California Senate Office of Research

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Federal Update

21st Century ROAD to Housing Act

Overview

The 21st Century ROAD to Housing Act, the most significant federal housing package in a generation, became law on July 10, 2026. The bill passed both houses of Congress in late June with overwhelming bipartisan support, clearing the Senate 85–5 and the House 358–32.

The Road Act seeks to address housing affordability through both regulatory measures and funding incentives designed to increase supply. On the regulatory side, the law removes barriers to cost-effective construction methods such as use of manufactured housing, requires guidance to facilitate design efficiencies such as single-stair construction, and streamlines federal environmental review—although because California projects remain subject to the California Environmental Quality Act (CEQA), the practical benefit of federal streamlining may be limited.

Perhaps most significant are the funding changes. The Road Act creates multiple competitive grant programs to support affordable housing (AH) planning and implementation (Section 207), repair and preservation (Section 202), conversion of vacant structures (Section 210), and development of pre-reviewed designs (Section 209). It also creates a $200 million annual Innovation Fund rewarding jurisdictions for adoption of various reforms, most of which California already requires under state law (Section 208).

The law also converts a portion of Community Development Block Grant (CDBG) funding allocations into a performance-based stream, awarding bonuses to entitlement jurisdictions that accelerate housing production and imposing reductions on those that lag (Section 213), and allows CDBG funds to be used for new AH construction (Section 204). In addition, it modernizes the Home Investment Partnership (HOME) program, the principal federal block grant for AH, for the first time since 1992 (Section 501); and provides statutory stability for the CDBG–Disaster Recovery

(CDBG–DR) program—a significant reform for a state facing recurring wildfire and flood recovery needs (Section 504).

One provision that was a top priority of the Trump administration imposes limits on the purchase of single-family homes by some institutional investors (Section 1001). This provision drew substantial public attention, although its practical reach is narrower than may at first appear, in part because the large investors to which it applies represent only a small share of the market. In addition, the provision applies only to new construction and includes a carve-out for build-to-rent properties.

In total, the Road Act incorporates provisions of more than 60 pieces of previously introduced legislation, many with bipartisan sponsors. This memo provides an overview of the law, highlighting provisions likely to have the most significant impact on California housing policy. Because most of those provisions appear in titles 1–5 and Title 10, these receive fuller treatment, while the remaining titles are discussed more briefly. The appendix lists each provision for quick reference.

The Federal–State Relationship in Housing Policy

Support for AH in the United States is a responsibility shared between the federal government and the states. Land use—the authority most directly responsible for whether, where, and what kind of housing will be built—is fundamentally a state and local power. In California, zoning, permitting, building codes, environmental review, and approval of individual projects are matters controlled principally through local governments in accordance with state laws such as housing element and density bonus laws, CEQA, and the Coastal Act. The federal government generally lacks authority to compel local governments to approve or reject housing projects or modify zoning.

Because it generally cannot mandate local action directly, the federal government's primary influence over AH development is through the allocation of funding with associated rules and conditions. Federal assistance flows to states and localities through a set of long-standing programs—among them CDBG, HOME, tenant-based rental assistance (the Housing Choice Voucher program), and—after disasters—CDBG–DR. In addition, the federal Low-Income Housing Tax Credit (LIHTC) program

offers the single largest federal subsidy for affordable housing production. [1]
In California, these credits, along with a parallel allocation of state-funded LIHTCs, are administered by the Office of the State Treasurer through the Tax Credit Allocation Committee (TCAC).[2]

The ROAD Act largely follows the established pattern-seeking to influence state and local housing policy through conditions and incentives on funding streams the state relies on. In some respects, it leans into the "reward-and-incentive" model more than in the past—reshaping CDBG, reauthorizing HOME, stabilizing disaster recovery funds, and creating new competitive grants—to reward jurisdictions whose local policies produce housing.

