

Date of Hearing: June 30, 2026

ASSEMBLY COMMITTEE ON JUDICIARY  
Ash Kalra, Chair  
SB 880 (Wahab) – As Amended June 11, 2026

As Proposed to be Amended

**SENATE VOTE:** 36-0

**SUBJECT:** RESIDENTIAL PROPERTY: TRANSFERS: INSTITUTIONAL INVESTORS

**SYNOPSIS**

*California is facing a housing crisis. The inventory of available homes—especially affordable entry-level homes—in the state is severely constrained. In tackling this issue, the Legislature has focused on increasing supply and maintaining home affordability. The decline in homeownership has resulted in a growing population of renters. As institutional investors acquire a larger number of homes, they may contribute to an increase in property prices, making it more challenging for individual households, especially first-time buyers, to enter the housing market. With their deep pockets, these institutional buyers can often outbid individual homebuyers, driving up prices in the process. This leaves first-time homebuyers struggling to compete in real estate markets where affordability already is a concern.*

*Recognizing the importance of homeownership for financial stability, this bill seeks to give prospective owner-occupants and other interested individuals advance notification and opportunity to purchase a home, and thus level the playing field between institutional investors and individual home buyers. The bill is meant to implement requirements and processes that function consistent with the federal 21<sup>st</sup> Century ROAD to Housing Act, which is currently awaiting the President’s signature for enactment. This bill is supported by the California Association of Realtors (C.A.R.). The bill, in print, is opposed by the California Apartment Association (CAA), the California Building Industry Association (CBIA) and several regional rental property and apartment associations. As proposed as be amended, the bill mirrors many of the federal bill’s definitions and provisions, modifies the enforcement provisions, and makes the bill’s enactment contingent on the federal act. The amendments are incorporated into the SUMMARY below and explained in the analysis.*

**SUMMARY:** Expands homeownership opportunities for prospective owner-occupants and existing tenants by providing them priority home-purchasing opportunities when institutional investors sell their properties. Specifically, **this bill:**

- 1) Declares that it is the intent of Legislature to:
  - a) Promote owner occupancy by enacting legislation consistent with the federal 21st Century ROAD to Housing Act (H.R. 6644); and
  - b) Ensure that the requirements of this bill are consistent with the stated goals of the federal act.

- 2) Requires an institutional investor to comply with the bill before entering into any of the following transactions:
  - a) An individual sale of residential real property;
  - b) A portfolio or bulk sale of residential real property;
  - c) An affiliated transfer of residential real property; or
  - d) Any other ownership transfer of residential real property conveying control of housing assets.
- 3) Requires an institutional investor, if a residential real property is occupied by a tenant, to provide written notice of the institutional investor's intent to sell the property to each tenant at least 90 days before advertising the residential real property for sale in a multiple listing service, or similar system.
- 4) Requires the notice in 3) to include all of the following:
  - a) A statement that the tenant has the right to remain in possession until the end of the lease term, except that the tenancy may be terminated upon 90 days' written notice to quit if the purchaser or successor in interest intends to occupy the housing unit as the purchaser's principal place of residence as required to claim the homeowners' property tax exemption pursuant to Section 218 of the Revenue and Taxation Code;
  - b) Information regarding financing, homeownership counseling, and homebuyer assistance resources available to the tenant, including housing counseling agencies approved by the United States Department of Housing and Urban Development and, if established, the renter outreach resource created pursuant to Section 1001 of the federal act; and
  - c) A statement that, if the tenant intends to purchase the residential real property, the tenant may submit an offer as a prospective owner-occupant during the period described in 5) b).
- 5) Specifies all of the following requirements for the sale of residential real property, containing one to two residential dwell units, by an institutional investor:
  - a) The institutional investor must publicly market the residential real property and must list it for sale in a multiple listing service, or another publicly accessible platform, and is prohibited from conducting an off-market transfer, using a pocket listing, or employing marketing practices designed to favor investors or affiliated buyers;
  - b) During the first 30 days after the residential real property is listed for sale, the institutional investor must accept offers only from prospective owner-occupants, including any tenant in possession;
  - c) A prospective owner-occupant must submit with the offer an affidavit or declaration, executed pursuant to Section 2015.5 of the Code of Civil Procedure, stating that the person is purchasing the residential real property as an owner-occupant and intends to occupy the housing unit as the person's principal place of residence as required to claim

