

Construction-to-Perm Investing:

**How Investors Turn Construction
and Renovation Projects Into
Long-Term Rental Income**



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Introduction

Many investors begin a project with one goal in mind: creating a long-term rental asset.

Some properties are built from the ground up, while others start as renovation opportunities. In both cases, the strategy often follows the same path: complete the project, stabilize the property with tenants, and transition into long-term rental financing.

This approach is commonly referred to as Construction-to-Perm investing.

Rather than treating construction or renovation as a short-term project, investors are increasingly using it as a way to create new rental inventory and expand their portfolios.

For investors focused on long-term income, this strategy provides greater control over the property, the project design, and the long-term performance of the asset.

Throughout this guide, we'll explore topics that include:

- **Who Construction-to-Perm Investing Is For**
- **What Is Construction-to-Perm Investing?**
- **Why Investors Are Building and Renovating Rental Properties**
- **Advantages of Construction-to-Perm Strategy**
- **Financing the Construction-to-Perm Lifecycle**
- **Turning Construction Projects Into Long-Term Rental Assets**



Who Construction-to-Perm Investing Is For

Construction-to-Perm strategies can be used by a wide range of real estate investors. This approach is particularly well suited for investors who:

- **Want to create long-term rental assets rather than sell properties after renovation**
- **Are looking to build or renovate properties specifically designed for rental performance**
- **Want to scale a rental portfolio through new construction or value-add improvements**
- **Prefer a financing structure that supports both the project phase and long-term rental ownership**

For many investors, this strategy provides a structured path from project execution to stabilized rental income.



What Is Construction-to-Perm Investing?

Construction-to-Perm investing refers to a strategy where a property is built or renovated with the intention of becoming a long-term rental asset.

Instead of selling the property once construction or renovation is complete, investors stabilize the property with tenants and convert the financing into a long-term rental loan.

This strategy typically includes two common investment approaches:



Ground-Up Construction

In this scenario, investors build a new residential property designed specifically to operate as a rental home.

Building from the ground up allows investors to control the layout, finishes, and overall design of the property. Many investors use this approach to create modern rental homes that appeal to today's tenants while minimizing early maintenance costs.



Fix-and-Flip

Some investors acquire properties that require improvements, complete renovations, and then hold the property as a rental instead of selling it.

This strategy allows investors to add value through renovations while transitioning the property into a long-term income-producing asset.



Rental

In both cases, the project ultimately transitions from construction or renovation financing into permanent rental financing once the property is complete and stabilized.



Why Investors Are Building and Renovating Rental Properties

Several market trends have contributed to the growing popularity of Construction-to-Perm strategies.



Limited Housing Inventory

In many markets, the supply of existing homes remains limited. Investors purchasing rental properties often compete with owner-occupants for available inventory. According to Freddie Mac, the United States faces a housing supply shortage of approximately 3.8 million homes, highlighting the growing gap between housing demand and available inventory. Building or renovating properties allows investors to create rental inventory rather than compete for it.



Strong Rental Demand

Demand for single-family rental homes continues to increase as more households prioritize space, flexibility, and suburban living. In 2025, the number of U.S. households renting single-family homes reached approximately 14.6 million, a seven-year high (Commercial Real Estate Daily, 2025). Newly constructed or renovated homes often attract strong tenant demand due to modern layouts, updated finishes, and improved energy efficiency.



Greater Control Over the Asset

Construction and renovation projects allow investors to design or improve properties with rental performance in mind. This can include durable materials, efficient layouts, and features that appeal to long-term tenants.



Long-Term Portfolio Growth

Rather than focusing solely on short-term resale profits, Construction-to-Perm strategies allow investors to create long-term income-producing assets that appreciate over time. For many investors, this approach combines the value creation of construction or renovation with the long-term stability of rental income.

Advantages of Construction-to-Perm Strategy

For many investors, the Construction-to-Perm approach offers several advantages compared to purchasing older rental properties.

1. Purpose-Built Rental Properties

Building or renovating a property allows investors to create homes specifically suited for long-term rental performance.

2. Lower Early Maintenance Costs

New construction or fully renovated homes typically require fewer repairs in the early years of ownership, helping preserve cash flow.

3. Stronger Tenant Appeal

Modern homes with updated kitchens, open layouts, and energy-efficient features often attract higher-quality tenants and support competitive rental rates.

4. Long-Term Asset Creation

By improving or constructing the property during the project phase, investors can increase both rental income potential and the long-term value of the asset. Historically, U.S. home prices have appreciated at an average annual rate of approximately 4-5% over the past several decades, supporting real estate as a long-term wealth-building strategy.



