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Homes, Hedge Funds & the Limits of Populist Housing Policy

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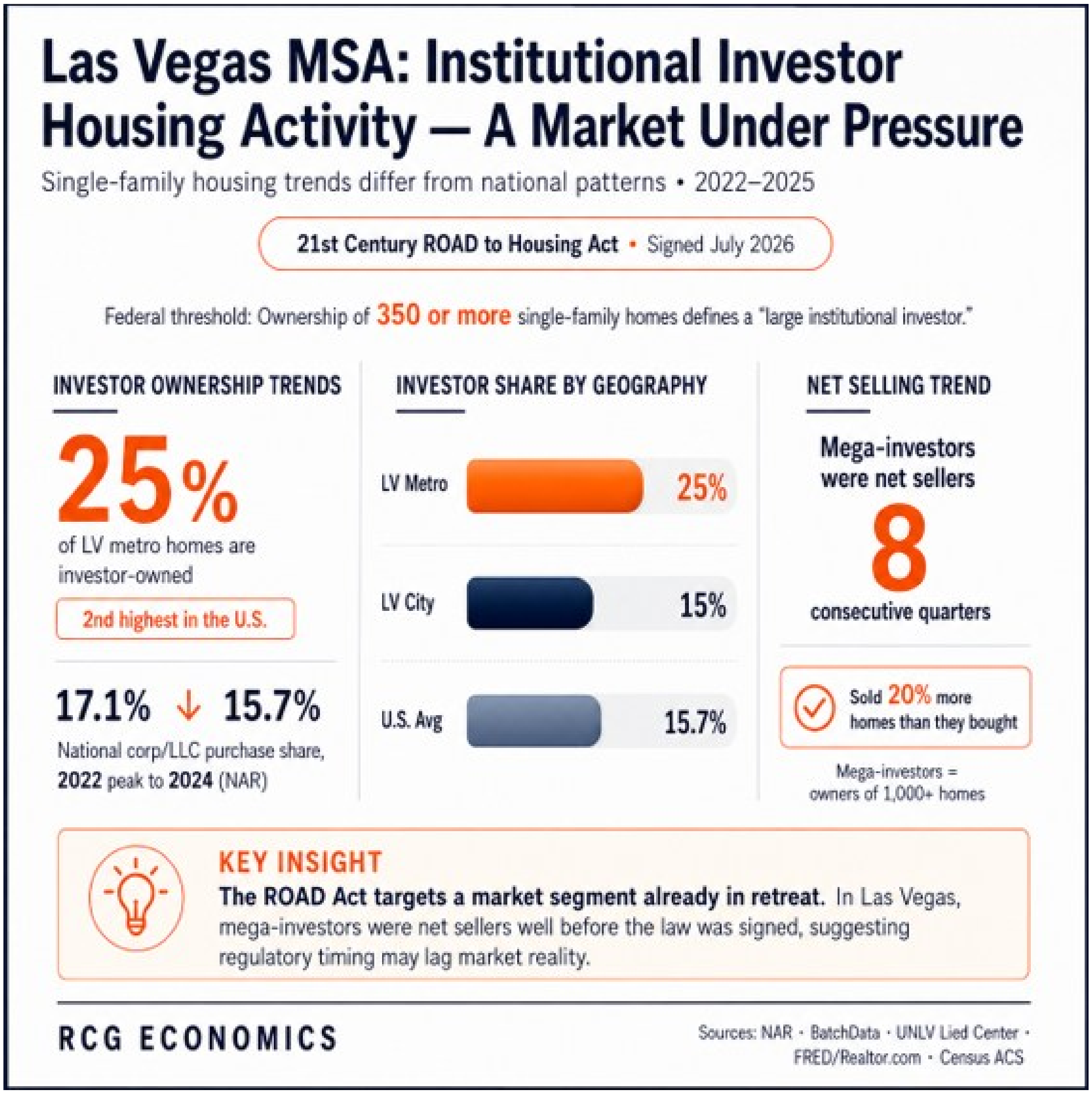

On July 11, 2026, the 21st Century ROAD to Housing Act became law without the president's signature. The law bars large institutional investors—entities controlling 350 or more single-family homes—from purchasing additional properties, with limited exceptions. It is the most significant federal intervention in institutional single-family investment in modern American history, passed by the Senate 85–5 and the House 358–32 in their final votes in June 2026.

For an economist, the law raises a fundamental empirical question: *Does restricting one class of buyer in a supply-constrained market improve affordability, or does it simply redistribute the burden?* The populist appeal is clear. But the underlying economics are more complicated than either its champions or its critics acknowledge. This article looks at the evidence through the lens of supply and demand, market distortions, and the economic development stakes for Western states—with a particular focus on Nevada.

