

BILL ANALYSIS | Economy and Trade, Government Affairs

Evaluating Housing Reform Proposals in Congress: Rebuilding the American Dream

TOPLINE POINTS

- ★ The housing proposals under consideration by Congress contain many positive reforms that align with the America First vision to rebuild the American Dream.
- ★ Provisions that repeal onerous government regulations, such as the restrictive permanent chassis requirement for modular and manufactured homes, would greatly improve housing affordability. Key to increasing housing construction are the proposed reforms that would further streamline unnecessary environmental review requirements under the National Environmental Policy Act (NEPA).
- ★ Conversely, provisions in the Senate bill that ban large institutional investors from purchasing homes force undue control on the free market, impairing their function during housing market declines and limiting rental options for Americans.
- ★ Congress should finalize its work and enact meaningful reforms that address the housing supply shortage and work to lower housing prices for everyday Americans.

From Historic Inflation to Easing the Pathway to Homeownership

The increase in government spending and onerous regulations during the Biden Administration forced many Americans to cut back on household spending, including buying homes. Congress must reverse course and enact commonsense housing reforms that will increase housing construction and thus enable more young households to realize the American Dream of homeownership.

The Biden-Harris Administration saddled Americans with massively more debt and caused the historic levels of inflation that peaked at 9.1% in June 2022. As former Clinton Treasury Secretary Larry Summers has pointed out, were we to include the monthly household budget implications of the extraordinary increase in interest rates that accompanied the surge in prices, inflation actually peaked at 18% in November 2022 ([Summers, 2024](#)). This placed unprecedented financial pressure on households and added to housing costs,

which AFPI's Economy and Trade team highlights in its issue brief, [Rebuilding the American Dream: Homeownership for All Americans](#).

Ramping up housing production and rolling back burdensome environmental regulations are critical issues this year to build on the success of the Working Families Tax Cuts Act (WFTC). The bills that have passed the House of Representatives and the Senate have many strong provisions that will increase construction and reduce costs for young families looking to buy a house. Many Americans (72%) support these reforms, affirming that government red tape is a contributing factor in high housing costs. After highlighting progress already made by the Trump Administration, this bill analysis examines the elements of these proposals and offers suggestions on how to improve them before going to the President's desk.

Rolling Back Government Debt and Red Tape, and Boosting Workforce Education

The WFTC and Rescissions Acts enacted in 2025 underscored the critical importance of taxpayer custodianship. These policies are outlined in AFPI's [Early Action on the America First Agenda in Congress](#) analysis. Policies in the WFTC codified President Trump's executive orders and created lasting change for American families by alleviating debt burdens and saving taxpayers nearly \$2 trillion.

The WFTC shielded working families from steep tax increases that would have added to the affordability burden unleashed by the previous administration. Furthermore, the WFTC strengthened the competitive footing of American businesses and invested in American workers. Expanding Pell Grant eligibility under WFTC to include short-term, high-quality workforce programs that target blue-collar trade industries ensures in-demand industries such as the construction sector are on an equal footing. Decades of failed education policy that undervalued the training of electricians, carpenters, and plumbers are a significant contributing factor to the supply-side crisis in housing construction.

The accountability standards under the WFTC on higher education institutions work to finally reverse the longstanding trend of too many Americans working more to produce less. This failure has never been the fault of workers—it has been a failure of policy. AFPI's issue brief cites the sharp decline in construction productivity over the past six decades as a major contributing factor to the supply-side housing crisis. Investing in American workers means improved workforce training at all levels, and provisions in the WFTC are a first step toward narrowing this gap. In addition, many Americans (75%) favor using federal funds to help states and localities train construction workers and make it easier to enter apprenticeships, a direct pathway to the workforce.

The WFTC provided commonsense policy solutions to address the cost of housing. This included making Opportunity Zones (OZ) permanent, which will continue incentivizing private investment in distressed communities, where OZ capital has caused the construction of more than 300,000 housing units. As described in the AFPI Issue Brief, [Opportunity Zones 2.0: The Next Chapter of Rebuilding America's Forgotten Communities](#), policymakers should use OZ-style benefits to drive workforce housing in areas of greatest need by creating



a higher-tier benefit, “Opportunity Zones Plus” (OZ+), for housing constructed in designated communities that meet certain affordability requirements. The designated communities are jurisdictions where the regulatory barriers to building have been reduced or even removed.

