



# Rural Voices

— THE MAGAZINE OF THE HOUSING ASSISTANCE COUNCIL —

Winter 2000–2001 • Volume 6 / Number 1

why  
housing  
matters

---

IN THIS ISSUE

---

Why Housing Matters to . . . Children . . . Health . . . Employment . . . Economic Development

AND MORE . . .





Dear Friends,

This issue of *Rural Voices* celebrates the importance of decent, affordable homes. Taking its theme from a new Housing Assistance Council report called *Why Housing Matters*, it includes several articles about the connections between housing and other aspects of life. We are particularly happy that it also includes four brief essays written by children who live in assisted housing developments, explaining why their homes matter to them.

These four essays won top awards in a contest held at the 2000 National Rural Housing Conference in December. The conference was a success in many other ways as well, with over 700 participants taking part in three days of workshops, roundtables, panels and plenaries. "Strengthening Our Communities," the conference theme, helps explain why housing matters. Housing is about more than roofs and walls. It is about strengthening our communities — good homes go along with good health, stability, pride, caring about our neighbors, and having hope for our future.

This winter may be an especially important time to spread the word about why housing matters. As a new Administration and a closely divided Congress begin to consider funding and policies for the federal housing programs, as we await data from the 2000 Census that could change how those programs are allocated, and as the long national economic boom shows signs of slowing, those of us who understand housing's importance must ensure that others begin to understand as well.

Sincerely,

William Powers, Chair

Charles B. Davis, President

Moises Loza, Executive Director

# Contents

## 1 HAC FACTS

***National Rural Housing Conference 2000 a Success***

***HAC Announces New SHOP Recipients***

***Rural Housing Awardees Honored***

***HAC To Help Train HUD Rural Grantees***

***New HAC Reports and Manuals Published***

## FEATURES

### 2 Why Housing Matters

Excerpts from a recent HAC report summarize current conditions and trends in rural housing, and provide a framework for understanding why housing is important beyond the provision of shelter.

### 4 Why Housing Matters to Children's Well-Being

Housing and neighborhood quality have significant consequences for the health and well-being of children.

### 5 Why Housing Matters to Farmworker Health

An advocate explains why all efforts to improve the well-being of agricultural workers must start with housing, and describes how a California project seeks to do just that.

### 8 Why Housing Matters to Employment and Welfare Reform

Research suggests that housing subsidies can help to promote work among long-term welfare recipients when they are combined with a well-designed welfare reform program.

### 9 Why Housing Providers Matter to Employment and Welfare Reform

Housing providers can make a significant contribution to helping welfare recipients succeed in the transition to financial self-sufficiency.

### 13 Why Housing Matters to Economic Development

Housing development and economic development are interconnected in many ways.

### 15 Rural Poverty: Treading Water as the Economy Booms

Recent poverty data show that nonmetropolitan areas have not benefited equally from the strong U.S. economy.

### 18 'My Community'

Four award-winning essays describe how children in assisted housing feel about their homes and their communities.

## 17 IN MEMORIAM

**Earnest Beresh**

## 20 A VIEW FROM WASHINGTON

**Holiday Gifts and New Teams for Housing**

## National Rural Housing Conference 2000 a Success

More than 700 participants attended "Strengthening Our Communities: National Rural Housing Conference 2000" in early December. They represented over 350 different organiza-



Photo by Sean Bennett, Neighborhood Reinvestment Corporation.

Keynote speaker at the National Rural Housing Conference was Nicolas Retsinas, Director of the Joint Center for Housing Studies at Harvard University.

tions in 48 states, Puerto Rico and the District of Columbia. Thanks to many generous donors, over 170 attendees received scholarship assistance to attend. The conference was possible because of the support of more than 50 co-sponsors, funders and scholarship contributors.

## HAC Announces New SHOP Recipients

HAC has committed more than \$10.6 million to 52 local organizations to produce almost 1,000 self-help homes. Local groups will use the funds to acquire land and develop sites in 22 states for 977 low-income homebuyers who will help construct their own homes. HAC received just over \$8 million from HUD in the latest round of the Self-Help Homeownership Opportunity Program (SHOP). Applicants requested \$11.8 million, so some successful borrowers received loans from other HAC funds in addition to SHOP. Each SHOP borrower that completes its homes within two years will be able to keep 75 percent of the borrowed amount as a grant, to be used for production of more affordable housing or to write down the cost of the homes produced.

