



For more information about rural housing, visit HAC online.



[www.ruralhome.org](http://www.ruralhome.org)

## Nonprofit & Community Based Housing Organizations WORK in Rural America

One bright spot in the current housing situation are the efforts of nonprofit housing organizations that continue to meet the housing needs of low-income residents. Across the nation, there are up to 1,000 local housing nonprofits working in rural communities. Some nonprofits administer statewide or even regional development plans, while others serve a single community. 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. Inadequate or non-existent water and sewer systems, a lack of financial institutions, and limited access to labor markets and construction materials can hinder the development of affordable housing in rural areas. Despite these limitations, community based organizations are the essential connection that transform public and private funding into affordable homes.

- I. Unless otherwise noted, most statistics and figures in this publication derive from HAC tabulations of the 2009 American Housing Survey.  
II. U.S. Bureau of the Census, Historical Poverty Tables.  
III. HAC tabulations of USDA Data.

HAC



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## The Housing Assistance Council (HAC)

is a national nonprofit organization that supports affordable housing efforts in rural areas of the United States. HAC provides technical housing services, seed money loans from a revolving fund, housing program and policy assistance, and research and information services. HAC is an equal opportunity lender.

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# Housing in Rural America

## Rural America at a Glance

Rural America has changed dramatically over the last century. In 1900, approximately two-thirds of the total population lived in rural areas. Today rural residents make up only one-fifth of the population, yet live across 80 percent of the nation's landmass. While rural America continues to be more racially and ethnically homogenous than the rest of the nation, rural areas are becoming increasingly diverse, much of which is due to the rapid growth in the Hispanic population. With the continuing out migration of working age residents, rural communities are increasingly made up of older residents.

Over the past few decades, the rural economy has diversified. Traditional industries such as agriculture, forestry, and mining continue to decline, while service jobs are increasing.



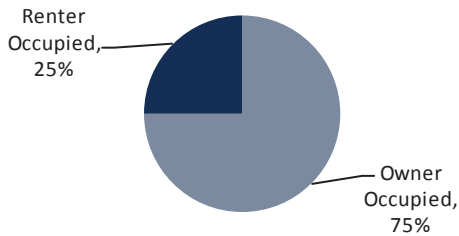
## Housing Trends and Issues in Rural Areas

**As the population and economy of rural America is changing so too are rural homes. For the most part these changes have been positive as today more rural Americans live in safe, decent, and high quality housing than at any time. Despite this progress, far too many rural Americans live in substandard, unaffordable, or crowded homes. There are approximately 111 million occupied housing units in the United States, roughly 25 million, or 22 percent of homes, are located in rural areas.**

At the turn of the 20<sup>th</sup> century, less than one-half of U.S. homes were owned by their occupants. Today, approximately 68 percent of the nation's households are homeowners. In rural areas, the homeownership rate is even higher at 75 percent. Homeownership serves as a significant source of wealth and equity for many Americans.<sup>1</sup>

In a nation that places a high value on homeownership and has committed substantial resources to increasing ownership opportunities, the needs of renters are often overlooked. This is especially true in rural communities where homeownership has long been the preferred form of tenure for the vast majority of households.

Housing Tenure Status in Rural America



However, renting provides a housing alternative for the millions of rural families unable to purchase or uninterested in owning a home. More than 6.4 million homes, or 25 percent of the total occupied rural housing stock, are renter-occupied.

Rural rental households tend to have lower incomes and experience some of the most significant housing problems in the United States. Renter-occupied households in rural areas are twice as likely to live in substandard housing than their owner counterparts. Additionally, over half of all rural households with multiple housing problems (e.g., quality, crowding, or affordability) are renters.



