



RURAL NEIGHBORHOODS Building Livable Places for Working Families

Testimony of
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United States House of Representatives on
Creating Equitable Communities through Transportation and Housing
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Good afternoon Chairman Price, Ranking Member Diaz-Balart and distinguished Members of the Committee. Thank you for the opportunity to appear before you today to discuss Creating Equitable Communities through Transportation and Housing. My name is Steven Kirk and I serve as President of Rural Neighborhoods, Incorporated (RN), a 501(c)(3) charitable organization that has developed 2,096 rental homes and apartments in nine communities from the Florida Keys to Gainesville. Rural Neighborhoods supports Federal, state and local policies that promote equitable communities and reduce the disparities in income, wealth and access to opportunity faced by Black, Indigenous and People of Color (BIPOC).

I grew up as a grandchild of coal miners in Western Maryland and was afforded a life-shaping educational opportunity at a distinguished university, unexpectedly perhaps from the socioeconomic neighborhood in which I grew up at the edge of Appalachia. Opportunities remain slim in my hometown, but I can certainly say, unlike my BIPOC contemporaries, I have never been the victim of racism in any way or form. For others, both economics and race obstruct equitable access to opportunity. I have, however, spent my entire adult life tackling poverty in the south, and I've witnessed, unfortunately, housing policies that are inequitable all levels – from code enforcement to capital allocations – and this lack of neighborhood investment truly contributes toward generational disparities in the access to opportunity.

I am a housing and community development practitioner. I use Federal, state and local housing programs each day. I work with both public-private partners and those in need. My testimony will touch upon four topics I hope the Committee will consider.

Striking a Balance: Neighborhood Revitalization and Communities of Opportunity

Equitable development has generated debate about where subsidized rental housing should be located. Fair Housing advocates reason that subsidized developments are disproportionate in high poverty neighborhoods. Community development advocates, in contrast, maintain investment in distressed areas revitalize low-income neighborhoods, preserve existing development and protect from gentrification. I applaud the Supreme Court's breakthrough opinion sustaining the use of disparate income as a legal argument in Fair Housing and HUD's Affirmatively Furthering Fair Housing (AFFH) rule to help communities address housing inequities. Mobility strategies are essential but are insufficient as stand-alone tools to meet the needs of all residents in distressed communities. Rural Neighborhoods supports Small Area Fair Market Rents to aid families in choose new high opportunity neighborhoods. Siting incentives in Low Income Housing Tax Credit Qualified Allocation Plans can be helpful in breaking a cycle of poverty having geographic origins. Nonetheless, not all households can be relocated to communities of opportunity – even more so in rural America where high opportunity neighborhoods are hard to measure and residents less populous. Many - perhaps most - residents prefer not to leave their neighborhoods; their neighborhoods have value. Building greater racial equity demands Congress and practitioners better empower working families and transform distressed neighborhoods into more livable places replete with more equitable opportunities.

Rural Neighborhoods balances both approaches: in suburban Collier County, FL elected officials have selected us to reconstruct the suburban Golden Gate Golf Course and to construct 350 affordable and workforce apartments for seniors and essential service personnel. It is a new housing resource in a market where otherwise rents for seniors are as much as 50% higher; the location, too, offers essential workers proximity to work, schools and open space.

Thirty miles to the east, Rural Neighborhoods continues to revitalize the Eden Park-Esperanza Place (EP²) neighborhood in rural, unincorporated Immokalee, FL. Equitable development begins there with our learning the wishes and needs of community residents, engaging the community as early as possible, building effective collaborations with other organizations like Habitat for Humanity, and using our capacity to lead and coordinate the effort. Rural Neighborhoods rehabilitates existing rental stock, builds new rental communities and invests in repairing owner-occupied dwellings. Minority-dominated neighborhoods like Eden Park often lack high-functioning schools, full-menu supermarkets, practical public transportation and accessible healthcare. It is indeed a challenge to achieve equitable results. Preserving affordable housing is step one; in its absence, more homes are lost than built, and more homeowners and renters alike descend into unsafe living conditions. New construction of affordable housing through public investment builds momentum. Investment in owner-occupied dwellings reverses a downward trend for

homeowners and stimulates personal investment and new private-sector capital. Neighborhood revitalization at its best is about influencing residents, businesses and others to invest: to invest time, energy and economic resources in a distressed neighborhood.

