

CALIFORNIA

Here's what the 'once in a lifetime' federal housing bill means for California



New housing construction in Elk Grove, Calif., in July 2022. (Rahul Lal / CalMatters)

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- The federal housing bill does a lot of little things. Supporters hope it will put a dent in both California's and the nation's housing shortage.

The largest single piece of federal housing legislation to come out of Congress in at least a generation is now law.

It happened in the middle of the night early Saturday, without fanfare — or even President Trump's signature — and it might be a while before many Californians notice its effects.

That's because [the bill](#), though politically monumental — both chambers approved it overwhelmingly — doesn't do one big thing. Instead, it does a lot of little things. Individually, none of the bill's 56 regulatory tweaks, pilot programs and low-cost

loans and grants are likely to move the needle on the nation's housing affordability woes, nor on California's specifically.

Supporters hope that collectively, they just might.

Even the law's path to enactment had an under-the-radar quality to it. The White House [abruptly canceled](#) a planned signing ceremony late last month, with Trump vowing not to sign the bill until Congress first passed his restrictive [national voter ID proposal](#). That bill has [stalled out](#) in the Senate.

Still, Trump did not veto the housing package, so it automatically became law Saturday just after midnight, as per [the Constitution](#).

But supporters say this is a big deal: a major, bipartisan piece of legislation aimed at boosting housing construction from a hyperpartisan legislative body that doesn't typically touch the topic.

"We don't often gather to celebrate federal housing legislation," Stephen Russell, president of the San Diego Housing Federation, said at a [news conference](#) Thursday. "I think the last time Congress passed anything of this magnitude, many of you were [not even alive](#). ... It is almost a once-in-a-lifetime event."

That's thanks in part to a [growing caucus of lawmakers](#) aligned with the "Yes In My Backyard" movement that helped push the bill into law. Many hail from California, a state that has had more experience than most contending with wildly unaffordable housing. But the cause of making housing more affordable, and attributing high housing costs to a lack of sufficient supply, has become a national and bipartisan concern. Case in point: The bill originated as a joint proposal by Sens. Tim Scott (R-S.C.), an ardent conservative, and Elizabeth Warren (D-Mass.), among the most liberal members of the Senate.

While the constituent parts of the bill are relatively narrow and none is specifically focused on California, experts highlight a few provisions that could leave a notable imprint on the state.

Build now (or else)

For high-cost cities that don't build much housing, as in much of urban California, the federal bill includes a novel carrot and stick.

This portion of the bill would change the Community Development Block Grant, one of the [largest sources](#) of federal funding for affordable housing and local economic development. Pricey cities — defined through a variety of data benchmarks such as median prices and vacancy rates — with a track record of under-building that continue to see below-average housing construction will have their grant funds cut by 10%. The savings will go to their municipal counterparts that build at a faster clip.

That’s likely to have “real implications for cities like Los Angeles and San Francisco that have traditionally lagged behind” in adding housing supply, said David Garcia, the deputy director of policy at UC Berkeley’s Turner Center for Housing Innovation.

The city of Los Angeles received \$48.4 million in its last award from the block grant program in 2024, according to [U.S. Department of Housing and Urban Development](#) data. San Francisco received \$18.9 million.

Those numbers aren’t enough to make or break the budget of either city.

“I think this will be a small nudge,” said Laura Foote, executive director of YIMBY Action, in an email. “Which taken across the country could still have a good impact! Little nudges add up.”

More dramatic than the number of dollars involved may be the precedent the policy sets. Even in California, where the state government has aggressively incentivized cities to plan for more housing development and [penalized](#) those that don’t, lawmakers have never punished municipalities for failing to actually grow — an outcome that may not always be under a city government’s control.

Such an idea would have been “inconceivable in previous congresses,” Garcia said.

Despite that, the provision hasn’t engendered much public opposition from local government groups yet. In an online summary, Michael Wallace, a lobbyist with the National League of Cities, [applauded the overall housing bill](#) as an example of the federal government “choosing partnership with local governments over preemptions.” He singled out other provisions of the bill that provide expanded flexibility for Community Development Block Grant spending, new incentive programs for adding supply, and new supports for local urban planning.

Chassis change

Manufactured housing units are often colloquially referred to as mobile homes, but they don’t tend to move around much. Built on assembly lines and shipped to where they’re needed, these naturally affordable houses — the likes of which lawmakers across California and the United States claim we need in droves — are often placed upon permanent foundations where fewer than [1 in 10](#) ever move again.

Even so, the federal building code applied to manufactured housing includes a costly, vestigial reference to its mobile origins: a permanent chassis.

