



**The Brookings Institution
Reimagine Rural podcast**

**“The audacious goal of building 10,000 affordable homes in
California’s Coachella Valley”**

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Guests:

DAVID LIPSETZ, President and CEO, Housing Assistance Council
PAUL MAJOR, Manager, Rural Homes
KENNY RODGERS, Deputy Market Director, Low Income Investment Fund,
Lift to Rise
HEATHER VAIKONA, President and CEO, Lift to Rise
ANNA LISA VARGAS, Lead Organizer, Communities for a New California
Education Fund and Chair, Lift to Rise Resident Leadership Table
MIKE WALSH, Assistant Director, Housing and Workforce Solutions,
Riverside County, California

Host:

TONY PIPA
Senior Fellow
Center for Sustainable Development, Global Economy and Development
The Brookings Institution

Episode Summary:

Rural America is facing a national affordable housing crisis, and nearly half of rural renters are rent-burdened. With the unique characteristics and challenges of housing in rural America, but also with policy solutions that are often designed for urban and suburban communities, rural communities are pursuing innovations in collaboration, financing, and construction to meet their residents’ needs. In this episode, Tony Pipa visits Coachella Valley in Riverside County, California, to learn about an ambitious collaboration that is on track to increase affordable housing production in the region by more than twenty-five times, and also talks with a housing developer in rural Colorado who is creating new housing for the local rural workforce.

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VAIKONA: And so, it was at that point that we began to work with the Center for Community Investment and set with a lot of support set a goal to radically increase housing supply by 10,000 units over 10 years. So, we set that goal in 2018. Between 2010 and 2018, the Coachella Valley produced an average of 38 units of affordable housing per year. Right now, there's more than 1,600 units of affordable housing under production, and we've ramped up to past 1,000 units per year.

TONY PIPA: Okay, so that's Heather Vaikona, the CEO of local nonprofit called Lift to Rise, describing a collective effort in the Coachella Valley of California to take on one of the most pressing challenges in rural America today: the lack of affordable housing, with an ambition that I just have to call a BHAG: a big, hairy, audacious goal. It's a term that Jim Collins, who's famous for chronicling what makes great companies tick, popularized with his co-author Jerry Porras in their 1994 book *Built to Last*. And yes, I'm that old. It's meant to describe a bold, visionary, and maybe even a little crazy long-term goal that is so compelling it inspires sustained action across even the largest organizations.

Think about it: building 10,000 affordable units in 10 years throughout a region that has some of the deepest rural poverty in the state, and where there had been an average of 38 units built per year in the previous decade. That sounds a little crazy, right? Isn't that the very definition of a BHAG? And it's working. They are on pace to produce 1,000 units per year.

In this episode of *Reimagine Rural*, we'll dive more deeply into one of the most under-reported stories in the U.S.—the rural housing crisis—and learn more about this successful collective effort in the Coachella Valley, as well as innovative workforce housing in rural Colorado.

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I'm Tony Pipa, a senior fellow in the Center for Sustainable Development at the Brookings Institution, and your host for *Reimagine Rural*, the podcast where I visit rural places experiencing change, get the story from local residents and leaders, and explore the implications and intersections with public policy.

Like many places in a rural setting, the Coachella Valley is full of natural beauty. As Heather describes it to me, it sits in a sort of triangle among the cultural mecca of Los Angeles, the beach cities of southern California, and the desert.

VAIKONA: So, one thing for all of us that live here is and folks who visit here is the Coachella Valley is an absolutely beautiful place. The mountains, the sun, the sense of space. And I think the climate for part of the year is absolutely beautiful, so it attracts people from around the world.

PIPA: Kenny Rodgers, who is the fund manager for the We Lift Catalyst Fund that helps finance some of these housing projects, agrees and points out that such beauty creates a bit of a double-edged sword.

[3:29]

RODGERS: It's magical.

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What I really love about the Coachella Valley is the 360 mountain views. You can't turn without seeing a view of the mountains. And it's obviously a valley, but you think about the stories of people overcoming obstacles by climbing mountains and it resonates with some of the world that's around us, right?

It's kind of the best of both worlds. You get to see people working really hard to provide for their families. You get to see that hard work that's going in. Many times, folk who are first generation Americans, and they're providing and sending kids off to college. But then you see folk who have a third home here who've benefited from the American dream, and they're really wealthy, and they live well. So, it's kind of a tale of two cities, but there's hope in both aspects of it.

PIPA: The valley is in Riverside County,

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which is one of the largest counties in the entire country, a rectangular land mass that's the size of Connecticut, stretching from Los Angeles all the way east to the Arizona border. Mike Walsh, who is the assistant director of housing and workforce solutions for Riverside County, describes how its size contains just a wide array of people, topography, and economies.

[4:45]

WALSH: It's so diverse with different spaces. Like, on the western side of the county, you have a lot of folks that are commuting into Orange County or to Los Angeles. In the southwest area of Temecula, you have folks that may be commuting into San Diego. But you also have a lot of now growing warehouses and that like sort of logistics sector that's really prevalent in around in the western part of the county.

As you move farther east in the Coachella Valley specifically, you have an economy that's largely driven by like two sectors, like both the close to \$775 million agricultural sector, as well as the hospitality service industry for that helps fuel place things like Coachella Fest and Stagecoach. And what was formerly the Bob Hope Golf Classic, and the Palm Springs, and La Quinta, and these sort of areas that oftentimes is uber wealthy.

