COUNSEL'S CORNER

21st Century ROAD to Housing Act Delivers Permanent Decoupling

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On July 11, 2026, after years of advocacy by CARH and our members, the 21st Century ROAD to Housing Act (H.R. 6644) (the ROAD Act) became law, bringing permanent decoupling of Section 521 Rental Assistance (RA) from maturing Section 514 and 515 mortgages into the statute for the first time. The ROAD Act advanced with overwhelming bipartisan support with the Senate approving the final package by a vote of 85–5 on June 22, and the House followed with a 358–32 vote on June 23. After Congress sent the bill to the White House, the President did not sign or veto it. Under Article I, Section 7 of the Constitution, when a bill is presented to the President, he has ten days (excluding Sundays) to sign or veto it while Congress remains in session; if he does neither and Congress has not adjourned, the bill becomes law automatically at the end of that period. Therefore, the ROAD Act became law automatically when the ten day period expired at midnight on July 11, 2026.

For CARH members who have spent years planning around mortgage maturity, enactment of the ROAD Act marks the moment when CARH's core rural preservation priorities move from temporary, pilot–based authority to permanent law. Central among those priorities is the Rural Housing Service Reform Act of 2025 (S. 1260/H.R. 4957), a bipartisan rural housing package sponsored in the Senate by Senators Tina Smith (D-MN) and Michael Rounds (R-SD), and in the House by Representatives Zachary Nunn (R-IA) and Emanuel Cleaver (D-MO). For several years, CARH has worked with these members of Congress to advance the Rural Housing Service Reform Act, and those provisions are now included in the broader, bipartisan housing bill.

As CARH members are aware, the Rural Housing Service Reform Act was designed to address a central preservation challenge facing USDA Rural Development's (RD) multifamily portfolio in that over the next decade, as many as three-quarters of all Section 515 mortgages are expected to mature, and under prior law the associated Section 521 RA contracts would expire with those mortgages. That structure threatened to strand more than 250,000 families and elderly residents and leave owners without a workable long-term preservation path. CARH has been highlighting that risk for years and has consistently urged Congress to adopt permanent statutory tools to preserve affordability and stabilize rental assistance as these mortgages mature.

The ROAD Act accomplishes that by incorporating the Rural Housing Service Reform Act's principal provisions into the larger housing bill. Most important, it permanently authorizes decoupling of Section 521 RA from Section 514 and 515 mortgages, allowing RA to continue at properties after mortgage maturity rather than expiring automatically. The ROAD Act also permanently authorizes the Multifamily Preservation and Revitalization (MPR) program and includes provisions intended to improve coordination and reduce inefficiencies in preservation transactions. In that respect, the ROAD Act is not simply a broad housing package with a few rural provisions attached; it is the vehicle through which CARH's long-sought rural preservation agenda has now been enacted.

From Appropriations Pilot to Permanent Decoupling

As CARH members are aware, Decoupling did not begin as a broad statutory authority; it started as a small pilot embedded in annual Congressional appropriations. In the FY 2024 funding bill for USDA, Congress first authorized RD to preserve Section 521 RA at a limited number of properties whose Section 515 loans were maturing in FY 2024, allowing RD to convert expiring RA tied to those loans into stand–alone, project–based Section 521 RA contracts. That pilot authority, now known as the Stand–Alone Rental Assistance (SARA) program, demonstrated that owners were willing to use decoupling to preserve housing and that project–based RA could successfully continue at properties after Section 514 and 515 mortgages matured.

Over the next two fiscal years, Congress renewed and modestly expanded that decoupling authority in subsequent appropriations bills, allowing RD to preserve rental assistance at additional properties and gather experience with the SARA framework. At each step, CARH worked with RD and congressional offices to support continuation of the pilot, emphasizing both the looming maturity "cliff" and the importance of treating decoupled RA as a project–based preservation contract rather than a short–term workaround.

The SARA demonstration showed that owners were willing to use decoupling to preserve housing, however, its authority depended on annual funding bills and was never guaranteed beyond each fiscal year. The ROAD Act now moves decoupling from that temporary footing into permanent law. Under the Rural Housing Service Reform Act provisions carried in the ROAD Act, RD has clear statutory authority to maintain project–based Section 521 RA at eligible properties after Section 514 or 515 mortgage maturity, rather than relying on year–to–year pilot language. RA can continue at those properties on a stand–alone, project–based basis, allowing owners to plan long–term recapitalizations, transfers, or restructurings on the assumption that deep rental assistance remains available as part of the preservation toolkit.

