

Unpacking the 21st Century ROAD to Housing Act

Existing Program and Policy Reform Highlights

The 21st Century ROAD to Housing Act (the Act) makes numerous policy reforms and adjustments to already established federal affordable housing programs administered through the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture. This paper highlights key changes to existing HUD and USDA programs and policies.

Reforms to Housing Counseling and Financial Literacy Programs (Section 101):

Enables HUD to review the performance of HUD-certified housing counselors and housing agencies. If HUD determines a counselor fails to meet required standards, the counselor may be required to take continuing education and be re-certified. Counselors and counseling agencies found to be consistently out of compliance could lose certification or be denied participation in HUD's counseling assistance programs. Homeowners with mortgages insured by the Federal Housing Administration (FHA), USDA, or the U.S. Department of Veterans Affairs (VA) who are 30 or more days delinquent are to be offered foreclosure mitigation counseling. Counseling costs for those borrowers with FHA loans will be covered by FHA's Mutual Mortgage Insurance Fund as long as FHA determines that funding such counseling does not jeopardize the MMIF's financial health.

Exemption on Construction or Modification of Residential Housing Located on an Infill Site (Section 103): Exempts the construction or modification of residential housing financed with USDA Section 501, 502, 504, 515, 533, or 538 programs located on an infill site from environmental reviews under the National Environmental Policy Act of 1969.

Database of Publicly Owned Land (Section 104): Requires each Community Development Block Grant (CDBG) grantee 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. The requirement goes into effect on October 1, 2026.

Increasing Housing in Opportunity Zones (Section 201): Enables HUD to give added weight for competitive HUD grants to applicants that are located in or primarily serve designated Opportunity Zones to support housing preservation and construction.

Community Investment and Prosperity Act (Section 203): Increases from 15 percent to 20 percent the Public Welfare Investment (PWI) cap applicable to banks supervised by the Office of the Comptroller of the Currency (OCC) and the Federal Reserve (the Fed). Investments in the Low-Income Housing Tax Credit (Housing Credit) are PWI investments, thus this change allows banks to invest more than they could have prior to the Act's passage. The Act requires the OCC and the Fed to each submit a report to the House

Financial Services Committee and Senate Banking Committee about the public welfare investments made by their member banks in the two preceding calendar years.

Addition of Affordable Housing Construction as an Eligible Activity (Section 204): Adds new construction as an eligible use under HUD’s CDBG program. New construction may not exceed 20 percent of any individual grantee’s annual CDBG allocation. The provision is applicable to funds appropriated after the Act’s enactment.

Revitalizing Empty Structures into Desirable Environments (RESIDE) Act (Section 210): Creates a new set-aside with the HOME Investment Partnerships Program (HOME) for the conversion of vacant and abandoned buildings for affordable housing. For more information, see NCSHA’s white paper on the [reforms to the HOME program in the 21st Century ROAD to Housing Act](#).

Increasing FHA Multifamily Loan Limits (Section 211): Increases the loan limit for FHA-insured multifamily mortgages, the first statutory increase since 2003. It also changes the inflation index used to adjust the FHA multifamily loan limits from the Consumer Price Index to the Census Bureau’s Price Deflator Index of Multifamily Residential Units Under Construction.

Rental Assistance Demonstration Program Expansion (Section 212): Increases the cap for the Rental Assistance Demonstration (RAD) program by 100,000 units. The Act also replaces the statutory expiration deadline for RAD, which had been September 30, 2029, with indefinite authorization. With the addition of the 100,000 units by the Act, the limit on units eligible for RAD is increased from 455,000 to 555,000. The Act also codifies tenant protections by implementing adoption of a mandatory tenant lease and management plan addendum for covered properties. Lastly, it requires HUD to annually assess and publish findings regarding the impact of the conversion under RAD component one, the amount of private-sector funds leveraged, the prevalence of pre-conversion residents remaining in or returning to the property after conversion, and the conversion’s effect on tenants.

Build Now Act (Section 213): Creates a pilot program to incentivize housing development of all types in certain CDBG participating jurisdictions. While characterized as a pilot program and implemented on a temporary basis, this is really a policy change to adjust localities’ CDBG grant amounts up or down based on their “housing growth improvement rate” as a mechanism for incentivizing certain policy actions, mostly related to zoning. The change does not apply to state-level CDBG grantees. Implementation takes effect at the third full fiscal year after the Act’s enactment date and remains in effect through fiscal year (FY) 2043.

Housing Supply Expansion Act (Section 301): 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 no energy efficiency standards for manufactured housing take legal effect until adopted by HUD.

HUD has up to one year after the Act's enactment to adopt minimum energy efficiency standards for manufactured homes and must update those standards at least once every three years.

Modular Home Construction (Section 302): Directs FHA to assess its construction financing programs to identify barriers to the development of modular homes and initiate a rulemaking to examine an alternative draw schedule for construction financing loans provided to modular and manufactured home developers. It would also allow HUD to award a grant to study the design and feasibility of a standardized uniform commercial code for modular homes.

Higher Loan Limits for FHA Manufactured and Home Improvement Loans (Section 303): Increases loan limits for FHA Title 1 home improvement loans and manufactured home purchase loans. Allows these loans to be used to fund the construction of accessory dwelling units. Authorizes FHA to index home improvement loan limits to inflation and to adopt new metrics for setting limits for manufactured home purchase loans.

Property Improvement and Manufactured Housing Loan Modernization Act (Section 303): 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.

Updated Appraiser Standards (Section 403): Takes several steps to increase the availability of home appraisals, including allowing state-licensed appraisers to conduct FHA-appraisals even if they are not specifically approved by FHA. FHA would have 240 days to publish a mortgagee letter implementing this change. Also establishes grants to support appraisal workforce development.

