



UNITED STATES HOUSE COMMITTEE ON
FINANCIAL SERVICES
CHAIRMAN FRENCH HILL

Section-by-Section: THE 21ST CENTURY ROAD TO HOUSING ACT

The *21st Century ROAD to Housing Act* streamlines housing production and affordability by updating outdated programs, removing unnecessary federal requirements, increasing local flexibility, and allowing banks to more freely deploy funding.

TITLE I—OPPORTUNITIES FOR HOUSING

Section 101: Section 101 requires that organizations receiving federal funding to provide housing counseling and advice to tenants and homeowners are subject to periodic on-site reviews and performance reviews by the Department of Housing and Urban Development (HUD). The section also requires HUD to subject poorly performing housing counselors to continued education training requirements, suspensions, or the termination of federal assistance.

Section 102: Section 102 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.

Section 103: Section 103 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.

Section 104: Section 104 requires Community Development Block Grant (CDBG) grantees to maintain a publicly accessible, searchable database identifying undeveloped land owned by the jurisdiction.

Section 105: Section 105 authorizes a HUD pilot program to increase access to small-dollar mortgages with original principal balances of \$100,000 or less which sunsets four years after the date the pilot program is established.

Section 106: Section 106 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. Authorization for the pilot expires in three years.

Section 107: Section 107 directs HUD to publish voluntary guidelines and best practices states and localities could look at as a model in considering how to modernize their own local zoning frameworks.

TITLE II—BUILDING MORE IN AMERICA

Section 201: Section 201 enables the HUD Secretary to give added weight to applicants for competitive HUD grants that are in, or primarily serve, designated Opportunity Zones to support housing preservation and construction.

Section 202: Section 202 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.

Section 203: Section 203 allows the Comptroller of the Currency and the Board of Governors of the Federal Reserve System to increase from 15% to 20% the aggregate amount of investments that a national banking association and a state member bank may make to promote the public welfare.

Section 204: Section 204 allows an additional eligible use of CDBG funds for affordable housing construction, enabling communities to direct up to 20% of their CDBG resources toward increasing their local housing supply.

Section 205: Section 205 authorizes HUD to designate certain federally assisted housing activities as a “special project” for purposes of NEPA allowing those activities to proceed under a streamlined local environmental review.

Section 206: Section 206 requires HUD to reclassify what housing-related activities are exempt from requirements under NEPA. This provision classifies certain housing-related activities as NEPA “exempt activities,” including tenant-based rental assistance, supportive services, and operating costs. It also classifies other housing-related activities that do not materially alter environmental conditions and do not materially exceed the original scope of the project as NEPA “categorical exclusions,” including the acquisition, new construction, improvement, or rehabilitation of residential buildings, public facilities, and infill and certain other projects.

Section 207: Section 207 establishes a HUD pilot program to issue competitive grants to assist state, local, and tribal governments with implementing regional housing planning and community development activities, which sunsets in seven years.

Section 208: Section 208 authorizes a program to offer highly flexible funding for communities that are building more housing supply which sunsets in five years.

Section 209: Section 209 authorizes HUD to award grants to eligible entities to establish “pattern books” of pre-reviewed designs to make it easier to build homes that are always local building code compliant. Doing so would help streamline and expedite local construction processes and build more homes.

Section 210: Section 210 authorizes a pilot program within the HOME Investment Partnerships (HOME) program to convert vacant and abandoned buildings into attainable housing.

Section 211: Section 211 updates the statutory maximum loan limits for Federal Housing Administration (FHA) mortgage insurance for residential multifamily construction to reflect current costs and provides for the use of an inflation adjustment formula more appropriate to housing construction costs for setting those limits going forward.

TITLE III—MANUFACTURED HOUSING FOR AMERICA

Section 301: Section 301 amends the federal definition of “manufactured home” to allow housing built with or without a permanent chassis. It also requires updated standards and state certifications so manufactured homes without a chassis are treated on par with traditional HUD-code homes for financing, sale, installation, and title. This section also establishes HUD as the primary federal authority for approving any manufactured home construction or safety standard, including standards relating to a manufactured home’s construction, design, energy efficiency, and performance.

Section 302: Section 302 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.

Section 303: 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.

TITLE IV—ACCESSING THE AMERICAN DREAM

Section 401: Section 401 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.

Section 402: Section 402 requires the CFPB, in consultation with HUD 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.

Section 403: Section 403 helps bolster appraiser workforce capacity, including by allowing both licensed and credentialed appraisers to conduct appraisals for FHA-insured mortgage lending transactions.

Section 404: Section 404 establishes a HUD pilot program allowing up to 5,000 families assisted under Section 8 or Section 9 of the *U.S. Housing Act of 1937* to be enrolled in an opt-out escrow savings program that deposits increases in rent due to income growth into an interest-bearing account on their behalf. Authorization for the pilot program expires in ten years.

Section 405: Section 405 allows housing units that are financed through certain existing federal housing programs to automatically satisfy the inspection requirements of HUD's Section 8 Tenant Based Voucher program if they have been inspected within the prior year.

TITLE V—PROGRAM REFORM

Section 501: Section 501 modernizes HUD's HOME program to align with current housing market conditions and development practices. The reforms expand eligibility to workforce-income households, update outdated program limits and community allocations, expand existing tenant protections, and allow participating jurisdictions greater flexibility to use HOME funds for housing-related infrastructure. This section also streamlines federal requirements by exempting small-scale projects from environmental mandates that frequently delay modest infill, rehabilitation, and construction. Additionally, it extends the timeframe for jurisdictions to commit funds and remove statutory constraints that limit local decision-making.