- the homeowners' property tax exemption, pursuant to Section 218 of the Revenue and Taxation Code;
- d) The institutional investor must respond, in writing, to every offer received from a prospective owner-occupant during the first 30 days after the property is listed for sale before accepting or considering any other offer;
  - e) A fraudulent statement by a prospective owner-occupant or an institutional investor under this section may subject the person to civil or criminal liability;
  - f) Notwithstanding any other law, an institutional investor is prohibited from conducting a bundled sale of residential real property;
  - g) If a tenant does not express interest in purchasing the residential real property, the institutional investor must make the residential real property available first to prospective owner-occupants and other natural persons before investor purchasers, in accordance with the above requirements;
  - h) An institutional investor is prohibited from doing any of the following for the purpose of avoiding the requirements of this bill:
    - i) Transfer residential real property to a shell entity, an affiliated purchaser, a related party, or an investor intermediary;
    - ii) Conduct an off-market transfer of the residential real property; or
    - iii) Structure a transaction to avoid the applicability threshold described in 13) a).
  - i) Clarifies that the bill does not apply to the following transfers of residential real property:
    - i) A transfer resulting from a foreclosure or lender workout;
    - ii) A transfer resulting from probate or inheritance;
    - iii) A transfer pursuant to a court order; or
    - iv) A transfer resulting from a corporate reorganization or restructuring in which the beneficial ownership of the residential real property does not materially change.
- 6) Requires an institutional investor that sells residential real property to record, or cause to be recorded, in the office of the county recorder of the county in which the property is located, a certification of compliance under penalty of perjury at the time of sale, stating that one of the following applies:
- a) The institutional investor has substantially complied with the requirements of this bill, with a copy of the notice to tenants required by 3) attached; or
  - b) The institutional investor or the transaction is exempt from the requirements of this bill pursuant to 5) i).

- 7) Authorizes the Attorney General, a city attorney, or a county counsel to bring an action against an institutional investor who violates 6) for the following civil penalties:
  - a) No greater than fifty thousand dollars (\$50,000) for the first violation; and
  - b) No greater than two hundred thousand dollars (\$200,000) for each additional, or subsequent violation.
- 8) Authorizes the Attorney General, a city attorney, or a county counsel to bring an action to enforce any right of provision of this bill, and if prevailing, will be entitled to either or both of the following remedies:
  - a) Injunctive relief; and
  - b) A civil penalty in an amount not to exceed the greater of one million dollars (\$1,000,000) per violation or three times the purchase price of the residential real property, consistent with the penalty established by Section 1001 of the federal act.
- 9) Authorizes the Attorney General, a city attorney, or a county counsel to coordinate with the Secretary of the United States Department of Housing and Urban Development, the Director of the United States Federal Housing Finance Agency, the Chair of the United States Securities and Exchange Commission, and the Secretary of the Treasury of the United States in the implementation of regulations adopted pursuant to that section relating to violations of federal law involving tenants residing in properties owned, maintained, or managed by institutional investors.
- 10) Clarifies that this bill must be construed consistently with Section 1001 of the federal act, and if the federal act is enacted, any regulations adopted pursuant to that section.
- 11) Specifies that the bill will only become operative if the federal act is enacted and becomes effective on or before January 1, 2027.
- 12) Includes a severability clause.
- 13) Defines the following terms:
  - a) “Bundled sale” means the sale or transfer of two or more residential real properties to the same purchaser, or to affiliated purchasers, in a single transaction or a series of related transactions.
  - b) “Federal act” means the federal 21st Century ROAD to Housing Act (H.R. 6644).
  - c) “Institutional investor” means an entity, including, but not limited to, a corporation, a limited liability company, a limited liability partnership, or a real estate investment trust, that directly or indirectly owns, or has investment control of, residential real properties, consistent with the definition of “large institutional investor” in Section 1001 of the federal act. “Institutional investor” does not include a natural person or mortgagee.
  - d) “Mortgagee” means an entity that has direct or indirect ownership in residential real property that is derived through a deed to secure debt, security deed, mortgage, security

interest, deed of trust, or any other lien upon residential property that secures a bona fide debt or other obligation. A mortgagee includes an assignee of a mortgagor's interest or ownership in residential real property that is derived through a deed to secure debt, security deed, mortgage, security interest, deed of trust, or any other lien upon residential real property that secures a bona fide debt or other obligation.

- e) "Multiple listing service" has the same meaning as described in Civil Code Section 1087.
- f) "Prospective owner-occupant" means a natural person who submits the affidavit or declaration described in 5) c) stating an intent to occupy the residential real property as the person's principal place of residence.
- g) "Real estate investment trust" has the same meaning as defined in Section 856 of the Internal Revenue Code.
- h) "Residential real property" means a single-family residential property that includes, but is not limited to, an accessory dwelling unit or a junior accessory dwelling unit, that has a single assessor's parcel number for each unit or a single assessor's parcel number that covers up to two units on a single parcel of real property, consistent with the definition of "single-family home" in Section 1001 of the federal act.

#### **EXISTING LAW:**

- 1) Defines "multiple listing service" (MLS) as a facility of cooperation of agents and appraisers, operating through an intermediary that does not itself act as an agent or appraiser, through which agents establish express or implied contracts for compensation between agents that are MLS participants in accordance with its MLS rules with respect to listed properties in a listing agreement, or that may be used by agents and appraisers, pursuant to the rules of the service, to prepare market evaluations and appraisals of real property. (Civil Code Section 1087.)
- 2) Defines "single-family residential property" as one of the following:
  - a) Real property improved with one to four dwelling units;
  - b) A unit in a residential stock cooperative, condominium, or planned unit development;
  - c) A mobilehome or manufactured home when offered for sale or sold through a real estate license, as provided; or
  - d) A qualified ownership interest in real property subject to an agreement providing the owner the right to occupy one to four dwelling units on that property. (Civil Code Section 1670.12 (a)(2).)
- 3) Defines "business entity" as a sole proprietorship, partnership, corporation, association or other group, however organized and whether or not organized to operate at a profit, but does not mean a financial institution organized, chartered, or holding a license or authorization certificate under a law of this state or the United States to make loans or extend credit and subject to supervision by an official or agency of this state or the United States, nor the

parent of any such financial institution, nor any subsidiary of any such financial institution or parent. (Civil Code Section 1799 (b).)

