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Affordable Housing Alert

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HUD ends the RAD Restore-Rebuild program

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New HUD guidance terminates the Restore-Rebuild initiative (formerly known as Faircloth-to-RAD) by prohibiting new requests and setting a time limit on applications that are already under review.



What's the impact?

- HUD is ending the Restore-Rebuild program and will not accept any new requests for a Notice of Anticipated RAD Rent (NARR).
- HUD will continue processing NARR requests that have already been submitted.
- Transactions have 90 days to meet certain criteria in order to continue under the Restore-Rebuild program.

On May 15, 2026, [HUD notified public housing authorities](#) (PHAs) that it is winding down the Restore-Rebuild program (formerly known as Faircloth-to-RAD).

The Restore-Rebuild program is an innovative tool to redevelop and increase low-income housing. Under the program, PHAs develop or acquire new public housing units under the Mixed-Finance Development program, with a streamlined path to conversion under the Rental Assistance Demonstration (RAD) program. RAD does not provide PHAs with the authority to develop new units; PHAs can only convert existing public housing units through

RAD. Restore-Rebuild facilitates development of new affordable housing by unlocking RAD's ability to leverage financing. By HUD's estimate, approximately 250,00 affordable housing units could be developed nationwide using Restore-Rebuild.

New limits effectively end the Restore-Rebuild program

A PHA starts the Restore-Rebuild process by submitting an application for a Notice of Anticipated RAD Rents (NARR), which sets forth the anticipated rents after RAD conversion. Following issuance of a NARR, the PHA submits a proposal to HUD under the Mixed-Finance program, which contains details about how the new public housing units will be developed or acquired.

With this new guidance, HUD notified PHAs that it will no longer accept requests for an NARR. HUD will continue to process requests for NARRs that have already been received.

For Restore-Rebuild transactions that are already underway, HUD is providing a limited opportunity to continue processing, with tight timeframes to move the transaction forward. For transactions that have received a NARR or have one in process, HUD will void the NARR unless the parties meet one of the following milestones within the next 90 days:

- / The project receives Mixed-Finance approval for development or acquisition;
- / The project submits a substantially complete Mixed-Finance proposal for development or acquisition to HUD for the proposed project; or
- / The project has been awarded Low-Income Housing Tax Credits (LIHTCs) or has an application submitted and under review by a state allocating agency.

Projects that have already achieved their Mixed-Finance closing can continue to RAD conversion after construction completion.

Policy shift

This guidance is part of a broader policy shift. Previously, Restore-Rebuild was promoted to facilitate the redevelopment of vacant public housing property and anchoring new affordable housing projects. However, in April 2026, the president's FY 2027 budget proposal included a provision to reset Faircloth limits to current numbers. 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 provision in the president's budget proposal would reset Faircloth limits to existing units, with an allowance for units 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.

The Restore-Rebuild program termination follows in the context of that budget proposal. The president's budget proposal, if passed, would prevent PHAs from developing new public housing. In the interim and even if the president's budget proposal is not passed, the Restore-Rebuild program termination does not directly prevent PHAs from developing new public housing, but it furthers the same policy goals by making public housing development more difficult. PHAs will no longer have access to a streamlined pathway that combines the mixed-finance development process with RAD conversion. It may prove harder to attract private capital, since future public housing development would need to occur without the certainty of a long-term Section 8 contract.

What PHAs and partners should do now

PHAs and their partners who are already participating in the Restore-Rebuild program may still move forward, but should do so mindful of this guidance and the looming deadlines.

Parties pursuing Restore-Rebuild projects will need to:

- / Submit their substantially complete Mixed-Finance proposal to HUD within the next 90 days.
- / If applicable, submit documentation from your state allocating agency which demonstrates that an application for LIHTCs has been submitted and is under review or has been approved.
- / Coordinate early with development and financing partners to avoid delays.

How we can help

Nixon Peabody's [Affordable Housing Team](#) can help you evaluate your Restore-Rebuild project for eligibility, set a schedule to reach HUD approval 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:

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