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ROAD to Housing Act of 2025

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ROAD to Housing Act of 2025

The Renewing Opportunity in the American Dream to Housing Act of 2025 (S. 2651, also known as the ROAD to Housing Act of 2025) was introduced and reported to the Senate on August 1, 2025. The bill contains eight titles comprised of 40 sections, which address several housing policy topics.

The ROAD to Housing Act of 2025 was incorporated into Division I of a Senate version of the National Defense Authorization Act for Fiscal Year 2026 (S. 2296) by S.Amdt. 3901 to S.Amdt. 3748. On October 9, 2025, this amended version of the National Defense Authorization Act was passed by the Senate. The text of the ROAD to Housing Act of 2025 in S. 2296, as amended, differs in several respects from the text of S. 2651; these differences are noted in the section summaries in this report.

Most of the ROAD to Housing Act of 2025 sections contained in S. 2296 are similar to previously introduced stand-alone bills; CRS notes similar or identical stand-alone bills from the 117th, 118th, and 119th Congresses at the end of each section's summary. If similar bills were introduced over multiple Congresses, only the most recent introduction is noted.

On March 12, 2026, the Senate passed H.R. 6644, the House-passed Housing for the 21st Century Act, with the substitute amendment S.Amdt. 4308. This substitute amendment included several provisions from both the ROAD to Housing Act of 2025 and the House-passed version of H.R. 6644, although with substantive differences in some sections, as well as two new provisions.

SUMMARY

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Major Components of the ROAD to Housing Act of 2025

Title I contains one section regarding changes to housing counseling requirements.

Title II contains 13 sections predominantly concerning housing supply. The sections in Title II would seek to incentivize changes in local governments' zoning and land use policies, authorize new housing construction and rehabilitation grant programs, modify the Community Reinvestment Act, and reduce federal environmental review requirements, among other provisions.

Title III contains four sections concerning manufactured and modular housing. The sections in Title III would amend the statutory definition of a "manufactured home," direct a study of modular building codes, adjust home loan insurance programs, and authorize a competitive grant program for activities in support of manufactured home communities, among other provisions.

Title IV contains five sections: three related to homeownership and two related to federal rental assistance. Title IV would direct studies on barriers to small mortgage lending and change appraisal requirements. Title IV would also expand an existing savings plan for tenants receiving rental assistance and modify inspection requirements for the Housing Choice Voucher program, among other provisions.

Title V contains six sections which authorize, reauthorize, or otherwise reform existing programs: the Community Development Block Grants for Disaster Recovery, the HOME Investment Partnerships program, the Rural Housing Service, the Moving to Work demonstration, the Continuum of Care program, and Emergency Solutions Grants.

Title VI contains three sections related to veterans and housing. Title VI would add disclosures about VA-guaranteed loans to conventional and FHA-insured loan applications, and would change the way in which income eligibility is determined for a veterans homelessness assistance program.

Title VII contains five sections, four related to congressional oversight and one related to appraisals. The sections in this title would require regular testimony from several federal housing officials, increase reporting requirements to Congress, and establish a new Inspector General. Title VII would also provide recourse for unsupported appraisal reports, addressing concerns regarding biased or discriminatory home appraisals.

Title VIII contains three sections requiring data sharing, interagency cooperation, and a study of work requirements in federal rental assistance programs.

Contents

Contacts

Introduction

Bill Status

On February 9, 2026, the House passed the Housing for the 21st Century Act (H.R. 6644), which shared many similarities with the ROAD to Housing Act (S. 2651)—the subject of this report—but also differed in substantive ways. On March 12, 2026, the Senate passed H.R. 6644 with the substitute amendment S.Amdt. 4308. The substitute amendment combined the titles of the ROAD to Housing Act and the 21st Century Housing Act: the "21st Century ROAD to Housing Act." For more information on the Senate-passed version of H.R. 6644, see CRS Report R48922, *Comparison of House- and Senate-Passed Versions of H.R. 6644*, coordinated by Henry G. Watson.

The 21st Century ROAD to Housing Act, as passed by the Senate, included several provisions from the ROAD to Housing Act of 2025, although with substantive differences in some sections. The 21st Century ROAD to Housing Act lacks any corresponding sections to Sections 203, 211, 505, and 704 of S. 2651.

The 21st Century ROAD to Housing Act also included several provisions from the House-passed version of H.R. 6644, although with substantive differences in some sections. For more information on the House-passed version of H.R. 6644, see CRS Report R48849, *Housing for the 21st Century Act*, coordinated by Henry G. Watson.

The 21st Century ROAD to Housing Act also included two provisions not present in either the ROAD to Housing Act of 2025 or the House-passed version of H.R. 6644. Section 901 of the 21st Century ROAD to Housing Act regards the purchase of single-family homes by "large institutional investors," as defined in the section. Section 1001 of the 21st Century ROAD to Housing Act pertains to a central bank digital currency.[1]

This report discusses the ROAD to Housing Act as originally considered by the Senate. It does not include a discussion of the 21st Century ROAD to Housing Act that passed the Senate in March 2026.

Housing affordability is a perennial policy issue, and it has become one of greater concern in recent years in light of notable increases in house prices and rents, rising mortgage interest rates, increasing property insurance costs, and housing supply constraints in many housing markets. The Renewing Opportunity in the American Dream to Housing Act of 2025 (S. 2651; also known as the ROAD to Housing Act of 2025) was introduced on August 1, 2025, as a bill "To increase the supply of affordable housing in America."

The bill contains a wide range of provisions over eight titles and 40 sections, which address a number of housing policy topics. Most of the sections contained in S. 2651 are similar to previously introduced stand-alone bills.[2]

S. 2651 was unanimously approved and reported by the Senate Committee on Banking, Housing, and Urban Affairs on August 1, 2025, in what a committee press release characterized as the committee's first bipartisan housing markup in over a decade.[3]

The ROAD to Housing Act was separately incorporated into Division I of a Senate version of the National Defense Authorization Act for Fiscal Year 2026 (S. 2296) by S.Amdt. 3901 to S.Amdt. 3748.

[1] For more information on central bank digital currencies, see CRS In Focus IF11471, *Central Bank Digital Currencies*, by Marc Labonte and Rebecca M. Nelson.

[2] Another bill with the short title ROAD to Housing Act was introduced previously in the 118th Congress (H.R. 9990/S. 5027). The 13 sections in the ROAD to Housing Act introduced in the 118th Congress each have an analogous section in the ROAD to Housing Act of 2025. However, the ROAD to Housing Act of 2025 includes 27 additional sections, and the sections that are analogous between the two bills are, in some cases, substantially different. The section summaries in this report do not document differences between the ROAD to Housing Act and the ROAD to Housing Act of 2025 for every section.

[3] Senate Committee on Banking, Housing, and Urban Affairs, Majority, "Scott, Warren Lead Banking Committee in Unanimously Advancing Comprehensive Housing Legislation," press release, July 29, 2025, https://www.banking.senate.gov/newsroom/majority/scott-warren-lead-banking-committee-in-unanimously-advancing-comprehensive-housing-legislation.

This report provides a brief overview and context for each of the sections of the bill, organized by title. The text of the ROAD to Housing Act of 2025 in S. 2296, as amended, differs in several respects from the text of S. 2651; these differences are noted in the section summaries below. Section numbers are presented as they appear in S. 2651, as reported to the Senate, followed by the section numbers as they appear in S. 2296, as engrossed in the Senate, separated by a slash mark (e.g., Section 101/Section 5101). Where relevant, the most recent related stand-alone measures that had been introduced prior to S. 2651 are noted (this report does not track stand-alone measures introduced subsequently).

Status of Legislative Action

Following mark up and unanimous approval of a draft measure on July 29, 2025, the ROAD to Housing Act of 2025 was introduced and reported by the Senate Committee on Banking, Housing, and Urban Affairs on August 1. The measure was reported to the Senate without written report. The text of the bill was separately submitted as an amendment to the National Defense Authorization Act for Fiscal Year 2026 (S.Amdt. 3901 to S.Amdt. 3748 to S. 2296) on August 1. On October 9, the amendment was agreed to in the Senate and this version of the National Defense Authorization Act was passed by the Senate.

Summary of S. 2651

Title I: Improving Financial Literacy

Section 101/Section 5101. Reforms to Housing Counseling and Financial Literacy Programs

U.S. Department of Housing and Urban Development (HUD)-approved housing counseling agencies provide guidance on a range of housing topics, including pre- and post-purchase homeownership counseling and rental housing counseling. HUD approves housing counseling agencies that meet specified criteria, administers housing counselor certification requirements, and provides competitive grants to HUD-approved housing counseling organizations. Statutory requirements related to HUD-approved housing counseling agencies are at 12 U.S.C. §1701x.

This section would amend 12 U.S.C. §1701x to make certain changes to HUD housing counseling requirements. These would include changes to language governing the distribution of housing counseling funds; the addition of certain provisions related to performance reviews; adding provisions describing actions the HUD Secretary can take upon a determination that an individual counselor lacks competence, based on certain measures; and adding provisions related to the termination of assistance to organizations under certain circumstances. It would also provide that borrowers with mortgages made, guaranteed, or insured by HUD, the U.S. Department of Veterans Affairs (VA), or the U.S. Department of Agriculture (USDA) who become delinquent should be given an opportunity to participate in available housing counseling, and allow the costs of such counseling to be paid for out of the Federal Housing Authority's (FHA's) Mutual Mortgage Insurance Fund (MMI Fund) if certain measures related to the financial stability of the MMI Fund are met.

Title II: Building More in America

Section 201/Section 5201. Rental Assistance Demonstration Program

The Rental Assistance Demonstration (RAD) was created in the FY2012 HUD appropriations law (P.L. 112-55). It authorizes the conversion of Public Housing properties (and some other older assisted housing properties) to other forms of federal rental assistance, namely Section 8 project-based rental assistance or project-based Housing Choice Vouchers (HCVs). The original RAD program was limited in both the number of units that could be converted and the number of years the demonstration was to be offered. Both the unit cap and the expiration date have been extended several times in subsequent appropriations acts, and the scope of RAD has been expanded to allow for the conversion of Section 202 Housing for the Elderly properties. Currently, the demonstration is authorized through FY2029 and for up to 455,000 units of public housing.[4]

This section would eliminate the end date of RAD and the cap on the number of public housing units that can convert. This would mean that, over time, all remaining public housing properties could potentially be converted via RAD. This section would make other program changes, including requiring the HUD Secretary to report annually on the impacts of the program and authorizing the Secretary to take action against properties that violate the terms of the RAD conversion agreement, among other changes.

