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RURAL PEOPLE, POVERTY, AND HOUSING IN THE 21ST CENTURY

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SOCIAL, ECONOMIC, AND HOUSING CONDITIONS IN RURAL AMERICA


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RURAL PEOPLE AND PLACES: THE DEMOGRAPHICS OF RURAL AND SMALL TOWN AMERICA

The people of rural America make up roughly one-fifth of the U.S. population, but are located across 97 percent of the nation's landmass. While rural America remains more racially and ethnically homogenous than the rest of the nation, rapid growth in the Hispanic population continues. With the continuing out-migration of working age residents, rural communities contain larger shares of older residents. These demographic drivers are important bellwethers of housing markets and demand. An older, more mobile, and diverse population will require housing options and solutions currently not available in many rural communities across the nation.

RURAL POPULATION AND POPULATION GROWTH

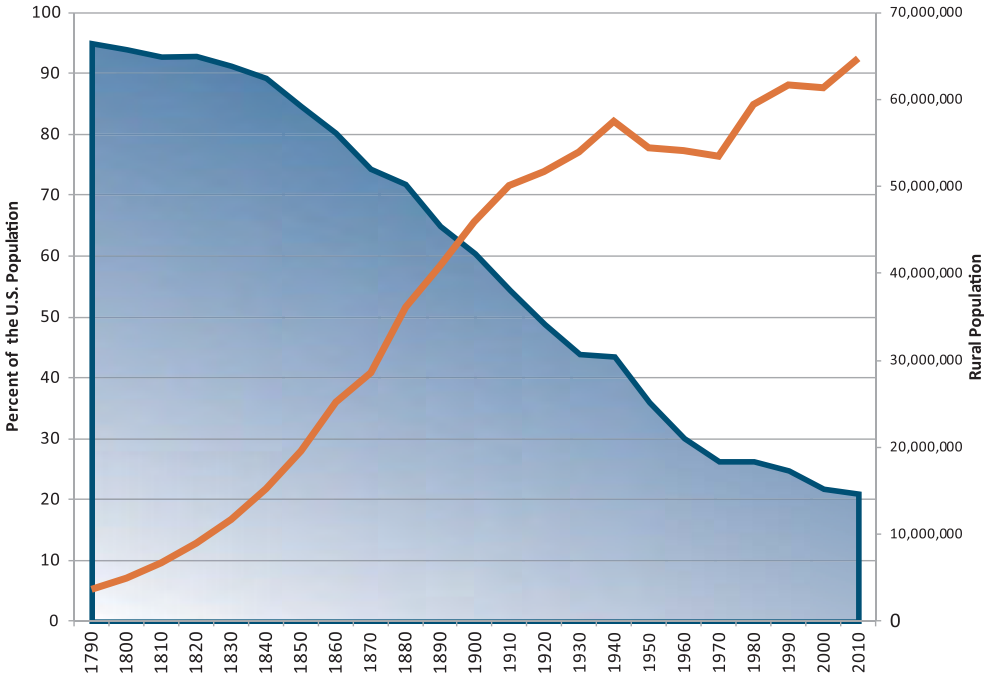
For most of its history the United States has been a predominately rural country. The first U.S. census in 1790 revealed that 95 percent of the newly formed country's population resided in rural areas.[1] Throughout the first century of post-colonial America, the populace remained vastly rural. But in the late 19th century, settlement patterns started to shift radically. The industrial revolution created a more urban-oriented economy. The United States became a predominately urban nation sometime in the 1920s.[2] Since then, the trend towards urbanization has continued unabated.

The 2010 Census counted a population of approximately 308 million people in the United States. Roughly 65 million, or 21 percent, reside in rural or small town America. Almost half (48 percent) live in suburban or exurban communities, while 92 million, comprising 31 percent of the population, live in large cities.

Between 2000 and 2010, the U.S. population grew by roughly 27 million people – a 9.7 percent increase. The nation's population growth over the past decade was lower than during the 1990-2000 period, when the national population grew by 13 percent. The recent economic downturn, reduced immigration, and other demographic factors are largely responsible for moderated population growth nationally.

NEARLY 65 MILLION PEOPLE LIVE IN RURAL AMERICA, BUT THE PROPORTION OF PEOPLE LIVING IN RURAL PLACES CONTINUES A LONG DECLINE

Rural* Population, 1790-2010



*Time series data include differing definitions of rural and urban

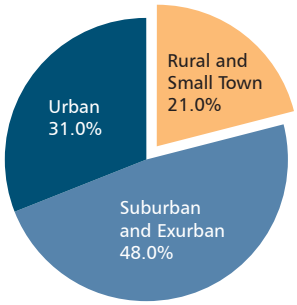
Figure 1

Source: HAC Tabulations of Historic Census Bureau Data

In rural and small town communities, the population grew by 3.5 million, or 5.6 percent, between 2000 and 2010, a rate below the national level. Growth was most pronounced in suburban and exurban communities where the population increased by approximately 18 percent over the past decade. Overall, suburban and exurban areas accounted for 83 percent of total U.S. population growth between 2000 and 2010. Many urban areas in the United States lost population; as a whole, the nation's urban population grew by just 1 percent. These patterns reinforce a trend towards suburbanization that has continued for the past several decades.

ONE-FIFTH OF U.S. POPULATION LIVES IN RURAL AREAS OR SMALL TOWNS

Population by Rural, Urban, and Suburban Status, 2010



Source:
HAC Tabulations of 2010 Census of Population and Housing

Figure 2

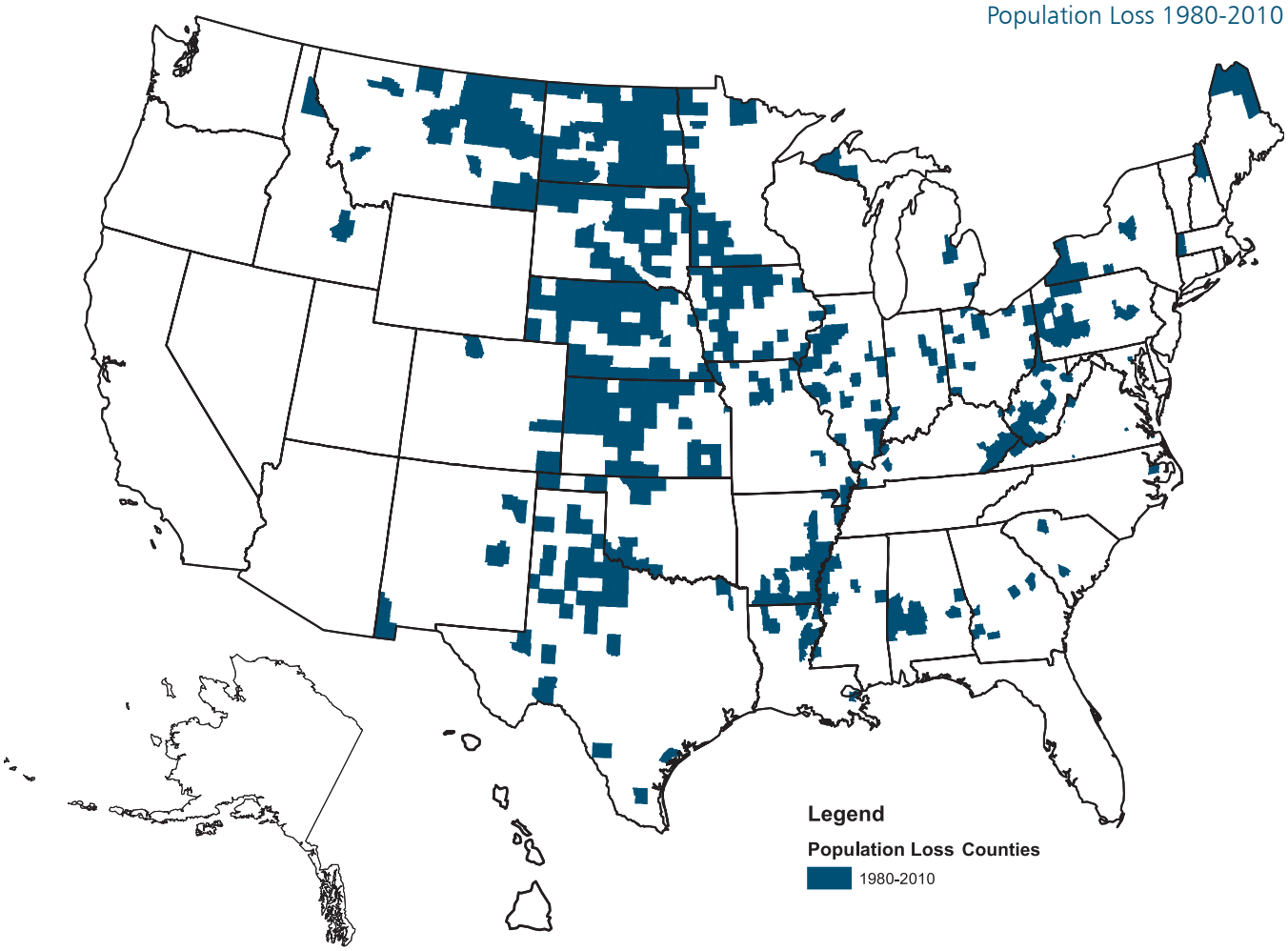
Rural and small town population growth between 2000 and 2010 was greatest in the Western and Southern United States, where economies, resources, and amenities are more robust. States such as Arizona, Utah, Hawaii, and Florida all experienced rural and small town population growth at 20 percent or more. In contrast, Midwestern states like North Dakota, Iowa, Illinois, Nebraska, and Kansas all lost population in rural and small town areas. These population trends in the rural Midwest, as well as portions of Central Appalachia, the South, and Northeastern "rust belt" communities, continue a pattern that has evolved over the past few decades. The decline in agricultural employment, lack of amenities, and an inability to attract industry all contribute to population loss in several distinct areas of rural America.

In the rural Midwest, where population loss is most profound, many communities face a variety of challenges stemming primarily from the region's dependence on farming as the main source of employment and the absence of other industries. Productivity increases in the farm economy, along with structural changes in agriculture, have decreased the need for agricultural labor.

Population loss has significant effects on an area's housing stock. As populations decline, homes become vacant and fall into disrepair. Absentee homeownership becomes commonplace, and older residents are unable to maintain their homes. House values also decline, making mortgages and home rehabilitation loans more difficult to obtain.[3] Meeting housing needs in this context is made all the more difficult by low population densities spread

SOME REGIONS HAVE LOST POPULATION FOR DECADES

Population Loss 1980-2010



Source:
HAC Tabulations of Census Bureau Data

Figure 3

WHAT IS "RURAL"?

The question of "what is rural?" is often confusing but is very important to anyone who works in rural areas or with rural populations of the United States. Generally, rural communities and territory have relatively few people living across a large geographic area. But rurality varies extensively based on proximity to a central place, community size, population density, total population, and various social and economic factors.

A number of government agencies and researchers use different metrics to define "rural." Ironically, policymakers and practitioners often view the concept of "rural" through an urban-centric lens. Many commonly used definitions contextualize "rural" within the framework of omission, in which urban and metropolitan areas are the focal point and all other territory is classified as "rural" by default. This type of analysis relegates rural areas and populations to the background and treats them as secondary.

DIFFERING MEASURES OF "RURAL"

OMB Outside Metropolitan Areas

Among the more widely used definitions to delineate rural areas, the federal Office of Management and Budget's (OMB's) Metropolitan Areas designation is based on county-level geography and is predominately a measure of population density and commuting. Approximately 17 percent of the U.S. population and 75 percent of the nation's landmass are located outside OMB-designated metropolitan areas.

OMB OUTSIDE METROPOLITAN AREAS

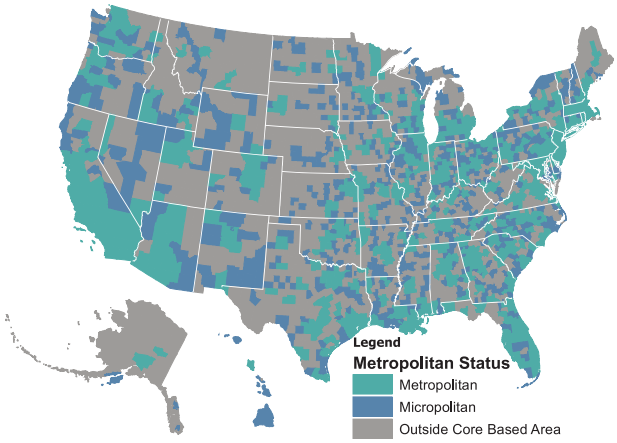


Figure 4

Census-Defined Rural Areas

Basing its measure largely on population density, the Census Bureau classifies all population and housing units outside "Urbanized Areas" and "Urban Clusters" as rural territory. Under the Census Bureau's designation, roughly 19 percent of the population and 97 percent of the nation's landmass are considered rural.

U.S.CENSUS BUREAU DEFINED RURAL AREAS

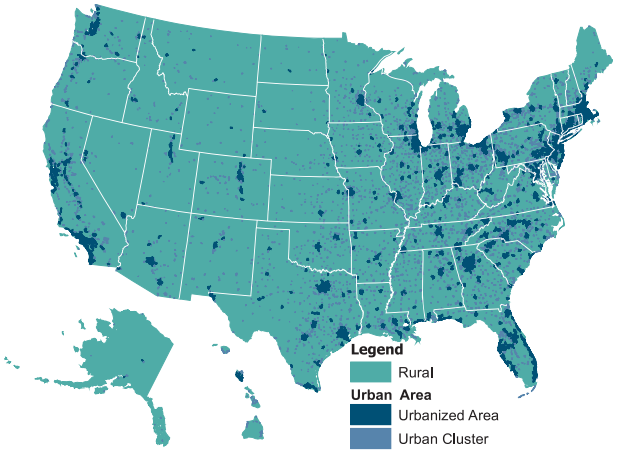


Figure 5

USDA RD Eligible Areas

The U.S. Department of Agriculture (USDA) utilizes a specific definition to establish "Eligible Areas" for rural housing programs administered by its Rural Development (RD) arm. USDA's Eligible Areas designation is one of the most expansive classifications of rural territory, encompassing approximately 34 percent of the nation's population.

USDA RURAL DEVELOPMENT ELIGIBLE AREAS

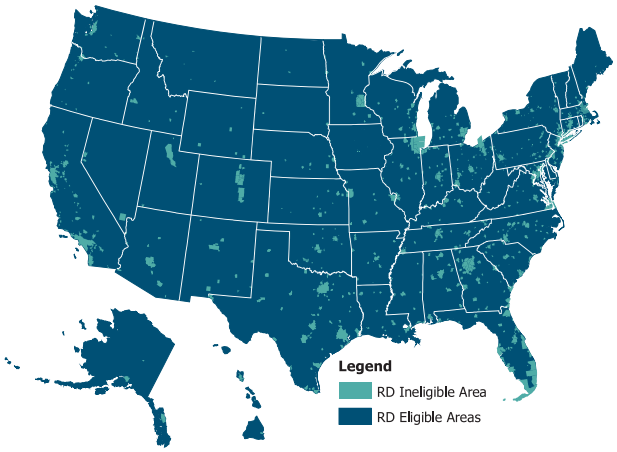


Figure 6

WHAT IS "RURAL"? (continued)

A NEW WAY TO DEFINE "RURAL": HAC'S RURAL AND SMALL TOWN DESIGNATION

Given recent changes in, and shortcomings of, more commonly used definitions to identify rural areas, HAC developed a sub-county designation of rural and small town areas that incorporates measures of housing density and commuting at the census tract level. This new definition includes three general classifications of:
1) rural and small town tracts;
2) suburban and exurban tracts;
3) urban tracts.
While there is no perfect definition of "rural," HAC believes this housing density measure is a more precise indicator of rural character than many of the more traditional methods employed. This definition classifies areas at a sub-county census tract level, and identifies important development patterns of suburban and exurban communities, which most major rural/urban definitions omit. Unless otherwise noted, this report will utilize HAC's rural and small town definition when presenting figures and data on residence and location. The terms "rural" and "rural and small town" are generally synonymous in this report, and both refer to HAC's classification of rural and small town census tracts.

Not all sources of data utilized for this report are compatible with the primary definition of rural and small town areas. Data and information referring to alternate classifications (e.g. outside metropolitan areas, Census-defined rural areas, etc.) are limited, but will be noted. The terms "rural" and "outside metropolitan areas" are not used interchangeably in this report. For more information on HAC's and other definitions of rural, please consult Appendix A. About the Data.

