

# Now & Next

## Affordable Housing Alert

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### HUD releases updated GRRP guidance

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HUD's new guidance for the Green and Resilient Retrofit Program (GRRP), effective March 1, allows GRRP Comprehensive cohort awards to advance as a surplus cash loan and makes other significant changes to program requirements and eligible uses.



#### What's the impact?

- GRRP Comprehensive awards can move ahead under revised processes that no longer require Multifamily Assessment Contractors (MACs).
- Most awards originally selected as grants must be converted to surplus cash loans in order to move forward.
- Major changes will be implemented related to eligible use of funds and certain reporting requirements.

On January 26, 2026, HUD issued an updated Notice that governs the implementation of its Green and Resilient Retrofit Program (GRRP). This updated Notice creates a revised path forward for awardees under the GRRP Comprehensive cohort. The Notice also reflects policy changes that will have significant impact for some grantees, including a requirement to convert most open grant awards to surplus cash awards.

As background, GRRP was originally announced by HUD in 2023 and implemented via HUD guidance that includes two Notices, three Notices of Funding Opportunity, and various award announcements. The majority of this activity occurred in 2024. In early 2025, the GRRP program was suspended as the Trump administration evaluated certain programs authorized under the Inflation Reduction Act (IRA) and the Infrastructure Investment and Jobs Act (IIJA). [Following litigation](#), HUD resumed processing of GRRP awards in April 2025. Awards under the GRRP Comprehensive cohort remained frozen because the prior procedure relied on Multifamily Assessment Contractors (MACs) who were terminated by HUD at the beginning of the Trump administration.

Many GRRP awardees are leveraging GRRP together with other financing sources to rehabilitate these projects, and therefore the updated guidance is welcome and will allow needed preservation projects to move forward.

## **A path forward for GRRP Comprehensive awards**

HUD's original implementation of GRRP awards under the Comprehensive cohort relied on Multifamily Assessment Contractors (MACs), which were third parties procured by HUD to work with owners on assessment of project needs, scope development, closing, and completion in roles defined by HUD. At the time the GRRP program was suspended, Comprehensive awardees were in the process of being assigned to MACs to begin this joint work.

The revised Notice eliminates the concept of a MAC and confirms that HUD will not engage any replacement contractors to fulfill this role. Instead, the owner/awardees are now responsible for completing associated tasks, including procuring required project assessments and developing a specific project scope. Certain costs of closing a Comprehensive award were previously covered through GRRP funding; those costs now fall solely to the grantee and may be reimbursed from available funding. In addition, HUD may now require an owner to retain the services of an independent third-party construction inspector during construction, to be covered by the GRRP award.

## **Conversion of grant awards to surplus cash awards**

HUD has largely eliminated the availability of grants for GRRP awardees who have not reached major milestones. When the GRRP program was originally announced, applicants in all three cohorts (Elements, Leading Edge, and Comprehensive) were given the option to receive funds as either a grant or a surplus cash loan. All Comprehensive grantees are now required to execute an amendment that converts their award to a surplus cash loan. In addition, any Leading Edge awardee that opted to receive a grant and has not yet submitted a Transaction Plan, and any

Elements awardee that opted to receive a grant and has not yet submitted a Closing Package, must execute an amendment to convert their award to a surplus cash loan.

The GRRP program outlines terms for surplus cash loans. Major terms include:

- / A requirement to repay loans from a portion of surplus cash: 25% for Elements awardees and 50% for Leading Edge and Comprehensive awardees;
- / Simple annual interest rate of not less than 1% per year; and
- / A maturity date of either 30 years following closing or six months after the maturity date of the existing first mortgage. This is a change from previous guidance, which required a term equal to the latter of 15 years or the maturity date of the first mortgage.

The Notice also now expressly allows for a deferred developer fee that may be paid prior to surplus cash calculations for the first 10 years of payments. This must be approved by HUD in the closing package. Additional surplus cash loan terms are detailed in the revised Notice.

GRRP projects must also remain affordable for the longer of 15 years or five years beyond any existing use restriction.

## **Changes to Program Requirements and Eligible Uses**

### **SHIFT IN PROGRAM REQUIREMENTS TO FOCUS ON RISK MITIGATION**

Certain requirements that must be met by projects receiving grants have been updated throughout the guidance to conform with certain priorities of the Trump administration. For example, in previous guidance, HUD required a "Renewable Energy Assessment" and a "Climate Resilience Assessment" for certain awards. Those assessments have been replaced by a "Risk Mitigation Assessment," which focuses on the impact of weather and natural disasters on the property, as opposed to climate change risks.

Other program requirements related to climate change have also been removed. Previous guidance required minimum standards in all scopes of work that included Energy Star appliances, WaterSense products, LED light bulbs, and other green energy products. Those requirements have been removed. Another shift in the requirements relates to the type of energy utilized in these rehabilitation projects. Where previous guidance focused on electric energy, the updated guidance does not specify the type of energy that is required to be used in most instances.

### **MODIFICATION OF ELIGIBLE USES OF FUNDS**

In addition to shifts related to program requirements, HUD has also made changes to the eligible use of funds. In the updated notice, HUD has removed items called "High Impact GRRP Paid" items and replaced those with "Risk Mitigation Set-Aside" items. This shift again focuses

on risk mitigation related to natural disasters and severe storms, and away from energy efficiencies related to emissions or other climate change-related items.

Another shift relates to items that HUD previously described as “Cost-Share Items” and are now recategorized as “GRRP-Paid Items.” This category relates to building improvements in the scope of work that an owner would typically be responsible for, but is committing to a more energy- or water-efficient option. Examples of these improvements are replacing windows, roofs, appliances, and flooring. In previous guidance, HUD required the owner to cover the costs of these items and the GRRP funds covered the difference between a typical cost and the more energy-efficient or more resilient alternative. In the new guidance, HUD commits to covering up to 85% of the full cost for these items with GRRP funds.

#### **ACCELERATED TIMELINES**

Throughout the updated guidance, HUD has also opted to alter timelines, primarily in an effort to reduce the time between the award and the closing. For example, for Comprehensive awards, owners must now submit a Comprehensive Transaction Plan within three (3) months of receiving an approval from HUD on the scope of work, whereas previous guidance allocated twelve (12) months to develop the Comprehensive Transaction Plan.

### **The future of GRRP**

This updated guidance provides a path forward for grantees to close GRRP awards transactions and work on the eligible GRRP uses at these affordable housing projects. While some changes made by HUD in this updated guidance will present increased costs to the developers and may create gaps in the capital stack where grantees were counting on receiving a grant instead of a loan, grantees now have a path forward to finalize these awards and bring GRRP resources to the projects.

The new Notice is Notice H 2026-01. A copy can be accessed [here](#).

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