



**NATIONAL
HOUSING CRISIS
TASK FORCE**

SEPTEMBER 2026

Builder's Manual

*A State's Guide to Advancing Factory-Built Housing
With the 21st Century ROAD to Housing Act*

Introduction



**NATIONAL
HOUSING CRISIS
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The ROAD to Housing Act was passed on July 11, 2026



- The ROAD to Housing Act passed with bipartisan majorities and introduced a sweeping array of reforms
- Full implementation will take several years across many federal agencies, alongside state and local governments
- Some of the most impactful provisions promote **manufactured housing and other types of factory-built housing**
- Factory-built housing is a low-cost, high-quality type of housing (manufactured homes are built at 35-73% of the cost of site-built housing) that needs additional support for widespread adoption
- ROAD presents an opportunity for states and cities to more broadly advance factory-built housing policy across manufactured (HUD Code) and other factory-built housing

ROAD introduced meaningful reforms for factory-built housing



 SEC. 301 (Removes chassis requirement)	• Manufactured homes are regulated under the HUD Code (as opposed to state and local building codes), which allows for standardization across jurisdictions. • Before-ROAD, the HUD Code required that manufactured homes be attached to a permanent chassis, which reduced placement opportunities and flexibility. • ROAD removes the chassis requirement, which will make manufactured homes a more versatile option for starter homes and, potentially, multi-unit apartment buildings.
 SEC. 302 (Directs agencies to study barriers to modular homes)	• The Federal Housing Administration (FHA) is directed to submit research on barriers to modular housing to Congress. • After report, HUD is directed to initiate rulemaking based on results.
 SEC. 303 (Increases available financing for manufactured homes)	• FHA's Title I program insures home-only financing for manufactured homes (often when the buyer rents the lot on which the home will sit). • Title I also insures home-improvement loans for all property types. • ROAD raises the loan limit for property improvements (including for accessory dwelling units (ADUs)) and gives FHA more flexibility in setting and indexing limits for manufactured housing.
 SEC. 304 (Establishes competitive grant pending appropriation)	• ROAD authorizes HUD to grant funding to manufactured housing communities to support existing or new infrastructure, promote health and safety, or offer resident and community services. • Requires congressional appropriation to be activated.
 Other Sections	• Other provisions across ROAD may have an impact on factory-built housing, even where not directly named.

Key Terms

Manufactured home/housing or HUD Code home/housing: Homes that are constructed in a factory and to the specifications of the federal Manufactured Home Construction and Safety Standards, first enacted in 1976 ("HUD Code"). Also known as HUD Code homes or housing.

Modular home: ROAD defines this term as "a home that is constructed in a factory in one or more modules, each of which meets applicable State and local building codes of the area in which the home will be located, and that are transported to the home building site, installed on foundations, and completed."

Factory-built housing (FBH): This term refers to housing built using off-site, factory-based construction methods. FBH is an umbrella term that includes modular homes, which are built using a specific method of factory-based construction; manufactured housing; and other off-site construction methods, such as panelized construction.

ROAD builds on state laws promoting factory-built housing



Sec. 302 & 303

Sec. 302

Requires HUD to study barriers to FHA products financing modular housing

Sec. 303

Increases loan limit flexibility for the FHA, enabling a greater number of properties to get financing, including ADUs and more manufactured homes



"Red seal" (HUD Code) / "gold seal" (WA Code) notation streamlines inspection

Sec. 301

Removes the requirement for a permanent chassis for manufactured housing thereby making the HUD code more versatile and applicable to new contexts



Standardizes code application; bars unreasonably differentiating factory-built and site-built housing



Standardizes code application; bars unreasonably differentiating factory-built and site-built housing

There is large potential for impact across the housing market

Cost reduction (Sec. 301)

Removing the chassis requirement can save \$5-10k/unit⁽¹⁾

Improve consumer preference (Sec. 301)

Without a chassis, manufactured homes may have greater access to conventional mortgages and will look more like traditional, site-built homes

Design flexibility (Sec. 301)

Facilitates more flexible unit sizes; allows basements

Financing capacity (Sec. 303)

Higher FHA lending caps will make it easier to purchase manufactured homes



Single Family
1 unit

Cost reduction (Sec. 301)