Fundamentally, the critical factors affecting housing demand in our nation as outlined in AFPI’s initial policy research stem from government red tape, illegal aliens, foreign investment, our overall debt burden, and low turnover of homes. The following chart outlines America First priorities in the housing proposals under consideration in Congress as they relate to policies that work to rebuild the American Dream of homeownership, organized around four critical pillars for achieving this dream.

AFPI’s Housing Policy Recommendations	House Bill	Senate Bill
Cutting Government Red Tape Inhibiting Supply		
-Streamlines Permitting	Yes	Yes
-Eliminates Burdensome Environmental Regulations	Yes	Yes
-Removes Artificial Price-Setting	No	No
-Retains Incentives for Build-to-Rent Construction	Yes	No
Reducing Costs for Homebuyers by Leveraging Private Sector		
-Includes TRUMP Working Families Housing Fund	No	No
-Benefits for First-Time Homebuyer, like 5% Mortgage	Yes	Some
-Expands Skilled Trades to Reduce Labor Shortage	No	No
-Opens Opportunity Zones Plus	Some	Some
-Removes the Permanent Chassis Requirement	Yes	Yes
Prioritizing Savings to Buy		
-Expands 529 Accounts to Allow for Home Purchases	No	No
-Forms Family Mortgage Credit	No	No
Addressing Outliers like Immigration and Predatory Lending		
-Reduces Foreign Housing Demand	No	No
-Cracks Down on Illegal Alien Demand	No	No
-Cracks Down on Predatory Lending	No	No

Comparing Housing Proposals in the House and Senate

Lawmakers in the 119th Congress introduced a series of policy solutions aimed at addressing challenges of housing affordability and are close to reaching a bicameral deal to overhaul federal housing policy. The Senate’s *Renewing Opportunity in the American Dream to Housing Act* or the *ROAD to Housing Act of 2025* introduced by Senator Tim Scott (R-SC) and the House of Representatives’ *Housing for the 21st Century Act* introduced by Representative French Hill (AR-02), aim to address housing supply shortages. These proposals include commonsense provisions such as incentivizing local governments to reduce barriers to construction, reforming the NEPA review process, and removing the chassis requirement for modular construction.

The *ROAD to Housing Act* passed the Senate in October 2025 with bipartisan support as part of the National Defense Authorization Act (NDAA) but was then removed from the final version that was signed by the President. The *Housing for the 21st Century*



Act (“House bill” or “the 21st Century Act”) overwhelmingly passed the House of Representatives in 2026. On March 4, the Senate voted on a motion to proceed to bring the 21st Century Act to the floor on a 90-8 vote. Senators Scott (R-SC) and Warren (D-MA) subsequently introduced an amendment (AINS) to replace the full text of the bill titled the 21st Century ROAD to Housing Act, which retains many provisions in the original Senate bill. The Senate passed the AINS (hereinafter referred to as “the Senate bill” or “the ROAD Act”) on March 11 by an 84-10 vote, sending the original bill back to the House.

The Senate’s ROAD Act and the House’s 21st Century Act overlap with core provisions intended to increase housing supply. Chief among the similarities in the bills are expanded categorical exclusions and exemptions from NEPA review for small-scale and infill housing projects, which can help reduce costs and streamline permitting and development processes.

Both bills modernize manufactured homes by removing the permanent chassis requirement from the federal definition, thereby broadening the range of factory-built homes that qualify for federal financing, and allowing factory-built homes to be placed on permanent foundations such as traditional site-built homes. The bills also modernize several federal programs, including the U.S. Department of Agriculture (USDA) Rural Service Programs and the Housing and Urban Development’s Veterans Supportive Housing program (HUD-VASH), while also reducing bureaucratic friction by simplifying inspections for Public Housing Agencies (PHAs).