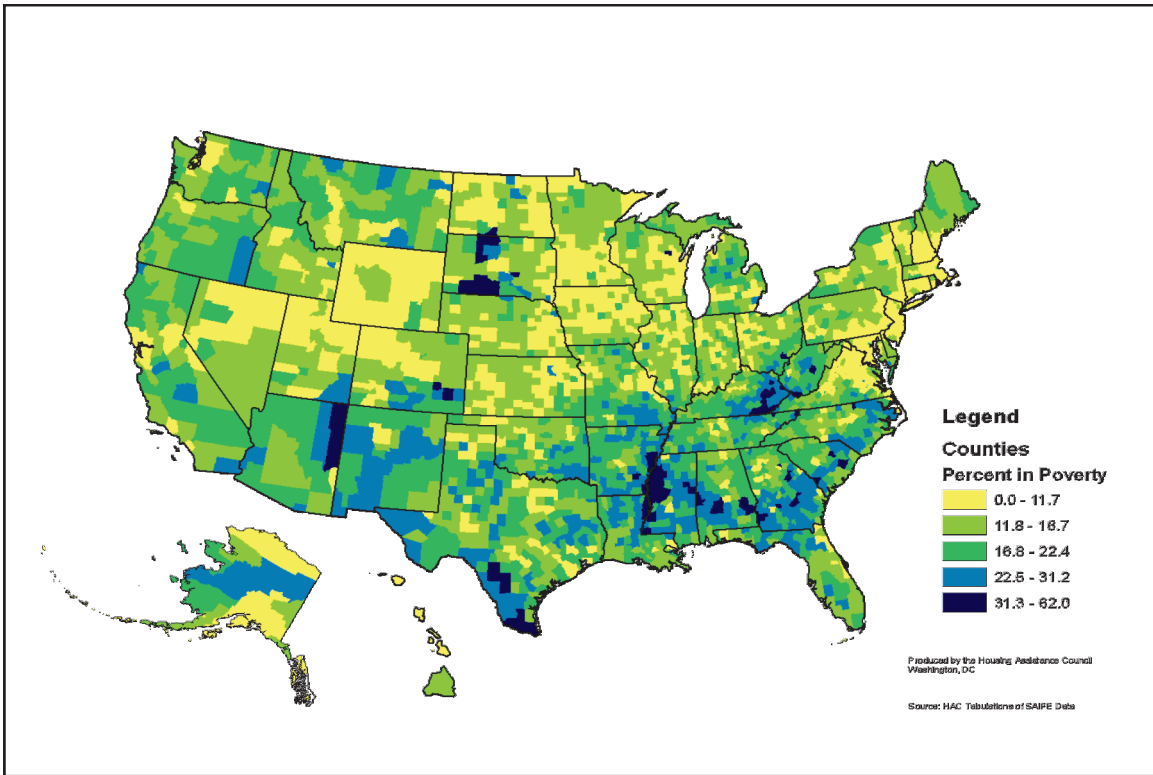
Housing Assistance Council

# Poverty in Rural America

Despite increased industry diversification and increasing incomes, poverty remains a stubborn problem in many rural communities in the U.S., particularly among minorities, female-headed households, and children. According to the most recent Census Bureau estimates, approximately 7.9 million persons, or 16.6 percent of the rural population are poor compared to 14.3 percent for the rest of the U.S. .<sup>ii</sup>

Many of our nation's poor residents are concentrated in rural areas that experience persistently high rates of poverty and are often invisible to the rest of the nation. These persistent poverty counties are clustered within several high need rural regions and populations such as central Appalachia, the Lower Mississippi Delta, the southern Black Belt, Colonias along the U.S.-Mexico border, Native American lands, and migrant and seasonal farmworkers.

## Poverty by County, 2009



## Housing Problems

For much of the last century, the poor quality and condition of homes was the primary housing concern facing rural America. However, it can now be argued that affordability has replaced poor housing conditions as the greatest problem for low-income rural households. Housing costs are generally lower in rural areas but so are incomes. In some areas, housing costs have also outpaced incomes.

Approximately 7.4 million, or three in ten rural households pay more than 30 percent of their monthly income for housing costs and are considered "cost-burdened." Most cost-burdened households have low incomes, and a disproportionate number are renters. Four in ten cost-

burdened households in rural areas are renters, while renters comprise less than one-quarter of all rural homes.

