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STATE AND LOCAL GOVERNMENT ADVOCACY AND PUBLIC-PRIVATE PARTNERSHIPS GROUP

21st Century ROAD to Housing Act Summary and Analysis– July 2026

Overview

The amended 21st Century ROAD to Housing Act is set to automatically become law at midnight on July 10. House Speaker Mike Johnson (R-LA) transmitted the bill to President Trump's desk on June 29, triggering a 10-day review period. Because the President has neither signed nor vetoed the bill during that period, the measure is set to take effect automatically.

Prior to the bill becoming law, House and Senate leaders reached a final agreement on the bicameral 21st Century ROAD to Housing Act on June 16 after both chambers spent months attempting to pass various versions of the bill. Leaders from the Senate Banking, Housing, and Urban Affairs Committee and the House Financial Services Committee eventually achieved a bipartisan product after negotiating key provisions that differed between the committees' respective bills.

The final bill streamlines federal reviews for housing projects, modernizes housing programs, incentivizes local governments to address barriers to housing development, and increases veterans' access to federal housing programs. Provisions addressing institutional investors' role in the housing market and authorization of the Community Development Block Grant-Disaster Recovery (CDBG-DR) Program were key sticking points between the House and Senate. Also included is a package of bills championed by House Financial Services Chair French Hill (R-AR) to reform federal laws associated with community banking.

The final language reflects a series of bicameral compromises: the provision on large institutional investors was narrowed into a compromise cap of 350 homes. While earlier housing proposals paired "build-to-rent" (BTR) exemptions with a mandatory seven-year divestment requirement, the final bill instead treats BTR as an "excepted purchase." The final bill also scales back proposed statutory changes to Build America, Buy America (BABA), instead directing HUD to review implementation of BABA requirements for projects and update its guidance to clarify the application of these requirements for HOME-funded projects. In addition, it authorizes CDBG-DR for three years, rather than the Senate-proposed permanent authorization. Additionally, the bill expands CDBG's eligible uses to include activities such as new construction.

Summary of Relevant Provisions for Local Governments:

Title I—Opportunities for Housing Overview:

- The amended bicameral bill adds six House-passed provisions (Sections 102-107).
- These provisions establish federal guidelines for point-access block buildings; provide exemptions for most Rural Housing Service-funded infill housing projects; require CDBG grantees to maintain a database of undeveloped land owned by the jurisdiction; and direct HUD to publish best practices on zoning and land use policies.
- The bill also includes House-passed pilot programs for FHA small-dollar mortgages and the installation of temperature sensors in dwelling units.

Sec.	Title	Description
101	Reforms to Housing Counseling and Financial Literacy Programs	Allows HUD to review the performance of housing counseling agencies and counselors. If a counselor's performance falls short, HUD may require additional training and provide opportunities to demonstrate improvement. Counselors found to be consistently out of compliance may be subject to enhanced oversight or lose their certification.
102	Federal Guidelines for Point Access Block Buildings	Requires HUD to establish federal guidelines for point-access block buildings (i.e., single staircase apartments with three or more stories). It also allows HUD to award competitive grants for pilot programs to assess the feasibility of such buildings where they make local sense. Authorization for the program expires in seven years.

103	Exemption on Construction or Modification of Residential Housing Located on an Infill Site	Exempts from the National Environmental Policy Act of 1969 (NEPA) most Rural Housing Service (RHS)-funded projects regarding the construction or modification of residential housing located on an infill site.
104	Database of Publicly Owned Land	Requires Community Development Block Grant (CDBG) grantees to maintain a publicly accessible, searchable database identifying undeveloped land owned by the jurisdiction. It also allows grantees to use their CDBG funds to comply with the new database requirement.
105	FHA Small-Dollar Mortgages	Authorizes a HUD pilot program to increase access to small-dollar mortgages with original principal balances of $100,000 or less.
106	Temperature Sensor Pilot Program	Establishes a HUD pilot program to award grants to public housing agencies and owners of federally assisted rental housing to install temperature sensors in dwelling units, with the written permission of tenants, to ensure compliance with temperature-related housing quality standards.
107	Housing Supply Frameworks	Directs HUD to develop best practice frameworks for zoning and land-use policies, helping communities identify and overcome barriers to housing development.