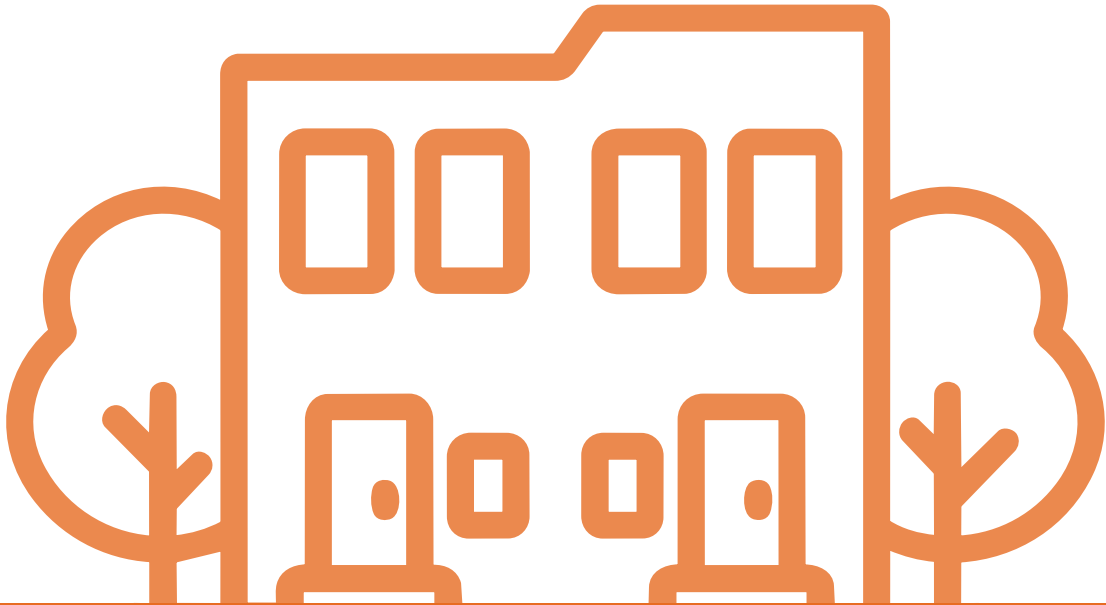
Without the chassis, there may be potential for multistory manufactured housing projects⁽²⁾

Financing capacity (Sec. 303)

Higher FHA lending may make it easier to purchase in some circumstances⁽³⁾

Land availability (Sec. 208)

Awards competitive grants to jurisdictions for zoning reform



Small Apartment Buildings
2-6 units

Encouraging other types of factory-built housing

Various provisions encourage states to explore opportunities for modular and other factory-built housing development



Multifamily
7+ units

(1): Exact savings will be dictated by details of the final rule. Andrew Justus and Alex Armlovich, "Two big developments in manufactured housing reform: New rules, new bill," Niskanen Center (October 2024).

(2): Coupled with HUD rule change removing chassis requirement for manufactured units used to build upper floors. 24 CFR Parts 201, 3280, 3285, and 3286.

(3): Limitations from other statutes and regulations, including under HUD Handbook 4000.1, may impact the availability of Sec. 303's financing benefits in practice.