RURAL, SUBURBAN, & URBAN LOCATION, 2010

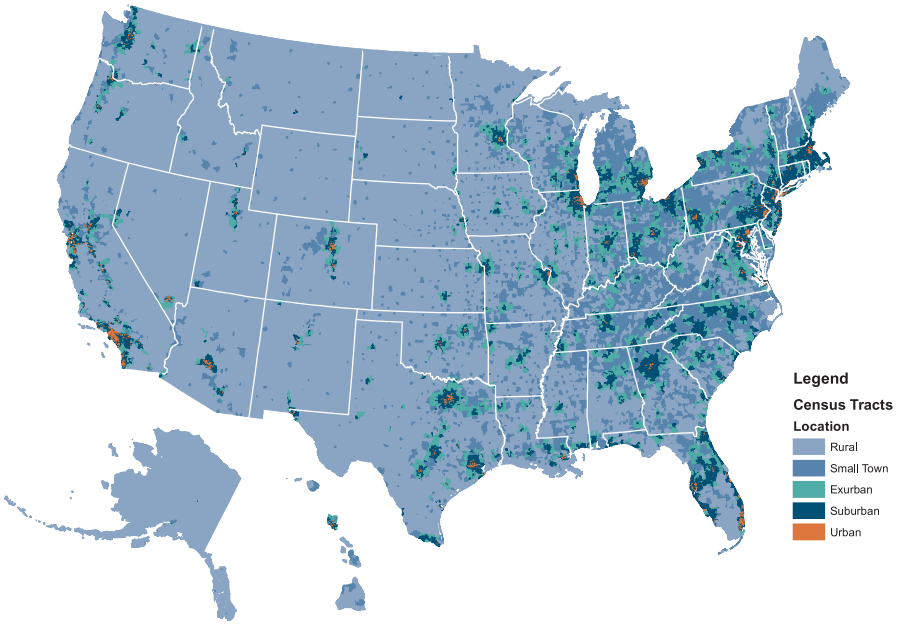


Figure 7

Source:
HAC Tabulations of 2010 Census of Population and Housing

ABOUT THE DATA

The information presented in this report derives from HAC tabulations of various data sources. Most of the data comes from the U.S. Census Bureau's 2010 Census of Population and Housing, and American Community Survey (ACS) Five Year Estimates. The U.S. Census counts every resident and housing unit in the United States every 10 years. The decennial Census includes basic questions about age, sex, race, Hispanic origin, household relationship, and owner/renter status. Additionally, the Census Bureau now conducts the American Community Survey (ACS), a nationwide survey designed to provide communities with detailed and timely demographic, social, economic, and housing data every year.

Additional information in the report derives from HAC tabulations of other publically available data sources such as the Bureau of Labor Statistics Local Area Unemployment (LAUS) figures, FFIEC's Home Mortgage Disclosure Act (HMDA) data, U.S. Census Bureau's Small Area Income and Poverty Estimates (SAIPE),U.S. Department of Housing and Urban Development's American Housing Survey (AHS), U.S. Department of Labor's National Agricultural Workers Survey (NAWS), and various information from the U.S. Department of Agriculture's Economic Research Service (ERS) and others. For more information on data sources in this report please consult Appendix A. About the Data.

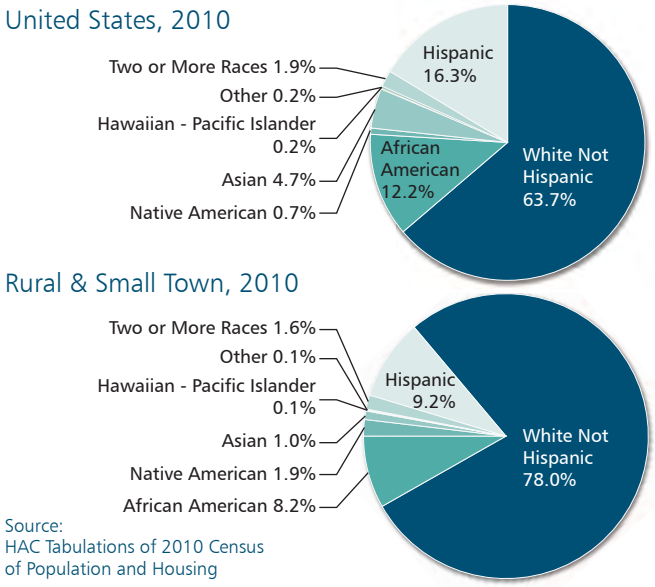
out over large expanses of territory. The importance of finding alternative ways to serve the community development needs of depopulated areas is a challenge for communities and policymakers alike.

RACE AND ETHNICITY[i]

Race is a central and often complex component of U.S. identity and history. Rural and small town areas historically have not been as racially or ethnically diverse as the nation overall. The 2010 Census reports that approximately 78 percent of the population in rural and small town communities is white and non-Hispanic, compared to 64 percent of the population in the nation as a whole. In the year 2000, African Americans were the largest minority group in rural and small town areas. As of 2010, however, Hispanics comprise 9.2 percent of the rural population, surpassing African Americans (8.2 percent) as the largest rural minority group. Less than 2 percent of the population in rural and small town areas identifies as Native American, but more than half of all Native Americans reside in rural or small town areas. Approximately 1.5 percent of rural and small town residents are of two or more races, consistent with the national level.

The location and concentration of minorities in rural areas and small towns often differ from those in the nation as a whole. Many rural minorities are clustered geographically in regions closely tied to historic social and economic dynamics. For example, nearly nine out of ten rural and small town African Americans live in

RURAL AREAS ARE LESS DIVERSE RACIALLY THAN THE NATION AS A WHOLE

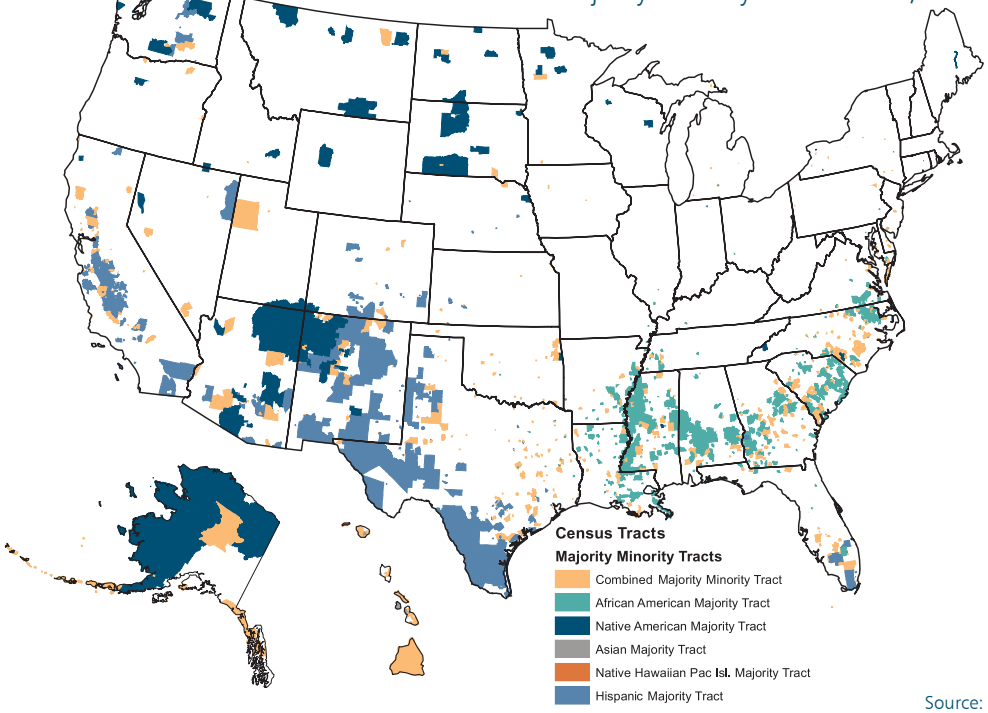


Source:
HAC Tabulations of 2010 Census of Population and Housing

Figure 8

RURAL MINORITIES ARE OFTEN CLUSTERED GEOGRAPHICALLY

Rural & Small Town Majority-Minority Census Tracts, 2010



Source:
HAC Tabulations of 2010 Census of Population and Housing

Figure 9

[i] The primary racial classifications presented by the U.S. Census Bureau include White, Black or African American, American Indian or Alaska Native, Asian, Native Hawaiian Islander or Other Pacific Islander, Some Other Race, and Two or More Races. People who identify their origin as Hispanic, Latino, or Spanish may be any race. For the purposes of this report, persons identifying as Hispanic are classified as a distinct ethnic category alongside other racial groups. For more information about race and ethnicity in the Census, please consult Appendix A. About The Data.

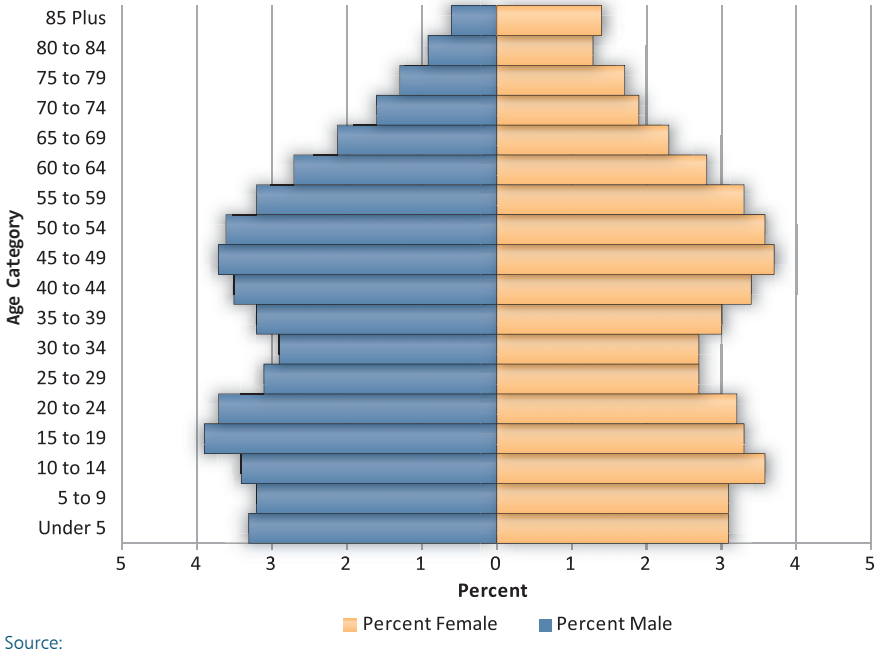
the Southern region of the United States. Rural African Americans comprise an even larger portion of the population in the southern "Black Belt" communities of Alabama, Georgia, Mississippi, North Carolina, South Carolina, and Virginia, as well as the Lower Mississippi Delta states of Arkansas, Mississippi, and Louisiana. Large numbers of rural Native Americans reside on or near Native American reservations and trust lands in the Midwest plains, the Southwest, and Alaska. More than half of all rural and small town Hispanics are concentrated in the four states of Texas, California, New Mexico, and Arizona. In fact, nearly one-quarter of all rural and small town Hispanics live in Texas alone.

Despite advances made through the civil rights movement, labor struggles, and increased self-determination, the experiences and conditions of rural minorities are often overlooked given their relatively small populations. Moreover, it is often assumed that the conditions that led to these social upheavals have been addressed. The social and economic conditions of many rural minorities, however, continue to lag far behind those of their white counterparts and urban populations overall. This harsh fact is most apparent in the housing conditions in which many rural minorities continue to live. Housing characteristics for minorities in rural areas are often worse than those for rural whites or all households nationally.[4] The geographic isolation and relative segregation of rural minorities living in majority-minority census tracts continue to be important components of poverty and substandard housing in many rural and small town communities.[5]

Rural and small town population growth during the last decade varied widely across racial and ethnic groups. While white non-Hispanics comprise nearly 80 percent of the rural and small town population, they made up less than one-quarter of rural population gain between 2000 and 2010. One of the more significant demographic trends in the U.S. over the past several decades has been dramatic growth in the Hispanic population. In rural and small town areas the Hispanic population increased by 1.9 million, or 46 percent, between 2000 and 2010. In fact, more than half of all rural and small town population growth in the last decade is attributable to Hispanics.

BABY BOOMERS CONTINUE TO RESHAPE RURAL SOCIETY AND COMMUNITIES AS MANY WILL TURN 65 IN THE COMING DECADE

Rural & Small Town Population by Age and Gender, 2010



Source:
HAC Tabulations of 2010 Census of Population and Housing

Figure 10

AGE AND AGING

The United States is on the cusp of an extensive and far-reaching demographic transformation as the senior population is expected to more than double in the next 40 years.[6] A rapidly aging population will significantly impact nearly all aspects of the nation's social, economic, and housing systems. With a median age of 40 years—three years higher than the national median—rural America is "older" than the nation as a whole. And while approximately 13 percent of the U.S. population is age 65 or older, 16 percent of rural and small town residents are over the age of 65. In fact, more than one-quarter of all seniors live in rural and small town areas.

The relatively older composition of the rural population is not solely a factor of natural popula-

tion change, but is also impacted by economic and demographic conditions of rural communities. For decades, many rural areas have witnessed an exodus of younger and working-age adults in search of more viable employment options.[7] These migration patterns have resulted in an age imbalance where seniors make up a larger percentage of the rural population.

Undoubtedly, the most influential age segment in rural and small town communities continues to be the Baby Boom generation, consisting of persons born between 1946 and 1965. Currently there are more than 18 million rural baby boomers, comprising nearly 28 percent of the rural population. The first of the baby boomers turned 65 in 2010 and millions more will follow in the coming decade, reshaping rural society and communities.

The age cohort directly behind the baby boomers, often characterized as the "Baby Bust" generation, makes up approximately 18 percent of rural people, and is relatively smaller than other age groups. The "Echo-Boom" generation (persons age 15 to 29 in

THE SILVER TSUNAMI: ARE WE PREPARED FOR A SENIOR POPULATION BOOM IN RURAL AMERICA?

The senior population will experience significant increases in the coming years, as the Baby Boom generation turns 65. The Census Bureau projects the senior population will grow from 13 percent of U.S. residents to 20 percent by 2050.[8] The sheer size and numeric increase of the older population, however, may be more important. An added 30 million individuals will become seniors over the next 20 years. With increasing life expectancies, one of the more dramatic growth trends will likely be substantial growth of the oldest population (age 85 and over).[9]

Today, rural seniors are more likely to be women, live alone, and have lower incomes than are seniors in the population as a whole.[10] Some of these characteristics will remain unchanged, but the waves of residents moving into older age will change not only the numbers but also the composition of this group. It is important not to view seniors as a monolithic group, as they will live longer, become more diverse, and require a larger range of living options than the current generation. Characteristics unique to rural communities create specific challenges and concerns for an aging population that may not be as relevant in an urban or suburban setting. The sparsely settled and vast geographies of many rural areas make accessing needed services and amenities more difficult for seniors. Many rural seniors (12.5 percent) do not have access to a vehicle. Public transit options are rare or nonexistent in most rural areas, which makes access to necessities such as medical and other services challenging for many seniors.

Most seniors wish to remain and age in their homes as long as possible. Rural seniors largely live in high quality housing with only a small percentage of households experiencing substandard conditions or inadequacies.[11] Rural elders are increasingly experiencing challenges with housing affordability, however, and many do not have the physical or financial resources to improve their housing conditions and maintain their quality of life.

These challenges point to an underlying gap in housing options and availabilities. In far too many rural communities, the only housing options for seniors are their own homes or nursing homes. With the scope and magnitude of the looming demographic shift of seniors, rural communities will need to develop a range of housing options such as rental housing, rehabilitation and repair programs, housing with services, and assisted living. These options not only enhance the lives of seniors but are fiscally prudent measures that are generally more cost effective than long-term care options. As is the case for actual geologic tsunamis, we now have the ability to better predict the size and impact of population changes. Whether we heed the warning is another matter.

2010) outnumbers its preceding generation by more than one million persons and makes up 19 percent of the rural population. With the long-term pattern of outmigration in rural communities, however, it remains to be seen whether echo boomers will have the same impact in rural communities as they are projected to have nationally. There are just over 15 million children under the age of 18 in rural and small town communities, making up about 23 percent of the rural population.

RURAL FAMILIES AND HOUSEHOLDS

Rural family and household dynamics historically have differed from suburban or urban patterns. The agricultural and industrial economies of the past relied on abundant labor supplied by large traditional families. As the nation's economy and demographics change, the composition of rural families and households continues to evolve as well. Today, rural and small town households are slightly less likely to have children under the age of 18 than the national average. Families still make up more than two-thirds of rural and small town households, although this level is down three percentage points from 2000 levels.

The rate of married households dipped below 50 percent nationally for the first time between 2000 and 2010. More than half (51 percent) of all rural households are headed by married couples. This is a reduction from 2000 levels when 56 percent of households were headed by married people. Most families with children present live in married-couple-headed households, although nearly one-quarter of children reside in female-headed households with no spouse present.

Among the more notable changes in rural family dynamics are the number and rate of persons living alone. In 1970, less than 16 percent of rural[ii] households consisted of one person living alone. In 2010, nearly 27 percent of rural and small town households were comprised of a single person. Social developments and patterns such as delayed and decreasing marriage rates combined with divorce and an aging population have pushed single households to an all-time high.

As is the case in the nation as a whole, the composition of rural households will likely continue to change in the future. An aging society, smaller household sizes, and increasing propensity to live outside a nuclear family arrangement are all important considerations when evaluating housing and social needs for 21st century rural households.

EDUCATION

In the past few decades educational attainment levels have increased significantly, both nationally and in rural communities. In 1970, less than half of rural[ii] adults had a high school diploma.[12] In 2010, nearly 82 percent of rural and small town people over the age of 25 had at least a high school diploma. Even with these gains, educational attainment levels are lower in rural areas than across the nation as a whole.

[ii] Census-defined rural area. This classification is utilized for general historic comparisons as the available data does not permit longitudinal comparison prior to 1990 using HAC's current tract-based definition.

