21st Century ROAD to Housing Act

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The **21st Century ROAD to Housing Act** became law on July 11, marking the first major bipartisan federal housing package to become law since the 1990s. The legislation includes provisions related to housing supply, affordable housing development, community development, manufactured housing, rural housing, disaster recovery, mortgage financing, and community banking.

The legislation makes changes across several federal housing and community development programs that could affect housing production, financing, preservation, and local planning.

Housing Production and Community Development

The ROAD Act creates several new tools intended to support housing production and community development:

- **CDBG for new affordable housing:** Allows communities to use up to 20% of their CDBG allocation for new affordable housing construction; currently, CDBG funds can only be used for new construction in limited circumstances.
- **Innovation Fund:** Creates a $200 million annual fund for five years to support innovative housing and community development activities.
- **Housing Planning and Implementation Grants:** Provides grants to state, local, and regional entities for affordable housing and community development planning and implementation.
- **Adaptive Reuse:** Creates a pilot program to support the conversion of vacant and underutilized properties into housing.
- **Pre-Reviewed Housing Designs:** Provides grants to support pre-reviewed housing designs for smaller mixed-income developments, with the goal of reducing development timelines and costs.
- **HOME Program Reforms:** Makes changes to the HOME Investment Partnerships Program intended to provide additional flexibility for affordable housing development.
- **Opportunity Zones:** Allows HUD to give additional weight to applicants for competitive housing grants that are located in, or primarily serve, designated Opportunity Zones, supporting housing construction and preservation.

The legislation also includes provisions encouraging local governments to examine zoning and land-use practices that can increase housing supply, including accessory dwelling units, by-right development, reduced parking requirements, and transit-oriented development.

For Michigan, the Opportunity Zone provision will be particularly relevant as the next round of OZ designations takes effect. Existing OZ designations remain in place through 2026, while a new designation cycle begins in 2027. Governors will nominate new census tracts during 2026, with Treasury certification before January 1, 2027. This could affect which Michigan communities and housing projects receive additional consideration in future competitive HUD housing grants.

Housing Finance

The ROAD Act includes several provisions intended to expand access to capital for housing and community development.

One provision increases the amount of capital banks can use for **public welfare investments from 15% to 20% of capital and surplus**. Eligible investments include affordable housing, Low Income Housing Tax Credit (LIHTC) developments, small businesses, technical assistance, and other community development activities.

The increased investment authority could create additional opportunities for banks and community development lenders to invest in affordable housing. However, developers will continue to face barriers related to predevelopment capital, underwriting requirements, equity, appraisals, and complex capital stacks.

Preservation, Rehabilitation, and Rural Housing

The legislation includes several provisions focused on preserving existing housing and supporting rural communities.

The ROAD Act:

- Permanently authorizes USDA's **Multifamily Housing Preservation and Revitalization Program**.
- Creates a **Rural Community Development Initiative** to provide capacity-building grants to rural organizations.
- Authorizes HUD's **PRICE Program for seven years** to support improvements in manufactured housing communities.
- **Creates a five-year, $30 million Whole Home Repairs pilot program** for low- and moderate-income homeowners and small landlords providing affordable rental housing.
- Includes changes to manufactured housing construction and financing intended to reduce costs and expand housing options.
- **Preserves rural rental assistance:** Allows USDA to renew Section 521 rental assistance for up to 20 years when a Section 514 or 515 loan matures and restructuring is not feasible, helping preserve affordability after the underlying loan ends.

- **Permanently authorizes Stand-Alone Rental Assistance (SARA):** Provides permanent authority for rental assistance for eligible rural properties, subject to appropriations.

These provisions provide additional tools for communities focused on preserving existing affordable housing, rehabilitating homes, and supporting housing in rural and manufactured housing communities.

Disaster Recovery

The ROAD Act also authorizes HUD's **Community Development Block Grant–Disaster Recovery (CDBG-DR)** program for three years through the Reforming Disaster Recovery Act.

Previously, Congress funded CDBG-DR through individual appropriations rather than an ongoing statutory authorization. The new authorization establishes a more consistent framework for the program and includes requirements related to how funds are distributed between renters and homeowners, housing and infrastructure, and low- and moderate-income households.

The legislation requires that at least 70% of CDBG-DR funds benefit low- and moderate-income households and prioritizes activities addressing the housing needs of low- and moderate-income disaster survivors.

Implementation

Implementation of the ROAD Act will be an important focus over the coming months. The National Association of Affordable Housing Lenders (NAAHL) and the Center for Affordable Housing Lending's **ROADmap** identifies **124 federal implementation actions** required to carry out the legislation. HUD is responsible for 88 of these actions, or 71%, followed by USDA with 17. Nearly half of the identified actions are due within the first year after enactment.

The implementation actions include rulemaking, guidance, program changes, and other federal agency actions. The ROAD map implementation matrix provides a section-by-section overview of the actions required, responsible agencies, and implementation timelines.

Several of the ROAD Act's new programs also require future congressional appropriations before they can become operational. These include the Innovation Fund, Whole-Home Repairs pilot, housing planning and implementation grants, pattern book grants, adaptive reuse grants, the expanded PRICE program, and CDBG-DR. The Act authorizes the programs but does not provide funding for each of them. The Innovation Fund, for example, is authorized at $200 million annually through FY2031 but will still require congressional appropriations.

The CDBG provision allowing up to 20% of funds to support new affordable housing construction also applies to future CDBG appropriations rather than providing a separate source of funding.

What the CEDAM Policy Team Will Be Watching

The policy team will be watching federal agency implementation timelines, future appropriations for newly authorized programs, and how HUD implements the provisions under its responsibility. The team will also monitor whether new funding and financing tools are accessible to small and community-based developers, how lenders and investors respond to expanded community investment authority, and whether the legislation results in increased access to capital and housing development in communities with the greatest need.

The ROAD Act creates new federal tools for housing production, preservation, and community development. The effectiveness of those tools will ultimately depend on how they are implemented, funded, and accessed by communities and developers.

Resources:

- NLIHC: 21st Century ROAD to Housing Act – Impacts on Low-Income Households
- NAAHL/CAHL: ROADmap – Implementation Guide
- NAAHL: ROADmap Implementation Matrix