

1 **SEC. 208. INNOVATION FUND.**

2 (a) DEFINITIONS.—In this section:

3 (1) ATTAINABLE HOUSING.—The term “attain-  
4 able housing” means housing that serves households  
5 earning not more than 120 percent of the area me-  
6 dian income, if the majority of the housing units are  
7 affordable to households earning not more than 60  
8 percent of the area median income.

9 (2) ELIGIBLE ENTITY.—The term “eligible enti-  
10 ty” means—

11 (A) a metropolitan city or urban county, as  
12 those terms are defined in section 102 of the  
13 Housing and Community Development Act of  
14 1974 (42 U.S.C. 5302), that has demonstrated  
15 an objective improvement in housing supply  
16 growth, as determined by the Secretary, whose  
17 methodology for determining such growth is  
18 published in the Federal Register to allow for  
19 public comment not less than 90 days before  
20 the date on which the notice of funding oppor-  
21 tunity is made available; or

22 (B) a unit of general local government or  
23 an Indian tribe, as those terms are defined in  
24 section 102 of the Housing and Community De-  
25 velopment Act of 1974 (42 U.S.C. 5302), that  
26 has demonstrated an objective improvement in

1 housing supply growth, as determined by the  
2 Secretary, whose methodology for determining  
3 such improvement is published in the Federal  
4 Register to allow for public comment not less  
5 than 90 days before the date on which the no-  
6 tice of funding opportunity is made available.

7 (3) SECRETARY.—The term “Secretary” means  
8 the Secretary of Housing and Urban Development.

9 (b) ESTABLISHMENT OF A GRANT PROGRAM.—

10 (1) ESTABLISHMENT.—Not later than 1 year  
11 after the date of enactment of this Act, the Sec-  
12 retary shall establish a program to award grants on  
13 a competitive basis to eligible entities that have in-  
14 creased their local housing supply.

15 (2) LIST OF ELIGIBLE ENTITIES.—The Sec-  
16 retary shall make a list of eligible entities publicly  
17 available on the website of the Department of Hous-  
18 ing and Urban Development.

19 (3) ELIGIBLE PURPOSES.—An eligible entity re-  
20 ceiving a grant under this section may use funds  
21 to—

22 (A) carry out any of the activities de-  
23 scribed in section 105 of the Housing and Com-  
24 munity Development Act of 1974 (42 U.S.C.  
25 5305);

1           (B) carry out any of the activities per-  
2           mitted under the Local and Regional Project  
3           Assistance Program established under section  
4           6702 of title 49, United States Code; and

5           (C) carry out initiatives of the eligible enti-  
6           ty that facilitate the expansion of the supply of  
7           attainable housing and that supplement initia-  
8           tives the eligible entity has carried out, or is in  
9           the process of carrying out, as specified in the  
10          application submitted under paragraph (4).

11          (4) APPLICATION.—

12           (A) IN GENERAL.—An eligible entity seek-  
13           ing a grant under this section shall submit to  
14           the Secretary an application that provides—

15                   (i) a description of each purpose for  
16                   which the eligible entity will use the grant,  
17                   and an attestation that the grant will be  
18                   used only for 1 or more eligible purposes  
19                   described in paragraph (3);

20                   (ii) data on characteristics of in-  
21                   creased housing supply during the 3-year  
22                   period ending on the date on which the ap-  
23                   plication is submitted, which may include  
24                   whether such housing—

1 (I) serves households at a range  
2 of income levels; and

3 (II) has improved the quality and  
4 affordability of housing in the juris-  
5 diction of the eligible entity;

6 (iii) a description of how each eligible  
7 purpose described in clause (i) may ad-  
8 dress a community need or advance an ob-  
9 jective, or an aspect of an objective, in-  
10 cluded in the comprehensive housing af-  
11 fordability strategy and community devel-  
12 opment plan of the eligible entity under  
13 part 91 of title 24, Code of Federal Regu-  
14 lations, or any successor regulation (com-  
15 monly referred to as a “consolidated  
16 plan”); and

17 (iv) a description of how the eligible  
18 entity has carried out, or is in the process  
19 of carrying out, initiatives that facilitate  
20 the expansion of the supply of housing.

