

“Building Back Better: Examining the Need for Investments in America's Housing and Financial Infrastructure”

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Introduction

Thank you, Chairwoman Waters, Ranking Member McHenry, and members of the Committee for the opportunity to offer testimony on the need for investments in America's housing and financial infrastructure. My name is Dr. Michael McAfee. I'm the President and CEO of PolicyLink, a racial equity research and action institute operating nationwide with our network of thousands of community-based partners.

Our North Star at PolicyLink is to bring about a world that promotes equity, defined as the just and fair inclusion into a society in which all can participate, prosper, and reach their full potential.

Opportunity should not be random in America. That is why we advance policies to enable everyone to participate in an equitable economy, live in a healthy community of opportunity, and thrive in a just society. Equity aims to equip everyone, especially those who have been left behind, with the resources that allow them to contribute and prosper. It is a pragmatic approach to solve the nation's greatest problems and sources of tension: economic inequality and racial exclusion. Equity addresses race forthrightly and productively, but it is not about benefiting one group at the expense of another. When smart, sustainable strategies are tailored to the needs of those who've been excluded, our communities and our economy become stronger for everyone. This is especially true as the United States undergoes demographic shifts in which people of color are becoming the majority.

Our Generation's Biggest Challenge: Winning on Equity

Centuries of racism, exclusion, and exploitation have left over 100 million people in America – including 55 million people of color – struggling to make ends meet and are preventing generations of children from realizing their potential. ***That is one in three***

Americans.¹ Our generation’s challenge is to reimagine the nation’s laws, policies, regulations, and programs so they effectively serve people of color, and ultimately all, in a multiracial democracy. At PolicyLink, we call the pursuit of that goal “*Winning on Equity*.”

To Win on Equity, our country must focus on achieving racial equity at scale. That demands transforming the oppressive systems and institutions that have compromised our democracy and economy; and which hinder equity-focused policies from unleashing their intended impact.

Infrastructure is one of the most important places we can start. Infrastructure demonstrates some of America’s greatest promise and potential when we combine our collective resources, ingenuity, and political will to do big things for our society and our economy. At the same time, our infrastructure, in its current form, is a living monument to exclusionary, deliberate, anti-Black and anti-Indigenous policies that have for generations robbed wealth from communities of color. Our infrastructure policies have deprived Black and Brown people of opportunity; exposed far too many to harmful pollution; and literally shaved decades off average life expectancies for people of color. In fact, your zip code has a greater impact on your life expectancy than your genetic code. A child growing up in the Barry Farms neighborhood of Southeast DC can expect to live **30 years less** than a child growing up in Friendship Heights, just 10 miles away.² Sit with this for a moment. Three decades of life taken from a child – just because of where she was born. This has to end.

Centering Racial Equity: The Federal Government’s New Mandate

The federal government, as the author and enforcer of many of these barriers, must play a leading role in their remedy and our national renewal – particularly by centering racial equity in the nation’s laws, policies, regulations, and programs moving forward. The federal government is uniquely positioned to ensure that opportunity is not random

¹ See National Equity Atlas, Poverty: 200%

<https://nationalequityatlas.org/indicators/poverty#/?breakdown=2&povlev01=99>, PolicyLink and the University of Southern California (USC) Equity Research Institute; and *100 Million and Counting: A Portrait of Economic Insecurity in the United States*, PolicyLink and the USC Equity Research Institute, <https://nationalequityatlas.org/resources-tools/100-million>.

² People living in low-income, disinvested communities have higher levels of stress, because our systems fail them — transportation, housing, water, criminal justice, jobs, education, etc. This creates chronic stress, which changes human physiology and adversely impacts health. For more information see:

<https://www.buildinghealthycommunities.org/tell-me-your-zip-code-and-i-will-tell-you-how-long-you-will-live/>

In another study, researchers at the Virginia Commonwealth University Center on Society and Health have mapped the variation in life expectancy by neighborhood for over 20 cities and states using vital statistics obtained from state and local health agencies and population data from the U.S. Census Bureau and the U.S. Centers for Disease Control and Prevention. See:

<https://societyhealth.vcu.edu/work/the-projects/mapping-life-expectancy.html>.

in America. And, policymakers must embrace that cause as a core tenet of our nation's foundational purpose.