Helping More Families Save Act (Section 404): Authorizes a pilot program under HUD's Family Self-Sufficiency (FSS) initiative to promote economic mobility by enabling more families to grow their household savings. Unlike the underlying FSS program, families residing in participating properties automatically would be enrolled and would need to opt-out if they do not wish to participate (typically, FSS participants must opt-in.) Participants in the pilot also do not need to sign a legally binding contract of participation. Under the pilot, there will be an automatic mechanism through which the difference in rent caused by increased income is automatically captured in a savings account with simplified withdrawal requirements, rather than a requirement for the participant to fulfill their contract and graduate from the program before accessing the savings. Lastly, the pilot, unlike underlying FSS, does not rely on HUD-funded FSS coordinators to act as caseworkers, instead allowing private owners and public housing authorities (PHAs) to establish and calculate the interest-bearing escrow accounts using standard HUD income recertification data.

Choice in Affordable Housing Act (Section 405): Reduces HUD inspection delays by allowing units financed through other federal housing programs to automatically satisfy voucher inspection requirements if inspected within the past year. Units in developments financed with the Housing Credit, HOME, and/or Rural Housing Service (RHS) programs for which an inspection occurred within the preceding 12-month period are automatically deemed to meet the inspection requirements of the voucher program. Also allows remote or video inspections for units in rural or small areas. Additionally, the Act permits new landlords to request pre-inspections.

HOME Investment Partnerships Reauthorization and Reform Act (Section 501): For more information, see NCSHA's white paper on the [reforms to the HOME program in the 21st Century ROAD to Housing Act](#).

Rural Housing Service Reform Act (Section 502): Enables USDA to permanently decouple rental assistance for RHS multifamily properties with expiring mortgages, preserving affordability for units that otherwise would have lost rental assistance eligibility. Allows USDA to devote appropriated funding to increase RHS staff capacity and upgrade information technology used to process and manage housing loans. Permanently authorizes the Multifamily Housing Preservation and Revitalization pilot program, designed to preserve properties financed with Section 514, 515, or 516 loans. Requires USDA to provide yearly notice to Section 514, 515, or 516 property owners with mortgages that will mature within four years and provide owners with a loan restructuring proposal to keep the projects within USDA's portfolio. Establishes the Rural Community Development Initiative, which is a grant program, subject to appropriations, that would provide financial and technical assistance to entities dedicated to improving housing, community facilities, and community and economic development projects in rural areas. Modernizes USDA single-family loan programs by extending loan terms, updating borrower protections, and enabling greater flexibility for loan assumptions.

Incentivizing Local Solutions to Homelessness (Section 503): 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. Waivers will be allowed from FY 2027 to 2030.

New Moving to Work Cohort (Section 505): Authorizes a Moving to Work (MTW) expansion cohort with targeted flexibilities to improve program administration and tenant outcomes. The provision allows HUD to add a new MTW cohort of up to 25 additional PHAs. Those PHAs must be designated as high-performing agencies. Allows PHAs in this cohort to spend up to five percent of their funds for purposes other than housing assistance payments.

Housing Unhoused Disabled Veterans Act (Section 602): Permanently excludes veterans' disability compensation from annual income calculations under the HUD-Veterans Affairs Supportive Housing (HUD-VASH) Program to help more homeless veterans access VA

housing with HUD rental assistance. It is unclear as of this writing whether this change will necessitate updates to income calculation requirements under HUD's implementation of the Housing Opportunities Through Modernization Act.

VA Home Loan Program Disclosures (Section 603): Requires FHA mortgage disclosures to include cost comparison information to make veterans aware of their home loan benefits through the VA to help them compare those options to FHA financing.

Appraisal Review Processes for Federal Mortgage Program Lenders (Section 704): Requires FHA, USDA, and VA mortgage disclosures to ensure approved lenders have in place a review and resolution process for consumer disputes regarding home appraisers.

HUD-USDA-VA Interagency Coordination Act (Section 801): Directs HUD, USDA, and VA to establish an interagency agreement to share relevant housing-related research and market data to facilitate evidence-based policymaking. Within 180 days of enactment, the agencies must issue a report to Congress describing the opportunities they have identified, a list of federal laws and regulations that adversely impact the construction of new multifamily and single-family housing, and recommendations for Congress to improve those laws and regulations. The report is to be published in the Federal Register and open to public comment.

Streamlining Rural Housing Act (Section 802): Directs HUD and USDA to coordinate on joint environmental reviews for housing projects funded by both agencies. The agencies must enter a memorandum of understanding within 180 days of the Act's enactment.

Improving Public Housing Agency Accountability (Section 805): Subjects PHAs to additional disclosure and oversight requirements, including enhanced reporting requirements for PHAs in receivership or subject to a monitor. It also adds certain requirements for the HUD Inspector General as it relates to PHA oversight.

About This Series

Unpacking the 21st Century ROAD to Housing Act

The 21st Century ROAD to Housing Act is the most comprehensive overhaul of America's affordable housing programs in decades, ushering in policy changes to existing affordable housing programs, establishing new temporary pilot programs and policies, and mandating new research and reporting to better inform housing policy in the future. This white paper is one in a series of policy briefs published by NCSHA in July 2026 analyzing the housing reforms enacted by the legislation.

About NCSHA

For more than 50 years, state Housing Finance Agencies (HFAs) have played a central role in the nation's affordable housing system, delivering financing to make possible the purchase, development, and rehabilitation of affordable homes and rental apartments for low- and middle-income households.

The National Council of State Housing Agencies (NCSHA) is a nonprofit, nonpartisan organization created to advance, through advocacy and education, the efforts of the nation's state HFAs and their partners to provide affordable housing to those who need it.

Learn more at ncsha.org.