How Big Is the Problem, Really?

Any economic analysis begins with scale. According to Cotality (formerly CoreLogic), about 30 percent of single-family homes purchased in December 2025 went to investors of all sizes. But the aggregate figure masks wide variation. The Congressional Research Service breaks the data down:

Investor Type	Portfolio Size	Share of Purchases (Dec 2025)	Share of U.S. Housing Stock
Small	1–9 homes	14%	~92% of investor-owned
Medium	10–99 homes	11%	~4%
Large	100–999 homes	3%	~2%
Mega	1,000+ homes	3%	0.4–0.66%

Sources: Congressional Research Service (Dec 2025); BatchData; Cotality; John Burns Research and Consulting.

The policy implication is straightforward: a restriction targeting the bottom row of this table—0.4 to 0.66 percent of the housing stock—cannot, by math alone, produce large national price effects. But the aggregate figures mask geographic concentration. In certain Sun Belt metros—Atlanta, Phoenix, Las Vegas, Charlotte, and Jacksonville—institutional ownership can exceed 10 percent of local single-family homes. This concentration is where we can expect the greatest economic effects and political pressure.

The trend line matters, too. BatchData reported that mega-investors (1,000 or more homes) were net sellers for eight consecutive quarters through the end of 2025, selling 20 percent more homes than they purchased. The policy debate is reacting to a wave that has already begun to recede—a textbook case of regulatory lag.

Perhaps most telling is that the National Association of Realtors, NAR, reported the share of residential purchases by corporations and LLCs averaged in the mid-teens over the past decade, peaking at 17.1 percent in 2022 and easing to 15.7 percent in 2024. The law, in other words, targets the smallest slice of a market share that was already declining before Congress acted.

From Executive Order to Federal Law

The federal response moved faster than the usual legislative cycle:

Date	Action
Jan 20, 2026	Executive Order 14376 signed, directing agencies to stop facilitating institutional purchases.
Feb 9, 2026	The House passes the Housing for the 21st Century Act (H.R. 6644) 390–9. Supply-side only; no investor restrictions.
Mar 2, 2026	Bipartisan Senate sponsors introduce a combined bill merging House supply provisions with a new institutional investor ban.
Mar 12, 2026	The Senate passes the combined version 89–10.
May 20, 2026	The House passes the amended version 396–13, softening the Senate's forced-disposal and renter first-look provisions for build-to-rent.
Jun 22–23, 2026	The Senate (85–5) and House (358–32) pass the final version.
Jul 11, 2026	Becomes law without presidential signature after 10-day presentment period.

Sources: Baker Botts; Latham & Watkins; Mayer Brown.

The law defines a "large institutional investor" as a for-profit entity that controls the investment of 350 or more single-family homes, with rules that recognize control through ownership, being a general partner or managing member, or acting as an investment manager. Certain "excepted purchases" are permitted, including distressed properties and build-to-rent projects. The law does not require divestiture of homes purchased before enactment.

Nevada: A Case Study in Political Friction

Few states illustrate the political difficulty better than Nevada. As of 2025, corporate investors owned roughly 25 percent of Las Vegas metro area homes, according to BatchData, the second-highest rate in the country. The UNLV Lied Center for Real Estate estimates that investors purchased 17.2% of all single-family homes sold between 2015 and 2025.

A Democratic state senator first passed a bill to cap corporate home purchases at 1,000 units per year in 2023. Nevada's current governor vetoed it. The same senator revived the effort in 2025 with SB 391, dropping the cap to 100 units after the Las Vegas Review-Journal reported that a single corporate investor had purchased 264 homes in one day for $98 million. SB 391 failed.

It's been reported that a Republican state senator who co-sponsored the bill said the Governor's office asked him to support a caucus "no" vote. In late 2025, a bipartisan supermajority petitioned to add the issue to a special session—the first time in Nevada history that legislators forced their topic onto a special-session agenda. The resulting bill fell one vote short in the Assembly. Nevada's Governor subsequently announced a 33-member working group, though it has not been open to the public.

State-Level Efforts Across the West

Nevada is not alone. In California, its current governor used his final State of the State address in January 2026 to call for curbing institutional ownership, and the Assembly passed a bill prohibiting investors owning more than 1,000 single-family homes from acquiring additional properties. New York enacted legislation effective September 2025, imposing a 90-day waiting period before institutional investors—defined as entities owning 10 or more residential properties with $30 million or more in assets—can offer to buy a one- or two-family home.

The National Conference of State Legislatures documented an accelerating pattern of state action in a May 2026 survey, with Michigan, Minnesota, and Colorado among those that have introduced restrictions.