Section 202/Section 5202. Increasing Housing in Opportunity Zones

The 2017 tax revision (P.L. 115-97) temporarily authorized opportunity zone tax incentives, which are provided to encourage investment in qualified opportunity zones.[5] Opportunity zones are lower-income census tracts nominated by state and territory governors. The Opportunity Zone program was permanently extended by the FY2025 budget reconciliation act (P.L. 119-21), which created 10-year cycles for the designation of new opportunity zones, beginning on July 1, 2026.

This section would permit the HUD Secretary to give additional weight to competitive grant applicants located in, or that primarily serve, a community that has been designated as an opportunity zone. The section would apply to "any competitive grant relating to the construction, modification, rehabilitation, or preservation of housing, as determined by the Secretary of Housing and Urban Development."

Section 203/Section 5203. Housing Supply Frameworks Act

Local governments' zoning and land use policies have been identified by many housing market researchers as one of several contributing factors to an undersupply of housing, relative to demand, in some areas of the country. One federal approach to affecting local zoning and land use policy has been to provide guidance, technical assistance, and research to promote pro-housing development reforms. For this purpose, HUD has maintained the Regulatory Barriers Clearinghouse (RBC) since 2001, as required in statute (42 U.S.C. §12705d). The RBC collects, disseminates, and publishes research and examples pertaining to state and local regulations and policies that affect affordable housing.[6]

[4] HUD has conducted two comprehensive RAD evaluations, which can be found online at http://huduser.gov/portal/RAD_Evaluation.html.

[5] For more information, see CRS Report R45152, *Tax Incentives for Opportunity Zones*, by Donald J. Marples.

[6] See, for example, HUD, *Eliminating Regulatory Barriers to Affordable Housing: Federal, State, Local, and Tribal* (continued...)

This section would abolish the RBC and require HUD's Assistant Secretary for Policy Development and Research to publish guidelines and best practices—in consultation with a task force consisting of academics, practitioners, and state and local officials—with respect to state and local zoning and land use policies (referred to in the bill as "zoning frameworks"). This section would also require a U.S. Government Accountability Office (GAO) report on housing supply, in addition to reporting and monitoring by the HUD Assistant Secretary for Policy Development and Research.

Similar guidelines and best practices to those required by this section were introduced previously in the Housing Supply and Innovation Frameworks Act (H.R. 10351) and Section 4 of the Reducing Regulatory Barriers to Housing Act (H.R. 8604/S. 4460) in the 118th Congress.

Section 204/Section 5204. Whole-Home Repairs Act

This section would direct the HUD Secretary to establish a pilot program to provide grants to states or local governments to fund certain home repair activities. Implementing entities would provide grants to low-income homeowners and loans to landlords that meet certain criteria for "whole-home repairs" not covered by other federal home repair programs. Eligible whole-home repairs would be defined to include modifications, repairs, or updates to address accessibility for individuals with disabilities or older adults; habitability or safety concerns; or energy and water efficiency, resilience, and weatherization. Landlords who received assistance would be required to agree to certain conditions related to rental properties repaired through the program, including a cap on annual rent increases for assisted units for at least three years. The section would authorize HUD to use up to $30 million of funds made available in appropriations acts for programs administered by HUD's Office of Lead Hazard Control and Healthy Homes to carry out the program. The program would terminate on October 1, 2031.

The text of S. 2296, as amended (§5204), includes an additional provision ensuring that rental properties assisted under this section shall be treated as projects assisted under Title I of the Housing and Community Development Act of 1974 (42 U.S.C. §§5301 et seq.) The S. 2296 text also includes an additional clause clarifying that loans that are not forgiven, and are reused by the implementing organization for a new grant or loan, shall remain subject to the original terms of the assistance awarded under this section.

A similar bill, the Whole-Home Repairs Act of 2025 (S. 127), was introduced previously in the 119th Congress.

Section 205/Section 5205. Community Investment and Prosperity Act

The Community Reinvestment Act (CRA; P.L. 95-128, as amended; 12 U.S.C. §§2901-2908), was enacted to encourage banks to meet the credit needs of the localities in which they were chartered.[7] The CRA specifically encourages banks to make "public welfare investments" (PWIs), which promote the public welfare by providing housing, services, or jobs that primarily benefit low- and moderate-income individuals. The PWI authority allows banks to engage in activities that typically would not be permitted, as long as these activities promote the public welfare and do not expose institutions to unlimited liability. For example, banks generally cannot make direct purchases of the preferred or common equity shares of other banking firms. They may, however,

Opportunities, January 19, 2021, https://www.huduser.gov/portal/publications/eliminating-regulatory-barriers-to-affordable-housing.html.

[7] For more information, see CRS Report R48096, *Modernization of the Community Reinvestment Act*, by Darryl E. Getter.

purchase equity shares of institutions with a primary mission of community development up to an allowable limit. The Financial Services Regulatory Relief Act of 2006 (P.L. 109-351) amended Section 5136 of the Revised Statutes of the United States and the Federal Reserve Act to limit investments made to a single institution to 15% of a bank's unimpaired capital and unimpaired surplus. The 15% cap limits a bank's exposure to a single borrower and encourages diversification of its loan portfolio.

This section would increase the current cap of 15% to 20% of a bank's unimpaired capital and unimpaired surplus for investments made to a single institution. The increase may encourage banks to make PWIs, thereby increasing credit availability for the construction of more affordable housing and for small businesses.[8]

This section is identical to the Community Investment and Prosperity Act (S. 2464) introduced previously in the 119th Congress.

Section 206/Section 5206. Build Now Act

In recent years, Congress has considered whether to partly condition existing federal funding sources on state and local policy actions or housing production so as to incentivize increased housing development.[9]

This section would reallocate a portion of Community Development Block Grant (CDBG) formula funding between certain existing entitlement communities based on several criteria related to housing supply and affordability.[10] CDBG formula grants fund various community development activities including planning, public works and facilities, housing, public services, and economic development. CDBG was funded at $3.3 billion in FY2025. CDBG grants are among the largest and most flexible sources of funding provided by HUD to states and localities.

Only some CDBG entitlement communities would be eligible for reallocation under this section. CDBG entitlement communities with relatively higher housing costs and lower vacancy rates (except those with recent disasters or no legal authority over land use policy) would be classified as "eligible recipients" and may have their CDBG funding increased or decreased. "Extremely high-growth recipients" could have their CDBG funding increased, but not decreased. This would include eligible recipients with an average annual percentage increase in housing units greater than 4% over the last five years.[11]

For eligible recipients that do not qualify as extremely high-growth recipients, CDBG funding could be increased or decreased based on their housing production. Funding increases and decreases would be based on a calculated "housing growth improvement rate," specified as the quotient of an eligible recipient's growth in housing units over the last five years and their growth in housing units over the five years before that,[12] relative to other eligible recipients. Eligible recipients with a below-median value for this calculation, excluding extremely high-growth

[8] See Novogradac, *Senate Introduces Bill to Increase Cap on Bank Investments in Community Development*, July 24, 2025, https://www.novoco.com/news/senate-introduces-bill-to-increase-cap-on-bank-investments-in-community-development.

[9] See, for example, U.S. Congress, Senate Banking, Housing, and Urban Affairs Committee, *Housing Roadblocks: Paving a New Way to Address Affordability*, 119th Cong., 1st sess., March 12, 2025.

[10] "CDBG entitlement communities" are metropolitan cities and urban counties, as defined at 42 U.S.C. §5302(a), that are awarded CDBG funds by formula.

[11] Specifically, the period beginning with the third quarter of the sixth preceding fiscal year and ending with the third quarter of the preceding fiscal year.

[12] Specifically, the period beginning with the third quarter of the 11th preceding fiscal year and ending with the third quarter of the sixth preceding fiscal year.

recipients, would have their CDBG allocations decreased by 10%. The aggregate amount by which allocations to these below-median eligible recipients are decreased would be reallocated to other eligible recipients, including extremely high-growth recipients, in proportion to their total number of housing units.

The text of S. 2296, as amended (§5206), provides a different definition of the term "housing growth improvement rate." The S. 2296 text defines this term as the difference between the current annual growth rate and the prior annual growth rate, divided by the sum of the absolute values of the current annual growth rate and the prior annual growth rate. The S. 2296 text also changes the implementation dates, from the second full fiscal year after the date of enactment through 2042, to the third full fiscal year after the date of enactment through 2043. In addition, the S. 2296 text clarifies that this section shall not apply to amounts appropriated before the date of enactment.

The S. 2651 definition (§206) and the S. 2296 definition (§5206) of "housing growth improvement rate" would both produce a similar rank-ordering of jurisdictions,[13] with some differences related to jurisdictions with negative growth in the prior or current period.

- The S. 2651 definition would produce a negative housing growth improvement rate for *any* jurisdiction that had a negative prior growth rate and a positive current growth rate. Such jurisdictions would be ranked lower and be more likely to receive decreased CDBG funding under the definition proposed in S. 2651.
- The S. 2296 definition would produce a housing growth improvement rate of 1 (the maximum value under this definition) for *any* jurisdiction that had a negative prior growth rate and a positive current growth rate. Such jurisdictions would be ranked higher than all others and be more likely to receive increased CDBG funding under the definition proposed in S. 2296, as amended.
- The S. 2296 definition would produce a housing growth improvement rate of -1 (the minimum value) for *any* jurisdiction with a positive prior growth rate and a negative current growth rate. Such jurisdictions would be ranked lower than all others and be more likely to receive decreased CDBG funding under the definition proposed in S. 2296, as amended.
- Both definitions would give higher values to jurisdictions with lower but positive prior growth rates than to jurisdictions with higher positive growth rates, all else equal. Such jurisdictions would be ranked higher and be more likely to receive increased CDBG funding under both proposed definitions.

This section, as introduced in S. 2651 (§206), was introduced previously as the Build Now Act of 2025 (S. 2441) in the 119th Congress.