But what's moving in that entire economy underneath it is like a lot of hardworking folks that don't get paid a lot. And so, those folks are living oftentimes on the fringes and less expensive communities such as Desert Hot Springs or Coachella and the far east like Mecca, Oasis, North Shore, Thermal.

And so, it's a such a diversity of economies and also a diversity of needs.

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What's needed in the western part of the county is different from the east and sometimes it's difficult in this idea of size and scope.

PIPA: That diversity also includes many small rural communities that are often isolated beyond the fringes of very wealthy places that have some of the finest amenities in the world. And those other places, like many smaller places across the country, are built on a web of locally led businesses, civic spaces, and a local workforce. Here's Kenny Rodgers.

[6:41]

RODGERS: When I think about rural communities here—Mecca and Thermal, North Shore, and even by definition Desert Hot Springs still—those are cities you go to and there's a mom-and-pop store, maybe still a hardware store nearby. Quite often there's a farmworker house near you if it's not your own.

PIPA: They're places built on shared relationships and a shared community identity. Anna Lisa Vargas, who is chair of the Lift to Rise Resident Leadership Table, describes what it was like to grow up in one of these towns.

[7:17]

VARGAS: So, I grew up in the eastern Coachella Valley in a small rural agricultural community of Thermal. And I grew up in a mobile home. I'm the oldest of five children. I had wonderful parents, wonderful upbringing. My family wasn't perfect, but I would say that they instilled very important values. I think that everything that I've learned, and who I've become, and the advocate comes from the place I come from, the community, essentially the social community, the bonds that were forged in my early childhood.

And I would say also the concept of *tequio*, which is an indigenous concept in Mexico, which refers to giving back to the community or a sense of responsibility, a shared responsibility.

So, I think that early on was very cultivated very strongly, particularly by my grandmother and then my mother. And then it just became stronger and stronger as I've become an adult.

So, I would say it's my community. It's the people, their essence, it reminds me of the land and my ancestry, my heritage, and my traditions that we hope to preserve and continue through us, right? through what we do.

PIPA: At the same time, the economic differences can be vast. At the very heart of that difference is the ability—or should I say inability—of many of the area's residents and families to live in housing that is both viable and affordable for them.

[9:00]

VAIKONA: An academic said at some conference that I was at that wherever you have ghettos of the super-rich, you also have ghettos of the super poor. And I think that's one of the fascinating things about the Coachella Valley is that folks talk about it passively, like, oh, there's this juxtaposition of tremendous wealth and tremendous poverty, like in some ways it is analogous to the weather or something that we don't control or that there's not a relationship. When in fact, the beautiful, as you said, luxurious, world-renowned hospitality economy here is really predicated and built on

the backs of and the labor of low-income people of color who aren't paid enough for their hard labor to stay housed or to feed their children.

And that's true of the Coachella Valley. And it's true of so much of America. And it's a thing that you have to scrub a little bit underneath the surface to see. That there are jurisdictions within our regional catchment, like the city of Indian Wells that I believe is the second wealthiest city per capita in the state of California, second home to many billionaires. You don't have to drive many miles down our same thoroughfare, Highway 111, to get to not dozens but hundreds of mobile home parks that have arsenic in the water, that are full of folks who to get from one side of the valley to the other have to ride a bus for three hours.

PIPA: Mike Walsh fills in Heather's picture with some hard data.

[10:36]

WALSH: We know that roughly two-thirds of renters in the Coachella Valley are rent burdened.

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And for severely rent burdened households, for the extremely low-income folks, that's like close to 80 percent of extremely low-income families are rent burdened in the county. And the places, those high amenity locations that are hosting the big tennis tournaments, they're hosting the big concerts, and those sort of things that are driving those sort of places, the housing that's being built within those sort of spaces are often times ... they're not affordable. Often times they aren't affordable to working class families.

And so, you see folks doubling up in terms of housing, but also people moving out to the fringes and tombs of the really rural places, where living in locations where there's not potable water, where there's the electricity service doesn't work as well as it needs to, that when it rains it floods, when there's high wind storms the power goes out. And so, that's what pushes folks off to trying to find places where they can actually afford to live.

PIPA: Anna Lisa Vargas's own personal situation puts this immediately into a human context.

[11:53]

VARGAS: Well, I think that ... first of all, I can't afford a house. I can't afford to pay rent even. I can't afford to buy a home for my or a condo for even my small child and myself. And I'm somebody that works full time, is college educated. That is the case for a lot of my family and friends that also have been outpriced of their neighborhoods.

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Growing up in this community, I've experienced what it is to not have if the electricity went out where I lived, we wouldn't have water because we were on a well. In the summers when it was really hot—this was a long time ago, it's hotter now—we

wouldn't get relief because it was like a swamp cooler. I'm sure now that mobile homes have air conditioning units, but they're also made of material that is not the best in the heat.

PIPA: While Anna Lisa is describing the reality for many families, as Heather Vaikona says, Lift to Rise and its partners didn't arrive at their goal immediately, or even zero in on housing as the central pillar.

[13:04]

VAIKONA: It took us three years to get at realizing that the actual thing we needed to do was to radically increase the supply of housing in order to reduce rent burden, because at first we did a lot of—we're a results-driven collaborative—so at first we did a lot of like, listen to community residents, and they'd say, Well, my utilities are high. So, we would try to do utility interventions. Or they would say, I don't have access to a bank, and we would unpack that and recognize actually that's an issue around immigration status. And so, we started to do work there.