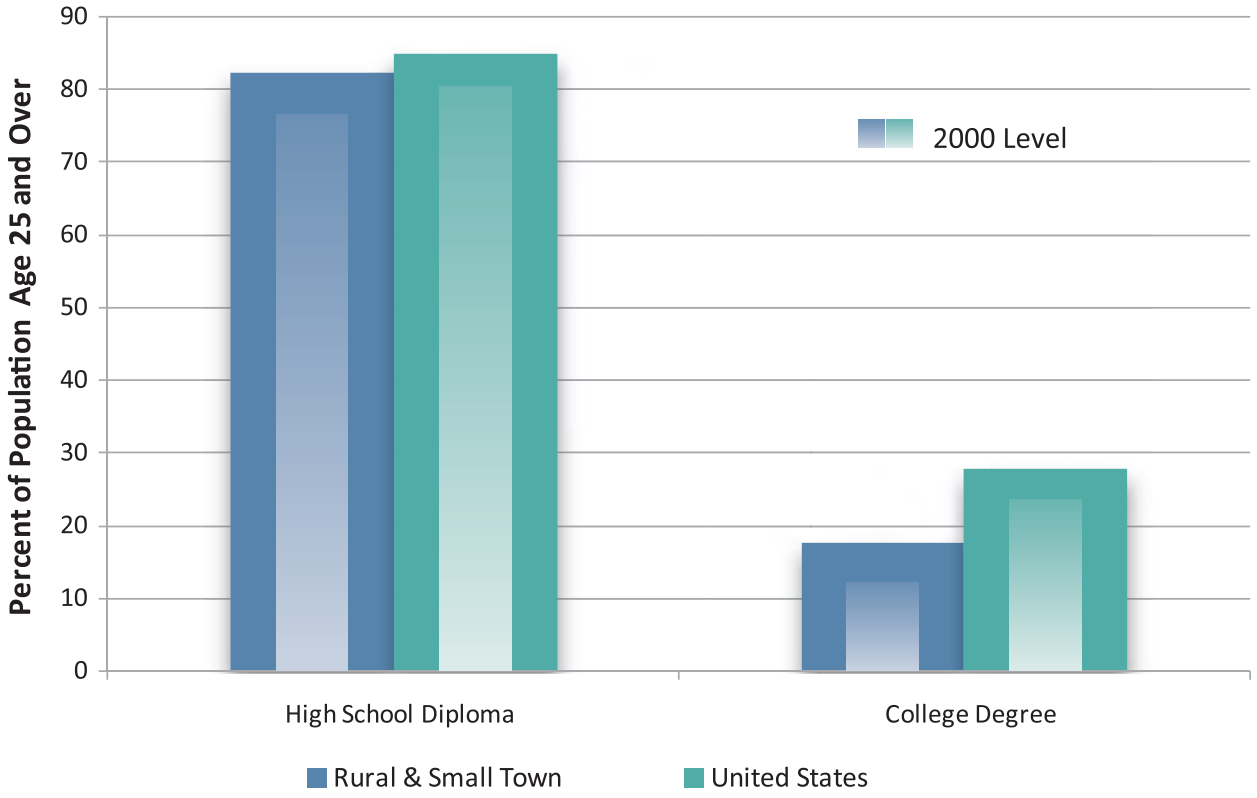
The disparity is particularly pronounced in higher education and post-graduate degrees. The proportion of rural adults with a bachelor's degree is a full ten percentage points lower than the national rate, and only 6 percent of the rural population has a graduate or professional degree, compared to a national rate of 10 percent. This higher education gap between rural and non-rural communities has actually widened over the past few decades.[13]

Educational disparities are not an indication of the intelligence levels of rural and small town individuals, but rather reflect that high-skilled jobs are increasingly located in suburban and urban regions. Many educated residents of rural America are compelled to move to urban and suburban regions for increased job opportunities and professional growth. The rural education gap has significant impacts for areas that are consistently losing highly educated individuals to other regions, further inhibiting economic development, job creation, and population growth.

While educational attainment levels in rural America are undoubtedly impacted by larger economic forces, the value of an educated population cannot be overstated. In today's modern global economy a highly educated populace is essential to success and viability. Rural communities' abilities to attract and maintain economic development will be predicated on their abilities to maintain educated and skilled workers.

RURAL EDUCATION LEVELS CONTINUE TO IMPROVE, BUT STILL LAG BEHIND THE NATIONAL RATE

Educational Attainment by Location, 2010



Source:
HAC Tabulations of 2006-2010 American Community Survey (ACS)

Figure 11

THE RURAL ECONOMY

Over the past few years, the United States economy fell into one of the most severe economic recessions in a half century. Unemployment rates are at generational highs, and substantial wealth and equity have been stripped from home values following the housing market crash. Rural communities are not immune from the economic conditions. But many rural Americans struggled with economic distress and persistent poverty long before the nation's current economic situation.

RURAL INDUSTRY

Many assume that "rural" means agricultural. In 2010, however, agriculture accounted for less than 5 percent of all rural and small town jobs. Agriculture is still extremely important to the rural economy, but it and other traditionally rural-dominated industries such as timber and mining continue to wane as rural economies diversify. Several industries are more heavily represented in rural and small town areas than in other parts of the U.S. including construction, manufacturing, and public administration. As is the case nationally, the largest sector of rural employment is in the fields of education, health, and social services. These industries collectively comprise approximately 22 percent of the rural workforce, indicating that rural regions have largely shifted toward a more service-based economy.

Employment in manufacturing industries comprises 14 percent of all rural jobs, approximately three percentage points higher than the national level. Over the past few decades, some rural communities attracted manufacturing jobs. Companies seeking non-union and lower-wage workers, as well as favorable business climates, placed factories in many rural communities and small towns in the 1990s. Yet the same forces that precipitated their relocation to rural areas ultimately led many companies to locate production outside the United States.[22]

THE SMALL FAMILY FARM

Since the 1930s, the role of agriculture in the American workforce has been decreasing.[14] Structural and technological changes to the farming industry have resulted in a need for fewer workers to produce more food. A general shift within agriculture toward large corporate farms and away from family owned farms has made smaller-scale farming unprofitable in many agricultural sectors.[15]

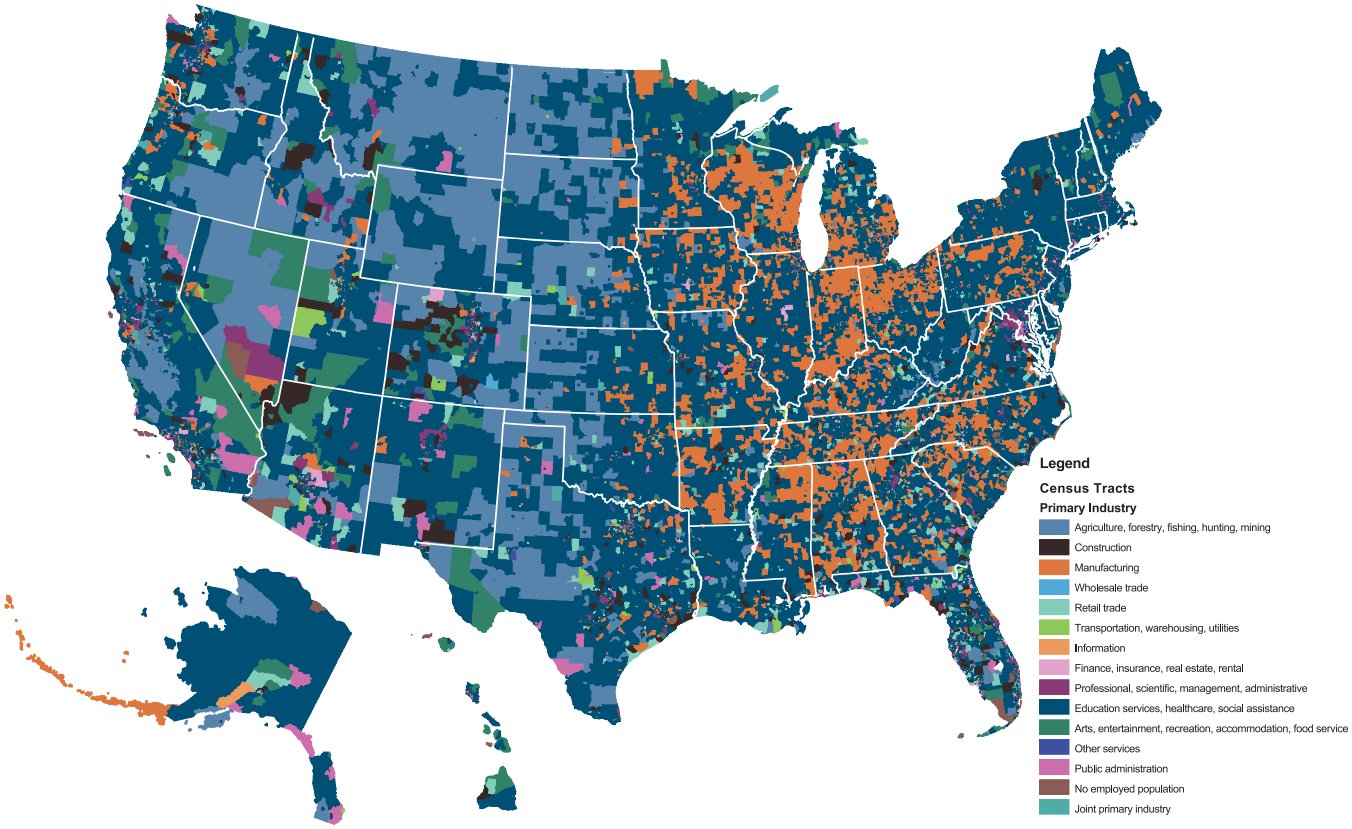
Nevertheless, agriculture remains a multibillion dollar industry in the United States and plays a significant economic role in many regions. According to a 2010 USDA report, the number of farms in the United States peaked at 6.8 million in 1935.[16] Although this number declined rather significantly through the 1970s, the decline began to slow by the 1980s, and farm numbers essentially remained constant through the 2000s.[17]

Contrary to popular perception, small-scale farms still comprise a majority of U.S. farms, whereas large-scale farms (enterprises with more than 1,000 acres) make up only 9 percent of all farms. These large-scale operations, however, account for two-thirds of the total U.S. value of agricultural production.[18] Conversely, operations with less than 1,000 acres comprise 88 percent of all farms, but just 16 percent of production.[19] Growth in small farms and the consolidation of larger farms have coincided with a sharp decline in the number of mid-sized farms.[20]

There has been some pushback against the horizontal and vertical integration of farm industries, as evidenced by local food movements that have succeeded in reconnecting some consumers to nearby farms and farmers. While these trends are encouraging for small farmers, the movement has not been significant enough to offset the consolidation of market share by large producers. Family and small commercial farms that have survived to present day are subject to increased competition from national and global markets, and are often reliant on off-farm income.[21]

AGRICULTURE AND MANUFACTURING CONTINUE TO WANE, BUT REMAIN IMPORTANT TO MANY RURAL COMMUNITIES

Industry With the Largest Number of Employees by Census Tract, 2010



Source:
HAC Tabulations of 2006 – 2010 American Community Survey

Figure 12

While much of rural America's economy is changing to remain economically sustainable, some rural communities are struggling to survive in a modern global marketplace. Rural areas, especially those with a predominately agricultural base, often lack economic diversification. These "farming dependent" counties are heavily concentrated in the Great Plains region, offer relatively few non-farm jobs, and are not as economically diversified as the rest of rural America.[23] As farming employment continues to decline, other industries are not moving into these areas to replace the agricultural jobs that have been lost.[24] The lack of employment opportunities contributes to the out-migration of young and educated people who must look for work elsewhere. The populations that remain tend to be elderly, less affluent, and less educated. These populations generally require greater services, the costs of which can no longer be offset by more stable populations.[25]

JOBS AND EMPLOYMENT

The Great Recession and its aftermath are reshaping employment patterns throughout the entire United States. In the wake of the economic turmoil, job opportunities are increasingly limited, with unemployment rates and government assistance usage soaring well above the levels of the more prosperous early 2000s. The overall employment picture for rural areas is similar to that of the nation as a whole, but varies across rural areas and job sectors. Many rural communities are suffering from limited job opportunities and high unemployment. Conversely, some areas, such as the Midwest and the Dakotas, have relatively low unemployment.

Typically, rural areas have higher unemployment rates than those found in the nation as a whole. Analysis of

2010 Bureau of Labor Statistics (BLS) data indicates that small town and rural regions, as well as urban places, have higher proportions of unemployed workers than suburban and exurban jurisdictions. As a result of the Great Recession, unemployment increased rapidly in the latter part of the decade, from below 5 percent in 2000 to nearly 10 percent in 2010 nationally. Counties with an entirely small town or rural population[iii] experienced a dramatic surge in unemployment rates similar to the nation as a whole.

The degree to which unemployment rates have increased in rural areas varies greatly. The five states with the lowest annual 2010 unemployment rates have large rural and small town populations. The states with relatively low unemployment rates frequently have considerable employment in industries like mineral extraction and agriculture production, which have fared well during the Great Recession.

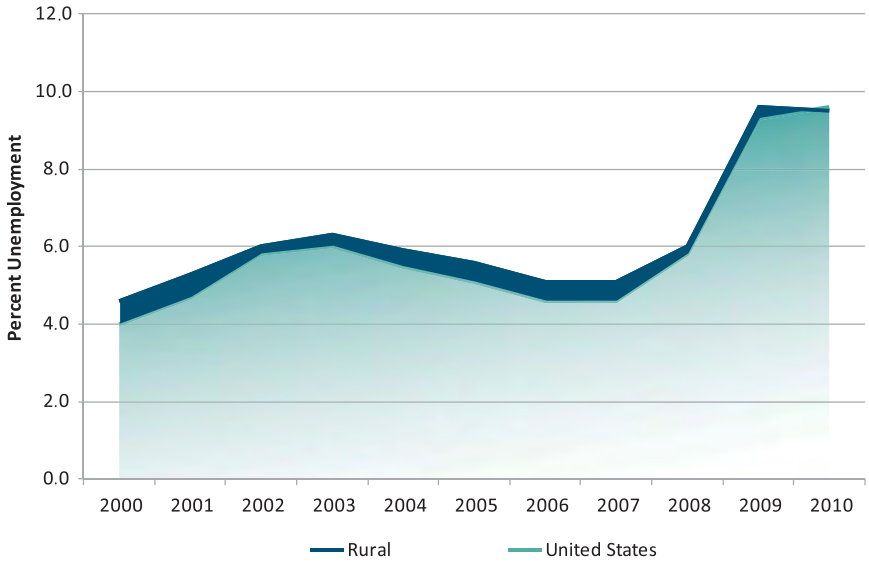
INCOME

Household incomes in rural areas and small towns continue to lag behind those in suburban and urban areas. The high proportion of low-skill and low-paying jobs in rural areas, combined with lower educational attainment levels, are substantial factors in the rural income divergence. The median

[iii] The measure of counties with entirely rural and small town population is used as a proxy for rural areas. The Bureau of Labor Statistics calculates unemployment at the county, not census tract, level and therefore the standard definition of rural and small town areas cannot be applied.

RURAL UNEMPLOYMENT RATES NEARLY DOUBLED OVER THE PAST DECADE

Unemployment by Location, 2000-2010



Source:
HAC Tabulations of Bureau of Labor Statistics Annual Employment Data

Figure 13

CONNECTING RURAL AMERICA THROUGH BROADBAND TECHNOLOGY

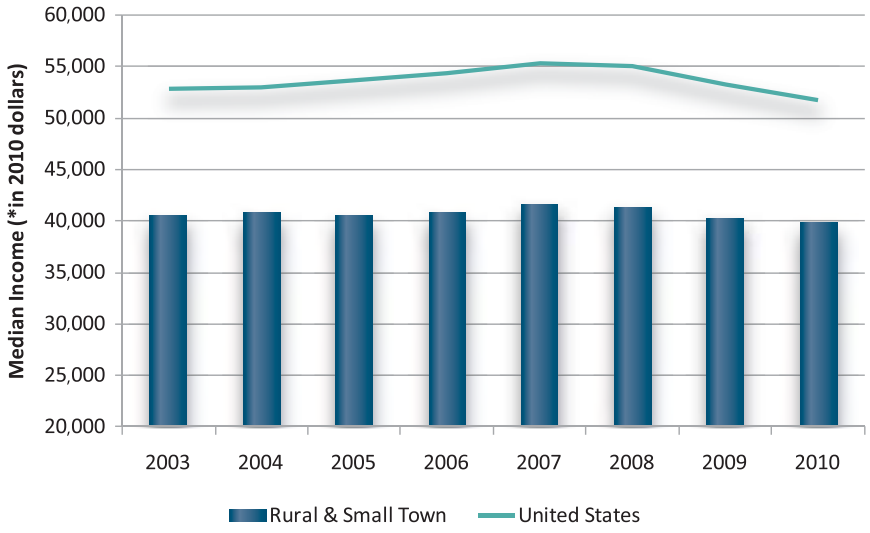
As the internet becomes increasingly indispensable, access to broadband technology is often considered essential for economic viability in the 21th century. Rural communities' distance from urban economic hubs makes broadband access particularly important for competition in the modern global marketplace. Broadband access in rural areas improves employment, small business development, healthcare, educational opportunities, public safety, and delivery of services for people with disabilities.[26] Approximately 26 million Americans, however, located mostly in rural communities, do not have access to broadband internet connections.[27]

Even in communities where access to broadband is available, it is estimated that one-third of households choose not to subscribe. Expense of access and lack of relevance are the two most common reasons for not subscribing.[28] Some experts debate whether resources for broadband deployment should be used for access or to subsidize the cost of service. Those who advocate for subsidies and education programs believe that broadband services must be seen as affordable and practical if they are ever going to be widely utilized. Others believe that it is more important to spend limited resources on connecting as many communities as possible. All sides agree that dependable broadband availability is critical to rural economies.[29]

household income in rural and small town areas is $41,962, while the national median household income is $51,914. Nationwide, 24 percent of households have annual incomes below $25,000, but in rural and small town areas, this figure is 30 percent. On the opposite end of the scale, only 12 percent of rural and small town households make $100,000 or more, while 21 percent of households are at this level overall.

