

The 21st Century ROAD to Housing Act

What the New Federal Housing Law Means for Developers, Investors, Local Governments, and Property Owners

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Highlights

- The 21st Century ROAD to Housing Act has now become law following overwhelming bipartisan approval in Congress.
- The legislation is the most significant federal housing law enacted in a generation, containing nearly sixty separate housing, banking, and regulatory reform provisions intended to increase housing supply and improve affordability.
- Rather than dramatically expanding federal housing subsidies, the Act focuses on reducing barriers to housing production through regulatory reform, HUD modernization, environmental streamlining, and housing finance improvements.
- The final legislation removes the controversial seven-year mandatory divestiture requirement applicable to build-to-rent housing while preserving restrictions on certain acquisitions of existing single-family homes by large institutional investors.
- HUD is directed to encourage state and local reforms that facilitate housing production, while preserving local zoning authority.
- The legislation also modernizes manufactured housing regulations, encourages modular construction, strengthens community banking, and expands opportunities for adaptive reuse and office-to-residential conversions.

Overview

The enactment of the 21st Century ROAD to Housing Act represents a significant milestone in federal housing policy. Although the legislation is unlikely to produce an immediate reduction in housing costs, it establishes a new federal framework that places housing production, regulatory efficiency, and construction innovation at the center of the national housing conversation.

Unlike prior federal housing legislation, which often focused on expanding housing subsidies or mortgage finance, the ROAD Act recognizes that regulatory barriers, permitting delays, outdated zoning practices, rising construction costs, and constrained housing finance also contribute to housing affordability

challenges. The legislation therefore adopts dozens of targeted reforms intended to make it easier, faster, and less expensive to build housing.

Perhaps most importantly, the legislation reflects an emerging bipartisan consensus that increasing housing supply—not simply increasing housing demand—must become a central component of federal housing policy.

Current Legislative Status

After months of negotiations, Congress approved the final bipartisan compromise by overwhelming margins. The Senate approved the final legislation by a vote of 85-5, following earlier House approval of a substantially similar package. The legislation became law after the President neither signed nor vetoed it within the constitutional period.

The final legislation incorporates nearly sixty separate provisions addressing housing production, community banking, HUD modernization, environmental review, manufactured housing, disaster recovery, and local housing capacity.

Housing Supply and National Zoning Reform

The most significant long-term aspect of the ROAD Act is its emphasis on housing production. Congress expressly identified inadequate housing supply, rising construction costs, regulatory delays, outdated zoning constraints, and financing barriers as principal contributors to the nation's housing affordability challenges.

To address those concerns, the Act directs HUD to develop model state and local housing frameworks and encourages jurisdictions to examine policies affecting:

- accessory dwelling units (ADUs);
- parking minimums;
- density restrictions;
- by-right development approvals;
- permitting timelines;
- transit-oriented development;
- impact fees; and
- local administrative procedures.

Importantly, the legislation does not federalize zoning or preempt local land-use authority. Instead, Congress adopted an incentive-based approach that encourages state and local governments to modernize housing regulations while preserving local decision-making authority. HUD is also given greater

flexibility to reward jurisdictions that increase housing production through Community Development Block Grants and related programs.

Although these provisions are unlikely to compel immediate local reform, they establish a federal policy framework encouraging additional housing production and signaling continued federal engagement with state and local housing policy.

Environmental Review and Regulatory Streamlining

A second major focus of the legislation is reducing unnecessary delays in housing development.

The Act streamlines several federal housing review processes, expands opportunities for categorical environmental exclusions, modernizes HUD procedures, and provides additional flexibility for smaller housing developments.

Congress also recognized the importance of adaptive reuse and redevelopment by encouraging office-to-residential conversions and reducing procedural barriers that may discourage infill housing development. Collectively, these reforms are intended to shorten development timelines while reducing unnecessary regulatory costs.

Manufactured Housing and Construction Innovation

Perhaps the most innovative portion of the legislation concerns manufactured housing.

For decades, federal regulations required manufactured housing to be constructed on a permanent steel chassis, even though many manufactured homes ultimately rest on permanent foundations. The new law removes that requirement, potentially reducing production costs while encouraging new forms of factory-built housing.

The Act also directs HUD to evaluate building code modernization, modular construction techniques, and financing reforms intended to encourage greater use of off-site construction technologies.

Although these changes will take time to influence the marketplace, they may ultimately become one of the legislation's most significant contributions to increasing entry-level housing production.

Community Banking and Housing Finance

The legislation also recognizes that housing production depends upon access to capital.

