National Association of REALTORS®

21st Century ROAD to Housing Act

State and Local Government Impacts | Enacted July 11, 2026

The 21st Century ROAD to Housing Act opens significant opportunities for states and localities, from competitive grant funding to major upgrades in state-administered housing programs, alongside a set of new direct responsibilities.

States and localities that begin implementing the law now, while also addressing their own barriers to housing through zoning reform, streamlined permitting, and other pro-housing policies, will be best positioned to compete for and make use of what the bill provides, keeping in mind that the new grant programs are authorized but not yet funded by Congress.

UPCOMING REQUIREMENTS AND DEADLINES

- **Manufactured-Housing Parity Certification –** Within one year of enactment, each state must certify that its laws treat a manufactured home built with or without a permanent chassis the same, including for financing, title, insurance, manufacture, sale, tax, transportation, and installation. States whose legislatures meet biennially have two years to submit this initial certification. After that, states must recertify on a schedule set by HUD. A state that misses a required certification must prohibit the manufacture, installation or sale of the affected homes. Meeting the standard will require coordinated review across the state agencies responsible for housing, motor vehicle titling, taxation, insurance, and finance. Manufactured housing certifications are due in most states on July 11, 2027. These certifications are due in states with biennial legislatures on July 11, 2028.
- **Inventory of Publicly Owned Land –** The Act adds a new condition to the certifications a grantee must make to receive CDBG funds: it must maintain a publicly accessible, searchable database identifying all undeveloped parcels it owns. In practice this means a grantee will need the database in place when it certifies for its next round of CDBG funding. Creating and maintaining the database becomes a CDBG-eligible activity.

FEDERAL PROGRAM CHANGES STATES AND LOCALITIES WILL ADMINISTER

- **Changes to HOME Program Rules and Funding Allocations —** The Act makes a range of changes to the HOME Investment Partnerships Program affecting income eligibility (up to 100 percent of area median income), shared-equity and resale structures, environmental review, monitoring, and enforcement. Together, these changes give participating jurisdictions more flexibility in how they use HOME funds, including to support homeownership. Most of these changes will depend on HUD rulemaking, which the Act directs the HUD secretary to complete within one year of enactment, so participating jurisdictions will conform much of their program rules to the new requirements only once HUD issues those rules. One change already applies: the Act raises the funding threshold a local government must meet to receive HOME funds directly from HUD, rather than through its state, from $500,000 to $750,000 a year. Local governments that already receive funds directly would be unaffected.

- **CDBG Flexibility –** New construction of affordable housing becomes eligible for up to 20 percent of a recipient's allocation, applying to funds appropriated after enactment. HUD will likely need to issue a notice for this provision to go into effect.

- **CDBG-DR Framework –** The Act provides a three-year authorization for HUD's Community Development Block Grant—Disaster Recovery (CDBG-DR) program and establishes a standing structure to administer it, replacing the current practice of authorizing the program ad hoc after each disaster. HUD must issue rules to implement the new framework, and Congress must appropriate money before the program can operate. The three-year authorization sunsets in 2029.

- **Environmental Review –** The law streamlines environmental review for certain federally funded housing activities that don't materially change environmental conditions, such as small rehabilitation projects, property acquisition, and smaller-scale new construction. It does not eliminate environmental review or change it for housing development generally, and larger or ground-disturbing projects still go through the full process. These changes will phase in as HUD updates its rules and guidance, and they apply to newly funded projects rather than work already underway. States, tribes, and localities can also take on certain HUD review responsibilities, and those that do should have updated procedures, staffing, and controls in place first.

- **Homelessness Funding Waivers –** Recipients of Emergency Solutions Grants may seek a waiver of the cap that limits how much funding can go to emergency shelter and street outreach, based on demonstrated local need. A recipient must notify its subrecipients and local Continuums of Care, solicit public input before applying, and show how the request supports its consolidated plan. HUD must approve or deny within 60 days. Recipients can ask for a waiver for fiscal year 2027 through 2030.

COMPETITIVE OPPORTUNITIES FOR STATES AND LOCALITIES – SUBJECT TO APPROPRIATIONS

Each program below was authorized by the 21st Century ROAD to Housing Act but remains unfunded by Congress, so availability will depend on future appropriations, as well as HUD action to establish each program.

Grants to Incentive New Housing Supply

- **Innovation Fund –** Competitive grants reward localities that have measurably increased their housing supply. Eligible applicants are metropolitan cities, urban counties, other units of local government, and tribes; states are not eligible. Funds can support community-development activities, housing-related infrastructure and transportation, and local initiatives that expand attainable housing.