RURAL HOUSEHOLD INCOMES DECLINED OVER THE PAST DECADE

Median Household Income*, 2003-2010



Source:
HAC Tabulations of Small Area Income and Poverty Estimates

Figure 14

The economic tumult of the past decade has reduced incomes and increased income inequality nationally and in rural areas. According to the Census Bureau's Small Area Income and Poverty Estimates (SAIPE), rural incomes actually declined by 1.8 percent from 2003 to 2010. Likewise, measures of income inequality increased as the gap between the highest and lowest income levels grew over the past decade.[30]

Public benefits play a larger role in the income structure of rural and small town communities than in non-rural areas. Across the U.S., over 80 percent of

FRACKING: BOOM AND CONSEQUENCE FOR RURAL COMMUNITIES

Energy extraction has always been an important, yet often controversial, component of rural economies. The practice of hydraulic fracturing, or "fracking" as it is more commonly known, has increased rapidly in many rural communities across the nation. Fracking refers to a method of extracting natural gas or oil from hard rock formations – commonly shale. Highly pressurized liquids are injected into the rock to create fissures from which natural gas or oil seep out and are extracted.[31] While the technology itself is not entirely new, the use of fracking has expanded greatly over the last decade, occurring for the most part in rural areas. The Marcellus Shale region of Pennsylvania and the Bakken Shale field of North Dakota have been particularly impacted.

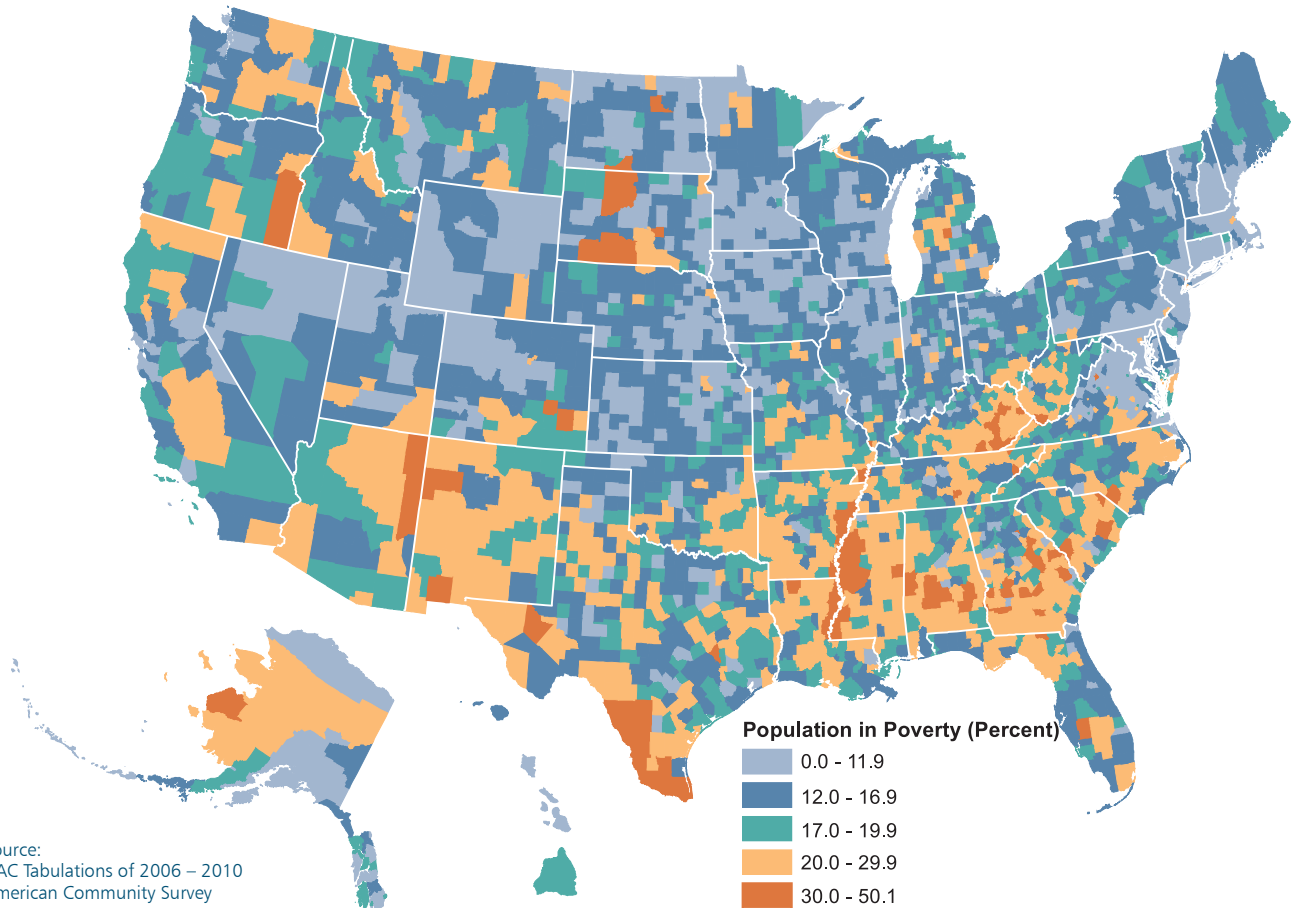
Environmental concerns are frequently raised about fracking-related activities, but this form of mineral extraction also impacts communities in several other ways. The fracking process typically involves the rapid influx of large numbers of workers into communities which are often small, rural, and have limited resources. The new workers and work-related activities easily overwhelm community infrastructure. Housing is of particular concern, since fracking creates a high demand for housing in areas where rental units are limited. This increased demand drives up rents for the rental housing units that exist.[32] Local residents, who often have limited means, simply cannot afford the inflated rents. Some communities report an increase in homelessness as a direct result of this mining activity.[33]

Ruhrfisch

Despite its negative environmental and housing impacts, fracking has provided a degree of economic benefits to several communities and regions, many of which were previously lacking economic vibrancy. The challenge is to access resources without damaging either the environment or local residents' quality of life.

HIGH POVERTY AREAS EXIST THROUGHOUT THE UNITED STATES WITH CONCENTRATIONS IN THE MISSISSIPPI DELTA, CENTRAL APPALACHIA, THE BORDER COLONIA, AND NATIVE AMERICAN RESERVATIONS

Poverty, 2010



Source:
HAC Tabulations of 2006 – 2010
American Community Survey

Figure 15

households have wage or salary income, while only three-quarters of rural and small town households have such earnings. Given the older population in rural areas, over one-third of households there receive Social Security earnings, compared to 27.5 percent of households nationwide. Rural households are also more likely to have income in the form of Supplemental Security Income (SSI), retirement earnings, and income from the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps) than for the nation. The proportion of families receiving both – SSI and SNAP/Food Stamps, which are clear measures of need, is highest for rural and small town households.

POVERTY

Poverty is a complex issue and is much more than an abstract condition for the over 40 million Americans who face daily struggles with food security, access to health care, and search for basic shelter. Poverty rates are on the rise and more Americans are living in poverty than at any other time since the Census Bureau began measuring its occurrence in the early 1960s. According to 2006-2010 American Community Survey (ACS) figures, 40.9 million people have incomes below the poverty line, constituting a national poverty rate of 13.8 percent.[iv]

[iv] Poverty statistics calculated in the American Community Survey (ACS) adhere to the standards specified by the Office of Management and Budget. The Census Bureau uses a set of dollar value thresholds that vary by family size and composition to determine who is in poverty. Poverty status was determined for all people except institutionalized people, people in military group quarters, people in college dormitories, and unrelated individuals under 15 years old.

The increased poverty in the United States is in part a factor of the recent economic recession. But high poverty rates also reflect a systemic situation in which too many Americans have been left behind or shut out of the nation's economic promise and prosperity. The incidence of poverty is greatest in America's rural areas and central cities. Approximately 10 million persons, or 16.3 percent of the rural and small town population, live in poverty. Nearly one-quarter of people in poverty live in rural areas. Poverty rates are lower in suburban and exurban communities, at 10.5 percent, and highest in large cities, where 17.3 percent of the population have below-poverty level incomes.

Rural poverty rates generally follow the national trend, fluctuating through periods of economic growth and recessions including the Great Recession in the late 2000s. While some gains have been made in reducing poverty over the past several decades, poverty rates are still stubbornly high for certain populations in rural America, such as minorities and children.

Regionally, rural and small town poverty rates are highest in the South where 19.3 percent of residents live in poverty. In fact, more than half of all rural and small town persons in poverty reside in the South. Mississippi, Louisiana, Kentucky, South Carolina, Georgia, Arkansas, and Alabama all have rural and small town poverty rates of 20 percent or more. Texas has the greatest number of rural residents in poverty: nearly 730,000. North Carolina also has more than one-half million rural residents who live in poverty.

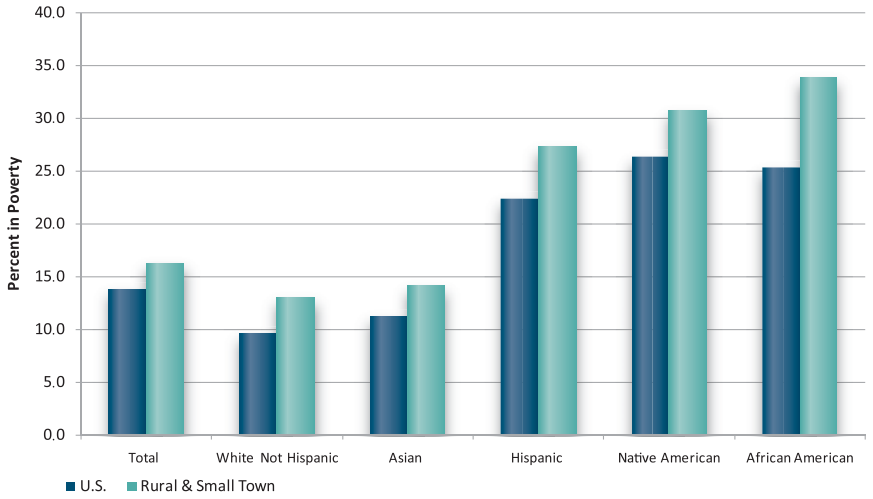
Rural minorities continue to experience some of the highest poverty rates in the nation. The 28 percent poverty rate of rural minorities is more than twice that of rural white non-Hispanics. Rural African Americans have among the highest poverty rates, at nearly 34 percent. The poverty rate for rural Native Americans is also above 30 percent, and more than half of all Native Americans in poverty live in rural and small town areas. Large numbers of poor, rural Native Americans are concentrated on or near reservations, where the overall poverty rates can exceed 50 percent in these counties. The poverty rate among rural Hispanics, at 27.3 percent, is more than twice the national rate, and five percentage points higher than for Hispanics nationally. In fact, rural minorities consistently have higher poverty rates compared to minorities nationally. Additionally, economic conditions for many rural minorities have not improved over the past decade, as poverty rates for most groups either remained the same or increased between 2000 and 2010.

While minorities experience exceptionally high rates of poverty proportionate to their population size, the vast majority of rural residents in poverty are white non-Hispanics. More than 6 million individuals, or 63 percent of rural persons below the poverty line, are white and not Hispanic.

Poverty often has the most detrimental impact on the most vulnerable people. Children, who cannot fully attend to their own needs, suffer the most from low incomes and poverty. Research suggests that children living multiple years with unhealthy food, substandard housing, and unsafe living environments are negatively impacted in the long term and have reduced economic prospects.[34] While the poverty rate for all ages hovers at 14 percent, the American Community Survey estimates

POVERTY RATES ARE STILL SHOCKINGLY HIGH FOR RURAL MINORITIES

Poverty by Race & Ethnicity, 2010



Source:
HAC Tabulations of 2006-2010 American Community Survey (ACS)

Figure 16

PERSISTENTLY POOR: LONG-TERM POVERTY IN RURAL AMERICA

An increasing number of rural communities are experiencing persistently high poverty rates. These areas are often isolated geographically, lack resources and economic opportunities, and suffer from decades of disinvestment. Often forgotten or hidden from mainstream America, these areas and populations have had double-digit poverty rates for decades.

Persistently poor counties are those with poverty rates of 20 percent or more in 1990, 2000, and 2010. There were 429 of these persistently poor counties in 2010. Fully 86 percent of them had entirely rural populations.

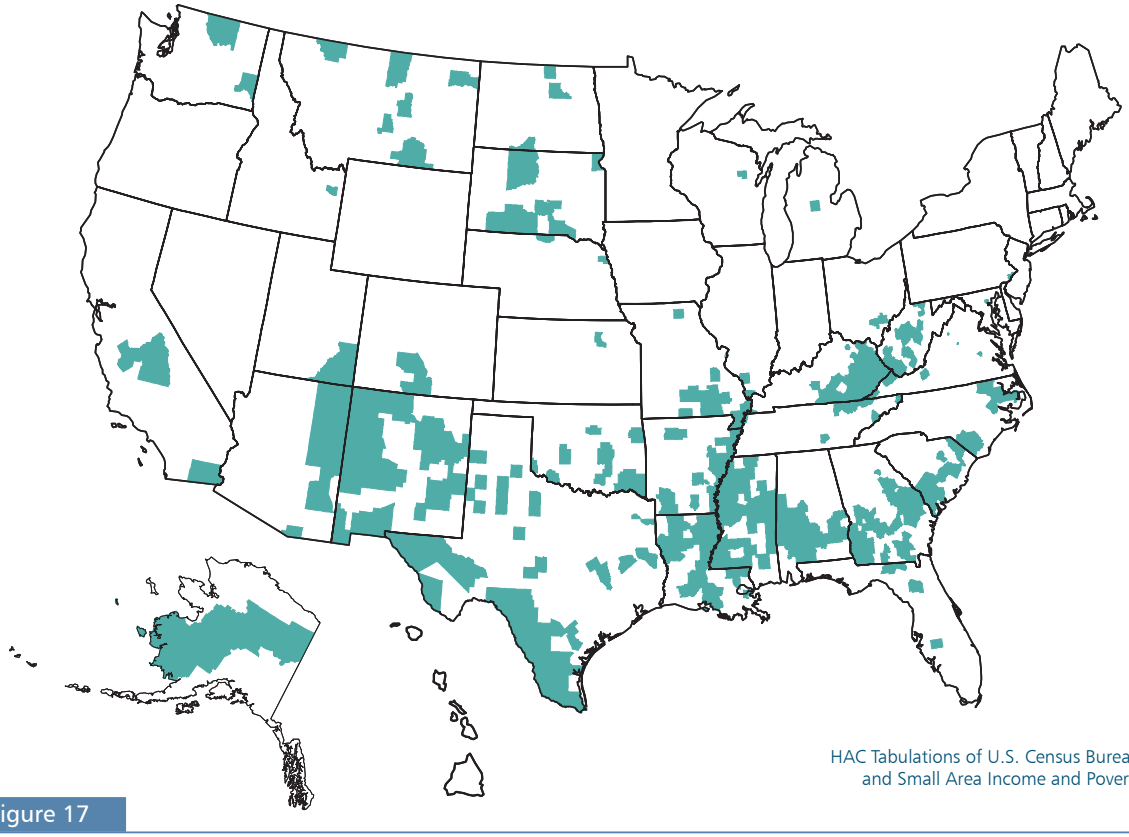
Overall, more than 21 million people live in persistent-poverty counties. Nearly 60 percent of them are racial and ethnic minorities, and the median household income is $31,581, more than 40 percent below the national median. More than 5 million people live below the poverty line in these counties, with an overall poverty rate of 25 percent – nearly twice the national rate. The poverty rate for minorities in these communities is even higher, at 32 percent.

One highly visible outcome of this economic distress can be seen in these areas' poor housing conditions. The incidence of housing units lacking adequate plumbing is more than twice the national rate, and nearly 400,000 households in these regions live in crowded conditions. Additionally, while housing costs are relatively low in many of these communities, more than half of renters in persistent-poverty counties encounter affordability problems and pay more than the federal standard of 30 percent of income for their housing.

The persistence of poverty is most evident within several predominately rural regions and populations such as Central Appalachia, the Lower Mississippi Delta, the southern Black Belt, the colonias region along the U.S.-Mexico border, Native American lands, and migrant and seasonal farmworkers. One of the more distressing trends is that the number of persistent-poverty counties is actually increasing. Using the same benchmark, the number of persistent-poverty counties increased by 8 percent from the 2000 level.

