The Real Estate Roundtable

July 17, 2026

21st Century ROAD to Housing Act

Key Issues for Single- and Multi-Family Rental Businesses

Summary

Congress has enacted the most consequential package of housing legislation in a generation. The bipartisan *21st Century ROAD to Housing Act* became law on July 11, 2026, after the House and Senate reconciled separate versions they had passed earlier in the year. President Trump neither signed nor vetoed the measure, and it became law without his signature.

In June, the Real Estate Roundtable commended congressional leaders in a statement from RER President and CEO Jeffrey D. DeBoer.

This fact sheet provides a "top line" summary of the enacted law's key provisions relevant to owners, developers, and financiers of single- and multi-family rental homes.

Single-Family Rental (SFR) and Build-to-Rent (BTR) Homes

Eliminates the Senate's unconstitutional "forced sale" of BTR homes

- Prior Senate bill would have forced large investors to sell BTR properties after 7 years.
- RER maintains that any law mandating that a private property owner must sell their home to another private owner violates the Fifth Amendment's Takings Clause.
- A white paper from leading U.S. Supreme Court advocate Paul Clement confirmed such a "forced sale" would pose a "triple threat" to the U.S. Constitution.
- The final bill accordingly dropped the Senate's "forced sale" provision.

Generally bans Large Institutional Investors (LIIs) from purchasing SFRs.

- ***In a nutshell:***
  - Law encourages large investors to create new housing supply – but steers them away from competing with families to buy existing homes.
  - Notably, existing stock in an LII's rental portfolio is "grandfathered." It can be sold to another LII and is not subject to the "purchase ban." (See more "exceptions," below)
  - Financing and investing in new rental home construction is not prohibited or discouraged.
- LIIs defined as for-profit entities owning at least 350 single-family homes.
- Penalty for violating the purchase ban: up to $1M per violation, or 3x purchase price of the home, whichever is greater.
- LII purchase ban takes effect 6 months after enactment, and sunsets after 15 years.

The LII "purchase ban" has numerous exceptions. The ban does not apply to homes that are:

- Newly constructed or renovated, or new rental conversions, for individual purchase.
- Newly constructed BTR units.
- "Substantially rehabilitated" in a "renovate to rent" program – so distressed housing can be modernized, brought "up to code," and returned to productive use.
- Part of programs designed to help renters become homeowners.

- Re-possessed by an LII to satisfy previously contracted debt.
- Foreclosed upon by a lender, mortgage servicer, or other entity that has the legal right to take back the home for "loss mitigation."
- "Grandfathered" – that is, existing SFR units owned by an LII on the date of enactment.
- Purchased by LIIs – from non-LIIs – within a 2½ year "grace period" after the law is enacted.
- New, renovated, or rental conversions part of "over 55" communities.

"On the lookout" for implementing regulations

- Treasury (with HUD, SEC, and FHFA) directed to issue regulations to implement the LII "purchase ban" and exceptions – in a manner to mitigate "negative impacts on consumers and communities."
- No regulations may undermine the goal of increasing supply of homes "available to individual households for purchase."

Manufactured Housing

Not subject to the LII "purchase ban."

- "Manufactured homes" are expressly excluded from the purchase ban's definition of "single-family home"
- LIIs can thus purchase and/or build manufactured homes without limitation and make them available for rent.

Eliminates the federal HUD code's "chassis rule" – a relic of the mobile home era.

- "Manufactured homes" are built in their entirety offsite in a factory – and then moved to the housing site.
- Law dispenses with the requirement that manufactured homes must be built and remain on a permanent steel transport frame (or "chassis") for HUD code compliance, or to qualify for HUD financing, insurance, and other benefits.
- Eliminating the "chassis rule" makes construction of manufactured homes cheaper, allows more flexible designs (e.g., basements), and reduces local land-use and zoning barriers.
- Without the steel undercarriage, manufactured homes will look more like site-built homes and appeal more aesthetically to a wider range of buyers and renters.

Eliminating the steel chassis could reduce costs from $5K-$10K per manufactured home, by some estimates.

For housing that is both "manufactured" and "modular" (components built in a factory and assembled on-site):

- HUD must initiate a rulemaking to assess barriers to their construction financing.

Streamlining the Housing Choice Voucher Program (Section 8)

- **Law includes targeted administrative reforms** intended to decrease unit inspection delays, hasten lease-ups, and attract more landlord participation.
    - Intended to reduce bureaucratic friction – but does not expand funding for more vouchers.

  - Ideally, reforms will help minimize the “lag time” when a landlord must leave a unit vacant until approved – or, “float the rent” during a period of tenant occupancy before the landlord receives voucher payment subsidies.
- **Eliminate Duplicative Inspections**
  - Public Housing Authority (PHA) can accept an inspection conducted for purposes of another federal program (e.g., LIHTC, HOME financing) – without requiring a new inspection specifically for the voucher program.
  - The LIHTC or other inspection must have taken place within the prior year.
  - PHA would still retain authority to require a new inspection.
- **Pre-inspection:** PHAs would be allowed to inspect units before a voucher holder decides to rent it.
- **Remote video inspections** allowed in rural areas.