## Rural Housing Awardees Honored

On December 8, the Clay Cochran Award for Distinguished Service in Housing for the Rural Poor was presented to Eileen Fitzgerald, former acting administrator and associate administrator of the Rural Housing Service. The Skip Jason Community Service



Photo by Sean Bennett, Neighborhood Reinvestment Corporation.

Honorees pose with their awards (left to right): Jones, Stephens, Gonzales, Fitzgerald, and Esquibel.

Award went to Cora Esquibel, founder, United Housing and Educational Development Corporation, Arizona; Arturo C. Gonzales, Executive Director, Southeastern Wisconsin Housing Corporation; Dana M. Jones, Executive Director, Southern Maryland Tri-County Community Action Committee, Inc.; and Laretta Brice Stephens, Deputy Director/Farmworker Program Director, Florida Non-Profit Housing, Inc.

"It is a privilege to honor these five outstanding individuals," stated Moises Loza, HAC's executive director. "Each of them has touched innumerable lives by improving housing conditions for the poorest of the rural poor. They represent many dedicated housers whose work is seldom acknowledged, but without whom we would all be worse off."

## HAC To Help Train HUD Rural Grantees

HAC has been awarded a subcontract to help train local housing organizations funded by HUD's Rural Housing and Economic Development program. TONYA, Inc., a consulting and training firm, received the contract from HUD and requested HAC's assistance. Several training sessions will be held across the country during January and February.

## New HAC Reports and Manuals Published

Six new publications have been released by HAC in recent months:

- ▶ *A Nonprofit Capacity Self-Assessment Workbook for Community-Based Housing Organizations*, \$4;
- ▶ *"Should We Do It Ourselves or Hire Someone Else?": A Rural Property Management Planning Guide*, \$4;
- ▶ *Abundant Fields, Meager Shelter: Findings from a Survey of Farmworker Housing in the Eastern Migrant Stream*, \$7;
- ▶ *Homebuyer Education and Counseling: Examining Rural Provider Networks in Texas, Florida and South Dakota*, free at [www.ruralhome.org](http://www.ruralhome.org) or \$4 in print;
- ▶ *Rural Housing Service's Section 538 Guaranteed Rural Rental Housing Program: A Guide for Developers*, \$5; and
- ▶ *Why Housing Matters: HAC's 2000 Report on the State of the Nation's Rural Housing*, featured in this issue of *Rural Voices*, free at [www.ruralhome.org](http://www.ruralhome.org) or \$9 in print.

The publications that are not yet posted on HAC's web site will be available there in the near future. To order printed copies of these or any other HAC publications, contact Pat Cleman, 202-842-8600, [pat@ruralhome.org](mailto:pat@ruralhome.org).

# Why Housing Matters

by Lance George

Our homes and our communities are inextricably linked to everything we do and are.

**H**ousing matters. Housing and communities are cornerstones for quality of life and economic well-being. The Housing Assistance Council's *State of the Nation's Rural Housing* report for the year 2000 not only examines recent data on rural housing conditions, but also details the connections between housing and other aspects of life. The report pays particular attention to special populations including low-income families, minorities, seniors, and households with children.

Some of the report's findings are excerpted below. Other articles in this issue of *Rural Voices* provide more detail on why housing matters for economic development, welfare reform, farmworker health, and children. Brief stories about real people's experiences help illustrate the points made in the articles.

