



Briefing for Nonprofit Organizations - October 2026

# New Housing Laws 2026

*The ROAD to Housing Act & Other HUD Developments*

**Presented by  
Jeff Femrite  
Scholz Nonprofit Law  
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Provided as educational guidance and is not legal advice

# Institutional Investor Cap

Law bars institutional investors who own 350 or more single-family homes from purchasing additional homes, keeping more homes available for individual buyers. The House stripped the Senate's earlier 7-year forced divestiture requirement, so existing large portfolios are not subject to a mandatory sell-down. The law includes an exemption for investors building or buying homes specifically for the rental market (build-to-rent), and establishes a HUD renter-outreach resource for tenants of institutional-investor-owned homes.

# Single-Stair Multifamily Buildings

HUD is directed to establish guidelines for “point-access block” buildings — a design where all units are accessed from a single central stairwell and elevator core, rather than requiring a corridor connecting to two separate stairwells at each end. The new guidelines will help states, tribes, and municipalities permit up to 6-story residential buildings with a single internal stairway, significantly reducing construction costs.

# HCV Inspection Streamlining

Many tenants in LIHTC-financed properties hold Housing Choice Vouchers (“HCVs”), which separately require a Housing Quality Standards or NSPIRE inspection before a voucher holder can move in — even though LIHTC-financed properties are already subject to rigorous inspections by state housing finance agencies (like WHEDA in Wisconsin) or other financing sources. That duplication has left units sitting vacant for weeks awaiting a second inspection, costing owners lost rent and delaying tenants who need the unit. The new law provides that if a unit financed through LIHTC, HOME, or USDA Rural Housing has passed a qualifying state inspection within the past year, it is deemed to automatically satisfy the HCV inspection requirement — no separate HCV inspection required.

# HOME Program Reauthorization and Reform

The HOME Investment Partnerships program is reauthorized with administrative reforms that expand program eligibility, give jurisdictions greater flexibility in using HOME funds for housing-related infrastructure, and streamline environmental (NEPA) review by removing duplicative requirements and expanding exemptions for small-scale infill housing projects.

- Reauthorization itself is a big deal AMI Eligibility Changes
- AMI eligibility changes
- HOME Funds for Infrastructure

# Opportunity Zone Housing Priority

HUD may now prioritize projects based in, or primarily serving, Opportunity Zone communities when awarding any competitive grants relating to housing development or preservation.

- HUD prioritizes OZ in competitive grants
- New OZ rules
- Additional OZ benefits for rural areas

# Whole-Home Repair Pilot Program

A new HUD pilot program supports state, local, and tribal whole-home repair programs — providing grants and forgivable loans to homeowners and landlords to fund comprehensive home repairs and modifications, rather than requiring applicants to stitch together several narrower, single-purpose repair programs.

# NEPA and Regulatory Streamlining

The law reduces duplicative federal environmental review burdens for homebuilders using existing federal financing programs. While the legislation does not provide new federal dollars for homebuilding, it streamlines the regulations that homebuilders must follow to obtain existing federal financing — cutting delay and cost rather than adding new subsidy.

- Reduces duplicative federal review
- Section 8 inspections streamlined for small properties
- Environmental review streamlined for recently disturbed projects

# Housing Counseling Oversight

HUD is authorized to evaluate the performance of housing counseling agencies and individual counselors, require additional training, and revoke certifications — a consumer protection measure aimed at improving the quality of federally supported housing counseling.

# Innovation Fund

A new \$200 million/year competitive grant program (sunsetting after 7 years) for local governments and tribes that demonstrate measurable increases in housing supply — rewarding reforms like streamlined permitting, density bonuses, and zoning changes.

## IMPACT

This is a genuinely new, if modest, discretionary funding stream — but it's competitive, and localities must show measurable supply gains to win it. Nonprofits should watch for the funding notice and consider positioning as a partner to a municipal applicant rather than applying alone, since HUD will be evaluating the local government's reform track record.

# RAD Cap Increase

Raises the Rental Assistance Demonstration (RAD) program cap by 100,000 units, with extended tenant protections, allowing more public housing authorities to convert aging public housing stock to project-based Section 8.

## IMPACT

More public housing authorities can now access RAD conversion without hitting the old cap — a meaningful preservation tool for PHA clients.

# CDBG Disaster Recovery Reauthorization

Reauthorizes the CDBG Disaster Recovery (CDBG-DR) program for 3 years, with reforms targeting low- and moderate-income households after major disasters.

## IMPACT

The 3-year reauthorization gives disaster-recovery-focused housing clients real certainty that this funding source won't lapse mid-project — replacing the old ad hoc, one-off Congressional appropriation after each disaster, which has been a recurring source of delay.

# Manufactured Housing Reforms

Eliminates the permanent chassis requirement for manufactured homes, directs HUD to set minimum energy-efficiency standards, increases FHA-insured manufactured housing loan limits, and reauthorizes PRICE Act grants for 7 years to preserve manufactured home communities.

## IMPACT

Lowers a longstanding cost and design barrier to manufactured housing, which is often the fastest and cheapest path to new affordable units. Directly relevant to clients pursuing manufactured-home or resident-owned community strategies — PRICE Act reauthorization also means existing manufactured home communities have a continued federal preservation funding source.

# Community Investment and Prosperity Act

Raises the cap on bank public welfare investments — including affordable housing and community development projects — from 15% to 20% of capital and surplus, expanding a key financing tool for CDFIs and impact-investment deals.

