

# A New Housing Policy Meme

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"Memetics" was a theory launched by Richard Dawkins in the 1970s positing that cultural trends and ideas emerge from base components (he called memes) in much the same way that biological organisms do from genes. As the theory goes, compelling ideas survive while less effective ones drop away, with variations and combinations succeeding or failing in a survival of the fittest. Sadly, memetics found limited success as a theory of everything, though it did inspire internet

meme terminology for what that is worth.

Still, I find it a useful framework for narrower observations, such as when looking at the evolution of public policy ideas. Diffusion of policy initiatives can often be traced back to some basic component, or meme, that is applied with varying levels of complexity in different situations and by different policymakers. Think of the concept of a "sin tax," historically popular because it punishes undesired behavior and generates revenue at the same time. This basic policy meme has been the through-line for countless laws going back millennia (as far back as Egyptian Pharaohs taxing beer to help build the pyramids).

## Birth of a Housing Policy Meme

In response to the very topical question of housing affordability, we are seeing a relatively new policy meme getting uptake. This is in short the proposal to restrict institutional ownership of homes. And over the last few years, it has been the center of several proposals at the state and federal level, including "*The End Hedge Fund Control of American Homes Act*" and "*Stop Predator Investing Act*." What counts as institutional ownership and what form the restriction takes varies, as would-be policymakers seek a

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winning formula, but the core concept seems to be gaining traction.

The most recent iteration was a White House executive order on January 20, 2026 titled **Stopping Wall Street from Competing with Main Street Homebuyers**. There is much still to be rolled out, but the executive order does several things:

- **Definition of Large Institutional Investors.** It directs Treasury to create a formal definition for large institutional investors (LLIs) within 30 days. This definition will be the heart of the policy. Who gets picked up by it and who doesn't will shape the market. *Note: This could be released any day.*
- **Agency Roll-out.** The executive order then directs agencies (HUD, USDA, VA, FHFA) to stop approving, insuring, or securitizing single-family home sales to LLI, cutting off their access to the federal financing "oxygen" that supports the housing market. *Note: They are allowed to provide narrow exceptions, such as for build-to-rent properties.*
- **Antitrust Enforcement.** The order also instructs the DOJ and FTC to prioritize enforcement against large rental portfolios for using strategies like "coordinated vacancy" and algorithmic pricing.

A lot comes down to who is being restricted. If the LLI definition is drafted broadly, it risks going too far and displacing or restricting needed market players. If drafted narrowly, its impact could be nominal. Prior legislative proposals have looked at size of institutions and/or numbers of units they hold as thresholds for applying restrictions and penalties. Expect Treasury's proposed definition to include both these factors. It could also include variables such as neighborhood density, where restrictions kick in depending on how many units an investor holds in a particular geography. However, it seems likely Treasury will look to cast a broad net, anticipating that the agencies will apply exceptions or situational accommodations when they roll out the financial restrictions.

## **Future of the Policy**

Some commentators have argued the role of large institutional investors in the housing market is small, and so this policy will have little in the way of impact. The Economist magazine reports LLI account for just 5% of home purchases in recent years, and currently have 1% of overall ownership. Regardless, the concept seems to resonate, meme-like. The executive order is just the latest in a number of proposals and initiatives in recent years. As such, it will be wise to pay attention to how things play out in coming months. Will the EO affect businesses that fix and flip homes? Could the policy ultimately expand to pick up smaller investors, like owners of short term rentals? Will it inadvertently affect financial institutions that support liquidity, such as those that offer rent to own financing approaches or those that serve as buyers of last resort in foreclosures? One argument goes that without massive capital pools to absorb mortgage debt, private lenders may demand higher yields to offset the increased risk of holding less liquid assets.

Ultimately, whether this policy meme will gain traction, defeat legal challenges that are sure to arise, or even become codified through one of the Congressional proposals, are open questions. Its life as a policy meme could be short-lived as a result of administrative

procedures act challenges (though the White House has spread the risk here by involving multiple agencies and a number of initiatives).

Overall, there will be lots to watch over the next few months, and participants in the housing sector (both public and private) are advised to do what they can to be at the table in the evolving housing policy discussion.

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