The report begins with a description of rural housing conditions and an analysis of several important trends in rural housing. It is based on an analysis of 1997 American Housing Survey data, with "rural" places defined as nonmetropolitan areas. Among the conditions and trends noted are:

- ▶ About 22 million, or 22 percent, of all occupied housing units in the United States are in nonmetropolitan areas.
- ▶ Owner-occupied units, traditionally prevalent in rural areas, continue to comprise the major portion of the nonmetro housing stock. The homeownership rate of rural Americans is significantly higher than the national rate.
- ▶ Rural rental households, who tend to have lower incomes than owners, experience some of the most significant housing problems in the United States.
- ▶ Mobile homes make up one of the fastest growing housing segments in the U.S., and in rural areas in particular — their numbers have grown by 38 percent since 1987.
- ▶ While a majority of Hispanic households live in metropolitan areas, proportionally their increase has been more significant in nonmetro areas. The number of nonmetro Hispanic households increased 86 percent between 1985 and 1997. Nonmetro Hispanic-headed households experience inadequate housing at twice the rate for all nonmetro households.
- ▶ Elderly households are already more prevalent in nonmetro

areas than metro areas, and the proportion of elderly residents is increasing nationwide. A disproportionate number of nonmetro seniors are single women. Approximately 60 percent of elderly householders in nonmetro areas are either poor or near poor.

- ▶ Incomes are lower in nonmetro areas than in the rest of the country. Approximately 9.7 million nonmetro households (45 percent) have incomes at or below 80 percent of the area median income and are considered low-income.

- ▶ Approximately 19 percent of nonmetro households have incomes below the poverty level, compared to 16 percent nationwide. Certain subpopulations of nonmetro households experience even greater levels of poverty, namely Native American households at 41 percent, African American households at 38 percent, and female-headed households at 35 percent. The Census Bureau's most recent reports on poverty and income are examined in a separate article in this issue of *Rural Voices*.

- ▶ Despite the fact that housing costs are lower in nonmetro areas than in metro areas, many nonmetro households, particularly renters, find it difficult to meet their housing costs.

- ▶ Most cost-burdened households have low incomes, and a disproportionate number are renters.

- ▶ In the past half century, the quality of housing in rural areas has improved dramatically. Housing quality problems persist in the United States, however, and tend to be most common in rural areas and central cities.

All these facts are important because a safe, secure, and affordable living environment serves as a catalyst for many factors that contribute to a high quality of life. In general, nonmetro residents tend to express higher satisfaction with their housing and neighborhoods than do their metropolitan counterparts. These satisfaction levels decrease for nonmetro households experiencing quality or cost problems, but increase for low-income households with government housing assistance. Furthermore, an overwhelming proportion of assisted renters and owners indicate that their subsidized housing is better than their previous dwellings.

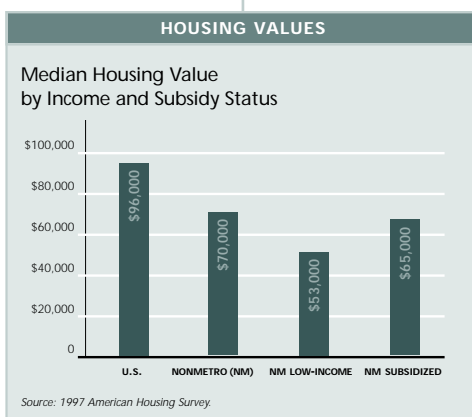
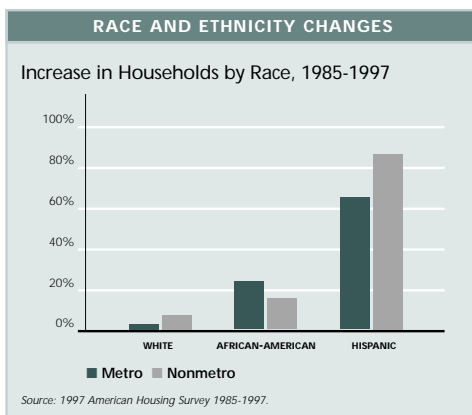
Satisfaction is only one of many indicators of housing's impact on quality of life. Other indicators include community

economic development, residents' health, children's well-being, and even employment. These topics are considered separately in this issue of *Rural Voices*.

Housing also matters for the economic well-being of individuals and families. Unquestionably, a home is the largest asset most Americans and in particular low- and moderate-income households will ever own. Many studies suggest a strong link between asset holding and economic security and well-being. It has been noted that assets help reduce welfare use among low-income households, and lessen psychological and economic strain during an economic crisis. Asset accumulation is associated with higher levels of social status in the home and community at large for men and women. This increased level of economic security from asset accumulation is also considered to contribute to the strong desire for homeownership in the United States.

