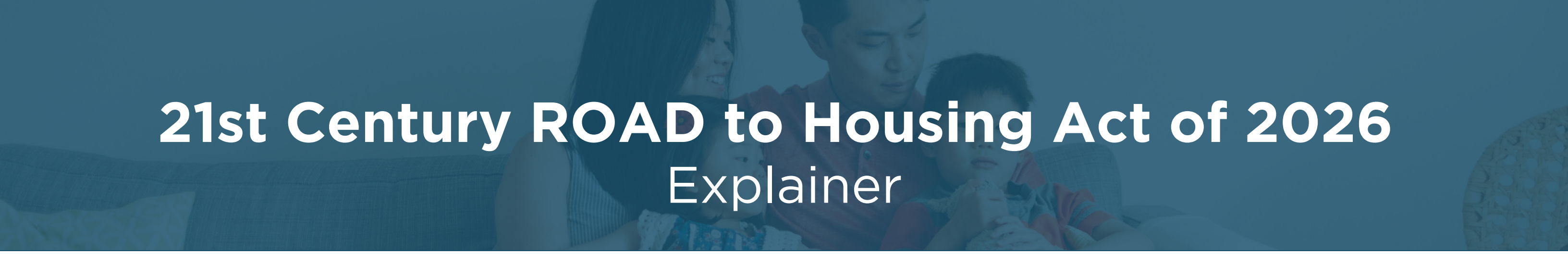

21st Century ROAD to Housing Act of 2026

Explainer

Background

The **‘21st Century ROAD [Renewing Opportunity in the American Dream] to Housing Act’ [H.R. 6644]** is comprehensive housing legislation aimed at addressing the national shortage of affordable housing supply. It contains more than 50 provisions focused on streamlining regulations and operations and modernizing federal programs that impact housing. It includes modifications to existing programs and operations, the establishment of pilot programs, and state and local reforms, supported by federal guidance and incentives, to address affordability challenges and housing supply. While it does not provide significant levels of additional funding to support the creation of new affordable housing at scale, some of the pilot programs do have funding attached to them.

Key Policy Takeaways

Federal Incentives to Encourage State and Local Reforms that Increase Housing Options and Supply. The bill creates and expands programs that reward local governments for streamlining permitting processes and high-density zoning. The legislation contains a provision that would require communities receiving funding under the CDBG program to provide plans that would reform local zoning policies to encourage the construction of duplexes and triplexes rather than single-family homes, permit the conversion of offices to apartments and homes to multifamily units, and allow accessory dwelling units (ADUs) on lots with single-family homes. It would allow up to 20% of grant dollars to be used for the construction of new affordable housing. Alternative or multifamily housing, such as ADUs, would also be boosted by funding pre-approved designs and allowing FHA-insured loans to be used to construct this type of housing

The bill also includes a controversial provision that would allocate more funding to CDBG recipients for increasing their housing production while reducing funding awards to recipients with less robust production (the ‘Build Now Act’). The size of the funding reduction, however, was scaled down compared to earlier versions of the legislation.

Support for Rental Housing. The primary focus of the legislation is to increase overall housing supply by streamlining regulations and advancing local and state reforms through federal incentives for both homeownership and rental supply. It supports the Housing Choice Voucher (HCV) program by reducing inspection delays for HCV properties financed through programs such as the Low-Income Housing Tax Credit (LIHTC), HOME, and the USDA. The Rental Assistance Demonstration Program (RAD), which allows public housing to be converted to other forms of subsidized housing, particularly Section 8-supported, is made permanent. It also increases the amount of public housing that can be converted by 100,000 units (from 455,000 to 550,000), as well as adding tenant protections and additional oversight measures.

Projects Financed with LIHTC and the HOME Investment Partnership Program. LIHTC-funded housing projects could benefit from the legislation through zoning and land-use reforms that support increased rental supply, rather than through modifications to the program itself. This includes a provision to raise the “public welfare investment” cap for financial institutions from 15% to 20%, allowing banks to deploy more equity capital into LIHTC projects. The bill would permanently reauthorize the HOME Investment Partnership Program, the largest federal grant program for the creation of low-income housing. This could also benefit LIHTC housing, as HOME is often paired with LIHTC development to provide gap financing and more targeted investments.

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Efforts to Preserve Existing Affordable Housing Stock. The bill contains a section (the 'Whole-Home Repairs' Act) that would create a pilot program that provides funding to support the preservation of existing affordable housing. It would help smaller landlords and low-income homeowners repair, weatherize, and improve the safety and energy efficiency of their housing to keep existing housing stocks from deteriorating, including naturally occurring affordable housing (NOAH), which is often less costly than new housing. Furthermore, it would help stabilize neighborhoods and reduce displacement.

Support for Opportunity Zones (OZs). The legislation would give scoring advantages or added weight to applicants of competitive grant programs that outline plans to construct, rehabilitate, or preserve housing in OZs, or that largely serve residents of these Zones. While the effectiveness of this program is subject to debate, OZs will remain a focus for greater revitalization and investment over the next decade.

Impact on Smaller, Minority-Led or Minority-Serving Community-Based Development Organizations (CBDOs). The focus on scale and speed of production, streamlined approvals, and competitive grantmaking tends to favor larger, more established housing developers that have strong relationships with mainstream banking institutions. Community-based, smaller-scale development organizations that focus on more historically under-resourced populations often have less administrative capacity, less robust balance sheets, and fewer well-established relationships with traditional banks. While some provisions in the bill recognize the importance of permanent affordability and anti-displacement efforts, these are presented as guidance rather than mandates. It will be important to identify opportunities at the state and local level to support smaller developers as the legislation is implemented.

Housing Counseling Performance Penalties. The bill contains a provision requiring certified housing counselors who provide pre-purchase housing counseling to undergo further education or testing if they have 'default rates' that are higher than those of counselors in 'comparable markets,' which could eventually lead to temporary suspension of certification if no performance improvements are made. It also adds a requirement that borrowers who become 30 days delinquent on certain federally backed mortgages be given an opportunity to receive foreclosure mitigation counseling. **National CAPACD has concerns about the penalty provision due to its overreliance on default rates to gauge performance.**

Short-Term Authorization for Community Development Block Grant-Disaster Recovery (CDBG-DR) Program. The CDBG-DR program provides resources and funding to help communities with long-term disaster recovery. The bill authorizes the program for the next three years and standardizes many rules and procedures, which would make the program more stable and predictable and could accelerate recovery efforts. **National CAPACD supports permanent authorization of the CDBG-DR program, but thinks the three-year endorsement period is a step in the right direction.**

Restriction on Ownership of Single-Family Homes by Large Institutional Investors and Hotline for Tenants. The bill prohibits large investors who own 350 or more single-family homes from purchasing additional existing single-family properties. Investors are allowed to develop or acquire newly constructed homes, and the bill removes a provision contained in an earlier version of the legislation that required investors to sell newly constructed or renovated rental properties after 7 years (‘build-to-rent’ development). It also creates a hotline and a complaint database to report and help resolve disputes between tenants and large-investor landlords.

Policies Related to Community Banking. The legislation includes provisions related to the formation and oversight of community banks, credit unions, and other mission-driven institutions, such as Community Development Financial Institutions (CDFIs). These are primarily focused on streamlining applications for new entities and on additional deregulatory reforms for smaller institutions.