- **Pattern-Book Zoning Grants –** Competitive grants help localities adopt pre-approved housing designs, or pattern books, to streamline and speed up permitting for housing like duplexes, townhouses, and cottage courts. Eligible applicants are units of local government, municipal membership organizations, and tribes; states are not eligible.
- **Planning and Implementation Grants –** The Act authorizes a competitive grant program for planning and implementation activities associated with affordable housing, developing housing plans, updating zoning codes, improving inspection capacity, reducing development barriers, and coordinating housing with transportation. Eligible entities are states, insular areas, metropolitan cities, urban counties, and regional planning agencies. Grants may not be used for construction, alteration, or repair.
- **Commercial-to-Residential Conversions –** The Act creates the RESIDE pilot, a competitive grant program for qualifying states and localities to convert vacant and abandoned commercial buildings, such as warehouses, factories, malls, and hotels, into income-restricted housing. The program is authorized for fiscal years 2027 through 2031, with grants ranging from $1 million to $10 million.
- **Point-Access/Single-Stair Pilots –** HUD may establish a competitive pilot program to demonstrate the safety, feasibility, and cost-effectiveness of point-access (single-stair) buildings. Eligible applicants are broad, including states, localities, tribes, nonprofits, and developers. The program sunsets after seven years, and nothing in the section preempts state or local building codes.

Grants to Support Home Repairs and Upgrades

- **Whole-Home Repairs –** States and localities may administer grants to lower-income homeowners and loans, including forgivable loans, to qualifying landlords for accessibility, habitability, resilience and efficiency repairs. Programs must coordinate with existing federal, state and local assistance to avoid duplication.
- **Manufactured Community Preservation –** The Act reauthorizes HUD's PRICE program for seven years, providing competitive grants to preserve and improve manufactured-housing communities, including infrastructure, home repair and replacement, site acquisition, planning, resident services, and long-term affordability. Eligible recipients include states and local governments, along with housing authorities, qualifying manufactured housing communities, nonprofits, CDFIs, and tribes.

Grants to Support Appraiser Workforce

- **Appraiser Workforce Grants –** State appraiser licensing and certification agencies may receive grants for education, recruitment, scholarships, retention and workforce-pipeline development, with outcome reporting.

FEDERAL GUIDANCE AND FUNDING CONDITIONS FOR LOCAL HOUSING REFORM

- **Housing Supply Frameworks –** HUD will develop model state and local frameworks covering parking, minimum lot sizes, accessory dwellings, by-right small multifamily housing, building codes, appeals and environmental review. This work will be done through a federal task force that brings stakeholders to the table, including state and local officials, zoning and planning board members, transportation planners, researchers, and home builders. Adoption is voluntary, and HUD may not penalize a state or locality for declining the guidelines.
- **CDBG Allocation Adjustments –** Beginning with the third full fiscal year after enactment, the Build Now Act increases or reduces CDBG allocations for covered cities and counties based on housing-unit growth. State enabling law will matter: a locality can be exempt if it lacks legal authority to change zoning or permitting, and state reforms may determine whether localities can compete.

INSTITUTIONAL INVESTOR RESTRICTIONS

- **Institutional Investor Enforcement Landscape —** Effective January 7, 2027, the law bars covered large institutional investors—generally entities controlling at least 350 single-family homes—from additional purchases, subject to significant exceptions, including qualifying build-to-rent and rehabilitation activity. Enforcement is federal, through the Secretary of the Treasury, not a new state attorney-general power. Separately, HUD must run a renter hotline and website that refers renters reporting possible state-law violations to the appropriate state authority. States should align consumer-protection intake and reassess overlap with pending state investor legislation.

STATE AND LOCAL ACTION CHECKLIST

- ✓ States should designate a cross-agency lead for the manufactured-housing certification and annual recertification.
- ✓ States should identify the state authority that will handle institutional-investor renter referrals, and be prepared to receive them.
- ✓ Inventory publicly-owned undeveloped parcels and confirm the CDBG database can launch by the next grant cycle.
- ✓ Use the consolidated plan to put the new CDBG and HOME flexibilities to work, programming dollars toward newly eligible uses such as CDBG new construction and the expanded HOME homeownership and shared-equity options.
- ✓ Engage HUD rulemakings and the housing-supply task force; map where state and municipal law enables or constrains local participation.

- ✓ Review current HOME, CDBG, homelessness, and disaster-recovery procedures to identify what will need updating once HUD issues implementing rules.
- ✓ Prepare grant concepts and build partnerships now, identifying the subrecipients, nonprofits, CDFIs, developers, and regional or tribal partners that competitive applications will rely on, while treating awards as contingent on future appropriations.
- ✓ Urge your representatives and senators to submit appropriations requests to fund these programs before their authorizations expire.
- ✓ States and localities should separate legal implementation deadlines from unfunded program opportunities.

For questions:

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