The Low-Income Housing Tax Credit (LIHTC) is the largest rental housing subsidized source; I should note 22% of LIHTC properties are in rural communities. In striking a balance between high-opportunity neighborhoods and distressed communities our concern is straightforward: housing choice cannot be a zero-sum game. It should not be that affirmatively furthering housing investment in high opportunity neighborhoods comes at a cost to investment in distressed communities. In reassuring the turnaround of BIPOC-neighborhoods, Congress must continue to grow LIHTC from its estimated \$9.9 billion per annum COST to levels that offset incentivized investment in areas of opportunity. Rural Neighborhoods also supports the Neighborhood Homes Investment Act, a proposed new Federal tax credit to bridge the appraisal gap on owner-occupied housing in distressed communities. This resource would support Rural Neighborhoods in scaling up rehabilitation of single-family homes, decrease neighborhood blight and generate new wealth in places like Immokalee.

This Committee's HOME Investment Partnership and Community Development Block Grant provide support enabling Rural Neighborhoods to preserve and rehabilitate existing housing stock and to level the inequities found in distressed neighborhoods. The breadth of the latter enables construction of sidewalks, accessible pathways, improved drainage, supportive community service facilities and other elements that make a place more livable. For us, \$375,000 in HOME funds currently complement more than \$2.5M in state housing finance agency funds at a 6.6:1 leverage ratio in restoring Timber Ridge at Sanders Pines to service in Immokalee. Rural Neighborhoods recommends Congress appropriate \$1.7 billion for the HOME program and \$4.2 billion for CDBG in FY 2022.

Capacity-Building: BIPOC Seat at the Table

How do communities best apply a racial equity lens toward equitable development? Simply, ask who knows the needs of a neighborhood better than the persons experiencing the struggle. Rural Neighborhoods' housing and community development work is driven by people of color. Ours is a racially diverse team embarking on mission-driven work. Be it board leadership, staff or neighborhood residents, BIPOC voices are heard and put our work on the right track. Board members mirror the communities we serve: 40% Latinx, 20% Black and 40% women; 90% of our 47 staff are minorities and most share the lived experiences of those we serve.

RN puts in hard work to undertake participatory decision-making and neighborhood engagement. In Immokalee, Rural Neighborhoods has emerged as the neighborhood quarterback in the Eden Park – Esperanza Place (EP²) target area by taking the pulse of

200 residents and 20 stakeholder organizations to formulate the EP² revitalization plan at the outset. We poll similar numbers of neighborhood residents on a regular basis. If one seeks more equitable development, build groups that take the pulse of communities and insist that HUD-planning tasks such as the Consolidated Plans used in CDBG, HOME, HTF, ESG and HOPWA become more authentic, increasingly BIPOC-led and truly participatory in comparison to the current norm.

Strong organization capacity is the best defense against inequitable communities. The Subcommittee on Transportation, Housing and Urban Development's investment in NeighborWorks America and Section 4 recipients [Enterprise Community Partners, Local Initiatives Support Corporation and Habitat for Humanity] promotes equitable development and increases housing production rates. Rural Neighborhoods urges THUD to appropriate \$185 million and \$50 million towards NeighborWorks America and Section 4, respectively, in FY2022. Each make significant investment in equitable development. In addition, these modest budget allocations are among the most highly leveraged budgetary accounts at the local level.

NeighborWorks America leveraged its FY2020 Federal appropriation 59:1. It remains one of the most adept and responsive Federal resources enabling bottom-up, not top-down housing solutions to flow from more than 225 empowered communities nationwide. From its start in 1979, racial equity and reaching underserved communities is NeighborWorks' DNA. In FY2020, the percentage of new Black homeowners generated from NeighborWorks organizations was 2½ times the national average. In our case, NeighborWorks supported our geographic expansion enabling us to move from our historic building within rural Latinx housing communities to more suburban, Black and Caribbean communities. Section 4 has assisted 926 nonprofit housing developers in all 50 states plus the District of Columbia and Puerto Rico between 2015 – 2019. This heled create or preserve more than 40,000 homes and attracted over \$8.4 billion in investment for lower-income neighborhoods and communities across the nation.