PERSISTENT POVERTY, 1990 - 2010

Counties with Poverty Rates of 20% or more in 1990, 2000, and 2010



Source:
HAC Tabulations of U.S. Census Bureau Decennial and Small Area Income and Poverty Estimates

Figure 17

that nearly 19 percent of children under the age of 18 live in poverty. In rural and small town communities the child poverty rate increases to 22 percent and is even higher for rural children under age 5, at 26 percent.

Poverty rates also vary by gender and household composition. Approximately 15 percent of rural men are in poverty, while the poverty rate for rural women is 18 percent. Single-parent families with children often struggle the most to meet basic needs. Poverty rates are extremely high for all single-parent households. The U.S. poverty rate for these families is 32.8 percent, compared to 6.7 percent for all other families with children. Approximately 4.1 million single-parent families, 1.2 million of whom live in rural areas, live below the poverty line. Female-headed households make up the largest proportion of single-parent families, and they often suffer the highest levels of poverty. Rural, female single-parent families in particular experience poverty at exceptionally high levels. The ACS estimates that 45 percent of these families are in poverty.

One of the biggest successes in reducing poverty has been among older Americans. Until recent decades, elderly persons in the United States experienced poverty rates at much higher levels than the overall population. The enactment of safety net programs such as Social Security, Supplemental Security Income (SSI), and Medicare have likely contributed to the reduction in the poverty rate of seniors over the past half century. In the mid-1960s, nearly 30 percent of seniors in the United States were in poverty.[35] In 2011, less than 9 percent were.[36] While these reductions in older age poverty are significant, rural seniors experience higher poverty than seniors nationwide, and older women experience higher poverty rates than their male counterparts. Overall, 14 percent of rural elderly women have poverty-level incomes, compared to an 8 percent poverty rate among rural men over the age of 65.

HOUSING IN RURAL AMERICA

The United States is experiencing one of the most extensive and painful economic crises in memory. It is well established that housing markets are at the heart of this crisis, and millions of American households are having trouble meeting their mortgage payments or rent and are facing foreclosure or eviction. It is difficult to determine the extent of foreclosures and housing distress in rural communities but, at a minimum, hundreds of thousands of rural residents have lost their homes to foreclosure or are mired in delinquency and unsustainable debt. While problems from the recent housing crisis are not to be overlooked, far too many rural residents have struggled with housing problems and inadequacies for years, if not decades, before the national housing crisis hit.

THE RURAL HOUSING STOCK

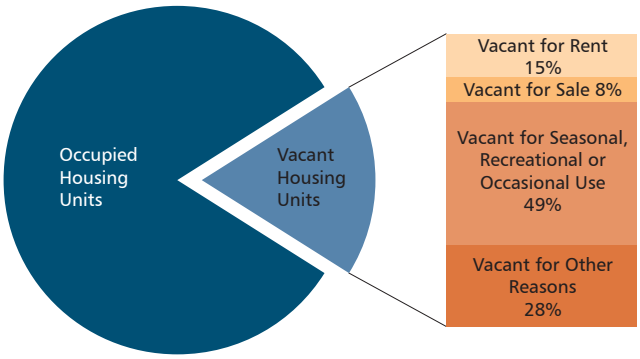
According to the 2010 Census, there are approximately 132 million housing units (both occupied and vacant) in the United States. This number represents an increase of roughly 16 million units, or 14 percent, from the year 2000. In rural and small town communities there are just over 30 million housing units, making up 23 percent of the nation's housing stock. The number of rural housing units increased by nearly 3 million (11 percent) between 2000 and 2010. Following general population trends, the growth in housing units was largest in suburban and exurban communities over the past decade. Between 2000 and 2010, nearly 70 percent of growth in housing units nationally was in suburban areas.

HOUSING OCCUPANCY AND VACANCY

Of the nearly 132 million housing units nationwide, approximately 89 percent are occupied. In rural and small town communities, however, the housing occupancy rate is lower, at 82 percent. Much of the higher vacancy rate in rural areas is due to homes left unoccupied for seasonal, recreational, or occasional use. Often referred to as "vacation homes," these units comprise approximately half of all rural and small town vacancies. Vacation homes are much more common in amenity-rich rural locales. In fact, nearly 60 percent of all vacant, seasonal, or recreational homes nationwide are located in rural and small town areas. In contrast, the rate of rural and small town vacant units classified as "for rent" (14.9 percent) is nearly half the national rate (27.6 percent). Rural and small town housing vacancies are greatest in states with substantial numbers of vacation homes.

HOUSING VACANCIES ARE MUCH HIGHER IN RURAL AMERICA, LARGELY BECAUSE OF SEASONAL AND VACATION HOMES

Rural & Small Town Housing Vacancy, 2010



Source:
HAC Tabulations of 2006-2010 American Community Survey (ACS)

Figure 18

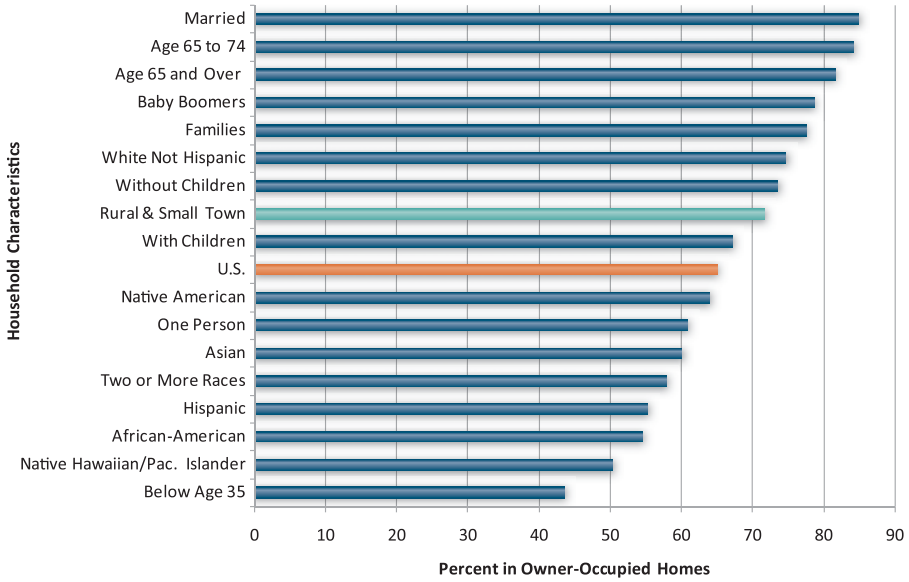
HOMEOWNERSHIP

The United States is largely a nation of homeowners. Owning a home has traditionally been a foundation of the "American Dream," conveying prosperity, financial security, and upward mobility – or so it was thought until 2008. Today, the housing crisis and flagging economy have taken some of the luster from homeownership, and have called into question elements of our nation's housing systems and policies.

Homeownership was not always the norm in the United States. In 1910, less than half of all U.S. homes were owned by their occupants. Yet over the past century, Americans have increasingly purchased their own homes – aided largely by rising incomes and a burgeoning mortgage finance system. In 2010, 65.1 percent of

HOMEOWNERSHIP RATES VARY WIDELY ACROSS THE RURAL SPECTRUM

Rural & Small Town Homeownership by Selected Demographics, 2010



Source:
HAC Tabulations of 2006-2010 American Community Survey (ACS)

Figure 19

U.S. homes were owner occupied. This rate is actually lower than the 2000 homeownership level of 66.2 percent, but homeownership rates have consistently been above 60 percent since the 1960s.

In rural and small town communities homeownership rates are even higher than the national level. In 2010, approximately 17.9 million, or 71.6 percent, of occupied homes in rural communities were owned by their inhabitants. Consistent with national trends, the 2010 rural homeownership rate declined by two percentage points from the year 2000 level.

Ownership of housing varies across racial and ethnic groups in rural and small town communities. As is the case nationwide, rural and small town minorities have substantially lower homeownership rates than white non-Hispanic households. Nearly three-quarters of rural white non-Hispanic headed households own their homes, while just 56 percent of rural minority-headed households are homeowners. The homeownership rate for rural and small town African Americans and Hispanics (55 percent) is 20 percentage points lower than that of white non-Hispanic households in rural communities. At the same time, the level of rural minority homeownership is eight percentage points higher than that of minorities in the United States as a whole.

Some of the largest differences in rural and small town homeownership rates are seen across age groups. Typically, homeownership rates increase with age. For example, only 44 percent of rural and small-town householders below age 34 own their homes, compared to 82 percent of those age 65 and over. While seniors have among the highest homeownership levels of any rural and small town demographic group, these too vary by age. The homeownership rate for householders age 65 to 74 is 84 percent, while the homeownership rate for seniors age 85 and over is lower at 70.8 percent. The much discussed "Baby Boom" generation (age 45 to 64 in 2010) also has high homeownership rates in rural and small-town areas. Nearly eight in ten rural and small town baby-boomers own their homes, a rate that is six percentage points higher than their suburban and urban boomer counterparts.

Though rural and small town homeownership rates declined across all racial and ethnic groups, they declined most dramatically among rural and small town African-American households. Between 2000 and 2010 the rural and small town African-American homeownership rate declined by 5.2 percentage points.

Homeownership does not mean the same thing for every homeowner. Housing tenure in the United States is often viewed through an "either-or" lens, in which a household either owns or rents a home. In actuality, there are three basic forms of housing

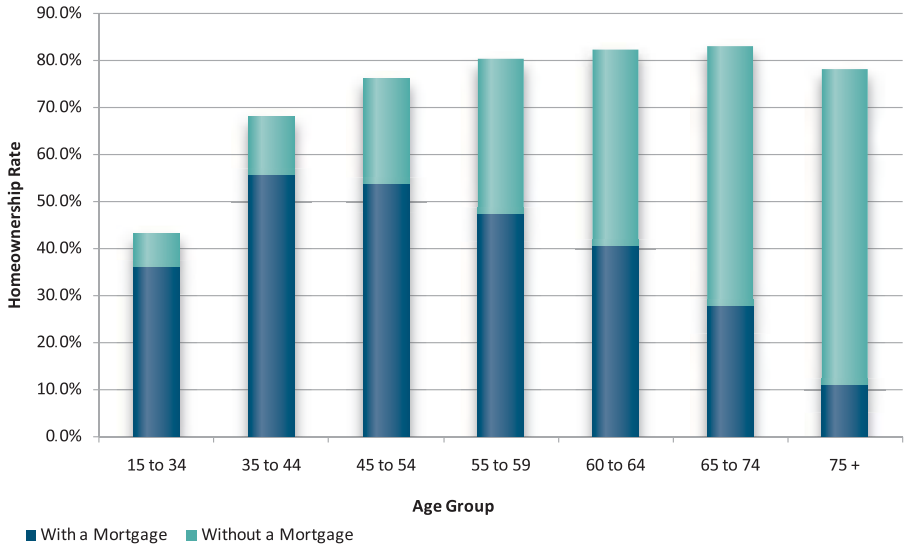
[v] These are general categories based primarily on tenure of the housing unit alone. It is important to note that there is an array of land-home tenure arrangements within the categories of owned and rented homes (e.g. housing cooperatives, shared equity homeownership, tribal trust land, contract for deed, etc.). The Census Bureau provides data on owner- and renter-occupied housing units only.

tenure: 1) renting, 2) owning with a mortgage, and 3) owning without a mortgage – often referred to as "free and clear" homeownership, in which a homeowner has no mortgage debt.[v] A slightly closer look at data from the 2010 Census provides some insight into mortgage-free, or what could be called "true," homeownership, especially in rural communities.

Mortgage-free homeownership is more common in rural areas and small towns than in suburban and urban places. Nearly 42 percent of homeowners in rural and small town America own their homes free and clear of mortgage debt, compared to roughly 27 percent of suburban and urban homeowners.

AS RURAL HOMEOWNERS AGE, THEY HAVE LESS MORTGAGE DEBT

Rural & Small Town Homeownership by Age and Mortgage Status, 2010



Source:
HAC Tabulations of 2006-2010 American Community Survey (ACS)

Figure 20

The higher rate of mortgage-free homeowners in rural and small town areas is likely attributable to several factors. First, there are a large number of manufactured homes in rural areas. Manufactured homes, typically financed through personal property loans, have shorter loan terms than standard mortgage financing. These finance elements combined with relatively low purchase prices result in a substantial number of debt-free manufactured homes.

Demographic and age factors also impact the mortgage status of rural homeowners. The population is older in rural and small town communities than in the nation as a whole, including more senior households. Typically, homeownership rates increase and mortgage debt declines with age. Over three-quarters of rural homeowners age 65 and over own their homes free and clear.

While more rural households own their homes without mortgages, it is also important to note the equity they accumulate is likely to be less than that for homes in urban or suburban areas because rural houses are generally less expensive. Factors such as distance from employment opportunities and amenities contribute to the lower value and appreciation of homes in many rural and small town markets. In rural and small town communities, over 40 percent of homes are valued at less than $100,000, compared to 23 percent of homes nationally. Additionally, many households residing in manufactured homes may own their homes, but not the lot on which their unit is placed. Residents who rent the land under their home may have reduced potential for appreciation in its value.

Home values and assets may be lower in rural areas, but higher levels of homeownership, as well as mortgage-free homeownership, are not insignificant statistics. Following a decade of lax financing standards and unconstrained housing consumption, millions of homeowners across the nation are "underwater" with substantial and, in some cases, unsustainable levels of housing debt. While the housing crisis did not spare rural America, many rural and small town homeowners are buoyed by relatively large levels of equity in their homes. A home is still the largest asset most Americans will ever own. Despite stagnant and declining home values nationally, asset and investment accumulation through homeownership is still a considerable economic factor for many rural residents.

RENTAL HOUSING

For much of the past decade, a near singular focus on purchasing and owning homes in the United States overshadowed and even marginalized the housing needs of renters. In rural America, where rental housing options are even less available, some residents need or desire to rent homes as an alternative to homeownership. Supply and affordability constraints still make renting difficult for many rural Americans, however. There are approximately 7.1 million renter-occupied units in rural communities, comprising 28.4 percent of the rural and small town housing stock. The rural rental housing rate is approximately eight percentage points lower than national levels and rural renters occupy only 17 percent of all U.S. rental housing units.

The physical composition of rural rental housing differs from rental characteristics nationally. Rural renters are most likely to live in single-family homes or in small multifamily structures rather than large buildings or apartment complexes. Nearly 43 percent of rural renters occupy single-family homes – twice the rate of urban renters. Slightly fewer rural renters (41 percent) live in structures of two or more apartments. Manufactured housing is much more prevalent in rural areas than in urban locales, and 12 percent of rural renter-occupied units are manufactured homes, more than twice the national rate. Rural renters also typically live in older housing than rural homeowners – 35 percent of rural renter-occupied units were built before 1960.

Nationally, as well as in rural areas, racial and ethnic minorities are more likely to be renters than white non-Hispanics. While rural minorities are more often homeowners than not, 44 percent of rural and small town minority-headed households rent their homes, compared to one-quarter of rural white non-Hispanic households. Rental housing is particularly important to

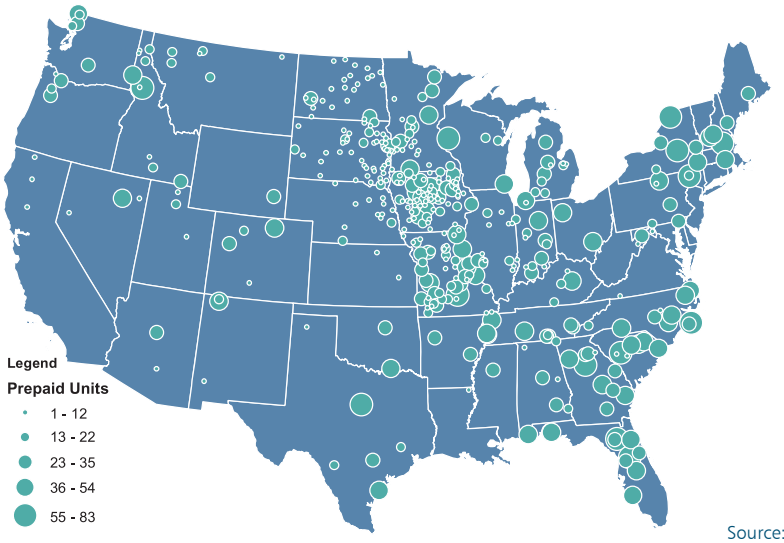
RURAL RENTAL HOUSING AT RISK: PREPAYMENT OF USDA'S RENTAL HOUSING STOCK

USDA's Section 515 loan program provides more than 400,000 decent, affordable rental homes for rural Americans with low incomes, but many of these rentals are now at risk of being lost as low-income housing. Under current law, owners of projects that received Section 515 loans prior to 1989 can request prepayment of the loan balances and convert the projects to market-rate housing, albeit with some restrictions designed to encourage affordable housing preservation. Owners of projects that received loans prior to 1979 can generally request prepayment of a Section 515 loan at any time.

Within the past decade, Section 515 owners have prepaid the loans on over 50,000 affordable homes, removing the mortgage provisions requiring them to house low-income residents. Many more loans are likely to be prepaid over the next several years. These prepayments are largely occurring in the Midwest and Southeast. Approximately 7,000 Section 515 projects (encompassing over 195,000 units) are eligible to prepay. Another 2,000 Section 515 properties built before 1989 will ultimately be eligible to prepay, but "restrictive use clauses" require them to remain affordable for low-income tenants for specified time periods. Overall, 46 percent of all properties with active Section 515 mortgages are eligible to prepay now, while a total of 60 percent will be in the near future.

