

## Senate Housing Bill Provision Targets Build-to-Rent Housing & Endangers Supply

Build to Rent (BTR) homes meet many American families where they are and play an important role in creating new housing supply in states where it is badly needed, lowering costs and broadening housing opportunity. The legislation currently being debated in the Senate poses a significant risk to BTR communities and would potentially worsen housing affordability by limiting options for Americans in search of a home.

**The Problem:** The Senate proposal could shut down build-to-rent firms that own more than 350 such units because it would force the disposition of such homes after 7 years.

**Solution:** Exempt BTR from the provision.

**BTR Adds to Housing Supply:** 44,137 BTR units were delivered in 2025 according to Yardi Matrix. These are new homes added to the housing stock.

**What Is BTR:** A BTR home is a newly constructed, purpose-built multifamily unit in a community that is simply built horizontally and takes the form of a house. Like garden-style or high-rise apartments, BTR units are also constructed, as well as underwritten and financed, specifically to be rented as part of a larger community. BTR communities are traditionally approved as one single entity, so each individual unit is not on its own lot, as in other single-family structures. BTR homes offer a larger space for households who may want to live in suburbs and want to rent and either do not want to or are not in a financial position to purchase a home. This can also include seniors who no longer want the maintenance and expense of homeownership but still want to live in a house. BTR is a gateway of affordability and choice.

**How Is BTR Different than Single Family Rental (SFR):** BTR is literally built to rent, and every new home adds to the aggregate housing supply. In contrast, an SFR property is an existing for sale-home that is purchased and then operated as a rental property. These homes were not originally designed as rentals, and their conversion into rentals does not increase housing supply. Moreover, SFRs are generally scattered site and not part of a community. BTRs are all one contiguous community, whereas SFRs are often one or two homes in a community that is comprised of owner-occupied housing.

**What Does the Senate Proposal Do:** The Senate proposal would effectively shut down the BTR market. As BTR developments consist of multiple homes and require significant capital, firms engaged in this business benefit from economies of scale and often operate more than 350 units. These firms will not invest if they are generally forced to dispose of their investment after 7 years.

This proposal will reduce housing production and supply – exactly the opposite of what needs to be done to address our housing affordability crisis. It is also noteworthy that, today, the Low-Income Housing Tax Credit is used to build housing in BTR communities.

**Why Would BTR be Shut Down Given a 7-Year Disposition Period?** A forced disposition after 7 years is incompatible with current multifamily business practices and will chill investment.

- It is impossible to predict the state of the future housing market. Firms will not invest if there is some possibility that they will have to realize losses if the market is unfavorable when this type of arbitrary deadline is set.
- BTR is also relatively new in the marketplace. There is little data to support a typical holding period even in the absence of this proposal.
- BTR is fundamentally a commercial real estate product. Commercial real estate firms sell portfolios – not individual units – as they recycle capital. This proposal would now force firms that sell entire portfolios to sell to individual homebuyers.
- There is also a question of what would happen to a renter in a BTR unit who is unable to purchase that unit. While it is true leases could be extended, at some point disposition will be required. Renters who occupy a BTR unit they cannot buy, which we expect will be many, will need to be housed elsewhere and will lose their current housing. We also expect households wealthier than the displaced BTR renter will be the ultimate purchaser. This displacement and transition could tear the fabric of communities.