Factory-built homes are legally distinct despite looking similar

Examples of leading HUD-code housing types from producers around the country



Skyline Homes



Manufactured Homes.com



Clayton Homes



Clayton Homes

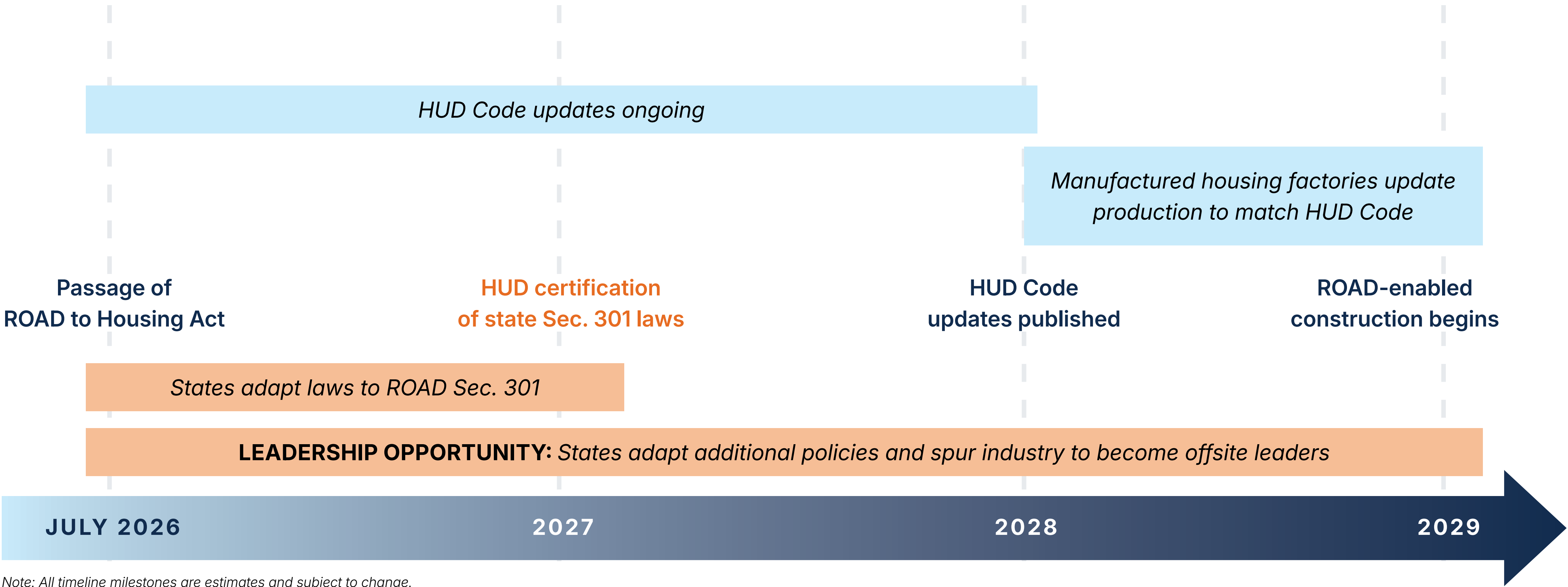


Champion Homes



Champion Homes

States should act now to lead on ROAD's factory-built housing changes



The Role of States

In year 1, states should prepare plans around Sections 301 and 303



	Sec. 301 Redefines manufactured housing to remove chassis requirement	Sec. 303 Expands financing opportunities for manufactured housing
LEGISLATIVE UPDATE	HUD and the Manufactured Housing Consensus Committee must develop a new chassis-less HUD Code	Increases amount and type of financing available for manufactured homes by enabling the FHA Title I loan insurance program to cover larger loan sizes and broadening financing opportunities for ADUs, which often use factory-built methods
STATE ACTION	Each state must certify to HUD that it has amended its own laws and regulations to treat chassis-free manufactured homes the same as chassis-built ones (REQUIRED) If a state misses the deadline, chassis-free manufactured homes cannot be manufactured, installed, or sold in that state See page 11 for potential legislative language	No statutorily required action States should raise awareness among manufactured homeowners and lenders to encourage them to take advantage of new financing opportunities States should simplify titling for HUD Code homes as real property, improving access to conventional financing
MUNICIPAL ACTION	In advance of the new HUD Code, municipalities should update local zoning codes to remove unnecessary restrictions to manufactured housing to allow more homes to be built where more supply is needed	Same as for states
TIMELINE	Initial certification due one year after enactment (7/11/27), or two years after enactment for state legislatures that meet biennially (7/11/28)	Can begin public education as soon as practicable

States can take three different steps to activate Sec. 301



States must update their definition of manufactured housing under Sec. 301

Regardless of the strategy they take, **all states should prioritize developing a standard definition of manufactured housing across state agencies and departments (including, transportation, housing, economic development) to ensure harmonization**

Match federal definition

Review definitions of manufactured homes across areas of law and regulation and update as needed, including regarding housing, titling, taxation, and transportation

POTENTIAL LEGISLATIVE LANGUAGE

"[this amendment] amends [current legal documents] by removing the current definition of manufactured home and now defining it as it is defined in the specified federal law." ⁽¹⁾

Note: All potential legislative language is for illustrative purposes and should be reviewed and adapted by counsel before implementation.
(1): Based on definitional update submitted by North Carolina. General Assembly of North Carolina, SB 1047 (May 4, 2026).
(2): Will Poff-Webster et al., "The Success of the New Federal Housing Law Now Rests on States and Localities," Institute for Progress (August 4, 2026).