Federal Multifamily Lending

- Increases statutory maximum loan limits for FHA insured mortgages for construction and permanent apartment financing.
- Higher FHA limits can mean larger government-backed loans, less mezzanine debt, and lower equity requirements.
- Future loan limit increases tied to a formula that better accounts for multifamily construction cost inflation.

Community Banking and Housing Finance

- Law retains nine community banking provisions that had passed the House but were absent from the Senate bill.
- Custodial deposits held at smaller banks are not treated as “brokered deposits,” and are exempt from brokered-deposit regulation.
- Banks may exclude a larger share of reciprocal deposits from “brokered” treatment. FDIC directed to study reciprocal deposits.
- Raises the asset threshold for a longer bank examination cycle from $3 billion to $6 billion.
- Boards of well-run federal credit unions may meet as few as six times a year, rather than monthly.
- GAO and federal banking regulators directed to report on bank failures that require invoking the FDIC’s “systemic risk exception.”
- Codifies a Treasury “mentor-protégé” program pairing large financial institutions with small, rural, and minority depository institutions.
- Directs regulators to support new (“de novo”) community banks and credit unions – including minority and rural institutions – by streamlining applications and piloting a two-year phase-in of capital requirements.
- Federal banking agencies and the NCUA directed to study ways to support rural depository institutions.
- Separately, raises the cap on bank public-welfare investments – including in affordable housing and community development – from 15% to 20%.

HUD Grants Prioritized in Opportunity Zones ("OZs")

- Housing construction and rehab projects in designated OZs get a boost in scoring under HUD competitive grant programs.
- However, the law does **not** enhance or otherwise affect the underlying deferred capital gains tax benefit of housing or other projects in OZs.
- Rather, focus is on amplifying and layering HUD affordable housing grants with existing OZ tax benefits.

Community Development Block Grant (CDBG) Program

- CDBG funds may now be used to construct new affordable housing – a use previously restricted.
- Creates a BUILD NOW pilot program to incentivize housing production in certain CDBG participating jurisdictions, with funding increases for jurisdictions that accelerate homebuilding and modest reductions for those that fail to meet production benchmarks.
- Requires CDBG recipients to maintain a searchable, public online database of undeveloped land parcels they own and allows CDBG funds to be used to meet the new requirement.
- Authorizes the Community Development Block Grant Disaster Recovery (CDBG-DR) program for three years and establishes a new Office of Disaster Management and Resiliency within HUD to administer the program.

Commercial-to-Residential Conversions

- Law does **not** create a new federal tax credit to incentivize "adaptive reuse" projects converting underutilized office, industrial, or other buildings to housing.
- Rather, adaptive reuse tangentially benefits from other provisions, e.g.:
    - Property conversions can combine HUD grants with OZ tax-deferred gains
    - Modernized HOME Investment Partnerships Program – reauthorized with expanded eligibility and streamlined environmental review, giving participating jurisdictions greater flexibility to use HOME funds for residential conversions and housing-related infrastructure.
    - Law **does** authorize a new HUD pilot grant program – the *RESIDE Act* - for conversion projects geared to "attainable" housing (i.e., not more than 120% of AMI).
    - Grants flow directly to participating jurisdictions – not developers.

Expediting Project Approvals

- **Pre-Reviewed Housing Construction Plans**
    - HUD authorized to award grants to help communities develop pre-approved housing designs ("pattern books") that can be used to streamline and speed up construction approvals.
    - Eligible for "mixed income" housing at different levels of affordability.
- **National Environmental Policy Act (NEPA)**
    - New "categorical exclusions" including those for:
        - Infill projects on a site not more than 5 acres, and already served by utilities and infrastructure; and

        - Conversions of "existing office buildings to residential use."
    - Not every housing project requires NEPA review – but those that seek HUD grants and other federal financing typically do.
    - Environmental reviews not entirely eliminated, but no need for "full blown" NEPA review (e.g., Environmental Impact Statements) which can take months and duplicate local environmental reviews.
- **Model Federal Land-Use and Zoning Guidelines**
    - HUD charged with developing first-ever federal land-use and zoning "guidelines" and "best practices" for states and localities.
    - HUD recommendations intended to reduce regulatory barriers to "a range of housing types at all levels of affordability." E.g.,
        - Reduce or eliminate parking minimums
        - Support ADUs
        - Allow higher-density housing: increase maximum floor area ratios and building heights; reduce minimum lot sizes and set-backs
        - Reduce obstacles to manufactured and modular housing
        - Encourage transit-oriented development
        - More "of right" zoning and approvals
    - States and localities are not required to adopt HUD guidelines -- but compliance could affect eligibility for discretionary federal grants and tax credits.
    - HUD to publish draft guidelines within 2 years after enactment, with opportunity for public notice and comment.

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