Local Initiatives Support Corporation (LISC) takes an intentional approach to foster the capacity of grassroots organizations – often led by volunteers or civic leaders without formal structures – to receive traditional funding. Seeding nascent groups and building their core organizational strength is important to giving an equitable voice to neighborhoods left behind. LISC utilized Department of the Treasury's Capital Magnet Fund to finance \$2.8 million toward Rural Neighborhoods' preservation of hospitality-oriented housing in the Florida Keys maintain a semblance of equity for the largely Haitian and Latinx residents employed as hotel maids, restaurant cooks and in building trades. LISC leverages its support and has pledged to invest \$3 billion in FY2021 – FY2023 to catalyze comprehensive equitable opportunities in BIPOC communities, including 20% percent targeted to rural places and Native lands.

Enterprise Community Partners' Emergency Action for Resident and Partner Sustainability Program (EARPS) combined Section 4 with private capital to sustain the work of

community development corporations throughout this pandemic crisis. Rural Neighborhoods and groups in your districts have worked tirelessly to support our constituents but are stretched thin facing higher expenditures due to COVID and constrained cash flow. Enterprise provided grants to support 82 local partners, bridged public funding and complemented grants with technical assistance and peer-to-peer learning. EARPS recipients represent a strong, equitable housing infrastructure: 70% were BIPOC-led and 82% of persons served by these local entities are BIPOC. ECP's Equitable Path Forward is a new \$3.5 billion pledge to increase equitable development ranging from the types of homes built, where they are built, who builds them and the wealth that is generated from them.

Rural Neighborhoods cautions against a rush towards newly formed entities to accelerate equitable housing. Instead, inspire proven housing groups to embrace an enhanced racial lens to better serve BIPOC communities, encourage mergers to blend organizational diversity and boost organizational movement towards scale. Realizing scale is crucial to meeting the nation and local communities' need for increased affordable housing production. Studies in Britain and the United States note that groups that have accomplished high housing production are characterized by long-tenured leadership, access to working capital and serve broad target areas. Real estate development finance is a complex skill; predevelopment capital is a critical resource as are bankable construction completion, tax credit and operating deficit guarantees. These assets are uncommon among start-ups. Small scale providers have a certain attraction but, in our experience, fail to impact the growing crisis. Rural Neighborhoods' growth since 2016 includes assemblage of 5 smaller housing organizations adding their portfolios from 4 units to 175 units into our corporate structure. Each had simply found themselves no longer impactful.

Practical Access to Public Transportation and Transit-Oriented Development

“Equality gives everyone the right to ride on the bus, in any seat they chose. Equity ensures there are bus lines where people need them so they can get to school or the doctor or work.” – Angela Glover Blackwell, President, Policy Link

Creating equitable communities through transportation and housing requires better alignment between these sectors. Too often transportation policy has not considered the full impact of transportation investments on lower-income and BIPOC communities. From highways built through underserved neighborhoods that divide those neighborhoods from the larger community, to new or expanded mass-transit systems that displace existing residents and businesses, transportation investments have often isolated rather than connected communities. Unfortunately, the consequences of these transportation policies are long lasting. Recent policy changes seek to address these inequities, giving broader consideration to the scope and impact of transportation investments; however, the effect

of these initiatives has been limited because funding mechanisms for transit investments and affordable housing are largely unaligned.

For the housing practitioner seeking to boost equitable development, simple practical access to public transportation is a critical connection. In our experience, public bus transportation too often inadequately links residents of affordable housing to jobs – impeding the economic mobility of those we serve. For example, Rural Neighborhoods' earliest work targets an exurban community in south Miami-Dade. It is our largest rental community where more than two thousand residents reside (most with household incomes less than 50% of Adjusted Median Income), and bus service is limited to a single mid-morning and mid-afternoon trip. This routing thwarts public transportation as a mode of travel to and from local employment centers, increases pocketbook expenditures by lower-income workers towards car payments, fuel, repairs and insurance, and inhibits its potential contribution to greater economic equity.

In our experience, transportation links connecting rural communities in striking distance of more urbanized employment centers fluctuate greatly. Public transportation connects job seekers in rural, 20,000+ population Immokalee, FL to employment in the Naples MSA through a single 5:30 AM departure and 6:00 PM return together with 4 other mid-day routes. It is a limited start. Truly successful execution of this approach, in our experience, is illustrated by transportation links between more affordable housing in Miami-Dade's Homestead-Florida City to employment centers in the Upper Florida Keys. The Monroe Express moves an estimated 900 riders each weekday with 8 departures scheduled between 5:10 AM and 8:00 AM that align with 7 northbound returns after 4:15 PM.