Nine provisions modernize community banking regulations intended to increase local lending capacity for housing construction, mortgage lending, and neighborhood development. Among other reforms, Congress seeks to reduce unnecessary regulatory burdens on community banks while preserving appropriate financial oversight.

Supporters argue that expanding community lending capacity may improve financing opportunities for smaller residential projects and local builders.

Build-to-Rent and Institutional Investor Provisions

The legislation's institutional investor provisions attracted substantial public attention throughout the legislative process.

Earlier versions of the bill contained a mandatory seven-year divestiture requirement applicable to certain institutional ownership of single-family housing. That requirement was ultimately removed during negotiations.

The enacted legislation instead preserves restrictions on certain acquisitions of existing single-family homes while exempting newly constructed build-to-rent housing and preserving important opportunities for continued development of dedicated rental communities.

In practical terms, the legislation appears to reinforce build-to-rent housing as an increasingly important component of the nation's housing supply while limiting certain acquisitions of existing owner-occupied housing stock.

Practical Implications

For developers and homebuilders, the ROAD Act reflects growing federal support for policies intended to reduce entitlement risk, streamline approvals, and facilitate additional housing production.

For institutional property owners, adaptive reuse provisions may create new opportunities to reposition underutilized commercial and office properties.

For community banks and lenders, the legislation seeks to expand local lending capacity for housing construction while modernizing outdated regulatory requirements.

For state and local governments, the Act creates additional incentives to evaluate zoning practices, permitting procedures, and other local regulations that may unnecessarily constrain housing production.

For Florida practitioners, many themes reflected in the legislation—including adaptive reuse, housing supply, permitting reform, and regulatory modernization—parallel initiatives already underway through the Live Local Act and related state housing reforms.

Key Diligence Questions

Question	Why It Matters
Does the Act federalize zoning?	No. The legislation encourages reform through incentives and guidance rather than federal preemption.
Will HUD issue additional guidance?	Yes. Several provisions require HUD to develop implementation guidance and model housing frameworks.
Does the legislation preserve build-to-rent development?	Yes. The final law removes the earlier mandatory divestiture requirement while protecting newly constructed build-to-rent communities.
Will the law immediately reduce housing costs?	Probably not. Most provisions are incremental and will require implementation over time.
Could the Act influence future state legislation?	Yes. The legislation establishes a federal policy framework that may encourage additional state housing reforms.

Conclusion

The 21st Century ROAD to Housing Act is unlikely to transform the housing market overnight. Housing development remains largely governed by state and local governments, and new housing takes years to plan, permit, finance, and construct.

Nevertheless, the legislation represents the most significant federal housing law enacted in a generation. Rather than relying principally on subsidies or mortgage finance, Congress has adopted a broad package of reforms focused on increasing housing supply, modernizing housing regulation, encouraging construction innovation, improving housing finance, and reducing unnecessary barriers to residential development.

Its immediate economic effects may be incremental. Its long-term significance may be much greater. By recognizing housing production, regulatory reform, and construction innovation as central components of housing affordability policy, the ROAD Act establishes a framework likely to influence federal, state, and local housing policy for years to come.

Source Note

This client update is based on the enacted 21st Century ROAD to Housing Act, congressional summaries, House Financial Services Committee materials, and publicly available reporting. It is intended as a general overview and should not be used as a substitute for project-specific legal advice.

About the Author

John K. Shubin is the Founding Partner and Chairman of Shubin Law Group and CEO of The Euclid Group. A Miami native, John has built a career at the intersection of complex commercial litigation, land use and zoning, and government law. His work has shaped real estate development throughout South Florida, where he has represented clients in high-stakes matters ranging from condominium terminations and post-termination partition actions to litigation necessary to enforce development rights pursuant to new state statutes, including the Live Local Act. He contributes to local and statewide leadership initiatives, serving on the University of Miami's Master of Real Estate Development + Urbanism Advisory Board, and as a member of The Florida Council of 100, Florida 500, and The Real Estate Roundtable.

About Shubin Law Group

Shubin Law Group is a Florida-based law firm focused on real estate, land use, and complex litigation. With offices in Miami, West Palm Beach, and Tampa, and an affiliated advisory platform through The Euclid Group, the firm delivers an integrated model designed for today's real estate environment. The firm was built to evolve alongside Florida's growth and increasing complexity. As the real estate industry continues to change, the firm remains focused on delivering the strategic insight, legal judgment, and modern capabilities clients need to navigate high-stakes development and litigation across the state.