While the rural homeownership rate is higher than that in metro areas, the equity rural owners accumulate is likely to be less than that for metro area homes, because rural houses as a whole are less expensive. The median purchase price of homes in nonmetro areas in 1997 was almost \$20,000 lower than the national median. Monthly mortgage payments were also lower in nonmetropolitan areas. More nonmetro homeowners had above-median interest rates, however. These higher mortgage interest rates in nonmetro areas are attributable in part to the larger number of financed mobile homes, which often have shorter loan periods and higher rates.

Lack of access to affordable mortgages may be a factor as well. Quality credit and affordable mortgage sources are more difficult to find in many rural areas than in cities or suburbs. The smaller size and remoteness of many rural communities tend to raise lender costs. Lenders in rural areas generally have fewer competitors than urban markets, resulting in increased mortgage prices. The Economic Research Service of the U.S.



Department of Agriculture estimates that \$300 million annually is paid in additional interest rates due to these rural price increases in mortgage products.

Another recent trend that has greatly influenced rural mortgage markets is the proliferation of subprime lending. Subprime lenders are more active in low-income and minority communities and, while statistically reliable data are unavailable, there is evidence to suggest that they are increasingly active in rural areas. Subprime loans by definition tend to have higher interest rates and shorter terms than more conventional "prime" loans because these lenders are assumed to make loans to borrowers that are at a higher risk of default. Additionally, a majority of subprime loans are refinance loans which generally have a higher interest rate as well. However, some subprime lenders have implemented "predatory" lending practices such as charging exorbitantly high interest rates, prepayment penalties, and excessive upfront fees. These predatory practices significantly increase costs and strip equity from borrowers. Such punitive loans are most often targeted to low-income and minority borrowers.

Despite the problems with affordable and quality credit availability in rural areas, homeownership remains one of the best methods of asset accumulation for low-income rural households. These households are further assisted by access to government mortgage assistance.

For all these reasons, housing matters. Our homes and our communities are inextricably linked to nearly everything we do and are, as individuals and as a society.



Lance George is a Research Associate at the Housing Assistance Council. *Why Housing Matters: HAC's 2000 Report on the State of the Nation's Rural Housing* is available free at [www.ruralhome.org](http://www.ruralhome.org) or in print for \$9 per copy (including postage and handling) from Pat Cleman at HAC, 202-842-8600, [pat@ruralhome.org](mailto:pat@ruralhome.org).



# Why Housing Matters to Children's Well-Being

by Lance George

Among the more problematic issues of poor quality housing is its effect on children's health.

**H**ousing and neighborhood quality have significant consequences for the health and well-being of children. Over 7.7 million nonmetro housing units have children present, and 35 percent of these have problems with cost, crowding, or adequacy. Approximately 8 percent of nonmetro housing units with children present are either moderately or severely inadequate. Government housing assistance seems to have a significant impact on improving housing quality and satisfaction for nonmetro households: an overwhelming portion of assisted renters and owners indicated that their subsidized housing was better than their previous dwelling.

Among the more problematic issues of poor quality housing is its effect on children's health. One of the most notable children's health problems associated with poor quality housing is lead poisoning. Housing conditions are the most frequent cause of childhood lead poisoning, especially from lead based paint in houses that were built before 1978. Research suggests that children under the age of six are more likely to have an elevated lead level if they live in housing built before 1960, live in a rental unit, live in the Northeast, or live in a low-income household. Over 2.8 million occupied units in nonmetro areas have children present and were built before 1960. However, only 8 percent of these units have been tested for lead. Lead damages many parts of

the human body and can cause life threatening ailments. Long-term exposure can damage the blood, brain and reproductive system. It has been estimated that even low lead levels can dramatically decrease IQ and motor function. One study found that children with increased levels of lead were seven times more likely to drop out of high school and five times more likely to have disabilities.