USDA SECTION 515 RURAL RENTAL HOUSING

Loan Prepayments FY2006-FY2010

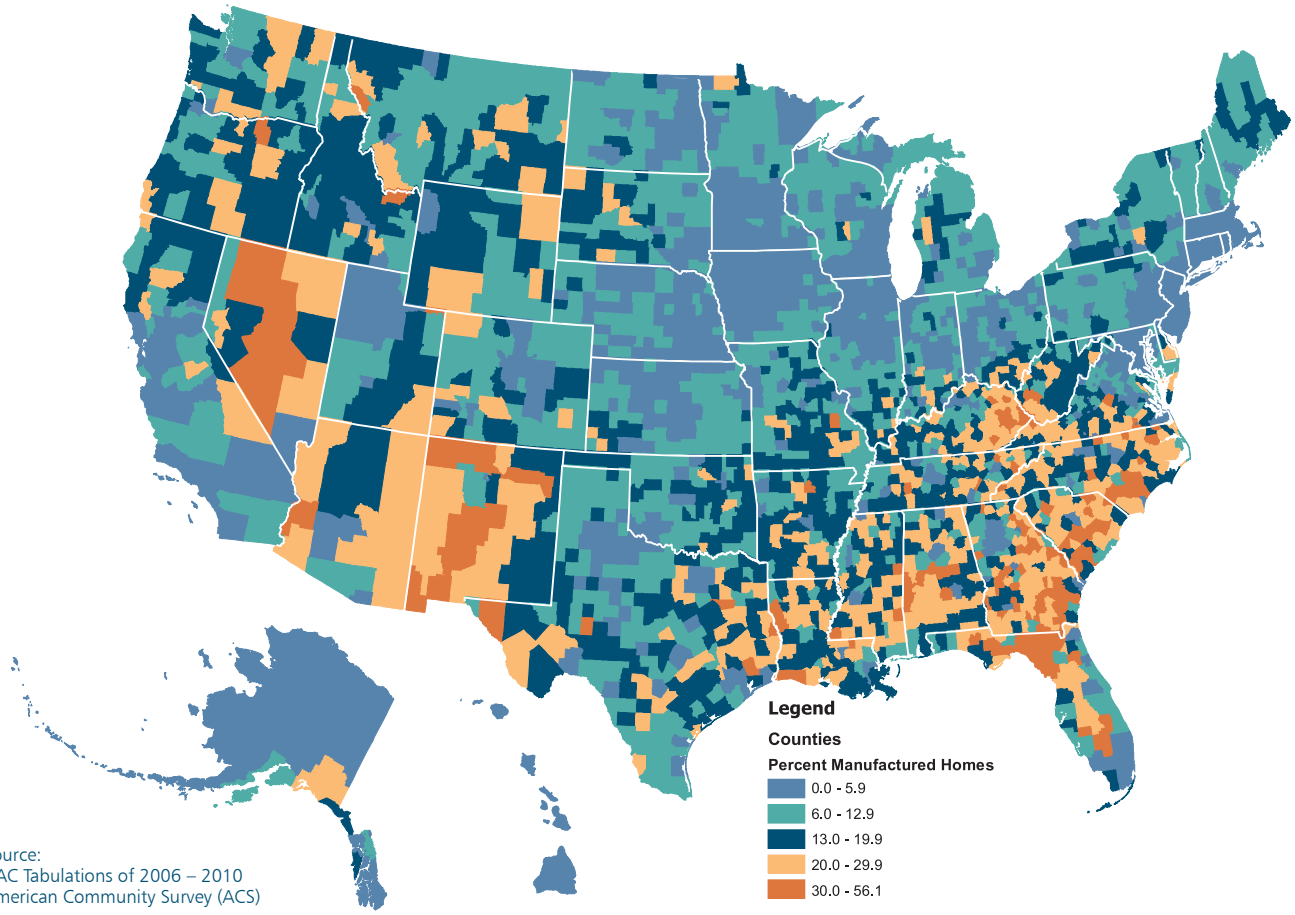


Source: HAC Tabulations of USDA Data

Figure 21

MORE THAN HALF OF ALL MANUFACTURED HOMES ARE LOCATED IN RURAL AND SMALL TOWN AREAS

Manufactured Homes as a Percent of All Occupied Housing Units



Source:
HAC Tabulations of 2006 – 2010
American Community Survey (ACS)

Figure 22

other rural groups including younger persons, households with children, and non-family households. As an example, nearly two-thirds of rural households below the age of 35 rent their homes.

Rural renters generally have much lower incomes than rural homeowners; renters' median household income is approximately $25,833, compared with $49,141 for rural and small town owners. Poverty levels among rural renters are also much higher. Nearly one-third of rural and small town families[vi] living in renter occupied homes have incomes below the poverty level, compared with 7 percent of owner families. Rural renter households also experience some of the most significant housing problems in the United States. Renters in rural areas are more likely to have affordability problems and are twice as likely to live in substandard housing than rural owners.

The imbalances in favor of owner-occupied housing in rural areas may not be based entirely on preference, as there is a dearth of rental homes and rental options in many rural communities. With demographic transformations such as a growth in single-person households and the burgeoning senior population, the need for adequate and affordable rental housing looms large for many rural communities. Simply put, affordable rental options are vitally necessary, yet in short supply in rural America.

[vi] Census ACS figures only provide poverty estimates by housing tenure for families, not households.

MANUFACTURED HOUSING

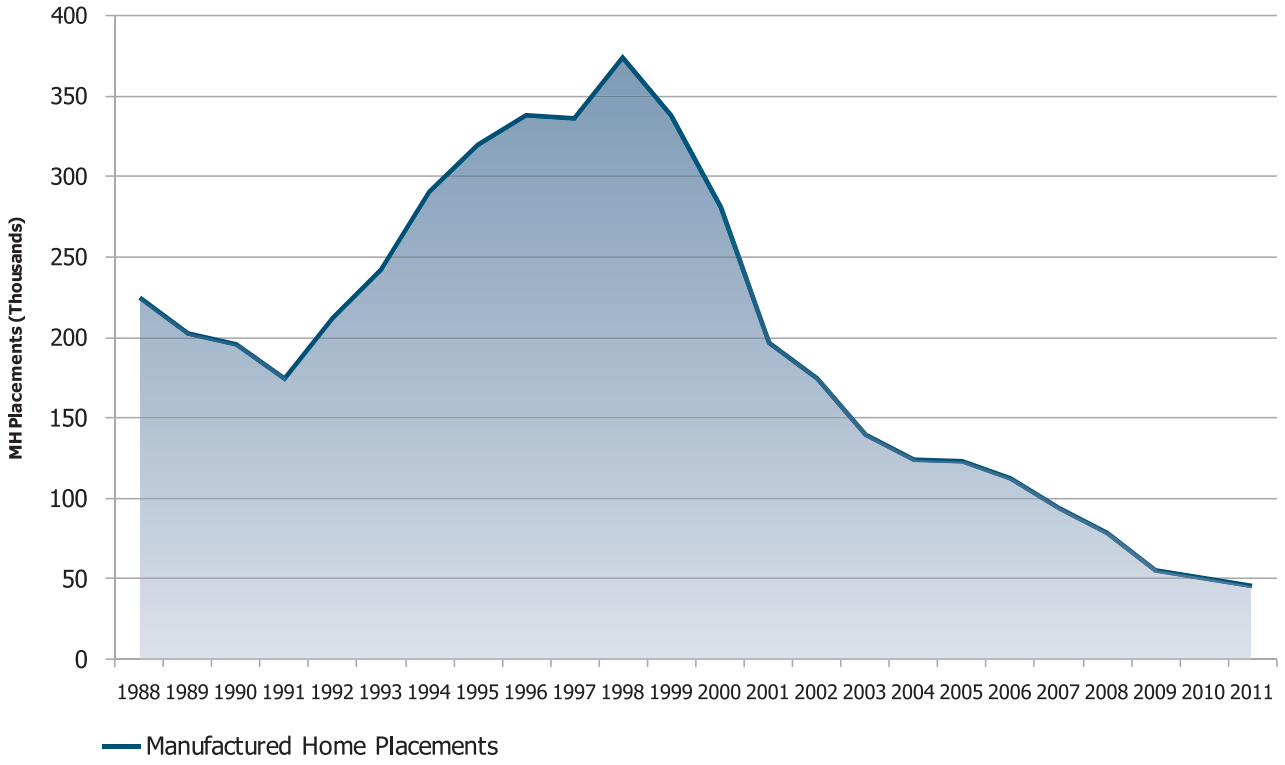
Manufactured homes – often referred to as mobile homes or trailers – are an important source of housing for millions of Americans, especially those with lower incomes and in rural areas. Manufactured housing in the United States is an assortment of varied structures, technologies, perceptions, and persisting challenges. There are approximately 7 million occupied manufactured homes in the U.S., comprising about 7 percent of the nation's housing stock. More than half of all manufactured homes are located in rural areas around the country. Also, more than half of all manufactured homes are located in Southeastern states.

The income demographics of those living in manufactured housing are changing. Increasingly people with a variety of incomes are living in manufactured homes, but households at the lower end of the income spectrum are still their primary residents. The median annual income of households living in manufactured housing nationwide is $30,000, nearly 40 percent less than that of households living in non-manufactured homes.[37]

While the physical and structural attributes of manufactured housing have improved over time, issues related to the sale, finance, appraisal, and placement of this type of housing often remain problematic. Today the majority of manufactured homes are still financed with personal property, or "chattel," loans.[38] With shorter terms and higher interest rates, personal property loans are generally less beneficial for the consumer than more conventional mortgage financing. Exacerbating these finance issues, manufactured homes are typically sold at retail sales centers where salespersons or "dealers" receive commissions. In some cases, dealers resort to high-pressure sales tactics, trapping consumers into unaffordable loans.[39]

MANUFACTURED HOME PLACEMENTS ARE AT THEIR LOWEST LEVELS IN DECADES

New Manufactured Home Placements, 1988 – 2011



Source:
HAC Tabulations of U.S. Census Bureau Construction Reports

Figure 23

HIDDEN COMMUNITIES: MANUFACTURED HOME PARKS IN RURAL AMERICA

Manufactured housing is an overlooked segment of our nation's housing stock, and manufactured home parks are especially maligned or "hidden," within many communities. Land-lease manufactured home communities, often referred to as "mobile home" or "trailer" parks, are home to over 2.3 million households nationally.[41] Contrary to popular perception, most manufactured homes are not located in park or community settings. Still, the Housing Assistance Council estimates that there are more than 50,000 manufactured home communities in the United States.[42] Households who reside in park settings have lower incomes and are more likely to be elderly than their counterparts in scattered site manufactured homes.[43]

The number of manufactured homes being placed in parks is declining. In 1981, more than half of all newly produced manufactured homes were placed in community or park settings. By 2011, only one-quarter of new units were located in parks.[44] A recent Government Accountability Office (GAO) report on FHA's Title I loan insurance program also noted that very few new manufactured home communities are currently being developed.[45]

In manufactured home communities, usually one individual or entity owns the land, while residents own their homes and rent the land on which their homes sit. In this land tenure arrangement, residents are frequently both owners and renters, and are often caught in a "gray area" of legal protection and recourse. Several states and jurisdictions have enacted special protections for residents of manufactured housing communities, but these vary widely. According to a recent analysis by AARP, at least 15 states have no manufactured home park statutes at all.[46] Rent controls, advance eviction notices, and first right of refusal to buy a community are important protections. In some states the legal status for manufactured home community residents is similar to an apartment renter where a management company may evict tenants with only 30 days' notice.

Another concern is the increased number of manufactured home park closures in recent years. In many instances, closures are driven by increasing land values where higher rents or incomes from the sale of land can be commanded. Other communities close due to lack of revenue in declining or unprofitable housing markets. Whatever the cause, closures of manufactured home communities have hit epidemic levels in some places. Exacerbating the rapid nature of closures are weak legal protections for tenants and prohibitively expensive relocation and moving costs.[47] The combination of these factors is threatening an already vulnerable population residing in one of the few affordable housing resources in this nation.

Such lending and retail practices, along with the downturn in the economy, have contributed to a decline in sales of new manufactured homes. In fact, the nation's current housing woes are surprisingly reminiscent of events in the manufactured housing industry in the early 2000s. After experiencing dramatic growth throughout much of the 1990s, sales and shipments of manufactured housing spiraled downward into a sustained slump. An overextension of credit and risky financing backfired after record-high foreclosure rates produced a glut of manufactured units, depressing the market. Placements of new manufactured housing units are at their lowest levels in decades, and many large manufacturers and retailers have exited the market or declared bankruptcy. The number of manufactured home placements has declined steadily from over 370,000 in 1998 to less than 47,000 in 2011.[40]

MORTGAGE ACCESS AND THE FORECLOSURE CRISIS

Not long ago, housing was a centerpiece of the strong and growing United States economy. In the latter part of the past decade, the mortgage foreclosure crisis devastated financial markets, local communities, and individual homeowners across the nation. Rural America has not escaped unscathed. More than four years into the housing crisis, however, it is still difficult to determine the extent of housing foreclosures and loan delinquencies in rural areas.

Figure 24. NEARLY 30 PERCENT OF RURAL MORTGAGES WERE MADE BY JUST 10 BANKS

HMDA HOME PURCHASE ORIGINATIONS FOR SMALL TOWN AND RURAL CENSUS TRACTS, 2010

RANK	BANK	HOME PURCHASE LOANS	AMOUNT (THOUSANDS) OF DOLLARS	PERCENT OF ALL LOANS
1	WELLS FARGO BANK, N.A.	37,617	6,417,224	11.16
2	BANK OF AMERICA, N.A.	15,877	2,708,432	4.71
3	US BANK, N.A.	11,059	1,426,891	2.48
4	JPMORGAN CHASE BANK, N.A.	9,252	1,303,479	2.27
5	USAA FEDERAL SAVINGS BANK	6,404	1,144,451	1.99
6	BRANCH BANKING AND TRUST CO.	5,902	902,388	1.57
7	SUNTRUST MORTGAGE, INC.	4,145	804,479	1.4
8	PHH MORTGAGE CORPORATION	5,389	776,596	1.35
9	METLIFE BANK, N.A.	4,228	704,209	1.23
10	FLAGSTAR BANK	4,301	678,402	1.18

Source: HAC Tabulations of 2010 Home Mortgage Disclosure Act Data

ACCESSING MORTGAGE FINANCE IN RURAL AMERICA

Changes in the financial and mortgage lending landscape over the last two decades have impacted rural communities. Bank and financial institution mergers have occurred at an accelerated pace, transforming the rural mortgage marketplace. The number of FDIC-insured lenders fell by 28 percent between 1997 and 2009, dropping from 11,455 to 8,298.[48] Meanwhile, the number of banks and thrifts reporting loan activity under the Home Mortgage Disclosure Act (HMDA) [vii] declined from more than 8,000 in 2005 to fewer than 5,000 in 2010. The impacts of bank consolidation are also evident in concentrations of home mortgage activity within rural communities. In 2010, nearly 30 percent of all rural and small town HMDA-reported home purchase loans were made by just 10 banks.[49]

Bank mergers and consolidations may impact rural communities in other ways as well. Large banks serving places far from their home bases may not be as attached to the communities they serve as smaller community banks would.[50] As a result, large banks do not fully know their new customer base, and they may make fewer loans and be less involved in the community.

The economic crisis has also impacted rural mortgage access and provision. In rural areas, applications for home purchase loans declined by 56 percent between 2003 and 2010. This represents a considerable decline in overall economic activity for many small communities.

In the wake of the housing crisis, home refinance has largely dominated lending activity. In 2008, 49 percent of all originations involved refinancing, while 43 per-

[vii] While HMDA data are a critical resource to understanding lending trends, the limitations of these data in rural areas must be acknowledged. Only those depository institutions with assets of $39 million or more that were headquartered in a metropolitan area were required to report HMDA data in 2010. Consequently, an undetermined number of rural lending data are unavailable, as many small, rural financial institutions are not required to report lending information.

[viii] At the time the 2010 HMDA data were collected, federal regulations defined "high-cost" mortgages as loans with an interest rate at least 1.5 percentage points for first-lien loans (3 percentage points for secondary-lien loans) higher than the annual percentage rate offered on prime mortgage loans of comparable type.

cent involved home purchases. By 2010, however, the proportions were 62 and 33 percent respectively. Low interest rates, along with poor economic conditions, have precipitated this change.

THE HIGH COST OF MORTGAGE BORROWING IN RURAL AMERICA

The high cost of lending and mortgage access in rural communities continues to be substantial. In 2010, approximately 95,819 (3.8 percent) of all home purchase originations in the United States were classified as high-cost loans.[viii] In rural areas, approximately 8.7 percent of all home purchase originations were high-cost loans, accounting for 35.7 percent of such loans nationwide. Rural minorities receive disproportionate levels of high-cost loans: 10.6 percent, compared to 8.6 percent for rural white non-Hispanics. The level of high-cost lending was also greater for low-income rural borrowers. For households with annual incomes below $25,000, approximately 17.4 percent of rural home purchase originations reported by HMDA were high-cost. In contrast, only 5.7 percent of rural households with incomes above $100,000 had high-cost loans.