The Senate’s ROAD Act is more wide-ranging than the House’s 21st Century Act and includes specific provisions for ancillary issues such as financial literacy, veterans’ housing access, and the AFPI-supported prohibition of central bank digital currency (CBDC) issuance from the Federal Reserve. Problematically, the ROAD Act bans large institutional investors, including those on Wall Street, from purchasing single-family homes for 15 years, even if they were explicitly constructed to be rental units. The ROAD Act also has key provisions on expanding the use of Community Development Block Grant (CDBG) to spur housing construction. In comparison, the 21st Century Act directs HUD to publish detailed zoning reform guidelines for state and local governments, including recommendations on lot sizes, Accessory Dwelling Units (ADUs), by-right development, and transit-oriented density. The 21st Century Act also contains incentives or addresses issues without an equivalent section in the other bill, such as a Federal Housing Administration (FHA) small-dollar mortgage pilot program and single-stair buildings.

A Closer Look at the House-Passed Proposal

The 21st Century Act is divided into six titles, emphasizing increased housing supply through zoning reforms, streamlined environmental reviews, and program modernizations. It also promotes affordability with expanded financing options and rural improvements. The bill shares key components with the ROAD Act, such as NEPA exclusions, manufactured homes, HOME and CDBG reforms, innovation grants, rural housing, and interagency coordination.

1. Cutting Government Red Tape that Inhibits Housing Supply:



- a. Boosts housing supply by directing HUD to publish guidelines and best practices within three years for state and local zoning, as outlined in Section 101. Guidelines include models for reducing parking minimums, lot sizes, and barriers to ADUs, duplexes, and triplexes. This section corresponds to Section 204 of the ROAD Act with the same set of policy recommendations. Section 103 directs HUD to issue guidelines within 18 months for point-access block buildings, which are multifamily dwelling structures with single stairways. The guidelines focus on fire safety, costs, and accessibility. This Section is unique to the 21st Century Act.
- b. Reduces pre-construction delays and administrative costs for routine projects by expanding NEPA exemptions and categorical exclusions for HUD activities under Section 104 covering tenant aid, small rehabs of one to four units, infill, office conversions, new construction of 5 to 15 units, and property acquisitions following a disaster. It mandates the submission of annual reports on time and cost savings. The act defines infill, similar to Section 208 of the ROAD Act.
- c. Cuts duplicative government processes under Section 105 by requiring HUD and USDA to develop a process to streamline environmental reviews for joint projects and evaluate areas where joint inspections are feasible, similar to Section 802 of the ROAD Act.
- d. Boosts government efficiency to reduce duplicative processes. Section 403 directs HUD, USDA, and the Department of Veterans Affairs (VA) to create a memorandum of understanding (MOU) within 180 days for data and research sharing. The agencies would submit a joint one-year report on efficiencies, with public comment similar to Sections 801 and 802 of the ROAD Act.
- e. Amends the HOME program under Section 201 to define infill housing, raise income eligibility to 100% of Area Median Income (AMI) for certain uses, permit infrastructure investments tied to affordable housing, and remove per-unit cost caps. Allows Section 8 units to qualify as affordable housing. Eases homeownership requirements for households up to 110% AMI, with exceptions for military families and heirs. Eliminates fund expiration deadlines and exempts small projects from NEPA and Section 3 requirements. Limits the application of BuyAmerica provisions to infrastructure and increases minimum allocations. Strengthens reallocation procedures for noncompliant grantees. Similarly, Section 502 of the ROAD Act provides permanent authorization, raises the administrative cap to 15%, establishes a national inspection standard, and allows fund reductions or bans for accountability.
- f. Increases USDA Section 504 repair loans to \$15,000 for low-income households under Section 204. This provision, similar to Section 503 of the ROAD Act, amends rural housing for preservation, ADUs in guarantees, and vouchers for matured properties.
- g. Redefines “manufactured home” by removing the permanent chassis requirement under Section 301. It sets uniform standards and labels, and requires state certifications for equal treatment in financing, title, and insurance. This provision corresponds to Section 301 of the ROAD Act.