And then I think it was 2017 that we had this sort of aha, we were like, Wait, we have 10 jurisdictions that are not aligned around the leveraging or use of their resource and policy to actually produce more housing. But it started really with a recognition that we could see the symptoms of the affordability crisis, and then we found—it's not the only pathway and the only lever—but we found that if we pursued a path to radically increase housing supply we could ease that stress.

PIPA: As Lift to Rise started to have conversations with Riverside County and other jurisdictions, together they looked at the data and realized that doing a project here or there wouldn't be enough.

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They wanted to make a real dent in the housing problem. And that meant going big.

[14:27]

VAIKONA: We set a goal that we would radically increase housing supply by 10,000 units, that we wanted to reduce rent burden at a population level by 30 percent, and that we wanted a future where all families were healthy, stable, and thriving. That's the umbrella that we've stuck under. And that's the thing that has drawn us back to each other when conflict is high. Is that we've had to remind ourselves that we're not here because we like each other or because we want to be best friends. But because we believe this is the work that we need to be aligned in to contribute to moving the work forward.

PIPA: That BHAG created a sort of glue for these partners—Lift to Rise, Riverside County, all the cities within the county. But it didn't magically make it all easy. There was often conflict among the partners that took tons of hard work to overcome. And there was a whole lot to learn, and whole lot of convincing of others.

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But along with that BHAG came a mindset that their communities were worth it, that they had to be bold, and that provided a bit of chutzpah.

[15:34]

VAIKONA: Dan Nissenbaum, who's the CEO of the Low Income Investment Fund and the lead partner, the lead funding partner, the lead CDFI partner of our fund, the first time that we met about the Low Income Investment Fund potentially being the lead CDFI partner to the Catalyst Fund, he asked me what our fundraising strategy was. And I asked him if he had seen the movie *Romy and Michelle*. And everyone including Mike in the room looked really horrified. And to be honest I've only seen the clips about the Post-it notes. And he said, actually yes, I've seen *Romy and Michelle*, and I said, well, we invented Post-it notes. And there's that part of *Romy and Michelle* where she's at a high school reunion and she's having a hard time and trying to prove herself, and so, she tells everybody that she invented Post-it notes. And then she had a really compelling story of how she invented the Post-it notes.

PIPA: Over and over on the podcast we hear about the impact of this kind of attitude. Our very first episode this season we heard the group in Kansas name their partnership "A Bolder Humboldt." The Coachella Valley partners, well, they're kindred spirits. Heather tells me about the first time that she and Mike Walsh went to Sacramento to meet with Fiona Ma, who's the treasurer for the state of California, about the package of financing tools they might need, something that in the housing development business is often called a "capital stack."

[17:00]

VAIKONA: And I think that our capital stack looks like a cake, and also Robin Hackey and Nancy Andrews, that was the former CEO of the Low Income Investment Fund, who taught us everything we know, they taught us that capital stacks were essentially cakes. And so, I told Mike, I said, we should take a cake with us to the treasurer's office. And Mike was like, that's insane. We cannot take a cake to the treasurer's office. And as she went through our slide deck—this is a true story and you can verify it on the internet—as she went through our slide deck, she got to the capital stack and she said, oh my gosh, I get it, with no prompting at all. She said, oh my gosh, I get it.

[music]

What you're trying to do is put all of your ingredients together. Instead of fighting for crumbs, you're trying to bake a cake, so everyone gets a slice. And it was Mike and I and Nancy Andrews, the former CEO of the Low Income Investment Fund, and it wasn't one of those serendipitous moments. And Nancy said, Heather, get the cake out of your bag. And I said, I actually brought a cake. And the treasurer said, no, you did not. And I said, yes, I have a cake. And I got the cake out of my bag. And then she sliced the cake, and everyone had a slice, and she wrote an op-ed in *Cal Matters* called the "Coachella Valley's trying to bake a cake" so that everyone can have a slice.

And it was that sort of sense of like again, I know this sounds very Mary Poppins and kind of out there, but we had no idea what we were doing, and we just followed the cues in front of us.

PIPA: The ambitious target that drives the Coachella Valley effort is reflective of the depth and breadth of its housing shortage. And a little later we will learn more about the ingredients of success that drive this collaborative. But first, given the wealth in the Coachella Valley and what people presume that might mean for real estate values, it's too easy to fall into the trap of thinking that this region a special case.

The housing crisis is everywhere in rural America, and it's threatening the very underpinnings of efforts that many rural communities are undertaking to thrive. For another perspective, I talked to Paul Major, the former CEO of a local community foundation in Colorado who's now heading up a new venture to develop workforce housing in three rural towns in the southwest of the state.

[19:24]

MAJOR: So, if you look across the landscape in rural particularly, where I am in rural Colorado, they're facing the same challenge as resort communities or urban communities: a lack of affordable housing. This becomes an acute problem for rural communities because you can't house teachers, you can't hire firefighters, deputy sheriffs, town managers. So, it's not just some issue about, oh, I can't live where I want to, I want to live in downtown Denver or Colorado Springs. It undermines the fundamentals of a functioning rural community when you can't have a science teacher. You can't have enough public safety, EMS.

So, housing affordability is as big a crisis as it is in any other location in rural communities.

PIPA: Paul described for me some of the dynamics behind the housing crisis where he is. One challenge is the limited housing stock itself.

MAJOR: So, you've got a lot, in rural communities you've got a lot of housing stock that is basically going out. It is old, dilapidated, and frankly not worth buying and rehabbing. So, you've got that phenomena, which is very different than resort communities or urban communities.