Respiratory problems, particularly asthma, also are often exacerbated by poor housing. Substandard housing triggers asthma attacks by exposing residents to irritating factors such as smoke, cockroaches, dust mites, mold, and rodents. Among children with allergies, long-term exposure to such elements can cause serious health complications. A 1997 study from the New England Journal of Medicine found that children with allergies who are exposed to cockroaches in the home suffer more hospitalization and unscheduled visits to health care clinics and more missed school. Furthermore, poor children are 4.2 times more likely to be exposed to cockroaches at home than nonpoor children.

Injuries due to poor housing conditions represent another significant housing-related problem for children. Burns from wood stoves, kerosene heaters, and exposed radiators top the list of serious household accidents for children. In 1993 approximately 1,890 children had to visit

Hope Villas, developed by the Highlands County Housing Authority (HCHA) in central Florida, has made decent, affordable rental housing available to Highlands County farmworkers.

Tenant Willie

Downs said, "Living at Hope Villas is the best thing that ever happened to my family and me." Downs was disabled from pesticide poisoning. The living conditions at Hope Villas have improved his quality of life, and provided a more stable living environment for his family. "If the seed had not been planted in their minds to provide farmworker housing, I would still be living in overcrowded, substandard housing and paying high rent. My family now has a decent place to live. My daughter now has her own space in which to study. We are all better because of our new living conditions."

HCHA developed the Hope Villas farmworker housing project in Sebring, Florida, primarily with funding from the U.S. Department of Agriculture's Rural Housing Service farm labor housing program. The Housing Assistance Council provided a loan to purchase the site.



## Space To Study

by Christopher Holden

emergency rooms to be treated for home burns. Nonmetro households are more likely to use heating sources such as open stoves and furnaces that are more difficult to safeguard against childhood burns. Approximately 1.4 million nonmetro households rely on wood, coal, or kerosene furnaces as their primary source of heat. Over one-third of these nonmetro households with such sources of heat have children present.

Another housing-related problem that seriously reduces children's quality of life is residential instability. Homelessness in rural areas often takes the form of living in extremely substandard housing or doubling up with friends or relatives. Many women with children experience residential instability due to unaffordable housing costs or domestic violence. A

recent *New York Times* article maintained that excessive mobility of low-income children due to a lack of affordable housing plays a significant role in decreasing student achievement. The article cited a 1994 General Accounting Office study that found that 30 percent of children from families earning less than \$10,000 a year attended at least three schools by third grade. Other studies have found that residential instability for children puts them at twice the risk of becoming homeless themselves when they become adults.



Lance George is a Research Associate at the Housing Assistance Council. This article is excerpted from *Why Housing Matters: HAC's 2000 Report on the State of the Nation's Rural Housing*.

## Why Housing Matters to Farmworker Health

by Shoshana Zatz

Providing affordable housing frees the farmworker's already limited income for food, clothing, medicine, health care, transportation and other basic necessities.

**T**hrough 22 years in 12 states, the Rural Community Assistance Corporation has learned that all efforts to improve the well-being of agricultural workers must start with housing. This approach is based on the premise that the greatest resource and tool for improving the quality of life for agricultural workers are the workers themselves. The best way to enhance the agricultural worker's ability to shape his/her future is to stabilize his/her living situation.

Stability begins with reducing the amount of income that is devoted to housing and ensuring that the housing is safe, decent, dignified and adequate. This action often reduces migration, both work- and housing-related, and thus amplifies the effectiveness of other solutions such as education, training, social and health services.

Good affordable housing is important first from a health and safety perspective. The affordable housing crisis for farmworkers is not only about availability and affordability. The result of deficiencies in both of those areas is that farmworkers are forced into one of two choices:

- Find housing that requires well over 30 percent of one's income, leaving little money for adequate food, clothing,

medicine, health care and other necessities, or

- Find housing that is affordable but in poor condition.

"Poor" condition means that the housing is substandard and not deemed safe by local building codes. Additionally, if a landlord has not invested in the safety of the structure, he/she has often neglected basic upkeep. Substandard housing is often accompanied by hazards such as rats and roaches, contaminated drinking water, poor solid waste and sewage disposal and overcrowding.