A giant steel frame with removable axles and wheels, the chassis ostensibly exists to make it easier to pick up and move a manufactured house by truck. In practice, it serves as a 10- to 12-inch-thick floor beneath the floor. Because it cannot be removed upon delivery, it just serves as “dead space and wasted money,” said Jess Maxcy, president of the California Manufactured Housing Institute, the industry’s trade group. Aside from adding [thousands of dollars](#) in added costs per unit, it also makes

it harder for manufactured units to be stacked into double story homes or multifamily apartment buildings.

The federal housing bill removes the permanent chassis requirement, something that manufacturers and some housing policy experts have been [pushing for since the mid-1980s](#).

“That relatively minor change will expand access to one of the most affordable forms of home ownership available,” Rep. Scott Peters (D-San Diego) said at the Thursday news conference.

Maxcy said he doesn’t expect the end of the chassis requirement to trigger an overnight building boom in the manufactured home industry. But especially in California, where, due to the high price of land, new single-family homes are more likely to be built stacked on small lots, the regulatory change “provides more opportunities and helps us reduce the price.”

Recovering after disaster

In the months after a natural disaster, long after emergency federal dollars have come and gone, Congress has provided communities with long-term rebuilding grants through the Community Development Block Grant—Disaster Recovery program.

Over the last three decades, the program has spent more than \$100 billion on the [long-term work](#) of recovery, like home construction, infrastructure repair and rental and relocation assistance. That money tends to be reserved for low-income people and communities “who are not going to bounce back without the funds,” said Marion McFadden, who used to run the program under the Biden administration and now works at the disaster preparation and recovery consulting company IEM.

Unfortunately for California, the program only kind of exists. Since the mid-1990s, it’s been stood up and funded on an ad hoc basis, one appropriation bill at a time. That presents a challenge for communities planning in the middle of post-disaster planning.

It also means the rules that govern the program — when the money goes out, to whom, under what conditions and for what purposes — are redrafted with each political administration. That’s had the effect of slowing things down considerably. No program funding has gone to Los Angeles in the wake of the 2025 firestorms, according to the [Carnegie Endowment for International Peace](#). Congress has yet to appropriate any.

The new housing bill will officially write the program into law for at least three years.

“It creates the ability for HUD to have money on hand before a disaster and then make a decision within 15 days about whether they’re going to provide funding,” McFadden said.

What the housing bill doesn't do: provide fresh funding. Disaster-prone communities will need to wait for Congress to take that up later.

A 'bottleneck' removed

For the last two decades, public housing authorities in Los Angeles and the Bay Area have been turning to the federal Rental Assistance Demonstration program to help repair and upgrade their aging stock of increasingly dilapidated public housing. The program works by switching up funding sources in a way that gives locals [more flexibility](#) to borrow money and attract private investment dollars.

Until the new law took effect this weekend, the federal government was only authorized to permit 455,000 of these conversions. The law raises the cap by an additional 100,000.

"This has been a bottleneck in California for years and that bottleneck just got removed," said Russell with the San Diego Housing Federation.

Not all affordable housing advocates are cheering the development. The National Low Income Housing Coalition has consistently [opposed expansion](#) of the program on the grounds that the change in funding source could weaken existing tenant protections. It's unclear whether and to what extent that might be true. A [study](#) from last year found no evidence that conversions under the program lead to more evictions.

Wall Street out of suburbia

If you've heard only one thing about this housing bill, it's that it bans "large institutional investors" from buying up more single-family homes.

Caveats apply in the final version of the law. The bill defines "large" as any of a number of business structures with control over more than 350 single-family homes. It doesn't apply retrospectively, so current investors with portfolios brimming with houses need not divest. Exemptions exist for new construction, renovations and senior housing. In California specifically, where corporations and other major investors [do not play a significant role](#) in the housing market, the effect is likely to be muted.

The measure "takes a hyper-salient issue for lots of people across the country and does a pretty modest intervention to address it," said Chad Maisel, a fellow at the liberal-leaning Center for American Progress and a former housing policy advisor to President Biden.

Even so, the provision has plenty of bipartisan appeal. Earlier this year, Trump called for an even stricter crackdown on so-called corporate landlords. Gov. Gavin Newsom followed suit the [same week](#).

The anti-investor language was considerably watered down from earlier this year, when a related provision threatened to undermine "build-to-rent" projects — well-

financed subdevelopments of single-family homes reserved for renters. That prompted a [revolt](#) by many developers and YIMBY activists who had otherwise enthusiastically supported the bill, who argued that such communities are one of the fastest-growing sources of the U.S. housing stock and [provide some of the few opportunities](#) for renters to live in suburban-style, family-size housing.

After the build-to-rent provision was left on the cutting room floor of Congress, state [Sen. Aisha Wahab](#), a Fremont Democrat who is now [running for Congress](#), introduced a bill that picked it back up again. [SB 880](#) would have banned the bundled sale of multiple single-family homes, striking at the heart of the build-to-rent business model. That bill died in the Assembly Judiciary committee in late June.

Christopher writes for CalMatters.

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