In the past few decades, dramatic progress has been made in improving the quality of housing in America. Despite this progress, housing problems persist and tend to be most common in rural areas and central cities. According to 2009 American Housing Survey (AHS) indicators of housing adequacy, 1.5 million or 5.9 percent of rural homes are either moderately or severely substandard, which is a slightly higher rate than for metropolitan areas.

Minorities in rural areas are among the poorest and worst housed groups in the entire nation, with extremely high

levels of inadequate housing conditions. Non-white and Hispanic rural households are three times more likely to live in substandard housing than white rural residents. Minorities are also more likely to live in inadequate housing in rural areas than in metro areas. Rural African Americans have particularly high substandard housing rates as more than one in five rural African-American headed households lives in substandard housing.

**"Minorities in rural areas are among the poorest and worst housed groups in the entire nation"**



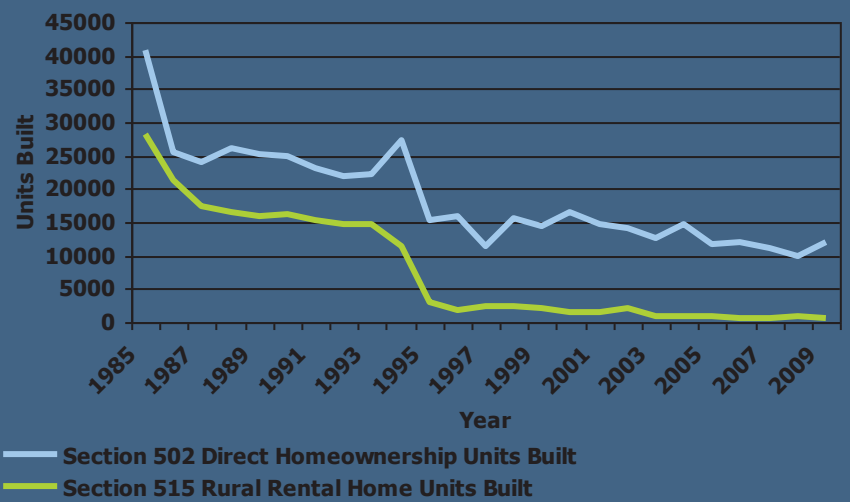
## The Role of Federal Housing Assistance

Since the mid-1930s, the federal government has supported the production of low- and moderate-income rural housing. This assistance has directly improved housing conditions for millions of low-income rural Americans. The federal housing effort has evolved into a complex series of programs. Housing programs that reach rural communities are administered through HUD, USDA Rural Development (RD), the Internal Revenue Service, and others.

The federal government's largest housing initiative is the mortgage interest tax deduction, which primarily benefits middle- and upper-income households. HUD is the dominant source of federal funding for low- and moderate-income housing. RD programs, which target rural housing needs specifically, receive relatively little funding. Federal rural housing programs have gone through dramatic transformations in recent years.

Many federal housing programs have seen their budgets drastically cut. A primary example is the U.S. Department of Agriculture's Section 515 Rural Rental Housing program, which in Federal Fiscal Year (FY) 1994 funded the development of 11,542 units of affordable rental housing in rural areas. Only 805 units were developed under the program in FY 2009, reflecting a 99 percent reduction from the FY 1994 level.<sup>iii</sup>

**Selected USDA Rural Housing Programs  
Production FY 1985-2009**



## Mortgage Access and the Foreclosure Crisis

Not long ago housing was the centerpiece of our nation's strong and growing economy. Today the mortgage foreclosure crisis is devastating financial markets, local communities, and individual homeowners. It is difficult to precisely assess the extent of the foreclosure crisis in rural areas. However, it is undeniable that a substantial number of loans were made to rural borrowers with thin equity cushions and blemished credit records. The current economic crisis has imperiled thousands of rural borrowers through subprime credit or unstable employment.

Rural areas in particular have fewer financial institutions than urban markets resulting in less competition and increased cost to consumers. Higher overall mortgage rates in rural areas are attributable, in part, to the large number of financed manufactured homes, which are often financed for shorter loan periods and with higher interest rates.