Title 1: Opportunities for Housing

The intent of Title 1 is to update and improve performance of various federal programs, remove unnecessary federal requirements, and increase local flexibility. Notable provisions include the following:

- Section 101—Clarifies the U.S. Department of Housing and Urban Development's (HUD) authority to evaluate the performance of housing counseling agencies and counselors, require additional training, and revoke certifications

- Section 102—Directs HUD to publish guidelines enabling states and localities to permit single-stair (point-access block) buildings of up to six stories, and award competitive grants for pilot projects testing the safety and feasibility of such buildings. Current model building codes generally require multifamily buildings of more than three stories to have two separate stairwells—a requirement that

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1 The Low-Income Housing Tax Credit (LIHTC) program does not fund projects directly. Instead, the federal government allocates tax credits to states, which award them to affordable housing projects as part of a financing package that typically also includes grants and bond financing. Developers sell the credits to private investors at a discount in exchange for equity to build the project. Investors claim the credits against their federal tax liability over 10 years. In effect, the credit converts a future stream of tax savings into up-front capital for construction. A condition of LIHTC financing is that the project remain affordable to low-income households for a specified period (typically 55 years if financing includes state-funded-LIHTCs or other funds to support deed-restricted projects)

2 Governor Newsom's 2025 reorganization plan established a stand-alone Housing and Homelessness Agency, which includes a new Housing Development and Finance Committee (HDFC) charged with centralizing administration of various affordable housing funding and financing programs previously dispersed across various departments. While the reorganization leaves the Tax Credit Allocation Committee within the Office of the State Treasurer to ensure the stability of existing tax credit systems, the intent is that it work closely with HDFC to coordinate the tax credit element of project financing.

limits building footprints and unit layouts in ways that can increase cost and limit use of small infill lots. The guidelines would not preempt state or local requirements but would provide a vetted technical basis for California to develop code amendments through the state's Building Standards Commission process.

- Section 103—Exempts from federal environmental review requirements housing built or modified on qualifying infill sites with assistance from the U.S. Department of Agriculture's (USDA) Rural Housing Service programs. Previously, such rural projects were subject to review under the National Environmental Policy Act (NEPA), which can add time and cost. Three important limitations to this exemption include the following. First, it applies only to USDA rural housing assistance, not to HUD-funded projects. Second, the law's definition of "infill site" excludes undeveloped greenfield land and any site in a census tract designated as very high or relatively high risk for wildfire, coastal flooding, or riverine flooding under the Federal Emergency Management Agency's National Risk Index—a carve-out that excludes a substantial portion of California's rural and wildland-urban interface areas. Third, the law defines "infill site" as land already served by existing water, sewer, and road infrastructure. A site served only by a road does not qualify, even if otherwise surrounded by development. Because projects in California remain subject to review under CEQA, the practical effect of the exemption may be limited.

- Section 104—Requires all CDBG recipients to publish a searchable, publicly accessible online database of undeveloped parcels they own. The statewide impact of this provision is unclear because the Surplus Land Act requires local agencies in California to report surplus properties to the Department of Housing and Community Development, which maintains a database of properties suitable for housing.

- Section 105—Authorizes HUD to establish a four-year pilot program to expand access to Federal Housing Administration (FHA)-insured mortgages of $100,000 or less. Small-dollar mortgages often are difficult for borrowers to obtain because the fixed costs of originating a loan make smaller loans less profitable for lenders. While home prices in much of California may limit the impact of this reform statewide, it could have significant value in some of the state's lower-cost rural and inland markets.

- Section 106—Establishes a three-year HUD pilot program providing grants to public housing agencies (PHAs) and owners of federally assisted rental housing to install temperature sensors in dwelling units, with tenant permission, to help ensure compliance with temperature-related housing quality standards. In light of the recent California legislative focus on habitability and cooling standards, this pilot may be of interest.

- Section 107—Directs HUD to publish housing supply frameworks—model guidelines and best practices for state and local zoning and land use policy, addressing matters such as permitting timelines, parking requirements, accessory dwelling units (ADUs), and by-right approvals. The frameworks are advisory only and do not preempt local authority; jurisdictions may adopt them at their discretion. Because California has already adopted many of the reforms such frameworks are likely to recommend, the provision's practical significance in the state is limited, though it may serve as a useful benchmark.

Title 2: Building More in America

Title 2 seeks to increase housing production through a combination of regulatory streamlining (NEPA) and funding incentives, including competitive grants and performance conditions imposed on existing formula funds. Regarding NEPA, the law simplifies and decentralizes environmental review of federally assisted housing, expanding the categories of low-impact activities exempt from full review and shifting greater review responsibility to state and local governments. Importantly, because projects in California remain subject to CEQA, which often requires a more rigorous standard of review, the benefit of these provisions could be limited.

