NCSHA National Council of State Housing Agencies

Unpacking the 21st Century ROAD to Housing Act

Reforms to Streamline Environmental Reviews

The 21st Century ROAD to Housing Act enacts numerous reforms to environmental review requirements under the National Environmental Policy Act (NEPA) with the goal of increasing efficacy and streamlining rules to remove barriers to housing.

Exemption on Construction or Modification of Residential Housing Located on an Infill Site (Section 103): Exempts most Rural Housing Service-funded projects from NEPA requirements related to the construction or modification of residential housing located on an infill site. The exemption is provided for housing financed under Sections 501, 502, 504, 515, 533, and 538 of the Housing Act of 1949. The Act requires the U.S. Department of Agriculture (USDA) to submit a report to the House Financial Services Committee and Senate Banking Committee evaluating the policy change within five years of the Act's enactment.

Better Use of Intergovernmental and Local Development (BUILD) Housing Act (Section 205): Cuts red tape around environmental reviews, empowering state, local, and tribal governments to streamline reviews and increase housing development. Specifically, the Act allows HUD to designate certain housing assistance as "special projects" to simplify compliance with NEPA and allows HUD to delegate and coordinate certain housing reviews to states and localities.

Unlocking Housing Supply Through Streamlined and Modernized Reviews Act (Section 206): Right-sizes NEPA review for small-scale and infill housing projects to simplify the review process and get projects to construction faster. Specifically, the Act simplifies compliance with NEPA for the acquisition or repair of public facilities, such as water or sewer lines and curbs or sidewalks; new construction or rehabilitation of unit residential buildings and related infrastructure of one- to four-unit buildings; acquisition, disposition, or equity loans on an existing structure or acquisition of vacant land; acquisition of certain open spaces or residential property; conversion of existing office buildings to residential development; new construction, development, demolition, acquisition, or disposition of properties with five or more units (details differ based on number of units and placement of units); infill projects; and acquisition of properties in a floodway/floodplain or other areas designated to have been impacted by certain environmental threats. Further, the Act recategorizes as fully "exempt activities" from environmental review requirements tenant-based rental assistance; supportive services; operating costs; economic development activities; activities to assist home buyers purchase an existing home or a home under construction; predevelopment costs; approval of supplemental assistance, such as insurance; and emergency assistance to homeowners or renters for the repair or replacement of HVAC, hot water heaters, and other necessary utilities. These changes apply only to funds appropriated after the Act's enactment.

HOME Investment Partnerships Reauthorization and Reform Act (Section 501): This section includes a categorical exclusion of certain activities carried out with HOME funds from the NEPA environmental review. These activities are new construction infill housing projects, acquisition of real property for affordable housing purposes, rehabilitation projects, and new construction of projects with 15 or fewer units. The Act also provides that, to the extent practical and permitted by law, properties that have undergone an environmental review are not subject to a duplicative environmental review solely because of the addition, substitution, or reallocation of other federal assistance so long as the project's scope, scale, and location are unchanged since the previous review. Lastly, developments need to go through only a single environmental review if they receive funding from two separate entities.

Streamlining Rural Housing Act (Section 802): Directs HUD and USDA to coordinate by establishing a joint environmental review framework for housing projects funded by both agencies. The departments would need to enter into a memorandum of understanding within 180 days of the Act's enactment to evaluate categorical exclusions, develop a process for streamlining adoption of environmental impact statements and environmental assessments approved by the other department, and evaluate the feasibility of a joint physical inspection process for jointly funded properties. The Act also calls on the agencies to submit a report to the House Financial Services Committee and Senate Banking Committee within a year of enactment with recommendations for legislative, regulatory, or administrative actions to further improve efficiency and effectiveness of programs.

About This Series

Unpacking the 21*st* 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.