

119TH CONGRESS
1ST SESSION

S. 964

To amend title I of the National Housing Act to increase the loan limits and clarify that property improvement loans may be used for construction of accessory dwelling units.

IN THE SENATE OF THE UNITED STATES

MARCH 11 (legislative day, MARCH 10), 2025

Mr. REED (for himself and Ms. LUMMIS) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend title I of the National Housing Act to increase the loan limits and clarify that property improvement loans may be used for construction of accessory dwelling units.

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 “Property Improvement
5 and Manufactured Housing Loan Modernization Act of
6 2025”.

1 **SEC. 2. NATIONAL HOUSING ACT AMENDMENTS.**

2 (a) IN GENERAL.—Section 2 of the National Housing
3 Act (12 U.S.C. 1703) is amended—

4 (1) in subsection (a), by inserting “construction
5 of additional or accessory dwelling units, as defined
6 by the Secretary,” after “improvements,”; and

7 (2) in subsection (b)—

8 (A) in paragraph (1)—

9 (i) by striking subparagraph (A) and
10 inserting the following new subparagraph:

11 “(A) \$75,000 if made for the purpose of financ-
12 ing alterations, repairs and improvements upon or in
13 connection with an existing single-family structure,
14 including a manufactured home;”;

15 (ii) in subparagraph (B)—

16 (I) by striking “\$60,000” and in-
17 serting “\$150,000”;

18 (II) by striking “\$12,000” and
19 inserting “\$37,500”; and

20 (III) by striking “an apartment
21 house or”;

22 (iii) by striking subparagraphs (C)
23 and (D) and inserting the following:

24 “(C)(i) \$106,405 if made for the purpose of fi-
25 nancing the purchase of a single-section manufac-
26 tured home; and

1 “(ii) \$195,322 if made for the purpose of fi-
 2 nancing the purchase of a multi-section manufac-
 3 tured home;

4 “(D)(i) \$149,782 if made for the purpose of fi-
 5 nancing the purchase of a single-section manufac-
 6 tured home and a suitably developed lot on which to
 7 place the home; and

8 “(ii) \$238,699 if made for the purpose of fi-
 9 nancing the purchase of a multi-section manufac-
 10 tured home and a suitably developed lot on which to
 11 place the home;”;

12 (iv) in subparagraph (E)—

13 (I) by striking “\$23,226” and in-
 14 serting “\$43,377”; and

15 (II) by striking the period at the
 16 end and inserting a semicolon;

17 (v) in subparagraph (F), by striking
 18 “and” at the end;

19 (vi) in subparagraph (G), by striking
 20 the period at the end and inserting “;
 21 and”; and

22 (vii) by inserting after subparagraph
 23 (G) the following:

“(H) such principal amount as the Secretary may prescribe if made for the purpose of financing the construction of an accessory dwelling unit.”; and

(viii) in the matter preceding paragraph (2)—

(I) by striking “regulation” and inserting “notice”;

(II) by striking “increase” and inserting “set”;

(III) by striking “(ii), (C), (D), and (E)” and inserting “through (H)”;

(IV) by inserting “, or as necessary to achieve the goals of the Federal Housing Administration, periodically reset the dollar amount limitations in subparagraphs (A) through (H) based on justification and methodology set forth in advance by regulation” before the period at the end; and

(V) by adjusting the margins appropriately;

(B) in paragraph (3), by striking “exceeds—” and all that follows through the period

1 at the end and inserting “exceeds such period
 2 of time as determined by the Secretary, not to
 3 exceed 30 years.”;

4 (C) by striking paragraph (9) and insert-
 5 ing the following:

6 “(9) ANNUAL INDEXING OF CERTAIN DOLLAR
 7 AMOUNT LIMITATIONS.—The Secretary shall develop or
 8 choose 1 or more methods of indexing in order to annually
 9 set the loan limits established in paragraph (1), based on
 10 data the Secretary determines is appropriate for purposes
 11 of this section.”; and

12 (D) in paragraph (11), by striking
 13 “lease—” and all that follows through the pe-
 14 riod at the end and inserting “unless such lease
 15 meets the terms and conditions established by
 16 the Secretary”.

17 (b) DEADLINE FOR DEVELOPMENT OR CHOICE OF
 18 NEW INDEX; INTERIM INDEX.—

19 (1) DEADLINE FOR DEVELOPMENT OR CHOICE
 20 OF NEW INDEX.—Not later than 1 year after the
 21 date of enactment of this Act, the Secretary of
 22 Housing and Urban Development shall develop or
 23 choose 1 or more methods of indexing as required
 24 under section 2(b)(9) of the National Housing Act

1 (12 U.S.C. 1703(b)(9)), as amended by subsection
 2 (a) of this section.

3 (2) INTERIM INDEX.—During the period begin-
 4 ning on the date of enactment of this Act and end-
 5 ing on the date on which the Secretary of Housing
 6 and Urban Development develops or chooses 1 or
 7 more methods of indexing as required under section
 8 2(b)(9) of the National Housing Act (12 U.S.C.
 9 1703(b)(9)), as amended by subsection (a) of this
 10 section, the method of indexing established by the
 11 Secretary under that section before the date of en-
 12 actment of this Act shall apply.

13 **SEC. 3. HUD STUDY OF FACTORY-BUILT HOUSING.**

14 (a) DEFINITIONS.—In this section:

15 (1) FACTORY-BUILT HOUSING.—The term “fac-
 16 tory-built housing” includes manufactured homes
 17 and modular homes.

18 (2) MANUFACTURED HOME.—The term “manu-
 19 factured home” means any home constructed in ac-
 20 cordance with the construction and safety standards
 21 established under the National Manufactured Hous-
 22 ing Construction and Safety Standards Act of 1974
 23 (42 U.S.C. 5401 et seq.).

24 (3) MODULAR HOME.—The term “modular
 25 home” has the meaning given the term in section

1 1027(c) of the Consumer Financial Protection Act
2 of 2010 (12 U.S.C. 5517(c)).

3 (b) STUDY.—The Secretary of Housing and Urban
4 Development shall conduct a study and submit to Con-
5 gress a report on the cost effectiveness of factory-built
6 housing, that includes—

7 (1) an analysis of the reductions in costs from
8 the centralization of manufacturing compared to the
9 expense of transferring the unit from the factory to
10 its final location;

11 (2) the advantages in precision and reduction of
12 materials waste associated with factory-built hous-
13 ing;

14 (3) the expected replacement and maintenance
15 costs over the first 40 years of life of factory-built
16 homes; and

17 (4) opportunities for use beyond single-family
18 housing, such as applications in accessory dwelling
19 units, two- to four-unit housing, and large multi-
20 family housing.

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