Pre-decisional DRAFT

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Solicitation of Public Comment for Project-Specific Build America, Buy America Nonavailability Waiver Proposal

SUBJECT: Under Evaluation: Project-Specific Nonavailability Waiver of Build America Buy America Act (BABA) Requirements to the Apple Valley Olive Grove Affordable Housing Project for an HVAC Mini-Split VRF System (HUD Waiver #W-0000229)

Introduction

This solicitation of public comment by the U.S. Department of Housing and Urban Development (HUD) is to evaluate a BABA waiver request submitted by an assistance recipient based on nonavailability of a single product for a single project.

This solicitation of public comment does not represent a final agency decision. The purpose of this proposal is to inquire whether potential alternative domestic products may be available that were not identified by the assistance recipient or through HUD's domestic product research efforts, and whether other factors should be considered in the evaluation of a waiver.

HUD has completed its market research efforts and was unable to identify alternative domestic products meeting the technical specifications of the project, in sufficient and reasonably available quantities and of a satisfactory quality. Through this public comment period, commenters may provide information that indicates a waiver may not be needed. For example, if a specified item is found to be domestically available, HUD would not issue a final waiver.

Solicitation of Public Comment

The proposed waiver will be posted on HUD's public facing webpage and a notice of the proposed waiver will also be posted to the Made in America website, to satisfy 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. Public comments on this waiver should be submitted to BuildAmericaBuyAmerica@hud.gov. Please reference HUD Waiver #W-0000229 in the subject line.

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

Proposed Waiver: HUD is soliciting comments regarding whether to issue a project waiver of the requirements of section 70914 of BABA included in the IIJA, for ductless split-system heat pumps in an infrastructure project funded through the Community Development Block Grant (CDBG) program.

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.

Proposed Waiver Description: Project-specific nonavailability waiver of BABA requirements to the Apple Valley Olive Grove affordable housing project in Santa Rosa, Sonoma County, California for ductless split-system heat pumps.

Project Summary: The project is in Santa Rosa, Sonoma County, California. Apple Valley Olive Grove is a scattered-site, low-income multifamily housing development serving households with incomes between 30 and 60 percent of Area Median Income (AMI). The project consists of 232 rental units across 36 buildings and will undergo substantial rehabilitation to improve the condition, safety, and quality of the housing. The project is located across numerous addresses on Apple Valley Lane, Papago Court, West Steele Lane, and Zinfandel Avenue in Santa Rosa, California.

Length of the Waiver: From the effective date of the final waiver until the completion of the project, which is anticipated to be March 1, 2028.

Items Covered in Waiver: The City of Santa Rosa is seeking a waiver for ductless split-system heat pumps, as described in detail below:

Product	Qty	NAICS	PSC	Technical Specifications
Ductless Split-System Heat Pumps	208	333415	4120	Ductless split-system heat pump, inverter-driven compressor, wall-mounted indoor fan coil; approx. (1) 22,400 BTU/h cooling / 21,200 BTU/h heating and (2) 30,600 BTU/h cooling / 32,600

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				BTU/h heating; 208/230V; 21.5 SEER2; 13 EER2; 10 HSPF2.

Description of Efforts Made to Avoid the Need for a Waiver

Both the grantee and HUD made every effort to obtain domestically produced products for each of the packages listed above.
The grantee completed market research between March 2026 to April 2026, with follow-up conducted in August 2026 when requested by CPDBABA which consisted of outreach to manufacturers and suppliers for each product package. None of the manufacturers or suppliers contacted were able to provide BABA-compliant products that met the technical specifications of the project.

HUD conducted an independent online search of manufacturers and suppliers for each product package and did not locate any manufacturers or suppliers that could provide BABA-compliant products meeting the project's technical specifications.

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 required ductless split-system heat pumps.

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: Apple Valley Olive Grove Affordable Housing Project

Recipient Name: City of Santa Rosa

Unique Entity Identifier (UEI): MPMQPX61FMW7

Federal Award Identification Number (FAIN): B25MC060025

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Financial Assistance Listing Name: Community Development Block Grant (CDBG)

Assistance Listing Number: 14.218

Federal Financial Assistance Funding Amount: $1,082,310.00

Total Estimated Infrastructure Expenditures: $17,800,000.00

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