



TESTIMONY BY
DAVID GARCIA
POLICY DIRECTOR
UP FOR GROWTH ACTION

BEFORE THE
HOUSE COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON HOUSING, COMMUNITY DEVELOPMENT,
AND INSURANCE

FOR A HEARING ENTITLED
“HOUSING IN THE HEARTLAND: ADDRESSING
OUR RURAL HOUSING NEEDS”

JUNE 12, 2025

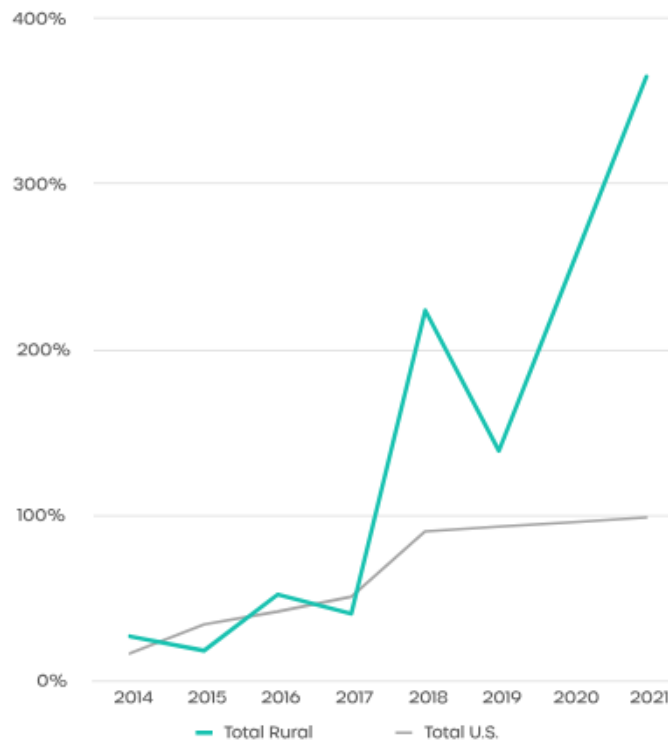
Thank you Chairman Flood, Ranking Member Cleaver, and members of the committee for the invitation to appear today before you to discuss the urgency of the nation's rural housing crisis.

My name is David Garcia and I serve as the Policy Director at Up for Growth Action, a mission-driven nonprofit advocacy organization committed to forging bipartisan solutions to America's housing shortage. I also serve as the Policy Director with Up for Growth, a 501(c)(3) policy association that convenes stakeholders, publishes original research, and develops policy recommendations. Up for Growth's member network totals more than 350 organizations nationwide, including builders, advocates, policymakers, and national trade associations. Many of our members work in rural communities and we hear directly from them about their housing supply and affordability challenges. These include members such as the Habitat for Humanity of Lincoln, Nebraska, the Minnesota Housing Partnership, and the Homelessness and Housing Coalition of Kentucky.

Today's hearing is timely given the escalating challenges faced by rural America. Of the 310 U.S. counties with high and persistent levels of poverty, 86% are rural, highlighting the need to look closely at how to support these communities.¹ My testimony today will outline the unique housing challenges confronting rural America, discuss their underlying causes, and propose actionable solutions that Congress can implement.

¹ National Low Income Housing Coalition. (2024, May 20). Rural American Cannot Address Housing Needs Without Federal Investments. <https://nlihc.org/explore-issues/policy-priorities/rural-housing/>.

Cumulative Growth in Rural versus National Housing Underproduction



2023 Housing Underproduction in the U.S. Report, Up for Growth

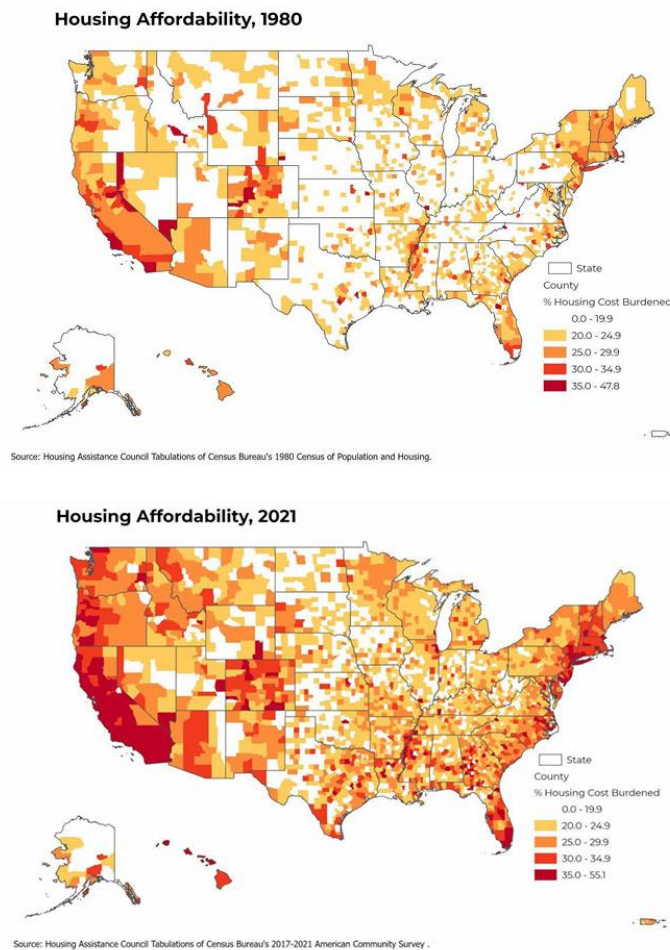
Nationally, we estimate that the United States faces a severe shortage of 3.79 million homes,² a crisis that extends far beyond expensive coastal urban centers. Nearly 60 million Americans, or one in five U.S. residents³ live in rural areas and are increasingly burdened by housing shortages and rising costs. Specifically, 44% of rural renters are cost burdened, meaning they spend over 30% of their income on rent. Half of these households are considered severely cost burdened as they pay over 50% of their income on housing alone. These challenges have intensified due to shifting migration patterns spurred by the rise in remote work in the aftermath of the COVID-19 pandemic. In 2023, nearly 60% of rural counties saw net positive migration,⁴ a dramatic reversal from pre-pandemic trends when most rural areas faced declining populations. As a result, home prices in non-metropolitan areas grew approximately 36% over the three

