| Median annual household income | $115,579 | $91,478 | $83,821 | $80,409 |
| Average number of minors | 0.84 | 0.87 | 1.01 | 0.34 |
| Share with any minors | 47% | 41% | 52% | 21% |
| Share of single parent households | 13% | 21% | 22% | 10% |
| Share of Black/African American households | 29% | *NA* | 44% | 44% |
| Share of employed households | 82% | *NA* | 81% | 85% |
| Share of households with high school education or less | 25% | *NA* | 38% | 21% |
| Share of households with 1-4 years of college | 52% | *NA* | 48% | 58% |
| Average beds | 3.6 | 3.4 | 3.0 | 1.6 |

* SF homes are limited to 1-4 unit buildings occupied by owners with a mortgage that moved within the last year.

** We limit to households with income above $40,000 to exclude households in subsidized or affordable housing.

Source: 2019-2023 American Community Survey, Amherst Holdings, and AEI Housing Center.

**For more:** Read our reports "Individuals Live in Homes Owned by Investors" and "President Trump and Institutional Investors in Single-Family Rentals".

# 9. Institutional Housing: Price, Space, and Location Tradeoffs

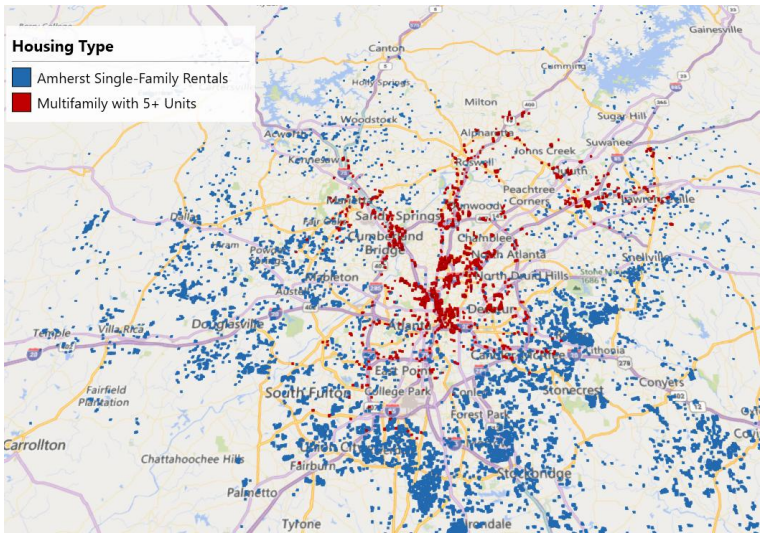
**Beyond tenure, single-family rental housing owned by large institutional investors (LII) differs also in the type and location of housing it provides. Understanding these differences is essential to evaluating whether these homes are substitutable with other housing options.**

## Housing Type: Size and Layout

Single-family rental homes provide substantially more space than multifamily housing. In the Atlanta metro area, Amherst renters occupy homes with an average of 3.4 bedrooms, compared to just 1.6 bedrooms in multifamily buildings. Even relative to other single-family rentals, Amherst homes are larger (3.4 vs. 3.0 bedrooms).

These differences reflect fundamentally different housing products. Single-family rentals offer layouts that accommodate families, including multiple bedrooms and flexible indoor and outdoor living space, while multifamily units are designed for smaller households.

***Chart 7: Location of Amherst Single-Family Rentals vs. Multifamily, Atlanta***




Source: Yardi Matrix, Amherst Holdings, AEI Housing Center.

## Atlanta Metro: Comparison to Owner-Occupied Homes Purchased with FHA

Chart 7 shows the location of Amherst single-family rentals in the Atlanta metro (virtually all were rehabilitated and very few were in built-to-rent developments. These homes are typically located in neighborhoods with other single-family housing, rather than in more dense multifamily environments. This reflects both the structure of the existing housing stock and the operational model of LII, who acquire and manage dispersed portfolios of individual homes. Relative to owner-occupied homes, including those financed through FHA, these Amherst properties tend to be lower in value and somewhat smaller. The median Amherst home value is about $270,000, compared to a median sale price in 2023 of $420,000 for owner-occupied homes and $340,000 for homes purchased with FHA insurance. Amherst homes average about 1,660 square feet, compared to 2,190 square feet for owner-occupied homes, while offering similar bedroom and bathroom counts.

