

United States House of Representatives  
Committee on Financial Services  
Washington, D.C. 20515

May 5, 2014

The Honorable Tom Latham  
Chairman  
Subcommittee on Transportation,  
Housing and Urban Development  
and Related Agencies  
House Appropriations Committee  
Washington, DC 20515

The Honorable Patty Murray  
Chairman  
Subcommittee on Transportation,  
Housing and Urban Development  
and Related Agencies  
Senate Appropriations Committee  
Washington, DC 20510

The Honorable Ed Pastor  
Ranking Member  
Subcommittee on Transportation,  
Housing and Urban Development  
and Related Agencies  
House Appropriations Committee  
Washington, DC 20515

The Honorable Susan Collins  
Ranking Member  
Subcommittee on Transportation,  
Housing and Urban Development  
and Related Agencies  
Senate Appropriations Committee  
Washington, DC 20510

Dear Chairman Latham, Ranking Member Pastor, Chairman Murray, and  
Ranking Member Collins:

As you begin work on the fiscal year (FY) 2015 appropriations process, I respectfully request you proceed with caution as you consider programmatic changes to a new demonstration program. Specifically, I request that the House and Senate Appropriations Subcommittees on Transportation, Housing and Urban Development, and Related Agencies (THUD) maintain the cap for the Rental Assistance Demonstration (RAD) program.

Established by Congress in the 2012 Appropriations Act, RAD was created as a voluntary, limited demonstration program that provides the opportunity to test the conversion of public housing and other HUD-assisted properties to long-term, project-based Section 8 rental assistance. The demonstration was enacted to allow HUD the opportunity determine whether this conversion would achieve certain goals, including the preservation and improvement of public housing properties through private debt and equity to address immediate and long-term capital needs.

The 2012 Appropriations Act authorized up to 60,000 units to convert assistance under this component, to be selected competitively. Additionally, the Act requires the HUD Secretary to assess RAD and publish findings on how the demonstration allowed for the preservation and improvement of public housing, how much PHAs were able to leverage their converted assistance with the private sector, and how tenants in properties with converted assistance were affected. To date, HUD has closed just 2,232 units in application, or 3.7 percent of the 60,000 units authorized to convert under RAD. HUD also reports that they have

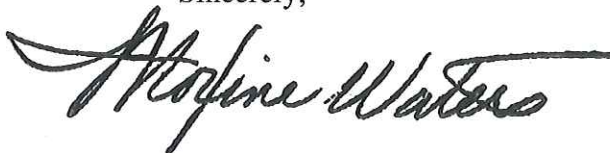
The Honorable Tom Latham  
The Honorable Patty Murray  
The Honorable Ed Pastor  
The Honorable Susan Collins  
Page Two  
May 5, 2014

received over 180,000 applications for conversion, and requests an elimination of the cap in its FY15 budget proposal.

Congress has not yet received any reports from HUD on outcomes thus far detailing the RAD deals that have closed. The purpose of the demonstration was for HUD to test new strategies to address the more than \$26 billion backlog in capital needs for our nation's public housing. HUD has not yet provided any answers to the questions outlined in the statute, nor does Congress have any basis to determine whether the demonstration is a success. I am deeply concerned about expanding a demonstration program when Congress has not had an opportunity to learn from the initial conversions. HUD should be given the opportunity to complete the conversion of the units currently authorized under the current cap and present its findings to Congress before changes to the demonstration are considered.

Before raising the statutory cap by more than three-fold, or eliminating the cap altogether, I request that you allow HUD the opportunity to complete conversion for the currently authorized 60,000 units and present its findings to Congress.

Sincerely,

A handwritten signature in black ink that reads "Maxine Waters". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

MAXINE WATERS  
Ranking Member

cc: The Honorable Jeb Hensarling  
The Honorable Shaun Donovan