Key streamlining provisions include the following.

- Section 205—The BUILD Housing Act authorizes HUD to designate certain housing assistance as "special projects" subject to simplified NEPA compliance, and delegates greater environmental-review responsibility to state, local, and tribal governments. Under prior practice, environmental review of HUD-assisted projects was more centralized and uniform, regardless of a project's scale or environmental significance. By pushing review closer to the local level and tailoring its intensity, the provision is intended to reduce the time and cost of the federal review layer for assisted housing.

- Section 206—Expands the use of categorical exclusions under NEPA for a broad range of housing activities. Categorical exclusions are classes of actions that an agency has determined—in advance—do not significantly affect the environment and therefore do not require preparation of a full environmental assessment or environmental impact statement. Previously, the set of exclusions available for housing activities was narrow, meaning that many routine, low-impact projects—such as rehabilitation or small-scale infill development—triggered case-by-case review. By predetermining that such activities are excluded, the provision should reduce review timelines for HUD- and USDA-assisted projects.

On the funding side, historically most federal investment in AH has flowed through formula programs with relatively little emphasis on performance incentives. The Road Act shifts this focus through an expansion of competitive grant programs, several of which, including the $200 million Innovation fund, seek to incentivize and reward housing production and efficiency. Notably, a number of the new grant programs align well with efforts already being advanced in California.

New competitive grant programs include the following.

- Section 202—The Whole-Home Repairs Act is a HUD pilot program that supports state, local and tribal whole-home repair programs providing grants to homeowners and forgivable loans to landlords.

- Section 207—The Affordable Housing Planning and Implementation is a competitive HUD grant program to assist state, local, and tribal governments with activities to support AH, including regulatory process updates, increased inspection capacity and coordination of housing development and transportation planning.

- Section 208—The Innovation Fund is a competitive grant program for local governments and tribes that demonstrate measurable improvements in housing supply, incentivizing reforms such as streamlined permitting, density bonuses, and zoning changes, though grants cannot be used to preempt local zoning or land use authority. Funding is authorized at $200 million per year for five years (fiscal years 2027–31), and the program sunsets after seven years. HUD must award at least 25 grants annually, ranging from $250,000 to $10 million each. California jurisdictions appear well positioned to benefit because many of the reforms the grants reward (regional housing needs allocation targets, housing element compliance, environmental streamlining, zoning reform) are already required under state law.

- Section 209—The Accelerating Home Building Act provides grants to local governments to select and implement pre-reviewed housing designs (i.e., ADUs, duplexes, townhouses) to streamline AH construction.

- Section 210—The Revitalizing Empty Structures into Desirable Environments (RESIDE) Act is a pilot program to help local entities convert vacant commercial or industrial buildings into AH, prioritizing economically distressed areas.

Key program reforms include the following.

- Section 201—Allows HUD to prioritize projects based in, or primarily serving communities designated as, opportunity zones for funding through any competitive grant program related to housing development or preservation

- Section 203—The Community Investment and Prosperity Act raises the cap on bank public welfare investments from 15 percent to 20 percent of a bank's capital and surplus. Public welfare investments are the vehicle through which banks make equity investments in AH, including LIHTC projects. Raising the cap directly expands the pool of bank equity available for LIHTC deals, increasing their capacity to invest in AH development. Since California absorbs more LIHTC equity than any other state, this reform could be particularly beneficial.

- Section 204— This section expands CDBG program eligibility to include new construction of AH, which had previously been excluded except under very limited circumstances, but caps new construction spending at 20 percent of a recipient's annual allocation It also preserves the program's other priorities.

- Section 211—The Housing Affordability Act updates the statutory loan limits for FHA-insured multifamily mortgages and reforms the formula by which those limits are set, including the mechanism for adjusting limits in high-cost areas and for annual inflation indexing. Existing limits have not kept pace with construction costs, constraining the utility of FHA multifamily insurance in expensive markets. The change is likely to be meaningful in California, where development costs frequently exceed the loan amounts FHA has been able to insure.

