DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUBJECT: Final Project-Specific Nonavailability Waiver of Build America Buy America Act (BABA) Requirements to the Camino De Salud Affordable Housing Project for Ductless Mini Split Heat Pumps (HUD Waiver #W-0000238)

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 a single product 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 September 23, 2026, to October 8, 2026, thus satisfying the requirement to publish any BABA project waiver and provide the public with fifteen (15) days to submit comments. HUD did not receive any public comments on this waiver during the public comment period. Therefore, no changes were made to the proposed waiver, except to replace references to the "proposed waiver" with references to the "final waiver."

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 ductless mini split heat pumps in an infrastructure project funded through the Housing Trust Fund (HTF).

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

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

Waiver Description: Project-specific nonavailability waiver of BABA requirements to the Camino De Salud affordable housing project in Ojai, California for ductless mini split heat pumps.

Project Summary: The project is in Ojai, California. The project consists of the construction of 49 affordable housing units in a three-story apartment building located at 11432 North Ventura Avenue, Ojai, CA.

Length of the Waiver: From October 20, 2026 until the completion of the project, which is anticipated to be April 30, 2028.

Items Covered in Waiver: The State of California, California Department of Housing and Community Development is being issued a waiver for mini split heat pumps, as described in detail below:

- **Name of Product 1:** Ductless Mini Split Heat Pumps
  - **NAICS:** 333415
  - **PSC:** 4120
  - **Technical Specifications:** Ductless high efficiency, inverter-driven heat pumps designed for zone specific heating and cooling, utilizing an outdoor condenser connected to one or more indoor air handlers. Each outdoor unit is paired with single or multiple indoor coils. Units range in capacity from approximately 9,000 BTU to 30,000 BTU and utilize R-454B refrigerant. SEER span from around 16.2 to 28.0, depending on model size. All units are 208/230V single-phase.

Description of Efforts Made to Avoid the Need for a Waiver

Both the grantee and HUD made every effort to obtain a domestically produced ductless mini split heat pumps.

The grantee completed market research in March 2026 which consisted of outreach to three (3) manufacturers or suppliers of ductless mini split heat pumps. None of the manufacturers or suppliers were able to provide BABA-compliant products that met the technical specifications of the project.

HUD conducted an online search of manufacturers and suppliers and did not locate any manufacturers or suppliers that could provide BABA-compliant products.

Anticipated Impact if No Waiver is Issued

Failure to grant a waiver for this project would result in the inability of the developer to install the ductless mini split heat pumps and delay the project schedule.

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: Camino De Salud Affordable Housing Project

Recipient Name: State of California, California Department of Housing and Community Development

Unique Entity Identifier (UEI): L4JQPJ7N5NT4

Federal Award Identification Number (FAIN): F22-SG060100, F24-SG060100

Financial Assistance Listing Name: Housing Trust Fund (HTF)

Assistance Listing Number: 14.275

Federal Financial Assistance Funding Amount: $3,546,190.00.

Total Estimated Infrastructure Expenditures: $45,789,366.00