



Home Builders Association of Central Arizona

March 2, 2026

Comments submitted electronically to
crbpost2026@usbr.gov

The Honorable Doug Burgum
Secretary
U.S. Department of the Interior
1849 C Street NW
Washington, DC 20240

Re: Comments on Draft Environmental Impact Statement for Near Term Colorado River Operations (DEIS dated January 16, 2026)

Home Builders Association of Central Arizona – Impacts to Critical Housing Supply in Arizona

Dear Secretary Burgum:

The Home Builders Association of Central Arizona (HBACA) appreciates the opportunity to provide comments on the *Draft Environmental Impact Statement for Near Term Colorado River Operations, dated January 16, 2026* (DEIS).

This comment letter focuses on Arizona, and the devastating impact that the reductions in our water supply will have on the economy and well-being of our state. We depend on Colorado River water supplies to support our industries and for the much needed homes for workers in those industries. As you are undoubtedly aware, Arizona is central to the Trump Administration's efforts to expand domestic semiconductor manufacturing and artificial intelligence infrastructure.¹ This is evidenced by the Department of Commerce's recent announcement regarding one of the largest trade deals in U.S. history with Taiwan,² which was tied directly to continued investment in

¹ *Ensuring a National Policy Framework for Artificial Intelligence*, Exec. Order No. 14365, 90 Fed. Reg. 58499 (Dec. 11, 2025); *Advancing Artificial Intelligence Education for American Youth*, Exec. Order No. 14,277, 90 Fed. Reg. 17519 (Apr. 23, 2025); *Unlocking Cures for Pediatric Cancer With Artificial Intelligence*, Exec. Order No.14355, 90 Fed. Reg. 48153 (Sept. 30, 2025); *Removing Barriers to American Leadership in Artificial Intelligence*, Exec. Order No. 14179, 90 Fed. Reg. 8741 (Jan. 23, 2025).

² U.S. DEP'T OF COM., FACT SHEET: RESTORING AMERICAN SEMICONDUCTOR MANUFACTURING LEADERSHIP THROUGH AN AGREEMENT ON TRADE & INVESTMENT WITH TAIWAN (Jan. 15, 2026), <https://www.commerce.gov/news/fact-sheets/2026/01/fact-sheet-restoring-american-semiconductormanufacturing-leadership>.

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Arizona's semiconductor manufacturing ecosystem. These industries are dependent upon a qualified workforce. To attract these workers, we need good, affordable housing. Arizona's ability to deliver that housing is at serious risk.

Founded in 1951, HBACA is a trade association representing nearly 600 member companies and thousands of employees engaged in all aspects of the residential construction and development industry. HBACA acts as a source of timely and reliable information concerning the state of the construction industry, and works to eliminate overly restrictive and costly regulations and policies that drive up the cost of housing. This includes engaging frequently at the Federal, State, and local levels of government on water availability for housing and replenishment. HBACA has been representing and serving the collective interests of residential home builders and associates in central Arizona for over 70 years.³

Over the last many decades, HBACA has spent considerable time and effort supporting the water management practices of the State of Arizona, as clean, potable, and sustainable water is a fundamental component of any residential dwelling. We supported the State in its efforts to secure the construction of the Central Arizona Project, and to reduce our industry's reliance on mined groundwater.

Today, our industry within central Arizona relies heavily on the principles of fully replenished groundwater for any new planned community, and we are very proud of our industry's commitment to securing safe yield of our natural aquifers. To do this, we are also heavily reliant on sustained and reliable supplies of water, such as water from the Colorado River. Without these supplies, the ability to replenish our aquifers under commitments made over the last three decades is also at serious risk.

We, like all Arizonans, appreciate that the Colorado River has experienced long-term drought, substantial growth, and a sustained increase in demand for water against an overallocated resource. We also understand that these conditions have strained the existing legal and political framework. In these conditions, however, the United States Department of the Interior and the Bureau of Reclamation need to *fairly* allocate water among states, regions, communities, and interests. The prompt and fair reconciliation of these competing interests is a matter of *national importance*. Yet the alternatives proposed for post-2026 Colorado River operations by the Department of the Interior and the Bureau of Reclamation unfairly and, in our opinion, unlawfully seek to place nearly all of the burden of declining Colorado River water supplies on the homes and industries of Arizona.