- Section 212—Expands the RAD Program by 100,000 units (to 555,000) and strikes the 2029 sunset date, making it permanent. RAD is a popular tool through which public housing authorities seek to convert older public housing units to a project-based Section 8 platform (either vouchers or project-based rental assistance). This conversion can unlock access to financing sources to fund rehabilitation of these aging properties. RAD operates under a statutory unit cap that previously has been reached and raised multiple times. The cap increase will help to address a significant backlog in California and many in other states.

- Section 213—Creates the Build Now Act, which ties a portion of CDBG entitlement funding to housing production. Previously, CDBG funds were distributed by formula without regard to a grantee's housing production. This provision converts a share of those funds into a results-sensitive stream: eligible jurisdictions are ranked on a "housing growth improvement rate"—the ratio of recent housing unit growth to growth in the prior period—with those above the median receiving

bonus allocations and those below the median facing reductions. Notably, because the metric rewards improvement rather than absolute volume, a jurisdiction accelerating from a low base can score as well as a high-producing one.
The program is budget-neutral; bonuses are offset by reductions to other jurisdictions rather than new appropriations.

This section does not apply universally but only to CDBG entitlement communities (metropolitan cities and urban counties) and those with relatively high housing costs and low vacancy rates. State non-entitlement allocations are excluded as are jurisdictions with recent disasters or those lacking legal authority over land use policy, and penalties are capped at $1 million per jurisdiction.

TITLE 3: MANUFACTURED HOUSING FOR AMERICA

Manufactured and modular (factory-built) housing is substantially less expensive than site-built construction on a per-square-foot basis. Census Bureau data for 2024 put new manufactured homes at roughly $79 to $87 per square foot, compared with approximately $169 for site-built single-family homes—a difference of nearly half, though the comparison excludes land.[3] Title 3 includes various provisions intended to remove regulatory and financing obstacles to expanded use of this type of construction, and also makes construction of ADUs eligible for FHA-insured loan financing. Given the high cost of construction in much of California, this title offers new opportunities for housing development. That said, the savings are in the structure, not the site: Once land acquisition, site preparation, foundations, and utility connections are added, the cost advantage narrows considerably—and in California, where land and site costs dominate total development cost, the net benefit will depend heavily on where the homes are placed.

- Section 301—The Housing Supply Expansion Act repeals a requirement in a 1974 law that manufactured homes be built on a permanent chassis (the steel frame and axles used for transport). Elimination of this requirement reduces costs, increases design flexibility and removes potential obstacles to financing as a permanent structure. Since many manufactured homes are installed on a permanent foundation and are never moved again, this requirement is superfluous.
  This section also establishes HUD's primary jurisdiction over manufactured home standards—including those governing construction, safety and energy efficiency.

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[3] U.S. Census Bureau, "Manufactured Housing Survey" (sponsored by the U.S. Department of Housing and Urban Development), Annual Data, https://www.census.gov/programs-surveys/mhs/data/annual-data.html.

- Section 302—The Modular Housing Production Act directs HUD to review FHA financing programs to identify administrative barriers for modular housing developers and to initiate related rulemaking. The act also authorizes HUD to fund a study of the utility of establishing a standardized code for modular housing.

- Section 303—The property Improvement and Manufactured Housing Loan Modernization Act increases the loan limits for FHA-insured manufactured housing loans and adds ADU construction as a qualified use for FHA-insured property improvement loans. The provision also directs HUD to conduct a study of the cost-effectiveness of off-site construction methods.

- Section 304—Reauthorizes the Preservation and Reinvestment for Community Enhancement (PRICE) Act for seven years. PRICE grants fund the repair, preservation, and improvement of existing manufactured homes and associated communities.

Title 4: Accessing the American Dream

Title 4 includes various provisions intended to address borrower access to small-dollar mortgages and appraisals. It also seeks to streamline HUD inspections of certain federally financed properties and authorizes the department to test reforms to its Family Self-Sufficiency program.

- Sections 401–402—Directs the Consumer Financial Protection Bureau (CFPB) to study and report on mortgage loan originator compensation practices and their impact on the availability of small-dollar mortgages and requires the bureau to evaluate the impact of current points-and-fee thresholds on these types of loans

- Section 403—Seeks to improve access to appraisals by FHA-insured borrowers through reformed licensing and training requirements, enhanced standards for FHA-approved appraisers, and increased flexibility for trainees. It also authorizes grants to support workforce development.

