

Spring has finally sprung on the east coast and having just come back from a conference in southern California, I am so happy to have the weather here on the Atlantic seaboard closely mimic that on the Pacific coast. While the warm sun has definitely improved my spirits, our friends in Congress are getting more and more restless. And why not, for a vast number of them are looking at the political climate and surmising that their political futures are either looking up or looking bleak. You can never be too certain how the political winds will blow and it is certainly too early to make predictions about what will happen five months from now on Election Day. That being the case, our friends in DC that actually take their day job seriously have a few more items on their “to do” lists.

We are getting close to “down to the wire” time on the housing bill and it feels like the winds are blowing in our direction. The greatest hangup preventing passage of the 21st Century ROAD to Housing Act is Section 901, dealing with private equity’s role in housing. While the language addressing single-family homeownership seems to have bipartisan support, the language dealing with build-to-rent (BTR) housing is the center of contention and we feel like we might be turning the corner on solving this problem provision. The wave of dissent against the BTR language, including the mandate to dispose of any single-family rental developments after seven years, has coalesced Members of both parties on both sides of Capitol Hill. When the House returns to DC the week of May 11th, we expect a new House draft of the legislation to be introduced without the BTR language. There are other issues the House needs to deal with in the bill, but we are optimistic they will be addressed successfully. Assuming as much, the Speaker is likely to bring the bill to the floor for a vote under suspension of the rules, meaning it will be bipartisan and require a two-thirds vote by the chamber. If this transpires, the bill goes back to the Senate where we believe the votes exist to pass the legislation and get it to President Trump’s desk for his signature. This process may take a little while but at the outside, we are hopeful the 21st Century ROAD to Housing Act, or whatever it is finally called, will be signed into law by the July 4th recess. And yes, it will include the increase in the PWI cap from 15% to 20%.

Now to one of the few policies created under the Biden Administration and embraced by President Trump, Build America Buy America. The BABA mandate has proven to be a real roadblock to housing production for many developments looking to utilize HOME, CDBG and/or Housing Trust Funds. What we have found through research and conversations with our development community and their general contractor’s, is that BABA is incredibly difficult to comply with. In short, the number of items that are required for a development, the ability to source them domestically, while verifying their wholistic domestic content is a time consuming and very expensive endeavor. Add in the timeframe in which a development has between allocation and lease-up, the fact many domestic manufacturers are not aware of the BABA mandate or are indifferent towards it, and a waiver process at

HUD that is unwieldy and too long, and you have our current situation of what many refer to as “BABA hell.”

We are working to address BABA and have had several calls with the Made In America Office, the BABA staff at OMB and the HUD staff overseeing the program. While the calls at times have been frustrating, what we have expressed to the administration is the need for a stay of the BABA mandate while they figure out a way to survey products that can be sourced domestically. Up until now they have relied on the industry to do this, but we have conveyed to them that we are not equipped to do what should be the governments job of surveying domestic production. We will continue to work with the administration and Congress on BABA remedies. We do expect legislation to be introduced in the coming month addressing affordable housing and the BABA mandate. When it is released we will be provide it to CHC and ask that you work with us to get support from the CA delegation.

Until then, enjoy Spring and we hope to see many of you in Washington next month for the housing symposium sponsored by the Housing Advisory Group and the Affordable Housing Tax Credit Coalition. Thank you for your continued advocacy.

David