³ Information concerning HBACA can be viewed on the website <https://www.hbaca.org/about-hbaca/>

Housing Affordability, Availability, and Stranded Projects

Arizona is suffering from an acute housing shortage and housing affordability crisis. The demand for new homes in Arizona continues to be nearly the highest in the nation. The Common Sense Institute (CSI) has done a housing affordability study for our state and the findings are dramatic. CSI estimates that Arizona is currently facing an immediate housing shortage of 52,846 units. The annualized pace of permitting through Q2 2025 fell nearly 12.5% relative to 2024 totals and, absent other changes, the state is now on pace to never close the current deficit. Alternatively, CSI's supply-driven "cumulative" estimate of the housing shortfall as of 2024 shows an Arizona housing deficit of 121,334 units. Given the current pace of permitting in Q2, the state will never close the instantaneous housing gap, and no meaningful progress has been made to address its pent-up "cumulative" shortfall since 2021.⁴

The CSI study goes on to state that the average 30-year mortgage rate in June 2025 was 6.82% (+0.17 percentage-points since March 2025). At the close of Q2 the average price of a home in Arizona was \$427,764. Given those figures, the monthly payment on a new mortgage for the average house would be \$2,236. In December 2019, a new mortgage on the average house would have had a monthly cost of \$1,036. To purchase a house in today's market under conventional mortgage guidelines, Arizona households would need an annual income of at least \$95,808. Alternatively, at the average hourly wage rate of \$34.69, the typical household in Arizona would need to work 64 hours/month (over one-and-a-half weeks) to service the average mortgage payment.

The cost and availability of housing in Arizona is driven by many factors, but a major factor is the cost and availability of water. Arizona requires, in the populated areas served by HBACA, a demonstration of a 100 year Assured Water Supply. This is by far the longest planning horizon for assured water availability in the entire nation. Moreover, an Arizona Assured Water Supply cannot be based on mined groundwater. Although groundwater is physically present, and available for use, it cannot support an assured water supply unless it is guaranteed to be replenished.⁵ Replenishment requires access to a non-groundwater source and, for the last many decades, this source has been available through Colorado River water. The predicted shortages in Colorado River water are having a direct impact on the ability of the Central Arizona Groundwater

⁴ The link below is their latest report in the 2nd quarter of 2025.
<https://www.common senseinstitute.us.org/arizona/research/housing-and-our-community/housing-affordability-in-arizona-quarter-2-2025-update>

⁵ See Arizona Revised Statutes, § 45-576 and regulations promulgated thereunder, Arizona Administrative Code § R-12-15-701 *et seq.*

Replenishment District⁶ to meet and continue its replenishment obligations. Competition for alternative water sources has, accordingly, increased dramatically in the last few years with similar increases in cost of obtaining alternative sources. This combination of factors essentially means that there is no economically viable Assured Water Supply water available in the fastest growing, and most affordable, communities in Arizona.

In central Arizona, there is approximately *\$4 billion* of current investment in major housing projects that are stalled due to Arizona's uncertainty over its ability to continue to rely on replenished groundwater. These stranded projects represent housing opportunities in the very parts of the greater Phoenix metropolitan area where homes are most affordable and most in demand. All of these new housing projects are designed to demonstrate extraordinary dedication to water conservation and water re-use. Being a desert environment, much emphasis is placed on limiting exterior water use. New housing units consistently avoid high water use landscape, discourage ornamental turf, and concentrate on native, drought tolerant and very low water use vegetation. Interior water use is economized by the latest technology in home appliances and plumbing fixtures, while the return flow discharge from interior use is actively collected in state of the art water reclamation facilities, constructed by the land developers and donated to the municipal water providers. The reclaimed water is either put to direct use, or used for underground storage and recovery, leading to an exceptional efficiency in the use of the initial supply.

In short, Arizona is leading the nation in water conservation in its new residential communities. We are building homes today that will use half the amount of water per household than homes built just a decade ago. This is part of the commitment that HBACA members have to the future of water supplies in the western states and to the future of affordable, available housing in Arizona. To support the industry that is so vital to American dominance in the technology sector, and to support the housing that is so vital to enticing and keeping those industries in Arizona, it is incumbent upon Arizona to fight for its fair share of the Colorado River.