PIPA: But that's not the only issue. Access to construction companies and tradespeople is also a challenge.

MAJOR: Too is you've just got both the material and a capacity, and a labor disconnect. So, we've got a shrinking construction labor market. So, for every individual entering the trades, the construction trades, we have five leaving, so we have an aging population in the trades. Therefore, the trades are focused on where's the highest density. So, they're going to be doing projects in higher density places. They're don't want to drive two hours each way to get to Norwood to do a project that's a low margin. Why not drive to a resort community and do it at 10x the margin, unlimited budgets?

So, there's a whole labor material and construction capacity issue that affects rural. You can't find a plumber in rural because those plumbers either don't exist because there's not enough business there, or they're doing all of their business in a neighboring higher end, higher margin community.

PIPA: Construction costs themselves are an issue, and it's not just a rural issue. Construction is one industry where productivity has been relatively flat for a long time. Paul describes what that means.

MAJOR: If you look at across the economy, we've had steady either exponential or at least linear production growth in almost every sector. So, healthcare, oil and gas, technology, doesn't matter what the sector is.

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Every sector is, their productivity is going up. Construction has been completely flat for 40 to 50 to 60 years. So, you're talking about one sector that is completely flat on productivity while labor and material costs have gone up seven times in construction.

PIPA: From an economist's point of view, this is a bad combination. When productivity goes up, you're producing more at the same cost. That's a good thing. But in housing construction, productivity has been flat, while costs have increased seven-fold over the half century.

But even with these trends—the difficulty of getting construction companies and labor to rural places, the rising construction costs—aren't rural places less expensive, and thus more affordable to live in? I turned to David Lipsetz, the president and CEO of the Housing Assistance Council, the leading national organization focused on improving housing conditions for the rural poor, for some context on rural housing nationwide.

[23:42]

LIPSETZ: Affordability is often thought of as an issue that's faced in suburban and urban America, and it is. It's extraordinarily expensive to afford a home. And most urban and suburban folks think that, that it's only a suburban and urban phenomenon, and they probably think that on the day where they get their paycheck from their employer based on an urban wage. And they look and they say, Wow, that's big. It doesn't cover my housing. But boy, if I got this wage and I moved to a rural place, I'd be able to afford a tremendous amount of housing.

The flaw in that logic, of course, is that if you live in a rural place your income is going to be far lower because wages are paid at a far lesser rate. And so, affordability depends on how much you bring in and how much you send out. And both of those are a real challenge in rural places right now.

PIPA: We heard Mike Walsh say earlier saying that a high proportion of the people who live in the Coachella Valley are rent burdened. Well, that tracks with trends being experienced in rural places nationwide.

[24:50]

LIPSETZ: Forty-four percent of rural renters are cost burdened. I mean, we're nearing half, right? If you rent an apartment in a rural place, you're likely to have an income that half of it goes to your rent. Regardless what that urban and suburban folk think about the cost of that rent in a small town, that's what your income gets you.

What money does that leave you for your car, or your medicine, or your food, or your kids? Not nearly enough and so with nearly half of rural renters paying over 50 percent of their monthly income, that's crisis level.

PIPA: David emphasizes to me that the labor difficulties that Paul Major described in Colorado are now common in rural places all over the country.

LIPSETZ: But the workforce that it requires to build a modern house doesn't exist in the same manner. If you need a licensed plumber, or if you're purchasing the home and you need a licensed appraiser, and that person doesn't live within 30 miles of you, it's going to be a heck of a big struggle to get them over.

PIPA: And the housing supply affects different types of rural communities in different ways.

[26:08]

LIPSETZ: So, do we have enough housing stock in rural America? The answer is yes and no. And it depends entirely on the rural location. We often say that if you've been to one rural place, you've been to one rural place.

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And so, there are plenty of rural communities and regions and markets that are thriving, that are extraordinary generators of wealth and opportunity. There are others that are persistently poor in a way that defines what poverty is in this country, that have had 20 percent of their population below the poverty line for 30 or more years. That's unconscionable that we have that and so for those communities it's different, right? than maybe your high amenity or driving place.

In the thriving community, there's not enough housing being built and being built quickly enough. Is it being built for the population who lives there or potentially someone who's making higher wages elsewhere and is going to parachute down in there and get a retirement home? Those kinds of issues affect those markets.

In the lower cost markets, lower wealth markets, there is a quality issue. There are a significant number of Americans living without running water. There are a tremendous number of Americans who don't have access to the infrastructure around them needed to get to a job and to participate in the community.

PIPA: Now, there are all sorts of public policy incentives, regulations, and programs that affect the housing market. We don't have time to get into all of them, but even so, we might get a little wonky here. At the end of the day, here's one important

takeaway: not many of those public policy levers are created specifically with the smaller scale of rural places in mind. Here's David talking about housing programs.

[28:26]

LIPSETZ: Rural America does not benefit evenly from those programs in comparison to urban and suburban places. The default design of those programs, boy, when you, the devil, finding that devil in the details of these programs, is that they were constructed to work on an urban and suburban scale. And that presents a real issue. Very few programs are designed for St. Francis, Arkansas. They're usually San Francisco, California. And when that's true, you in that smaller town are going to have trouble accessing all those programs.

PIPA: David and I talked about one of the flagship programs in the federal government: the Community Development Block Grant program, or CDBG, as it is more commonly called. It's a program overseen by the Department of Housing and Urban Development that gives grants directly to local governments.