Title II—Building More in America Overview:

- The bill retains the *Build Now Act,* which ties Community Development Block Grant (CDBG) funding to local housing production. Under the framework, a portion of funding from CDBG recipients that don't meet certain housing performance thresholds would be redirected to "higher-performing" communities. The bill includes a three-year glide path (meaning this provision would not take effect until 2029) and a requirement that the U.S. Department of

Housing and Urban Development annually notify CDBG grantees of their eligibility and funding status. The final bill also includes a number of exemptions that are expected to narrow the pool of CDBG recipients affected by the *Build Now Act:*

  - An expanded emergency lookback, exempting any community that has been subject to a major disaster or emergency declaration in the preceding three years
  - Supply and demand exemptions, for communities that fall below specified housing or rental cost thresholds, or exceed the national median vacancy rate
  - Zoning exemptions for grantees with limited legal authority to influence zoning or land use in their community

- The bill raises banks' public welfare investment cap (PWI) from 15 percent to 20 percent of their total capital. The PWI cap restricts the amount a bank can invest in certain projects supporting low-income communities, to ensure banks remain solvent. However, many banks are approaching their 15 percent cap, limiting access to key housing finance tools such as Low-Income Housing Tax Credit (LIHTC). Raising the cap is expected to free up new private investment for affordable housing and community development projects.

- The RESIDE Act would help local governments convert abandoned or vacant properties into attainable housing (defined as 120% area median income or less). Funds may be used for construction, rehabilitation, demolition or health hazard remediation of abandoned or vacant properties.

- The bill streamlines environmental review by allowing HUD to designate certain assistance as "special projects" and delegate review responsibilities to states, local governments, and tribes. It also expands the use of categorical exclusions, expediting NEPA compliance for small and infill housing projects.

- The final bill establishes a $200 million Innovation Fund over 5 years to support communities that expand local housing supply. The fund will provide up to 25 grants, with a maximum award of $10 million each, to eligible entities pursuing reforms such as increasing by-right development, reducing or eliminating off-street parking requirements to lower construction costs, and adopting incentives to encourage higher-density development where needed.

- The Grants For Planning and Implementation Associated with Affordable Housing section authorizes a competitive grant program for five years for state, local, and tribal governments to, among other things, implement and administer housing strategies and housing plans; fund community investments that support goals identified in a housing strategy or housing plan; and implement and administer any plans to increase housing choice, address disparities in housing needs, and provide greater access to opportunity.

- The final bill adds new construction as an eligible use under HUD's CDBG program.

Sec.	Title	Description
201	Increasing Housing in Opportunity Zones	Enables the HUD Secretary to give added weight to applicants for competitive HUD grants that are located in, or primarily serve, designated Opportunity Zones to support housing preservation and construction.
202	Whole-Home Repairs Act	Authorizes a pilot program to offer grants and forgivable loans to eligible recipients to holistically address home repair needs and health hazards to stabilize aging housing stock.
203	Community Investment and Prosperity Act	Increases the Public Welfare Investment cap applicable to banks supervised by the Office of the Comptroller of the Currency and the Federal Reserve from 15% to 20%, which will enhance banks' capacity to make private investments in affordable housing.
204	Addition of Affordable Housing Construction as an Eligible Activity	Adds new construction as an eligible use under HUD's CDBG program.
205	BUILD Housing Act	Authorizes HUD to treat certain assistance as "special projects" to help simplify compliance with NEPA, enabling streamlined environmental review processes unless a different procedure is already required by law. It also expands authority for States, local governments, and tribes to assume

		environmental review responsibilities, such as evaluating potential environmental impacts of a project, determining the appropriate level of review, and ensuring compliance with related environmental laws, while limiting the changes to new funding and excluding projects that combine pre- and post-enactment funds.
206	Unlocking Housing Supply Through Streamlined and Modernized Reviews Act	Directs HUD to streamline NEPA reviews by classifying many routine housing activities as exempt, meaning non-physical activities like rental assistance and services will bypass review entirely, or categorically excluded, defined as low-impact projects like small rehabs, infrastructure, and limited new construction that will receive streamlined review. This section also limits these changes to new funding and requires HUD to report to Congress on whether the streamlined process reduces review times and administrative costs.
207	Grants For Planning and Implementation Associated with Affordable Housing	Creates a competitive grant program at HUD to help state, local, and tribal governments, as well as regional planning agencies, implement planning and community development activities. These activities include updating regulatory processes, increasing capacity to conduct inspections, and coordinating housing development with transportation planning.
208	Innovation Fund	Creates a $200 million annual competitive grant program for local governments and tribes that demonstrate measurable increases in housing supply, incentivizing reforms such as streamlined permitting, density bonuses, and zoning changes. The program sunsets after seven years.

