

HUD Pathways to Removing Obstacles to Housing (PRO Housing) Competition

October 27, 2023

The Consolidated Appropriations Act, 2023 provided \$85 million in funds to establish a competitive grant program for communities to identify and remove [barriers to affordable housing](#) development and preservation (P.L. 117-328, Division L, Title II). The program derives its authority from Title I of the Housing and Community Development Act of 1974 (42 U.S.C. §5301 et seq.), which is the authorizing statute for the [Community Development Block Grant Program](#) (CDBG), administered by the U.S. Department of Housing and Urban Development (HUD).

On September 7, 2023, HUD posted a [Notice of Funding Opportunity](#) (NOFO) associated with these funds, under the title of [Pathways to Removing Obstacles to Housing](#) (PRO Housing). According to the NOFO, HUD anticipates awarding roughly 20 grants in amounts ranging between \$1 million and \$10 million.

Program Overview

P.L. 117-328 provided that eligible applicants for the PRO Housing program include state governments, local governments, metropolitan planning organizations, and multijurisdictional entities. It also directed HUD to prioritize funding for applicants that meet the following criteria:

1. “Demonstrate progress and a commitment to overcoming local barriers to facilitate the increase in affordable housing production and preservation”; and
2. “Demonstrate an acute demand for housing affordable to households with incomes below 100 percent of the area median income.”

Additionally, in the NOFO, HUD indicated that it would prioritize applicants with demonstrated commitment to, and administration of, affordable housing development that promotes desegregation, equitable access to high-resource communities, and deconcentration of affordable housing.

Barriers to Affordable Housing

In the PRO Housing NOFO, HUD describes the term “barriers to affordable housing” as follows:

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Barriers to affordable housing can be caused by zoning decisions, land use policies, or regulations; inefficient procedures; gaps in available resources for development; deteriorating or inadequate infrastructure; lack of neighborhood amenities; or challenges to preserving existing housing stock such as increasing threats from natural hazards, redevelopment that reduces the number of affordable units, or expiration of affordability requirements.

The NOFO encourages applications with particular focus on [regulatory barriers](#) such as “land-use regulations, permitting, or related procedural issues.”

Acute Housing Demand

In the NOFO, HUD enumerates three categories of acute housing demand by which an applicant could qualify for prioritization. An applicant’s service area qualifies if it meets one of the [following three characteristics](#):

1. “Affordable housing not keeping pace,” a measure of population change, and change in the number of available units affordable to households at 80% of the HUD Area Median Family Income (HAMFI) between 2009 and 2019;
2. “Insufficient affordable housing,” a measure of available units affordable to households at 80% HAMFI; or
3. “Widespread housing cost burden or substandard housing,” a measure of cost burden, overcrowding, or substandard housing for households at 100% HAMFI.

To aid prospective applicants in assessing their prioritization status, HUD has published a [mapping tool](#) and [spreadsheet](#), displaying priority geographies based on these criteria.

Eligible Activities

The P.L. 117-328 provision established eligible uses of PRO Housing funds, including “activities to further develop, evaluate, and implement housing policy plans, improve housing strategies, and facilitate affordable housing production and preservation.” The HUD NOFO further specifies that PRO Housing activities “must identify and seek to remove one or more barriers to affordable housing preservation.”

Activities must also meet one of the [CDBG program’s national objectives](#), and be eligible under the CDBG program statute (see 42 U.S.C. §5305(a)). However, HUD is allowing the use of PRO Housing funds for construction of new residential units, which is restricted in the CDBG program. In the NOFO, HUD enumerates various potentially eligible activities under four broad categories:

1. Planning and policy;
2. Development;
3. Infrastructure; and
4. Preservation.

Discussion

Multiple measures indicate that [housing supply](#) in the United States may be low relative to demand. Some research suggests that the types of barriers described above [may contribute](#) to low housing supply. In addition to the PRO Housing program, several recent federal efforts have sought to encourage and inform state and local governments in addressing barriers to the development and preservation of affordable housing.

For example, the Yes In My Backyard Act (S. 1688 and H.R. 3507), reintroduced in the 118th Congress, would expand reporting requirements for certain CDBG grantees regarding the adoption and implementation status of an enumerated list of inclusionary zoning and land use practices (e.g., reducing minimum lot sizes). Also, in the 118th Congress, the Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on Housing, Transportation, and Community Development, held a hearing on “[Housing Supply and Innovation](#)” on September 12, 2023. The Full Committee also held a February 9, 2023, hearing on “[The State of Housing 2023](#),” during which barriers to affordable housing were discussed.

Recent HUD Announcements and Resources

HUD has recently announced some additional policy changes, opportunities, and initiatives that could potentially assist in the removal of certain barriers to affordable housing development and preservation. For example, on October 16, 2023, HUD announced that the Federal Housing Administration [adopted a policy](#) to include prospective accessory dwelling unit income in mortgage underwriting calculations, among other [White House initiatives](#) related to homeownership. On June 15, 2023, HUD published a [NOFO for cooperative agreements](#) to support research on “offsite construction methods” and “zoning and land use reforms.” In April 2023 HUD [announced](#) a \$350,000 [Research Partnerships](#) program grant for Cornell University’s [National Zoning Atlas](#). According to HUD, “the goal of this grant is to close data gaps that limit our understanding of the relationship between zoning and segregation, affordability, and other outcomes of interest.”

HUD also maintains the [Regulatory Barriers Clearinghouse](#) (RBC), as required in statute (42 U.S.C. §12705d), which serves as a national database with examples of state and local barriers and solutions to affordable housing development and preservation. The RBC also contains various [research products](#) published by HUD on recent issues and findings regarding regulatory barriers.

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