[29:23]

LIPSETZ: They're extraordinarily helpful, and I want a whole bunch more of them to land in rural communities. These are block grants. These are monies for community development that the federal government says, here you go, you're local, you know what you need, you know what projects are coming up, what ones need a little boost, what ones need a little help, you know the ones that need a big subsidy because they're essential. to your community.

And communities at, I think it's two-hundred, 250,000 people in their population get that money as a block grant. A check shows up every year. Here's your CDBG money, you know what best to do it with, you know, within these broad confines, go get 'em. But if you're in a smaller community, you don't get to cash the check. That check goes to the governor in this statewide pool. And the governors are, you know, I'm sure they're doing fantastic work with that money. However, they're often doling it out in a way that's far removed from knowledge of local needs. Not as far away as the feds, but certainly far away.

And often, and this is one that really gets me, they're making those communities compete for the dollars. So, they'll invent an amazing statewide program and then all

you rural folks who have the eligibility compete for these dollars. Well, who wins in a competition?

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The community that is most prepared and already has the most assets available to them, that can hire grant writers and have more than a handful of municipal employees. That's who's going to win. Every single time.

PIPA: Policy is just everywhere when it comes to housing. Think, for example, about the tax deduction for mortgage interest.

[31:20]

LIPSETZ: Now, usually when you hear folks complain about public policies and programs and regulations, it's because all these things are being done to help those that the economy is not treating well. Right? But in this case, the mortgage interest deduction, for example, is the nation's largest housing program. Add up all the affordable ones that everyone's heard before—public housing, vouchers, you name it. Add up the money we spend on that as a country and it's less than we provide those who own homes who have a large enough income that they deduct things from their taxes, including the interest they pay on their mortgage. And we sink tens of billions of dollars into that that we don't put elsewhere.

So, who's advantage is it when you're trying to rent or buy? It's the person who gets the huge subsidy.

PIPA: It's complicated, right?

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Get into housing policy, and it starts to make your head hurt. During our conversation, David suggested it would be more advantageous to change the mortgage interest deduction into a tax credit. That way someone wouldn't have to make a large enough salary to benefit. Right now, you have to itemize on your tax return to get the deduction. With a tax credit, you'd get the benefit automatically. But making such a change at the national level? That would likely take a lot of doing.

The long and short of it? There's not going to be one simple way for every community to get at its housing shortage or affordability problem; and making the policy landscape work for you is a complex endeavor.

Paul Major's venture in rural Colorado is chipping away at each of the cost drivers to be able to deliver new housing developments that fit within the character of their communities. They are working with municipalities, hospitals, and private owners to get lower-priced land to build on. They're working with a new modular manufacturer

of housing to lower the cost of production. And they've gotten creative on the financing side.

[33:31]

MAJOR: On the financing we approached the state, and we approached foundations to say we need to eliminate or reduce the cost of financing. That's a material cost to the affordability of a house. If you're using 4 or 5 or 6 percent money over a period of time, that's going to go right to the bottom line of adding more costs to that house and reducing the ability for a teacher to buy it.

So, we assembled upwards of around \$30 million, 50 basis ... half a percentage point of construction financing. So, it gives us a revolving loan fund at very low cost. So, we can build a series of projects. And what we do is we use the construction finance to, to pay for the construction of the house. And then we take out that financing with the sale of the house and some grant subsidies.

PIPA: That's made it possible for them to produce new homes and sell them to the type of workforce he described: teachers, public safety professionals. And they're continuing to get creative.

[34:43]

MAJOR: One of the aspects in this third project is we're building two homes out of 21 that are pre licensed for home-based childcare. And so, we're really excited about that model for rural. When a new housing development is thought about in a rural community, make sure some of the houses are licensed ready for home-based providers to buy. So, they've got a little entrepreneurial business going.

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Plus, they're providing childcare to the region or to that neighborhood. And they they're making money. So, it's another aspect when you think about housing, you don't want to just get stuck in a lane. There's, housing becomes just such a vehicle to, to attack a lot of the issues in a rural community.

We're not trying to solve all affordable housing. We're trying to create a lane where we can build affordable housing for the workforce in rural Colorado. Small scale projects. And this could be repeated over and over again and scaled, whether it's 10 homes in Paonia, Colorado, or 20 homes in La Junta, we need to have a system that could be repeated over and over again, provides super high quality generational homes but people can afford them with their local salaries.

PIPA: Now, before we leave the conversation about policy, I think it's important to point out that there is one big policy lever that was designed with rural in mind and it's working pretty well. It came up in two of my conversations 3,000 miles apart.

[36:20]

LIPSETZ: You can go into the U.S. Department of Agriculture office and walk out with a mortgage for a single-family house that is at 1 percent interest and 103 percent of the loan. You needed to borrow \$100,000? There's going to be some fees

and other things attached to that. It's probably going to end up being \$103,000. Great! No down payment. Full approach to that mortgage, to covering the cost, and you can do it if your credit score is even down in the 600s.

You know what the best part about that is? When you're bringing in folks who maybe don't have a down payment, because they don't have that family wealth.

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And maybe their credit score is bumpy because, frankly, when you're poor and you have one little health episode or one little car fender bender, your finances are going to get hurt, right? And you're going to end up with a poor credit score. You bring those folks in—they pay their mortgages. The delinquency and default rates on this set of USDA mortgages is way below market rate mortgages. People in these situations pay their bills. I love it. And because of that, it's made the program really inexpensive for the federal government to run.

