

How Recent Policy Changes Could Affect the Build-to-Rent Housing Market

As capital tightens and hold periods compress, the next cycle won't be defined by who finds deals, but by who can structure them.

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/EINPresswire.com/ -- The U.S. housing market has entered a new phase—one where the primary constraint is no longer land, zoning, or demand. It is capital. That reality is most evident in the build-to-rent (BTR) and single-family rental (SFR) sectors, which have become essential to new housing supply—and are now directly impacted

by emerging federal policy. Recent legislative developments in Washington are poised to reshape how BTR communities are financed, structured, and owned. For developers, joint venture partners, and institutional investors, the implications are immediate.



United States Capitol in Washington DC

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You cannot finance long-duration rental housing with short-duration policy constraints and expect supply to scale.”

Marc A. Hershberg, Managing Partner & CEO of Topaz Capital.

In March 2026, the U.S. Senate passed the bipartisan [21st Century ROAD to Housing Act](#), aimed at addressing affordability and supply constraints. While the bill includes pro-development measures, it also introduces a significant constraint for BTR:

- Institutional investors face limits on acquiring single-family homes
- BTR development remains permitted
- Newly built BTR homes must be sold to individual buyers within seven years

Industry groups have warned this could have an “immediate chilling effect on housing supply, affordability and investment.”

A Structural Mismatch Between Policy and Product: BTR is not designed for forced disposition.

These communities are:

- Underwritten as multifamily
- Financed with long-duration capital
- Operated as integrated rental platforms

As industry leaders have noted, “BTR is underwritten, financed and constructed as multifamily housing.” Imposing a fixed seven-year sell-down requirement creates a clear mismatch between capital stack duration, operating strategy, and exit assumptions. In effect, it introduces condominium-style exit risk into assets built for long-term rental performance.

Capital Constraints Are Already the Real Bottleneck

Even before policy intervention, the sector was facing pressure:

- BTR housing starts declined meaningfully in 2025
- Higher rates and tighter equity markets have slowed new development

At the same time, research indicates the U.S. housing shortage remains in the millions, with the core constraint now centered on capital formation rather than zoning. Layering regulatory uncertainty onto an already constrained capital stack risks further slowing starts and reducing supply.

BTR Is Being Targeted Despite Being Part of the Solution

This policy tension is notable given BTR’s role in expanding housing access. The sector has:

- Delivered suburban, family-oriented rental housing
- Served renters priced out of homeownership
- Added incremental supply without competing for existing homes

Industry research continues to describe BTR as “a growing source of housing supply” for middle-income households. Constraining that supply risks working against broader affordability objectives.

Implications for Developers, JVs, and Institutional Capital

- Shift Toward Structured Exits: The traditional long-term hold model is under pressure. Expect increased focus on rent-to-own strategies, phased dispositions, and earlier integration of exit planning.
- Repricing Across the Stack: Compressed hold periods drive higher return thresholds, lower land values, and tighter underwriting. Marginal deals—particularly in higher-cost markets—will fall



out.

- Capital Structure as the Differentiator: Execution will hinge on structuring, not sourcing. Expect increased use of preferred equity, seller financing, flexible JV frameworks, and hybrid BTR/for-sale models.
- Smaller, More Agile Projects Gain Share: As larger institutional platforms adjust, smaller and mid-sized projects with simpler capital stacks are better positioned to move forward.

A Market Transition—Not a Retreat: Despite near-term headwinds, BTR fundamentals remain intact:

- Affordability constraints persist
- Demographic demand is durable
- Suburban rental demand continues to deepen

The issue is not demand. It is whether capital can meet it.

U.S. housing policy is entering a new phase—one where ownership structures are being shaped alongside development itself. For BTR and SFR, this creates both constraint and opportunity. The constraint is clear: tighter capital and increased regulation. The opportunity lies in adapting—through structure, discipline, and execution. This is no longer just a housing story. It is a capital markets story.

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