BLM Land – An Affordable Housing Opportunity

The United States Bureau of Land Management, under the authority of the Department of the Interior, manages and controls 12.1 million acres of land in Arizona, or approximately 17% of the total land in Arizona.⁷ While much of this land is suitable for grazing and other uses, there are thousands of acres of land in relatively close proximity to the urban areas served by HBACA that are suitable for residential development. This availability of affordable land for affordable housing

⁶ The Central Arizona Groundwater Replenishment District is a part of the Central Arizona Water Conservation District. Its mission is to replenish groundwater withdrawals in the major aquifers of the State's population corridor. More information can be found on the website: <https://cagrd.com/>

⁷ Statistics on Federal Land Ownership can be found at https://www.blm.gov/sites/default/files/docs/2021-08/PublicLandStatistics2020_1.pdf and <https://www.congress.gov/crs-product/R42346>

is at the center of *the Joint Task Force on Federal Land for Housing* initiated by the United States Department of Housing and Urban Development and the United States Department of the Interior.⁸

The use of Bureau of Land Management land to support housing in Arizona is a tremendous opportunity for the Trump administration to fulfill its mission on available and affordable housing, but the mission cannot succeed without the critical element of water. To make this mission possible in Arizona, the Department of the Interior must also carefully consider the impacts of its DEIS alternatives on the viability of federal land for home development in Arizona, and use its authorities over the management of the Colorado River system to ensure a fair and equitable division of the supply, consistent with the Colorado River Compact of 1922,⁹ to meet this mission of national importance and national obligation.

If the Department of Housing and Urban Development is to “pinpoint where housing needs are most pressing” as indicated in the Joint Task Force mission statement, Arizona must be at or near the top of that list.

Augmentation of Arizona’s Colorado River Supply

Since the passage of the 1968 Colorado River Basin Project Act,¹⁰ central Arizona has relied upon the deliveries of mainstream Colorado River water through the Central Arizona Project as a major element of the State’s water management strategy. Although water interests in Arizona, including HBACA, are and have been aware that the Lower Basin supply is overallocated, and reductions in Colorado River water use Arizona will have to be made, the reductions contemplated in the DEIS are far beyond any reasonable expectation. To the extent that such reductions have been foreshadowed by Reclamation, it calls into question what the federal government has done to anticipate, and relieve the burden of these drastic reductions.

At the time of passage of the Basin Project Act, the Department of the Interior was aware that future development in the Upper Basin, and other factors, could result in shortages of water within the system. Section 1512 of the Act provides:

⁸ Information on the creation of the Joint Task Force on Federal Land for Affordable Housing is available on the Housing and Urban Development website: <https://www.hud.gov/news/hud-no-25-042> The mission statement says, in part: “*Under this agreement, HUD will pinpoint where housing needs are most pressing and guide the process by working with state and local leaders who know their communities best. Interior will identify locations that can support homes while carefully considering environmental impact and land-use restrictions. Working together, our agencies can take inventory of underused federal properties, transfer or lease them to states or localities to address housing needs, and support the infrastructure required to make development viable—all while ensuring affordability remains at the core of the mission.*”

⁹ 70 Cong. Rec. 324 (1928).

¹⁰ 43 U.S.C. §1501 *et seq.*

The Congress declares that the satisfaction of the requirements of the Mexican Water Treaty from the Colorado River constitutes a ***national obligation*** which shall be the first obligation of any water augmentation project planned pursuant to section 1511 of this title and authorized by the Congress.

The Basin Project Act specifically directed the U.S. Secretary of the Army, acting through the Chief Engineers, to develop a plan for augmenting the Colorado River supply (Section 1511). Section 1512 established that the Mexican Treaty delivery obligation should receive first priority for imported water. This meant that augmentation efforts would be structured to ensure the federal government could meet its commitments to Mexico under the Colorado River Treaty while simultaneously providing water to Arizona users (up to 2.5 million acre-feet). Notwithstanding the mandate under section 1511 to study this problem, the United States has done little to work toward augmentation. To this directive we ask that the DEIS address how the United States will perform this duty in light of the various proposals for direct reductions to Mexico and Arizona, including:

- A. Restart the coordination and development of desalination projects in the Sea of Cortez as directed under Minute 323 of the Mexican Treaty.
- B. Operate the Yuma Desalting Facility to conserve approximately 100,000 acre feet of Colorado River water currently being discharged to the Main Outlet Drain Extension.
- C. Take immediate action to overcome the infrastructure and operational limitations at Glen Canyon Dam. Correction of these limitation could provide approximately 3.74 MAF of additional storage for delivery to meet Compact requirements. In the final EIS, Reclamation should include specific information on its plan for repairs, modifications and enhancements at Glen Canyon Dam, including overhauling or replacing the hollow-jet valves and other possible solutions, future permitting and compliance for that plan, and a project schedule.
- D. Develop additional funding for alternative augmentation needs for Colorado River water users that will address long-term reductions. Examples include the reconstruction and rehabilitation of direct potable reuse (DPR) or indirect potable reuse (IPR) facility at the South Bay International Wastewater Treatment Plant (SBIWTP) or South Bay Water Reclamation Plant (SBWRP). This project would allow the United States to supply water to Mexico in exchange for a portion of Mexico's Colorado River water allocation. The project creates a highly viable scenario for Mexico, State of California, the International Boundary and Water Commission (IBWC) and the Comisión Internacional de Límites y Aguas (CILA), and the State of Arizona. Beyond the physical infrastructure, the Department of the Interior needs to be examining ways, under the Law of the River, to facilitate the exchange of water with Mexico.