## IMPACT

Frees up real additional bank capital capacity for community development and PRI-adjacent deals — banks that were bumping against the old 15% ceiling can now do more affordable housing and CDFI investment without seeking a special regulatory exception — a potential source of expanded deal flow.

# Rural Housing Service Reform

Decouples rental assistance from maturing USDA mortgages (preventing loss of affordability restrictions when a property's mortgage matures), permanently establishes the Housing Preservation and Revitalization program for rural multifamily housing, and authorizes increased USDA staffing and technology upgrades.

## IMPACT

Closes a long-standing gap where rural tenants lost rental assistance the moment a property's USDA mortgage matured — a real preservation win for rural affordable housing clients. Making the Preservation and Revitalization program permanent also removes the periodic reauthorization risk that has made long-term rural rehab planning difficult.

# New Moving to Work (MTW) Cohort

Authorizes a new Moving to Work cohort (“Economic Opportunity and Pathways to Independence”) allowing additional public housing authorities to test alternative rent and work-incentive structures.

## IMPACT

Expands the pool of public housing authorities that can experiment with alternative rent structures and self-sufficiency incentives outside standard HUD rules — relevant to clients working with PHAs on supportive housing or family self-sufficiency programming, since it may open new local flexibility not previously available to them.

# No New Appropriations

An important caveat: aside from the Innovation Fund, the Act authorizes no additional funds for implementation. Its impact is mostly regulatory streamlining and program reform, not new federal dollars.

## IMPACT

New law reduces cost and delay (faster inspections, less duplicative review, more program flexibility), not as a source of fresh grant money.

# AFFH Rule Rescinded

HUD terminated the Biden-era Affirmatively Furthering Fair Housing (AFFH) rule (Feb.–March 2025). Localities receiving HUD funds may now simply self-certify compliance with fair housing obligations rather than complete the detailed assessment-and-planning process the rule had required.

## IMPACT

Substantially lowers the compliance and planning burden on HUD grantees — no more detailed assessment tool or formal fair housing plan required. The tradeoff: the underlying fair-housing duty still technically applies, but with no HUD enforcement mechanism behind it, advocates argue this removes real teeth from desegregation and equal-opportunity goals. Clients do not assume the underlying legal obligation disappeared, even though the paperwork did.

# Equal Access Rule Rescission Proposed

An April 28, 2026 proposed rule would rescind the 2016 Equal Access Rule governing single-sex emergency shelters and gender-identity accommodation in HUD programs. The comment period closed June 29, 2026; the rule is not yet final.

## IMPACT

If finalized, this would let HUD-funded shelters adopt sex-specific eligibility and placement policies without the gender-identity accommodation the 2016 rule required — a major operational and legal shift for shelter operators.

# Disparate Impact Standard Rollback

HUD sent a rule scaling back the Fair Housing Act's disparate-impact standard for review in August 2025 — a significant narrowing of a key tool historically used to challenge facially neutral policies that have discriminatory effects.

## IMPACT

Makes it materially harder to challenge facially neutral policies (like criminal-background screening or occupancy limits) using statistical impact evidence alone — plaintiffs will likely need to show discriminatory intent instead, a much higher bar. Housing providers face somewhat lower litigation exposure under this theory, while fair-housing plaintiffs lose a significant enforcement tool.

# Affirmative Fair Housing Marketing Rescinded

HUD proposed rescinding Affirmative Fair Housing Marketing regulations (June 2025), removing the requirement that FHA-insured and Multifamily program participants file affirmative marketing plans with HUD.

## IMPACT

Reduces a recurring administrative filing burden for FHA-insured and Multifamily housing providers. Critics note it also removes the proactive requirement to market to underserved populations least likely to apply, so organizations with a genuine outreach mission may want to keep doing this voluntarily even though it's no longer mandated.

## LIHTC & NMTC Expansion

The most significant LIHTC structural reform since 2008: permanently reduces the private-activity-bond (“50% test”) financing threshold for 4% credits to 25% of land and building costs, and permanently increases each state's 9% credit allocation by 12% starting in 2026. Together, these changes are projected to finance roughly one million additional affordable rental homes over 2026–2035. The New Markets Tax Credit (NMTC) program was also made permanent.

### IMPACT

Likely the single most consequential change in this entire presentation for LIHTC-focused clients. States that were oversubscribed on bond volume cap can now stretch that same cap across roughly twice as many 4% deals — meaning projects that previously couldn't pencil out on bond financing now can. Expect materially more deal volume, and more competition for available bond cap and syndication capital, over the next decade. Worth revisiting any deal shelved in the past for failing the old 50% test.

# FY2026 HUD Appropriations Increase

Congress enacted \$77.3 billion for HUD in FY2026, a \$7.2 billion increase over FY2025 — including \$38.4 billion for Housing Choice Vouchers, \$18.5 billion for Project-Based Rental Assistance, and \$4.4 billion for Homeless Assistance Grants.

## IMPACT

A meaningfully better outcome than the Administration's FY2026 budget request, which proposed steep HUD cuts and program consolidation — Congress rejected that approach on a bipartisan basis. For organizations operating homeless programs or holding Section 8 contracts, this increase provides more confidence that existing vouchers and contracts will be fully renewed this year, though advocates note it still falls short of what's needed to keep pace with rising rents and need.



# Thanks for your work and moving forward!

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## Thank you!

### Questions?

[jfemrite@scholznonprofitlaw.com](mailto:jfemrite@scholznonprofitlaw.com)

608-692-0310