209	Accelerating Home Building Act	Authorizes a competitive grant program to help communities establish pre-approved housing designs, or pattern books, to help streamline and expedite local construction processes and build more homes.
210	RESIDE Act	Authorizes a pilot program within the HOME Investment Partnerships Program to convert vacant and abandoned buildings into attainable housing.
211	Housing Affordability Act	Requires the Federal Housing Administration (FHA) to increase multifamily loan limits to better match housing market costs and enhance affordability.
212	Rental Assistance Demonstration Program	Lifts the cap on the Rental Assistance Demonstration (RAD) program and codifies tenant protections.
213	Build Now Act	Creates a pilot program to incentivize housing development of all kinds in certain Community Development Block Grant (CDBG) participating jurisdictions.

Title III—Manufactured Housing for America Overview:

- The PRICE Act provides federal grants to stabilize and preserve affordable manufactured housing communities.

Sec.	**Title**	**Description**
301	Housing Supply Expansion Act	Updates the federal definition of manufactured housing to include units not built on a permanent chassis to encourage innovation and expand naturally-occurring affordable housing. It also ensures that no energy efficiency standards for manufactured housing take legal effect until adopted by HUD.
302	Modular Housing Production Act	Requires FHA to assess barriers to FHA-insured lending for modular housing and directs the HUD Secretary to consider

		modifying the financing draw schedule to encourage modular housing construction.
303	Property Improvement and Manufactured Housing Loan Modernization Act	Updates mortgage lending standards for manufactured housing through FHA and expands access to financing for housing. The section also directs HUD to study the cost-effectiveness and long-term value of supporting housing finance for factory-built housing.
304	PRICE Act	Authorizes HUD's Preservation and Reinvestment Initiative for Community Enhancement (PRICE) Program to provide grants to communities to maintain, protect, and stabilize manufactured housing and manufactured housing communities.

Title IV—Accessing the American Dream Overview:

- Provisions to improve appraisal capacity, streamline inspections, and encourage lender participation seek to accelerate housing delivery and increase the supply of accessible units in local markets.

Sec.	**Title**	**Description**
401	Creating Incentives for Small Dollar Loan Originators	Requires the Consumer Financial Protection Bureau (CFPB) to issue a report to Congress studying the effect of various aspects of loan originator compensation on the availability of small dollar mortgage loans and to assess the barriers they pose to the availability of small-dollar mortgages to consumers. It also gives the CFPB the flexibility to amend rules to encourage small dollar loan origination.
402	Small Dollar Mortgage Points and Fees	Requires CFPB and the Federal Housing Finance Agency (FHFA) to evaluate the impact of existing regulations that limit the points and fees that lenders can charge on qualified mortgage loans, which vary by loan limit. Based on such evaluation, the provision directs CFPB to make any necessary

		regulatory changes to points and fees to help encourage additional lending for small-dollar mortgages.
403	Appraisal Industry Improvement Act	Helps bolster appraiser workforce capacity, including by allowing both licensed and credentialed appraisers to conduct appraisals for FHA-insured mortgage lending transactions.
404	Helping More Families Save Act	Authorizes a pilot program under HUD's Family Self-Sufficiency (FSS) initiative to promote economic mobility and homeownership by enabling more families to grow their household savings.
405	Choice in Affordable Housing Act	Reduces HUD inspection delays by allowing units that are financed through other federal housing programs to automatically satisfy voucher inspection requirements if inspected within the past year. Additionally, the bill permits new landlords to request pre-inspections to increase access to housing and encourage landlord participation.

Title V—Program Reform Overview:

- The bill raises the income eligibility for HOME projects, allowing entities to better address gaps in workforce-level housing. To reduce administrative barriers and streamline construction, it also exempts certain low-impact rehabilitation and infill projects from full National Environmental Policy Act (NEPA) environmental impact reviews. It also allows grantees that do not also receive CDBG entitlement funds to use HOME funds for housing-adjacent infrastructure. The bill directs the HUD Secretary to review and issue updated guidance to clarify the application of the Build America, Buy America Act on HOME-funded projects.

- The bill authorizes the Community Development Block Grant – Disaster Recovery (CDBG-DR) program for three years. Under current law, CDBG-DR does not have standing authorization or an annual budget and is, instead, appropriated on a case-by-case basis following qualifying disaster events. This often results in funding delays of a year or more, as Congress evaluates impacts and negotiates funding levels. With standing authorization for three years, impacted entities will be able to access funds and begin the process of rebuilding and restoring economic activity much sooner.