Section 207/Section 5207. Better Use of Intergovernmental and Local Development (BUILD) Housing Act

HUD requires projects proposed for HUD assistance or insurance to undergo an environmental review to evaluate potential environmental impacts and to determine whether the projects meet federal, state, and local environmental standards.[14] HUD's environmental review process includes procedures for complying with the National Environmental Policy Act (NEPA; 42 U.S.C. §§4321

[13] The rank-ordering of jurisdictions is the most relevant factor, given that jurisdictions are categorized based on whether their housing growth improvement rate is above or below the median rate.

[14] HUD's environmental review procedures are described in 24 C.F.R. Parts 50 and 58.

et seq.) and other environmental requirements, guidelines, and statutory obligations listed in 24 C.F.R. §50.4.[15]

For some projects, including most HUD grant programs, program legislation allows a "responsible entity"—a unit of general local government such as a town, city, county, tribe, or state—to assume responsibility for the environmental review. [16] These projects are regulated by 24 C.F.R. Part 58, and are commonly referred to as *Part 58* projects. When program legislation does not permit responsible entities to assume responsibility—such as for FHA housing programs, Section 202 housing projects, and Section 811 housing projects—HUD is responsible for the environmental review. These projects are regulated by 24 C.F.R. Part 50, and are commonly referred to as *Part 50* projects.[17] Whether HUD or a responsible entity is accountable for the environmental review is specified in the Notice of Funding Availability, program regulations, or legislation relevant to the project.[18]

This section would allow the HUD Secretary to designate "assistance administered by the Secretary" as a "special project" for the purposes of NEPA and other provisions of law that further the purposes of NEPA.[19] Special projects are statutorily subject to environmental review under 42 U.S.C. §3547, but responsibility for the environmental review for special projects may be assumed by a responsible entity under 24 C.F.R. Part 58. This section would give the HUD Secretary flexibility to redesignate certain Part 50 projects as Part 58 projects, thereby allowing responsible entities (rather than HUD) to assume responsibility for environmental review of those projects. CRS is unable to determine exactly what activities would be covered by "assistance administered by the Secretary."[20]

This section also would codify that Indian tribes may be responsible entities for the purposes of assuming environmental review obligations. Under current regulation, HUD permits Indian tribes, Alaska Native Villages, the Department of Hawaiian Home Lands, and Regional Corporations in Alaska to be responsible entities.[21]

This section was introduced previously as the Better Use of Intergovernmental and Local Development for Housing Act (H.R. 4810/S. 2391) in the 119th Congress.

Section 208/Section 5208. Unlocking Housing Supply Through Streamlined and Modernized Reviews Act

NEPA generally requires federal agencies to evaluate the environmental impacts of a proposed federal agency action and to document those effects in an environmental document.[22] How a

[15] For an overview of NEPA, see CRS In Focus IF12560, *National Environmental Policy Act: An Overview*, by Kristen Hite and Heather McPherron.

[16] For a list of activities and projects where specific statutory authority exists for recipients or other responsible entities to assume environmental responsibilities, see 24 C.F.R. §58.1(b).

[17] 24 C.F.R. §50.2(a) defines "Project" for the purposes of Part 50 as "an activity, or a group of integrally-related activities, undertaken directly by HUD or proposed for HUD assistance or insurance."

[18] For more information about Part 50 and Part 58 projects, see "Orientation to Environmental Review" on HUD's website, https://www.hudexchange.info/programs/environmental-review/orientation-to-environmental-reviews/#part-50-and-part-58 (accessed September 17, 2025).

[19] HUD has interpreted "other provisions of law that further the purposes of NEPA" as those specified in 24 C.F.R. §58.5.

[20] See 24 C.F.R. §58.2(7) for a definition of "responsible entity."

[21] 24 C.F.R. §58.2(a)(7).

[22] 42 U.S.C. §4332(2)(C). Congress may also exempt specific agency actions from NEPA via statute. For example, in (continued...)

federal agency demonstrates compliance with NEPA depends on the level of the proposed action's impacts.[23] An agency is not required to prepare an environmental document for a proposed agency action if the action is excluded by statute or one of the agency's *categorical exclusions* (CEs), or if another agency's CE is applied consistent with 42 U.S.C. §4336c.[24]

Under current regulations, HUD *exempts* some project activities from specific environmental review requirements, including NEPA.[25] For exempt activities, the responsible entity does not have to undertake any action under NEPA or other federal environmental laws and authorities. Even exempt activities must comply with certain requirements including airport runway clear zones and accident potential zones, coastal barrier resources, and flood insurance.[26]

If a project is not exempted, HUD or responsible entities comply with environmental review requirements under 24 C.F.R. Parts 50 and 58 by pursuing one of the following levels of review:[27]

- **Categorically excluded from NEPA.** For categorically excluded activities, the responsible entity does not have to prepare an *environmental assessment* (EA) or an *environmental impact statement* (EIS), except in extraordinary circumstances.[28] Some categorically excluded activities are subject to the other related federal environmental laws and authorities listed in 24 C.F.R. §§50.4 or 58.5 (CEST) and others are not (CENST).[29] These other related authorities listed in 24 C.F.R. §§50.4 or 58.5 include environmental requirements, guidelines, and statutory obligations such as the National Historic Preservation Act (16 U.S.C. §§470 et seq.), the Endangered Species Act (16 U.S.C. §§1531 et seq.), and HUD environmental standards specified in 24 C.F.R. Part 51, among others.

Section 316 of P.L. 93-288 (42 U.S.C. §5159), Congress exempted certain natural disaster and emergency response action from the requirements of NEPA by declaring that such actions were not "major federal actions significantly affecting the quality of the human environment." Additionally, HUD's Office of General Counsel may determine that a program's activities are not *federal actions* to which NEPA, or other provisions of law that further the purposes of NEPA, apply (see, for example, HUD Notice CPD-16-14, "Requirements for Housing Trust Fund Environmental Provisions," August 8, 2016).

[23] 42 U.S.C. §4336(b) requires that an agency issue an Environmental Impact Statement for a proposed agency action that has a reasonably foreseeable significant effect on the quality of the human environment or an Environmental Assessment for a proposed agency action where the effects are unknown or reasonably foreseeable effects are not significant (unless a CE applies).

[24] 42 U.S.C. §4336(a)(2). Further, 42 U.S.C. §4336e(1) defines a "categorical exclusion" as a category of actions that a federal agency has determined normally does not significantly affect the quality of the human environment. For additional information related to legislative CEs, see CRS Report R48595, *Legislative Categorical Exclusions Under the National Environmental Policy Act*, by Heather McPherron.

[25] For a list of activities HUD exempts responsible entities from compliance with environmental review requirements, see 24 C.F.R. §58.34.

[26] 24 C.F.R. §58.6.

[27] HUD has made available a guide to the level of environmental review on the HUD Exchange website: https://www.hudexchange.info/programs/environmental-review/orientation-to-environmental-reviews/#level-of-review.

[28] The presence of extraordinary circumstances indicates that, despite the typical lack of significant environmental impact associated with the action, the specific context or nature of the proposal may lead to unforeseen or elevated environmental effects (e.g., impacts to federally listed species, historic resources, or sensitive ecosystems). If extraordinary circumstances are present and the effects to those resources cannot be avoided or mitigated, the agency may have to prepare an EA or EIS.

[29] For a list of CENST activities, see 24 C.F.R. §§50.19 and 58.35(a). For a list of CEST activities, see 24 C.F.R. §§50.20(a) and 58.35(b).

- **EA.** Activities not exempt or categorically excluded from NEPA must complete an EA.[30] If, based on the analyses within the EA, HUD or the responsible entity determines that the project will not result in a significant impact on the quality of the human environment, it documents that determination in a Finding of No Significant Impact (FONSI).
- **EIS.** If it is evident without preparing an EA that a project may result in significant impacts or if the EA concludes in a *finding of significant impact*, HUD or the responsible entity must prepare an EIS and documents its finding in a *record of decision*.[31]

Some stakeholders have argued that environmental reviews add costs and delays to housing development, while others argue that such reviews are necessary to protect both the environment and human health.

This section would modify the environmental review requirements for several housing activities. It would categorically exclude seven activities that may have previously required an EA or an EIS, although these activities would remain subject to related federal environmental laws and authorities (i.e., CEST). One of the activities that would be newly excluded by this section is "infill projects consisting of new construction, rehabilitation, or development of residential housing units."[32]

This section would also reclassify four current CEST activities—categorically excluded under 24 C.F.R. §§50.20 and 58.35(b)—such that they no longer would require a review or compliance determination under related federal environmental laws and authorities (i.e., CENST).[33] These reclassified categorical exclusions would only apply "if such activities do not materially alter environmental conditions and do not materially exceed the original scope of the project."

The section would also exempt responsible entities from HUD's environmental review requirements for eight additional housing activities.[34] Seven of these newly exempted housing activities are currently CENST activities categorically excluded from NEPA review under 24 C.F.R. §58.35(b) and not subject to related federal environmental laws and authorities.[35]

[30] Regulations specifying HUD's procedures for preparing an EA are in Subpart E of both 24 C.F.R. Parts 50 and 58. For a description of which activities are considered "Part 50" or "Part 58" projects, see "Section 207/Section 5207. Better Use of Intergovernmental and Local Development (BUILD) Housing Act" in this report.

[31] Regulations specifying HUD's procedures for responsible entity preparation of an EIS are in 24 C.F.R. Part 58, Subpart F.

[32] "Infill project" is defined in this section as a project that occurs within the geographic limits of a municipality, is adequately served by existing utilities and public services as required under applicable law, is located on a site of previously disturbed land of not more than five acres and substantially surrounded by residential or commercial development, will repurpose a vacant or underutilized parcel of land or a dilapidated or abandoned structure, and will serve a residential or commercial purpose.

[33] HUD's current CENST activities are listed in 24 C.F.R. §§50.19 or 58.35(b). Note that there are slight differences in the wording used to describe these activities between the text of this section and the current section of the C.F.R.

[34] Responsible entities are exempted from NEPA compliance and a review or compliance determination under 24 C.F.R. §58.5, however they are still subject to additional HUD requirements under 24 C.F.R. §58.6. Further, Section 208(b)(1)(A) refers specifically to an exemption for responsible entities under 24 C.F.R. §58.34. Part 50 projects where HUD is undertaking similar actions are not similarly exempted by S. 2651.