21 (B) INITIATIVES.—Initiatives that meet  
22 the criteria described in paragraph (3)(C) in-  
23 clude, but shall not be limited to—

- 1 (i) increasing by-right uses, including  
2 duplex, triplex, quadplex, and multifamily  
3 buildings, in areas of opportunity;
- 4 (ii) revising or eliminating off-street  
5 parking requirements to reduce the cost of  
6 housing production;
- 7 (iii) revising minimum lot size require-  
8 ments, floor area ratio requirements, set-  
9 back requirements, building heights, and  
10 bans or limits on construction that allow  
11 for denser and more affordable develop-  
12 ment;
- 13 (iv) instituting incentives to promote  
14 dense development for communities where  
15 increased density is needed;
- 16 (v) passing zoning overlays or other  
17 ordinances that enable the development of  
18 mixed-income housing;
- 19 (vi) streamlining regulatory require-  
20 ments and shortening processes, increasing  
21 code enforcement and permitting capacity,  
22 reforming zoning codes, or other initiatives  
23 that reduce barriers to increasing housing  
24 supply and affordability;

1 (vii) eliminating restrictions against  
2 accessory dwelling units and expanding  
3 their by-right use;

4 (viii) using local tax incentives or pub-  
5 lic financing to promote development of at-  
6 tainable housing;

7 (ix) streamlining environmental regu-  
8 lations;

9 (x) eliminating unnecessary manufac-  
10 tured-housing or cooperative housing regu-  
11 lations and restrictions;

12 (xi) minimizing the impact of over-  
13 burdensome energy and water efficiency  
14 standards on housing costs; and

15 (xii) other activities that reduce the  
16 cost of construction, as determined by the  
17 Secretary.

18 (5) GRANTS.—

19 (A) IN GENERAL.—The Secretary shall  
20 make not fewer than 25 grants on an annual  
21 basis (unless amounts appropriated to provide  
22 grant amounts consistent with subsection (b)  
23 are insufficient, in which case fewer grants may  
24 be awarded), with strong consideration of dif-  
25 ferent geographical areas and a relatively even

1 spread of rural, suburban, and urban commu-  
2 nities.

3 (B) LIMITATIONS ON AWARDS.—No grant  
4 awarded under this paragraph may be—

5 (i) more than \$10,000,000; or

6 (ii) less than \$250,000.

7 (C) PRIORITY.—When awarding grants  
8 under this paragraph, the Secretary shall give  
9 priority to an eligible entity that has—

10 (i) demonstrated the use of innovative  
11 policies, interventions, or programs for in-  
12 creasing housing supply; and

13 (ii) demonstrated a marked improve-  
14 ment in housing supply growth, as needed.

15 (D) GRANT ADMINISTRATION AND  
16 TERMS.—Projects assisted under this section  
17 for activities described in sector 23 of the North  
18 American Industry Classification System shall  
19 be treated as projects assisted under the Com-  
20 munity Development Block Grant program  
21 under title I of the Housing and Community  
22 Development Act of 1974 (42 U.S.C. 5301 et  
23 seq.).

24 (e) RULES OF CONSTRUCTION.—Nothing in this sec-  
25 tion shall be construed—

1 (1) to authorize the Secretary to mandate, su-  
2 persede, or preempt any local zoning or land use pol-  
3 icy; or

4 (2) to affect the requirements of section  
5 105(c)(1) of the Cranston-Gonzalez National Afford-  
6 able Housing Act (42 U.S.C. 12705(c)(1)).

7 (d) SUNSET.—The program established under this  
8 section shall terminate on the date that is 7 years after  
9 the date of enactment of this Act.

10 (e) AUTHORIZATION OF APPROPRIATIONS.—

11 (1) IN GENERAL.—There is authorized to be  
12 appropriated to carry out this section \$200,000,000  
13 for each of fiscal years 2027 through 2031.

14 (2) ADJUSTMENT.—The amount authorized to  
15 be appropriated under paragraph (1) shall be ad-  
16 justed for inflation based on the Consumer Price  
17 Index for all Urban Customers published by the Bu-  
18 reau of Labor Statistics of the Department of  
19 Labor.

20 ~~SEC. 209. ACCELERATING HOME BUILDING ACT.~~

21 ~~(a) DEFINITIONS.—In this section:~~

22 ~~(1) AFFORDABLE HOUSING.—The term “afford-~~  
23 ~~able housing” means housing for which the total~~  
24 ~~monthly housing cost payment is not more than 30~~  
25 ~~percent of the monthly household income for a~~