- It also introduces waivers to the 60 percent spending cap on emergency shelter beds and street outreach for counties receiving Emergency Solutions Grant. Local governments will be able to tailor homelessness interventions to local needs.

Sec.	Title	Description
501	HOME Investment Partnerships Reauthorization and Reform Act	Reforms and reauthorizes the HOME Investment Partnerships Program. It makes critical updates to improve program administration and facilitate the construction of more affordable housing.
502	Rural Housing Service Reform Act	Reforms the United States Department of Agriculture's (USDA) Rural Housing Service, including by decoupling rental assistance from maturing mortgages to preserve affordable housing in rural areas. This section will help preserve housing access for 400,000 rural families.
503	Incentivizing Local Solutions to Homelessness	Allows states and localities that receive Emergency Solutions Grant funding to request a waiver of the statutory 60 percent spending cap on emergency shelter beds and street outreach.
504	Reforming Disaster Recovery Act	Authorizes the Community Development Block Grant–Disaster Recovery (CDBG-DR) program for three years and establishes the Office of Disaster Management and Resiliency within HUD to administer the program.
505	New Moving to Work Cohort	Authorizes a Moving to Work expansion cohort with targeted flexibilities to improve program administration and tenant

		outcomes. The Secretary may add up to 25 public housing authorities to the new cohort.

Title VI—Veterans and Housing Overview:

- By adding a disclosure to the uniform residential loan form, excluding veterans' disability compensation from annual income calculations, and requiring FHA mortgage disclosures to include cost comparison information, these provisions aim to enhance transparency and access to housing resources for veterans.

Sec.	**Title**	**Description**
601	Military Service Question	Adds a disclosure to Fannie Mae and Freddie Mac's uniform residential loan application form to ensure that veterans are made aware of their home loan benefits through the Department of Veterans Affairs (VA), which may provide a more affordable lending option.
602	Housing Unhoused Disabled Veterans Act	Permanently excludes veterans' disability compensation from annual income calculations under the HUD-VASH program to help more homeless veterans access VA housing.
603	Veterans Affairs Loan Informed Disclosure (VALID) Act	Improves transparency for veteran homebuyers by requiring FHA mortgage disclosures to include cost comparison information to make veterans aware of their home loan benefits through the VA and help them compare those options to FHA financing.

Title VII—Oversight and Accountability Overview:

- These provisions aim to increase federal oversight, transparency, and interagency coordination across housing and homelessness programs.
- This Title includes requirements that federally backed mortgage lenders have a review and resolution procedure for consumer-initiated second appraisals or reconsiderations of value.

Sec.	Title	Description
701	Requiring Annual Testimony and Oversight from Housing Regulators	Requires the HUD Secretary to testify annually before Congress on the Department's operations, oversight activities, and program performance. Separately, it requires annual testimony on housing and community development from the heads of FHA, Ginnie Mae, USDA, FHFA, and the VA.
702	FHA Reporting Requirements on Safety and Soundness	Requires HUD to report monthly to Congress on the state of the statutorily required capital ratio of the Mutual Mortgage Insurance Fund, and to notify Congress if that ratio falls below statutorily required levels.
703	United States Interagency Council on Homelessness (USICH) Oversight	Requires USICH to provide an update on the status of the plan to reduce homelessness in its annual planning process and requires annual USICH Congressional testimony.[1]
704	Appraisal Modernization Act	Requires USDA, FHA, and FHFA to implement and maintain requirements that federally backed mortgage lenders have a review and resolution procedure for consumer-initiated second appraisals, or reconsiderations of value, when they believe there may be an issue with their appraised home value.

Title VIII—Accountability, Coordination, Studies, & Reporting Overview:

- By promoting interagency alignment and streamlining duplicative environmental reviews, the provisions aim to reduce administrative burden and accelerate project delivery.
- In addition, the bill imposes new oversight and disclosure requirements on public housing agencies (PHAs).

Sec.	Title	Description

[1] The administration actively moved to dismantle the U.S. Interagency Council on Homelessness (USICH), but its final legal and operational status is currently tied up in the federal courts. Erika Jones-Haskins currently serves as Director of Policy Initiatives and is the most senior official at the Council.