2. Reducing Costs for Homebuyers by Leveraging the Private Sector:

- a. Authorizes a four-year FHA pilot program under Section 302 for small-dollar mortgages up to \$100,000. It includes incentives such as adjusted terms, cost grants, and outreach. The provision requires annual reports on outcomes and risks and ends after four years. The ROAD Act does not have a similar incentive. The ROAD Act only directs the Consumer Financial Protection Bureau (CFPB) to provide reports on barriers to lending.
- b. Allows HUD Secretary to award grants under Section 103 to entities to approve and develop pre-designated housing designs, known as pattern books. This provision corresponds to Section 211 of the ROAD Act.
- c. Creates new competitive grants for states, localities, and regions under Section 203 to develop and implement affordable housing plans. Eligible activities include zoning reforms, barrier removal, and transit coordination. The grants may also fund construction and mitigation efforts, subject to a 10% administrative cap. Like Section 201 of the ROAD Act, this section provides funding to localities that have demonstrated housing supply growth, with funds available for infrastructure, incentive programs, and attainable housing development.
- d. Updates the CDBG program under Section 202 to require five-year plans that track pro-housing policies, such as by-right multifamily and parking reductions. The provision would permit eligible use for affordable housing construction. It mandates public databases of undeveloped public land. This provision corresponds to Section 205 of the ROAD Act, which adjusts allocations based on housing growth relative to the median.
- e. Section 106 eases access to new housing opportunities by increasing FHA multifamily loan limits. For example, it raises the base from about \$38,000 to about \$167,000 per unit. It adjusts for inflation starting in 2026, with annual adjustments.
- f. Reforms HUD counseling agencies under Section 405 with geographic diversity and default-rate reviews for FHA, VA, and USDA loans. It requires retraining or suspensions for poor performance. The provision mandates delinquency counseling for 30 or more days. This provision is similar to Section 101 of the ROAD Act in its attempt to address defaulters and poor financial planning.
- g. Excludes VA disability benefits under Section 401 from Chapters 11 and 15 from income for HUD programs like Section 8. This provision corresponds to Section 603 of the ROAD Act.

3. Prioritizing Savings to Help Families Buy:

- a. To help more families save, Section 404 establishes a 10-year pilot for up to 25 entities to manage interest-bearing escrows for up to 5,000 participants in Sections 8 and 9 of the U.S. Housing Act of 1937. The program deposits rent increases due to income growth into escrow for savings. This provision is the same provision as Section 404 of the ROAD Act.



The Senate-Passed Proposal

The 21st Century ROAD to Housing Act (Amendment No. 4308) is split into 10 different titles, each addressing a wide range of issues related to housing policy. Title II especially focuses on incentivizing more construction, including developing grant programs for communities whose leaders have shown improvement in building housing. Additional provisions touch on off-site housing, rural and affordable housing development, and purchases of homes by institutional investors.

1. Cutting Government Red Tape that Inhibits Housing Supply:

- a. Makes permanent the Rental Assistance Demonstration (RAD), a HUD program to rehabilitate aging public housing units through a combination of public and private financing, by removing its 2029 expiration date. Moreover, it streamlines the program's administrative structure and mandates that HUD perform annual audits to track property improvements, private investment, and tenant displacement. There is no equivalent section in the 21st Century Act.
- b. Shortens pre-construction timelines and reduces administrative costs for localities by streamlining unnecessary environmental burdens through mandating categorical exclusions from NEPA for specific housing activities. Section 208 directs HUD to reclassify activities that have no physical impact as exempt or categorically excluded from review. It further excludes specific activities from a full environmental assessment (EA). This includes office-to-residential conversions, medium-scale development, larger scattered sites, infill projects, and disaster buyouts. Overall, Section 208 could significantly shorten pre-construction timelines through new categorical exclusions for developers, while also reducing administrative costs for cities and public housing agencies when dealing with routine activities that no longer necessitate an EA.
- c. Authorizes the award of grants by HUD under Section 211 to eligible entities to develop pre-reviewed housing designs (known as pattern books) for small and mid-size structures, allowing builders who want to use these particular designs to skip the full permitting review and be approved faster.
- d. Removes the requirement of a permanent chassis under Section 301 (which is a steel frame used to assist in transportation) for manufactured homes, thereby subjecting manufactured homes with and without a permanent chassis to the same laws and regulations. The section requires states to comply with the broadened definition of a "manufactured home" and ultimately aims to increase the number of homes built off-site. HUD must also issue distinct construction standards, labeling requirements, and energy efficiency standards for manufactured homes built without a permanent chassis.
- e. Orders a full review of FHA construction financing programs under Section 301 by the HUD Secretary to consider modifying barriers to financing modular housing, referring to off-site built homes that meet state and local building codes.



