

January 28, 2026

The Honorable Scott Turner  
Secretary  
U.S. Department of Housing and  
Urban Development  
451 7<sup>th</sup> Street S.W.  
Washington, DC 2041

The Honorable Russell Vought  
Director  
Office of Management and Budget  
725 17<sup>th</sup> Street N.W.  
Washington, DC 20503

Dear Secretary Turner and Director Vought:

We are writing to request an exemption—or at least a temporary suspension—of the Build America, Buy America Act (BABA) requirements for multifamily housing supported by the U.S. Department of Housing and Urban Development's (HUD) federal financial assistance (FFA) programs. We support efforts to revitalize and strengthen American manufacturing. However, we request your urgent attention to mitigate the unintended negative consequences BABA is having on construction, rehabilitation and repair of affordable rental housing.

### **Background**

Enacted under the 2021 Infrastructure Investment and Jobs Act, BABA requires iron, steel, manufactured products, and construction materials used in federally assisted infrastructure projects—including buildings and real property—to be domestically-produced. HUD currently applies BABA to many of its FFA programs used for construction, rehabilitation and repair of affordable housing.

Unfortunately, BABA-related cost increases and compliance burdens are jeopardizing affordable housing construction projects. Without relief, BABA's compliance costs and administrative burdens will continue to deter builders and developers from pursuing affordable rental housing projects. Consequently, low-income Americans will have fewer choices in available and affordable rental units at a time of severe housing need. This is inconsistent with the Administration's intention to lower housing costs.

### **Impact on Affordable Housing**

Housing providers report that BABA requirements may cause project abandonment or delays, particularly for developments using HOME Investment Partnerships Program (HOME) or Community Development Block Grant (CDBG) funding.

Please consider these examples:

- **Cost Impacts of BABA Requirements**
  - According to one grantee, “Projects currently under development that will be subject to full BABA compliance are adding contingencies ranging from \$100,000 to \$500,000 depending on the project size and complexity.”
  - A second grantee shared, “Two recent projects required hiring a consultant at \$65,000 per project to guide developers and general contractors (GCs) through BABA best practices and compliance steps.”
  - A non-profit affordable housing developer reported 10–20% increases in total project costs directly or indirectly attributable to BABA compliance. In California, this developer noted that they are calculating nearly an additional \$2 million to total project costs due to BABA compliance. Meanwhile, in the Midwest, one of their local participating jurisdictions has \$1 million in HOME funds that can be utilized for a development serving working families and people with special needs, but aligning with BABA requirements could increase construction costs so significantly that it would not make sense to apply the available HOME funding.
  - A non-profit affordable housing developer is working on a Colorado development for low-income seniors aged 55+ with incomes ranging from 30-60% AMI. For a new 55-unit development with a finance combination using HOME, CDBG, and city Funds (all triggering BABA), this developer and its general contractor estimated nearly \$800k difference in costs relating to BABA.
  - A developer expressed concern about premiums for steel, appliances, and fire sprinklers without having a pathway to reduce costs.
- **Regulatory Complexity & Lack of Clarity**
  - Another grantee reported, “There are components of the projects that seem to be unavailable or not readily available from American manufacturers but are necessary, such as electrical switchgear and fire alarms. They will require waivers which have no turnaround timeline from HUD. Projects cannot close until waivers are decided. I do not see how a LIHTC project with BABA requirements triggered by HOME/HTF funding will be able to get compliant without waivers.”
  - Several affordable housing developers report that existing waiver options create additional risks for developers because they are slow, unpredictable, and often unsuccessful.

- **Impact on Affordable Housing Production**

- Non-profit affordable housing developers are reporting that BABA-driven cost increases, delays and procurement challenges jeopardize project timelines and can threaten Low-Income Housing Tax Credit (LIHTC) placed-in-service deadlines. Layered financing, which is common in affordable housing, means duplicative compliance requirements even when the project scope remains unchanged.
- A shared concern is that a 10–20% construction cost increase can translate into hundreds of dollars in additional rent, disproportionately harming low-income families.
- A survey of multifamily builders and property managers conducted by NAHB during 2Q 2025 found that 26 percent of the respondents who use HOME or CDBG said BABA requirements would cause them to abandon some affordable housing projects and 19 percent said BABA would cause them to increase rents to cover compliance costs.

Because HOME financing is frequently paired with LIHTC, BABA could undermine the significant LIHTC expansion enacted in the One Big Beautiful Bill Act (OBBA).

Although OBBBA could support more than a million new affordable homes over the next decade, BABA compliance threatens project feasibility, timelines, and affordability.

### **Recommendations**

We request your leadership to prevent BABA-related unintended negative consequences for low-income renters, housing providers and the affordable housing supply. We ask the Trump Administration to use its existing authority to:

- Approve a full BABA exemption for all FFA used in multifamily construction, rehabilitation, repairs and maintenance; or
- Provide a 5-year public interest general applicability waiver for multifamily housing; or
- At minimum, grant 5-year waivers for HOME- and CDBG -assisted multifamily projects to avoid delays in mixed-financed LIHTC developments.

## **Conclusion**

Thank you for your consideration. For more information, please contact Michelle Kitchen at [mkitchen@nahb.org](mailto:mkitchen@nahb.org).

Sincerely,

Affordable Housing Tax Credit Coalition

Council for Affordable and Rural Housing

Council of Large Public Housing Authorities

Council of State Community Development Agencies

Enterprise Community Partners

Federation of Appalachian Housing Enterprises

Housing Assistance Council

Housing Partnership Network

Institute of Real Estate Management

Local Initiatives Support Corporation

Manufactured Housing Institute

National Affordable Housing Management Association

National Apartment Association

National Association of Affordable Housing Lenders

National Association of Home Builders

National Association of Housing and Redevelopment Officials

National Association of Housing Cooperatives

National Association of Local Housing Finance Agencies

National Association of REALTORS®

National Community Development Association

National Council of State Housing Agencies

National Leased Housing Association

National Multifamily Housing Council

National NeighborWorks Association

Preservation of Affordable Housing

Public Housing Authorities Directors Association

Stewards of Affordable Housing for the Future

The Community Builders