801	HUD-USDA-VA Interagency Coordination Act	Directs HUD, USDA, and the VA to identify areas for collaboration to streamline and improve housing program implementation.
802	Streamlining Rural Housing Act	Directs HUD and USDA to coordinate on joint environmental reviews for housing projects funded by both agencies.
803	Improving Self-Sufficiency of Families in HUD-Subsidized Housing	Directs HUD to conduct a study on the implementation of work requirements by public housing agencies, with an assessment of the challenges and benefits of work requirements on public housing agencies and families, including the effects on homelessness, poverty, asset building, job attainment, and public housing agency administrative capacity.
804	GAO Studies	Directs the Government Accountability Office (GAO) to identify any gaps in federal housing programs that exclude middle-income households and recommend a definition for "workforce housing" that policymakers can use going forward.
805	Improving Public Housing Agency Accountability	Subjects public housing agencies (PHAs) to additional disclosure and oversight requirements, including enhanced reporting requirements for PHAs that are in receivership or subject to a monitor. It also adds certain requirements for the HUD Inspector General as it relates to PHA oversight.

Title IX—Strengthening Community Banks' Role in Housing Overview:

- The bicameral bill includes 9 of 11 House-passed community banking provisions.
- The provisions seek to assist community banks in maintaining lower funding costs and expanding lending opportunities.

Sec.	Title	Description
901	Community Bank Deposit Access	Establishes that custodial deposits of an insured depository institution are not considered to be brokered deposits if the total amount does not exceed 20% of an institution's total liabilities and the institution has less than $10 billion in assets.
902	Keeping Deposits Local	Modifies the amount of reciprocal deposits of an insured depository institution that are not considered to be brokered deposits under a graduated scale based on an institution's total liabilities. The institution is also required to be well-capitalized and receive strong supervisory ratings from its regulators.
903	Tailored Regulatory Updates for Supervisory Testing	Raises the consolidated asset threshold from $3 billion to $6 billion for insured depository institutions to qualify for an 18-month examination cycle.
904	Credit Union Board Modernization	Amends the Federal Credit Union Act to revise the frequency of meetings that a federal credit union's board of directors is required to hold.
905	Systemic Risk Authority Transparency	Requires the GAO and appropriate Federal banking regulators to issue reports within specified timeframes when the Federal Deposit Insurance Corporation (FDIC) invokes the systemic risk exception, detailing causes of bank failures, regulatory actions, and any management or supervisory shortcomings.
906	Advancing the Mentor-Protégé Program for Small Financial Institutions	Directs the Department of the Treasury to establish a mentor-protégé program pairing large financial institutions with other depository institutions, with the goal of enhancing their capacity to serve customers and potentially act as financial agents.

907	American Access to Banking	Directs Federal banking and credit union regulators to streamline the de novo application process, reduce duplicative information requests, and review capital-raising restrictions, particularly for non-accredited investors.
908	Promoting New Bank Formation	Creates a two-year phase-in pilot for de novo financial institutions to meet Federal capital requirements.
909	Rural Depositories Revitalization Study	Requires Federal prudential regulators to jointly study ways to improve the growth, capital adequacy, and profitability of rural depository institutions and to identify regulatory barriers to these goals and to the formation of new depository institutions, with a report to Congress due within one year of enactment.

Title X—Home Ownership for Main Street America Overview:

- The bill addresses large institutional activity in the housing market, striking a compromise between the two chambers' prior provisions.
- "Large institutional investors" would be precluded from owning or exercising financial or fiduciary control over more than 350 single-family homes.
- While a prior version of the language paired a "build-to-rent" (BTR) exemption with a mandatory seven-year divestment requirement (plus a possible three-year tenant opt in), the final bill treats BTR as an "excepted purchase."

Sec.	**Title**	**Description**
1001	Homes Are For People, Not Corporations	Restricts the purchase of new single-family homes by large institutional investors that directly or indirectly own at least 350 single-family homes. Provides exemptions, including for activities like new construction, build-to-rent or renovate-to-rent programs, foreclosure-related acquisitions, and senior housing. It also establishes a renter

		outreach resource to help renters of homes owned by large institutional investors through landlord disputes.

Title XI—Central Bank Digital Currency Overview:

- The bill prohibits the Federal Reserve from creating a central bank digital currency (CBDC) through 2031. The ban will ensure the government does not issue a cryptocurrency that competes with stablecoins.

Sec.	Title	Description
1101	Central Bank Digital Currency	Pauses the Federal Reserve from issuing a central bank digital currency.