We have not seen the kind of vision and resource commitment needed to address our intersectional challenges since the Obama years, when Chairwoman Waters and other Committee Members played such a critical role in initiatives like Choice Neighborhoods, Promise Neighborhoods, and the Sustainable Communities Initiative. PolicyLink is proud to have led the Promise Neighborhoods Institute, which supported over 50 communities developing results-driven, data-informed Promise Neighborhoods across the country.

We also co-designed and served as a technical assistance provider for the Sustainable Communities Initiative, working with 143 regional and municipal HUD-DOT-EPA grantees to incorporate social equity outcomes into their work. Through this initiative, PolicyLink helped design the AFFH data tool and Assessment of Fair Housing pilot programs. Since this time, we have collectively built a strong community of practice and have drawn lessons and insights that we can apply to the infrastructure package. First, those programs – which took the form of early pilot investments to test new approaches – demonstrated that **comprehensive solutions were required for infrastructure development**, including equitable education, housing, and even the physical design of communities to better promote health and prosperity for all. **The scale of these and similar efforts must now grow dramatically.** Second, as these programs have been expanded and iterated in partnership with local communities, philanthropy, and the private sector, we have repeatedly seen that the most successful and durable investments are the ones that **align with, support, and center community-designed and community-led solutions.**

To win on equity, the federal government must adopt a **new way of being** through which it designs, targets, and funds programs. At every turn we must:

- **Require a focus on justice and fairness for all that centers racial equity, particularly in resource allocation decisions.** Our investments in infrastructure must directly and substantially benefit the communities that have been hardest-hit by the pandemic; are subject to racism and oppression; suffered from deindustrialization, disinvestment, and underbanking; and borne the brunt of environmental degradation and climate disasters. These communities are full of hope and possibility. They will be the source of the next generation of America's doctors, investors, and elected officials if we prioritize racial equity.
- **Federal investments must be directed through set asides, competitive scoring, and alignment of resources** from multiple programs and agencies to address the infrastructure needs these disadvantaged communities face. This

will require agencies to not only better orient their funding around the expressed priorities of these communities, but also actively align and streamline processes for deploying those funds so that communities can more nimbly and flexibly access and use them.

- **Create and require agencies to utilize community mapping and screening tools to assess environmental impacts, segregation, concentrated poverty, and access to opportunity.** Having access to socio-economic data disaggregated by race, ethnicity, and income is critical to making informed decisions about how resources can be deployed equitably. Agencies should leverage and build from existing and reinstated tools, such as those created to enforce the [Affirmatively Furthering Fair Housing rule](#)³ and the [Environmental Justice Screening and Mapping Tool](#), to ensure that assessments and plans for investment consider a range of indicators impacting the health and well-being of historically disinvested communities. Such indicia would include housing burden, neighborhood poverty, pollution exposures, utility burden and shut-off rates, drought, and sea-level rise.
- **Expand economic opportunity and support an equitable economy.** The building of the infrastructure must deliver jobs and economic opportunities to those same communities via targeted hiring and inclusive contracting to help grow and sustain local and minority-owned businesses.⁴ We should prioritize building the human, civic, and physical infrastructure that ensures a just transition away from carbon-intensive, polluting industries and builds an economy that works for all people and protects our planet.⁵
- **Promote open and inclusive processes.** Our public investments in infrastructure should produce lasting public benefits and strengthen our public sector to benefit those least well off instead of enriching consulting firms and corporations. This requires open, inclusive budgeting processes that meaningfully engage diverse community stakeholders; promote transparency in

³ While the Trump Administration suspended use of the AFFH tool and requirement, many jurisdictions elected to continue utilizing the methods. The Urban Institute downloaded the raw data in 2020 from the HUD site. See: <https://datacatalog.urban.org/dataset/data-and-tools-fair-housing-planning>

⁴ See *Inclusive Procurement and Contracting: Building a Field of Policy and Practice*, Denise Fairchild and Kalima Rose, PolicyLink, 2018. See:

https://nmcdn.io/e186d21f8c7946a19faed23c3da2f0da/9bb11a106d6f43d5ae8118a05a071e96/files/media/news/Inclusive_procurement_report_03.28.18.pdf