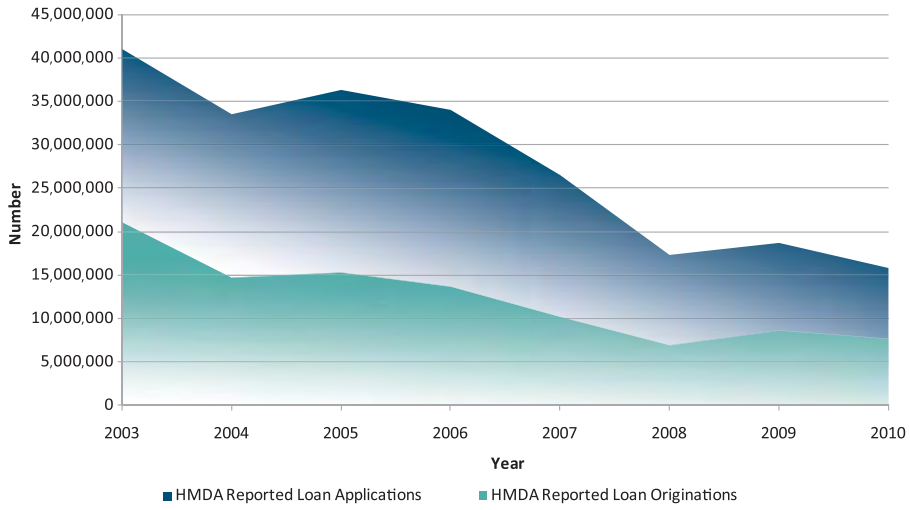
The reduced loan origination volume is accompanied by high mortgage denial rates in rural areas. The denial rate for 2010 home purchase loan applicants was 18.4 percent in rural and small town census tracts and 14.6 percent nationally.

THE FORECLOSURE CRISIS

The foreclosure crisis was at the center of the national economic discussion for much of the past decade. Uncharacteristic for housing issues, foreclosures garnered substantial attention from the public, policy makers, and the press. But foreclosure activity has not been as well analyzed in relation to

MORTGAGE LOAN ACTIVITY HAS DECREASED BY MORE THAN HALF SINCE 2003

U.S. HMDA Reported Mortgage Applications & Originations, 2003 – 2010



Source:
HAC Tabulations of 2000-2010 Home Mortgage Disclosure Act Data

Figure 25

THE BAD CREDIT AND DEBT TRAP

Bad credit and household debt are substantial impediments to accessing quality mortgage finance, especially for low-income households. In recent years American consumers have been awash in easy access personal credit, especially through credit cards with high fees and interest rates. Additionally there has been an increase in unpaid medical bills and credit collections associated with utilities, cell phones, and other expenses.[51] According to 2010 HMDA data, credit history was the reason cited most frequently for home purchase loan denials. Approximately 47 percent of denied mortgage applications in rural and small town areas were based on bad credit history or a high debt to income ratio in 2010.[52] Similarly, a recent review of USDA Section 502 direct loan mortgage applications indicated that 45 percent of loan denials were based on unfavorable credit history.[53] Nonprofit stakeholders have long commented that in order to qualify borrowers for affordable homeownership programs, they must often consider hundreds of applicants, largely because of credit problems and debt load.[54] A poor credit history, especially when combined with low incomes, is increasingly making a home mortgage with a prime interest rate out of reach for many rural homebuyers.

rural areas as it has been for cities and suburbs. The diversity of rural housing markets, along with the vast rural landscape itself, contributes to this lack of understanding. Assessing the level of foreclosure and housing distress is complicated by factors including geography, legal considerations, and procedures. The primary constraint, however, is a lack of publicly available and reliable data on rural mortgage performance.

WHAT IS THE FORECLOSURE RATE IN RURAL AMERICA?

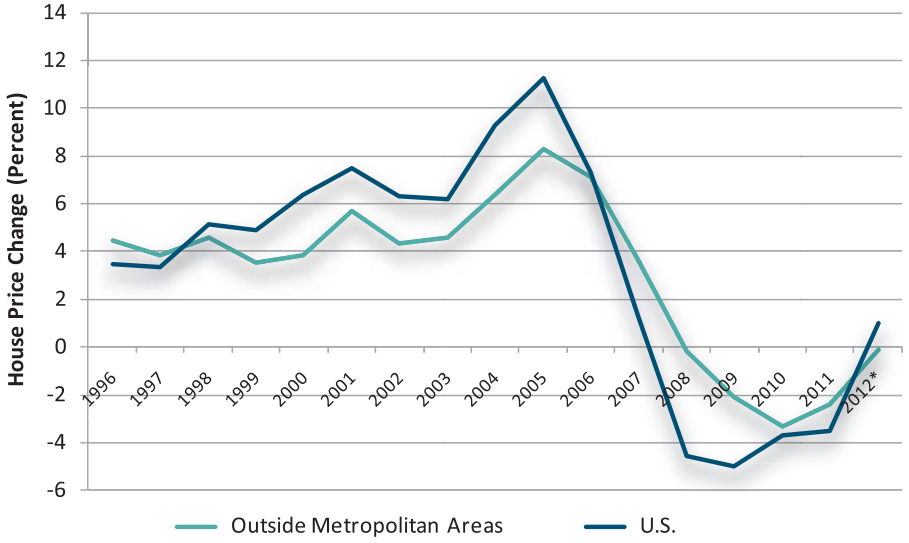
The rural foreclosure rate is difficult to determine. The few estimates available vary widely, depending on the data sources consulted. Some data collectors use public records, while others rely on internal business and loan-level information.[57] Yet other sources compile indirect and external data to craft their foreclosure estimates. More commonly, however, information resources simply do not provide complete or accurate loan performance data for rural communities.

The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act requires creation of a national foreclosure database to be jointly administered by HUD and the new Consumer Financial Protection Bureau (CFPB). While few details of the proposed database are known at the time of this writing, this resource could provide much-needed information on the foreclosure situation in rural America.

Ultimately, quality and accurate data is needed to understand and address the mortgage default and foreclosure crisis. More importantly, a comprehensive understanding of mortgage performance for the entire United States, including rural areas, is essential for returning to healthy housing and mortgage markets.

HOME PRICES OUTSIDE METROPOLITAN AREAS DECLINED IN THE LATE 2000S, BUT LESS DRAMATICALLY THAN PRICES NATIONALLY

House Price Change, 1996-2012*



Source:
HAC Tabulations of Federal Housing Finance Agency (FHFA) House Price Index

Figure 26

* Through first two quarters of 2012

While reliable data from which to ascertain the level of foreclosures in rural areas is scarce, recent HUD-collected information provides a snapshot of the foreclosure crisis in rural communities in 2009 and 2010. Data from HUD's Neighborhood Stabilization Program 3 (NSP3) estimates that approximately 291,000 rural homes started the foreclosure process and 141,615 entered real estate owned (REO) status between June 2009 and July 2010. Stated another way, up to 432,000 rural homeowners either lost or were on their way to losing their homes during that 14-month period.[55] According to HUD NSP estimates, approximately 14 percent of all foreclosure starts and completions in the 2009-2010 period occurred in rural areas.[56]

The foreclosure crisis is not monolithic and manifests itself in different ways across different markets. One factor widely linked to the national housing crisis was dramatic housing price growth. Starting in the early 2000s unprecedented, and in many instances unsustainable, price increases drove the housing frenzy. Recently, a troubled economy, record home foreclosures, and tightened credit availability have depressed markets and sent housing prices plummeting in many locales across

[ix]The figures on housing price change derive from the Federal Housing Finance Agency price index and, because of data limitations, refer to households outside metropolitan areas, not rural and small town areas as used primarily in this study.

the nation. Real housing prices have dropped to 1990s levels in some metropolitan markets.[58] Yet there is some indication that the boom and bust cycle for housing prices experienced in many markets did not follow the same pattern in rural America. According to Federal Housing Finance Agency (FHFA) figures, many homes outside metropolitan areas[ix] did in fact experience price increases over the past few years. These gains were not as dramatic, however, as those in metropolitan areas. Likewise, housing price declines outside of metropolitan areas were not as precipitous as those in urban locales.[59] Still, housing prices outside metropolitan areas eventually declined into negative territory and have lagged behind national price appreciation rates as the housing market begins a recovery.

The proliferation of subprime, and in some instances predatory, lending also contributed to foreclosures in rural communities. Subprime loans tend to have higher interest rates and shorter terms than the more conventional prime loans because they are assumed to go to borrowers who are at a higher risk of default. Subprime lenders are more active in low-income and minority communities.[60] Subprime and low-downpayment lending has allowed many low-income households to achieve homeownership. These factors, combined with often onerous loan terms and fees, spelled economic disaster for many rural homeowners with subprime mortgages.

While the problem of rural foreclosure remains murky, it is safe to assume that hundreds of thousands of rural households were, or continue to be, impacted by the foreclosure crisis. Furthermore, these housing problems may linger in rural communities due to a lack of economic vitality and diversification.[61]

PERSISTENT RURAL HOUSING CHALLENGES

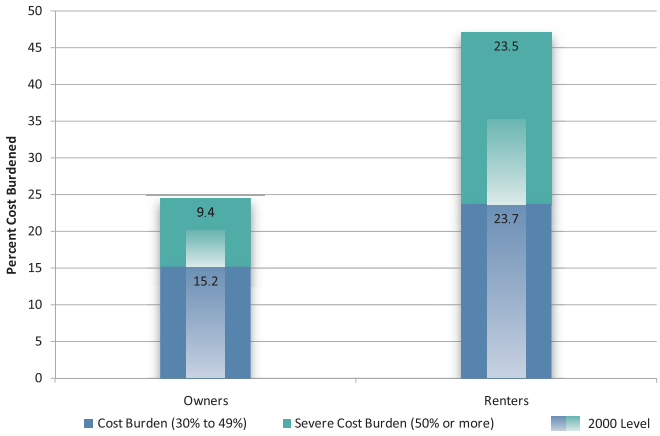
Much attention has been focused on housing after the mortgage crisis and a substantial number of rural households have experienced difficulties related to the foreclosure wave. Many rural Americans, however, especially low-income households, minorities, and persons in high-poverty areas, experienced housing distress long before 2008. Basic housing issues related to affordability, structural adequacy, and crowding are still problematic for millions of rural and small town households.

HOUSING COSTS AND AFFORDABILITY

Housing affordability has become one of the nation's most significant housing challenges and it is especially problematic for low-income households and renters in rural areas nationwide. Housing costs tend to be lower in rural areas than in suburbs and cities. The national median monthly rent is $756, while the median rent in rural and small town areas is one-third less, at $487. Similarly, monthly owner costs are a full 40 percent lower in rural areas than at the national level. The lower owner housing costs in rural areas are in part due to the fact that a relatively large share of rural homeowners own their homes "free and clear" and have lower monthly costs than those with a mortgage.

HOUSING AFFORDABILITY IS AN INCREASING PROBLEM, ESPECIALLY FOR RURAL RENTERS

Rural & Small Town Housing Cost Burden by Tenure, 2010



Source:
HAC Tabulations of 2006-2010 American Community Survey (ACS), 2000 Census of Population and Housing – SF-3

Figure 27

Despite the lower costs in rural areas, an increasing number of rural households find it challenging to pay their monthly housing expenses. Over 7 million rural households – three in ten – pay more than 30 percent of their monthly incomes toward housing costs and are considered cost burdened. The incidence of rural households experiencing affordability problems increased by a full six percentage points between 2000 and 2010. More than 2.9 million of these rural cost-burdened households pay more than half their incomes for housing costs.

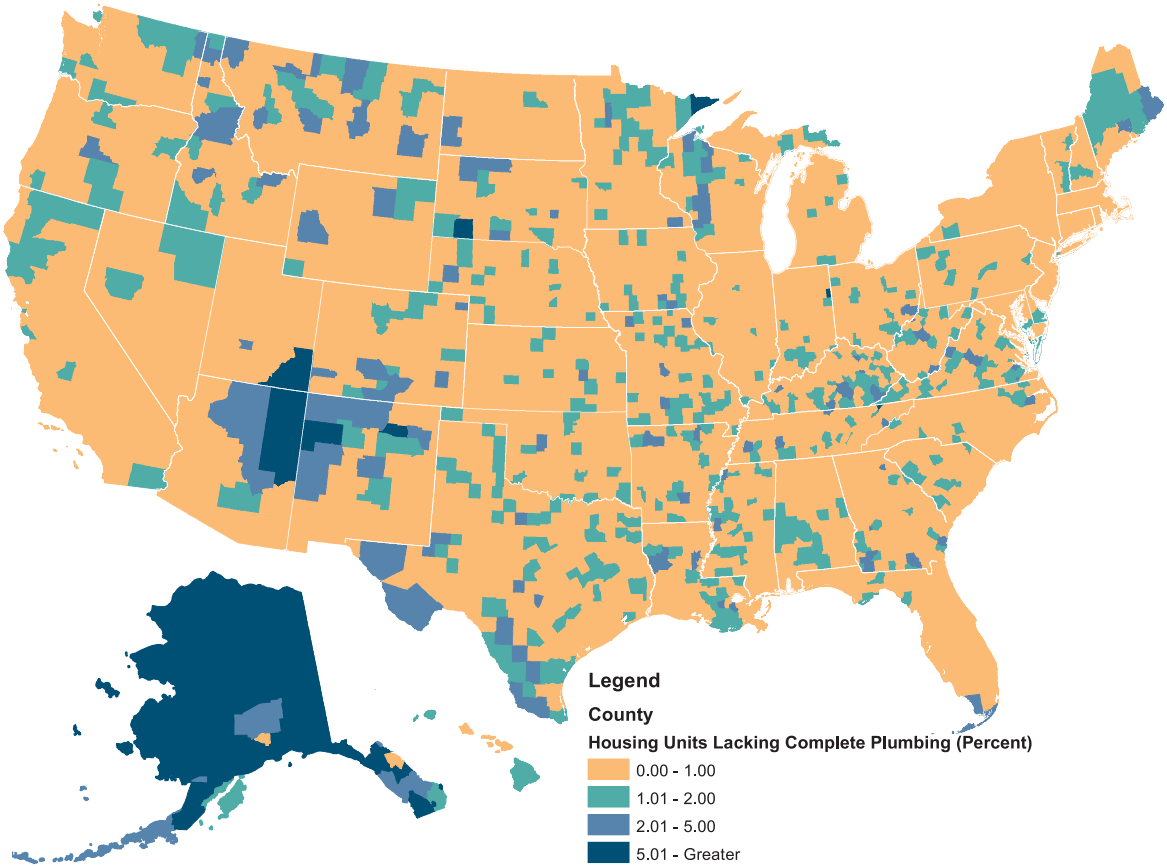
Housing affordability problems are especially problematic for rural renters. A full 47 percent of rural renters are cost burdened, and nearly half of them are paying more than 50 percent of their monthly incomes for housing. Almost 40 percent of all cost-burdened rural households are renters – a much higher proportion than the 28 percent of all rural households who rent their homes. Still, the majority of rural cost-burdened households (4.4 million) are homeowners.

Certain areas and communities suffer particularly high housing cost burdens. Rural housing costs tend to be lowest in the South and Midwest regions. In contrast, rural housing affordability problems are more prevalent in the Northeast and on the West Coast, especially in California. Not surprisingly, high-cost rural areas, especially those with natural amenities, tend to experience a high level of affordability problems. Natural amenities in a rural community draw upper-income residents from suburban or urban areas. These areas also often have recreational industries which offer lower-wage service work. These diverse new residents frequently compete with each other for scarce housing resources and press housing prices upward to levels that low-wage workers often have difficulty meeting.[62]

The affordability crisis is a multi-dimensional problem. While housing costs are relatively low in rural areas, incomes are also lower, so that many residents still cannot afford housing. Housing affordability figures indicate that household incomes in recent years have not kept pace with housing prices and expenditures. Not only are more people paying proportionally more for their housing but, as they contribute more

THERE HAVE BEEN SUBSTANTIAL IMPROVEMENTS IN RURAL HOUSING QUALITY OVER THE PAST SEVERAL DECADES. BUT TOO MANY RURAL HOMES STILL LACK THE MOST BASIC AMENITIES

Lacking Complete Plumbing Facilities, 2010



Source:
HAC Tabulations of 2006-2010 American Community Survey (ACS)

Figure 28

of their funds to housing costs, they have less money for other expenditures. This constrained spending is a further drag on an already stagnant economy.

