

By: Hinojosa

S.B. No. 443

A BILL TO BE ENTITLED

AN ACT

relating to single-family homes held by corporate owners for rental purposes; providing a civil penalty.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter C, Chapter 86, Education Code, is amended by adding Sections 86.531 and 86.532 to read as follows:

Sec. 86.531. ANNUAL STUDY AND REPORT ON SINGLE-FAMILY HOME PURCHASES, RENTALS, AND SALES BY CERTAIN CORPORATE OWNERS. (a) In this section, "corporate owner," "rental property," and "single-family home" have the meanings assigned by Section 5.251, Property Code.

(b) Using existing available data and deed records, the center shall compile information related to corporate owners' purchases, rentals, and sales of single-family homes in this state for each calendar year. The information must include:

(1) the number of single-family homes each corporate owner had an interest in during the calendar year;

(2) the number of single-family homes purchased by each corporate owner during the calendar year and the total number purchased in each county and municipality;

(3) the number of single-family homes described by Subdivisions (1) and (2) acquired through foreclosure;

(4) the number of single-family homes described by Subdivisions (1) and (2) sold by each corporate owner during the

1 calendar year;

2 (5) the number of single-family homes described by
3 Subdivisions (1) and (2) used as a rental property during the
4 calendar year;

5 (6) the municipality and county in which each
6 single-family home described by Subdivisions (1) and (2) is
7 located;

8 (7) the appraised value of each single-family home
9 described by Subdivisions (1) and (2);

10 (8) the name, assumed name, business association type,
11 registered office address, telephone number, and registered agent
12 of each corporate owner of a single-family home; and

13 (9) the name, address, and contact information for the
14 landlord or third-party lessor, sublessor, management company, or
15 managing agent of each single-family home described by Subdivision
16 (5).

17 (c) In addition to the information required by Subsection
18 (b), the center may compile additional information at the
19 recommendation of the legislature or that the center determines is
20 relevant based on market trends.

21 (d) Not later than June 1 of each year, the center shall
22 submit a report to the lieutenant governor, the speaker of the house
23 of representatives, and each member of the legislature. The report
24 must contain:

25 (1) a summary of the information compiled under
26 Subsection (b) for the preceding calendar year;

27 (2) an assessment of any trends or patterns relating

1 to the relative number of purchases by corporate owners, including
2 whether the corporate owners fall into any readily observable
3 groups based on the number of purchases or other appropriate
4 criteria; and

5 (3) an analysis of:

6 (A) the impact of corporate owners on the cost of
7 housing; and

8 (B) the advantages and disadvantages, if any,
9 that corporate owners have over individual buyers in the real
10 estate market.

11 (e) After completing the initial report under this section,
12 the center may compile information from any calendar years
13 preceding 2025 to create and submit reports for those years that
14 include the information listed in Subsections (b) and (d).

15 Sec. 86.532. DATABASE OF CORPORATE OWNERS. (a) The center
16 shall create and maintain a statewide database that retains and
17 shows the cumulative information from each category described by
18 Section 86.531(b). The center shall make the database available in
19 a searchable format on its Internet website in a conspicuous
20 location.

21 (b) The center shall update information in the database each
22 month. The center shall enter into the database for access by the
23 public the updated information described by Section 86.531(b) not
24 later than the 30th business day after the date the center finds or
25 obtains the information.

26 (c) The center may consult with the appropriate agent of, or
27 other person representing, each corporate owner to obtain the

1 information necessary to operate and update the database.

2 (d) The center may consult with a state agency or political
3 subdivision to obtain assistance with collecting, aggregating, and
4 updating the data required by this section.

5 (e) The center may not charge a fee to the public to access
6 the database.

7 SECTION 2. Chapter 5, Property Code, is amended by adding
8 Subchapter H to read as follows:

9 SUBCHAPTER H. CORPORATE OWNERSHIP AND RENTAL OF SINGLE-FAMILY

10 HOMES

11 Sec. 5.251. DEFINITIONS. In this section:

12 (1) "Corporate owner" means a corporation, limited or
13 general partnership, limited liability company, business trust,
14 investment asset manager, real estate investment trust, joint
15 venture, joint stock company, or bank that holds an interest in
16 multiple single-family homes in this state that are offered or used
17 as a rental property to produce income directly or indirectly from a
18 residential tenant. The term includes an entity engaged in the
19 business of investing the pooled capital of investors in financial
20 securities.

21 (2) "Rental property" means real property used or
22 intended to be used:

23 (A) as a primary residence for 30 or more
24 consecutive days by a residential tenant under an oral or written
25 lease or rental agreement; or

26 (B) for occupancy for tourist or transient
27 accommodations for fewer than 30 consecutive days, where the

1 property does not serve as a residential tenant's primary
2 residence.

3 (3) "Residential tenant" means any person who does not
4 own but is authorized to use a single-family home in exchange for
5 consideration paid to a corporate owner or to a third-party lessor,
6 sublessor, management company, managing agent, or operator of a
7 hosting platform that derives revenues, including booking fees or
8 advertising revenues, from providing or maintaining a marketplace
9 that is used to facilitate the rental of a single-family home.

