
Miller Canfield: Housing Finance - When Helping a Deal Can Cross a Regulatory Line.

Communities are increasingly using creative financing to produce attainable and “missing middle” housing. These projects often bring together many parties in many roles: developers, municipalities, housing and economic-development professionals, consultants, lenders and investors. Municipal bonds are a frequent source of partial financing for these projects, particularly as they are a prerequisite to qualify for the tax credit that attracts equity investors.

A recent Securities and Exchange Commission (SEC) enforcement action is an important reminder: helping assemble a housing financing can sometimes cross into regulated securities activity.

What happened?

On August 21, 2026, the SEC announced a settled enforcement action against R4 Capital Funding LLC involving 31 municipal bond offerings that raised more than $1.16 billion for 27 affordable multifamily housing developments.

According to the SEC, R4 worked with developers on bond structure and pricing, solicited investors, advised investors concerning the bonds, and received transaction-based compensation. The SEC concluded that R4 was acting as an unregistered broker..

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