

Pre-decisional DRAFT

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUBJECT: Final Project-Specific Nonavailability Waiver of Build America Buy America Act (BABA) Requirements to the MacArthur Senior Flats Affordable Housing Project for Heat Pumps and Fire Alarm Devices (HUD Waiver #W-0000240)

Introduction

The U.S. Department of Housing and Urban Development (HUD) is issuing a final BABA waiver to an assistance recipient based on nonavailability of multiple products for a single project.

Solicitation of Public Comment

The proposed waiver was posted on HUD's public facing webpage and a notice of the proposed waiver was posted to the Made in America website from August 17, 2026, to September 1, 2026, thus satisfying the requirement to publish any BABA project waiver and provide the public with fifteen (15) days to submit comments.

Background

The Buy America Preference set forth in section 70914 of BABA included in the Infrastructure Investment and Jobs Act (IIJA) (Pub. L. No. 117-58), requires that all iron, steel, manufactured products, and construction materials used for infrastructure projects under Federal financial assistance awards be produced in the United States.

Under section 70914(b), HUD may waive the application of the Buy America Preference (BAP), in any case in which it finds that: applying the domestic content procurement preference would be inconsistent with the public interest; types of iron, steel, manufactured products, or construction materials are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality; or the inclusion of iron, steel, manufactured products, or construction materials produced in the United States would increase the cost of the overall project by more than twenty-five (25) percent. All waivers must have a written explanation for the proposed determination; provide a period of not less than fifteen (15) days for public comment on the waiver; and be submitted to the Office of Management and Budget's (OMB) Made in America Office for review to determine if the waiver is consistent with policy.

Summary

Final Waiver: HUD is issuing a project waiver of the requirements of section 70914 of BABA included in the IIJA, for heat pumps and fire alarm devices in an infrastructure project funded through the HOME Investment Partnerships Program (HOME).

Waiver Type: Nonavailability of domestic products in sufficient and reasonably available quantities or of a satisfactory quality.

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Waiver Level and Scope: Project-level waiver for multiple products for a single project. No other project will utilize the waiver.

Waiver Description: Project-specific nonavailability waiver of BABA requirements to the MacArthur Senior Flats affordable housing project in Peoria, Illinois for heat pumps and fire alarm devices.

Project Summary: The project is in Peoria, Illinois. MacArthur Senior flats will be a 48-unit project consisting of 41 one-bedroom units and 7 two-bedroom units. The project is located at 901 W McBean in Peoria, Illinois and is funded utilizing the Low-Income Housing Tax Credit program as administered by the Illinois Housing Development Authority, along with HOME, TIF, and a construction loan. Cost breakdown on this project is \$1,275,000 Federal funds and \$15,193,089 non-Federal funds.

Length of the Waiver: From [INSERT FINAL WAIVER EFFECTIVE DATE] until the completion of the project, which is anticipated to be April 30, 2028.

Items Covered in Waiver: The City of Peoria is being issued a waiver for heat pumps and fire alarm devices, as described in detail below:

- **Name of Product 1:** Compact Mini-Split Crossover Heat Pumps
 - **NAICS:** 333415 Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing
 - **PSC:** 4120 Air Conditioning Equipment
 - **Technical Specifications:**
 - Systems Serving Residential Units (AH/HP1 through AH/HP2):
 - Minimum SEER2 = 18.2, minimum HSPF2 = 10.1
 - Cooling capacity at 91°F ambient (18.17 mbh total, 12.92 mbh sensible AH-1 & 2), (18.86 mbh total, 14.13 mbh sensible AH-3x)
 - Heating capacity at 47°F/17°F (19.36 / 17.19 mbh AH-1,2) (20.09/14.89 mbh AH-3).
 - Systems Serving Common Area Spaces (AH/HP-3 thru AH/HP7):
 - Minimum SEER2 = 18.8, minimum HSPF2 = 10
 - Cooling capacity at 91°F (27.21 mbh total, 22.28 mbh sensible)
 - Heating capacity at 47°F/17°F (29.52 / 23.78 mbh)
 - All units are UL listed, Energy Star rated, indoor fan coil units have a leakage rate of < 2% of cfm listed.
 - The inverter driven compressor provides five (5) stages of heating/cooling. On a call for heat/cool the compressor starts at low speed and then ramps as needed to satisfy thermostat setpoint. The low speed is used for dehumidification of the space.
- **Name of Product 2:** Fire Alarm Devices
 - **NAICS:** 334290 Other Communications Equipment Manufacturing
 - **PSC:** 6350 Miscellaneous Alarm, Signal, and Security Detection Systems
 - **Technical Specifications:**