- Section 404—Authorizes a HUD demonstration testing an opt-out approach to the Family Self-Sufficiency (FSS) program, which pairs rental assistance with an escrow savings account that grows as a participant's earnings rise. Enrollment in FSS is currently voluntary (opt-in); the demonstration tests whether automatically enrolling eligible families, unless they decline, increases participation.

- Section 405—Streamlines HUD inspection requirements by allowing rental units already inspected under various federal housing programs (i.e. LIHTC, HOME, or USDA financing) to satisfy Housing Choice Voucher inspection requirements if inspected within the prior year and permits advance inspections for prospective landlords. Previously, units, financed under these programs and rented to voucher holders could face duplicative inspections. Because California is the nation's largest LIHTC market, reducing such redundancies could meaningfully shorten voucher lease-up times.

TITLE 5: PROGRAM REFORM

Title 5 includes updates and reforms to several core federal housing programs that California relies upon, including the HOME, Emergency Solutions Grant, and CDBG–DR programs. The law also makes changes to USDA Rural Housing Service programs and authorizes a new Economic Opportunity and Pathways to Independence Cohort in the Moving to Work (MTW) program.

- Section 501—HOME Program Reauthorization and Reform. The HOME program is the principal federal block grant that provides flexible funding to states and certain local jurisdictions to build, buy, and rehabilitate AH for low- and moderate-income families. Its core activities include construction or repair of single- and multifamily units, homebuyer assistance for low-income first-time homebuyers, and tenant-based rental assistance. This section delivers the first reauthorization of the program since 1992.

  The section includes various administrative reforms to support housing production. It raises the maximum income eligibility for HOME *homeownership* assistance from 80 percent to 100 percent of area median income, extending that assistance toward workforce households, while income limits for HOME-assisted rental housing are unchanged. It provides greater flexibility for jurisdictions to use HOME funds for housing-related infrastructure and raises the program's administrative-expense cap from 10 percent to 15 percent, enabling jurisdictions to devote more of their allocation to program operation.

  The section also exempts certain activities from the NEPA review process—including infill development, acquisition of real property for AH, rehabilitation projects, and small new construction projects of 15 units or fewer—and streamlines environmental reviews for other HOME-funded projects by barring duplicative review when funding sources change without a substantial change in project scope, requiring HUD to coordinate environmental review responsibilities with other federal agencies, and allowing recognition of substantially similar reviews already completed by responsible entities. Finally, it directs HUD to review implementation of the Build America, Buy America Act requirements and to update its guidance to clarify how those requirements apply to HOME-funded projects.

- Section 502—Modernizes USDA's multifamily Rural Housing Service programs, in part to protect tenants of program-financed properties from losing critical rental assistance. Decades ago, USDA financed long-term direct mortgages to the owners of rural rental properties and paired them with project-based subsidies that kept rents affordable for low-income tenants. Because the rental assistance was tied to the underlying mortgage, the subsidy terminated automatically when the mortgage was paid off or reached maturity—putting tenants at risk of displacement. To address the large share of these mortgages now reaching maturity, this section decouples the rental assistance from the mortgage, allowing the subsidy to continue. The section also makes permanent USDA's Housing Preservation and Revitalization program, which provides financing tools to help owners complete repairs and extend the useful life of affordable properties. These reforms will benefit many rural California communities where USDA-financed properties house farmworker, elderly, and other very low-income households.

- Section 503—Allows Emergency Solutions Grant (ESG) recipients to waive the statutory 60 percent funding cap on use of funds for street outreach and emergency shelter. ESG is HUD's primary program for homelessness response with funding distributed by formula directly to states, large cities and urban counties (and through subgrants to other jurisdictions). Funds can support five broad activity categories: street outreach, emergency shelter, homelessness prevention, rapid rehousing, and data systems, along with program administration. The funding cap is intended to encourage use of funds for prevention and rehousing activities. However, the waiver provides flexibility to jurisdictions to address the most acute needs.

- Section 504—The CDBG–DR program has long been the largest source of federal long-term disaster recovery funding for housing and infrastructure. However, because the program has never been permanently authorized in law, HUD must draft new rules and file *Federal Register* notices following each congressional appropriation in response to a disaster. This process leads to inconsistency in program rules over time and frequently creates a substantial lag, often exceeding a year between a disaster and the receipt of recovery funds.

