COSCDA
Council of State Community Development Agencies

New Housing Resources from *ROAD to Housing*

2026 ANNUAL TRAINING CONFERENCE

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Agenda

- **Section 501:** HOME Investment Partnerships Reauthorization and Reform Act
- **Section 210:** Revitalizing Empty Structures Intro Desirable Environments (RESIDE) Act
- **Section 206:** Unlocking Housing Supply Through Streamlined and Modernized Reviews Act

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Reminder:

Do not attempt to implement anything from 21st Century ROAD to Housing Act until receiving more guidance from HUD.

"While, technically, some provisions of the HOME reauthorization act may be self-implementing, it's not as black and white as some PJs may think. In addition, while some of the self-implementing provisions are effective upon enactment, others will require an effective date from HUD. HUD is currently working on implementation guidance. Our recommendation is to wait for HUD's guidance."

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Implementation

- HUD is working on implementation guidance for PJs.
- HUD is required to conduct a BABA review and issue guidance
- Finalize rules for HOME infrastructure projects and environmental review streamlining within the first year of enactment (July 11, 2027).
- COSCDA co-leads the HOME Coalition. We are working with other national groups to support successful implementation.
- **PJs should familiarize themselves with Section 501 and think through how your HOME program might change.**

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KHC "ROAD" Analysis

Section #	Section Title & Description	Type of Impact	Impact on Existing KHC Projects/Programs	Is HUD/Fed. Agency Action Required Before KHC can Implement?	Supply Acceleration Impact (for KHC and/or Kentucky)	Is Funding Tied to State/Local Action to Reduce Barriers?
			The duplicative review requirement will ease regulatory burden when additional funding is added to a project without substantial changes in scope by eliminating need for project re-evaluation and ensuring recognition by HUD of prior reviews conducted by Responsible Entities or other Federal agencies.			
Sec. 501	**HOME Investment Partnerships Reauthorization and Reform Act** ***Infrastructure now an Eligible Activity*** Allows HOME to be used for infrastructure improvements related to housing development, including installation or repair of water and sewer lines, sidewalks, roads, and utility connections in non-entitlement areas. Requires compliance with Davis-Bacon labor standards.	Reform of existing program	As the state HOME grantee, KHC is positioned to be the Commonwealth's sole provider of HOME-funded infrastructure grants. While use of limited HOME funds for infrastructure should generally not be prioritized over housing development costs given that other state and local sources could fund them, there may be instances where such investments are critical for a new subdivision or multi-family project to proceed.	HUD rulemaking in compliance with Administrative Procedures Act must be completed by 7/10/2027 Applies only to FFY 2027 and later appropriations	**Funding can be used for infrastructure which could goose the supply of affordable housing.**	No
Sec. 501	**HOME Investment Partnerships Reauthorization and Reform Act** ***Build America, Buy America (BABA) Impact Study and Updated HOME BABA Guidance*** HUD must complete a review of the implementation of BABA as it relates to HOME by 1/7/2027 and use that review to issue new BABA guidance clarifying its application to HOME-funded activities by 4/7/2027.	New reporting and rulemaking requirement	Many multi-family developers are avoiding requesting HOME funds to to increased costs and construction delays seen due to BABA compliance nationwide. If HUD's new guidance significantly reduces or eliminates the BABA burden for HOME-funded activities, KHC could see greater demand for HOME as multi-family gap funding.	HUD BABA Impact Report due 1/7/2027. Updated program guidance due 4/7/2027.	**BABA reform could expedite HOME-funded development and reduce total development cost increases attributable to BABA compliance.**	No
	HOME Investment Partnerships Reauthorization and Reform Act ***Expanded income eligibility and purchase price limits for homebuyers.***		Will enable CHDOS to serve higher income clients, who may need less homebuyer subsidy, thus increasing CHDO proceeds.			