[35] The eighth activity that would be newly exempted from NEPA review by Section 208 is "Emergency homeowner or renter assistance for HVAC, hot water heaters, and other necessary uses of existing utilities required under applicable law." Note that there are slight differences in the wording used to describe these activities between the text of this section and the current section of the C.F.R.

This section is substantially similar to the Unlocking Housing Supply Through Streamlined and Modernized Reviews Act (H.R. 4660/S. 2390) introduced previously in the 119th Congress.

Section 209/Section 5209. Innovation Fund

This section would create a new competitive grant program for units of general local government—including but not limited to metropolitan cities and urban counties—and Indian tribes. To be eligible for a grant, the local government or Indian tribe must have "demonstrated an objective improvement in housing supply growth, as determined by the [HUD] Secretary." The HUD Secretary would prioritize applicants that have "demonstrated the use of innovative policies, interventions, or programs for increasing housing supply, including adoption of any of the frameworks developed under section 203" and have "demonstrated a marked improvement in housing supply growth."

Individual grants would be a minimum of $250,000 and a maximum of $10 million, and may be used for a range of eligible purposes, including the following:

- activities eligible under the CDBG;[36]
- surface transportation infrastructure projects and other activities permitted under the Local and Regional Project Assistance Program, also known as RAISE grants, TIGER grants, and the BUILD program;[37]
- matching funds for a state revolving fund program related to a clean water or drinking water program administered by the Environmental Protection Agency (EPA); and
- initiatives that facilitate the expansion of the supply of attainable housing,[38] or reduce the cost of construction.

For this purpose, the section would authorize $200 million for each of FY2027 through FY2031, to be adjusted for inflation.

The text of S. 2296, as amended (§5209), includes an additional provision ensuring that activities described in sector 23 of the North American Industry Classification System (NAICS) ("Construction") shall be treated as projects assisted under the CDBG program under Title I of the Housing and Community Development Act of 1974 (42 U.S.C. §§5301 et seq.).

This section is similar to Section 101 of the American Housing and Economic Mobility Act of 2025 (H.R. 2038/S. 934) introduced previously in the 119th Congress.

Section 210/Section 5210. Accelerating Home Building Act

One factor that affects the speed of housing development is local permitting processes. Some local governments have adopted pre-reviewed designs, sometimes known by names such as *pattern books*, that allow for faster approval processes for certain types of housing.[39]

[36] For a list of eligible activities, see 42 U.S.C. §5305.

[37] For a list of eligible activities, see 49 U.S.C. §6702.

[38] "Attainable housing" is defined in the section as housing that serves either households with incomes not greater than 100% of area median income (AMI), with a majority of those households below 80% AMI; or households below 120% AMI with a majority below 60% AMI. See also Section 212.

[39] For more information on pre-approved housing designs and examples of some localities that have used such designs, see Nani Wolf and Nicholas Julian, *From Blueprint to Reality: Harnessing the Power of Pre-Approved Housing*, (continued...)

This section would authorize such sums as may be necessary for a new grant program through which HUD could provide competitive grants to eligible entities, including units of general local government and Indian tribes, to adopt pre-reviewed designs for certain types of low- or mid-rise housing with no more than 25 dwelling units. Ten percent of any funds appropriated for this purpose in a fiscal year would be set aside for rural areas.

The text of S. 2296, as amended (§5210), includes an additional provision stating that grants awarded under this section may not be used for construction, alteration, or repair work.

This section is similar to the Accelerating Home Building Act of 2025 (S. 2361) introduced previously in the 119th Congress.

Section 211/Section 5211. Build More Housing Near Transit Act

As mentioned previously, the federal government has recently considered whether to partly condition existing federal funding sources on state and local zoning and land use policy.

This section would incentivize states and localities to adopt certain housing and land use policies by adjusting evaluation criteria for the Capital Investment Grant (CIG) program. CIG is a discretionary funding program administered by the Federal Transit Administration (FTA) within the Department of Transportation (DOT). It can be used for New Starts and Small Starts fixed-guideway transit systems (such as passenger rail and bus rapid transit), and Core Capacity projects that expand existing fixed-guideway corridors to increase capacity.[40] CIG was funded at $3.805 billion in FY2025, including $2.205 billion in annual appropriations and $1.6 billion in advance appropriations from the Infrastructure Investment and Jobs Act (P.L. 117-58).

Under current law, in order to be approved, a CIG project must receive an overall rating of at least three-out-of-five on each of two equally weighted summary ratings: Project Justification and Local Financial Commitment.[41] Projects with ratings that equal or exceed this level are typically recommended for funding if they have complied with other federal requirements.

Under the amendments that would be made by this section, the Secretary of Transportation could increase a project's Project Justification summary rating by one point (on the five-point scale) if applicants submit documented evidence of pro-housing policies for areas accessible to transit facilities along the project route. This section defines "pro-housing policy" as "any adopted State or local policy that will remove regulatory barriers to the construction or preservation of housing units, including affordable housing units," including reduced parking minimums, expanded by-right approval processes, reduced minimum lot sizes, and increased height limits. These policies are among the potential land use reforms that have been considered by state and local governments in recent years.[42] The Secretary of Transportation—in consultation with the HUD

National Association of Home Builders, May 23, 2024, https://www.nahb.org/-/media/NAHB/advocacy/docs/industry-issues/land-use-101/community-planning/pre-approved-housing-plans.pdf?rev=1305001032434f4897b44b99dc137816; and Robert Steuteville, "Cities moving ahead with pre-approved house plans," *Public Square, a Congress for New Urbanism (CNU) Journal*, February 7, 2024, https://www.cnu.org/publicsquare/2024/02/07/cities-moving-ahead-pre-approved-house-plans.

[40] A *Small Starts* project is a new fixed guideway capital project or corridor-based bus rapid transit project for which federal funding provided from the CIG program is less than $150 million and the total estimated net capital cost is less than $400 million.

[41] Small Starts projects that cost less than $300 million and receive less than $100 million in CIG funding do not need to achieve a minimum rating to be eligible for a grant.

[42] See, for example, Shazia Manji et al., *Incentivizing Housing Production: State Laws from Across the Country to Encourage or Require Municipal Action*, Terner Center for Housing Innovation and Urban Institute, February 2023, (continued...)

Secretary—would also be required to "consider" whether the adopted policies will result in an increase in housing units appropriate to expected demand.

The proposed one-point increase in a project's Project Justification summary rating would be in addition to existing considerations of land use in project ratings. Under current statute and regulation, "land use" is one of six equally weighted justification criteria that comprise the Project Justification summary rating for CIG projects.[43] Interim policy guidance for the land use criterion includes a quantitative examination of five factors in the proposed CIG project corridor: population density, employment served, affordable housing near station areas, social vulnerability to disasters, and access to essential services.[44]

This section is similar, but not identical, to the Build More Housing Near Transit Act of 2025 (H.R. 4576/S. 2363) introduced previously in the 119th Congress.

Section 212/Section 5212. Revitalizing Empty Structures into Desirable Environments (RESIDE) Act

This section would reserve a portion of HOME Investment Partnerships Program (HOME) appropriations for a new pilot program. The HOME program currently provides formula grant funding to states and localities to fund various affordable housing activities. Eligible activities include new construction, rehabilitation, and acquisition of both rental and homeownership housing, as well as tenant-based rental assistance.

Under this section, the HUD Secretary would be authorized to use up to $100 million of the amount by which annual congressional appropriations to HOME from FY2027 to FY2031 exceed $1.35 billion to carry out a new Blighted Building to Housing Conversion Program. The Secretary would be authorized to award grants of up to $10 million on a competitive basis to states and localities that are eligible to receive HOME grants in that year. Grantees could use the funding to convert vacant and abandoned buildings into attainable housing.[45] The Secretary would prioritize projects that are located in economically distressed communities or opportunity zones;[46] projects that serve a need identified in the jurisdiction's consolidated plan;[47] or grantees that have reduced "regulatory barriers to conversion of vacant and abandoned buildings to housing."

Current funding levels for the HOME program would not support this provision. In each of FY2024 and FY2025, Congress appropriated $1.25 billion to the HOME program. For FY2026, the President's budget requested no funding for HOME. Funding for the HOME program most recently exceeded $1.35 billion in FY2023, when Congress appropriated $1.5 billion.

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https://ternercenter.berkeley.edu/research-and-policy/state-pro-housing-law-typology/; Jenny Schuetz, "How Can State Governments Influence Local Zoning to Support Healthier Housing Markets?," *Cityscape*, vol. 25, no. 3 (2023), pp. 73-98; and Christina Stacy et al., "Land-Use Reforms and Housing Costs: Does Allowing for Increased Density Lead to Greater Affordability?," *Urban Studies*, vol. 60, no. 14 (November 1, 2023), pp. 2919-2940.

[43] Core Capacity projects consider "capacity needs" of the corridor in place of land use.

[44] DOT, FTA, *Capital Investment Grants Policy Guidance Federal Transit Administration*, December 2024, pp. II-14, https://www.transit.dot.gov/sites/fta.dot.gov/files/2024-12/CIG-Policy-Guidance-December-2024.pdf.

[45] "Attainable housing" is defined in the section as housing that serves either households with incomes not greater than 100% of AMI, with a majority of those households below 80% AMI; or households below 120% AMI with a majority below 60% AMI. See also Section 209.

[46] "Opportunity zones" are defined at 26 U.S.C. §1400Z-1(a). See also Section 202.

[47] For more information, see CRS Report R48073, *HUD's Consolidated Planning Process: An Overview*, coordinated by Joseph V. Jaroscak.

The text of S. 2296, as amended (§5212), incorporates this section into Subtitle A of title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. §§12741 et seq.), the authorizing legislation for the HOME Investment Partnerships Program. Otherwise, there are not substantive differences between the S. 2651 text and the S. 2296 text.

This section is substantially similar to the RESIDE Act (S. 2460) introduced previously in the 119th Congress.

