# Implications of the Bipartisan American Affordability and Jobs Act (BAAJA) for housing

The federal government supports housing and community development activities across the country, including home financing, insurance, and preservation. However, accessing this support often means navigating byzantine, costly permitting processes, limiting the ability of federal dollars to support housing affordability. **BAAJA, one of the most ambitious permit streamlining reforms in decades, would significantly improve the federal government's ability to financially support multifamily housing production.**

Today, **federally assisted affordable and multifamily housing bear the heaviest federal permitting burdens of any housing project type**. These homes can face lengthy environmental reviews (under the National Environmental Policy Act) and historic preservation review (under Section 106 of the National Historic Preservation Act), which largely do not apply to private-sector or greenfield single-family sprawl development. This disparity comes at a high cost. Affordable housing developers report **major delays of a year or longer** to clear environmental review — and up to three months just to establish an exemption — even for projects involving minimal land disruption. Today, many reviews require extensive documentation, public notice periods, lengthy analysis, and duplicative federal reviews that replicate prior environmental assessments. For affordable and multifamily housing projects, vulnerability to lengthy review processes often comes not from their physical characteristics, but from the funding mixes they use.

Consider what happened when North Carolina sought federal support to build affordable homes for residents who lost their homes to Hurricane Florence. The state turned to HUD's Disaster Recovery (CDBG-DR) funding to build Palatine Meadows, a 60-unit apartment complex. But as a public records review by Grist found, the project took more than five years to complete, with nearly two years spent navigating environmental review before construction could even begin. Five years later, project developers were only halfway through building the apartments; many residents had already moved away.

BAAJA could significantly ease permitting and procedural barriers to using federal funding like those faced by Palatine Meadows. Regulatory relief could affect at least $10 billion in annual housing assistance and community development funding through HUD programs like CDBG-DR and many others, as well as Federal Housing Administration (FHA) and US Department of Agriculture (USDA) housing programs. Affordable housing projects stand to benefit most because they rarely rely on a single funding source, instead stacking funds such as LIHTC (which does not trigger NEPA) with gap financing from HOME, CDBG, or FHA or USDA loans (which often do). More specifically, BAAJA:

- Exempts housing projects from NEPA review triggered as a result of the project's only federal involvement being a loan or loan guarantee, and exempts projects undergoing review on the basis of grant funding, except in cases of Federal "predominant control and responsibility." To highlight one potential major impact, this could exempt FHA multifamily mortgage insurance — which covered approximately $9.8 billion in loans in FY2025 — from triggering NEPA pending a favorable HUD determination.[1] Additional housing programs likely to be streamlined by this exemption include CDBG and HOME grants, USDA Direct and Guaranteed Loans, Homeless Assistance Grants, and RRIF loans for housing built near transit.

- Excludes financial-assistance-only undertakings from Section 106 of the National Historic Preservation Act (NHPA), except assistance primarily for preservation.

- Allows qualifying state or Tribal reviews to substitute for NEPA review; facilitates categorical exclusions; and sets completeness and review-pathway clocks for federally-supported housing projects.

BAAJA also affects congressional district priorities, such as affordable housing, that are awarded as HUD Economic Development Initiative grants. Currently, awardees must clear HUD environmental and historical review before receiving federal funding. BAAJA's likely exclusion of most HUD grant activity from NEPA and Section 106 would likely expedite the flow of member-directed housing and community development funds, although there may be other avenues by which these projects trigger reviews.

The 21st Century ROAD to Housing Act included many provisions to streamline housing production: it provided statutory relief to HOME infill housing, directed HUD to conduct further administrative streamlining, and exempted USDA infill from NEPA.[2] BAAJA builds on this precedent and momentum by exempting a far wider set of programs in statute, while further streamlining remaining review processes.

**BAAJA would speed up construction under existing federal housing programs and make affordable housing dollars go further, while significantly expanding the next Congress's ability to invest in mixed-income housing production. The Center for Public Enterprise, Institute for Progress, and Inclusive Abundance Initiative support these changes to build the affordable housing America needs.**

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[1] The Federal Credit Reform Act treats FHA mortgage insurance on similar terms to a loan guarantee, suggesting that projects relying solely on an FHA-insured product could qualify for BAAJA's proposed exemption for federal-funding-specific triggers. Note that some affordable housing projects will have other sources of funding that could trigger federal review.

[2] See NCSHA, 21st Century ROAD Bill Ushers in Major Changes to Environmental Reviews. HOME is also targeted toward infill projects of 15 units or fewer, and property acquisition/rehabilitation; BAAJA supports a far broader suite of investments.