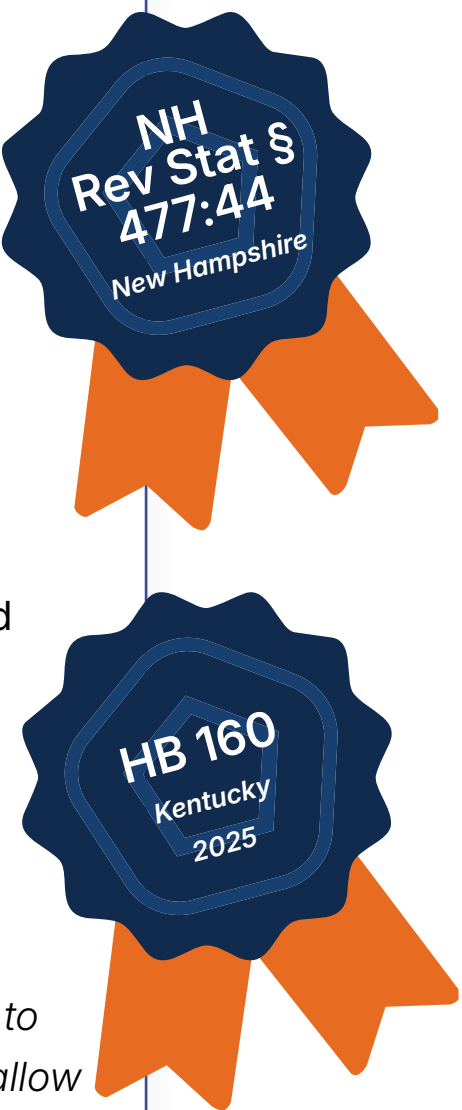
Establish zoning parity

Take steps to enable manufactured homes to be built where traditional housing types can, and focus on indirect enabling conditions (such as avoiding unnecessary lot size, design, or setback requirements)

POTENTIAL LEGISLATIVE LANGUAGE

"Zoning ordinances shall not include limitations or additional requirements for manufactured housing beyond those for traditional housing, including criteria related to aesthetics, amenities, home size, lot size, manufactured housing park size and setbacks, parking and roadways, and safety. For purposes of land title, manufactured housing shall not be subject to limitations or additional requirements beyond those for traditional housing."

Kentucky and New Hampshire already have passed laws to prevent local zoning bans of manufactured housing and to allow manufactured homes to benefit from traditional real estate titling ⁽²⁾



Establish code parity

Set building standards for factory-built housing at a state minimum, and design approved state-level codes for consistency across jurisdictions