Section 213/Section 5213. Housing Affordability Act

The FHA administers a number of programs to insure mortgages for the construction, acquisition, rehabilitation, or refinancing of multifamily apartment buildings.[48] These programs are subject to mortgage limits set in respective program statutes. The underlying program statutes allow HUD to increase the maximum mortgage amounts in high-cost areas, subject to certain limits.[49] Separately, the law also directs HUD to adjust certain multifamily mortgage limits for inflation each year, using the percentage change in the Consumer Price Index for All Urban Consumers (CPI–U).[50] Some observers have argued that, despite these inflation adjustments and exceptions for high-cost areas, the mortgage limits have not kept up with the costs of developing multifamily housing in many areas.[51] Past HUD budget justifications have called for adjustments to the loan limits.[52]

Section 213 would direct the FHA Commissioner, in consultation with the HUD Secretary, to conduct a study to assess whether the current multifamily loan limits are set at appropriate amounts and whether the Secretary has sufficient authority to adjust the loan limits. The study would also assess the potential impacts of changing the index used for the annual inflation adjustment (specifically, using the Census Bureau's Price Deflator Index of Multifamily Residential Units Under Construction rather than the CPI-U). The FHA Commissioner would be directed to submit a report to Congress summarizing the study's findings within 180 days of enactment. The section would also allow the HUD Secretary, in consultation with the FHA Commissioner, to increase certain multifamily loan limits up to specified amounts through notice and comment rulemaking.

A bill introduced previously in the 119th Congress, the Housing Affordability Act (S. 1527), would increase the baseline multifamily loan limits in statute and change the index used for the annual inflation adjustment to the Price Deflator Index of Multifamily Residential Units Under Construction.

[48] For descriptions of different FHA multifamily mortgage insurance programs, see https://www.hud.gov/hud-partners/multifamily-programs.

[49] For example, see FHA Mortgagee Letter 2025-11, *Annual Revisions to Base City High-Cost Percentage and High-Cost Areas Annual Indexing of MAP Guide's Substantial Rehabilitation and Large Loan Risk Mitigation Thresholds*, April 14, 2025, identifying high-cost areas where projects could qualify for such exceptions.

[50] 12 U.S.C. §1712a. For inflation adjustments for calendar year 2025, see HUD, "Annual Indexing of Basic Statutory Mortgage Limits for Multifamily Housing Programs," 89 *Federal Register* 107155-107156, December 31, 2024, https://www.govinfo.gov/content/pkg/FR-2024-12-31/pdf/2024-31184.pdf.

[51] For example, see Mortgage Bankers Association, "FHA: A Critically Important Program for Financing Multifamily and Residential Healthcare Properties," February 2025, https://www.mba.org/advocacy-and-policy/commercial/multifamily/policy-issues/FHA_HUD_Multifamily_Policy (accessed August 14, 2025).

[52] See page 28-8 of HUD's FY2024 budget justification at https://archives.hud.gov/budget/fy24/2024_CJ_Program_-_FHA.pdf and page 29-14 of HUD's FY2025 budget justification at https://archives.hud.gov/budget/fy25/2025_CJ_Program_-_FHA.pdf.

Title III: Manufactured Housing for America

Section 301/Section 5301. Housing Supply Expansion Act

Manufactured housing is a type of housing that is constructed in a factory and transported to a home site for installation. Manufactured housing typically costs less than site-built housing due to smaller home sizes and lower costs per square foot.[53] While most housing is subject to state and local building codes, manufactured homes are subject to a national building code: HUD's Manufactured Housing Construction and Safety Standards (often referred to as the *HUD Code*).[54] HUD was directed to develop these standards by the National Manufactured Housing Construction and Safety Standards Act of 1974. The standards first went into effect in 1976, and HUD updates them periodically with input from the Manufactured Housing Consensus Committee.

The statutory definition of a "manufactured home" includes the requirement that the home is "built on a permanent chassis."[55] (A chassis is the steel frame that provides the base of a vehicle.) Some have argued that the requirement for the chassis to be permanent is outdated and unnecessary, because most manufactured homes are not moved once they have been installed on a home site. Allowing the chassis to be removed may facilitate a greater range of design and siting options for manufactured homes, such as basements or multiple stories; though it may also raise questions about distinctions between manufactured homes and other types of factory-built homes (such as modular homes).

This section would amend the statutory definition of a manufactured home to provide that the home may be "with or without a permanent chassis." It would also establish procedures for states to certify to the HUD Secretary that the state has amended its laws and regulations to treat manufactured homes without a permanent chassis the same as those with a permanent chassis. If a state did not submit such a certification by the date required, manufactured homes without a permanent chassis that are constructed after the date of enactment would be prohibited from being manufactured, installed, or sold in the state.

A bill with nearly identical provisions, the Housing Supply Expansion Act of 2025 (S. 2414), was introduced previously in the 119th Congress.

Section 302/Section 5302. Modular Housing Production Act

Another type of factory-built housing is modular housing. Modular housing is constructed in a factory in modules that are transported to a home site to be installed. Unlike manufactured homes, which are subject to the HUD Code, modular homes are subject to state and local building codes like site-built homes.

This section would direct the HUD Secretary to review FHA construction financing programs to identify barriers to using modular building methods, including regulatory and programmatic features that restrict participation by modular home builders. It would also direct the HUD Secretary to identify measures authorized under Section 525 of the National Housing Act that

[53] Christopher Herbert et al., *Comparison of the Costs of Manufactured and Site-Built Housing*, Joint Center for Housing Studies of Harvard University, July 2023, https://www.jchs.harvard.edu/sites/default/files/research/files/harvard_jchs_pew_report_1_updated_0.pdf.

[54] HUD's regulations related to manufactured housing are at 24 C.F.R. §§3280, 3282, 3284, 3285, 3286, 3288, and 3800, https://www.ecfr.gov/current/title-24/subtitle-B/chapter-XX. The construction and safety standards, specifically, are at 24 C.F.R. §3280.

[55] 42 U.S.C. §5402.

may facilitate modular developers' participation. (Section 525 of the National Housing Act, 12 U.S.C. §1735f-3, authorizes the Secretary to insure mortgage amounts advanced for certain purposes during construction or rehabilitation, or otherwise prior to final endorsement of the mortgage.) The Secretary would be directed to publish a report describing the results of the review and recommendations of policy changes within one year of the date of enactment. The Secretary would also be directed to initiate a rulemaking within 120 days of the publication of the report to examine an alternative draw schedule for construction financing loans to modular and manufactured home developers.

This section would also allow the HUD Secretary to award a grant to study the design and feasibility of a standardized uniform commercial code for modular homes and would authorize to be appropriated such funds as may be necessary for this purpose.

This section is substantially similar to the Modular Housing Production Act (S. 2489), introduced previously in the 119th Congress.

Section 303/Section 5303. Property Improvement and Manufactured Housing Loan Modernization Act

FHA programs authorized under Title I of the National Housing Act insure loans made for property improvements or loans to purchase manufactured homes and/or sites, respectively. These programs are known as the Title I Property Improvement Program and the Title I Manufactured Home Loan Program.

This section would make a number of changes to these Title I programs. Several of the changes are related to the loan limits under the programs. Specifically, this section would increase the baseline loan limits for both the property improvement and manufactured home loan programs; expand an existing requirement to annually adjust the loan limits subject to a chosen index so that the requirement would apply to property improvement loans as well as manufactured housing loans; direct HUD to annually adjust the loan limits by notice, rather than by regulation as specified in current law; and direct HUD to develop or choose new indexing methods within a year of enactment.

The section would also make certain other programmatic changes, including specifying that the construction of additional or accessory dwelling units is an eligible use of Title I property improvement loans; amending the different maximum loan terms that currently apply for different types of property improvement and manufactured housing loans such that all loans would be subject to a maximum loan term to be determined by the Secretary, not to exceed 30 years; and providing HUD with more flexibility to set terms and conditions related to leases when a manufactured home financed by a Title I loan is placed in a manufactured home community pursuant to a lease.

In addition, this section would direct HUD to conduct a study and submit a report to Congress on the cost effectiveness of offsite construction, including manufactured and modular homes.

Similar bills have been introduced previously, including the Property Improvement and Manufactured Housing Loan Modernization Act of 2025 (S. 964) in the 119th Congress.

Section 304/Section 5304. PRICE Act

The FY2023 HUD appropriations law provided funding for a new Preservation and Reinvestment in Community Enhancement (PRICE) program to provide competitive grants to eligible entities for various activities in support of manufactured home communities. The program uses the

authorities of the Housing and Community Development Act of 1974, which authorizes the CDBG program, though provisions in appropriations acts have given the HUD Secretary broad authority to waive requirements of statutes or regulations administered by HUD (with certain exceptions) to facilitate the use of PRICE funds. While the program has continued to be funded in annual appropriations acts, it is not formally authorized.

This section would amend the Housing and Community Development Act of 1974 to formally authorize a version of the PRICE program and would authorize to be appropriated such sums as may be necessary to carry out the program. Like the program that has been funded in recent appropriations acts, the program authorized by the section would provide competitive funds to a range of eligible entities, including eligible manufactured home communities, state or local governments, Indian tribes, resident-owned communities or cooperatives, certain nonprofits, and community development financial institutions. Funds could be used for various enumerated activities, including reconstruction or repair of existing homes, replacement of homes, and community infrastructure, among others. The section would allow the HUD Secretary to set aside amounts for grants to Indian tribes or their tribally designated housing entities. It would also continue to provide the authority to waive most provisions of laws or regulations that the Secretary administers to facilitate the use of the funding.

Bills to formally authorize a version of the PRICE program have been introduced previously, including the PRICE Act (H.R. 4477/S. 943) in the 119th Congress.