- 4) Defines “dwelling unit” as a structure or the part of a structure that is used as a home, residence, or sleeping place by one person who maintains a household or by two or more persons who maintain a common household. (Civil Code Section 1940 (c).)
- 5) Requires the owner of real property, who intends to sell the property, to provide tenants with at least 30 days’ written notice if the tenant has lived there less than one year. If the tenant has lived there for more than one year, the owner is required to provide at least 60 days’ written notice. (Civil Code Section 1946.1.)
- 6) Bans properties from being bundled for sale at foreclosure auctions. (Civil Code Section 2924g.)
- 7) Defines “bundled sale” as the sale of two or more parcels of real property containing one to four residential dwelling units, inclusive, at least two of which have been acquired through foreclosure under a mortgage or deed of trust. (Civil Code Section 2924p (b).)
- 8) Defines “real estate investment trust” as a corporation, trust, or association which, among other things, is managed by one or more trustees or directors; the beneficial ownership of which is evidenced by transferable shares; which would be taxable as a domestic corporation; and has a beneficial ownership held by 100 or more persons. (Corporations Code Sections 174.5, 5063.5, 12242.5, 23000; 26 United States Code Section 856(a).)
- 9) Defines “business entity” as any organization or enterprise operated for profit, including but not limited to a proprietorship, partnership, firm, business trust, joint venture, syndicate, corporation or association. (Government Code Section 82005.)
- 10) Specifies the details and amounts of the homeowners’ property tax exemption. (Revenue and Taxation Code Section 218.)

**FISCAL EFFECT:** As currently in print this bill is keyed fiscal.

**COMMENTS:** California is facing a housing crisis. The inventory of available homes—especially of affordable entry-level homes—is severely constrained. In tackling this issue, the Legislature has focused on increasing supply and maintaining home affordability. The decline in homeownership has resulted in a growing population of renters. Recognizing the importance of homeownership for financial stability, this bill seeks to give prospective owner-occupants and other interested individuals advance notification and opportunity to purchase a home, and thus level the playing field between institutional investors and individual home buyers. According to the author:

California's housing affordability crisis has been intensified by the growing presence of institutional investors in the single-family housing market. Since the 2008 financial crisis, institutional investors have colluded, leveraged their access to capital, and utilized technological advantages to increase their control of residential properties. This has resulted in outcompeting prospective homeowners, reducing opportunities for first-time homebuyers, and contributed to the rise in home prices. Research has also shown that institutional

investors market power has disproportionately affected historically underserved communities. Their ability to significantly increase rents has driven out long-term residents and disrupted the composition of entire communities.

SB 880 recognizes the growing influence of institutional investors in California's housing market and establishes a framework that prioritizes housing access for individuals over institutional investors, aligning California with federal law. By doing so, SB 880 protects pathways to homeownership for first-time home buyers and working families, strengthens neighborhood stability, and reinforces the principle that housing should serve the needs of people, not corporations.

***The housing affordability crisis.*** Housing affordability is a primary concern of this California Legislature—and rightfully so. According to C.A.R.'s Traditional Housing Affordability Index (HAI), California hit a peak high affordability index of 56 percent in 2012. Fourteen years later, however, only 22 percent of California households could afford to purchase the median-priced home \$843,390. (California Association of Realtors Housing Affordability Index, Data for the 1<sup>st</sup> quarter of 2026, available at: <https://www.car.org/marketdata/data/haitraditional>.) A major cause of our housing crisis is the mismatch between the supply of housing and the demand for housing. In 2022, the Statewide Housing Plan adopted by the Housing and Community Development Department (HCD) found that California needs approximately 2.5 million units of housing, including one million units that are affordable to lower income households, in order to address this mismatch. (HCD, *California Statewide Housing Plan: A Home for Every Californian* (March 2022) available at: <https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136>.) That would require production of over 300,000 units a year, including over 120,000 units a year of housing affordable to lower income households.

***The decline of owner-occupancy rates in California.*** The lack of affordable housing, likely in combination with other interrelated factors, such as demographic shifts delaying in life-cycle milestones such as marriage and childbearing (or the decision to forego those milestones altogether), has resulted in a decline in home ownership. In 2025, California's homeownership rate—the percentage of California homes owned by their occupants—stood at 55.3%, the same rate as the preceding year. (U.S. Census Bureau, *Homeownership Rate for California*, available at: <https://fred.stlouisfed.org/series/CAHOWN>.) This rate is down from a high of 60.2 percent in 2006, at the peak of the housing bubble, and represents a trend of decreasing homeownership since the Great Recession. (*Ibid.*) The decline was even more stark for younger Californians aged 35–45. For that group, the share of those who owned a home declined from 49.5 percent to 39.7, almost 10 percentage points from 2000 to 2021. (Daniel Shoag et al., *The First Step Is The Hardest: California's Sliding Homeownership Ladder*, Turner Center for Housing Innovation, U.C. Berkeley (May 2023) available at: <https://turnercenter.berkeley.edu/wp-content/uploads/2023/05/Homeownership-Ladder-May-2023-Final.pdf>.)

