



The 21st Century ROAD to Housing Act

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Southern Economic Advancement Project

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OVERVIEW

The 21st Century ROAD to Housing Act (Public Law 119-101) is a bipartisan federal housing law enacted on July 11, 2026. It spans 12 titles and incorporates provisions from more than 60 previously introduced bills (HousingWire, 2026). Its stated goal is to boost housing supply by unlocking private capital, updating federal grant programs, and streamlining regulatory barriers to construction (NLC, 2026). The bill's theory of change is that increasing supply through regulatory reform will help ease the national housing crisis.

A POLICY BILL, NOT A FUNDING BILL

Congress passed an authorizing bill that approved the regulatory and implementation framework. However, it did not approve new funding for the 21st Century ROAD to Housing Act. But now that the bill has been enacted, Congress can fund these new programs through the appropriations process. As of October 2026, full-year FY2027 appropriations for HUD have not been enacted, and a continuing resolution runs through December 11, 2026 (CRS, 2026).

Takeaway: The Road to Housing Act is budget-neutral by design: the Act authorizes new programs but does not appropriate new spending to fund them (Sec. 1202). Congress needs to fund the grant programs AND HUD to ensure the agency has the proper capacity to implement programming and regulatory reforms. And the agency has experienced significant staffing reductions since January 2025, reportedly at least 30 percent of its workforce by April 2025 (LeadingAge NY, 2025). The House FY2027 THUD bill also proposes funding HOME at \$500 million, \$750 million below FY2026 (NAHRO, 2026).



WHAT'S IN THE BILL: FUNDING PROVISIONS

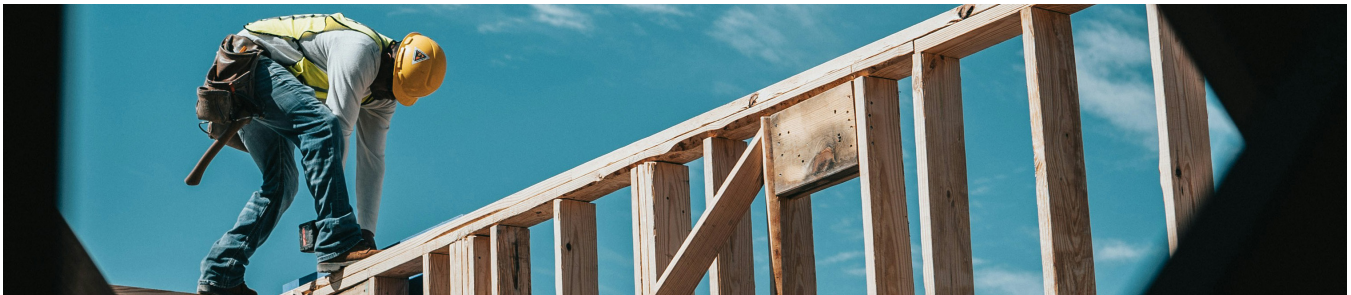
Changes to Community Development Block Grant (CDBG):

- **New Construction (Sec. 204):** CDBG funding can now be used for new affordable housing construction, not only for the maintenance, repair, and rehabilitation of existing housing. New construction is capped at 20 percent of a recipient's allocation and applies only to funds appropriated after enactment.
- **Annual CDBG Funding for Entitlement Jurisdictions tied to housing production (Build Now Act, Sec. 213):** Localities will receive bonuses or reductions in funding based on their five-year housing growth relative to the national median. Reductions fund the bonuses, so the provision reallocates existing dollars rather than adding new ones. Safeguards include a two-year grace period and exemptions for disaster-affected jurisdictions and those restricted by state law (NLC, 2026). This provision applies only to entitlement communities.
- **CDBG-DR (Disaster Recovery, Sec. 504):** Disaster recovery funding has previously been authorized ad hoc through supplemental appropriations after a major disaster. The Act authorizes CDBG-DR for three years and creates a new Office of Disaster Management and Resiliency within HUD. The authorization is currently scheduled to sunset in 2029 without further Congressional action.

The following new competitive grant programs Congress must appropriate funding for, the earliest possible being FY2027. Congress could choose to fund some, none, or all:

- **Innovation Fund (Sec. 208):** a competitive grant program that can support housing construction and rehabilitation as well as housing-adjacent infrastructure, including water and sewer. Currently authorized at \$200 million per year (adjusted for inflation) for FY2027 through FY2031, but needs appropriation to secure funding. Local governments and tribes are eligible, and awards go to those that demonstrate measurable increases in housing supply, so communities that have already reformed permitting, density, and zoning are best positioned to compete.
- **RESIDE (Revitalizing Empty Structures into Desirable Environments) Act (Sec. 210):** a pilot program within the HOME Investment Partnerships Program to support converting vacant and abandoned buildings into affordable housing. HUD may run the pilot from FY2027 through FY2031 if funding is appropriated.