Extraordinary value, opportunity here. Great program, and you can only do it in a rural place. It's called the 502 Direct Mortgage. There's also a 502 Guarantee, a little more complex structure, but without going deep in the details here, that program actually makes money for the federal government.

PIPA: And here's Mike Walsh from Riverside County.

[38:08]

WALSH: But one interesting piece I would want to highlight is the city of Coachella has a median income that's about 50% of the state's level, like \$33,000 or so a year, but it has a home ownership rate of close to 70%. And is a 98% Latino population with extremely low incomes. Really just a working-class community. Historically farm worker, but now growing like service sector jobs as well.

And I've always like, well, why is that? And if I look back, the only thing I can really point to is the United States Department of Agriculture or Rural Development's 502 loans that would offer families an interest rate as low as 1% with a term of up to 38 years. And you had developers like Coachella Valley Housing Coalition and others that were building homes through the Mutual Self Help Program that USDA offers, the 523 program, there are built close to a thousand homes, just CVHC did, and then other developers also took advantage of this.

This allowed Coachella to have such a high home ownership rate and allowed people to be anchored in place.

PIPA: So, there is housing policy that's working for rural places. It might not fit everyone, but there are things that are working that can be scaled up.

And back to Coachella Valley—that's the approach they're taking: to scale up. Their smaller jurisdictions and housing issues cover a large swath of territory with many municipalities among them. Scaling up feels right because they feel the urgency to make a big dent all at once in the problem. Mike and I walked together outside the

Oasis Mobile Park, a bustling, crowded spot where many workers live in substandard housing on top of naturally occurring arsenic in the water.

[40:03]

WALSH: Yeah, so this is a roughly 350 total space park. Around 220 spaces are currently occupied. It sits on a combination of tribal ground as well as unincorporated county ground. And so, right now, it's a park that's currently under an EPA injunction for, due to the quality of the water there. It has high levels of arsenic in the water and contaminants. Poor sewage a number of other sort of pieces.

We as a county are now working to relocate families out of the park and to help facilitate the closure of the park altogether. And so, we're trying to move, like, it's all the manufactured housing units and we're trying to take families out of, out of here and move them into other permanent mobile home parks, into other permanent parks throughout the area.

This, this is a largely agricultural community, so the majority of folks here are farm workers. But you also have folks in the service industry. We had someone come to one of our recent board meetings and a woman actually worked at Bighorn Country Club, one of the wealthiest country clubs in the country. Bill Gates has a house there. And so, she she drives all the way out from here all the way into Palm Desert for to work. But you like you have a heavy agricultural economy, like people who work as farm workers, picking grapes, lemons, and a whole bunch of other different things.

PIPA: I mean, it's just so stark. I mean, we're, I don't know, 20, 30 minutes from lots of investment and wealth and—

WALSH: —million-dollar, million-dollar country club homes.

PIPA: Yeah, million-dollar country club homes.

WALSH: PGA West is literally maybe it extends all the way out to Avenue 62. We're on 70, so we're about about eight miles away.

PIPA: Wow. And so, it also feels very remote. Like, it feels very far out, like, when we're, when we're here.

WALSH: No, and it's, it, it, when you're out, like, out, like, all the way here, it's like, it's like, it, you're definitely, like, it's a it's an isolated, like, island of, like, within the space, and so. And the reason why it's, like, like this is, like, like, it's isolated, so remote, and because, like, folks are coming here being pushed to the margins for a variety of different reasons and basically like that do you stay off like the radar of immigration officials and other sort of issues that come out here to try and escape.

PIPA: It was situations like this, and the numbers themselves, that made it obvious that doing 40 or even 50 units a year wasn't going to make much headway on the problem. And so, Lift to Rise and county officials started participating in the Connect Capital Program run by the Center for Community Investment, a national organization that helps community stakeholders put together and apply capital on large scale projects. Together they started exploring what it would take to up their

production to address 30% of the need, which would be roughly 10,000 units. Mike describes his initial skepticism.

[43:14]

WALSH: I would throw out that I was probably one of the initial people that was suspect about this idea. I don't necessarily understand what's going forward because I thought, like, and I told this to the good folks at the Center for Community Investment, when you said, "connect capital," I thought you guys had the money. So, I thought like we're going to have this like level thing and then you would give us the money. It was a two-year program. It took me about a year to realize that they didn't have the money, that they were showing us how to build a system to draw down resources at scale.

PIPA: That quote, unquote "system" that Mike describes meant bringing a lot of people together to look at the problem from a regional perspective.

WALSH: So, there's nine cities in the Coachella Valley plus the county. And then there's a host of tribal governments and everything in between. So, it's very much like herding cats. Even though it's nine jurisdictions, they're pretty all close to one another. Everyone talks. And there's the interpersonal dynamics that's in place everywhere. And so, we brought all of these different groups together.

PIPA: With all the jurisdictions and Lift to Rise working together, they could get a holistic view both of the problem and all the plans for new housing that different developers and jurisdictions were pursuing.

WALSH: And then we started the process of inventorying all the potential affordable housing projects in the Coachella Valley. Like, what's actually happening in the ecosystem from small mobile home parks that were being built for farm workers to large multifamily housing projects and everything in between. And started like putting them down on paper.

