Background:

On July 10, the **21st Century ROAD to Housing Act** officially became law with significant Congressional bipartisan support. The legislation is aimed at expanding housing affordability and incentivizing local investment and construction of housing. To do so, much of the bill is focused on reducing barriers to housing and ensuring greater access to homes across the country. Of significant interest, and **a once contentious provision included in the legislation**, was a ban on institutional investors from owning more than 350 single-family homes. Other notable provisions include:

- Reducing administrative burdens for community lenders,
- Incentivizing local home construction through federal funding, and
- Streamlining the development of manufactured homes.

While most of the legislation directly impacts local governments and local communities within the housing space, the following sections contained local planning specific or transportation planning specific language that MPOs could leverage to engage in more housing specific work that interacts with existing transportation planning practices:

- **Sec. 107:** Housing Supply Frameworks
- **Sec. 207:** Grants for Planning and Implementation Associated with Affordable Housing:
- **Sec. 208:** Innovation Fund
- **Sec. 209:** Accelerating Home Building Act

The following is an overview of these relevant sections and their applicability to MPOs and how MPOs can capitalize on the new housing legislation. For additional resources on the other provisions included in this legislation, please see below:

- **Bipartisan Policy Center Title Breakdown**
- **NACo's 21st Century ROAD to Housing Act Analysis**

MPO Relevant Provisions:

Sec. 107: Housing Supply Frameworks

This section creates a HUD non-binding guideline and best practices for state and local zoning reform, aimed at increasing housing supply and affordability.

Structure and timeline:

- **Task force and comment period:** Within 2 years of enactment, HUD must publish draft guidelines in the Federal Register for public comment and convene a task force. This task force notably includes "members of local zoning and planning boards and local and **regional transportation planning organizations**," as well as:
    - Urban planners and architects,
    - Various types of housing developers,
    - Community engagement experts and community members impacted by zoning decisions,
    - Public housing agencies and transit authorities,
    - State officials responsible for housing or land use,
    - Academic researchers,
    - Home builders.

- **Final Guidelines:** Due within 3 years of enactment
- **Reporting:** 5 years after final guidelines are published, HUD reports to Congress on state/local adoption rates and effects.

Content:
The guidelines would need to outline recommendations regarding:
- Reducing/eliminating parking minimums; raising height/floor area ratio limits; reducing lot sizes and set-backs
- Legalizing ADUs and by-right duplex/triplex/quadplex development
- Transit-oriented development provisions, increased density and reduced lot sizes near existing or planned transit stations
- Transit proximity as a mechanism for determining rezoning scope
- Streamlined/ministerial by-right review processes
- State zoning appeals processes for affordable housing projects
- Streamlining state and local environmental review policies
- Rural/suburban/urban differentiated best practices

Guidelines would also have to include multiple considerations while making these recommendations, including how to coordinate infrastructure investments with housing planning.

Sec. 207: Grants for Planning and Implementation Associated with Affordable Housing:

This section establishes a new HUD competitive grant program funding for affordable housing planning and implementation activities. This is specifically a planning capacity program, meaning it excludes construction, alteration, or repair work.

Eligible Entities:
- States, insular area, metropolitan city, and urban counties.
- Regional planning agencies or consortia of regional planning agencies.

Funding by Eligible Entity:

Regional Planning Agencies

Funding for regional planning agencies would go towards planning activities, including:
- Developing housing plans,
- Improving state/local housing strategies,
- Developing new regulatory requirements,
- Updating zoning codes,
- Building housing-inspection capacity,
- Reducing supply/affordability barriers,
- Developing local/regional community development plans, and
- Improving community strategies – strategies must work towards:
    - Increasing availability of affordable housing and access to affordable housing
    - Increasing access to public transportation, and
    - Advancing sustainable or location-efficient community development goals

States/Cities/Counties

Funding for states, cities, and counties would go towards implementation and administration of housing strategies and plans that have already been developed. This includes zoning code administration, regulatory implementation, and funding community investments tied to those strategies. These further must work towards the goals of public transportation access and general location-efficiency goals.

Of particular applicability to MPOs, housing plans completed by eligible entities such as states, cities, and counties, would be required to "**coordinate with transportation-related agencies**." So even if a state, city, or county receives funding under this section, MPOs or transportation entities would still need to play a role in the coordination of the plans and funding.

Sunset: This program would terminate after 5 years of enactment.

Provisions for Consideration:

Sec. 208: Innovation Fund

Creates a competitive HUD grant program to reward local governments and Tribes that have demonstrated increases in housing supply and implemented policies that reduce barriers to attainable housing development. Grants may support housing supply initiatives, community development activities, and certain transportation-related projects.

Key Provisions:

- **Establishes Innovation Fund Grant Program:** Directs HUD to establish a competitive grant program for eligible local governments and Tribes that have demonstrated measurable improvements in housing supply growth.
- **Eligible Entities:**
    - Metropolitan cities and urban counties.
    - Units of general local government.
    - Federally recognized Tribes.

Applicants must demonstrate objective improvements in housing supply growth based on HUD-defined criteria.

- **Eligible Uses of Funds:**
    - Community Development Block Grant (CDBG)-eligible activities.
    - **Activities eligible under the Local and Regional Project Assistance Program (49 U.S.C. § 6702).**
    - Local initiatives that expand attainable housing, including zoning reforms, permitting improvements, regulatory streamlining, parking requirement changes, accessory dwelling unit policies, and other efforts to reduce housing production barriers.
- **Grant Structure:**

Eligible Projects under 49 Sec. 6702:

- Highway and bridge projects
- Public transportation projects
- Passenger and freight rail projects
- Port infrastructure projects, including inland ports and land ports of entry
- Surface transportation components of airport projects
- Surface transportation facilities on Tribal lands
- Culvert replacement, rehabilitation, and stormwater runoff projects to improve aquatic habitat
- Other surface transportation infrastructure projects designated by the Secretary

- Requires HUD to award at least 25 grants annually, subject to available funding.
    - Grants must range from $250,000 to $10 million.
    - Priority given to applicants demonstrating innovative housing policies and significant housing supply growth.
    - Authorizes $200 million annually for FY2027–FY2031 (adjusted for inflation).
- **No Federal Preemption of Local Land Use Authority:**
  Clarifies that the program does not allow HUD to mandate or override local zoning or land use decisions.

Sec. 209: Accelerating Home Building Act

This section establishes a HUD grant program to fund eligible entities to select pre-reviewed designs for "covered structures" defined as set of low-rise/mid-rise building typologies capped at 25 units, including ADUs, infill development, duplexes/triplexes/fourplexes, cottage courts, courtyard buildings, townhouses, and multiplexes. Selected projects would not go directly towards construction, but towards design-selection and permitting readiness processes.

Eligibility:
MPOs would not be eligible entities under this program, but local governments, municipal membership organizations, and Indian tribes are eligible. MPOs would alternatively play a coordination role under the application considerations portion of this section.
Specifically, HUD must consider the following when reviewing applications:

- Local affordable housing needs,
- Presence of "high opportunity areas"
- Coordination with state agencies, and
- Coordination between the eligible entity and State, local, and **regional transportation planning authorities.**

Notable features:

- 10% set-aside for rural areas.
- Reporting requirements: impacts on affordable housing supply, which designs were selected, permits issued, and units produced using those designs.
- HUD must encourage public disclosure of selected designs and compile/publish best practices.
- Claw back provision: HUD may require repayment if selected designs are not adopted within 5 years.
- 5% technical assistance set-aside.