POTENTIAL LEGISLATIVE LANGUAGE

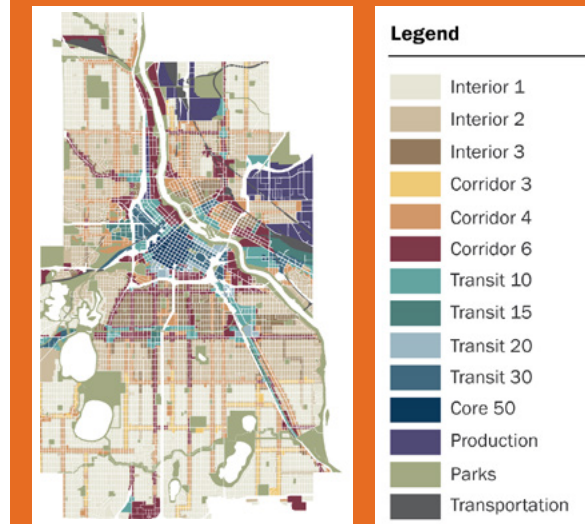
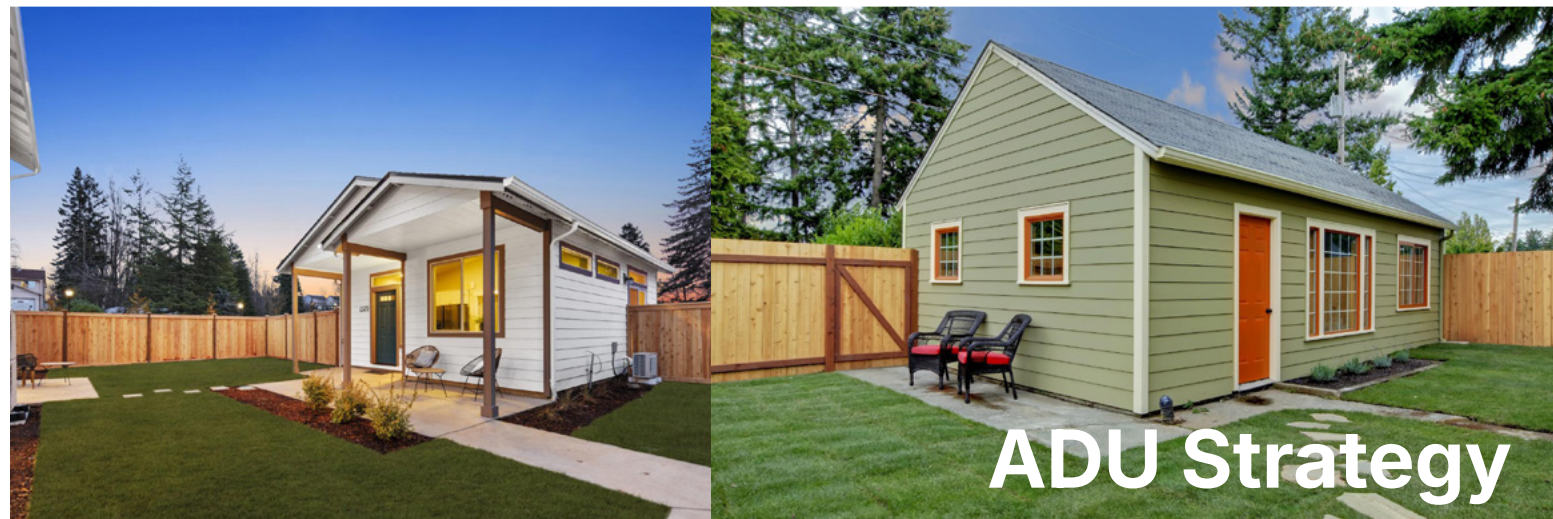
"Building standards on factory-built housing shall be no more stringent than the state minimum building standards under [state building standards law]. The [state agency] shall convene an advisory committee to develop regional building codes for factory-built structures, accounting for local conditions, and establish inspection and third-party review requirements consistent with those codes."

First sentence modeled on California AB 1815, introduced 2025–2026 session, passed the Assembly May 2026; second modeled on Colorado SB25-002 (2025).



State leaders can harness ROAD through focused strategies



STRATEGY	OPPORTUNITY	CASE STUDY
 Starter Homes Strategy	First-time buyers are being squeezed out of the housing market. The share homes being built for entry-level buyers declined from 40% in the early 1980s to 7% in 2019.⁽¹⁾ Factory-built housing construction both reduces costs and speeds up construction, which will help accelerate closing this gap.⁽²⁾	More affordable construction methods from factory-built housing (HUD Code and non-HUD Code) can reopen the market for affordable starter homes. Utah is considering legislation that would require cities to allow smaller lots for starter homes, reducing the cost of building new homes and allowing more housing per acre. States should seek to remove large lot size requirements, which can interfere with starter home construction and offset factory-built savings.
 Map of Minneapolis 2040 zoning map, reflecting an ambitious, first-in-the-nation replacement of all single family zones with multifamily in a major city Small Apartment Buildings Strategy	Cities and states have recently passed ambitious zoning changes to allow small apartment buildings in previously single family zones. Translation of these changes to increases in construction has been limited due to cost challenges and building code limitations. Modular and potentially HUD Code homes may offer opportunities to efficiently build small apartment buildings.	By the time the new HUD code is in place (~2029), states should invest in efforts to establish factories and policies friendly to manufactured units. Denver is pursuing a zoning change to allow small apartment buildings, which may include an infill bonus (allowing more units on a lot that already has a building, such as by subdividing an existing building or building tandem houses on extra land) and an affordability bonus allowing additional units where one affordable one is provided.
 ADU Strategy	Many states have legalized ADUs. The number of ADUs in California increased by 15,334% from 2016-2022, representing 83,865 ADUs.⁽³⁾ ADU production has been constrained by the high per-unit cost of custom design and permitting for small, one-off projects. Prefabricated ADUs paired with pre-approved design catalogs can convert this newly-legalized capacity into actual construction.	Los Angeles's ADU Standard Plan Program and Encinitas's Permit-Ready ADU (PRADU) program maintain catalogs of pre-approved designs that include manufactured, factory-built/modular, and panelized options alongside site-built plans.