[music]

And by inventorying as a regional pipeline, we were able to start seeing where like larger level gaps are happening at the state level, what's needed for some of these affordable housing projects actually move forward. And then it says like, okay, you know what, we're going to go after and pull down money from the state and other resources that create a Coachella Valley Catalyst Fund that will spur affordable housing throughout the entire region. And so, we were able to get \$15 million from the state, the county put in \$2 million locally, and going after additional grants, but all of those dollars are matched one-for-one from community development financial institutions like the Low Income Investment Fund or Rural Community Assistance Corporation.

And now we've used this now, like how can we not just do it in Coachella Valley, but how we can push it also countywide, is use the same sort of strategy of creating pipelines to demonstrate to other parts of the county and other parts of leadership, like how, these are all the projects that are in your different districts, like how can we

like pull down other level of investments to make other sort of really catalytic level developments.

PIPA: So, the BHAG of 10,000 units in 10 years provided the impetus, and by aggregating the development pipeline, it created an opportunity for the group to leverage larger investments and bring on different partners. So, this seems like just another example of the civic collaboration that we often hear on the podcast that lies at the heart of positive change in rural communities. I mean, it's almost a cliché now: "better together." Easy, right? Well ... effective, maybe. But as Heather Vaikona admits, it was never easy.

[46:39]

VAIKONA: A question that we get asked a lot is how did we get people to the table, and how did we keep them at the table, and what has sustained us over time? And the truth is that we would be lying to say that it was in any way pretty. It's been full of lots of relationship breakdown and trial and error and a lot, I would say, a lot of really courageous personal leadership development to enable us to figure out how to work together. What does it mean to be able to work together? What are the things that I have to recognize in my person, in my role, and in the system? And I cannot underestimate, I cannot overestimate the impact that that's had on us.

PIPA: Heather and Mike serve as co-leads for this collaborative effort, but they come from two very different institutions and contexts. It required time and commitment to work through those differences.

VAIKONA: And I say it every time we talk about the work, and my dear colleague Mike Walsh will always cringe—he's the leader of our Housing Collaborative Action Network. But the two of us were the main leads on the work to start, and we still work very closely together every single day. And we hated each other. We absolutely hated each other to start.

What was actually really happening was that he was in a big system. He still is. That a county institution. And me, Heather, I work in a little nonprofit. and trying to forge an agenda together and there is a power dynamic there. And there's also a lot of competing commitments because while you're trying to collaborate everybody also has a bottom line. And things that they need to accomplish in their own organizations.

And Mike and I—and I tell this story a lot and he cringes, and he will cringe listening to it—but we once got stuck together in an airport. Essentially, we got stuck at Starbucks, and I asked him why he was such a jerk to me. And he said, listen, these are the pressures that we are feeling internally. And I know, like, you are feeling these things and we're coming at each other instead of working with each other, and we have to figure out how to get over that. But it was a lot of conflict to that point. And honestly, I don't remember a day after that that we didn't figure out how to work together. But it took years to get to naming and surfacing the competing commitments and the conflicts.

So, in all of this, I think what you're hearing me say is that we have established trust, and that with trust and a clear result that you're trying to work towards, I think almost

anything is possible, but I think the fundamental thing is that we've built trust with each other. We've built trust in the work.

PIPA: And building that trust is important not just between the collaborating partners. It has been just as important to build trust with the residents being served. And that goes beyond community engagement.

[music]

Lift to Rise is building what they call a leadership table, where those local residents participate and are integrally involved in the efforts to get housing projects underway. Anna Lisa Vargas describes what that means.

[49:48]

VARGAS: My hope for the Leadership Table is my hope for the communities. It's for each individual, right, is to connect to your power to your individual power. Because once you do that, you're able to really understand how you play a role. And until then, you don't really know, like, you don't understand that responsibility you have.

So, that is my hope is that the Leadership Table at just some at some point will become its self-sustainable entity. That the community residents are the ones like, hey, let me look at that pipeline. There's a project coming up in Cathedral City. Do we have leaders? Yep, we have. Here's the list of leaders. Let's contact them. Let's see if they're ready to have a meeting so they can prep for this upcoming agenda item or outreach or whatever it is, educating the folks about these opportunities and projects.

PIPA: This is important, because as David Lipsetz suggested earlier, this collaboration feels acutely the challenge of ensuring state and federal policies work for *rural* communities. Mike Walsh describes the reality.

[50:58]

WALSH: But what we continually have to do, I think a lot of us that have done work in rural places or inland California, like the rural rules related to big money that come from the state and other sort of locations don't always favor inland California rural places, that is not truly like a meritocracy. It's basically that in rural spaces you oftentimes have to do the triple salchow and follow it up with a triple axel and

everything and stick the landing just to get, like, a score that's half as good of what a project may be in an urban setting.

[music]

And because we like where we may only have of one or two elected officials where Los Angeles has a quarter of the state assembly.

PIPA: Heather Vaikona agrees and explains that it's a dynamic that carries through from the state to the federal government. And it's given the group the courage to be a bit fearless.

[51:59]

VAIKONA: The policy challenge is that the rules and regulations that are written for things like housing in California are written by and for metro and coastal area populations. So, I think one of the interesting things is that when you're in a rural place the disconnect between federal, state, and local government, especially when you consider if you're at the end of a line, it can be massive. So, the federal government can have a hard time connecting with the state government and then your local municipalities.

And so, one of the things that we've tried to do is build relationship at all levels to kind of breathe oxygen into those relationships and to connect those relationships together.