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Section 501: Key Changes

HOME Investment Partnerships Reauthorization and Reform Act

- Reauthorizes the HOME program
- Eliminates the 2-year commitment deadline
- Requires HUD to conduct a BABA review on HOME
- Streamlines Section 3 and NEPA requirements
- Makes eligibility changes to homeownership activities

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Subsection (a)

Authorization

- Re-authorizes the HOME program with no expiration date.
- Signals a commitment to continue the HOME program.
- *"The HOME Investment Partnerships Program under subtitle A is hereby authorized."*

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Subsection (e)

Use of Amounts by Certain Jurisdictions for Infrastructure Improvements

- Allows non-entitlement communities to use HOME funds for infrastructure projects associated with HOME or LIHTC housing.
- HUD is required to issue rules to carry out this subsection within one year of enactment (July 11, 2027).
- The wording is confusing: "*A PJ may use funds provided under this subtitle for infrastructure improvements… if such PJ does not receive assistance under title I of the HCD Act of 1974* [CDBG funds]"

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Subsection (i)

Elimination of Commitment Deadline

- Formally eliminates the 2-year commitment deadline for HOME funds (this deadline has been waived for several years).
- Other timeliness standards for HOME remain in place.

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Subsection (l)

Environmental Review Requirements

- Updates NEPA requirements in statute (Section 206 updates HUD's regulations); these changes only apply to HOME-funded activities.
- Creates new categorical exemptions – *"shall not require further review"*
  - New construction infill housing projects
  - Acquisition of real property for affordable housing purposes
  - Rehabilitation projects carried out pursuant to section 12742(a)(1) of this title *[Cranston-Gonzalez]*
  - New construction projects of 15 units or less

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Subsection (l)

Environmental Review Requirements

- Instructs HUD to prevent circumstances that require duplicative environmental reviews in the HOME program.

"…the Secretary shall ensure that a project that has undergone an environmental review under this section shall not be subject to a duplicative environmental review solely due to the addition, subtraction, or reallocation of other sources of Federal assistance, is the scope, scale, and location of the project remain substantially unchanged."

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Subsection (l)

Environmental Review Requirements

- Requires HUD to coordinate with other Federal agencies to streamline the NEPA review process and to recognize prior reviews by other responsible entities.
- HUD is required to issue rules to carry out the changes in this subsection within a year of enactment (**July 11, 2027**).

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Subsection (m)

Application of Build America, Buy America Requirements for HOME Investment Partnerships Program

- Within 180 days of enactment, HUD must complete a review of BABA implementation as it relates to the HOME program.
- Within 270 days of enactment, HUD must re-issue guidance to *"clarify the application of BABA"* with respect to HOME.
- Also, within 270 days, HUD must send a report to Congress that describes both the results of its BABA review and the re-issued guidance.

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Subsection (n)

Application of other Specified Statutory Requirements (Section 3)

- Section 3 requirements will not apply to any HOME projects that involve "rehabilitation, construction, or other development of housing" if:
  - **The project is funded through a State PJ or a PJ that received an allocation of $3 million or less; AND**
  - **The total number of assisted units is less than 50**

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Subsection (t)

Administrative Reforms

- Allows administrative expenses to be recognized as match contributions.
- Makes changes to inspection requirements; allows States to use a national standard – *"onsite inspection to determine compliance with a national standard as determined by the Secretary."*
- Allows HUD to reduce HOME payments to PJs that are found to be noncompliance with HOME laws *"after reasonable notice and opportunity for hearing"*

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Changes to Section 215

Section 215 of *Cranston-Gonzalez* (42 U.S.C. §12745) identities which projects qualify as affordable housing for the purpose of HOME. New CDBG housing construction will also follow Section 215 requirements.

- **Subsection (g):** Defines the circumstances under which units assisted through HOME tenant-based rental assistance (TBRA) are "affordable."
- **Subsection (h):** Expands the qualifications for affordable homeownership, including:
  - Changes initial purchase price limits from 95% to 110% median purchase price
  - Residents can earn up to 100% AMI
  - Allows purchase by Community Land Trusts / Cooperative Housing

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Changes to Section 215

- **Subsection (p):** Makes another slight change to Section 215 by re-arranging former provisions and adding an exception that housing is not required to remain affordable *"where existing affordable housing is no longer financially viable due to unforeseen acts or occurrences beyond the reasonable contemplation or control of the PJ in which the affordable housing is located or the owner of the affordable housing that significantly impact the financial or physical condition of the affordable housing, as determined by the Secretary"*

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Changes to CHDOs

- **Subsection (b):** Removes *"significant"* from part of the governing board requirements; should make it easier for some organizations to qualify as CHDOs.
- **Subsection (j):** If CHDOs do not commit their HOME funds within 24 months (2 years), the funds go back to the PJ *"for any eligible activities under this title without regard to whether a CHDO materially participated in the use of such funds."*
- **Subsection (s):** Slightly loosens the requirement for CHDO involvement in HOME projects – *"materially participates in the ownership or development of that housing, as determined by the Secretary."*

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Section 210 (RESIDE Pilot Program)

Revitalizing Empty Structures into Desirable Environments (RESIDE) Act

- Authorizes a sub-grant under the HOME program to *"convert vacant and abandoned buildings into attainable housing"* (up to 120% AMI if the majority of units are affordable for 60% AMI and below)
- **Congress will need to specifically allocate funding to this sub-grant to make it a reality.**
  - RESIDE is only authorized for five years (FY27 – FY31).
  - Suggested annual funding is $100 million.