Neighborhood characteristics differ modestly. Amherst homes are in areas with somewhat lower average socioeconomic indicators, as reflected in a median Equifax Risk Score of 654 among residents in the surrounding census block, compared to 676 for FHA-financed owner-occupied homes in 2023. School quality is broadly similar (median score of 5 vs. 6 for grade 4 per Great School ratings).

At the same time, home price appreciation from 2012 to 2021 has been more pronounced in Amherst neighborhoods (233%) than in typical FHA owner-occupied areas (183%), indicating greater price volatility over the housing cycle. This increased volatility may pose additional risks for households with limited financial buffers. In this context, the presence of a stable, long-term investor can help mitigate some of these risks, particularly during downturns. Unlike individual owners, LII are less likely to be forced sellers in periods of market stress, which can contribute to greater housing stability for occupants.

## Conclusion

These patterns suggest that LII-owned single-family rentals tend to fill a niche for working households with children without the financial burdens of ownership. These homes represent a distinct housing product defined by a particular combination of price, space, and location. Compared to owner-occupied housing, they are more attainable; compared to multifamily housing, they offer substantially more space. These differences reflect tradeoffs in housing characteristics and risk, rather than a simple shift in tenure.

# 10. Can Institutional Single-Family Renters Become Homeowners?

**A key question in evaluating large institutional investor (LII) single-family rental housing is whether current renters could realistically transition to homeownership. While some renters may appear financially similar to FHA entry-level buyers, a closer examination of credit profiles, savings, and payment behavior suggests that for many, homeownership remains out of reach or carries substantial risk.**

## Comparison to Entry-Level Buyers

Amherst renters resemble entry-level homebuyers along several observable dimensions. In terms of income, credit scores, and monthly housing payments, they are broadly comparable to FHA borrowers. However, many renters lack the savings necessary to cover down payments, closing costs, and ongoing maintenance expenses associated with ownership. Their binding constraint is liquidity: households may earn enough to support a mortgage but lack the cash needed to enter and sustain homeownership.

## Atlanta Metro: Credit, Income, and Savings Profiles and Payment Behavior

Within Amherst's portfolio in Atlanta, the top FICO score quartile of renters (median FICO score of 770) have strong credit and income profiles, accompanied by low savings. They exhibit a median FICO score of 770 and median income of $96,400. Their payment behavior is also highly stable, with fewer than two late payments after the 5th of the month and fewer than one after the 15th on average. However, their savings are limited, with a median bank balance of $2,800. These balances are modest relative to the upfront costs of homeownership, including down payments and reserves for unexpected repairs.

By contrast, renters in the lowest FICO quartile (median FICO score of 560) show significantly more financial strain, averaging five late payments after the 5th and about two after the 15th. With a median bank balance of $2,300, they have even less savings.

By comparison, typical FHA buyers in Atlanta bring substantially greater financial resources to closing, with roughly $25,000 in assets and covering over $18,000 in closing costs.

These data underscore that while a subset of renters may appear mortgage-ready, a large share face materially weaker credit profiles and greater financial instability.

## Atlanta Metro: Barriers to the Transition to Homeownership

Amherst data indicate that approximately 5% of renters transition to homeownership after leaving their rental. While this demonstrates that upward mobility exists, it also suggests that transitions to ownership are the exception rather than the norm. Among those who do transition, credit and income profiles are strong, but their savings are limited: median FICO scores of 736, median income of $103,600, and median bank balances of about $4,600. Few of these renters transitioning to homeownership choose to purchase the home they are renting. This suggests that financial readiness, rather than access to the property itself, is the primary motivator. We plan to do more research into the characteristics of the renters who transitioned to homeownership.

While a subset of renters may be able to transition to homeownership, most are not yet able to do so. Limited savings, combined with the financial risks of ownership, present meaningful barriers. For renters outside the top quartile, these constraints are even more pronounced. Transitioning to homeownership would require taking on significant financial risk, particularly given the costs of maintenance and the lack of financial buffers.

In addition, ownership would typically entail higher monthly costs for the typical Amherst renter. At the current 6% FHA mortgage rate, the monthly payment for owning a comparable Amherst home (including property taxes, homeowners insurance, and mortgage insurance) would be approximately 7% higher than current rental payment for that home, further limiting affordability.