Title IV: Accessing the American Dream

Section 401/Section 5401. Creating Incentives for Small Dollar Loan Originators

Research generally shows that lower-priced properties are less likely to be financed with mortgages than higher-priced properties, and that applications for smaller mortgage loans are more likely to be denied.[56] There is no formal definition of a *small dollar mortgage*, but researchers and industry participants have used the term to refer to mortgages below certain thresholds, such as $70,000, $100,000, or $150,000. While a number of potential factors may contribute to challenges related to small mortgage lending—including borrower credit characteristics, property condition, and greater competition from all-cash buyers—a significant barrier is that small mortgages are generally less profitable for lenders, for a variety of reasons. A particular challenge is that many origination costs are fixed costs, making it less profitable to originate a smaller mortgage loan than a larger one.[57] In addition, some stakeholders have suggested that certain federal mortgage rules that are intended to protect consumers from certain lending practices or riskier loans may unintentionally inhibit small mortgage lending.[58]

This section addresses one of these concerns: industry practices and federal requirements around originator compensation that may limit compensation structures that could encourage small

[56] Urban Institute, *Improving the Availability of Small Mortgage Loans*, December 2022, https://www.urban.org/sites/default/files/2022-12/Improving%20the%20Availability%20of%20Small%20Mortgage%20Loans.pdf; and Pew, *Small Mortgages Are Too Hard to Get*, June 22, 2023, https://www.pew.org/en/research-and-analysis/issue-briefs/2023/06/small-mortgages-are-too-hard-to-get.

[57] HUD Office of Policy Development and Research, *Financing Lower Priced Homes: Small Mortgage Loans*, October 2022, https://www.huduser.gov/portal//portal/sites/default/files/pdf/Financing-Lower-Priced-Homes-Small-Mortgage-Loans.pdf.

[58] Pew, *Small Mortgages Are Too Hard to Get*, June 22, 2023, https://www.pew.org/en/research-and-analysis/issue-briefs/2023/06/small-mortgages-are-too-hard-to-get.

mortgage lending. It would direct the Director of the Consumer Financial Protection Bureau (CFPB) to submit a report on loan compensation practices in the residential mortgage market to the authorizing committees. The report would provide information on the relative frequency of different specified compensation practices (such as salaries, or commissions based on a fixed percentage of the loan amount or other factors), as well as analysis of the effect of these different approaches on the availability of small dollar mortgage loans. (For the purposes of this section, "small dollar mortgages" would be defined as single-family mortgages with an original principal balance no higher than $100,000 that are made, guaranteed, or insured by a government agency or eligible to be purchased or securitized by Fannie Mae or Freddie Mac.) It would also include analysis and discussion of other potential barriers to small mortgage lending.

After the issuance of the report, this section would also allow the CFPB Director to issue regulations to clarify types of loan originator compensation permissible under Section 12B(c) of the Truth in Lending Act (15 U.S.C. §1639b(c)) that would result in loan originators receiving compensation for originating small dollar mortgages that is not lower than the amount they would receive for originating larger mortgages.

Section 402/Section 5402. Small Dollar Mortgage Points and Fees

This section would address another issue that some observers have argued may hinder small mortgage lending: limits on points and fees for *qualified mortgages* (QMs). Originating a qualified mortgage is one way for lenders to meet federal requirements to make a good faith determination that a borrower has a reasonable ability to repay a mortgage loan.[59] QMs must meet certain specified standards. Among other things, for a mortgage to be considered a QM, points and fees must not exceed certain thresholds. Existing law allows the CFPB to adjust the points and fees thresholds for smaller mortgage loans.[60] Accordingly, CPFB has set higher thresholds for mortgages with original principal balances of less than $100,000.[61]

This section would direct the CFPB Director, in consultation with the HUD Secretary and the Federal Housing Finance Agency (FHFA) Director, to evaluate the impact of the thresholds under CFPB's ability-to-repay and qualified mortgage implementing regulations on small dollar mortgage originations. (For the purposes of this section, "small dollar mortgages" would be defined as those with original principal balances of less than $100,000.) Following the evaluation, the CFPB Director would be authorized to initiate rulemaking to amend the points and fees thresholds to encourage additional small mortgage lending.

Section 403/Section 5403. Appraisal Industry Improvement Act

This section includes provisions that address concerns about appraiser workforce shortages and related appraisal challenges. It would make certain changes to standards that apply to appraisers who perform appraisals for mortgages insured by the FHA. One such change would allow FHA appraisers to be either certified or *licensed* in the state where the property is located, which differs from current law that requires FHA appraisers to be certified.[62] Another would provide more

[59] The Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) established the ability-to-repay requirements. The CFPB's implementing regulations are at 12 C.F.R. §1026.43. Originating a QM is not the only way to meet ability-to-repay requirements, but because QMs provide lenders with greater protection from legal liability, many lenders prefer to originate QMs versus non-QMs.

[60] 15 U.S.C. §1639c(b)(2)(D).

[61] 12 C.F.R. §1026.43(e)(3).

[62] Certified appraisers are those who are approved to carry out appraisals on any single-family property. Licensed (continued...)

specific requirements related to how appraisers must demonstrate education in FHA appraisal requirements.

In addition to these changes, this section would also amend certain provisions of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) that apply to appraisals more generally. It would amend a provision related to annual registry fees to allow the Appraisal Subcommittee—with the approval of the Federal Financial Institutions Examination Council—to adjust the fees charged to appraisal management companies. It would also amend the disclosure requirements for the annual reports on the licensing, certification, and disciplinary actions that are submitted annually by each state to the Appraisal Subcommittee. In addition, it would include state credentialed trainee appraisers on the national appraiser registry and allow state licensed appraisers to use the assistance of state credentialed trainee appraisers or unlicensed trainee appraisers, provided that the state certified appraiser would remain liable for the work.

This section would also amend FIRREA to add the provision of certain workforce training or education grants to a list of activities that the Appraisal Subcommittee should fund, and to include designees of the Department of Veterans Affairs, USDA's Rural Housing Service, and HUD on the Appraisal Subcommittee.

This section is similar to the Appraisal Industry Improvement Act (S. 1635) introduced previously in the 119th Congress.

Section 404/Section 5404. Helping More Families Save Act

The Family Self-Sufficiency (FSS) program—originally authorized in 1992—was designed to reduce the implicit tax on new earnings associated with federal rental assistance programs that charge income-based rents. Families participating in FSS develop five-year *self-sufficiency plans*, with the assistance of an FSS caseworker. Over the course of that five-year period, any increases in rent the family must pay that are attributable to increased earnings are deposited in an interest-bearing escrow account for the family. Upon successful completion of the program, the family receives the escrowed funds (interim withdrawals are permissible for eligible activities). The program was originally made available only to families receiving HCVs, but it was later expanded to tenants in other forms of assisted housing. Participation in FSS is optional for both PHAs and owners, as well as tenants. Demand exceeds available funding. PHAs and landlords who wish to participate must apply for limited FSS caseworker funding from HUD. In some cases, there are waitlists for families at participating PHAs and properties.

This section would create a new Escrow Expansion Pilot within FSS that would allow up to 5,000 families to participate in a streamlined version of FSS featuring only the escrow account component of the program, without the caseworker and self-sufficiency plan requirements.

This section is nearly identical to the Helping More Families Save Act of 2026 (H.R. 4385/S. 970) introduced previously in the 119th Congress.

Section 405/Section 5405. Choice in Affordable Housing Act

Before a family can move into a rental housing unit with an HCV, the unit must first be inspected by the local PHA to ensure it meets minimum federal quality standards. Assuming it passes, the unit must be reinspected annually thereafter as a condition of lease renewal. The Housing

appraisers can only carry out appraisals on non-complex properties with values under a specified threshold. For more information, see the Appraisal Institute's website at https://www.appraisalinstitute.org/the-appraisal-profession/become-an-appraiser.

Opportunity Through Modernization Act (HOTMA) allowed a third-party inspection associated with another housing assistance program to temporarily meet the initial inspection requirements of the HCV program, allowing families to move in to units prior to the completion of the PHA inspection (which is still required).

This section would allow inspections under the Low-Income Housing Tax Credit program, the HOME program, or various Rural Housing Service programs to fully satisfy the inspection requirements of the HCV program, subject to certain conditions. It would also allow for remote inspections in rural or small areas and create a mechanism for landlords newly participating in the HCV program to have their units pre-inspected. It would further direct that PHAs provide a list of any such pre-inspected units to tenants when they are selected to participate in the HCV program.

This section is similar to a section of the Choice in Affordable Housing Act of 2025 (H.R. 1981/S. 890) introduced previously in the 119th Congress.

Title V: Program Reform

Section 501/Section 5501. Reforming Disaster Recovery Act[63]

Periodically, Congress has provided supplemental appropriations for Community Development Block Grants for Disaster Recovery (CDBG-DR). This funding is intended to support needs unmet by other forms of federal disaster assistance, including Federal Emergency Management Agency (FEMA) grants and Small Business Administration loans. Since 1993, Congress has appropriated more than $109 billion in supplemental CDBG-DR funds. Typically, CDBG-DR funds have been directed to the "most impacted and distressed areas" with major disaster declarations under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act).

Broadly, CDBG-DR funds are subject to the conventional CDBG program's statutory authority and regulatory requirements. CDBG-DR is otherwise not specifically authorized in the *U.S. Code*, other than on an ad hoc basis through the text of CDBG-DR supplemental appropriations. Historically, these appropriations have included specific statutory directives and authorized HUD to establish waivers and alternative requirements as circumstances may require.

This section would take several steps to institutionalize the CDBG-DR program. Specifically, the section would

- delineate the duties of HUD vis-à-vis disaster response and recovery;
- establish the Office of Disaster Management and Resiliency within the Office of the Secretary, which would be responsible for coordinating HUD's disaster preparedness and response activities, including coordinating with interagency efforts to provide a comprehensive approach to working with communities on recovery and resilience activities;
- establish the Long-Term Disaster Recovery Fund, which would fund CDBG-DR activities; and
- authorize CDBG-DR as a standing program, including providing for funding mitigation projects.

[63] This section was authored by William L. Painter, CRS Specialist in Homeland Security and Appropriations, and Joseph V. Jaroscak, CRS Analyst in Economic Development Policy.

This section is similar to the Reforming Disaster Recovery Act (H.R. 5940/S. 1686) introduced in the 118th Congress.

Section 502/Section 5502. HOME Investment Partnerships Reauthorization and Improvement Act

The HOME program provides formula funds to states and eligible local governments to be used for a range of affordable housing activities that benefit low-income households, including new construction, rehabilitation, and acquisition of rental housing and housing for homeownership, as well as tenant-based rental assistance. Each participating state and locality must reserve at least 15% of its HOME funding for qualified Community Housing Development Organizations (CHDOs), which are nonprofits that meet certain legal and organizational requirements.

