

119TH CONGRESS
1ST SESSION

H. R. 5938

To establish a grant program to increase the local housing supply, and
for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 7, 2025

Mr. CLEAVER (for himself and Ms. PRESSLEY) introduced the following bill;
which was referred to the Committee on Financial Services, and in addition to the Committees on Transportation and Infrastructure, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish a grant program to increase the local housing
supply, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Innovation Fund Act”.

5 **SEC. 2. INNOVATION FUND.**

6 (a) DEFINITIONS.—In this section:

7 (1) ATTAINABLE HOUSING.—The term “attain-
8 able housing” means housing that—

1 (A) serves—

2 (i) a majority of households with in-
3 come not greater than 80 percent of area
4 median income; and

5 (ii) households with income not great-
6 er than 100 percent of area median in-
7 come; or

8 (B) serves—

9 (i) a majority of households with in-
10 come not greater than 60 percent of area
11 median income; and

12 (ii) households with income not great-
13 er than 120 percent of area median in-
14 come.

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

17 (A) a metropolitan city or urban county, as
18 those terms are defined in section 102 of the
19 Housing and Community Development Act of
20 1974 (42 U.S.C. 5302), that has demonstrated
21 an objective improvement in housing supply
22 growth, as determined by the Secretary, whose
23 methodology for determining such growth is
24 published in the Federal Register to allow for
25 public comment not less than 90 days before

1 date on which the notice of funding opportunity
2 is made available; or

3 (B) a unit of general local government or
4 Indian tribe, as those terms are defined in sec-
5 tion 102 of the Housing and Community Devel-
6 opment Act of 1974 (42 U.S.C. 5302), that has
7 demonstrated an objective improvement in
8 housing supply growth, as determined by the
9 Secretary, whose methodology for determining
10 such improvement is published in the Federal
11 Register to allow for public comment not less
12 than 90 days before the date on which the no-
13 tice of funding opportunity is made available.

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

16 (b) ESTABLISHMENT OF A GRANT PROGRAM.—

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

22 (2) LIST OF ELIGIBLE ENTITIES.—The Sec-
23 retary shall make a list of eligible entities publicly
24 available on the website of the Department of Hous-
25 ing and Urban Development.

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

4 (A) carry out any of the activities de-
5 scribed in section 105 of the Housing and Com-
6 munity Development Act of 1974 (42 U.S.C.
7 5305);

8 (B) carry out any of the activities per-
9 mitted under the Local and Regional Project
10 Assistance Program established under section
11 6702 of title 49, United States Code;

12 (C) serve as matching funds under a State
13 revolving fund program related to a clean water
14 or drinking water program administered by the
15 Environmental Protection Agency in which the
16 eligible entity is the grantee under that pro-
17 gram, unless otherwise determined by the Sec-
18 retary; and

19 (D) carry out initiatives of the eligible enti-
20 ty that facilitate the expansion of the supply of
21 attainable housing and that supplement initia-
22 tives the eligible entity has carried out, or is in
23 the process of carrying out, as specified in the
24 application submitted under paragraph (4).

25 (4) APPLICATION.—

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

4 (i) a description of each purpose for
5 which the eligible entity will use the grant,
6 and an attestation that the grant will be
7 used only for 1 or more eligible purposes
8 described in paragraph (3);

9 (ii) data on characteristics of in-
10 creased housing supply during the 3-year
11 period ending on the date on which the ap-
12 plication is submitted, which may include
13 whether such housing—

14 (I) serves households at a range
15 of income levels; and

16 (II) has improved the quality and
17 affordability of housing in the juris-
18 diction of the eligible entity;

19 (iii) a description of how each eligible
20 purpose described in clause (i) may ad-
21 dress a community need or advance an ob-
22 jective, or an aspect of an objective, in-
23 cluded in the comprehensive housing af-
24 fordability strategy and community devel-
25 opment plan of the eligible entity under

1 part 91 of title 24, Code of Federal Regu-
2 lations, or any successor regulation (com-
3 monly referred to as a “consolidated
4 plan”); and

5 (iv) a description of how the eligible
6 entity has carried out, or is in the process
7 of carrying out, initiatives that facilitate
8 the expansion of the supply of housing.

9 (B) INITIATIVES.—Initiatives that meet
10 the criteria described in paragraph (3)(D) in-
11 clude—

12 (i) increasing by-right uses, including
13 duplex, triplex, quadplex, and multifamily
14 buildings, in areas of opportunity;

15 (ii) revising or eliminating off-street
16 parking requirements to reduce the cost of
17 housing production;

18 (iii) revising minimum lot size require-
19 ments, floor area ratio requirements, set-
20 back requirements, building heights, and
21 bans or limits on construction to allow for
22 denser and more affordable development;

23 (iv) instituting incentives to promote
24 dense development;

1 (v) passing zoning overlays or other
2 ordinances that enable the development of
3 mixed-income housing;

4 (vi) streamlining regulatory require-
5 ments and shortening processes, increasing
6 code enforcement and permitting capacity,
7 reforming zoning codes, or other initiatives
8 that reduce barriers to increasing housing
9 supply and affordability;

10 (vii) eliminating restrictions against
11 accessory dwelling units and expanding
12 their by-right use;

13 (viii) using local tax incentives or pub-
14 lic financing to promote development of at-
15 tainable housing;

16 (ix) streamlining environmental regu-
17 lations;

18 (x) eliminating unnecessary manufac-
19 tured-housing regulations and restrictions;

20 (xi) minimizing the impact of over-
21 burdensome energy and water efficiency
22 standards on housing costs; and

23 (xii) other activities that reduce cost
24 of construction, as determined by the Sec-
25 retary.

1 (5) GRANTS.—

2 (A) IN GENERAL.—The Secretary shall
3 make not fewer than 25 grants on an annual
4 basis (unless amounts appropriated to provide
5 grant amounts consistent with subsection (b)
6 are insufficient, in which case fewer grants may
7 be awarded), with strong consideration of dif-
8 ferent geographical areas and a relatively even
9 spread of rural, suburban, and urban commu-
10 nities.

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

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

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

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

18 (i) demonstrated the use of innovative
19 policies, interventions, or programs for in-
20 creasing housing supply, including adop-
21 tion of any of the frameworks developed
22 under section 203; and

23 (ii) demonstrated a marked improve-
24 ment in housing supply growth.

1 (D) GRANT ADMINISTRATION AND
2 TERMS.—Projects assisted under this section
3 for activities described in sector 23 of the North
4 American Industry Classification System shall
5 be treated as projects assisted under the Com-
6 munity Development Block Grant program
7 under title I of the Housing and Community
8 Development Act of 1974 (42 U.S.C. 5301 et
9 seq.).

10 (c) RULES OF CONSTRUCTION.—Nothing in this sec-
11 tion shall be construed—

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

15 (2) to affect the requirements of section
16 105(c)(1) of the Cranston-Gonzalez National Afford-
17 able Housing Act (42 U.S.C. 12705(c)(1)).

18 (d) AUTHORIZATION OF APPROPRIATIONS.—

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

22 (2) ADJUSTMENT.—The amount authorized to
23 be appropriated under paragraph (1) shall be ad-

- 1 justed for inflation based on the Consumer Price
- 2 Index.

