

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**SUBJECT: Final Project-Specific Nonavailability Waiver of Build America Buy America Act (BABA) Requirements to the Goldfinch Lofts Affordable Housing Project for Ductless Mini-Split Heat Pumps (HUD Waiver #W-0000091)**

### **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 January 21, 2026, through February 4, 2026, thus satisfying the requirement to publish any BABA project waiver and provide the public with fifteen (15) days to submit comments. HUD is seeking public and industry comments from all interested parties and encouraging current manufacturers of the subject products to submit comments regarding potential availability. 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 HOME Investment Partnerships Program (HOME).

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 Goldfinch Lofts affordable housing project in Des Moines, Iowa for ductless mini-split heat pumps.

Project Summary: The project is in Des Moines, Iowa. The project consists of construction of a 28-unit affordable housing building at 35<sup>th</sup> & Ingersoll Avenue.

Length of the Waiver: From February 23, 2026, until December 31, 2027.

Items Covered in Waiver: The Iowa Finance Authority is being issued a waiver for ductless mini-split heat pumps, as described in detail below:

- Ductless Mini-Split Heat Pumps
  - Category: Manufactured Product
  - Cost: \$272,000.00
  - Quantity: 37
  - PSC: 4120 - Refrigeration and Air Conditioning Components
  - NAICS: 333415 - Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing
  - Country of Origin: Japan, Thailand, and China
  - Technical Specifications:
    - SEER2 = 18.2
    - EER2 = 12
    - HSPF2 = 10.1
    - Heating COP at 47 deg = 3.64
    - Heating COP at 5 deg = 2.2
    - Must meet Passive House Institute United States (PHIUS) and International Living Future Institute (ILFI) Zero Carbon certifications

### **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 between May and September 2025 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. However, the other component of the HVAC system for this building is an energy recovery ventilator (ERV). The grantee was able to locate a BABA-compliant ERV system, which they will be using for the project, thus maximizing the BABA-compliant components of the HVAC system.

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 termination of the project because an HVAC system must be installed in every residential unit. Project financing could be rendered non-viable, resulting in the loss of 28 units of affordable housing that will primarily serve low- and moderate-income families in Des Moines, Iowa.

HUD additionally believes this waiver is justified because most items used in this project will be compliant with BABA. This waiver is for items whose total value is two (2) percent of the total infrastructure expenditure for this project. Approval of this waiver will ensure that the remainder of materials costs support BABA-compliant manufacturers, consistent with the intent of BABA.

**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: Goldfinch Lofts Affordable Housing Project

Recipient Name: Iowa Finance Authority

Unique Entity Identifier (UEI): MNSRLUJXL4W3

Federal Award Identification Number (FAIN): M24-SG190100

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

Assistance Listing Number: 14.239

Federal Financial Assistance Funding Amount: \$1,000,000.00

Total Estimated Infrastructure Expenditures: \$12,483,357.00