1): Sam Khater, "Housing Supply: A Growing Deficit," Freddie Mac (May 7, 2021). (2): Nick Bertram et al., "Modular construction: From projects to products," McKinsey & Company (June 18, 2019). (3): M. Molan Gray, "California ADU Reform: A Retrospective," CA YIMBY (2024).

ROAD can be a springboard for state innovation



State leaders have the opportunity to use ROAD changes as a springboard to advance a more holistic and impactful factory-built housing strategy to produce high-quality homes at a lower cost. Learn about more ways to advance factory built housing strategies [in our Action Plan](#).

States can become market leaders through 3 strategies:



1. STANDARDIZE POLICY



2. AGGREGATE DEMAND



3. INVEST IN MARKETS

1 Policy standardization unlocks the benefits of replicability



Factory-built housing benefits from high replicability which leads to economies of scale. Requiring one-off additions limits these benefits. Approval processes should be repeatable and predictable for manufacturers and developers.

States should aim to streamline policies to enable factory-built housing uptake as ROAD impacts roll out.

ADVANCE PRE-APPROVED DESIGNS

- Increase visibility into the construction process and reduce redundant review steps by pre-approving certain full designs or design components
- Example: **Texas's Industrialized Housing and Buildings Act** creates a binding, statewide design-review function. Once the state Building Code Council approves a design, that determination is allowed statewide

MODERNIZE BUILDING CODES

- HUD Code standardizes manufactured homes and may allow it to support small apartments through new multi-unit configurations
- Larger apartment buildings typically cross into more expensive construction types under the International Building Code (IBC), a model building code different from the HUD code adopted by many jurisdictions

UPDATE ZONING

- Update zoning codes to allow factory-built housing in more parts of cities, focusing on the home's characteristics rather than its construction method
- Examples: Florida HB 399 (establishing statewide by-right zoning); Texas §1202.253(e) (barring differentiation from site-built); Idaho HB 800 (2026) and Texas SB 785 (2025) (extending by-right siting to multi-section manufactured duplexes and certain permit restrictions)