⁵ For example, with younger workers being majority people of color, the water sector creates a unique opportunity to tackle both the legacy of racial and gender discrimination and exclusion in the water construction industry. Some of the most effective economic inclusion programs for BIPOC and low-income communities were designed for them. One program brings together HBCUs, NGOs and unions (i.e., steelworkers, laborers, and carpenters' unions), and the Department of Energy, who draw from an annual appropriation under the National Institute of Environmental Health Sciences *Environmental Career Worker Training Program* to place young, disadvantaged workers into water and brownfields remediation projects. For more information see:

https://www.niehs.nih.gov/careers/hazmat/training_program_areas/ecwtp/index.cfm.

the allocation and disbursement of infrastructure funds; and engage a broad range of expertise in the development of infrastructure policy, planning, and investments. These processes should be seen as equally critical to the successful disbursement of funds as the expenditure levels themselves. Interagency alignment around these processes, anchored by core requirements around racially equitable resource allocation, must be required by the Congress as well as the current and future administrations.

Housing Infrastructure Priorities to Ensure Opportunity Is Not Random in America

This leadership moment not only requires the federal government to view its investments through its core commitment to racial equity. It is about **building a new infrastructure** for our 21st century multiracial democracy – one that centers the 100 million economically insecure Americans and ensures every person is securely housed. We have to build this new infrastructure in a different way. **Housing is at the heart of this, because housing is one of the biggest drivers of the racial wealth gap.** Housing shapes the physical landscape of inequity: segregation, disinvestment, and exclusion.

A Physical Landscape of Inequity and Segregation

It is critical to remember that seven in 10 White families own their homes while [the majority of Black, Latinx, and Pacific Islander families are renters](#) and do not have the opportunity to build wealth through homeownership. Even before the pandemic made things worse, [half of all renters](#) were paying more than they could afford on housing, and [three out of five](#) Black and Latinx women renters were housing cost burdened. Throughout the pandemic, renters have struggled to make rent and have been forced to make choices between paying rent and meeting basic needs for food, health care, and more. Our [National Equity Atlas](#), based on data from the Census *Household Pulse Survey*, finds that millions of households have fallen behind on rent. This is one of our biggest equity issues today: Black and Latinx workers are more likely to have lost employment income during the pandemic and disproportionately owe back rent and thus at risk of eviction if not covered by a moratorium.

Seven million adults live in renter households that are behind on rent due to pandemic-related job and income losses and face eviction and homelessness when the national eviction moratorium is lifted in July (if not sooner).⁶ During the pandemic, renters, and disproportionately renters of color who lost employment income due to the pandemic, have accumulated **billions in debt**, while predominantly White homeowners

⁶ Census Household Pulse Survey, Week 27 (March 17-29) Housing Table 1b. <https://www.census.gov/data/tables/2021/demo/hhp/hhp27.html#tables>

and property owners have gained **billions in wealth** from low interest rates and increased home value.

We can no longer deny that *racial inequity is a feature, not a market failure*, of the current housing system, which compounds the economic insecurity of renters of color and confines lower-income renters to neighborhoods that have been starved for decades of investment, good schools, clean water, healthy foods, and other amenities.

Housing Investments to Make Every Community a Community of Opportunity

To end this nation's housing affordability crisis, we need to invest **at least \$200 billion for housing acquisition** through the National Housing Trust Fund or a new Housing Infrastructure Bank. These investments should expand community control and ownership; and the funds should be used to fully finance the purchase and rehabilitation of private rental properties by tenants, nonprofit organizations, public housing authorities, cooperatives, community land trusts, and state or local governments in order to increase the availability of permanently affordable housing. This funding should also be coupled with funds to provide technical assistance that facilitates peer learning for local organizations working on the ground in communities. **In addition to this Housing Trust Fund, Congress must invest \$70 billion in capital improvements to public housing** for maintenance, greening, operations, and to end the current backlog in repair needs.

We must also advance the Homes for All Act and invest in the development of permanently affordable housing.⁷ Learning from the scale of large social housing programs around the world, the federal government should reverse the nearly 50-year long downward trend of reducing federal spending on public housing, and prioritize the creation of **12 million new housing units over the next 10 years** with an **investment of \$1 trillion**, prioritizing low-income communities and communities of color particularly on public land near transit. While there are several ways to target these resources, our view is that these units must be made available for people earning 30 percent of their Area Median Income (AMI) or less.