While more pronounced in California, this reflects a national trend. According to census data, between 2007 and 2017, the United States added less than 1 million households in owner-occupied homes, but 6.5 million in renter-occupied homes. The national homeownership rate bottomed out at 62.9 percent in 2016, down from a high of 69 percent in 2005. (U.S. Census Bureau, *Homeownership Rate in the United States*, available at: <https://fred.stlouisfed.org/series/RHORUSQ156N>.) The decline in homeownership has resulted in a corresponding increase in rental demand, and a corresponding untenable increase in rental

rates. The majority of Californian renters—more than 3 million households—pay more than 30 percent of their income toward rent, and nearly one-third—more than 1.5 million households—pay more than 50 percent of their income toward rent. (HCD, *Addressing a Variety of Housing Challenges*, available at: <https://www.hcd.ca.gov/policy-and-research/addressing-variety-housing-challenges> (last accessed Jun. 25, 2026).) Those renting are increasingly looking for single-family residences.

***The rise of the corporate single-family rental.*** The overwhelming majority of single-family rentals are owned by smaller landlords. In June 2021, the Urban Land Institute reported that small-scale investors own 97 percent of the nation’s single-family rental inventory, meaning that the share of institutional investors is just three percent. (Congressional Research Service, *Single-Family Market Rents and Institutional Investors* (Oct. 3, 2022) available at: <https://crsreports.congress.gov/product/pdf/IF/IF12225>.) This report defined “institutional investors” as those owning more than 2,000 units. According to the National Rental Home Council, institutional investors, as of 2025, own approximately 14,000 homes in California, which accounts for about 0.15% of the nearly 8 million single family homes in the state. Thus, though currently small, the influence of corporate landlords raises serious concerns about home affordability and availability—particularly in a market with constrained inventory.

Corporate ownership of single-family homes is a newer phenomenon. The increase in institutional investors began during the Great Recession, when housing prices dropped precipitously, and credit tightened. (Lauren Lambie-Hanson et al., *Leaving Households Behind: Institutional Investors and the U.S. Housing Recovery* (2019) available at <https://www.philadelphiafed.org/-/media/frbp/assets/working-papers/2019/wp19-01.pdf>.) During the financial crisis, investors bought foreclosed properties, often at a discount, with institutional buyers joining the usual cash investors. (Francesca Mari, *A \$60 Billion Housing Grab By Wall Street*, N.Y. Times (Mar. 4, 2020) available at: <https://www.nytimes.com/2020/03/04/magazine/wall-street-landlords.html>.) Institutional buyers are entities with substantial financial resources, such as real estate investment trusts (REITs), private equity firms, and hedge funds. Unlike individual homebuyers who depend on federally-backed financing to purchase homes, institutional investors can purchase properties with cash. They were thus uniquely situated to purchase large numbers of foreclosed properties that might not have qualified for federally-backed loans. As hundreds of thousands of homes went into foreclosure, the federal government sought to stabilize housing prices by increasing demand for the homes by creating incentives for private investors to make bulk purchases. (Alana Semuels, *When Wall Street Is Your Landlord*, The Atlantic (Feb. 13, 2019) available at: <https://www.theatlantic.com/technology/archive/2019/02/single-family-landlords-wall-street/582394/>.) Thus, institutional investors’ entry into the market for single-family residences came against the backdrop of staggering foreclosure rates, economic uncertainty, and government incentives.

The rate of investor purchases surged again during the COVID-19 pandemic. In the first quarter of 2022, investor purchases of single-family homes averaged 28 percent per month, compared with 19 percent the previous year: significant increases from the average of 16 percent between 2017 and 2019. (Joint Center for Housing Studies of Harvard University, *State of the Nation’s Housing* (2022), available at: <https://www.jchs.harvard.edu/state-nations-housing-2022>.) Institutional investors had long avoided the single-family market because of the challenge of managing dispersed properties. (Francesca Mari, *A \$60 Billion Housing Grab By Wall Street*, N.Y. Times (Mar. 4, 2020) available at: <https://www.nytimes.com/2020/03/04/magazine/wall->

street-landlords.html.) Digital technologies, including improved data and analytics, however, have transformed the single-family rental market. (Desiree Fields et al., *Corporate landlords and market power: What does the single-family rental boom mean for our housing future?* UC Berkeley (2022) available at: <https://escholarship.org/uc/item/07d6445s>.) Technology has made both purchasing and managing dispersed rental properties more efficient and profitable. Corporate owners can use digital tools to acquire property quickly and can use other tools to screen applicants, accept payments, manage maintenance requests, and gather data on rental markets.