10 (4) "Single-family home" means a residential
11 structure with a yard or public way on not less than two sides that
12 is separated from any adjacent housing unit by a ground-to-roof
13 wall, does not share a heating, air-conditioning, or utility system
14 or a backyard, and does not have a housing unit located above or
15 below. The term does not include a mobile home or manufactured
16 home.

17 Sec. 5.252. LIMITATION ON PURCHASE AND RENTAL OF
18 SINGLE-FAMILY HOMES. (a) A corporate owner may not own or hold an
19 interest in more than 10 single-family homes in this state that are
20 used or offered for use as a rental property at any time.

21 (b) A corporate owner may not enter into an executory
22 contract to purchase, acquire, or otherwise obtain an interest in a
23 single-family home if, at the time the contract is entered into, the
24 corporate owner has an interest in 10 or more single-family homes
25 that have a residential tenant, are available as rental properties,
26 or have been offered as rental properties within the preceding 12
27 months.

1 (c) A contract entered into in violation of Subsection (b)
2 is voidable by the seller at any time before the contract is fully
3 executed.

4 (d) This section does not apply to:

5 (1) ownership and rental of single-family homes by:

6 (A) an agency of this state, a political
7 subdivision of this state, or the United States;

8 (B) a nonprofit organization exempt from federal
9 income taxation under Section 501(a), Internal Revenue Code of
10 1986, as a charitable organization under Section 501(c)(3) of that
11 code; or

12 (C) a person licensed to own and operate group
13 homes for people with disabilities and special health care needs;
14 or

15 (2) a single-family home rented by:

16 (A) an employer who rents the single-family home
17 to an employee;

18 (B) a person primarily engaged in development of
19 housing available for purchase by owner-occupants, with respect to
20 single-family homes that have not been held by the person longer
21 than five years without applying for building permits for the
22 property; or

23 (C) a holder of a security interest that owns the
24 single-family home as a result of foreclosure of the security
25 interest.

26 Sec. 5.253. ENFORCEMENT. (a) The attorney general, a
27 county or district attorney, independently or on behalf of an

1 affected municipality or county, or an appropriate agency of an
2 affected municipality or county may investigate an alleged
3 violation if there is reason to believe that a corporate owner has
4 violated Section 5.252 or has taken substantial steps to purchase a
5 single-family home with the intent to offer or use that
6 single-family home in violation of Section 5.252.

7 (b) A corporate owner who violates Section 5.252 is liable
8 for a civil penalty of \$100,000 for each single-family home offered
9 or used as rental property in excess of the amount allowed under
10 Section 5.252.

11 (c) A county attorney, a district attorney, or the attorney
12 general may bring an action to collect a civil penalty under this
13 section in the district court in which any single-family home
14 related to the violation is located and may recover reasonable
15 expenses, including court costs, attorney's fees, investigative
16 costs, witness fees, and deposition expenses, incurred in relation
17 to the action. A county or district attorney may bring the action
18 in the name of the state or on behalf of an affected municipality or
19 county.

20 (d) Except as provided by this subsection, a civil penalty
21 recovered in an action brought under this section shall be
22 deposited in the state treasury to the credit of the general revenue
23 fund. A civil penalty recovered by a county or district attorney in
24 an action brought on behalf of a municipality or county under this
25 section shall be divided equally between the state and the
26 municipality or county, with 50 percent of the recovery to be paid
27 to the general revenue fund and the other 50 percent to be paid to

1 the municipality or county on whose behalf the suit was brought.

2 (e) The parties in an action under this section may agree to
3 a settlement that allows the corporate owner to achieve compliance
4 with Section 5.252(a) by selling any rental property owned by the
5 corporate owner, regardless of whether the corporate owner was in
6 violation of Section 5.252 when the property was purchased.

7 SECTION 3. (a) As soon as practicable after the effective
8 date of this Act, the Texas Real Estate Research Center at Texas A&M
9 University shall take any actions necessary to implement Sections
10 86.531 and 86.532, Education Code, as added by this Act, and submit
11 the initial report required under Section 86.531(d), Education
12 Code, as added by this Act, not later than June 1, 2026.

13 (b) The Texas Real Estate Research Center at Texas A&M
14 University shall establish and make available the database required
15 by Section 86.532, Education Code, as added by this Act, not later
16 than the seventh day after the date the initial report under Section
17 86.531 is completed.

18 SECTION 4. (a) A corporate owner, as defined by Section
19 5.251, Property Code, as added by this Act, is not required to
20 comply with Section 5.252(a), Property Code, as added by this Act,
21 before September 1, 2027.

22 (b) Section 5.252(b), Property Code, as added by this Act,
23 applies only to an executory contract entered into on or after the
24 effective date of this Act.

25 SECTION 5. This Act takes effect September 1, 2025.