While there have been some legislative and regulatory changes over the years, the program has not been reauthorized by Congress since 1992 as part of the Housing and Community Development Act of 1992 (P.L. 102-550).

This section would authorize such sums as may be necessary for HOME. It would also make various program revisions, such as increasing the percentage of funds that grantees may use for administrative costs; clarifying how the purchase price of housing for homeownership is defined; providing that, notwithstanding resale restrictions that overwise apply, Community Land Trusts can acquire HOME-assisted housing for certain specified purposes; reducing requirements for owners of "small-scale housing" (housing with not more than four rental units); and lowering requirements for organizations to qualify as CHDOs. The section would also eliminate a 24-month commitment deadline for HOME grantees, and would allow these grantees to use funds reserved for CHDOs for other eligible activities after 24 months. These commitment deadlines have sometimes, but not always, been waived in annual appropriations acts.[64]

This section shares some provisions with the HOME Investment Partnerships Reauthorization and Improvement Act of 2025 (H.R. 2031/S. 948), introduced previously in the 119th Congress. A January 2025 final rule, "HOME Investment Partnerships Program: Program Updates and Streamlining," also made regulatory changes to requirements for small-scale housing and CHDOs that are comparable to, though distinct from, those in this section.[65]

Section 503/Section 5503. Rural Housing Service Reform Act

In the past several Congresses, legislation has been introduced, and in some cases approved in committee, to make changes to rural housing programs administered by the USDA's Rural Housing Service (RHS). This section includes a number of provisions from these bills, including most of the provisions included in the Rural Housing Service Reform Act introduced previously in the 119th Congress (S. 1260).

Many of the provisions included in this section involve changes designed to "preserve," or maintain as affordable, multifamily rural rental properties financed through the Section 515 loan program or the Section 514 farm labor housing loan program. It would revise and make permanent various programs and policies that have been created and maintained via provisions in annual appropriations legislation, including the Multifamily Preservation and Revitalization

[64] Other deadlines would still apply to the use and expenditure of HOME funds. For example, grantees are required to repay any funds spent on projects that are not completed within four years of the date the funds were committed, and HOME funds that are not expended within five years of the end of the period of availability specified in appropriations acts (typically three years) revert to the U.S. Treasury.

[65] For more details, see CRS Report R48422, *HOME Program 2025 Final Rule: In Brief*, by Henry G. Watson.

Demonstration (MPR) program, which has been included in annual appropriations acts since FY2006, and Section 521 rental assistance decoupling, which has been included in annual appropriations acts since FY2024.

In addition to the multifamily preservation provisions, Section 503 includes provisions related to other RHS programs and activities. These include a number of revisions to RHS single-family programs—namely, the Section 502 direct and guaranteed home loan programs and the Section 504 home repair program—aimed at increasing program access or improving program outcomes. It would also require the Secretary of Agriculture to conduct a study of the amount of payment subsidies provided under the Section 502 direct loan program, the amounts of subsidies that are recaptured, and the time and costs associated with recapturing those subsidies.

This section would also formally authorize the Rural Community Development Initiative, which was first funded in FY2000 and provides funding for capacity building activities to assist eligible entities in carrying out housing, community facilities, and community and economic development projects in rural areas. This program has been funded in annual appropriations acts but has not been separately authorized.

This section would authorize appropriations for technology and staffing upgrades to support all RHS programs, as well as for specific improvements to technology used to process and manage housing loans; establish new reporting requirements for the USDA Secretary; and require a GAO report on RHS technology needs.

Section 504/Section 5504. New Moving to Work Cohort

The Moving to Work (MTW) demonstration was originally created in 1996. It allowed a limited number of PHAs administering the public housing and HCV programs to receive waivers from HUD of most of the federal rules and regulations governing those programs, and to receive their federal funding as a fungible block grant. In 2016, the MTW demonstration was statutorily expanded to another 100 PHAs; these expansion PHAs were permitted to receive a more limited set of waivers designed to test and research specific policy changes. The expansion was implemented via selection of PHAs in sets of cohorts to test policies related to flexibility for small PHAs, rent reforms, asset building, and landlord incentives. (One cohort was initially designed to test work requirement policies, but that cohort was not implemented.)

This section would enact another limited expansion of the MTW demonstration, allowing HUD to select up to an additional 25 PHAs to participate in an Economic Opportunity and Pathways to Independence cohort. The waivers these PHAs could receive would be limited and could not include waivers related to rent setting, rent burdens, portability, project-basing, or allowing for the establishment of time limit or work requirement policies.

The S. 2296 (§5504) and S. 2651 (§504) texts differ in the selection requirements for the 25 new PHAs. Under the S. 2296 text, of the 25 total PHAs selected, up to 12 (compared to 10 in S. 2651) could be PHAs administering 1,000 or fewer combined HCVs and public housing units; up to 8 (compared to 6 in S. 2651) could be PHAs administering between 1,001 and 6,000 combined HCVs and public housing units; and up to 5 (compared to 4 in S. 2651) could be PHAs administering between 6,001 and 27,000 combined HCVs and public housing units. Therefore, under the S. 2296 text, as many as all 25 PHAs selected by HUD could be PHAs administering fewer than 27,000 combined HCVs and public housing units; whereas under the S. 2651 text, no more than 20 of the 25 PHAs selected by HUD could be PHAs administering fewer than 27,000 combined units.

Section 505/Section 5505. Reducing Homelessness Through Program Reform Act

HUD administers two Homeless Assistance Grants, the Continuum of Care (CoC) program and the Emergency Solutions Grants (ESG) program. This section would primarily make changes to the CoC program, which is a competitive grant to private nonprofit organizations, PHAs, governmental entities, and tribes that can be used to provide transitional housing, rapid rehousing (a form of short-term rental assistance), permanent supportive housing, and services to people experiencing homelessness. CoC grantees and other stakeholders in a geographic area establish local priorities and strategies to address homelessness in their communities and together submit a unified application to HUD for CoC grants through a designated collaborative applicant.

Among other things, this section would allow the HUD Secretary to release a notice of funding opportunity (NOFO) to cover two successive CoC grant years,[66] increase the percentage of allowable administrative costs for collaborative applicants, allow for remote or video inspection of housing units under certain circumstances, allow program income to count toward match requirements,[67] and ease the process for tribes to administer funds.

In addition, this section would direct GAO to study hiring, retention, and compensation levels among the workforce who provide supportive services under the CoC program, and to conduct an evaluation of coordinated entry, the process through which CoC program grantees prioritize available interventions for people experiencing homelessness. It would also direct the National Academies to review research regarding connections between access to affordable health care and homelessness, and it would authorize a demonstration program for housing and health providers to coordinate data systems and serve people experiencing chronic homelessness.

These provisions are substantially similar to those in the Reducing Homelessness through Program Reform Act (S. 2234) introduced previously in the 119th Congress.

Section 506/Section 5506. Incentivizing Local Solutions to Homelessness

The ESG program is a formula grant to states, local governments, and territories that can be used to assist people experiencing homelessness in various ways. Eligible uses of funds are emergency shelter (including capital costs and maintenance/operating costs), supportive services to shelter residents, street outreach, rapid rehousing, and homelessness prevention activities.[68] The ESG statute caps the amount of funds that can be allocated to street outreach and emergency shelter activities to the greater of 60% of a grantee's allocation or the amount expended for those activities in FY2010.[69]

This section would allow ESG grantees that meet certain requirements, including demonstrating local need, to request that the HUD Secretary waive the cap on funds spent on the costs of street outreach and emergency shelter for their FY2026-FY2029 funding allocations.

[66] Until FY2024, the competition for CoC grant funds took place annually. A two-year NOFO for FY2024-FY2025 was allowed as part of the FY2024 appropriations law. See Section 224 of the HUD General Provisions in the FY2024 appropriations law (P.L. 118-42).

[67] Language allowing for program income to count toward a grantee's match has been included in appropriations language. For example, see Section 226 of the HUD General Provisions in the FY2024 appropriations law (P.L. 118-42).

[68] 42 U.S.C. §11374(a).

[69] 42 U.S.C. §11374(b). The reference to FY2010 is from regulation: 24 C.F.R. §576.100.

Title VI: Veterans and Housing

Section 601/Section 5601. VA Home Loan Awareness Act

The Uniform Residential Loan Application (URLA) is used by lenders to collect information from mortgage applicants. Fannie Mae and Freddie Mac publish and occasionally update it.[70] The URLA contains a question about military service: "Did you (or your deceased spouse) ever serve, or are you currently serving, in the United States Armed Forces?"[71] This section would require the FHFA Director, within six months of enactment, to add a statement below the question about military service reading "If yes, you may qualify for a VA Home Loan. Consult your lender regarding eligibility."

Versions of the VA Home Loan Awareness Act have been introduced in the 119th Congress (H.R. 2362/S. 138) and the 118th Congress (H.R. 5979/S. 3068).

Section 602/Section 5602. Veterans Affairs Loan Informed Disclosure (VALID) Act

The law governing FHA loans has an Informed Consumer Choice Disclosure requirement.[72] A lender must give an FHA loan applicant a form comparing the terms of an FHA-insured loan (e.g., interest rate, interest payments, insurance premiums, other costs and fees) to the terms of a conventional loan.[73] This section would amend the law to include a comparison to VA-guaranteed loans as well as conventional loans. It would not require lenders to determine borrower eligibility for particular loans.

This section would also change the placement of the URLA question about military service, as amended by Section 601 of the ROAD to Housing Act of 2025, and move it above the signature line of the URLA.

Bills substantially similar to the VALID Act have been introduced since at least the 114th Congress. See, for example, the VALID Act of 2025 (H.R. 3694/S. 1932) introduced previously in the 119th Congress, and the Give Veterans Home Loan Choices Act of 2016 (H.R. 6320) in the 114th Congress.

Section 603/Section 5603. Housing Unhoused Disabled Veterans Act

The HUD-VA Supportive Housing (HUD-VASH) program is a collaboration through which HUD provides HCVs for veterans experiencing homelessness and VA provides case management services.[74] Eligibility for HUD-assisted housing (including HUD-VASH) is determined based on "income" as defined in statute and regulation.[75] Most sources of income, including veteran

[70] The URLA is Freddie Mac form 65 and Fannie Mae form 1003. The URLA was initially published in regulations at 12 C.F.R. Part 202, Appendix B. For the most recent version of it as of the cover date of this report, see https://singlefamily.fanniemae.com/media/7896/display, accessed August 13, 2025.