Bundled sales of real estate parcels further enhances the profitability of the corporate “build-to-rent” model. Bundled or bulk sales of real property involve the combined offering of two or more parcels as a single transaction, often at a discounted price. This can present advantages to both the buyer and the seller. For buyers, bundled transactions can offer economies of scale and cost savings. By purchasing multiple properties, buyers may obtain more strategic pricing and negotiation, as the combined value of the bundled properties can create synergies that wouldn’t be achievable in separate transactions. For the seller, bundled transactions offer at-scale sales, and decreased uncertainty. Within regions, researchers find that large corporate investors buying single-family rentals and rent-to-own units tend to concentrate their purchases at the neighborhood level, primarily in “low income, historically non-white neighborhoods that have suffered from disinvestment, but where gentrification or real estate cycle dynamics predict medium term price increases.” (Elora Raymond et al., Federal Reserve Bank of Atlanta, *Large corporate buyers of residential rental housing during the COVID19 pandemic in three southeastern metropolitan areas* (Jan. 13, 2022) available at: [https://bpb-us-e1.wpmucdn.com/sites.gatech.edu/dist/d/2497/files/2022/01/ERaymond-2022-CorporateLandlords\\_PandemicPurchases.pdf](https://bpb-us-e1.wpmucdn.com/sites.gatech.edu/dist/d/2497/files/2022/01/ERaymond-2022-CorporateLandlords_PandemicPurchases.pdf).)

Opponents of this process find this concentration of the build-to-rent model in low-income, non-white neighborhoods to be troubling. In a zero-sum housing environment, where demand far exceeds supply, resulting in higher home prices, corporate winners mean individual losers. A large majority of Americans report wanting to own a home and seeing homeownership as the best marker of financial success and security. (Gregory Schmidt, *Homeownership Remains the American Dream, Despite Challenges*, N.Y. Times (Jun. 2, 2022) available at: <https://www.nytimes.com/2022/06/02/realestate/homeownership-affordability-survey.html>.)

Supporters of this process see the concentration of institutional capital in low-income areas as a societal positive: corporate rentals provide a desired product for those wanting the advantages of single-home living without the burden. They point to single mothers and professional women who do not want the maintenance costs, responsibilities, and interruptions of their daily schedules that come with owner occupancy of older homes, but who do want the quiet, privacy, and space that living in a single-family home provides.

***Corporate landlords.*** In addition to depriving individual buyers of the opportunity to purchase homes, the rise of the corporate home ownership poses other problems. Corporate landlords are usually detached from the communities where the rental properties are located and may be more motivated by profit-maximizing than the average “mom-and-pop” landlord. A 2016 study published by the Federal Reserve Bank of Atlanta found that corporate landlords, especially those which are large institutional investors, were far likelier than other owners to evict their tenants. (Elora Raymond et al., FRB Atlanta Community and Economic Development Discussion Paper No. 2016-4, *Corporate Landlords, Institutional Investors, and Displacement:*

*Eviction Rates in Singlefamily Rentals* (2016) available at: <https://ssrn.com/abstract=2893552>.) In 2018, a Reuters special investigation of Invitation Homes, a creation of private equity giant Blackstone Group LP, found after “interviews with scores of the company’s tenants in neighborhoods across the United States, the picture that emerges isn’t as much one of exceptional service as it is one of leaky pipes, toxic mold, nonfunctioning appliances, and months-long waits for repairs.” (Michelle Conlin, *Spiders, sewage and a flurry of fees – the other side of renting a house from Wall Street*, Reuters (Jul. 27, 2018) available at: <https://www.reuters.com/investigates/special-report/usa-housing-invitation/>.) Here in California, Attorney General Bonta secured a \$3.7 million settlement with Invitation Homes to resolve allegations that it violated California’s rent cap law. (Liam Dillon, *Nation’s largest single-family home landlord to pay \$3.7 million in California rent-gouging case*, L.A. Times (Jan. 8, 2024) available at: <https://www.latimes.com/homeless-housing/story/2024-01-08/invitation-homes-tenant-rent-gouging-settlement>.)

***The 21st Century ROAD to Housing Act*** is an expansive federal bill that aims to increase the supply of housing in the United States. (H.R. No. 6644, 119th Cong., 2nd Sess. (2025).) The federal bill attempts to achieve this increase by providing grants for affordable housing, exempting certain housing-related activities from environmental review, establishing a pilot program to provide grants for public housing agencies, and a number of other actions. One such action is in Section 1001 of the federal bill, titled “Homes are for people, not corporations.” (*Id.*, at 131.) This section of the federal bill establishes a couple of key definitions and a proposed rental resource, which are cross-referenced in SB 880:

- “Large institutional investor” means an investment fund, corporation, general or limited partnership, limited liability company, joint venture, association, or other for-profit entity that is a legal entity structured in a manner that is not aforementioned that:
  - is engaged, in whole or in part, in the business of investing in, owning, renting, managing, or holding single-family homes; and
  - alone or in concert with 1 or more other entities, beginning after the date of enactment of this Act, directly or indirectly has investment control of not less than 350 single-family homes in the aggregate, not including any single-family home purchased in an excepted purchase made after the date of enactment of this Act; and
  - does not include any local, State, Tribal, or Federal government entity or instrumentality thereof.
- Defines “single-family home” means a structure that contains 2 or fewer dwelling units that are each intended for residential occupancy by a single household; and does not include a manufactured home.
- Establishes a renter outreach resource which consists of a toll-free telephone number and a public website designed to assist renters of residential properties owned by a large institutional investor in:
  - notifying Federal agencies about disputes relating to the rental of such properties, including disputes about potential violations of Federal law;
  - sharing information about such disputes with other Federal agencies, including other Federal agencies that manage similar disputes;

- monitoring such disputes; and resolving such disputes.

