

FEDERAL ROAD TO HOUSING ACT PASSES SENATE, GENERATES CONTROVERSY OVER INVESTOR LIMITATIONS

On March 12, 2026, the U.S. Senate [passed](#) the 21st Century ROAD to Housing Act, a sweeping bipartisan bill intended to spur housing production and ultimately improve housing affordability nationwide. The House of Representatives would also need to [vote to advance it](#)—and President Trump would need to sign it—before it becomes law, but the timeline for that House vote is unclear. In February, the House passed [an earlier version of the bill](#) by an overwhelming 390–9 margin, but the bill has since subsumed [at least 26 other provisions](#), including [a cap](#) on institutional investor ownership of single-family homes.

This latter provision is proving to be both controversial and consequential for the passage of the bill overall. It would [bar institutional investors](#) from purchasing more than 350 single-family homes, with time-limited exceptions for new build-to-rent developments and full exemptions for some affordable housing programs. Proponents of these purchase limitations, including President Trump and Massachusetts Senator Elizabeth Warren, [argue](#) that large investors like Blackstone Group are crowding would-be homeowners out of the market. Others have argued that the bill would [slow new production](#) by discouraging investors from financing single-family rental housing developments that, under the ROAD to Housing Act, would require a sale to an owner-occupant within seven years of construction.

In Massachusetts, the impact on production of this investor provision would likely be minimal. Of the top 100

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Engineering standards (especially street layouts) influence what can happen on a site long before buildings are designed. Reviewing these patterns may open up additional opportunities for communities seeking to accommodate more housing while building stronger places.”

Canadian architect and urban designer [Naama Blonder](#)

In 2024, the median U.S. renter household earning under \$30,000 had just \$210 left over each month after paying rent and utilities, a 60 percent drop since 2001.

[Source: [Joint Center for Housing Studies at Harvard University](#)]

FACT OF THE MONTH

U.S. metropolitan areas for most build-to-rent single-family homes completed between 2020 and 2024, New England [has none of them](#). As of 2024, institutional investors own [just 0.2 percent](#) of single-family homes in Greater Boston.

While the strict limit on single-family rental ownership is perhaps the highest-profile change in the new law, the ROAD to Housing Act contains many more provisions that would proactively work to increase the supply of housing. Notably, the bill would encourage the production of [manufactured homes](#) (commonly known as “mobile homes”) by [loosening restrictions](#) on buyer financing as well as how and where they can be built. Unlike most forms of housing in the United States, manufactured homes [have building code standards](#) that are largely controlled at the federal level, under the HUD Manufactured Home Code.

[Other sections](#) of the ROAD to Housing Act aim to increase access to and awareness of housing opportunities for veterans; permanently authorize and expand eligibility for various low-income, rural, and disaster recovery housing programs; adjust Community Development Block Grant (CDBG) funding based on the rate of housing construction in the recipient’s jurisdiction; and create new grant programs to encourage municipalities to make it easier to build new housing, among many other changes.

Despite passing the Senate with a strong bipartisan majority vote (89–10), the ROAD to Housing Act must still clear a couple of hurdles to become law. If the House does not adopt the most recent version outright, any revisions would need to be approved [by the Senate](#). President Trump has also vowed to [withhold his signature](#) from other bills until Congress passes [pending legislation](#) requiring photo identification to vote in federal elections. But if the ROAD to Housing Act does become law, it would be the most comprehensive supply-focused federal housing legislation enacted in decades.

MASSACHUSETTS FINALIZES REGULATIONS FOR OPT-IN STARTER HOME ZONING DISTRICTS

On March 13, 2026, the Massachusetts Executive Office of Housing and Livable Communities (EOHLC) [announced](#) the release of final regulations implementing [Chapter 40Y](#), a section of state law offering incentive payments to municipalities that adopt “starter home zoning districts.”

Starter homes, loosely defined as single-family homes of modest size, are in short supply in Massachusetts. Overall, active market listings were [down 38 percent](#) between February 2020 and February 2026, and there’s particularly stiff competition for smaller, lower-cost units amidst [broader affordability challenges](#). In 2025, Boston Indicators [found](#) that the minimum income needed to afford an entry-level home in the region was \$162,000.

To receive payments from the state under Chapter 40Y, cities and towns [must allow homes](#) of no more than 1,850 square feet at a density of at least four units per acre without any discretionary review processes. At least half the new homes must contain a minimum of three bedrooms, and in developments of more than 12 homes, at least 10 percent of them must be income restricted to occupants making no more than 110 percent of the area median income. Municipalities are [eligible for payments](#) of up to \$600,000 for passing the zoning and another \$3,000 per unit constructed.

Chapter 40Y was first adopted in 2022. Before it had its own section of state law, the starter homes zoning district allowance was nested under [Chapter 40R](#), which offers similar incentive payments for transit-oriented development in “smart growth districts.” This early version of the starter home district legislation, passed in 2016, came with higher affordability requirements and stricter location criteria that purportedly presented [substantial impediments](#) for developers.

Even if many municipalities embrace 40Y zoning, barriers to starter home production remain. Construction materials costs [rose by 67 percent](#) nationally between February 2016 and February 2026, and the price of a typical quarter-acre single-family home lot in Massachusetts [rose by 56 percent](#) between 2016 and 2022, to \$310,000. Thus, an 1,850-square-foot home on a quarter-acre lot costing \$200 per square foot to build—which is [on the lower end](#) of the construction cost range in Massachusetts—would need to sell for over \$700,000 to be sufficiently profitable. Considering these facts, the minimum density municipalities are required to allow under Chapter 40Y—four units per acre—is likely still too low for starter home development to be financially viable in much of the state, especially given the strict cap on home size.



As of this writing, no municipality has officially adopted a Chapter 40Y district, as the regulations are so new. Regardless, there is at least one instance where a development project was informed by the Chapter 40Y parameters without explicitly being included in a 40Y district. The so-called [Farrington-Panetta development](#) in Lincoln aims to [preserve 77 acres](#) of mostly forested land while creating 17 new starter homes, with [an average size](#) of 1,850 square feet. Notably, the Farrington-Panetta development will probably not be representative of most Chapter 40Y projects in that it involves multiple landowners and [substantial](#) public and philanthropic funding.

A statewide framework for smaller, lower-cost homes suitable for downsizing seniors and young families has been almost ten years in the making. The next big test is whether and to what extent practitioners can implement it.

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