

Build Housing Affordably Act

Rep. Mike Flood (R-NE) and Rep. Maggie Goodlander (D-NH)

Overview

The United States faces a severe affordable housing shortage, with housing providers, local governments, and developers struggling to finance and deliver new affordable housing projects amid rising construction costs, labor shortages, and regulatory burdens. The **Build Housing Affordably Act** addresses one of the newest barriers to affordable housing production: the implementation of the **Build America, Buy America Act (BABA)** requirements on federally assisted housing projects.

The legislation requires HUD to assess the impact of BABA on affordable housing production, temporarily pauses implementation of BABA requirements while that assessment is conducted, and creates a clear timeline for HUD to review waiver requests. Together, these reforms will help ensure that federal housing resources are used efficiently to maximize housing production while maintaining accountability and transparency.

Background: What is Build America, Buy America?

The **Build America, Buy America Act (BABA)** was enacted as part of the Infrastructure Investment and Jobs Act of 2021. The law generally requires that iron, steel, manufactured products, and construction materials used in federally funded infrastructure projects be produced in the United States.

In recent years, HUD has expanded implementation of BABA requirements beyond traditional infrastructure projects—like roads, bridges, transit systems and water systems—to a range of federal housing programs, including HOME, CDBG, Housing Trust Fund, Section 202, Section 811, Native American Housing programs, and other affordable housing assistance programs. As these requirements have taken effect, housing providers have raised concerns that the unique financing and construction structures used in affordable housing make compliance particularly difficult and costly.

Concerns Raised by Affordable Housing Stakeholders

Affordable housing developers, nonprofit housing organizations, state and local housing agencies, and community development organizations have consistently warned that BABA implementation is creating significant challenges for affordable housing production.

Key concerns include:

- **Higher Construction Costs:** Domestic sourcing requirements can increase material costs and limit access to competitively priced products.

- **Project Delays:** Developers often encounter difficulty identifying compliant materials or documenting compliance across complex supply chains.
- **Administrative Burden:** Housing providers must devote substantial staff time and resources to compliance, documentation, and waiver applications.
- **Waiver Uncertainty:** HUD waiver reviews can take months, creating financing uncertainty and delaying project closings.
- **Reduced Housing Production:** Increased costs and delays can make already-fragile affordable housing projects financially infeasible, resulting in fewer housing units being built.
- **Impact on Layered Financing:** Affordable housing developments frequently combine multiple federal, state, local, and private funding sources. Delays in one federal requirement can jeopardize entire financing packages and construction timelines.

Stakeholders have emphasized that every increase in development costs translates directly into fewer affordable homes produced with limited federal housing resources.

Why This Legislation Is Needed

America's affordable housing shortage continues to worsen, and policymakers across the political spectrum agree that increasing housing supply must be a national priority.

Federal housing programs already face significant resource constraints. When construction costs rise or projects are delayed due to regulatory barriers, fewer affordable homes can be built with available funding. While supporting domestic manufacturing remains an important goal, Congress must also ensure that implementation of BABA does not unintentionally undermine affordable housing production.

The Build Housing Affordably Act takes a pragmatic approach by:

- Gathering objective data before imposing additional costs on affordable housing projects;
- Providing transparency into the effectiveness of HUD's waiver process;
- Preventing unnecessary delays that increase project costs;
- Giving housing providers greater certainty when pursuing federally assisted developments; and
- Helping ensure federal housing dollars produce the maximum number of affordable homes possible.

At a time when communities across the country are confronting rising rents, housing shortages, and growing affordability challenges, this legislation will help remove barriers to housing production while allowing Congress to better evaluate the impacts of BABA on affordable housing development.