The key component of Section 1001 is that it prohibits institutional investors from owning more than 350 single-family homes. The federal act provides several exceptions to this prohibition, including if the home is part of a build-to-rent program, renovate-to-rent program, homeownership program, a program that boosts homeownership, and a few other exceptions. Institutional investors who own more than 350 single-family homes before the enactment of the federal bill are not required to sell any of the homes above the threshold, but are prohibited from purchasing any more, after the federal bill's enactment.

The federal bill passed out of the U.S. Senate on an 89-10 vote and out of the House of Representatives on a 390-9 vote. (H.R. 6644: 21st Century ROAD to Housing Act, GovTrack, <https://www.govtrack.us/congress/bills/119/hr6644/details>.) Up until this week, every indication was that the President would sign the bill. In February 2026, the Office of the President released a statement about the status of the bill which said:

Though the Administration is pleased that several of the President's reforms are included in this package, H.R. 6644 still lacks other presidential priorities, particularly a ban on the purchase of single-family homes by large institutional investors. This is a key priority that will do much to drive down the cost of single-family homes. (Off. of Management and Budget, Statement of Administration Policy: H.R. 6644 (Feb. 9, 2026).)

The ban on single-family home purchases by institutional investors is clearly a priority for the President. However, hours before the signing ceremony for the federal bill, the President called off the signing and said he would not sign the federal bill unless the U.S. Senate acted on an unrelated bill, the SAVE Act, which would implement nationwide restrictions on voting. (Michael Gold, *Johnson Says He Will Send Housing Bill to Trump*, N.Y. Times (Jun. 25, 2026) available at: <https://www.nytimes.com/2026/06/25/us/politics/mike-johnson-trump-housing-bill.html>.) The bill was sent to the President, giving him 10 days to either sign or veto the bill. If he does neither after 10 days, the federal bill will become law. However, if the President vetoes the bill, Congress can override the veto with a two-thirds vote, which the federal bill cleared on its original votes. As of today, it is unclear if the federal bill will be enacted or not, however, the President's previous behavior may be an indicator. (Jasper Jolly, "*Trump always chickens out*": *Taco jibe ruffles president's feathers*, The Guardian (May 29, 2025) available at: <https://www.theguardian.com/us-news/2025/may/29/trump-always-chickens-out-taco-investors-narrative>.)

***This bill***, as specified in the bill's first provision, is intended to be consistent with the federal bill. Instead of focusing on the purchase of single-family residential properties by institutional investors, as the federal bill does, this bill focuses on the sale of single-family residential properties by institutional investors. The bill's key requirement is that institutional investors, when selling a single-family residential property, must only accept offers from owner-occupants for the first 30 days of the home's listing. Single-family residential properties are defined as a single parcel of real property that covers up to two units, which aligns with the definition of single-family home in the federal bill. The bill specifies a few transfer types that are exempted from its requirements, including a transfer due to foreclosure, probate or inheritance, or a court order. Bundled sales—the sale or transfer of two or more properties to the same purchaser—are prohibited under this bill.

The bill also requires that, if the residential real property is occupied by a tenant, the institutional investor must provide the tenant with written notice of the investor's intent to sell at least 90 days before listing the property. In the notice, the tenant must be informed of financing and homeownership resources, and that the tenant may submit an offer in the first 30 days. After receiving the notice, the tenant is given the right to remain in possession until the end of the lease term, unless the purchaser or successor in interest intends to occupy the property as their principal place of residence, at which point the lease is terminated after 90 days of written notice.

When a prospective owner-occupant submits an offer, they must also submit an affidavit or declaration that the person is purchasing the property as their principal place of residence. The institutional investor is required to respond, in writing, to every offer received from a prospective owner-occupant during the first 30-day period. Upon the sale of the residential real property, the institutional investor is required to record a certification of compliance that states either: (a) the institutional investor complied with the bill's requirements; or (b) the transaction falls under one of the bill's exemptions. The Attorney General or a public prosecutor may bring an action against an institutional investor for a violation of the certification requirement. Additionally, the bill allows the Attorney General or a public prosecutor to bring an action to enforce any right or provision of the bill. The bill authorizes injunctive relief and/or a civil penalty of the greater amount between \$1 million and three times the property price, which is the same enforcement provision as the federal bill. The bill contains a contingency clause related to the federal bill. If the federal bill is not enacted, and does not become effective, by January 1, 2027, this bill will not go into effect.