  This section seeks to bring stability to CDBG–DR funding, authorizing the program for three years and directing HUD to issue permanent regulations. It also establishes a new Office of Disaster Management and Resiliency to coordinate the program and HUD's disaster preparedness and response functions and codifies other program reforms. These include a mitigation set-aside—an amount of up to 18 percent **above** a jurisdiction's unmet-need allocation, to fund projects that reduce future disaster risk—and low- and moderate-income (LMI) targeting, prioritizing at least 70 percent of assistance for activities benefiting those with the greatest recovery needs.

- Section 505—Authorizes HUD to establish a new cohort of its MTW demonstration program, focused on Economic Opportunity and Pathways to Independence. MTW provides selected PHAs with funding flexibility and waivers from many standard public housing and Housing Choice Voucher requirements, in exchange for pursuing statutory objectives: reducing costs, increasing housing choice, and encouraging economic self-sufficiency among assisted families. Over the years, the program has established cohorts to test and analyze specific interventions. The new cohort is limited to a maximum of 25 PHAs, and the available waivers are constrained: they may not be used to alter rent-setting or rent burdens, portability, or project-basing rules, and may not be used to impose time limits or work requirements on assisted households.

Title 6: Veterans and Housing

This title includes three information and eligibility provisions applicable to veterans. Specifically, it adds a disclosure to the Uniform Residential Loan Application informing applicants that they may be eligible for a Department of Veterans Affairs (VA) Home Loan (Section 601); permanently excludes veterans' disability *compensation* from annual income calculations in determining income eligibility for the HUD–VA Supportive Housing Program (Section 602) ; and enhances FHA mortgage disclosures, enabling borrowers to more easily compare VA, FHA and conventional loan options (Section 603).

Title 7: Oversight and Accountability

This title includes one provision, the Appraisal Modernization Act (Section 704) of direct relevance to consumers. It requires the USDA, VA, FHA, and the Federal Housing Finance Agency to establish and maintain review and resolution procedures for value reconsiderations or second appraisals when requested by consumers.

The remainder of the title focuses on congressional oversight and accountability of HUD and related agencies. It requires the HUD secretary to testify annually before Congress (Section 701), HUD to provide specified monthly reports regarding the FHA Mutual Mortgage Insurance Fund (Section 702), and the U.S. Interagency Council on

Homelessness to provide specified progress reports as part of its annual planning process (Section 703).

TITLE 8: ACCOUNTABILITY, COORDINATION, STUDIES, AND REPORTING

Title 8 consists largely of interagency coordination and study requirements, directing HUD, USDA, and the VA to collaborate and share information (Section 801), HUD and USDA to align and coordinate environmental review and regulatory requirements (Section 802), and HUD to study the benefits and challenges of work requirements on PHAs participating in MTW (Section 803). The title also directs the Government Accountability Office (GAO) to conduct specified studies related to middle-income, older-adult, and disability housing access, housing near the U.S. Environmental Protection Agency (U.S. EPA) National Priorities List (NPL) sites, and heirs-property challenges (Section 804). It also establishes new reporting and disclosure requirements for PHAs.

TITLE 9: STRENGTHENING COMMUNITY BANKS' ROLE IN HOUSING

Title 9 includes various provisions addressing the regulatory treatment of smaller financial institutions. While their nexus to housing is indirect, the argument for inclusion in this bill is that healthy community lenders expand credit capacity for the small and mid-size developers and homebuyers needed to drive housing production, particularly in infill areas. These provisions clarify that custodial deposits at smaller banks are not treated as brokered deposits and are therefore not subject to the associated regulatory restrictions (Section 901); allow banks to exclude a greater share of reciprocal deposits from brokered-deposit treatment (Section 902); raise the asset threshold for a longer examination cycle from $3 billion to $6 billion (Section 903); modernize credit union board meeting requirements (Section 904); require transparency reporting on bank failure resolutions that invoke the systemic risk exception (Section 905); codify a Treasury mentor–protégé program pairing large banks with small, rural, and minority depository institutions (Section 906); and support the formation of new (de novo) community banks, minority depository institutions, and rural banks (sections 907–909).

