

The Importance of Build-to-Rent to the Nation's Housing Supply – An Open Letter from Housing Policy Researchers

We write to underscore the important contributions that Build-to-Rent (BTR) communities make to the nation's housing stock and the risks to that business model posed by the 21st Century ROAD to Housing Act as passed by the Senate and now pending before the House.

While estimates vary, researchers generally estimate that the U.S. has a shortage of between 1 million and 5 million housing units.¹ The nation's failure to produce the number of housing units necessary to keep up with demand is the primary factor driving worsening housing affordability.² We need housing units of all kinds, including owner-occupied homes and rental units, larger units and smaller units, and units in most parts of the country.

BTR is a relatively new business model that has allowed homes to be built where it might not otherwise be financially feasible to do so. As a result, BTR has increased the supply of housing, helping to improve overall affordability. Building on estimates by Dietz (2026), Goodman and Parrot (2026) estimate that, when one combines units built expressly as BTR and units in newly completed developments that are sold to investors, there are about 120,000 BTR units built per year.³ That's a large share of recent growth of the nation's housing stock.

While the 21st Century ROAD to Housing Act includes many important and worthwhile provisions, its provision on BTR would greatly disrupt this successful housing production

¹ See e.g., National Association of Home Builders (2026). *The housing shortage explained by 2024 data*. <https://www.nahb.org/blog/2026/02/the-housing-shortage-explained-by-2024-data>; Hale, D. (2026). *Housing supply gap surpasses 4 million homes in 2025 as construction fails to keep pace with demand*. Realtor.com Economic Research. <https://www.realtor.com/research/us-housing-supply-gap-2026/>; Freddie Mac. (2024). *Housing supply: Still undersupplied by millions of units*. Freddie Mac Multifamily Research. <https://www.freddiemac.com/research/insight/housing-supply-still-undersupplied>; Phillips, A., & Zhu, J. (2025). *The outlook for U.S. housing supply and affordability*. Goldman Sachs Global Investment Research. <https://www.goldmansachs.com/insights/articles/the-outlook-for-us-housing-supply-and-affordability>

² Been, Vicki and Ellen, Ingrid Gould and O'Regan, Katherine M., Supply Skepticism Revisited (November 10, 2023). NYU Law and Economics Research Paper No. 24-12, Housing Policy Debate, volume 35, issue 1, 2025[10.1080/10511482.2024.2418044], Available at SSRN: <https://ssrn.com/abstract=4629628>

³ Goodman, Laurie and Jim Parrott. 2026. The Senate's Surprising Move to Dissuade Investors from Building Rental Housing, Washington, DC, The Urban Institute, <https://www.urban.org/urban-wire/senates-surprising-move-dissuade-investors-building-rental-housing>; Robert Dietz. 2026. *Weaker conditions for single-family built-for-rent housing*. Eye on Housing Blog. Washington, DC: National Association of Home Builders, <https://eyeonhousing.org/2026/03/weaker-conditions-for-single-family-built-for-rent-housing/>.

model and significantly decrease the nation's housing stock. Goodman and Parrot (2026) write that, "if the bill were to result in a 60 percent decrease in build-to-rent activity, likely a conservative estimate, **72,000 fewer rental units would be built each year**, a decline of more than 7 percent of single-family home completions and 18 percent of rental completions."

The Act's provisions disrupt the BTR business model by mandating BTR communities to be sold to individual homeowners within 7 years. This substantially reduces the time period during which rental income is available to help justify the initial investment. The requirement that homes be sold to individual homeowners will also be impossible to meet in many circumstances given the way BTR homes are constructed. Units in BTR communities are often built on one single lot, making it difficult, if not impossible, to subdivide these units to be sold off individually.

While some may assume that the homes now being built as BTR units will be built as homeownership units instead, real estate financing does not work this way. BTR units are meeting the needs of a particular middle-income group that often cannot afford homeownership. For the same units to be built as owner-occupied units, developers would need to determine that there is sufficient demand among people with higher incomes for owner-occupied housing, which may or may not be present in that market given land prices and construction costs. If the units are built, they will be sold to a higher income group than the BTR units are marketed to, underscoring how jeopardizing the BTR business model will lead to a loss of much-needed housing for middle-income households.

BTR communities often expand housing options in markets where the cost of buying a home has risen beyond the reach of many households. BTR communities are frequently built in higher-cost areas and offer a single-family-style living experience—such as more space and neighborhood amenities—to households that may not yet have the financial means or desire to purchase a home.

We urge all parties to focus on steps to increase the nation's housing supply and avoid steps that make it harder for new housing to be built.

Respectfully,

John Burns, CEO, John Burns Real Estate Consulting

Samuel Cooper, Head of Research, Trinitas Ventures

Wilfred N. Cooper, Jr., Co-Founder and President, Cooper Housing Institute

Nathaniel Decker, PhD

Robert Dietz, PhD, Chief Economist, National Association of Home Builders

Adam Ducker, CEO, RCLCO

Paul Fiorilla, Housing Researcher

Mark Franceski, Housing Researcher

Richard K. Green, PhD

Steve Guggenmos, Housing Researcher

Christopher Herbert, PhD

Jeffrey Lubell, Housing Researcher

Jay Lybik, Senior Director of Market Research, Continental Properties

Tom Mayock, PhD

Norm Miller, PhD

Jay Parsons, Rental Housing Researcher

Deborah R. Phillips, Ph.D., CPM®, Housing Researcher and Real Estate Advisor

George Ratiu, Vice President, Research, National Apartment Association

Issi Romem, PhD, Economist and Founder, MetroSight

Mark Shroder, PhD

Michael A. Stegman, PhD

Scott Susin, PhD, Economist and Founder, Center for Mortgage Access

Caitlin Sugrue Walter, PhD, Senior Vice President, Research and Innovation, National Multifamily Housing Council

Greg Willett, Chief Economist, LeaseLock