



# 21st Century ROAD to Housing Act: Build-to-Rent Provisions Update

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**\*\*\*UPDATE: The 21st Century ROAD to Housing Act went into effect on July 11, 2026.\*\*\***

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*This blog post is the second in a series by FBT Gibbons summarizing the effects the 21st Century ROAD to Housing Act on the residential development industry. To see the first post, [click here](#).*

While there were more than 84,000 new construction starts for [build-to-rent](#) (BTR) single-family homes in 2024, new starts for BTR were down almost 20% last year in the face of potential federal regulation limiting large institutional investor ownership of single-family homes. The 21st Century ROAD to Housing Act (the “[Act](#)”), currently awaiting President Trump’s signature, includes provisions excepting the BTR industry from the Act’s broad limits to large institutional investors’ ownership of single-family homes. The United States continues to face a [historic housing shortage](#) and [struggles to construct](#) sufficient new housing units to close the supply gap. The Act seeks to make housing more affordable and obtainable for Americans, in part, by increasing the supply of new housing units available for purchase and for rent.

The current trend of BTR communities has its roots in the 2008 global financial crisis. In 2005, there were more than [8 million single-family homes](#) being rented in the United States, but, as late as 2011, [no single investor](#) owned more than 1,000 single-family homes. However, four million foreclosures and plummeting homeownership rates from 2008 to 2012 resulted in lenders owning millions of single-family homes that Americans couldn’t afford to purchase and that lenders couldn’t afford to keep. As investors began purchasing single-family homes from private lenders for use as rental properties, the U.S. government began [converting its own stock](#) of single-family homes into affordable rental properties or selling those homes to private investors. While a booming single-family home rental market developed, it largely relied upon participants buying and rehabilitating distressed properties.

When the housing market recovered, investors seeking additional rental home inventory were stuck between competing with individual buyers for existing properties or [pivoting to new construction](#) of single-family homes for rent. Some investors found that new construction of single-family homes offered certain operational benefits, including the ability to standardize footprints and fixtures and to more accurately predict and prevent costly maintenance, in turn reducing the overhead required to manage the properties. BTR proponents argue the model also provides benefits [to renters](#), such as predictable maintenance costs and other housing-related expenses. This may appeal to renters who desire a single-family home but do not have the ability to purchase one, who want predictable housing expenses, or who want the flexibility to relocate.

Today, there are [800,000 fewer](#) single-family homes available for rent in the United States than in 2015. While much of that lost rental inventory has been converted to privately owned single-family homes, there are still at least [4 million fewer](#) single-family and multifamily homes available for rent and purchase than are needed today. Industry experts estimate an additional [8.5 million](#) single-family homes, and [4.6 million](#) multifamily homes will be needed by 2030 to keep pace with housing demand. Earlier versions of the Act that limited institutional investor ownership of single-family homes created uncertainty for the BTR industry, leading to an approximately [26% decrease](#) in new construction starts for BTR in the first quarter of 2026, compared to the first quarter of 2025. Despite these headwinds, the industry recorded new construction starts on [62,000 BTR units](#) during the last four quarters, accounting for almost 7% of new housing starts.

Title X of the Act, named “Home-Ownership for Main Street America,” prohibits all large institutional investors (generally for-profit entities owning or managing 350 or more single-family homes) from, directly or indirectly, purchasing any single-family home unless the purchase is an “excepted purchase.” Excepted purchases include taking possession of single-family homes purposefully built to be managed as rental properties. This exception allows investors to continue to fund, own, and operate BTR units while also prohibiting large institutional investors from

competing against traditional home purchasers for existing single-family homes. Proponents of this approach argue it alleviates upward pressure on housing prices caused by investor participation in the single-family home market. BTR is primarily [funded by large institutional investors](#) that fund and participate in multiple projects. By excepting large institutional investors from the Act's single-family home ownership limits, Congress permits the continued construction and operation of BTR single-family homes. Without this exception, the BTR industry would likely have faced significant disruption, as large institutional investors play a substantial role in funding these developments.

The United States faces a significant housing shortage. The Act's BTR provisions are designed to sustain the BTR industry model as one potential component of addressing the housing supply shortage.

FBT Gibbons counsels developers, investors, lenders, and other key stakeholders on housing transactions in states across the country. We stay at the forefront of all legislative efforts affecting the industry, and we are ready to assist clients with navigating the changing legislative environment. For assistance understanding how this new legislation may apply to your projects, please contact the authors or any attorney on FBT Gibbons' [Multifamily Housing](#) industry team.

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