- E. Develop augmentation for direct replacement Central Arizona Project supplies by providing funding, management strategies, and technical assistance to expedite the exchange of water between Arizona users (including the Central Arizona Groundwater Replenishment District) and the San Diego County Water Authority for excess water from the San Diego desalination facilities.
- F. Develop programs for voluntary, compensated reduction in consumptive use by agricultural interests in Arizona, while at the same time protecting local economies. Funding for such programs is key, but also there must be mechanisms in place to allow the firming or exchange of water among Colorado River entitlement holders. The DEIS does indicate the need for this type of “flexibility” in river operations, but falls short of any specific means or methods to actually facilitate and implement these types of Arizona internal programs.
- G. Explore federally compensated consumptive use reduction in the Upper Basin, similar to the System Conservation Implementation program administered by Reclamation in the Lower Basin. Compensated reductions in the Upper Basin can alleviate much of the impact of Compact compliance on the States of the Upper Division.

Legal Deficiencies in the Alternatives Proposed in the DEIS

The proposed alternatives included within the DEIS are all extremely detrimental to Arizona and give no credence to the Department of the Interior’s obligations to operate the Colorado River system in compliance with federal laws, particularly the 1922 Colorado River Compact.

Obligations under the 1922 Compact and the 1968 Basin Project Act

Like many commenters from Arizona, HBACA is disappointed in the DEIS for its seemingly complete disregard for the obligations of the Department of the Interior and the States of the Upper Division to comply with the 1922 Compact and see that sufficient water is delivered to Lake Powell to maintain releases to Lake Mead. Others have commented on these legal obligations in more detail, but to summarize:

- The 1922 Compact, Article III(c) and (d) require the States of the Upper Division to not deplete the flow of the river measured at Lee Ferry, Arizona, to less than 75,000,000 acre feet per year for each 10 year running period.
- Reclamation’s own records show that the flow will be depleted beyond this limit, likely sometime in 2026 or at least by 2027 unless action is taken to avoid that depletion.

- Reclamation has an obligation to obey and enforce the Law of the River with respect to the 1922 Compact. Failure to address or recognize the imminent breach of the Compact is a violation of the NEPA process. But beyond that, it is a fundamental failure of the Department of the Interior to obey and enforce the law. Regardless of any conclusion of a NEPA analysis or record of decision, the Secretary's failure to obey and enforce the law is a separate category of federal violation.
- Similarly, the Department of the Interior has certain obligations under the 1968 Colorado River Basin Project Act, 43, U.S.C. §1501 *et seq.* Specifically, section 602(a)¹¹ requires the Secretary of the Interior "to comply with and carry out the provisions of the Colorado River Compact, the Upper Colorado River Basin Compact, and the Mexican Water Treaty" by developing criteria for the long range operations of the federally authorized Colorado River reservoirs. These provisions require that certain releases be made to satisfy the Long Range Operating Criteria. The DEIS deviates from these criteria without explanation other than to suggest that the Long Range Operating Criteria offer "factors to be considered" but do not present a set formula. This is clearly a misinterpretation of the Long Range Operating Criteria and a significant departure from a decades old practice by Reclamation.
- Without providing for releases of stored water from the Upper Initial Units and Lake Powell to meet the Compact obligation at Lee's Ferry, the DEIS alternatives and associated impact analysis cannot stand scrutiny. It is a fundamental error, and any operating guidelines that are adopted based on the DEIS will necessarily violate the Compact and other authorities that are premised on compliance with the Compact.

Obligations under the Colorado River Storage Project Act

- The Colorado River Storage Project Act of 1956¹² created the path for the series of reservoirs known as the "Initial Units" (Aspinall Unit in Colorado, Flaming Gorge Unit in Utah, the Navajo Unit in New Mexico, and Lake Powell in Arizona). These reservoirs were created with the specific intent to provide a mechanism whereby the Upper Division States could meet the Compact delivery obligations while preserving and regulating water flow in the Upper Basin for maximum allowed beneficial use.
- The DEIS claims that "management strategies that include activities upstream of Lake Powell are being analyzed in this Draft EIS. These activities include Upper Basin

¹¹ 43 U.S.C. § 1552(a).