Section 502: Section 502 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.

Section 503: Section 503 allows states and localities that receive HUD Emergency Solutions Grant funding to request a waiver of the statutory 60% spending cap on emergency shelter beds and street outreach.

TITLE VI—VETERAN AND HOUSING

Section 601: Section 601 requires the Uniform Residential Loan Application used by most mortgage lenders to include a disclosure informing military veterans that they may be eligible for a Department of Veterans Affairs (VA) home loan.

Section 602: Section 602 requires HUD to exclude a veteran's disability benefits from HUD's calculation of income to determine eligibility for its HUD-Veterans Affairs Supportive Housing (VASH) program. It also requires HUD to exclude such benefits from the calculation of income eligibility for any similar future HUD veteran assistance program.

TITLE VII—OVERSIGHT AND ACCOUNTABILITY

Section 701: Section 701 requires the HUD Secretary to testify before Congress on an annual basis regarding the Department’s operations, oversight activities, and program performance.

Section 702: Section 702 requires HUD to report monthly to Congress on the state of the statutorily required capital ratio of the FHA’s Mutual Mortgage Insurance Fund, and to notify Congress if that ratio falls below statutorily required levels.

Section 703: Section 703 requires the United States Interagency Council on Homelessness (USICH) to provide an update on the status of the plan to reduce homelessness in its annual planning process and provide annual USICH Congressional testimony, if requested.

Section 704: Section 704 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, AND REPORTING

Section 801: Section 801 directs HUD, USDA, and VA to identify areas for collaboration to streamline and improve housing program implementation.

Section 802: Section 802 directs HUD and USDA to coordinate on joint environmental reviews for housing projects funded by both agencies.

Section 803: Section 803 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.

Section 804: Section 804 directs the Government Accountability Office (GAO) to study identifying any gaps in federal housing programs that exclude middle-income households and recommend a definition for “workforce housing” that policymakers can use going forward. It also directs GAO to study options to remove barriers and improve housing for elderly and disabled residents under HUD programs, including evaluating the potential impacts of providing capital support, strengthening accessibility standards, expanding service coordination, and improving program alignment across federal housing initiatives. Further, this section directs GAO to identify the number of residential dwelling units, including public housing units, located within one mile of Environmental Protection Agency–designated Superfund sites and to report those findings to Congress. Lastly, this section directs GAO to establish a comprehensive definition of residential “heirs property,” increase awareness of the range of tools available to owners of heirs properties, and make recommendations on how to assist owners of heirs properties.

Section 805: Section 805 requires HUD to mandate that public housing agencies (PHAs) publicly disclose information regarding each contract they enter into and ensure that such agreements are made available online for public viewing. It requires troubled PHAs currently subject to the oversight of a receiver or federal monitor to provide annual notice to HUD regarding the status. It also requires each receiver or federal monitor of troubled PHA to provide an annual written assessment of the status of their work to Congress, as well as require each receiver or federal monitor to provide additional information (including through congressional testimony) regarding updates on their work upon request by the House Committee on Financial Services or Senate Committee on Banking, Housing, and Urban Affairs. The section further requires each troubled PHA to publicly disclose on their website information regarding any new contract that the PHA enters into while subject to a receiver or federal monitor. It also requires, upon request by the House Committee on Financial Services or Senate Committee on Banking, Housing, and Urban Affairs, the HUD Inspector General to issue a report on the compliance of a troubled PHA with the terms of its receivership or federal monitorship and assess the physical condition of the housing it operates, with recommendations on how to improve a PHA's compliance or enhance oversight of that troubled PHA.

TITLE IX—STRENGTHENING COMMUNITY BANKS' ROLE IN HOUSING

Section 901: Section 901 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.

Section 902: Section 902 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.

Section 903: Section 903 raises the consolidated asset threshold from \$3 billion to \$6 billion for insured depository institutions to qualify for an 18-month examination cycle.

Section 904: Section 904 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.

Section 905: Section 905 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.

Section 906: Section 906 amends the *Federal Deposit Insurance Act* to modify the least cost resolution mandate to provide the FDIC with the discretion to approve a bid for a failed or failing bank other than the absolute least cost bid, provided certain conditions and guardrails are met.

Section 907: Section 907 amends the *Federal Deposit Insurance Act* and the *Bank Holding Company Act of 1956* to restrict the circumstances under which a Federal banking agency can waive the 10% concentration limits on deposits and liabilities for banking organizations and financial companies when they acquire failed insured depository institutions.

Section 908: Section 908 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.

Section 909: Section 909 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.

Section 910: Section 910 creates a two-year phase-in pilot for de novo financial institutions to meet Federal capital requirements.

Section 911: Section 911 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.

Section 912: Section 912 amends the *Federal Reserve Act* to reduce the total amount of discretionary surplus funds that may be held at Federal Reserve banks.

TITLE X—HOME-OWNERSHIP FOR MAIN STREET AMERICA

Section 1001: Section 1001 prohibits large institutional investors from purchasing certain single-family homes to promote homeownership opportunities for American families, not corporations.

TITLE XI—CENTRAL BANK DIGITAL CURRENCY

Section 1101: Section 1101 prohibits the Federal Reserve from issuing a central bank digital currency until December 31, 2030 and includes a Rule of Construction that clarifies this section does not allow the Federal Reserve to issue a central bank digital currency or any digital asset that is substantially similar to a central bank digital currency directly or indirectly absent authorization by an Act of Congress.

TITLE XII—MISCELLANEOUS

Section 1201: Section 1201 provides a severability clause for the legislation.

Section 1202: Section 1202 ensures that certain legislative requirements are met.