***Additional considerations.*** The bill, as currently in print, prohibits any bundled sales. This means that if an institutional investor wishes to sell more than one property in a sale, to the same purchaser, they are barred from doing so. In action, this may prohibit programs like "build-to-rent" from existing. Although "build-to-rent" is controversial, as discussed above, the only parties that can feasibly execute these programs are likely large institutional investors. The goal with this bill is to increase opportunities for home ownership, however home rentals are often still a viable, and possibly preferential, road to housing for many people. Additionally, according to the National Rental Home Council, these "build-to-rent" projects are often financed by California public employee pension funds, and some of the requirements of these investment agreements require developments be sold as bundled sales. *The author may wish to include an exception to the requirements of the bill for "build-to-rent" programs, which is how the federal bill is structured. Specifically, the following could be added to subdivision (i) of 1102.53:*

*(5) Excepted purchases as set for in Section 1001 of the federal act.*

One other point of consideration raised by the opposition is the timing requirement of the bill's provisions. As the bill is currently in print, if an institutional investor intends to sell a property and there is a tenant living in the property, the tenant must be given 90 days' notice of the intent to sell. The tenant can remain until the end of the lease, unless a purchaser intends to occupy the property, at which point the lease would end after 90 days' notice. The 90-day notice, combined with the remaining length of the tenant's lease and the 30-day owner-occupant only period, may delay a sale by several months. *If the author wishes to allow a shorter timeframe for sale, the bill could be amended to allow for listing the property before the 90-day notice requirement has concluded, therefore shortening the time for sale.*

**Author's amendments.** In order to assuage some of the concerns raised by the opposition, the author proposes the following amendments:

1. Amending the definition of an “institutional investor” and including a definition of “mortgagee” so that lending companies do not fall under the bill’s prohibitions or requirements. Amending the definition of “residential real property” from four units to two units, to match the definition under the federal bill:

**1102.51.** (a) For purposes of this article, the following definitions apply:

(B) “Institutional investor” does not include a natural person or a mortgagee.

(4) (A) “Mortgagee” means an entity that has direct or indirect ownership in residential real property that is derived through a deed to secure debt, security deed, mortgage, security interest, deed of trust, or any other lien upon residential property that secures a bona fide debt or other obligation.

(B) A mortgagee includes an assignee of a mortgagor’s interest or ownership in residential real property that is derived through a deed to secure debt, security deed, mortgage, security interest, deed of trust, or any other lien upon residential real property that secures a bona fide debt or other obligation.

~~(7)~~ “Residential real property” means a single-family residential property that includes, but is not limited to, an accessory dwelling unit or a junior accessory dwelling unit, that has a single assessor’s parcel number for each unit or a single assessor’s parcel number that covers up to two ~~four~~ units on a single parcel of real property, consistent with the definition of “single-family home” in Section 1001 of the federal act.

**1102.53.** All of the following applies to the sale by an institutional investor of residential real property containing one to two ~~four~~ residential dwelling units, inclusive:

2. Updating the civil penalty amounts for a violation of the certificate of compliance requirement:

**1102.54.** (a) An institutional investor that sells residential real property shall record, or cause to be recorded, in the office of the county recorder of the county in which the property is located, a certification of compliance under penalty of perjury at the time of sale, stating that one of the following applies:

(b) Upon an action brought by the Attorney General, a city attorney, or a county counsel, an institutional investor that violates subdivision (a) shall be liable for a civil penalty not to exceed fifty thousand dollars (\$50,000) for the first violation, and a civil penalty not to exceed two hundred thousand dollars (\$200,000) for each additional, or subsequent violation. Failure to record the certification of compliance shall result in a civil penalty of \_\_\_\_\_ dollars (\$\_\_\_\_\_) payable to \_\_\_\_\_.

3. Removing district attorney and tenant from the enforcement provisions, and including county counsel and city attorney, respectively. Additionally, removing the willful and knowing civil penalties:

**1102.55.** (a) The Attorney General, ~~district attorney~~, city attorney, or county counsel, may bring an action in the superior court any court of competent jurisdiction to enforce any right or provision under this article and, upon prevailing, shall be entitled to either or both of the following remedies:

(1) Injunctive relief.

(2) A civil penalty in an amount not to exceed the greater of one million dollars (\$1,000,000) per violation or three times the purchase price of the residential real property, consistent with the penalty established by Section 1001 of the federal act.

~~(b) If the court finds that the institutional investor willfully or knowingly sold or transferred the residential real property without complying with this article, the court may impose additional damages of up to two times the civil penalty described in paragraph (2) of subdivision (a).~~

(c) If Section 1001 of the federal act is enacted, the Attorney General, ~~a district attorney~~, city attorney, or a county counsel may coordinate with the Secretary of the United States Department of Housing and Urban Development, the Director of the United States Federal Housing Finance Agency, the Chair of the United States Securities and Exchange Commission, and the Secretary of the Treasury of the United States in the implementation of regulations adopted pursuant to that section relating to violations of federal law involving tenants residing in properties owned, maintained, or managed by institutional investors.