Title 10: Homeownership for Main Street America

Title 10 (Section 1001) restricts purchases of new single-family homes by large institutional investors that directly or indirectly own at least 350 such homes. Before this law, there was no federal limit on corporate or institutional purchases of single-family homes.

The provision addresses the rise over the past 15 years of large single-family rental operators, including real estate investment trusts and private-equity-backed firms, that emerged after the 2007–09 financial crisis and assembled sizable portfolios of formerly owner-occupied homes. The GAO found that no investors owned 1,000 or more single-family rental homes as of late 2011, but that by 2015, institutional investors collectively owned an estimated 170,000 to 300,000 homes,[4] concentrated heavily in a handful of fast-growing, lower-cost Sun Belt markets.[5]

While receiving more public attention than other provisions, this restriction is relatively narrow, applying only to newly constructed homes, not the much larger existing home resale market where most investor purchases have historically occurred. In addition, because it applies only to the largest investors and excludes units that are sold to an individual homeowner within seven years, its practical effect is likely modest. The title also directs HUD to establish a renter-outreach resource to assist tenants of institutional investor-owned homes with landlord disputes.

Title 11: Central Bank Digital Currency

Title 11 has no direct nexus to housing policy. It includes a single provision prohibiting the Federal Reserve from issuing a central bank digital currency through December 31, 2030.

Title 12: Miscellaneous

This title contains two provisions—a severability clause (Section 1201) and a declaration that no additional funds are authorized to be appropriated to carry out the requirements of the act (Section 1202). The intent of this latter provision is to clarify that

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4 U.S. Government Accountability Office, "Rental Housing: Information on Institutional Investment in Single-Family Homes," GAO–24–106643, 2024, https://www.gao.gov/products/gao-24-106643.

5 Harvard Joint Center for Housing Studies, "Eight Facts About Investor Activity in the Single-Family Rental Market," 2022, https://www.jchs.harvard.edu/blog/8-facts-about-investor-activity-single-family-rental-market.

the ROAD Act does not appropriate funds but relies on annual appropriations by Congress to support authorized programs.

Appendix: Section-by-Section Summary

The following table briefly describes each section of the act.

Section	Description
Title 1—Opportunities for Housing	
101	Clarifies HUD authority to evaluate housing counseling agencies and counselors, require training, and revoke certifications
102	Directs HUD to issue single-stair (point-access block) building guidelines for up to six stories and authorizes pilot grants (seven-year sunset)
103	Exempts most USDA Rural Housing Service–funded infill housing projects from NEPA environmental review
104	Requires CDBG recipients to publish a searchable database of undeveloped land they own
105	Authorizes a four-year FHA pilot to expand access to small-dollar mortgages ($100,000 or less)
106	Establishes a three-year HUD pilot to fund temperature sensors in assisted rental units
107	Directs HUD to publish best-practice frameworks for state and local zoning and land use policy
Title 2—Building More in America	
201	Allows HUD to prioritize Opportunity Zone projects in housing-related competitive grants
202	Creates a HUD whole-home repair pilot providing grants to homeowners and forgivable loans to landlords
203	Raises the cap on bank public welfare investments from 15% to 20%
204	Adds new AH construction as an eligible CDBG activity, capped at 20% of a recipient's allocation
205	BUILD Housing Act: lets HUD treat certain assistance as special projects to simplify NEPA and delegates review to state, local, and tribal governments
206	Expands NEPA categorical exclusions for a broad range of housing activities
207	Authorizes competitive HUD grants for AH planning and implementation (five-year sunset)
208	Creates the $200 million-per-year Innovation Fund to reward strategies that achieve measurable housing-supply gains (FY2027–2031; seven-year sunset)