How the ROAD Act's Decoupling Framework Functions

Section 545 of the ROAD Act establishes the initial parameters of how decoupling will be implemented on a permanent basis. It starts by requiring RD to look ahead each year, by notifying owners of Section 514 and 515 properties whose loans will mature within the next four years, outlining both restructuring options and the option to decouple their rental assistance contracts under the new authority. Residents must also receive notice at least two years before mortgage maturity, so they understand the timing, potential outcomes, and how to protect their access to federally assisted housing or vouchers as the loan term ends.

For properties where restructuring is feasible and owners agree, the statute authorizes a range of loan restructuring tools including reducing or eliminating interest, deferring payments, subordinating, reducing, or re-amortizing debt, providing additional financial assistance and incentives, and, in some cases, removing a portion of units from income restrictions after sustained vacancies. In those restructuring cases, RD is directed to offer renewal of Section 521 RA contracts for up to 20 years, subject to annual appropriations, tied to the term of the restructured loan and conditioned on the property being brought up to "decent, safe, and sanitary" standards for the full contract term.

The decoupling authority comes into play when restructuring is not workable. If a Section 514 or 515 loan is maturing within that four–year window and RD determines that restructuring is not financially feasible or the owner does not agree with the proposed restructuring, but the property is operating with Section 521 RA, the statute allows RD to renew the RA contract for up to a 20–year term (minimum 10) even though the owner will no longer be a current RD borrower. In other words, the ROAD Act authorizes true decoupling where RA can continue at the property as a stand–alone, project–based contract after the loan naturally matures, outside the prior requirement that the recipient be a current 514 or 515 borrower.

The statute also outlines some of the regulatory requirements for a SARA contract. For most properties, RD will set the maximum initial rents based on the annually released HUD Fair Market Rents and may adjust them annually using HUD's Operating Cost Adjustment Factor (OCAF), aligning rent structures with familiar HUD benchmarks. However, where owners can show that budget–based needs require higher rents, RD may approve a budget–based rent level instead. As a condition of approval, RD must require owners to submit a plan with financing sources and a timetable for needed renovations and improvements. Under the traditional Section 515 structure, owner RTO is subject to RD's surplus cash limitations, with distributions only permitted after all required project expenses, reserves, and other obligations are satisfied. By contrast, under SARA there are no restrictions on surplus cash, so owner distributions are no longer governed by RD's established surplus cash and RTO framework under the SARA contract.

This framework aligns with CARH's long–standing recommendations for a targeted, permanent decoupling authority, paired with 20–year, project–based RA contracts that no longer depend on RD borrower status, establish a predictable rent structure over time using HUD Fair Market Rents, and do not limit an owner's ability to collect surplus cash.

Other Key Provisions of the ROAD Act

While permanent RA decoupling and the Rural Housing Service Reform Act provisions are the centerpiece of the ROAD Act for CARH members, the ROAD Act also includes broader reforms that matter for affordable housing finance and administration, which include increasing the cap on bank public welfare investments, modernizing aspects of the HOME program, making adjustments to the Rental Assistance Demonstration (RAD) program, encouraging stronger coordination between RD and HUD through memorandums of understanding, and streamlining environmental review requirements for certain housing activities under NEPA and related federal processes. Together, these changes reflect the broader bipartisan intent behind the ROAD Act in reducing unnecessary administrative barriers, improving inter-agency coordination, and expanding tools that support housing preservation and production across markets, including rural communities.

What CARH Members Should Watch for Next

With the ROAD Act now in place, the key takeaway for CARH members is that permanent RA decoupling and MPR authorization are no longer speculative and are now part of the statutory framework governing USDA's multifamily programs. Owners, managers, lenders, and investors can begin viewing upcoming Section 514 and 515 mortgage maturities with the understanding that project-based rental assistance is no longer automatically tied to the original loan term.

In the near term, the next important step will be RD's guidance implementing the new decoupling authority and related reforms. The ROAD Act requires RD to issue a notice outlining how RA will operate after natural mortgage maturity and how the agency will administer permanent decoupling in practice. CARH will closely monitor that process, engage with RD on implementation questions, and provide members with updates as more details become available. For now, it is enough to recognize that the long-sought statutory changes have been enacted, with broad bipartisan support, and that further implementation guidance will follow from RD reflecting years of sustained advocacy and technical engagement by CARH's National Office and its members to achieve these outcomes.

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