

CALLING BALLS & STRIKES ON THE 21ST CENTURY ROAD TO HOUSING

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TOPLINE: The House and Senate versions of 21st Century ROAD to Housing Act take some positive steps to ease certain regulations, but through new government interventions in the housing market, they ultimately fail to address the least affordable housing market in American history. The House version problematically targets investor-owned housing and caps other forms of institutional ownership. The Senate version is worse thanks to its approach on build-to-rent.

Ultimately, both versions will worsen housing affordability by subsidizing demand while restricting the private investment that builds new houses.

The Good: Lightens some regulations

- Reevaluates originator compensation rules, a current barrier to smaller loans. **(Both)**
- Streamlines environmental review for certain HUD programs and small-scale or infill housing, a step towards broader NEPA reform. **(Both)**
- Lowers barriers to creating new community banks and eases their regulations. **(House)**

The Bad: Creates or expands housing subsidies, resulting in higher prices

- Creates a new down-payment entitlement from public-housing rent payments. **(Both)**
- Increases FHA multi-family loan limits, steering more credit to housing. **(House)**
- Expands government-subsidized manufactured-housing loans — inflating one of the least affordable segments, especially since zoning barriers cap supply. **(Both)**
- Lets national and Fed member banks hold more "public welfare" investments. **(Both)**
- Creates a federal pilot program for government financing of home repairs for low-income homeowners or landlords complying with rental increase caps—the latter of which is the federal government subsidizing local price controls, which restrict housing supply. **(Both)**
- Makes new construction CDBG-eligible **(Both)** and awards bonus CDBGs to favored locales **(Senate)**, routing housing dollars to whoever scores best with DC bureaucrats.

The Ugly: Declares war on single-family rental homes

- **Both bills restrict investors from owning more than 349 homes** (“large institutional investors”). This harms families who desire more space without taking on the full costs and risks of homeownership. Exceptions to the rule come with onerous regulatory burdens.
- The Senate version forces large investors in single-family rentals to divest from newly constructed rental homes within 7 years, shattering the build-to-rent (BTR) model. The House did not include this provision but it still caps other forms of institutional ownership.
- This artificial cap will discourage private capital from entering the market, reduce rental options, and erode property rights. This restriction will not restore affordability but rather is a big step toward politically managed housing markets.

BOTTOMLINE: The 21st Century ROAD to Housing Act takes few positive steps toward improving affordability. Unfortunately, the bill socializes maintenance costs, expands government guaranteed and subsidized loans, and directs capital to politically favored



projects. Most dangerously, the bill restricts whom owners may sell their homes to and limits private investment in single-family housing.