- **Pattern Book/Pre-Approved Design grants (Accelerating Home Building Act, Sec. 209):** this program targets local permitting delays by helping communities develop sets of construction plans a local government can assess and approve in advance. Builders can use these designs to move through permitting faster and with less uncertainty. The law sets no dollar authorization, so funding depends entirely on appropriations, and at least 10 percent is reserved for rural areas.
- **Whole-Home Repair pilot (Sec. 202):** would fund state, local, and tribal home repair programs. Grants can be administered directly or through subrecipients like local housing agencies or nonprofits. Expands qualified expenses for structural deficiencies, health hazards and deferred maintenance not covered by other federal home repair programs. The pilot is small, with 2 to 10 implementing organizations and no more than one per state, and it ends October 1, 2031.



WHAT'S IN THE BILL: POLICY AND REGULATIONS

Note that this analysis contains the provisions SEAP believes are most important for housing advocates to understand rather than a comprehensive analysis of the entirety of the bill.

Zoning As An Incentive, Not Preempted

By design, the ROAD Act does not preempt state or local zoning, but directs HUD to develop new resources to incentivize local land-use reform. HUD shall publish “best practice” zoning and land-use frameworks (Sec. 107) within two years and finalize them within three (NLC, 2026). Localities will not be penalized for not adopting.

Institutional Investors

The Act bars large institutional investors, defined as those with investment control of 350 or more single-family homes, from buying additional single-family homes, with some exceptions including build-to-rent (Sec. 1001). The ban takes effect January 7, 2027 and sunsets 15 years later (Goodwin, 2026; Baker Botts, 2026).

Private Sector Incentives

Raises the Public Welfare Investment Cap (Sec. 203) for banks from 15% to 20%, expanding the amount of private capital available to be invested in affordable housing and community development projects.

Entity Type	Key Secs.	What's New For Them	The Catch
Local, State & Tribal Governments	§205–213	CDBG growth bonus (Build Now Act); new eligible use for new construction; Innovation Fund (\$200M/yr); Accelerating Home Building (pattern book) grants; NEPA delegation authority	Nothing is mandatory. A jurisdiction has to choose to pursue zoning/permitting reform to capture this – local political will (NIMBYism) remains the actual bottleneck.
Developers & Builders	§206, Title 3	Benefit automatically, regardless of who applied; categorical NEPA exclusions; manufactured/modular housing reforms; FHA loan-limit increases	Cost and process relief, not subsidy – nothing requires the resulting units to be affordable.
Nonprofits, CBOs & Housing Counselors	§101, 202, 209, 210	Whole-Home Repairs pilot (nonprofits can serve as subrecipients); RESIDE Act vacant-building conversion and pattern book grants (pattern book grants go to governments and tribes, so nonprofit roles are as partners); counseling program reforms	Same ceiling as everyone else: §1202 authorizes no new money, so these pools are fixed and competitive, not guaranteed.
Renters, Voucher Holders & Unhoused	§212, 505	RAD cap lift with tenant protections; inspection streamlining for Housing Choice Vouchers; ESG spending-cap waiver for shelter/outreach	No new guaranteed protection against eviction, displacement, or rent increases – an explicitly named gap.
Homeowners & Homebuyers	Title 4, §603	Small-dollar mortgage tools; appraisal reform; VA loan-awareness disclosures; expanded property-improvement loan uses	Doesn't close the racialized wealth gap created by redlining and exclusionary zoning – explicitly flagged as unaddressed.
Banks, CDFIs & Lenders	§203, 401	Public welfare investment cap raised 15% → 20%; incentives for small-dollar loan origination	Voluntary – nothing requires a bank to use the expanded cap.
Large Institutional Investors	§1001	The one group facing a restriction, not an incentive: barred from buying more single-family homes above a 350-home threshold	Build-to-rent purchases are excepted, and the final law dropped the earlier requirement to resell within 7 years, so those investors can keep buying and holding rentals – a real loophole worth naming.

Note: §1202 authorizes no additional funds for any section above – every competitive pool listed requires future appropriation before funding actually exists. For a section-by-section breakdown of all ~47 housing-related sections and the specific federal agency action each requires, see NAAHL/CAHL's ROADmap Implementation Matrix, referenced below.

SOURCES

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