- f. Adds ADUs in FHA-insured loans for repairing and rehabilitating existing units by amending the National Housing Act of 1934 under Section 303. (ADUs are secondary units built on the same lot as a single-family home.) The provision significantly raises the caps for the overall loan program, including increasing the maximum loan for improving single-family structures from \$25,000 to \$75,000. The purpose of this section is to increase the viability of financing a housing construction method that adds to housing density and could encourage multigenerational living.
 - g. Reauthorizes the HOME Investment Partnership program and raises the cap on grants that can be used by local governments for administrative purposes from 10% to 15%, allowing for better compliance monitoring of grants under Section 502. Additionally, the HUD Secretary is authorized to reduce future payments to a jurisdiction by the exact amount of any funds that were not expended in accordance with the statute. Finally, states must now inspect properties to ensure compliance with a single national standard as determined by the Secretary.
 - h. Orders the Secretary of HUD, the Secretary of Agriculture, and the Secretary of Veterans Affairs under Section 801 to develop a report within 180 days that lists federal laws and regulations that “adversely affect the availability and affordability of new construction” of assisted housing and housing backed by federal mortgages, and provide recommendations for Congress as it relates to those federal laws.
 - i. Requires the Secretary of HUD and the Secretary of Agriculture to develop a process for streamlining the adoption of environmental assessments for housing projects funded by both agencies and to consider a joint physical inspection process for such projects. This provision under Section 802 is designed to speed up joint projects where regulations from each agency may overlap.
2. Reducing Costs for Homebuyers by Leveraging the Private Sector:
- a. Prioritizes Opportunity Zone locations under Section 202 (i.e., areas where individuals can invest their unrealized capital gains and accrue tax benefits) when awarding a grant for the construction, modification, rehabilitation, or preservation of housing. There is no such provision in the 21st Century Act.
 - b. Adjusts the CDBG funding to a jurisdiction’s housing growth improvement rate. Under Section 205, HUD will calculate the housing growth rate of a given metropolitan or urban area and adjust allocations based on how that growth rate compares to the median. Importantly, jurisdictions above the median housing growth improvement rate get a bonus, while those below the median get a 10% reduction.
 - c. Adds new affordable housing construction under Section 206 as an “eligible activity” under the CDBG program, amending previous language that only specified the “rehabilitation” of homes.



- d. Establishes the new “Innovation Fund” under Section 210, creating a program for local governments and Indian tribes that have demonstrated objective improvement in housing supply growth. The HUD Secretary administers the funds from the grant program to those eligible with proven housing growth for spending on infrastructure, tax incentives, or initiatives to expand attainable housing. There is no equivalent provision in the 21st Century Act.
 - e. Establishes Section 123 grants under Section 304, which is a grant program offered to housing communities, housing authorities, local governments, and Indian tribes for the purposes of developing or improving communities affordable to low- and median-income individuals (i.e., below 120% of the area median income). Eligible projects include constructing homes, utility improvements, land acquisition, etc. This provision is unique to the ROAD to Housing Act.
 - f. Amends the Housing Act of 1949 under Section 503 to require the Secretary of Agriculture to preserve rental assistance contracts attached to multifamily properties during foreclosure and extends the Multifamily Mortgage Foreclosure Act's procedures to USDA rural housing loans under sections 514, 515, and 538. It permanently establishes the Housing Preservation and Revitalization Program within the core rural housing statute.
 - g. Excludes veteran disability benefits under Section 603 as a factor for the calculation of income when determining income eligibility for the Section 8 housing program. The provision aims to increase the ability for disabled veterans, who might otherwise exceed the income limits, to access government-designed affordable housing programs.
3. Prioritizing Savings to Help Families Buy Homes:
- a. The proposal works to improve financial literacy under Section 101 by setting new guidelines for the performance review of Department of Housing and Urban Development (HUD) housing counseling agencies, mandating retraining if their clients default at high rates. Additionally, the provision allows borrowers with government-backed loans (e.g., FHA, VA, USDA) who are 30+ days delinquent to receive housing counseling.
 - b. Expands the Family Self-Sufficiency program under Section 404, which is a HUD program designed to help families who are in public housing or who are receiving Housing Choice Vouchers (HCV) program (Section 8) achieve self-sufficiency. The provision authorizes a new pilot program under which up to 25 separate entities create interest-bearing escrow accounts for a maximum of 5,000 families. Increases in rents attributable to increased income are placed in the accounts and may be withdrawn after 5-7 years or after ceasing to receive welfare assistance.