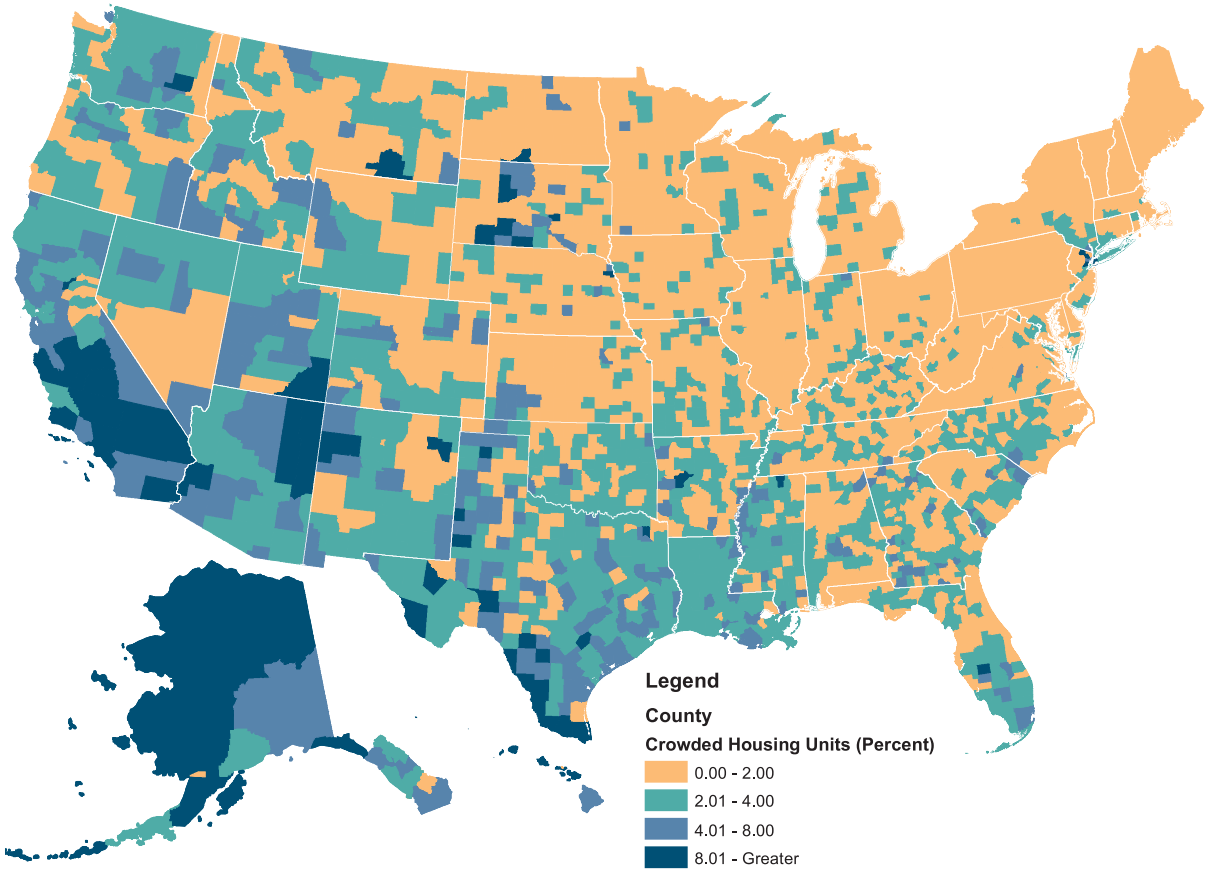
SUBSTANDARD HOUSING

While affordability problems are on the rise, it is sometimes presumed that substandard and dilapidated homes have largely vanished in the United States. Indeed, efforts to improve housing conditions have resulted in dramatic gains and most Americans currently live in high quality, safe, and decent housing. Substandard housing, however, has not entirely disappeared. According to 2009 American Housing Survey indicators of housing adequacy, 1.5 million or 5.8 percent of homes outside metropolitan areas[x] are either moderately or severely substandard,[xi] a proportion slightly higher than the national rate.

Minorities in rural areas are among the poorest and worst-housed groups in the entire nation, with disproportionately high levels of inadequate housing condi-

HOUSEHOLD CROWDING IS MORE PREVALENT AMONG SOME RURAL GROUPS AND COMMUNITIES THAN OTHERS

Household Crowding, 2010



*Crowding is defined as a housing unit with more than one occupant per room.

Source:
HAC Tabulations of 2006-2010 American Community Survey (ACS)

Figure 29

[x] The figures on substandard housing derive from HAC tabulations of the 2009 American Housing Survey (AHS) and, because of data limitations, refer to households outside metropolitan areas, not rural and small town areas as used primarily in this study.

[xi] The American Housing Survey (AHS) defines physical housing problems based on the instance and severity of conditions related to surveyed units' plumbing, heating, electric, upkeep, and hallways.

tions. Outside metropolitan areas, minority households are twice as likely to live in substandard housing as white, non-Hispanic residents.[63] African American-headed households living outside metropolitan areas are three times more likely to live in substandard housing than are households of all races.[64]

Among the most basic housing-quality indicators is access to running water and working plumbing facilities. In 1970, more than 3.5 million housing units were without complete plumbing facilities in the United States.[65] In 2010, just over 600,000 units, less than 1 percent of occupied homes, did not have complete plumbing. At the same time, more than 30 percent of homes lacking hot and cold piped water are in rural and small town communities. In some rural communities, especially on Native American lands and in Alaska, the incidence of homes lacking basic plumbing is more than 10 times the national level.

CROWDING

Crowded homes, defined as those with more than one occupant per room, are slightly less common in rural regions and small towns than in the nation as a whole. There are more than 580,000 crowded housing units in rural and small town areas, a rate of approximately 2.4 percent, compared to 3.1 percent nationally. Urban areas have a higher percentage of crowded homes (5.9 percent) than both rural and suburban communities.

Household crowding is more prevalent among some rural groups and communities than others. On Native American lands, 8.8 percent of homes are crowded. Crowding rates for Hispanic households are three times the overall rural rate, and Hispanics occupy over 30 percent of crowded housing units in rural and small town areas.

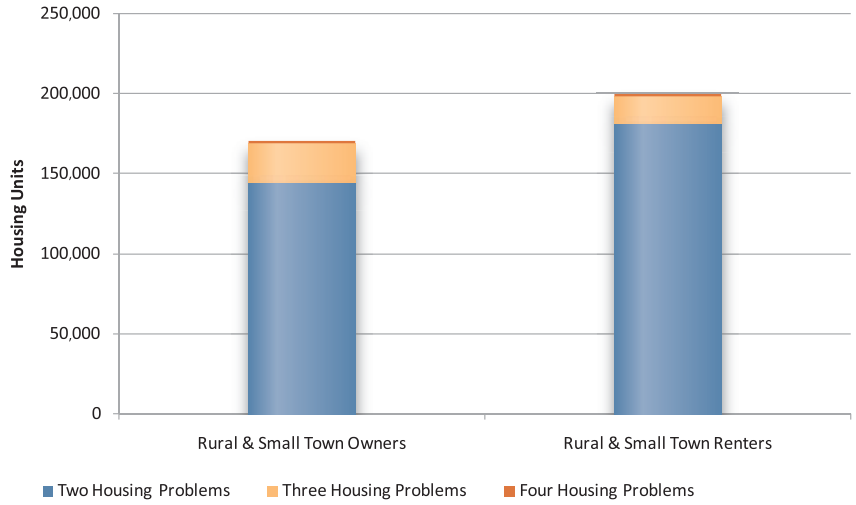
The effects of crowded housing conditions can exacerbate substandard living conditions and health problems. Social issues including lower educational attainment, substance abuse, domestic violence, and child abuse and neglect can be influenced by crowded housing conditions.[66] Diseases that stem from crowded conditions include increased incidences of tuberculosis, pneumonia, gastrointestinal disorders, head lice, conjunctivitis, and hepatitis, among others.[67] Household crowding in rural areas is often an invisible form of homelessness as some rural households "double up" with friends or relatives in reaction to adverse economic or social situations, or to escape substandard housing conditions.

MULTIPLE HOUSING PROBLEMS

Housing affordability problems, quality deficiencies, and crowding may exist in conjunction with one another. Nearly 30 percent of rural and small town households live in homes with major housing issues. Over 7.3 million rural households have at least one major problem, most often housing affordability. Another 370,000 rural households have two or more housing problems. These households with multiple housing problems almost always experience cost burden in combination with either substandard or crowded conditions. Rural renters are disproportionally represented not only among households with

MORE THAN HALF OF ALL RURAL HOUSEHOLDS WITH MULTIPLE HOUSING PROBLEMS ARE RENTERS

Multiple Housing Problems – Rural & Small Town Areas, 2010



Source:
HAC Tabulations of 2006-2010American Community Survey

Figure 30

problems, but in particular among households with multiple problems. Over half of rural and small town households with multiple problems of cost, quality, or crowding are renters.

RURAL HOMELESSNESS

Homelessness is widely viewed as an urban problem, but rural individuals and families also experience both literal homelessness and extremely precarious housing situations.[68] According to National Alliance to End Homelessness estimates, over 47,000 persons, or approximately 7 percent of the nation's homeless population, live in rural[xii] or mostly rural counties.[69] In fact, two of the three Continuums of Care with the highest rates of homelessness are found in rural counties.[70] Rural homelessness may be simply less visible, as rural homeless people do not usually sleep in visible spaces, and emergency shelters may not exist in rural places.[71] It is also common for rural homeless individuals to live in their cars or campers.

Literal homelessness, the condition of living on the street or in a shelter, is often episodic and is less common in rural areas than in cities due to kinship networks and a lack of service providers and resources. It is much more common for rural homeless people to double or triple up with friends or relatives or live in structures not built for habitation, like garages and barns, as rural areas often lack shelters and other homeless assistance programs.[72] Homeless individuals in rural areas typically experience precarious housing conditions, moving from one extremely substandard, overcrowded, or cost-burdened housing situation to another. Previously, individuals housed in these unstable situations, did not meet the definition of homelessness used by some federal agencies to determine eligibility for government assistance programs. However, this has changed with the passing of the HEARTH Act.[73]

The difficulty of enumerating and identifying rural homeless populations leads to challenges in quantifying need, ultimately hindering policy creation, funding, and attention for this problem. Support services for the homeless are often unavailable in rural areas due to isolation, lack of awareness, and lack of resources.

PUBLIC INVESTMENT IN RURAL HOUSING

The federal government has had a role in affordable housing for low- and moderate-income households for over 80 years. Landmark legislation such as the 1937 Housing Act, the Housing Act of 1949, and the Cranston-Gonzalez 1990 National Affordable Housing Act authorized federal assistance that has directly improved the housing conditions and lives of millions of low-income rural Americans. Today the federal government's involvement in affordable housing is a complex patchwork of grants, loans, loan guarantees, subsidies, and tax incentives.

Federal housing programs that reach rural communities are administered through HUD, USDA's Rural Housing Service (RHS), state agencies, and others. HUD is the dominant source of federal funding for low- and moderate-income housing, while USDA programs target rural housing needs specifically. The structure and delivery of federal housing investment in rural communities are often distinct from those in suburban or urban markets. Large cities and population areas receive direct entitlements through grant programs such as the HOME Investment Partnerships program and the Community Development Block Grant, whereas most rural places must compete with others for these funds.

Precise figures are difficult to obtain, but it is estimated that federal funding either directly or indirectly supports more than 6 million units of affordable housing in the United States. These programs are oversubscribed, however, as only about one-quarter of the low-income households eligible for housing programs actually receive any assistance.[74]

A substantial portion of federal assistance is for rental housing. Although they represent a generally small component of the rural stock, federally assisted rental homes and units are among the highest quality rental properties in many rural communities. These resources also provide housing to some of the most vulnerable and low-income individuals in the country. For example, the average annual income of residents in USDA Section 515 rural rental housing properties is just $11,337, and approximately 60 percent of these households are either elderly or disabled.[75]

[xii] The figures on homelessness derive from National Alliance to End Homelessness estimates. Because of data limitations, these estimates refer to population outside metropolitan areas, or in metropolitan areas with no urbanized population, not rural and small town areas as used primarily in this study.

Funding and investment in affordable housing continues to shrink. Federal rural housing programs have gone through many changes and experienced drastic budget cuts in recent years. Additionally, rental assistance comprises ever larger portions of both HUD and USDA budgets. The increasing cost of housing limits how far these dollars can go.

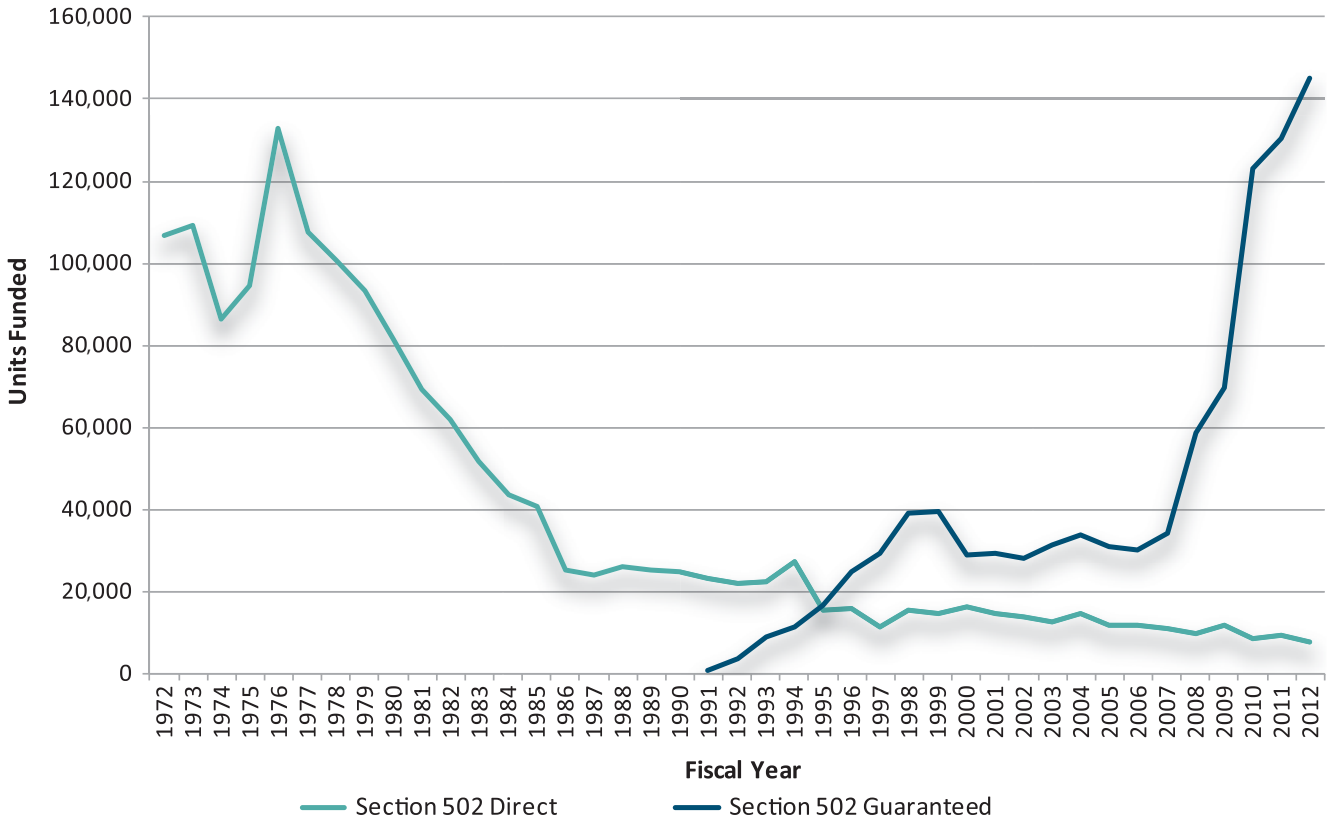
Despite their demonstrated success, many federal housing programs are under financial pressure and continue to change. As an example, USDA's Section 502 homeownership loan program has experienced a dramatic shift away from direct lending in favor of loan guarantees. In fiscal year 2012, approximately 96 percent of the value of Section 502 was obligated under the guaranteed program. Over 145,000 homeownership loans were guaranteed, totaling $19.2 billion. In contrast, 7,918 direct homeownership loans were made, totaling $900 million.[76] The increased demand for Section 502 loan guarantees is in part attributable to the disappearance of subprime mortgage lending in private markets. In some states, these USDA-backed loans are among the only nonprime lending products. Reductions in direct lending have serious implications for lower income applicants, however, as the Section 502 direct program serves households with substantially lower incomes than USDA's guaranteed lending program. In fiscal year 2011 the average household income for direct Section 502 borrowers was $27,053, compared to $50,571 for households receiving Section 502 loan guarantees.[77]

LOOKING TO THE FUTURE

One constant resource to address rural housing challenges has been local nonprofit housing organizations across the nation. Some organizations administer

LOAN GUARANTEES CONTINUE TO COMPRISE A LARGER SHARE OF USDA RURAL HOMEOWNERSHIP ASSISTANCE

USDA Section 502 Homeownership Loan Activity, FY 1972 – FY 2012



Source:
HAC Tabulations of USDA Obligation Report Data

Figure 31

statewide or even regional development plans, while others serve single communities. In many instances, these local nonprofit organizations are the only entities providing affordable housing for low-income people in their communities. Rural housing developers often face difficult problems that may not be as prevalent in urban areas, such as inadequate or nonexistent water and sewer systems, a shortage of financial institutions, and limited access to labor markets and construction materials. Despite these limitations, community-based organizations are the catalysts that transform public and private funding into affordable homes.

There are still far too many housing problems in rural America, but the basic quality of rural housing has largely improved over the past few decades. There has been a precipitous decline in the most egregious housing inadequacies such as dilapidated homes and outhouses. The reasons for this progress are varied. But relatively modest federal investment has directly improved the housing conditions for millions of rural Americans. Recognizing this progress is important as new and more complicated constraints of affordability and housing distress have emerged. If anything, the past decade has taught us the importance of housing to our nation's economy, communities, and families. The nation's fiscal outlook is complicated, but public sector investment and involvement are crucial to healing our housing markets and ensuring their long-term health while recognizing that all communities, rural and urban, need attention and investment.