- Provide new addressable non-proprietary fire alarm control panel. Panel shall have a minimum capacity of 500 addressable points. Manufacturer is per project manual specification. Provide new fire alarm devices as specified on the legend. The electrical contractor shall provide all equipment necessary for a complete and operating system consisting of at least the following items:
 - Fire alarm system shall be designed per NFPA 72 by a NICET and state certified alarm designer. System designer shall coordinate design requirements with AHJ. System shall be installed as directed by AHJ.
 - Fire alarm control panel: Panel shall be fully addressable and shall supervise initiation and notification appliance wiring. Panel shall contain a secondary power supply capable of powering the system as required by code. The control panel shall be connected to a dedicated circuit with a lock on clip, red marking and identified on directory as fire alarm circuit per NFPA 72-4.4.1.
 - Additional power supplies shall be provided if power requirements or voltage drop exceeds system control panel capacity, per NFPA 72-4.4.1.7.
 - Digital alarm communication transmitter (DACT): Digital alarm communication device (auto dialer) shall be provided per NFPA 72-8.6 and connected to two telephone lines upstream of telephone switching equipment one line to be dedicated.
 - System protection: Smoke detectors shall be provided at each control panel, power supply, and DACT per NFPA 72-4.4.5.
 - Fire alarm annunciator panel: Locate in or near front entrance (typical) for fire department review upon arrival. Contact the local fire authority and install where directed.
 - Smoke detectors in community areas shall be system type detectors.
 - Duct smoke detectors shall be furnished, wired, and programmed by fire alarm contractor for all common space air handling units. Detector shall have auxiliary contact for HVAC system shut down.
 - Sprinkler system: Fire alarm system shall supervise/monitor flow and tamper switches.
 - Elevator: Provide initiating devices at elevator lobbies, equipment rooms, and in hoistway with relays to initiate elevator recall or provide system interface units. Heat detectors shall be placed within 2' of hoistway sprinkler heads to monitor high and low temperatures. Provide water flow switch and wiring to shunt trip breaker will disconnect power upon sprinkler activation.
 - Fire smoke damper: Provide relay and control wiring to fire smoke damper to close upon activation of the fire alarm system.
 - Provide wiring and conduit per manufacturer and code requirements.

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Description of Efforts Made to Avoid the Need for a Waiver

Both the grantee and HUD made every effort to obtain BABA-compliant heat pumps and fire alarm devices.

Heat Pumps

Project engineer of record reached out to contacts at the 3 largest manufacturers of HVAC equipment in the United States in March 2026. None were determined to have BABA-compliant products available.

HUD conducted an internet search of possible alternatives and located three manufacturers that produced possible BABA-compliant alternatives. Two manufacturers' BABA-compliant products do not meet the technical specifications for this project, as they are either too large or for commercial use. The other manufacturer's products were determined to not be BABA-compliant upon further research by the grantee.

Fire Alarm Devices

Research and contact was made through the following major manufacturers of fire alarm systems. Responses indicated that none of the manufacturers can provide BABA compliance. Research / contact occurred 3/23/26 through 3/27/26 and in August 2026. All responses were that a compliant BABA product is not available.

HUD conducted an internet search of possible alternatives and located one manufacturer that produced possible BABA-compliant alternatives. Further market research by the grantee determined that the manufacturer does not offer BABA-compliant products.

Anticipated Impact if No Waiver is Issued

Failure to grant a waiver for this project would result in the inability to complete the project..

Assessment of Cost Advantage of a Foreign-Sourced Product Under OMB M-24-02, agencies are expected to assess "whether a significant portion of any cost advantage of a foreign-sourced product is the result of the use of dumped steel, iron, or manufactured products or the use of injuriously subsidized steel, iron, or manufactured products" as appropriate before granting a public interest waiver. HUD has concluded that this assessment is not applicable to this waiver as this waiver is not based on the cost of foreign-sourced products.

Description of Award

Agency: United States Department of Housing and Urban Development (HUD)

Common Governmentwide Accounting Classification (CGAC) Code: 086

Title of Project: MacArthur Senior Flats Affordable Housing Project

Recipient Name: City of Peoria

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Unique Entity Identifier (UEI): K6UKNLP5HVS3

Federal Award Identification Number (FAIN): M-24-MC-17-0207, M-25-MC-17-0207

Financial Assistance Listing Name: HOME Investment Partnerships Program (HOME)

Assistance Listing Number: 14.239

Federal Financial Assistance Funding Amount: \$747,427.00 (\$429,601.00 FY24; \$317,826.00 FY25)

Total Estimated Infrastructure Expenditures: \$16,468,089.00