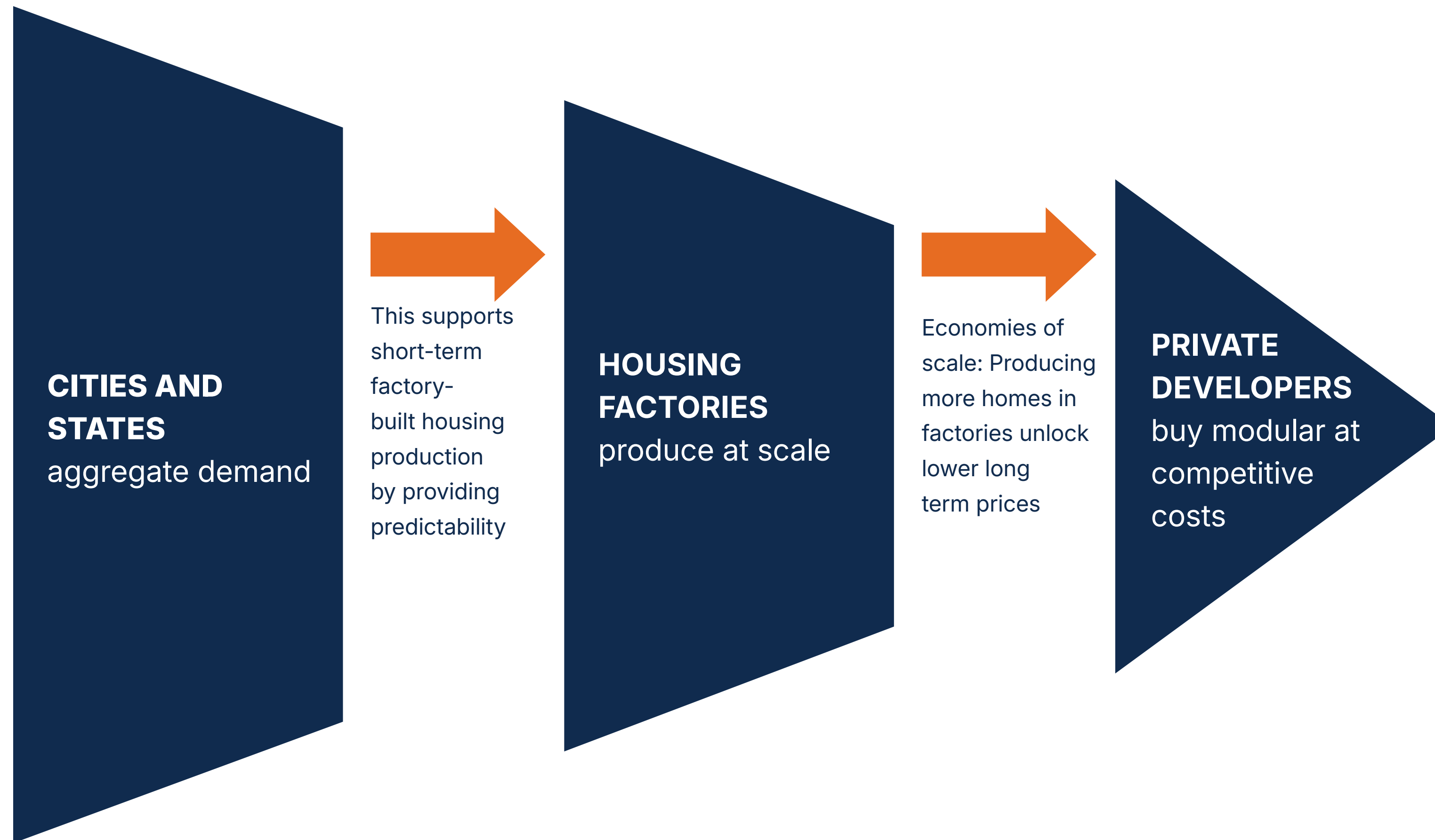
UPDATE STATUTORY LANGUAGE

- Clarify the state definition of modular housing as a complement to manufactured housing
- Potential legislative language:

"Modular housing" means housing constructed in one or more modules at a location other than the installation site, built to the same state and local building codes applicable to site-built housing of the same occupancy, and installed on a permanent foundation system. Zoning, permitting and building codes shall not include limitations or additional requirements for modular beyond those for traditional housing, including criteria related to aesthetics, amenities, home size, lot size and setbacks, parking and roadways, and safety.

Note: All potential legislative language is illustrative and should be reviewed and adapted by counsel before implementation.

2 Demand aggregation can jumpstart factory-built housing

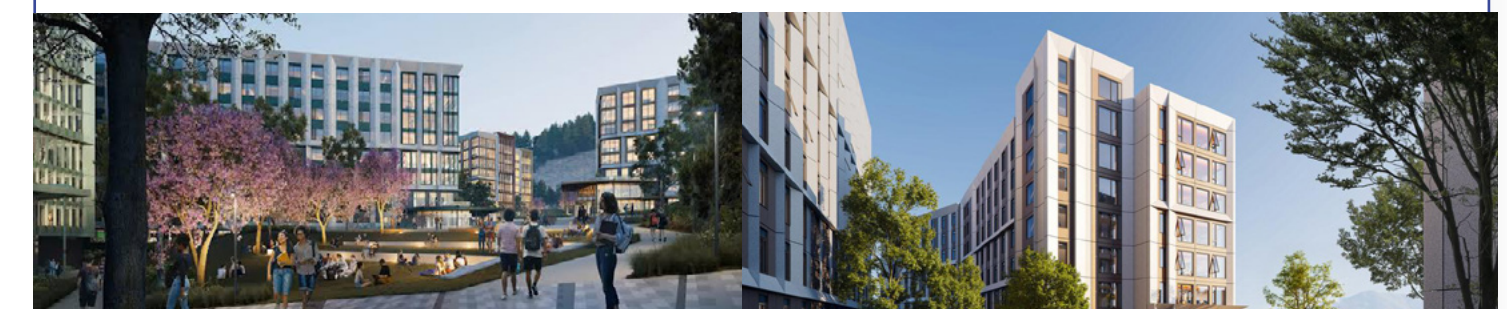


Aggregation Examples



FACTORY-BUILT HOUSING

Public Housing: In 2023, the **Minneapolis Public Housing Authority** completed a modular 16-building / 84-unit small apartment building modular development with construction 30% faster than site-built



