



Council for Affordable and Rural Housing

Serving the Affordable Housing Needs of Rural America

February 25, 2020

The Honorable Maxine Waters
Chairwoman, House Financial Services Committee
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Patrick T. McHenry
Ranking Member, House Financial Services Committee
2004 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairwoman Waters and Ranking Member McHenry:

The Council for Affordable and Rural Housing (CARH) is a trade association with members throughout the country who build, develop, finance, manage, own and supply goods and services for affordable rural rental housing. We are writing to you today to express our support for the committee's consideration and passage of H.R. 5187, "Housing is Infrastructure Act of 2019."

CARH has been pleased to be part of the Rebuild Rural Coalition which has been organized in order to bring focus to the infrastructure needs of rural America. We support the efforts of the Coalition and agree that infrastructure legislation by Congress should specifically address the unique needs of agriculture and rural communities. We applaud efforts to increase broadband in rural America. Broadband will do much to increase rural American's access to health care and business opportunities. However, an overlooked aspect of broadband development is how it will also increase the livelihood of residents to access the internet from their homes. Roads and other infrastructure needs that have been identified by other committees are important, but without housing for rural Americans to live in, Congress is not addressing all rural communities' needs.

Affordable rental housing issues affect residents and a broad array of local government, non-profit, and for-profit participants working together in partnership. Rural renters are more than twice as likely to live in substandard housing compared to people who own their own homes. With lower median incomes and higher poverty rates than homeowners, many renters are simply unable to find decent housing that is also affordable. While the demand for rental housing in rural areas remains high, the supply, particularly of new housing, has decreased. Housing instability has well-documented effects on the education and health of this country's greatest asset, our children. Neither the private nor the public sector can produce affordable rural housing independently of the other; it needs to be a partnership.

CARH is supportive of the numerous provisions in H.R. 5187. However, we would like to emphasize the funding that would be provided for the preservation of the rural housing portfolio. In order to save the United State Department of Agriculture's Rural Development (RD) \$11.5 billion Section 515 program,

and its sister Section 514 farm labor housing program. RD's current demonstration efforts have shown preservation can be successful but the number of properties able to be preserved with current resources will not achieve portfolio preservation in any reasonable time period. The Section 514 and 515 programs under Section 514 and 515 of the Housing Act of 1949, operates through a successful public-private partnership. The 514 and 515 portfolios reportedly consist of 13,766 apartment complexes containing 421,816 rental homes, a staggering decrease of 14,234 properties and over 111,000 apartment homes since the program inception in 1963 - an approximate 51% reduction in the housing stock. The Section 515 properties are geographically dispersed across all rural America.

In 2002, RD estimated that 4,250 Section 515 properties with 85,000 units "will physically deteriorate to the point of being unsafe or unsanitary within the next 5 years." At that time, RD estimated it would need \$850 million to maintain just this portion of the portfolio, and that as much as \$3.2 billion will be required for portfolio-wide rehabilitation. Little progress has been made since 2002. Adjusted for inflation, the 2002 \$3.2 billion estimate is now approximately \$5 billion. Due to RD's policies over the past six years, the RD multifamily portfolio is under 15,000 projects for the first time in 20 years. In 2016, RD contracted for its own study, which confirmed the existence of significant deferred maintenance. At this rate of lost properties, we encourage preservation prioritization of existing properties ahead of new construction, as it is much more cost effective to complete a substantial rehabilitation compared to the cost of building new.

We support the provisions within H.R. 5187 that would provide \$1 billion for RD's Multifamily Preservation and Revitalization program. Funding for this portfolio will not only provide for the extremely low-income families and elderly residents but will improve infrastructure and create jobs throughout rural America. For each 100 apartment units, 116 jobs (plus an additional 32 recurring local jobs) are created, generating more than \$3.3 million in federal, state and local revenue. Moreover, many rural areas are facing worker shortages due to the lack of available affordable housing near rural jobs.

Furthermore, we recognize that a private-public partnership is needed for providing safe, decent and affordable housing throughout rural America. The various housing programs that would receive funding from H.R. 5187 are evidence of the success of this partnership. We urge the Committee to pass this legislation so that the infrastructure needs of rural America can successfully be achieved.

Sincerely,

A handwritten signature in black ink that reads "Colleen M. Fisher". The signature is written in a cursive, flowing style.

Colleen M. Fisher
Executive Director