Financing the Construction-to-Perm Lifecycle

Executing a Construction-to-Perm strategy typically involves two phases of financing: supporting the project during construction or renovation, and transitioning the property into long-term rental financing once it is stabilized.

Temple View Capital's lending platform is designed to support both phases of this investment lifecycle, giving investors a clear path from project execution to long-term rental ownership.

Phase One: Construction or Fix & Flip Financing

During the project phase, investors utilize short-term financing to build new properties or complete renovations. These loans are designed to support the active development phase and may be used to:

- **Build new residential rental homes**
- **Renovate or reposition existing properties**
- **Fund construction draws and improvement costs**

Temple View provides financing solutions for both ground-up construction projects and renovation strategies, including properties that may begin as fix-and-flip projects but ultimately transition into long-term rental assets. With investor-focused underwriting and a streamlined process, our construction and renovation programs allow investors to move efficiently from acquisition to project completion.

Phase Two: Transitioning Into DSCR Rental Financing

Once construction or renovation is complete and the property is stabilized with tenants, many investors convert the property into long-term rental financing.

Temple View's DSCR loan program allows investors to qualify based primarily on property cash flow rather than personal income, making it well suited for investors scaling rental portfolios.

As part of the Construction-to-Perm strategy, Temple View also offers no lender fees on the DSCR takeout loan, reducing the cost of converting a completed project into stabilized rental financing.

By aligning construction or renovation financing with a clear path into DSCR rental financing, investors can move from project completion to stabilized rental ownership without needing to restructure their capital strategy midway through the investment.

Turning Construction Projects Into Long-Term Rental Assets

As the U.S. housing market evolves, investors are adapting their strategies to meet growing rental demand. Limited housing inventory and strong demand for single-family rentals—now representing over one-third of all rental housing in the U.S. (U.S. Census Bureau, 2024)—are pushing investors to look beyond traditional acquisitions.

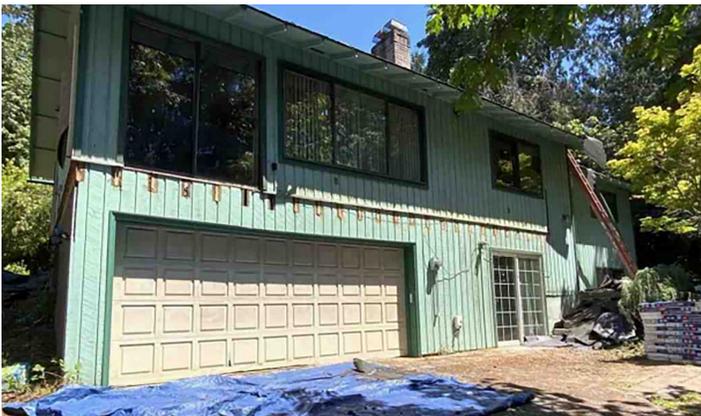
Many are creating new rental inventory through construction and renovation. These strategies allow investors to build properties designed for today's renters, with modern layouts, updated features, and efficient designs that support long-term performance.

Executing these projects successfully requires the right financing strategy. Aligning construction or renovation financing with long-term rental loans allows investors to transition smoothly from development to stabilized ownership.

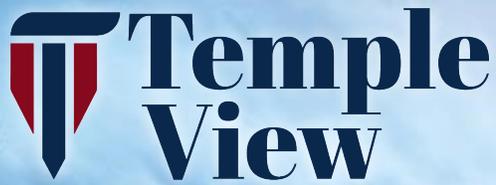
Temple View supports this full investment lifecycle—from funding construction and renovation projects to transitioning stabilized properties into DSCR rental loans—helping investors move efficiently from project completion to long-term rental ownership.



Temple View Project • Fairburn, GA • Before and After



Temple View Project • Vancouver, WA • Before and After



Temple View Capital Funding, LP (“Temple View”) offers nationwide private money loans for real estate investors. We provide innovative, industry-leading products, competitive rates, and creative financing solutions to meet investors’ unique real estate scenarios. Founded by entrepreneurs with more than 20 years of combined residential, mortgage, and real estate investment experience, Temple View has been at the forefront of innovative product development since its inception.

Turn to Temple View for financing on your next real estate project and work with a team focused on helping investors move from acquisition and construction through long-term rental ownership.

Our Products



Fix & Flip



Rental



Ground Up



Bridge

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