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## **OLR Bill Analysis**

**sSB 256 (File 706, as amended by Senate "A")\***

### ***AN ACT CONCERNING THE PURCHASE OF RESIDENTIAL PROPERTY BY PRIVATE EQUITY ENTITIES.***

#### **SUMMARY**

This bill prohibits institutional real estate investors from purchasing or acquiring (or offering to do so) any interest in a single- or two-family residence, with certain exceptions, unless it has first been listed for sale to the general public for at least 90 days. The 90-day waiting period restarts if a seller changes the residence's asking price.

Under the bill, an institutional real estate investor is an entity or combined group that (1) meets certain criteria (such as owning at least 10 single- or two-family residences and managing at least \$50 million in assets) or (2) receives funding from an organization meeting these criteria to purchase a single- or two-family residence, excluding a residential mortgage loan of the type for which members of the public can apply. But the term does not include a 501(c)(3) nonprofit organization or an entity operating under the state's housing land bank and land trust program.

The bill's waiting period requirement does not apply to a single- or two-family residence that (1) will be used as the principal residence of a person with an ownership interest in the investor seeking to buy it or (2) is built, acquired, or operated with federal, state, or municipal appropriated funds. (For a two-family residence, one of the units must be used as a principal residence.)

Before finalizing the purchase of a single- or two-family residence, the bill requires an institutional real estate investor to give the seller or seller's agent a signed written notice stating that the purchaser is an institutional real estate investor subject to the 90-day waiting period described above and has complied with this requirement.

The bill authorizes the attorney general to bring a civil action on the state's behalf seeking injunctive and declaratory relief and civil damages and penalties against an institutional real estate investor that violates the bill's provisions. Violators may be subject to civil damages and penalties of up to \$250,000.

\*Senate Amendment "A" eliminates references to "private equity entities," which the bill previously generally defined as an institutional real estate investor or entity that receives funding from this type of investor to purchase a single- or two-family residence.

EFFECTIVE DATE: October 1, 2026

### **INSTITUTIONAL REAL ESTATE INVESTORS**

Under the bill, an "institutional real estate investor" is an entity or combined group that:

1. owns at least 10 single- or two-family residences (either directly or by owning at least 10% of a residence),
2. manages or receives pooled investor funds and acts as a fiduciary to at least one investor, and
3. manages at least \$50 million in net value or assets on any day during the taxable year.

It also includes an entity or combined group that receives funding from an organization meeting the above criteria to purchase a single- or two-family residence.

### **BACKGROUND**

#### ***January 2026 Executive Order***

On January 20, 2026, the president issued an executive order that, among other things, directed certain federal agencies to issue guidance:

1. generally preventing agencies and government-sponsored entities from taking certain actions that facilitate large institutional investors' acquisition of single-family homes and

2. promoting sales to owner-occupants, including through anti-circumvention provisions, first-look policies, and disclosure requirements.

***H.R. 6644: 21st Century ROAD to Housing Act***

On March 12, 2026, the U.S. Senate passed H.R. 6644, which, among other things, (1) prohibits large institutional investors, with certain exceptions, from purchasing (or entering into a contract to directly or indirectly purchase) any single-family home and (2) establishes various requirements related to divestment. The legislation will return to the U.S. House of Representatives for further consideration.

***Legislative History***

The Senate referred the bill (File 203) to the Judiciary Committee, which reported out a substitute that increased, from \$30 million to \$50 million, the amount of net value or assets an entity or combined group must manage to be considered an “institutional real estate investor.”

**COMMITTEE ACTION**

Housing Committee

Joint Favorable Substitute  
Yea 13 Nay 6 (03/10/2026)

Judiciary Committee

Joint Favorable Substitute  
Yea 34 Nay 6 (04/10/2026)