4. Adding a provision that makes enactment of the bill contingent on the passage of the federal bill:

**1102.57. This article shall only become operative if the federal 21st Century ROAD to Housing Act (H.R. 6644) is enacted and becomes effective on or before January 1, 2027.**

**ARGUMENTS IN SUPPORT:** This bill is supported by the California Association of Realtors (C.A.R.). C.A.R. write in support of the bill:

The California Association of REALTORS® (C.A.R.) SUPPORTS SB 880 (Wahab), which seeks to implement provisions of the 21st Century ROAD to Housing Act (H.R. 6644) that is supported by the National Association of REALTORS® (NAR).

NAR has consistently expressed strong support for the bipartisan 21st Century ROAD to Housing Act, calling it one of the most significant housing packages Congress has considered in decades. The federal bipartisan housing package, according to NAR, seeks to, among other thing, expand housing supply, improve affordability, and increase access to homeownership and rental opportunities, while also improving credit access for buyers, including veterans. (For reference, NAR's public support for the 21st Century ROAD to Housing Act <https://www.nar.realtor/press-releases/nar-statement-on-house-passage-of-the-21st-century-road-to-housing-act>)

Modeled on the federal First Look program that was codified in California in 2022 (AB 2170, Grayson, Statutes of 2022), SB 880 seeks to increase and strengthen homeownership

opportunities by ensuring that when institutional investors sell single-family homes, in compliance with the 21st Century ROAD to Housing Act, they are sold to families that will be afforded an opportunity to make an offer for the first 30 days after a property is listed.

**ARGUMENTS IN OPPOSITION:** This bill is opposed by the California Apartment Association (CAA), the California Building Industry Association (CBIA) and several regional rental property and apartment associations. CAA and CBIA jointly write in opposition:

Among other provisions, the bill would require these owners to give tenants at least 90 days' written notice before marketing a property for sale and to advise tenants of their right to remain throughout the end of their lease. For sales of one- to four-unit residential properties, SB 880 would also require the owner to accept offers only from prospective owner-occupants, including tenants in possession, during the first 30 days after the property is listed. Prospective purchasers would be required to submit affidavits or declarations under penalty of perjury, and owners would face new recording obligations, civil penalties, criminal exposure, enforcement actions by public prosecutors and tenants, and potential injunctive relief.

We appreciate your interest in expanding homeownership opportunities. However, SB 880 creates a complicated and punitive process that will not meaningfully address California's housing affordability crisis and may instead discourage investment in rental housing, delay legitimate transactions, and increase costs of existing housing supply.

Existing law already protects tenants' right to remain in possession during the lease term and requires notices when an owner seeks to terminate a tenancy in connection with a sale or other lawful reason. SB 880 overlays a new and different notice regime on top of existing law. Duplicative and inconsistent notice requirements increase the likelihood of technical violations without providing tenants with any materially different protection.

**The bill interferes with the normal sale of private property** by restricting the pool of eligible buyers during the first 30 days of a listing. This mandatory preference period would delay sales, reduce normal market competition, depress offers, complicate financing timelines, and make transactions less predictable. In a state where many owners already face rising insurance, maintenance, tax, financing, and compliance costs, the Legislature should not add new barriers that make residential property transactions more difficult or less stable.

The California Rental Housing Association (CalRHA) and a group of apartment and rental associations write in opposition:

SB 880 is expressly tied to the federal 21st Century Road to Housing Act (H.R. 6644), which has not yet been enacted into law. By establishing a state regulatory framework before the federal legislation is finalized, California risks creating requirements that may conflict with or exceed future federal standards. The Legislature should allow the federal process to conclude before imposing a new and complex state mandate.

Even beyond its timing concerns, SB 880 goes substantially further than the federal proposal by imposing burdensome notice requirements, restrictions on real estate transactions, extensive compliance obligations, and severe penalties.

[...]

Most concerning is the bill's impact on California's build-to-rent sector and other institutional housing investments. Build-to-rent communities have become an important source of new rental housing throughout the state and rely on the ability to transfer properties and portfolios between investment partners as projects mature. SB 880 would make these transactions significantly more difficult, discouraging investment and reducing the capital available to finance new housing development. At a time when California faces a severe housing shortage, policies that reduce investment in rental housing will ultimately result in fewer homes being built and higher housing costs for residents when supply further fails to keep pace with demand for housing.

The bill's owner-occupant preference requirements are also unlikely to achieve their intended purpose. While expanding homeownership is a worthy goal, most tenants are not financially positioned to purchase the homes they rent. As a result, the bill would more than likely delay real property transactions, increase uncertainty within California's real estate market, and expose housing providers to substantial litigation risk without creating meaningful new pathways to homeownership.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Association of Realtors

**Opposition**

Apartment Association of Greater Los Angeles  
Apartment Association of Orange County  
Berkeley Property Owner's Association  
California Apartment Association  
California Building Industry Association (CBIA)  
California Rental Housing Association  
East Bay Rental Housing Association  
National Rental Home Council  
Nor Cal Rental Property Association  
North Valley Rental Property Association  
Santa Barbara Rental Property Association  
Small Property Owners of San Francisco Institute  
Southern California Rental Housing Association

**Analysis Prepared by:** Griff Ryan-Roberts / JUD. / (916) 319-2334