The Economic Arguments: For and Against Restrictions

The core arguments rest on the same supply-demand framework but read the data differently:

Case for Restrictions	Case Against Restrictions
First-time buyers compete with institutional buyers who have lower capital costs who bid up entry-level prices. GAO determined investors may have raised prices in 6 metros.	Targeting 0.4–0.66% of housing stock cannot affect prices significantly. The Urban Institute found that limits won't boost supply or homeownership.
Investors raise rents 60% faster than average upon acquisition, & higher investor share correlates with faster non-investor landlord rent increases, according to the Philadelphia Fed.	Investors serve a countercyclical function. The Philadelphia Fed estimated prices would have fallen an additional 1.64 percentage points during the Great Recession without institutional buyers.
Initial buyers fell to 21%, a record low since 1981. Institutional competition enriches shareholders and deepens owner-renter disparity. 93% of Americans say corporate landlords hinder access to housing.	Investors add rental supply in a market with a shortage of 3.8 million units. Purchases raise home prices 1–2% but reduce rents by a comparable amount. Georgia research found investors expanded low-income access to good school districts.
Large institutional purchases after the Great Recession reduced owner-occupied share in majority-Black neighborhoods in Atlanta.	Investors target distressed properties individual buyers cannot rehabilitate. Restrictions risk fewer new homes, higher rents, reduced maintenance, and greater market volatility (James Madison Institute).
	Lack of supply from zoning, permitting, and construction expenses drives unaffordability. Demand-side restrictions on one buyer class do not change the supply curve (Reason Foundation).

Sources: GAO; Philadelphia Fed; Urban Institute; Reason Foundation; James Madison Institute; NAR; BatchData.

The wealth-concentration argument deserves emphasis. Homeownership remains the primary wealth-building vehicle for American families, and with first-time buyers at a historic low of 21 percent, institutional competition for entry-level homes channels gains toward shareholders at the expense of would-be owners.

But the counterargument is equally grounded in data: the Minneapolis Fed found that large investors helped stabilize the housing market after the Great Recession by absorbing distressed inventory, reducing vacancy rates, and supporting construction employment. The honest reading of the evidence is that both sides are right about different things: institutional investors impose real costs in concentrated markets while providing real benefits at the aggregate level.

Economic Development Implications

For states like Nevada that depend on business attraction and workforce growth, housing affordability is a factor input in the economic development production function. The State Economic Development Executives Network described the ROAD Act as reframing housing as "workforce infrastructure." Housing, in this framing, functions like roads and power: if it is inadequate, investment goes elsewhere.

The data support that framing. Residential real estate constitutes approximately 22.6 percent of Nevada's gross state product—the fourth-highest share in the nation—and each transaction generates roughly $153,480 in total economic impact, supporting about three jobs per sale. The state cannot recruit a data center workforce or staff the service jobs those workers create if entry-level housing is out of reach.

Nevada's median listing price reached $489,000 in May 2026, according to FREDdata.com. To afford that home under standard lending criteria, a household would need roughly $110,000 per year—about 36 percent above what the median Nevada household earns. The National Low Income Housing Coalition estimates Nevada is about 78,000 affordable units short of what it needs.

But restrictions carry their own risks: the Governor's 2023 veto message warned of reduced commerce tax revenue, fewer construction jobs, and discouraged rental-stock investment. The build-to-rent sector—exempted under the ROAD Act—illustrates the tension, adding supply while depending on institutional capital. With the federal government owning roughly 85 percent of Nevada's land, the supply of developable acreage is severely limited, and no demand-side restriction can overcome that constraint without a parallel supply-side push.

Nevada Fiscal Impact Analysis

The fiscal implications of restricting institutional investors in Nevada are more intricate than when they first appear. Nevada's tax structure—no personal or corporate income tax and heavy reliance on consumption-based revenues—means the state's fiscal exposure runs through different mechanisms than in income-tax states. Through December of fiscal year 2026, the Governor's Finance Office reported Nevada collected $2.9 billion in gross General Fund revenues, with major sources up 11.3 percent year over year. The table below maps the ROAD Act's likely fiscal effects across Nevada's principal revenue channels:

NV Revenue Source	Trend	Mechanism
Real Property Tax	Likely decline	Investor properties are subject to an 8% assessment cap; owner-occupied homes qualify for a 3% cap. Conversion slows assessed-value growth over assessment cycles. Clark County investors hold ~172,000 SFH (26%).
Commerce Tax	A gap persists.	REITs have been exempt from Commerce Tax since 2015, even above the $4M threshold. Largest institutional landlords already pay nothing. Closing the exemption (rate T 0.0837% for lessors) could yield new revenue; bipartisan legislative support exists.
Real Property Transfer Tax	Mixed	Fewer institutional acquisitions reduce buy-side collections ($2.55/$500 in Clark County). But accelerated divestiture—investors have been net sellers for 8 quarters—temporarily boosts sell-side revenue. Net depends on volume.
Sales & Use Tax/Multiplier	Likely decline	Real estate = 22.6% of Nevada GSP (4th nationally). Each transaction generates approximately $153,480 in economic impact and about 3 jobs. Fewer transactions reduce multiplier activity in title, lending, contracting, and inspection.
Construction / MBT	Uncertain	Nevada lost 7,100 construction jobs (−6.4%) through Aug. 2025. BTR is exempt under the ROAD Act, but a broader chilling effect is possible. Supply-side provisions (land transfers, permitting reform) could offset the impact.
Social Services	Potential savings	If restrictions moderate entry-level prices, reduced cost burdens lower demand for housing subsidies, emergency assistance, and homelessness services. NV ranks 2nd for cost-burdened renters.

Sources: Tax Foundation; NV Dept. of Taxation; Governor's Finance Office; NAR; Nevada Current; LV Review-Journal; NV Independent; AGC of America.

A critical state-level variable sits outside the federal law entirely. When Nevada adopted the Commerce Tax in 2015, the legislature exempted real estate investment trusts from the levy, even above the $4 million threshold. A Las Vegas Review-Journal investigation found at least $27.5 billion in transactions avoided the real estate transfer tax through subsidiary structures.

A bipartisan group of state lawmakers has called for closing this loophole, arguing it would generate new revenue while reinforcing the ROAD Act's objectives. From a fiscal standpoint, the state-level decision may have more significant implications than the federal purchase ban itself. On the expenditure side, unaffordable housing imposes its costs: Nevada ranks second nationally for cost-burdened renters, and median monthly rent climbed from roughly $1,150 in 2020 to approximately $1,700 in 2024. Only 14 affordable rental units are available for every 100 extremely low-income households statewide.

The net fiscal impact cannot be reliably estimated at this stage. The fiscal effects will depend on second-order behavioral responses—how investors restructure, whether owner-occupant demand fills the gap, and whether the state pursues complementary tax reforms—more than on the mechanical arithmetic of the law itself.

Where Things Stand

The new federal law is in effect, but its practical impact remains uncertain. HUD is directed to measure effects two years after enactment. Investors with large portfolios have already slowed purchases—and large investors have been net sellers for eight consecutive quarters—meaning the restriction may matter less in 2026 than it would have in 2021 or 2022. For Q1 2026, Redfin reported that investors purchased 19 percent of single-family homes sold, down from a peak above 20 percent.

Enforcement will be the critical test. Some state legislators have voiced the concern that sophisticated private equity firms can create shell LLCs to circumvent ownership thresholds—what an economist would call regulatory arbitrage. Without robust registry and disclosure requirements, the 350-home cap could prove difficult to police.

For Nevada, the ROAD Act's broader supply-side provisions may ultimately matter more than the investor ban. The law reauthorizes the HOME Investment Partnerships Program, creates a $200 million innovation fund, allows CDBG grants to fund affordable housing construction, and removes the federal chassis requirement for manufactured homes—a change that could reduce per-unit costs by $5,000 to $10,000. Maurice Page of the Nevada Housing Coalition expects the law could add up to 7,000 units in Nevada over the next decade. Michael Seiler of William & Mary offered a measured assessment: the investor provision will help at the margin but will not overcome the structural barriers—high mortgage rates, limited inventory, zoning constraints, and construction costs—that drive the affordability crisis.

The Bottom Line

The institutional investor debate is, at its core, about the relative weight of demand-side intervention versus supply-side reform in a structurally constrained market. The populist case is intuitive: *homes should be for families, not hedge funds*. The economic case is less tidy. Institutional investors add market liquidity, expand rental options, stabilize prices during downturns, and improve distressed housing stock. Their removal from the buyer pool helps some prospective homeowners at the margin while potentially raising rents, reducing maintenance quality, and weakening the market's countercyclical capacity.

For Western states—and especially for Nevada—the answer will depend less on whether institutional investors are restricted and more on whether policymakers simultaneously address the supply side. The ROAD Act takes steps in that direction. But with Nevada's median listing price approaching $500,000, an affordable-unit deficit of 78,000, an additional deficit exceeding 100,000 units for households earning 50 percent or less of the area median income, and the most federally constrained land base in the lower 48, no single law will close the gap.

The hard work—freeing up land, expediting permits, building workforce housing at scale—remains ahead. As economists have long observed, the only durable cure for high prices is more supply, which can be difficult for regions like the Las Vegas MSA because of the severe lack of developable land, as RCG has noted in several studies (https://rcgecon.com/reports/major-studies/).

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