Providing affordable housing with stable rents frees the farmworker's already limited income for food, clothing, medicine, health care, transportation and other basic necessities. Access to safe, affordable housing also eliminates the financial pressure to overcrowd a particular housing unit. If children have a bedroom, they have a place to play and do homework. If a child is living in a two-bedroom apartment with three adults and three other children, there is no space for that child to grow and develop within the home. Any school superintendent or principal will testify that farmworker children learn better and stay in school longer if they live in safe and decent affordable housing. Children who have no

place to quietly do homework or play are more likely to struggle in school, and are more likely to move from school to school, teacher to teacher.

Research by Self-Help Enterprises, the largest producer of self-help housing in the nation, shows that a family's participation in the mutual self-help housing program, and the ensuing homeownership they attain, increase the likelihood that their children will not only graduate from high school but also have occupational choices and opportunities beyond farm labor. In addition, anecdotal evidence at Self-Help Enterprise's multifamily properties indicates that housing stabilization produces a similar impact on renters.

Providing safe and affordable housing is foundational to basic health, safety, income and child development needs. Such housing can be an effective lever for improving other quality of life issues ranging from English language skills to leadership development. To catalyze a housing development's ability to impact these other areas two components need to be present in addition to the housing units: a skilled resident services coordinator and a common facility such as a community building.

Nonprofit providers of farm labor housing often try to provide facilities for community building, child care and social services. Unfortunately many of the current funding sources constrain or prevent the developer from offering such services or from staffing a facility out of which these services could be provided. Those organizations that have been able to patch together funding have found that providing a resident service coordinator to their developments has had a significant impact on residents as well as the sense of community within the development. This attention to community building in

Photo courtesy of Self-Help Enterprises



**GROUNDBREAKING WAS A FESTIVE EVENT** at the site of the Cutler Village Health and Housing Project in Tulare County, Calif. Self-Help Enterprises and Family Healthcare Network will construct a 60-unit rental housing development and an adjacent community health center. The Rural Community Assistance Corporation's Agricultural Worker Health and Housing Program first gave a \$20,000 planning grant. The award enabled the developers to facilitate the formation of an agricultural workers advisory group to assist with project planning, design and implementation. In the second program round, RCAC provided a \$1.5 million capital loan for project development, as well as a \$200,000 grant to support the community health center's first two years of operation.

addition to housing development and responsible property management is becoming more prevalent among nonprofit developers. They are seeking and creating models for farmworker housing that not only provides basic needs, but also leverages resources and services that enrich the lives of the residents and develops their leadership skills and ability to shape their own future.

In California such efforts may be assisted by The California Endowment, a statewide health foundation. In February 1999 the endowment awarded Rural Community Assistance Corporation (RCAC) an \$11 million grant and a \$20 million program related investment to address the health and housing needs of California's 1.3 million

agricultural workers. Through the Agricultural Worker Health and Housing Program (AWHHP), RCAC provides low-interest capital loans and health improvement grants to partnerships between health and housing organizations. The funds are used to develop programs that effectively link health services and strategies with affordable housing for agricultural workers, their families and their communities.

The purpose of the AWHHP is to improve the long-term well being of California's agricultural workers by creating projects that combine health improvement strategies and services with safe, decent affordable housing. Under this program, housing and living conditions are viewed as strategies toward improving health, with an emphasis on comprehensive, innovative, community-based strategies. RCAC and The California Endowment are looking for new replicable models that create systemic change and lead to lasting improvements in the quality of life and health of this population.

In addition to providing real and immediate solutions to



the pressing health and housing needs of agricultural workers and their families, the Agricultural Worker Health and Housing Program is working to catalyze the creation of community-based models for improving agricultural workers' quality of life through partnerships and collaboratives.

The AWHHP requires a partnership between a health organization and a housing organization, either of which may be a nonprofit or public agency. Each partnership can apply for a loan of up to \$1.5 million for financing capital costs related to the construction or rehabilitation of housing, health facilities or community facilities for agricultural workers. Loans are made for construction of new buildings, expansion, modernization, renovation, remodeling, and alteration of existing buildings and initial fixed or moveable equipment. Loans are at 1 percent interest for a term of up to 28 years.

The loans can also be coupled with Health Improvement Grants of up to \$200,000 for up to three years. The Health Improvement Grants may be used for programmatic and operating costs related to health improvement activities linked with agricultural worker housing. Health activities can be in the areas of medical, dental, mental health, public health, community health and/or preventive health.