## Conclusion

LII single-family rental housing serves not only households who prefer renting, but also those who are not yet financially prepared for ownership. While some renters successfully transition to homeownership, the majority face binding

constraints—particularly limited savings and financial resilience. As a result, policies that assume a widespread ability to convert renters into homeowners risk overstating both the feasibility and desirability of such transitions, while ignoring the lessons of history that weakening underwriting standards has often led to adverse outcomes.

**Table 2. Characteristics of Amherst Single-Family Renters vs. Typical FHA Buyers (Atlanta Metro, 2023)**

| | | Amherst SF Renters | | | |
|---|---|---|---|---|---|
| **Metric** | **All Amherst SF Renters** | **Top Credit Quartile** | **Bottom Credit Quartile** | **Transitioned to Ownership** | **Typical FHA Buyer** |
| **Credit & Income** | | | | | |
| Median FICO score | 670 | 770 | 560 | 736 | 670 |
| Median income | $91,478 | $96,442 | $89,948 | $103,578 | $85,000 |
| **Savings & Assets** | | | | | |
| Median bank balance | $2,414 | $2,826 | $2,253 | $4,560 | *NA* |
| Median assets | *NA* | *NA* | *NA* | *NA* | $24,549 |
| Median closing costs | *NA* | *NA* | *NA* | *NA* | $18,497 |
| **Payment Behavior (avg. number of late payments during a renter's tenancy)** | | | | | |
| Average months tenancy | 16 | 14 | 16 | 18 | *NA* |
| Late after 5th of month | 3.8 | 1.9 | 4.8 | 1.6 | *NA* |
| Late after 15th of month | 1.3 | 0.7 | 1.6 | 0.4 | *NA* |
| Count | 2,913* | 352 | 363 | 97** | *9,010* |

* Of those, 1,400 had a FICO score.
** Out of 1,800 residents who moved and gave a reason.
Source: Amherst Holdings, ICE, and AEI Housing Center.

# 11. Constitutional Concerns: Property Rights and Due Process

**There are concerns about the constitutionality of Section 901 of the Senate's 21st Century ROAD to Housing Act. Corporations have First Amendment free speech rights (e.g., *Citizens United v. FEC*), Fourth Amendment protections against unreasonable searches, and Fifth and Fourteenth Amendment Due Process Rights. Section 901 could well be in violation of the Fifth Amendment rights of both individuals and corporations, as "an essential element of property" is "the right to dispose of it to a constitutionally qualified purchaser" (*Buchanan v. Warley*, 1917).**

## A Misguided Policy Proposal

Section 901 of the Senate's 21st Century ROAD to Housing Act ("Homes are For People, not Corporations") would restrict a seller's ability to sell a single-family home to a corporation with single-family holdings beyond a certain number. While framed as a response to housing affordability concerns, it raises much broader constitutional issues.

## Constitutional Concerns: Property Rights and Displacement

The proposal would take from sellers of single-family homes "an essential element of property", which is "the right to dispose of it to a constitutionally qualified purchaser" (*Buchanan v. Warley*, 1917).

In a similar fashion, large institutional investors (LII) would also have their constitutional rights impinged upon, as they would be required to divest single-family rentals they own both at a time and to a restricted subset of constitutionally qualified buyers. Finally, it would also restrict the ability of an LII from buying a property on the market being sold by a constitutionally qualified seller.

Section 901 appears to be the first time, other than for national security or the regulation of dangerous products, that a group of investors is being prohibited from engaging in what are otherwise perfectly legal transactions.

# 12. Avoiding Intended and Unintended Consequences and Focusing on Housing Policy Solutions that Will Move the Supply Needle

## Misdiagnosing the Problem

In recent policy debates, large institutional investors (LII) have been portrayed as a primary driver of housing unaffordability. However, this characterization overstates their role and impact. LII account for less than 1% of the single-family housing stock and an equally small share of home purchases. By contrast, small and medium-sized investors dominate the market, accounting 12.4% of the single-family housing stock. Conflating these groups leads to misguided policy responses that focus on a highly visible but relatively minor segment of the market rather than the underlying causes of high housing costs.

## Unintended Consequences of Investor Restrictions

Policies that seek to ban or heavily restrict LII risk producing unintended consequences. Single-family rentals serve approximately 14 million households, many of whom are families seeking more space than apartments provide and are often not on the margin of homeownership due to credit constraints, income limitations, or lifestyle preferences.