The federal government must issue enough vouchers to make wait lists a relic of the past, and ensure universal access for all who qualify, with strong guidance to direct these vouchers towards community-owned, permanently affordable housing. Vouchers are not enough without strengthening protections that mainstream their use. For instance, Congress should establish and enforce a source of income protection⁸ as

⁷ The Homes For All Act of 2019, H.R. 5244, was introduced by Rep. Ilhan Omar in the 116th Congress.

⁸ Source-of-income non-discrimination laws prohibit discrimination based on source of income. These laws are critical to preventing discrimination against housing voucher holders, young people whose

a federal standard nationally. Vouchers combined with infrastructure investments of new construction and acquisition and rehabilitation will provide immediate support to those struggling to pay for housing and will ensure community-controlled properties are financed well into the future.

Congress must also establish a national requirement for rent stabilization to accompany any housing infrastructure investments. This is critical for ensuring rent increases are predictable and do not push people out of their homes.⁹

I want to applaud you in particular, Chairwoman Waters, for laying down a crucial marker with the *Housing is Infrastructure Act*. PolicyLink is proud to endorse this legislation as a starting point to dramatically scale up **affordable housing investments, including CDBG, HOME, the Native American Block Grant program, and other critical programs in disinvested places.** We also believe it is critical for the federal government to create interagency investments with EPA and DOT to ensure all resources are fully leveraged to create health equity outcomes, healthy communities of opportunity, and climate resilient places. Finally, all housing infrastructure investments going forward must include Increased funding for community-driven, long-term planning that also supports **anti-displacement protections and builds climate resilience.**

Ending Discrimination in the Housing Market

I also want to urge the Congress to **pass a national Tenants' Bill of Rights** with just cause eviction protections, a right to organize, a right to counsel. This new Bill of Rights would end ongoing discrimination in housing by enshrining a source-of-income non-discrimination requirement; fair chance housing; and protections for undocumented and mixed-status households as well as people living with disabilities.

And I'm heartened to see the Biden administration's [commitment](#) to **strengthen the AFFH rule** after the previous administration's inexcusable attack on non-discrimination protections in our nation's housing laws. AFFH is a critical tool to ensure every HUD grant jurisdiction conducts a fair housing analysis and directs federal investments to improve high-poverty neighborhoods and ensure that low-income renters of color can live in neighborhoods with good schools, clean air, transit and other critical ingredients of economic success, health, and well-being.

parents pay their rent, domestic violence survivors who may be receiving housing assistance, or anyone else who has another institution or individual paying their rent. These laws are particularly important for voucher holders in communities with high housing costs where landlords are less likely to rent to voucher holders.

⁹ If rent control were adopted nationwide, 42 million households could be stabilized. For more information, see: "Our Homes, Our Future: How Rent Control Can Build Stable, Healthy Communities," <https://www.policylink.org/resources-tools/our-homes-our-future>.

Financial Infrastructure Priorities to Ensure Opportunity Is Not Random in America

As I noted, along with PolicyLink's Founder in Residence, Angela Glover Blackwell, in a *New York Times* [piece](#) last summer: banks have been underwriters of American racism – no industry has played a bigger or more enduring role in Black oppression, exploitation, and exclusion. That is why our community is so wary of the many statements and gestures that financial institutions made last summer in the wake of Mr. Floyd's murder. **Banks themselves have real work to do in the months and years ahead to make their newfound stated commitment to racial justice real.** And the Congress has an important role to play in **reshaping our financial institutions to be community serving.**

Congress can start by working to curb Wall Street discrimination and speculation.