[71] See question 7 of the URLA.

[72] 12 U.S.C. §1709(f).

[73] For HUD's Model Informed Consumer Disclosure Notice, see https://www.hud.gov/sites/dfiles/SFH/documents/MODELINFORMEDCONSUMER.pdf (accessed August 15, 2025).

[74] For more information about HUD-VASH, see CRS Report RL34024, *Veterans and Homelessness*, by Libby Perl.

[75] 42 U.S.C. §1437a(b)(4) and 24 C.F.R. §5.609.

disability benefits, are included in determining eligibility.[76] The amount of rent paid by eligible families is calculated based on "adjusted income," which is also defined in statute and regulation.[77] Some veterans who receive VA disability benefits may have income that exceeds HUD income eligibility thresholds as well as thresholds set by other programs that are used to fund the capital costs of affordable housing.

This section would amend the statutory definition of income and exclude VA benefits for both service- and nonservice-connected disabilities in determining eligibility for HUD-VASH, but it would include the VA benefits when calculating adjusted income to determine rent levels. The section would also amend current law to state that the same method of determining income and adjusted income shall apply to HUD-VASH voucher holders applying to live in housing funded through other types of housing assistance.

These provisions are similar to those included in versions of the Housing Unhoused Disabled Veterans Act that have been introduced in the 118th Congress (H.R. 8340) and 119th Congress (H.R. 965/S. 1415). H.R. 965 was passed by the House on February 10, 2025.

Title VII: Oversight and Accountability

Section 701/Section 5701. Requiring Annual Testimony and Oversight from Housing Regulators

This section would require the HUD Secretary to testify on an annual basis before the Senate Banking, Housing, and Urban Affairs Committee and the House Financial Services Committee. The section would also require annual testimony from the President of Ginnie Mae, the Federal Housing Commissioner, the Administrator of the RHS, the Executive Director of the Loan Guaranty Service of the VA, and the FHFA Director. The section also requires the Mortgagee Review Board, within the FHA, to submit its annual report to Congress, in addition to the HUD Secretary as required under current statute.

Several other recently introduced bills would similarly require regular testimony from federal housing officials, including the HUD Accountability Act of 2025 (H.R. 3774) and the HUD Transparency Act of 2025 (H.R. 225) introduced previously in the 119th Congress; the CDFI Fund Transparency Act (S. 2674/H.R. 3161) introduced in the 118th Congress, and the Ginnie Mae Oversight and Accountability Act of 2021 (H.R. 2322) introduced in the 117th Congress.

Section 702/Section 5702. FHA Reporting Requirements on Safety and Soundness

FHA-insured single-family mortgages are insured under FHA's Mutual Mortgage Insurance Fund (MMIF). Statute confers a responsibility on the HUD Secretary to ensure that the MMIF remains financially sound[78] and requires that the MMIF maintain a capital ratio of at least 2%.[79] FHA is currently required by law to submit certain reports to Congress, including an annual report

[76] For more information, see CRS Report R42734, *Income Eligibility and Rent in HUD Rental Assistance Programs: Frequently Asked Questions*, by Libby Perl and Maggie McCarty.

[77] 42 U.S.C. §1437a(b)(5) and 24 C.F.R. §5.611.

[78] 12 U.S.C. §1708(a)(3).

[79] 12 U.S.C. §1711(f). The capital ratio is defined as the ratio of the economic net worth of the MMIF (current cash available plus the net present value of all expected cash inflows and outflows from mortgages currently insured under the MMIF) to the dollar amount of outstanding mortgages insured under the MMIF.

describing the results of a required actuarial review of the MMIF, [80] an annual report providing certain information on FHA-insured single-family mortgages,[81] and quarterly reports providing certain information on mortgages insured under the MMIF.[82]

This section would amend the National Housing Act to require monthly reports on the capital ratio and to require the Secretary to notify Congress as soon as practicable if the capital ratio falls below its required level of 2%. In addition, it would require the annual reports to Congress to include certain information on the number of first-time homebuyers served by FHA, including requiring that the annual report on the actuarial review of the MMIF include information on the number of FHA-insured loans to first-time homebuyers originated in each census tract.[83] It would also require GAO to conduct a study and submit a report to Congress related to considering various types of borrower outcomes to demonstrate whether borrowers have been successfully served by FHA-insured mortgages.

Section 703/Section 5703. United States Interagency Council on Homelessness (USICH) Oversight

The USICH, authorized as part of the McKinney-Vento Homeless Assistance Act (P.L. 100-77), is made up of representatives from multiple federal agencies who, along with the USICH executive director and staff, are to coordinate federal efforts to address homelessness and to support states and localities their efforts to assist people experiencing homelessness (among other activities).[84] The USICH is also responsible for releasing a National Strategic Plan to End Homelessness. Since the requirement for a plan to end homelessness was included in law in 2009, USICH has released four versions of a National Strategic Plan to End Homelessness.[85]

This section would direct the USICH to release a National Strategic Plan to End Homelessness within 12 months of enactment and to report annually thereafter on modifications to the plan and the reasons for modifications. It would also add "testifying annually before Congress" to the duties of USICH.

Section 704/Section 5704. NeighborWorks Accountability Act

The Neighborhood Reinvestment Corporation, commonly known as NeighborWorks America, is a congressionally chartered nonprofit that supports a network of local NeighborWorks organizations that carry out a range of housing and community development activities. NeighborWorks typically receives an appropriation as a related agency in the THUD

[80] 12 U.S.C. §1708(a)(4).

[81] 12 U.S.C. §1709(w).

[82] 12 U.S.C. §1708(a)(5).

[83] FHA's annual report to Congress on the financial status of the MMI Fund and annual management report both typically include information on the overall number of FHA-insured mortgages made to first-time homebuyers in a given year. For example, see pages 19 and 41 of FHA's *Annual Report to Congress Regarding the Financial Status of the Federal Housing Administration Mutual Mortgage Insurance Fund Fiscal Year 2024* at https://www.hud.gov/sites/dfiles/Housing/documents/2024FHAAnnualReportMMIFund.pdf; and page 20 of FHA's *FY2024 Annual Management Report* at https://www.hud.gov/sites/dfiles/Housing/documents/FHAFY2024ANNUALMGMNTRPT.pdf.

[84] 42 U.S.C. §§11311 et seq.

[85] The requirement for a National Strategic Plan to End Homelessness was included in the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act (Division B of P.L. 111-22). The USICH has released *Opening Doors* in 2010 (and updated it in 2011, 2012, and 2015), *Home Together* in 2018, *Expanding the Toolbox* in 2020, and *All In* in 2022. See https://usich.gov/federal-strategic-plan/overview (accessed August 22, 2025).

appropriations act, which it uses to provide grant funding, training, and technical assistance to its member organizations.

This section would establish an Inspector General for NeighborWorks America and authorize to be appropriated to the Inspector General such sums as may be necessary. A NeighborWorks Accountability Act (S. 2484) with identical provisions was introduced previously in the 119th Congress.

Section 705/Section 5705. Appraisal Modernization Act

The purpose of this section is to address concerns with appraisal bias.[86] The section seeks to ensure the right of consumers to appeal and have home valuations reconsidered when initial appraisals are likely to contain errors. It would define unacceptable appraisal practices and an unsupported appraisal report that could trigger a request for reconsideration of value. If deficiencies were identified or discrimination was believed to exist in the initial appraisal reports, creditors would order and pay for second appraisal reports and forward the initial appraisal reports to the appropriate appraisal licensing agencies or regulatory boards. It would also require creditors to establish formal review and resolution procedures for consumers when submitting requests for appraised value reconsiderations. In addition, this section seeks to increase transparency to further combat appraisal bias. Specifically, it requires GAO to report on the feasibility of establishing a public appraisal database with searchable and downloadable aggregated appraisal and home valuation data collected from Fannie Mae, Freddie Mac, HUD, and VA.

This section is similar to the Appraisal Modernization Act (S. 2322) introduced previously in the 119th Congress.

Title VIII: Coordination, Studies, and Reporting

Section 801/Section 5801. HUD-USDA-VA Interagency Coordination Act

This section directs the HUD, USDA, and VA Secretaries to enter into an agreement to share data, with the purpose of facilitating evidence-based policymaking. The section also directs the three agencies to submit a report, within 180 days of enactment, to the Senate Banking Committee and House Financial Services[87] Committee describing (1) opportunities for collaboration; (2) federal laws and regulations that adversely affect the availability and affordability of new construction of assisted housing and single-family and multifamily housing with mortgages backed by FHA, VA, or USDA; and (3) recommendations for Congress regarding those federal laws and regulations.

This section is similar to the HUD-USDA-VA Interagency Coordination Act (S. 1695) introduced previously in the 119th Congress.

Section 802/Section 5802. Streamlining Rural Housing Act

HUD and USDA administer a number of rental housing programs that have similar structures and are sometimes used in conjunction with one another. This section would require the two agencies

[86] For more information, see Office of Reverend Raphael Warnock, U.S. Senator for Georgia, *Appraisal Modernization Act*, July 17, 2025, https://www.warnock.senate.gov/wp-content/uploads/2025/07/Appraisal-Modernization-Act-One-Pager_FINAL1_newest-2.pdf.

[87] The bill text reads "Committee on Finance of the House of Representatives," which CRS presumes should read "Committee on Financial Services."

to enter into a Memorandum of Understanding (MOU) to review and potentially revise the environmental review process and requirements across the two agencies and to explore the feasibility of joint physical inspections for properties assisted by both agencies. It would also establish an advisory working group comprising various stakeholders to inform the MOU.

This section is similar to the Streamlining Rural Housing Act of 2025 (S. 2423) introduced previously in the 119th Congress.

Section 803/Section 5803. Improving Self-Sufficiency of Families in HUD-Subsidized Housing

Federal rental assistance programs—unlike some other social assistance programs—do not have work requirements for recipients. However, some PHAs participating in the original MTW demonstration used their waiver authority to adopt work requirement policies.

This section would require HUD to conduct a study of work requirement policies among original MTW agencies, to the extent sufficient participation would be available and it would not negatively impact low-income families.

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