

119TH CONGRESS
2D SESSION

H. R. 8854

To establish a pilot program for the Secretary of Housing and Urban Development to evaluate the effectiveness of insuring mortgages made to finance improvements to convert basement spaces into safely habitable dwelling units, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 2026

Mr. MEEKS (for himself and Ms. VELÁZQUEZ) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To establish a pilot program for the Secretary of Housing and Urban Development to evaluate the effectiveness of insuring mortgages made to finance improvements to convert basement spaces into safely habitable dwelling units, 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 “Habitable Housing
5 Conversion Pilot Program Act of 2026”.

1 **SEC. 2. PILOT PROGRAM FOR INSURANCE OF CONVERSION**
2 **LOANS.**

3 (a) ESTABLISHMENT.—The Secretary of Housing
4 and Urban Development (in this section referred to as the
5 “Secretary”) shall carry out pilot program to insure mort-
6 gages, under section 203(k) of the National Housing Act
7 (12 U.S.C. 1709(k)(2)), made to finance improvements
8 necessary to convert space in the basements of owner-oc-
9 cupied properties, into safe and habitable dwelling units
10 that are to be made available for rental, meet all State
11 and local building and safety standards and codes, and
12 comply with the regulations issued by the Secretary pursu-
13 ant to subsection (c) of this section.

14 (b) SCOPE.—The Secretary shall carry out the pilot
15 program under this section during the 5-year period begin-
16 ning on the date of the enactment of this Act and may
17 insure not more than 150,000 mortgages under the pro-
18 gram.

19 (c) CONSULTATION; PRIORITY.—In carrying out the
20 pilot program under this section, the Secretary shall con-
21 sult with the Administrator of the Federal Emergency
22 Management Agency and the Administrator of the Na-
23 tional Oceanic and Atmospheric Administration to identify
24 areas more likely to suffer hazards causing need for im-
25 provements financed under such program and may give

1 priority in insuring mortgages under such program to eli-
2 gible properties located in such areas.

3 (d) REGULATIONS.—The Secretary shall issue such
4 regulations as may be necessary to carry out the pilot pro-
5 gram under this section, including regulations to ensure
6 the safety and habitability of spaces converted into dwell-
7 ing units using mortgages insured under the program.

8 (e) REPORT.—Upon the expiration of the 5-year pe-
9 riod beginning on the date of the enactment of this Act,
10 the Secretary shall submit a report to the Congress de-
11 scribing and assessing the pilot program under this sec-
12 tion, identifying any successes of and problems with the
13 program, identifying any current codes and regulations
14 that prevent or inhibit conversion of basement space into
15 dwelling units, and making recommendations regarding
16 reauthorizing, reforming, or terminating the program.

17 (f) AUTHORIZATION OF APPROPRIATIONS.—There is
18 authorized to be appropriated such sums as may be nec-
19 essary to carry out the pilot program under this section.

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