The other thing is candidly, I think we've been pretty shameless in our pursuit of building relationships and building partnerships. Gavin Newsom, the governor of California allocated \$15 million in last year's state budget for our housing catalyst fund, really because of the advocacy of Assemblymember Eduardo Garcia. But that was after three years of literally mobilizing thousands of residents to barnstorm committee meetings, to ask for phone calls with every elected official, committee member that you could possibly imagine. Folks thought we were crazy when we started asking for \$25 million three and a half years ago. And honestly, we thought we were a little bit crazy too.

PIPA: But as Kenny Rodgers, who manages the Catalyst Fund, explains, it's a craziness that has been effective.

[53:33]

RODGERS: Ten-thousand units and in 10 years when there were less than 40 being generated five years ago or so, that's a big deal, right? You gotta be thinking like, okay, what are these guys, what are they doing? What are they smoking? There's, there's a real thought that it's not a real goal. But the reality is we're tracking to do that, just go ahead and just name that, that they're tracking to actually achieve this.

It seems almost like it's not a big enough goal because we know that there's so much housing needed. But 10,000 is going to go a long way, and we're achieving that goal. We achieve that goal, not just with money, because money can only get us so far, but we achieve it by a couple of measures. So, the Lift to Rise has done a great job of working with the local government to address policy. On a state level,

they've done a good job as well of addressing how we expedite entitlements and move projects through sometimes stagnant pipelines, but we're also educating residents. The resident leadership team, they have residents that they're explaining how housing, affordable housing financing works.

[music]

So, those folk are showing up at the meetings, helping to push housing, so there's the money, there's the people, there's a political will right now on a state and many local levels. We've got cities that aren't as excited about it. But they're motivated when residents show up and they recognize that there's a voting bloc.

PIPA: From Heather Vaikona's perspective, it's fundamental to addressing the extreme inequality in the region.

[55:08]

VAIKONA: I think that because the Coachella Valley is such a beautiful place, it's an easy place to mask that there are so many problems underneath the surface. And actually to mask what is in many ways a dark, complex history of racial segregation and economic exploitation. It's difficult to talk about because this is a fun place to be, it's image driven. So, even elected officials don't necessarily want to talk about it because that can put at risk all kinds of things.

I think a fundamental challenge is that we are a border region less than 100 miles from the border. We are sort of the last thing before Blythe, which is the last city before the Arizona border. I used to live in Hull, in the northeastern part of the UK for several years. And the poet Philip Larkin has a famous poem about what it means to be at the end of the line.

And so, we really are kind of at the end of the line or the end of a frayed rope. And when you're at the end of a frayed rope, and especially in a state like California where this sort of idealism of California's progressive values,

[music]

so many folks will come and say, oh my gosh, like this is California, but really, you're actually a little bit more like rural Alabama or a super disinvested place like Appalachia.

PIPA: But the way their doing it, it's reweaving that frayed rope and creating a new currency: belief. Belief that change can happen. And is happening.

[56:42]

VAIKONA: I think at a real base human level, the biggest thing that I hope, because we live in a really divisive, fractious time, is that folks find their way to each other and find their humanity in each other. And that folks continue to believe, or find their way back to belief, that change is possible. Because when we can find each other and we

can anchor and tether ourselves to belief, that we can actually get to another horizon, I believe absolutely anything is possible.

The name Lift to Rise came from a group of people who said we should just lift a little bit together. And a hard-working eastern Coachella Valley indigenous community member told us that he came to the Coachella Valley, and he works so hard in the fields every day because he believed that the Coachella Valley is a place that when the sun rises, it rises for everyone.

And so, my hope is that we continue to work in that spirit, that we're lifting because we believe in each other, and our shared humanity and we believe that that horizon's for everyone and that we continue to work towards that.

TONY PIPA: Let's be honest, like any big, hairy, audacious goal, 10,000 affordable housing units in ten years will be difficult, uncertain, and it's going to take persistence and time. But from speaking to those involved in Coachella Valley, the risk and the ambition are worth it. It's the basis for that boldness, that belief that the Valley should be uplifting to everyone who lives there. Thanks for sharing in a bit of that journey today.

[music]

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I'm Tony Pipa, and this is *Reimagine Rural*.

"Here," by Philip Larkin.

*Swerving east, from rich industrial shadows
And traffic all night north; swerving through fields
Too thin and thistled to be called meadows,
And now and then a harsh-named halt, that shields
Workmen at dawn; swerving to solitude
Of skies and scarecrows, haystacks, hares and pheasants,*

*And the widening river's slow presence,
The piled gold clouds, the shining gull-marked mud,*

*Gathers to the surprise of a large town:
Here domes and statues, spires and cranes cluster
Beside grain-scattered streets, barge-crowded water,
And residents from raw estates, brought down
The dead straight miles by stealing flat-faced trolleys,
Push through plate-glass swing doors to their desires—
Cheap suits, red kitchen-ware, sharp shoes, iced lollies,
Electric mixers, toasters, washers, driers—*

*A cut-price crowd, urban yet simple, dwelling
Where only salesmen and relations come
Within a terminate and fishy-smelling
Pastoral of ships up streets, the slave museum,
Tattoo-shops, consulates, grim head-scarfed wives;
And out beyond its mortgaged half-build edges
Fast-shadowed wheat-fields, running high as hedges,
Isolate villages where removed lives*

*Loneliness clarifies. Here silence stands
Like heat. Here leaves unnoticed thicken,
Hidden weeds flower, neglected waters quicken,
Luminously-peopled air ascends;
And past the poppies bluish neutral distance
Ends the land suddenly beyond a beach
Of shapes and shingles. Here is unfettered existence:
Facing the sun, untalkative, out of reach.*