

Now & Next

Affordable Housing Alert

April 14, 2026

HUD 2027 budget proposal seeks to end the Restore-Rebuild program

By Kathie Soroka, Kathryn L. Oates, Deborah VanAmerongen, Nathaniel S. Cushman, Joshua S. Gold, Meghan C. Altidor, and Rebecca Simon

The president's budget proposal would prevent development of new Restore-Rebuild (formerly known as Faircloth-to-RAD) units after October 1, 2027.



What's the impact?

- If enacted and implemented, the fiscal 2027 budget proposal would effectively end the Restore-Rebuild program by preventing development of additional units after October 1, 2027.
- The budget proposal allows for development of units that are proposed and under review by the October 1, 2027, deadline.
- Parties interested in pursuing the Restore-Rebuild program may still do so, but the clock is ticking.

The Restore-Rebuild program is an innovative tool to redevelop and increase low-income housing. The program allows public housing authorities (PHAs) and their partners to use the Rental Assistance Demonstration (RAD) framework for newly constructed units under a

This newsletter is intended as an information source for the clients and friends of Nixon Peabody LLP. The content should not be construed as legal advice, and readers should not act upon information in the publication without professional counsel. This material may be considered advertising under certain rules of professional conduct. Copyright © 2026 Nixon Peabody LLP. All rights reserved.

streamlined approach. The president's fiscal 2027 [budget proposal](#) effectively terminates the program by preventing development of additional units after October 1, 2027.

The Restore-Rebuild program works by allowing PHAs to leverage private capital in the development of public housing by creating a path to RAD. RAD does not provide PHAs with the authority to develop new units; PHAs can only convert existing public housing units through RAD. Restore-Rebuild provides a path for RAD conversion soon after construction completion, unlocking RAD's ability to leverage financing and facilitating development of new affordable housing.

What does the budget proposal do?

Under the president's fiscal 2027 budget proposal, PHAs could no longer develop Restore-Rebuild units after October 1, 2027, except for units that were proposed and under review by that deadline.

Under a 1999 statute, PHAs have a limit on the number of public housing units for which they may receive capital and operating funds, known as their "Faircloth limit." A legislative proposal in the president's budget presentation would reset Faircloth limits to units existing, or proposed and under review, as of October 1, 2027. This reset would reduce these limits by tens of thousands of units nationwide and would have the effect of terminating PHAs' ability to develop and operate new public housing. If the number of units a PHA can operate is limited to the units it currently has, then it has no authority to develop new units.

Restore-Rebuild is not the only HUD program that the administration seeks to terminate through the budget. The budget proposal also seeks to eliminate funding for a number of programs, including HOME, CDBG, and Choice Neighborhoods. However, the Restore-Rebuild program does not provide any development funding, so there is no proposal to eliminate funding.

Unlocking affordable housing

Restore-Rebuild allows PHAs to deploy land and reserves to construct new housing. Exhibit C of [HUD's Restore-Rebuild Guide](#) highlights the program's cost effectiveness: for the cost to a PHA of bringing online a single regular Project-Based Voucher (PBV) unit, two Restore-Rebuild PBV units could be developed.

Restore-Rebuild benefits more than extremely low-income families. Given the generally low rental subsidy available for Restore-Rebuild units, these units are often a small percentage of a project's overall units—resulting in projects that serve families at diverse income levels, including those in the "missing middle."

What PHAs and partners should do now

PHAs and their partners wishing to utilize the program may still move forward, but should do so mindful of this proposal and the looming deadline.

Parties interested in Restore-Rebuild projects, including early-stage concepts, may want to:

- / Submit initial program applications as soon as project information is available
- / Adopt a schedule to advance development as much as possible prior to October 1, 2027
- / Coordinate early with development and financing partners to avoid delays

Issues to watch

Because this is only a proposed budget, it does not yet have the force of law. As with the other changes proposed in the White House budget proposal, we will be watching to see whether, and in what form, Congress advances this proposal. If enacted, HUD would need to provide guidance as to what milestones would allow units to fall in the “under review” portion of the cap.

How we can help

Nixon Peabody’s [Affordable Housing Team](#) can help you evaluate your Restore-Rebuild pipeline, set a schedule to reach HUD review on time, and structure transactions to reduce timing risk. For more information on the content of this alert, please contact your Nixon Peabody attorney or:

Kathie Soroka

212.940.3736

ksoroka@nixonpeabody.com

Deborah VanAmerongen

212.940.3054

dvanamerongen@nixonpeabody.com

Joshua S. Gold

202.585.8188

jsgold@nixonpeabody.com

Rebecca Simon

202.227.7244

rbsimon@nixonpeabody.com

Kathryn L. Oates

202.585.8377

koates@nixonpeabody.com

Nathaniel S. Cushman

202.585.8231

ncushman@nixonpeabody.com

Meghan C. Altidor

212.940.3021

maltidor@nixonpeabody.com

Commented [HM1]: This was flagged with a note that it could be construed as lobbying vs legal advice, so we've been asked to remove this language.