FACTORY-BUILT HOUSING

Student Housing: Leveraging the replicability of student housing, **Cal Poly San Luis Obispo** invested in a \$1b / 3.5k-4.5k bed modular dorm for students

3 States should invest in market infrastructure for factory-built housing



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In addition to laws enabling factory-built housing, states should invest in the manufacturing economy to bring down the housing cost curve. When manufacturers reach economies of scale, programs can be gradually phased out.



Financing Timelines and Pre-Development Funding

Dedicate predevelopment funding that can serve factory built housing upfront payment needs

EXAMPLE: Colorado's Prop 123 lends deposit funding to Innovative Housing Incentive Program to manufacturers prior to construction; government loans are paid back once private financing comes in during construction



Labor

Bring organized labor into policy planning

Support new pathways to credentialing at state community colleges

EXAMPLE: In 2026, Illinois invested \$24mm in community college Manufacturing Training Academies, which supported training in various manufacturing roles including manufactured housing



Technical Assistance

Support state technical assistance to demystify manufactured and modular housing types for developers, lenders, and local building officials

EXAMPLE: California's Strategic Growth Council offers direct technical assistance seeking to build climate equity capacity, and trains other groups to build their own TA programs



Transportation and Logistics Permitting

Streamline oversize-load permitting for factory-built housing modules, including dedicated permit categories, faster approvals, and route pre-clearance

EXAMPLE: Georgia instituted an administrative rule for portable building transportation



Manufacturing Capacity and Siting

Recruit in-state factory capacity through site-selection assistance, tax incentives, or workforce grants

EXAMPLE: Montana used economic development tools to attract a modular manufacturer to build a plant in Butte

States are essential innovators in factory-built housing policy

States continue to lead on factory-built housing policy. Those that are ahead are best positioned to use ROAD to build high-quality, low-cost homes.



ZONING FLEXIBILITY FOR MANUFACTURED HOUSING

- Allows manufactured homes built to Florida Building Code to be placed on any lot within an RV park, even if not designated explicitly for manufactured housing
- Enables offsite homes to be built anywhere single-family homes are permitted



INCREASING INSPECTOR CAPACITY

- Lets first user of a factory-built home choose between local enforcement agency or state-certified third-party agency for installation inspections
- This allowance cuts redundant reviews that have slowed permitting and expands the pool of inspectors who can certify manufactured housing
- Note: Currently moving through the CA Senate



REMOVE FINANCING BARRIERS

- CrossMod homes are manufactured homes that have access to traditional financing and appraisals—allowing the benefits of replicable design without facing a limited capital market
- MOVE-IN funds municipalities, land banks, and nonprofits to enable CrossMod homes
- Pilot homes were built in about six months, up to 3x faster and 1/2 the cost of site-built homes

Appendix



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About this Guide



This guide is intended to support state government practitioners seeking to use the ROAD to Housing Act to promote factory-built housing. It represents a starting place; different states will have different needs and considerations and may experience different implications of the Act.

This guide is a starting place for crafting factory-built housing construction strategies in light of the federal ROAD to Housing Act, different states will have different needs and considerations and may experience different implications of the Act

Thank you to our partners for your support in drafting this guide



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Task Force Members' professional and lived experience is equally valuable and important to their participation in the Task Force. Although all the individuals formally affiliated with the Task Force may not agree completely with every statement noted, they are committed to working together to find solutions to the housing crisis. All members and co-chairs represent themselves and not their organizations or professional affiliation. This Builder's Manual was produced with a subset of Task Force members and those with domain expertise to provide guidance on how to harness recently passed federal legislation for greater housing impact.

Seeking more for information as you develop a factory-built housing construction strategy? Contact us at info@nationalhousingcrisis.org

APPENDIX

Additional Resources



TURNER CENTER FOR HOUSING INNOVATION UC BERKELEY

Carol Galante and Sarah Draper-Zivetz. Turner Center for Housing Innovation. Building Affordability by Building Affordably (2017).

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