Banks and financial institutions continue to undervalue Black-owned property, steer people of color into predatory financial products, and deny loans to people of color. This kind of **de facto redlining** leads to dramatic undervaluation, underinvestments, and underbanking in Black and Brown communities. Private equity companies flush with investor funds have bought up homes in low-income communities, seeking to profit from eviction, displacement, and gentrification. This has led to deteriorating conditions and rising housing costs for low-income and working-class tenants who live in multifamily buildings. More robust financial regulations will protect both tenants and homebuyers by limiting the role that private equity can play. In particular:

- Enforce stronger regulation, including transparency and fair taxation, of real-estate development and investment corporations.
- Provide funding and policy preference for nonprofit and cooperative ownership, community land trusts, and other models that facilitate public and resident ownership.
- Limit the ability of banks to offer loans on property purchases that would require significant rent increases in order to meet mortgage obligations.¹⁰

Another critical way to strengthen our nation's financial infrastructure is to **invest substantially more resources in the CDFIs, local credit unions, and business support organizations** that have deep relationships in low-income communities of color and provide crucial financial and technical support to help businesses owned by people of color start and grow. As we invest in housing and infrastructure development, we must ensure that developers and entrepreneurs of color can participate in rebuilding their communities, creating new, good jobs for residents, and scaling their businesses to

¹⁰ For more information on how to advance housing justice and limit the outsized influence of corporate landlords, see the Housing Justice National Platform, supported by a nationwide movement of tenants, homeowners, and their allies: <https://www.housingjusticeplatform.org/our-platform>.

shrink the racial wealth gap. Congress should also consider new programs and incentives to support the development of worker-owned cooperatives in communities of color. In addition to expanding workers' voice and ownership, worker-owned cooperatives tend to be more productive, pay better wages, offer longer-term employment that lasts through shocks to the economy, provide greater career mobility, and keep profits in the community.¹¹

Finally, to invest in our financial infrastructure, which includes both our physical and care infrastructure in the most disinvested communities, **Congress should enact a Federal Job Guarantee** with permanent public financing that expands and contracts based on need and would ensure that everyone has access to family-supporting jobs. I want to particularly acknowledge and thank Representative Pressley for her leadership in introducing a resolution to accomplish this,¹² which PolicyLink was proud to work in partnership with her office to advance. A Federal Job Guarantee would act as an automatic stabilizer, maintaining stable employment and income during downturns, thus making our economy more resilient as well as more equitable. This guarantee is crucial to build an equitable economy and deliver on essential community infrastructure needs.

Conclusion

I want to take this opportunity to thank you, Chairwoman Waters, and the other members of this committee who have demonstrated such a strong commitment to centering racial equity in the unfolding debate around the nation's infrastructure needs. I also want to make PolicyLink available as a resource to you moving forward. [The National Equity Atlas](#), produced by PolicyLink and the USC Equity Research Institute, is America's most detailed report card on racial and economic equity. Our database includes unique, deeply disaggregated data by race, gender, nativity, ancestry, and more – for the largest 100 cities, largest 150 regions, all 50 states, and the United States as a whole. We use it to equip movement leaders and policymakers with actionable data and strategies to advance racial equity and shared prosperity. We are happy to work with the Congress to provide detailed analyses to support your racial equity work.

American democracy is a perpetual work in progress – it is never guaranteed. 2020 laid bare the structural failures of a nation that was never designed to work for everyone, mostly due to the toxic and compounding forces of racism. Now, we have a

¹¹ See the Democracy at Work report, *How Economic Democracy Impacts Workers, Firms, and Communities*

<https://institute.coop/resources/how-economic-democracy-impacts-workers-firms-and-communities>.

¹² H.Res.145 - Recognizing the duty of the Federal Government to create a Federal job guarantee.

<https://www.congress.gov/bill/117th-congress/house-resolution/145/cosponsors?r=18&s=3&searchResultViewType=expanded>.

once-in-a-lifetime opening for structural transformation, and to finally achieve just and fair inclusion into a society in which all can participate, prosper, and reach their full potential.

Our nation is at a crossroads. If we do not invest in housing and financial infrastructure, we will forfeit the opportunity to significantly improve the social and economic outcomes for the 100 million Americans struggling to make ends meet, and for the future generations who depend on us making the right choice. An equitable, prosperous nation for all will only be achieved when our actions are commensurate with the scale of the challenge.

This is our moment to not only Win on Equity but to ensure that in America, opportunity is not random. We must redesign oppressive systems, especially in housing, to create an America that serves all people, starting with people of color. This is the greatest challenge of and highest priority for the racial equity movement – we owe it to our ancestors, each other, and future generations. This is how we deliver on the promise of a multiracial democracy.

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