



February 20, 2014

Dear Executive Director:

I want to both commend and thank you for the tremendous work that you have undertaken and the interest you have shown in the Rental Assistance Demonstration (RAD). As of December 31, 2013, we had received applications to convert over 176,000 units of public housing and Section 8 Mod Rehab housing to long-term, Section 8 project-based contracts. Taken together with approved applications, were these additional applications to be awarded authority to convert assistance under RAD, PHAs across the country would be able to undertake a projected \$6 billion in needed improvements to their properties.

This is an extraordinary response in just over a year of accepting applications for RAD, or triple the 60,000 unit cap under RAD's current authority.

Despite the disappointing news that RAD's current cap was not raised as part of the 2014 omnibus appropriations bill, Congress is also quite impressed with your interest in RAD in this short period. It is clear in my conversations with members directly involved with HUD's budget that RAD is seen as a highly-promising new resource in preserving public housing and certain other types of at-risk multifamily housing that is worthy of continued support. Unfortunately, the large and complex omnibus funding bill proved to be a difficult vehicle to address all of HUD's priority needs.

We intend to continue to build on our RAD progress to date—along with other important priorities for PHAs, such as expanding the Moving-to-Work program, and building on the important streamlining steps that were started in the omnibus bill. While legislative options are pursued, HUD pledges to do its best to help PHAs and their partners advance the work that you have proposed under RAD through several measures.

First, for projects with initial approvals (or CHAPs) made under the current 60,000 unit cap, we will continue to fast-track and close projects as soon as they complete indicated milestones. A regularly updated list on where applications stand relative to the 60,000 unit cap and other helpful information can be found on the RAD web-site at www.hud.gov/rad.

Second, although HUD will not be able to close deals in excess of the 60,000 RAD unit cap until the cap is raised by Congress, for those applications in the queue not able to be approved under the current unit threshold, the RAD team at HUD will fully review and provide contingent approval of applications meeting all applicable criteria in the current RAD Notice. Also, HUD intends to honor the standing of current applicants in queue above the 60,000 unit threshold. Offering contingent approvals according to the current queue in this manner will enable the Department to quickly make CHAP awards relative to a change in the current cap upon expanded authority for RAD.

Third, for PHAs that remain interested in RAD, but have not submitted an application, you are encouraged to do so. Such applications will be ordered in the current queue of applications, fully reviewed and offered contingent approval if deemed viable. As with applications already in hand, new applications will be issued CHAPs according to their order in the queue relative to any increase in the RAD cap that Congress may provide.

Fourth, upon such an increase in the RAD cap in 2014, the Department will use the FY 2014 funding levels to set RAD rents for all pending, active applications above RAD's current 60,000 unit threshold that are currently in hand or received in 2014. As FY 2014 public housing operating and capital funds were not constrained by sequestration as they were in 2013, current applicants will find that RAD rents set in this way are nearly equivalent to the levels used to establish RAD rents to date.

Beyond these immediate measures, I have directed the RAD team to continue to actively work with you, your residents and partners, and other interested stakeholders in devising means to build on RAD's implementation efforts to date. We look forward to your ideas to improve on what we have started together. Again, please continue to regularly check the RAD website (www.hud.gov/rad) to help contribute to and learn more about the latest developments with RAD.

I am very much committed to continuing to work closely with all of you in building on what many of you directly tell me—that RAD is a highly responsive and flexible resource in helping you preserve and improve vital public housing assets in your community.



Shaun Donovan
Secretary