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Section 206 (NEPA Streamlining)

Unlocking Housing Supply Through Streamlined and Modernized Reviews Act

- Expands and re-classifies certain NEPA review requirements to streamline small and infill housing development.
- **Implementation timeline:** Wait for official HUD guidance. The statute says these changes "*shall only apply with respect to funds appropriated after the effective date of those actions*" (most likely won't apply until at least FY27-funded activities)

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Revised NEPA Activities: EXEMPT

- **Tenant-based rental assistance**
- **Supportive services, including**: health care, housing services, permanent housing placement, daycare, nutritional services, short-term payments for rent, etc.
- **Operating costs, including:** maintenance, security, operation, utilities, furnishings, equipment, supplies, staff training, and recruitment / other incidental costs.
- **Economic development activities, including:** equipment purchases, inventory financing, interest subsidies, operating expenses, and similar costs.
- **Activities to assist home-buyers** in the purchase of existing dwelling units or dwelling units under construction, including closing costs and down payment assistance, etc.
- **Affordable housing predevelopment costs** related to obtaining site options, project financing, administrative costs and fees for loan commitment, zoning approvals, etc.

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Revised NEPA Activities: EXEMPT

- **Approval of supplemental assistance,** including insurance or guarantee, to a project previously approved by the Secretary.
- **Emergency home-owner or rental assistance** for the repair or replacement of HVAC, hot water heaters, and other necessary existing utilities required under applicable law.

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Revised NEPA Activities: CENST

- **Acquisition, repair,** improvement, reconstruction, or rehabilitation of public facilities and improvements (other than buildings) if the facilities and improvements are in place and will be retained int eh same use w/out change in size or capacity or more than 20 percent, including replacement of water or sewer lines, etc.
- **Rehabilitation of 1-to-4 unit** residential buildings, and existing housing related infrastructure, such as repairs or rehabilitation of existing wells, septics, or utility lines that connect to that housing.
- **New construction, development,** demolition, acquisition, or disposition of **up to 4 scattered site** existing dwelling units where there is a maximum of 4 units on any site.
- Acquisitions (including leasing) of, disposition of, or equity loans on an existing structure, or acquisition (including leasing) of **vacant land if the structure or land acquired, financed, or disposed of will be retained for the same use**.

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Revised NEPA Activities: CEST

- **Acquisitions of open space or residential property**, where such property will be retained for the same use or will be converted to open space to help residents relocate out of an area designated as a high-risk area by the Secretary.
- **Conversion of existing office buildings** into residential development, subject to a maximum number of units (to be established) and a limitation on the change in building size of not more than 20 percent.
- New construction, development, demolition, acquisition, or disposition of **5 to 15 dwelling units** where there is a maximum of 15 units on any 1 site.
- New construction, development, demolition, acquisition, or disposition of 15 or more housing units developed on scattered sites where there are **not more than 15 housing units on any 1 site**, and the sites are more than a set number of feet apart.
- **Infill projects** consisting of new construction, rehabilitation, or development of residential housing units.

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Revised NEPA Activities: CEST

- **Rehabilitation of buildings** and improvements in the case of a building for residential use with **5 to 15 units,** if the density is not increased beyond 15 units and the land use is not changed.
- **The voluntary acquisition of properties:**
  - Located in a floodway, a floodplain, or any other area, clearly delineated by the grantee; and
  - That have been impacted by a predictable environmental threat to the safety and well-being of program beneficiaries caused or exacerbated by a federally declared disaster.

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Other Housing Sections in *ROAD*

- ❑ Sec. 502: **Rural Housing Service Reform Act**
- ❑ Sec. 101: **Reforms to housing counseling and financial literacy programs**
- ❑ Sec. 105: **FHA Small-Dollar Mortgages**
- ❑ Sec. 301 – 303: **Manufactured Housing for America**
- ❑ Sec. 304: **PRICE Act (pilot program)**

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