4. Other Provisions

- a. Prevents “large institutional investors” defined under Section 901 as any corporation, LLC, or partnership that owns 350 or more single-family homes, from purchasing single-family homes. Exceptions are included for government-prescribed rent-to-own programs, build-to-rent, renovations valued at more than 15% of the purchase price, transfers between investors, and other qualifying transactions. Institutional investors are not required to divest homes purchased before enactment, but homes acquired under certain exceptions must be sold to individual homebuyers within seven years. Entities that violate this prohibition would face a civil penalty greater than \$1 million or three times the purchase price. This will be deposited into HUD’s HOME Program. Constraining the pool of buyers risks discouraging new construction, which can lead to increased housing construction costs.
- b. Prohibits the Federal Reserve from issuing or creating a central bank digital currency (CBDC) under Section 1001, which is defined as a dollar-denominated digital asset that is a direct liability of the Fed and widely available to the public, either directly or indirectly through financial institutions or intermediaries. This section alleviates concerns of a Fed-issued CBDC, [highlighted](#) by AFPI policy researchers as an America First priority, that could enable government surveillance of private financial transactions. The prohibition includes an exception for dollar-denominated currency that is open, permissionless, and fully preserves the privacy protections of physical currency.

Analysis

The House’s 21st Century Act and the Senate’s ROAD Act represent the most comprehensive housing reform proposals in years and reflect a renewed focus on addressing high housing costs, delayed homeownership, and excessive government red tape. The core provisions of both bills incentivize housing construction, reflecting the belief that excessive regulations have constrained housing supply and are the primary barrier to achieving the American Dream of homeownership.

The 21st Century Act’s provision directing HUD to formulate best practices for state and local governments could lead to major reforms in state and local laws to streamline building and ease the pathway to increase the supply of homes.

The House’s 21st Century Act includes pro-supply provisions that benefit all Americans and expand housing stock. By comparison, Section 901 of the Senate’s ROAD Act bans institutional purchases of single-family homes, which could discourage housing models that lower home and rental costs, placing unnecessary restrictions on the free market. AFPI opposes the inclusion of this provision in any legislation. Only by reforming and streamlining government regulations can lawmakers spur an increase in housing construction projects and reduce the million-unit housing shortage, lowering prices to make housing affordable for Americans.



Further decreasing government spending and lowering our Nation's reliance on deficit spending will ease inflationary pressure and reduce costs for families across America. Lower debt and deficits would reduce long-term interest rates and therefore monthly mortgage payments could decline significantly. Moreover, reducing housing demand driven by illegal aliens would relieve the pressure on already tight housing markets.

Conclusion

The Housing for the 21st Century Act passed the House with bipartisan support as a broad package addressing supply shortages through deregulation. The Senate subsequently passed an amendment in the nature of a substitute, the 21st Century ROAD to Housing Act, which retains much of the House bill's framework but diverges on key provisions. AFPI is encouraged by core provisions of both bills that incentivize greater housing construction, owing to the belief that the limited housing supply caused by excessive regulations is the primary driver of the affordability crisis. However, AFPI cannot support the Senate bill because of the Section 901 provision, which bans institutional purchases of single-family homes. Ultimately, this provision could discourage housing models that lower home and rental costs, placing unnecessary restrictions on the free market. Only by reforming and streamlining government regulations can lawmakers spur an increase in housing construction and reduce the million-unit housing shortage, lowering prices to make housing affordable for Americans.