Section	Description
209	Provides grants for pre-reviewed ("pattern book") housing designs. Includes a 10 percent rural set-aside and five-year adoption window.
210	Creates the RESIDE Act, a pilot program to award grants for conversion of vacant commercial or industrial buildings into AH
211	Updates FHA multifamily mortgage loan limits and reforms the formula used to set them
212	Makes the RAD program permanent and raises the unit cap from 455,000 to 555,000
213	Build Now Act: ties a share of CDBG funding to housing production, providing bonuses to high achievers and reductions for low performers
Title 3—Manufactured Housing for America	
301	Eliminates the permanent-chassis requirement for manufactured homes and makes HUD the primary authority on their construction, safety, and energy standards
302	Directs HUD to review FHA barriers to modular-housing financing and study a standardized modular code
303	Raises FHA manufactured-housing loan limits and adds ADU construction as an eligible use of FHA property-improvement loans
304	Reauthorizes PRICE manufactured-housing preservation grants for seven years
Title 4—Accessing the American Dream	
401–402	Directs CFPB to study loan-originator compensation and points-and-fees thresholds affecting small-dollar mortgages
403	Improves FHA appraisal access through licensing/training reform, appraiser standards, trainee flexibility, and workforce grants
404	Authorizes a HUD demonstration testing an opt-out approach to the Family Self-Sufficiency program
405	Waives Housing Choice Voucher inspection requirements of units financed through other federal programs that had been inspected within the past year
Title 5—Program Reform	
501	Reauthorizes and reforms the HOME program, including infrastructure flexibility, raises admin cost cap to 15 percent, incl NEPA streamlining
502	Reforms USDA Rural Housing Service programs (decoupling rental assistance from maturing mortgages) and makes the preservation program permanent
503	Allows Emergency Solutions Grant recipients to waive the 60 percent cap on street outreach and emergency shelter spending

Section	Description
504	Authorizes CDBG–DR as a program for three years, directs HUD to issue permanent regulations, creates an Office of Disaster Management and Resiliency, and adds a mitigation set-aside and LMI targeting
505	Authorizes a new MTW cohort (Economic Opportunity and Pathways to Independence), limited to 25 PHAs
Title 6—Veterans and Housing	
601	Adds a VA Home Loan eligibility disclosure to the uniform residential loan application
602	Permanently excludes veterans' disability compensation from annual-income calculations for HUD–VASH eligibility
603	Enhances FHA mortgage disclosures so borrowers can compare VA, FHA, and conventional loans
Title 7—Oversight and Accountability	
701	Requires the HUD secretary to testify annually before Congress
702	Requires monthly HUD reporting on the FHA Mutual Mortgage Insurance Fund's capital ratio
703	Requires the U.S. Interagency Council on Homelessness to report progress in its annual planning process
704	Appraisal Modernization Act: Requires lenders of federally backed mortgages to provide value-reconsideration and second-appraisal procedures
Title 8—Accountability, Coordination, Studies and Reporting	
801	Directs HUD, USDA, and the VA to collaborate and share information
802	Directs HUD and USDA to align and coordinate environmental review and regulatory requirements
803	Directs HUD to study the effects of work requirements on PHAs participating in the MTW demonstration and on assisted households
804	Directs GAO studies on housing access among middle-income, older adults, and those with disabilities; also report number of housing units near U.S. EPA national priority list sites; study challenges to heirs-property
805	Establishes new reporting and disclosure requirements for PHAs
Title 9—Strengthening Community Banks' Role in Housing	
901	Clarifies that custodial deposits at smaller banks are not brokered deposits
902	Excludes a greater share of reciprocal deposits from brokered-deposit treatment

Section	Description
903	Raises asset threshold for a longer examination cycle from $3 billion to $6 billion
904	Modernizes federal credit-union board meeting requirements
905	Adds transparency reporting on bank-failure resolutions invoking the systemic risk exception
906	Codifies a Treasury mentor-protégé program pairing large banks with small, rural, and minority institutions
907–909	Supports the formation of new (de novo) community banks, minority depository institutions, and rural banks, and studies rural depository needs
Title 10—Home Ownership for Main Street America	
1001	Restricts large institutional investors (350+ homes) from buying new single-family homes, but with a build-to-rent exception,; creates a HUD renter-outreach resource
Title 11—Central Bank Digital Currency	
1101	Prohibits Federal Reserve from issuing a central bank digital currency through December 31, 2030
Title 12—Miscellaneous	
1201	Severability clause
1202	Declares no additional funds are authorized to carry out the act

Written by Ted Link-Oberstar. The California Senate Office of Research is a nonpartisan office charged with serving the research needs of the California State Senate and assisting Senate members and committees with the development of effective public policy. The office was established by the Senate Rules Committee in 1969. For more information, please visit http://sor.senate.ca.gov or call **(916) 651-1500.**