

119TH CONGRESS
1ST SESSION

H. R. 4479

To amend the National Housing Act to direct the Secretary of Housing and Urban Development to establish a program to insure certain second liens secured against property for the purpose of financing the construction of an accessory dwelling unit, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 17, 2025

Mr. LICCARDO (for himself, Mr. CLEAVER, Mr. SHERMAN, Mr. THOMPSON of California, Mr. RUIZ, Mr. SOTO, Mr. PETERS, Mr. GARAMENDI, Mr. SWALWELL, Ms. MCBRIDE, Ms. GOODLANDER, Mr. FIELDS, Ms. ELFRETH, Mr. GRAY, Mr. CISNEROS, Mr. STANTON, and Mr. HARDER of California) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the National Housing Act to direct the Secretary of Housing and Urban Development to establish a program to insure certain second liens secured against property for the purpose of financing the construction of an accessory dwelling unit, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. INSURANCE WITH RESPECT TO THE FINANCING**
2 **OF THE CONSTRUCTION OF ACCESSORY**
3 **DWELLING UNITS.**

4 Title II of the National Housing Act (12 U.S.C. 1707
5 et seq.) is amended by adding at the end the following:

6 **“SEC. 259. ACCESSORY DWELLING UNIT CONSTRUCTION IN-**
7 **SURANCE.**

8 “(a) IN GENERAL.—Not later than 2 years after the
9 date of the enactment of this section, the Secretary shall
10 establish a program to insure, in the discretion of the Sec-
11 retary and under such terms and conditions as the Sec-
12 retary may prescribe, certain second liens that are secured
13 against properties for the purpose of financing the con-
14 struction of accessory dwelling units.

15 “(b) MAXIMUM LOAN AMOUNT.—

16 “(1) IN GENERAL.—Except as described in
17 paragraph (2), the Secretary may only insure a sec-
18 ond lien under this section that has a principal obli-
19 gation in an amount that is the lesser of—

20 “(A) 30 percent of the dollar amount de-
21 termined under section 203(b)(2)(A) with re-
22 spect to a one-unit residence; or

23 “(B) when combined with any outstanding
24 amounts owed on any other loans secured by a
25 lien against the same property as the second
26 lien, 100 percent of the projected value of the

1 property after the construction of the accessory
2 dwelling unit, as determined by the Secretary.

3 “(2) RENTAL INCOME.—The Secretary may in-
4 crease the amount described in paragraph (1) based
5 on 50 percent of any projected rental income ex-
6 pected annually from an accessory dwelling unit to
7 be financed using the second lien to be insured
8 under this section.

9 “(c) APPLICATION.—The borrower seeking insurance
10 for a second lien under this section shall submit an appli-
11 cation for insurance at such time, in such manner, and
12 containing such information as the Secretary may require,
13 including a certification that the borrower is the owner
14 of the property on which an accessory dwelling unit is to
15 be constructed.

16 “(d) PREMIUM.—The Secretary shall fix a premium
17 charge for insurance provided under this section in an
18 amount that may not exceed, for each year, 1 percent of
19 the principal amount insured under this section.

20 “(e) REPORT.—Beginning on the date that is 1 year
21 after the date of the enactment of this section, and annu-
22 ally thereafter, the Secretary shall submit to the Congress
23 a report that describes the activities carried out under this
24 section.

1 “(f) RULEMAKING.—The Secretary may issue such
2 rules as the Secretary determines appropriate to carry out
3 this section.

4 “(g) ACCESSORY DWELLING UNIT DEFINED.—In
5 this section, the term ‘accessory dwelling unit’ means a
6 dwelling unit which—

7 “(1) is a—

8 “(A) modular or prefabricated unit con-
9 structed to at least 1 of the 3 most recent edi-
10 tions of a consensus-based building code adopt-
11 ed by the State, local jurisdiction, territory, or
12 tribal entity;

13 “(B) manufactured unit (as such term is
14 defined in section 102 of the Housing and Com-
15 munity Development Act of 1974 (42 U.S.C.
16 5402)); or

17 “(C) conversion of an existing structure on
18 a property;

19 “(2) includes kitchen, sleeping, and bathroom
20 facilities; and

21 “(3) is added to, created within, or detached
22 from a single-family dwelling on a single property.”.

1 **SEC. 2. PURCHASE AND SECURITIZATION OF INSURED**
2 **LOANS FOR THE CONSTRUCTION OF ACCES-**
3 **SORY DWELLING UNITS.**

4 (a) IN GENERAL.—Except as provided in subsection
5 (b), the Director of the Federal Housing Finance Agency
6 (hereafter referred to as the “Director”) shall permit the
7 Federal National Mortgage Association and the Federal
8 Home Loan Mortgage Corporation to purchase and
9 securitize loans that are insured under section 259 of the
10 National Housing Act.

11 (b) EXCEPTION.—The Director may prohibit the pur-
12 chase and securitization of loans that are insured under
13 section 259 of the National Housing Act—

14 (1) if there are market pressures which would
15 pose an excessive and unmitigable risk to the lending
16 market for such loans, as determined by the Direc-
17 tor; and

18 (2) beginning on the date that the Director sub-
19 mits to the Congress a written notice with respect
20 to such prohibition.

21 (c) REPORT.—The Director shall include in the an-
22 nual report required under section 1319B(a) of the Fed-
23 eral Housing Enterprises Financial Safety and Soundness
24 Act of 1992 (12 U.S.C. 4521(a)) information with respect

1 to the purchase and securitization of loans that are in-
2 sured under section 259 of the National Housing Act.

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