¹² Colorado River Storage Act, Pub. L. No. 84-485, 70 Stat. 105, 106 (1956) (codified as amended at 43 U.S.C. § 620).

conservation and, if warranted to protect critical reservoir elevations, operations at the CRSP Upper Initial Units.”¹³ However, given critical elevations at Lake Powell and Lake Mead and the anticipated Compact violation at Lee Ferry, these strategies are not the detailed guidelines needed to release stored water from the CRSP Upper Initial Units into Lake Powell for delivery at Lee Ferry.

- The state-based water rights for the Initial Units also provide that the primary purpose of the Act was to allow Reclamation to ensure sufficient flows at Lee Ferry on a decadal basis.¹⁴
- The Initial Units cannot be used solely to protect Glen Canyon Dam from harm. They must be used for their primary purpose of ensuring Compact compliance.

Arizona Priority under the Colorado River Basin Project Act

- While often stated that Arizona has a “junior” priority under the Colorado River Basin Project Act of 1968, there are many limiting factors to consider in implementing any shortage to Arizona based on that Act. Certainly, this Act does not mean that Arizona, or the Central Arizona Project, are “junior” to the entitlements of the States of the Upper Division.
- First, Arizona may well challenge the Constitutionality of the disparate treatment between Arizona and the States of the Upper Division on grounds of equal protection among sovereign states.
- Under Section 301(b) of the Colorado River Basin Project Act,¹⁵ if there is water “available for release” within the system, that water must be released in accordance with existing law before the relative priority between Arizona and California is implemented. If water is available for release to meet the Compact obligation, the relative priority may not be needed.
- Maintaining power pools at Colorado River Storage Project units cannot be reasonably interpreted as senior to the Lower Basin’s entitlements under Article III(d) of the Colorado River Compact or senior to CAP’s entitlement, under Section 301(b) or otherwise.

¹³ DEIS at 1-9.

¹⁴ See *Board of County Commissioners v. Crystal Creek Homeowners’ Ass’n*, 14 P.3d 325 (Colo. 2000).

¹⁵ 43 U.S.C. § 1521(b).

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The DEIS assumes that CAP should suffer the consequences of all shortages predicted in all of the alternatives, effectively making CAP junior to both the Upper Basin's interests in the Compact and to other water users in the Lower Basin regardless of the reason for the alleged "shortage." This interpretation amounts to unlawful overreach in terms of proposed secretarial authority.

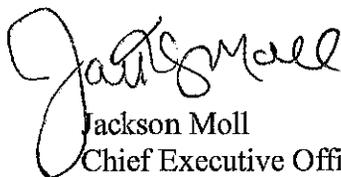
Conclusion

Arizona has grown from cattle, cotton, and citrus to a major industrial state. Domestic industry, especially in the technical sector, is at the top of President Trump's agenda. This industry needs workers, and workers need affordable housing. Arizona is facing a crisis in available and affordable housing, and the entire housing industry's prospects for solving this crisis is severely diminished due to concerns over water. This is a state crisis, but also a failure of a national obligation to fairly manage the Colorado River system in accordance with the Colorado River Compact of 1922, to provide the augmentation necessary to meet the federal obligation for deliveries to Mexico, and to address the affordable and available housing shortfall in Arizona.

HBACA understand that the state based obligations to construct new residential housing with an assured water supply not reliant on mined groundwater is an Arizona issue. We, like our municipal and industrial counterparts, are prepared to meet this challenge with available water supplies. But to take away the greater share of Arizona's basic Colorado River entitlement, and its rights under the 1922 Compact, to support only power generation and Upper Basin growth, is a great miscarriage of the responsibilities of the United States Department of the Interior.

The National Environmental Policy Act is designed to require federal agencies to analyze the environmental, social, and economic impacts of any proposed federal action. It also requires the action agency to explore and develop ways to mitigate impacts. The current DEIS fails in all of these matters. The alternatives studied all proceed from erroneous and invalid premises, ignoring the most fundamental rules of the Law of the River. Serious action must be taken to address these deficiencies before any decision can be made on the future operations of the Colorado River system.

Very truly yours,



Jackson Moll

Chief Executive Officer

Home Builders Association of Central Arizona