Rural Neighborhoods supports transit-oriented development (TOD) exemplified by our \$30M Cannery Row at Redlands Crossing's 112-unit, LIHTC rental community under construction on the South Dade TransitWay Corridor. RN applauds TOD as a successful albeit limited tool. High levels of collaboration between municipalities, transportation agencies and developers often result in creative partnerships and multiple subsidies. Higher density, too, makes it possible to build more affordable housing in a single transaction. Mobility afforded by TODs certainly offers residents greater access to educational choice, fresh food, healthcare and, most importantly, employment centers – all without the need of a car. Indeed, transit can reduce household transportation costs by as much as \$3,000 to \$5,000 per annum. TOD is also a two-way street also increasing ridership and transit revenues.

For groups committed to neighborhood revitalization like us, TOD can be a catalyst – breathing new economic vitality into once-distressed neighborhoods. It couples well with THUD housing programs: THUD's Community Development Block Grant and HOME Investment Partnership accounts serve as helpful gap financing, and TOD sites are attractive to Housing Choice Voucher holders. For the practitioner, TOD still presents several hurdles: public land is limited; privately-owned parcels on transportation corridors

command higher, market driven costs than more distant sites. TOD is more proven as a companion to rail and a less well tested complement to bus corridors. In exurban and rural communities, however, it is a nonexistent tool and practical improvements to transportation services are the sole near-term contributor to more equitable transportation and housing alignment.

The Rural Challenge: Senior Housing

I know from our work that rural America experiences distinct economic and housing characteristics in contrast to its urban and suburban counterparts. Rural America has not experienced population or economic growth comparable to the national average, and persistent poor rural areas have experienced out migration and population decline for decades. In fact, 85 percent of persistently poor communities (those with 20 percent of their population at or below poverty level) are in rural areas concentrated in the Mississippi Delta, Appalachia, border Colonia, Native American lands and in southeastern communities. These economic realities create distinct housing inequity in rural areas.

The needs of rural seniors in particular should call out to all of us. Rural communities are home to more than 25 percent of our nation's seniors despite making up but 15% of the population. Rural seniors of color are less likely to own homes and are disproportionately renters. USDA Section 515 rentals are being lost, nearly 30,000 in the past decade, and none built. There is an appalling few rental homes that are wheelchair accessible.

Rural Neighborhoods commend the Members of this Committee for its restart of HUD Section 202 Supportive Housing for the Elderly and Project Rental Assistance Contract funding in FY2017-2019. These resources continue to be urgently needed to produce new affordable housing for seniors at the lowest incomes. Pollywog Creek Senior Housing, our HUD 202 rental housing community built in 2018 in Labelle, FL, realizes true success in making local housing more equitable serving Black, Indigenous, Latinx and other local residents. More than 82 percent of its residents are BIPOC residents, and 100% of our residents earn less than 30% AMI.

Unlike urban and suburban settings, there is little naturally occurring affordable housing in rural places like Labelle or other rural Florida communities we serve such as Okeechobee, Indiantown and Immokalee. Given that HUD 202 funds are one of the sole resources available for extremely low-income elderly, Rural Neighborhoods recommends the Committee appropriate \$600 million toward new construction and their related PRAC contracts in FY2022. I also urge increased set-asides for Non-Metro projects including those situated in distant outlying areas within MSAs. It would be a noteworthy step in addressing the equitable divide between urban and rural communities. LITHC alternatives for seniors are scarce in rural places and their rents still somewhat high. HUD 202 is cost-effective for frail elderly in comparison to the expense of long-term care facilities

for seniors who could reside this safe, decent supportive housing much later into their lives. The ultimate goal for practitioners is for HUD, USDA Rural Development and Treasury's LIHTC to work in concert with the Department of Health and Human Services to increase opportunities for rural seniors in which health and wellness are integrated into the affordable housing platform.

Thank you for the opportunity to contribute towards this topic. Practitioners like Rural Neighborhoods and I exist in your communities – groups like DHIC in the Research Triangle, Ability Housing in Jacksonville, FL and Garrett County Community Action Committee in Oakland, Maryland. I urge you to see their work firsthand.