As a result, removing LII would not convert renters into homeowners. Instead, it would likely reduce the supply of rental housing, particularly family-sized units, leading to higher rents and reduced housing stability. In effect, such policies could exacerbate affordability challenges for renters without meaningfully improving access to homeownership.

## Federal Policy Distorts Competition

A central issue highlighted in the research is that federal policy itself contributes to distortions in the housing market. Government-sponsored enterprises (GSEs) such as Fannie Mae and Freddie Mac provide subsidized financing to small investors, often allowing them to borrow at interest rates significantly below those available in private markets.

This advantage, estimated to be on the order of 90 to 100 basis points, translates into meaningful monthly savings and enables small investors to outbid first-time buyers for entry-level homes. Rather than leveling the playing field, current policy tilts it in favor of small investor demand, particularly in the segment of the market where first-time buyers with FHA loans are most active.

## Fix the Housing Problem by Expanding Supply

The fundamental challenge in the housing market is a persistent shortage of supply, and restricting investors does not address this core issue. Instead, policymakers should focus on enabling more housing production, especially at the lower end of the market.

Reforms that allow smaller lot sizes, reduce zoning restrictions, and streamline permitting processes would lower development costs and make it easier to build starter homes. We estimate in our Housing Supply Playbooks that these and similar policies have the potential to add 1.5 million additional homes per year nationwide. Increasing supply at scale is the most effective way to improve affordability and reduce competition across all types of buyers.

## A Better Policy Approach

A more effective federal strategy would focus on removing market distortions and supporting supply-side solutions. This includes reconsidering the preferential financing provided to investor loans through the GSEs and redirecting support toward owner-occupants. Additionally, policies that encourage housing turnover such as adjustments to capital gains treatment for long-held homes could help free up existing inventory. By addressing both supply constraints and policy-driven demand distortions, Washington can improve housing affordability without disrupting the rental market or displacing millions of households.

**For more:** Read our reports on alternative and effective policy solutions for addressing the housing crisis here: "Washington, Not Wall Street, Is the Real Housing Problem" and "Single-Family Rentals: The Unintended Consequences of Subsidizing Small Investor Loans".

# 13. How to Improve Section 901

## Likely Effects of Section 901

Our conclusion based on this fact-based analysis is that Section 901, if enacted, would:

- Reduce the supply of newly constructed single-family homes.
- Reduce the supply of newly rehabilitated and renovated homes.
- Not promote the conversion of renters into homeowners and exacerbate affordability challenges for renters.
- Impose burdens on low- and middle-income renter households by reducing their housing choices, increasing their rental costs, reducing housing stability, and resulting in a costly displacement from their homes.

Even prior to enactment, the proposal has already had measurable market effects. According to John Burns Real Estate Consulting, the legislation has contributed to a freeze in built-to-rent (BTR) activity:

- Equity capital is exiting or pausing investment due to policy uncertainty.
- Fannie Mae and Freddie Mac have halted BTR development financing.
- Developers are delaying or canceling projects in response to the proposed restrictions.

These responses highlight that housing markets reprice policy risk well before legislation is enacted, amplifying the bill's impact.

## Recommended Reforms

To mitigate these effects while preserving policy goals, several targeted changes should be considered:

1. **Exempt from Provisions 901 Key Supply Channels:**
   - BTR: Exempt new construction to avoid suppressing future supply.
   - Rehabilitate-to-rent: Exempt acquisition and renovation of distressed homes, which improve housing quality and preserve existing stock.
   - Disability/Senior Housing
   - Investor-to-Investor Sales

2. **Eliminate Mandatory Disposition Requirements:** The proposed 7-year forced sale requirement is highly disruptive. It may compel LII to sell into unfavorable market conditions, potentially amplifying price declines and reducing market stability.

3. **Incentivize, Rather Than Mandate, Transitions to Ownership:** Encourage voluntary disposition to owner-occupants without mandating divestment through seller incentives such as capital gains exclusions for selling to owner-occupants.

4. **Limit Administrative Discretion:** The authority granted to the Treasury Secretary to define and expand restrictions should be time limited. A sunset provision (e.g., December 2028) would reduce regulatory uncertainty and prevent future expansion of constraints without congressional review.

## Conclusion

The findings in this series suggest that LII are a relatively small and localized component of the housing market. Understanding their role accurately is essential for informed policy discussions and for focusing attention on the underlying drivers of housing affordability. The biggest risks associated with current proposals to restrict such investments are numerous, with several likely unintended consequences.