

# 10 Things for Local Leaders to Know About the “21st Century ROAD to Housing Act”

NLC | Michael Wallace | July 2, 2026

The 21st Century ROAD to Housing Act is the first comprehensive housing package to pass Congress in decades. The bill, which passed with overwhelming bipartisan support in the Senate (85-5) and House (358-32), aims to boost housing supply through improvements to existing programs, unlocking private capital and reducing federal regulatory barriers. Just as importantly for local governments, the package is an example of Congress choosing partnership with local governments over preemptions to address the nation’s deficit of millions of units of housing.

The bill is now with the President, and enactment is expected soon. Although it will take months for federal agencies to stand up the new resources and regulatory changes in the bill, cities can start thinking about what the bill means for their own housing strategies now.

## **1. 21<sup>st</sup> Century ROAD to Housing Act Enhances Flexibility for Existing Grant Programs Like CDBG and HOME That Are Allocated Directly to Local Governments**

The Community Development Block Grant (CDBG) program is often used now by grantees for home maintenance and repair costs that elderly and low-income households are unable to meet. Such expenditures often help preserve [naturally-occurring affordable housing](#) from falling into disrepair or from being converted to higher-market rents. Under the bill, CDBG grantees will now be able to invest CDBG funds directly into new housing construction. For cities that spent a portion of their ARPA State and Local Fiscal Recovery grant on income-targeted housing developments, this new eligibility presents an opportunity to continue such investments after the one-time ARPA funds run out.

The HOME Investment Partnership Program (HOME) also gets a major update for the first time in 30 years. The bill adjusts up income limits for beneficiaries to 100 percent of median family income so that grantees can support a mix of low-income and workforce housing needs. It also allows HOME grantees that don’t also receive CDBG funds annually to use HOME grant funds for infrastructure improvements directly related to housing.

## **2. 21<sup>st</sup> Century ROAD to Housing Act Streamlines Federal NEPA Environmental Review Requirements for Housing and, in Some Cases, Exempts Small Developments from the NEPA Review Process**

Housing developments that receive federal money must pass a NEPA review to get built. This process can cause costly building delays, and can be wielded unfairly by interest groups to delay approved housing developments from moving forward. Several provisions in the bill reduce NEPA compliance burdens or exempt certain developments from the process. The bill brings HUD NEPA review standards in alignment with other agencies, and gives HUD more authority to designate housing developments relying on federal funds as “special project funds”

that grant simplified and streamlined compliance requirements. In some cases, small-scale housing construction, including infill development, may be exempted from NEPA requirements.

The bill also exempts most Rural Housing Service (RHS)-funded projects from NEPA requirements when the project is located on an infill site.

### **3. New Grants and Pilot Programs Will Boost Local and Regional Housing Plans**

The 21<sup>st</sup> Century ROAD to Housing Act authorizes several new grants and pilot programs that local governments will be eligible to receive. New Regional Housing Planning Grants, an Innovation Fund to award grants to localities that demonstrate improvement on housing, grants to develop pre-approved architectural designs (pattern book homes) and a new Whole-Home Repair program are all slated to come online over the next year.

### **4. Annual Authorization for the CDBG-Disaster Recovery Program**

If your community has endured a federally-declared disaster, you are familiar with the CDBG-DR program (and its complexities). Until now, it's been necessary for Congress to write new program rules into each new CDBG-DR grant authorization. 21<sup>st</sup> Century ROAD to Housing Act changes that by enacting a three-year authorization for CDBG-DR and establishing an Office of Disaster Management and Resiliency within HUD to administer the program. The change will improve consistency in the availability and regulation of housing recovery aid following a disaster.

### **5. New Resources for Technical Assistance and Capacity-Building**

While 21<sup>st</sup> Century Road to Housing Act eschews pre-emptions, it does offer incentives and resources targeted to the responsibilities of local governments. The bill directs HUD to establish federal guidelines for point-access block buildings (i.e., building code for single staircase apartments with three or more stories that can be less expensive to build), and also allows HUD to award competitive grants for pilot programs to assess the feasibility of such buildings where they make local sense.

The bill also directs HUD to assemble an advisory group including local officials to develop best practices frameworks for zoning and land-use policies, with the important guardrail that prohibits HUD from taking any adverse action against states or localities decline to take advantage of a framework. For local governments that do, the best practices frameworks could offer savings compared to consultants or other costly specialists to undertake local reforms.

### **6. Unmet Infrastructure Needs are Recognized as an Impediment to Increasing Housing Supply and Bringing Down Costs**

In addition to new infrastructure spending under the HOME Investment Partnership Program, the Innovation Fund will take a broad view of housing impediments, allowing a range of uses, including community infrastructure, and supplementing water and sewer needs.

## **7. Private Sector Improvements Will Increase and Enhance Public-Private Partnerships**

Among provisions aimed at unlocking more private capital for attainable housing, the biggest change is an increase in the Public Welfare Investment cap that limits banks' investments in community development projects from 15 percent to 20 percent, which opens additional funds for affordable housing. A slew of community banking enhancements should lead to growth in community banks serving as local stakeholders in urban and rural communities. Also, updated rules for manufactured and modular homes should decrease costs and improve public awareness of advances in factory-built homes.

## **8. Small and Rural Communities Will Also Benefit**

21<sup>st</sup> Century Road to Housing Act includes a number of provisions and set-asides directed to small and rural places. The bill authorizes a pilot to offer small-dollar mortgages with original principal balances of \$100,000 or less. 10 percent of funds under the pre-approved design grants are set aside for small and rural communities. HUD and USDA are directed to coordinate and streamline implementation of their respective housing programs. Also, the bill exempts most Rural Housing Service (RHS)-funded projects from NEPA requirements regarding the construction or modification of residential housing located on an infill site.

## **9. New Programs and Regulations Will Become Available Over Time**

Agencies will need time to stand up new programs, put regulatory changes through the public comment process and identify funds to support the changes. Many of the provisions give agencies 12 to 24 months to carry out their roles under the bill. Although improvements in the bill won't be immediately available, local governments can start thinking about how they would take advantage of new programs and resources now and incorporate that thinking into long-range housing plans.

Until then, local governments can expect many opportunities to weigh in on program implementation as proposed rules are made public over time.

## **10. By Design, the 21st Century ROAD to Housing Act Does Not Preempt Local or State Zoning**

The intent of many new programs and resources are aimed at incentivizing and assisting local governments to rethink and reform local land use ordinances in the belief that such federal-local partnerships will produce more attainable housing more quickly than pre-emptions or mandates. The federal approach might serve as an example to more aggressive state governments, or the lack of federal mandates could make some state governments more aggressive.

Moreover, CDBG grantees will be handed a new requirement to stand up and maintain a database of publicly available lands within their jurisdiction, though CDBG funds are eligible to pay for that work. Also, some CDBG grantees may see small boosts or decreases in their annual grant funds based on documented housing outcomes.