² Up for Growth, *2025 Housing Underproduction in the United States*. (Release Pending)

³ U.S. Census

⁴ Joint Center for Housing Studies of Harvard University. (2024). *The State of the Nation's Housing 2024*. <https://www.jchs.harvard.edu/state-nations-housing-2024>

years following the pandemic, significantly outpacing price increases in large and medium sized cities.⁵



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2023 Housing Underproduction in the U.S. Report

Rural residents are experiencing this worsening crisis firsthand. Recent polling shows that 80% of rural residents believe housing affordability is deteriorating, while 76% agree that America faces a significant housing shortage requiring immediate attention and increased housing construction.⁶

⁵ Rural Areas Saw Disproportionate Home Price Growth During the Pandemic. Harvard Joint Center for Housing Studies, (2024) <https://www.jchs.harvard.edu/blog/rural-areas-saw-disproportionate-home-price-growth-during-pandemic>

⁶ Turner, D., & Radosevich, J. (2024, October 9). Americans recognize housing affordability crisis, support new policies to fix the market and build more homes. Center for American Progress.

A persistently high poverty rate in rural areas exacerbates these challenges. More than one in five rural households (22%) earn less than \$25,000 annually, compared to 18% nationwide. While rural areas generally have lower living costs than larger communities, lower wages make it more difficult for residents to keep up with rising costs. Moreover, the comparatively lower income of rural residents also hinders the financial feasibility of building new housing. And rural communities typically have fewer resources to support traditional subsidized, deed-restricted affordable housing, further complicating efforts to alleviate the rural housing shortage.

Rural housing development faces unique barriers, especially concerning inadequate infrastructure. Essential upgrades to water, sewer, power, and road infrastructure are frequently necessary for new developments, but these improvements can be prohibitively expensive. Many rural communities rely on difficult-to-expand utilities, such as well as water or septic systems, which often limit community growth. Even the reliability of existing utility systems also presents a challenge due to their age and distance from central infrastructure.

Compounding these challenges is the limited planning and regulatory capacity in rural jurisdictions. Many rural communities simply lack the staff to update existing housing programs and policies or review and approve new housing proposals. These communities may only have a single planner who is responsible for reviewing applications, ensuring compliance, issuing permits, and granting occupancy certificates. This limited staff capacity often necessitates expensive outsourcing of planning tasks, meaning that the hard, and often expensive, work of comprehensive planning and zoning code updates — which is critical for growth — simply don't happen.

Moreover, the economics of rural housing production can be especially challenging. High transportation costs for construction materials and difficulty sourcing skilled labor drive up costs. And the smaller-scale projects typical of rural communities also rarely benefit from economies of scale, further inflating new housing's price tag.

While these challenges are mostly unique to rural America, we also find that other obstacles are similar to those in large and medium sized cities. For example, rural areas may also still rely on restrictive zoning and land-use regulations, much like more urban communities. Such restrictions, including limitations on manufactured housing and accessory dwelling units, significantly reduce the variety and affordability of housing options. Likewise, local opposition to

new housing, commonly referred to as NIMBYism, can stall, shrink, or even halt housing development altogether, just as it does in urban areas.

Thankfully, there are many bipartisan solutions that Congress can act on today. Critical funding sources, such as the 30% basis boost for rural housing projects proposed in the Affordable Credit Improvement Act, can significantly accelerate the construction and preservation of affordable homes. This provision alone could support part of the broader initiative to finance 1.6 million homes nationally over the next decade. In addition, the Rural Housing Service Reform Act would bolster USDA's affordable housing programs, while the Neighborhood Homes Investment Act would incentivize homeownership through the rehabilitation of existing housing stock for moderate income homebuyers.

Manufactured housing presents another opportunity for expanding rural housing affordability. Updating local zoning to allow factory-built homes as-of-right in more places and reforming the existing HUD building code, specifically removing outdated requirements such as the permanent steel chassis rule as proposed in the Road to Housing Act, would reduce costs, ensure predictability, and increase speed to market.⁷

Congress can further address capacity gaps across rural local governments through targeted technical assistance programs like those proposed in the Housing Supply and Frameworks Act, and direct policy implementation support in the to-be-introduced Housing Opportunities Made Easier Act, both crucial to enabling rural communities to modernize outdated zoning, land-use, and building codes to streamline and ramp out housing production.

All of these proposals enjoy broad bipartisan support, including from leaders such as Representatives Mike Flood of Nebraska and Brittney Pettersen of Colorado. Such partnerships illustrate a powerful opportunity: by coming together, we can ensure that affordable, quality, and safe housing becomes something within the reach of all Americans, from the most rural towns to our largest cities.

Thank you again for the opportunity to contribute this testimony today. We look forward to continued dialogue with this subcommittee to advance critical pro-housing policies to ensure a stronger, more affordable, and more prosperous future for all Americans.

⁷ Manufactured housing: the Ugly Duckling of Affordable Housing. Niskanen Center. April 2023.