One-year planning grants, called Capacity and Partnership Building Grants, of up to \$40,000 are available for the development of resident-based, community collaboratives and emerging nonprofit organizations, especially those controlled by agricultural workers, to plan and prepare for funding under the AWHHP. The grants are for the purpose of building the capacity of these organizations or for facilitation of community collabora-

Photo courtesy of RCAC.



**THE HMONG AMERICAN COMMUNITY, INC CONDUCTED A CHARETTE** to design a housing and health project for Hmong agricultural workers in Fresno, Calif. A \$20,000 planning grant enabled the organization to assess potential health and housing linkages to improve well-being and living conditions. The resulting development will address the needs identified in the assessment, funded through the Rural Community Assistance Corporation's Agricultural Worker Health and Housing Program.

tion and partnerships to develop a health and housing strategy.

To qualify for these loans and grants, applicants are required to demonstrate that they meet a number of guiding principles, including the following:

► **Agricultural worker involvement.** Agricultural workers must be meaningfully involved in the development and design of the proposal as well as in long-term implementation and management of the project.

► **Partnerships.** The AWHHP is based on partnerships between nonprofit organizations and/or public agencies whose programs emphasize community collaboration

with other organizations and agencies, including schools, that impact agricultural workers.

► **Long-term sustainability.** Programs should continue providing housing and health services after AWHHP funding is depleted.

In December 2000 the third round of AWHHP funding will be complete. In the first two rounds RCAC awarded more than \$8.7 million to innovative programs that combine health and housing for California's agricultural workers. The next funding round will be in spring 2001.



Shoshana Zatz is Rural Development Manager at Rural Community Assistance Corporation (RCAC), a nonprofit organization dedicated to improving the quality of life for rural communities and disadvantaged people through partnerships, technical assistance and access to resources. The California Endowment was established in May 1996 with the mission to expand access to affordable quality health care for underserved individuals and communities and to promote fundamental improvements in the health status of all Californians.

# Why Housing Matters to Employment and Welfare Reform

by the Center on Budget and Policy Priorities

Research increasingly suggests that government housing subsidies can help to promote work among long-term welfare recipients when combined with a well-designed welfare reform program.

A recent evaluation of the Minnesota Family Investment Program (MFIP) by the Manpower Demonstration Research Corporation (MDRC) found reductions in poverty, as well as increases in employment and earnings and even increases in marriage, the strongest gains ever documented for a welfare reform undertaking in the United States. Employment and earnings increased far more among residents of public and subsidized housing than among poor families not receiving housing assistance. (Note: Most of the MFIP families that lived in public or subsidized housing resided in housing where their rent was subsidized with Section 8 vouchers, rather than in public housing.)

MDRC found that eligibility for full MFIP services boosted the employment rates of long-term welfare recipients living in public or subsidized housing by 18 percentage points, a large increase. This was more than double the gain in employment rates that MDRC found under MFIP for long-term welfare recipients not living in public or subsidized housing.

MDRC also found that a very large share of the gain in earnings that MFIP produced occurred among families living in public or subsidized housing. Quarterly earnings increased an average of 25 percent among the families eligible for full MFIP services that lived in public or subsidized housing. Earnings increased 2 percent, an amount that was not statistically significant, among families eligible for full MFIP services that did not live in public or subsidized housing.

Other recent studies have reported comparable results. The available research does not provide definitive explanations for why studies are finding larger welfare-reform-related gains in employment among families that receive housing assistance than among those that do not. There are a number of possible explanations for why housing subsidies may help families to secure and retain employment:

- ▶ By making housing more affordable, housing subsidies may help to stabilize the lives of low-income families and thereby improve their ability to secure and retain jobs.

- ▶ By reducing housing costs, housing subsidies can free up funds within the budgets of low-income families for work-related expenses, such as child care, work clothes, and transportation.

- ▶ Tenant-based housing vouchers can help families move to areas with greater job opportunities.

In addition to helping to promote employment among participants of well-designed welfare-reform initiatives, housing subsidies may yield other important social benefits:

- ▶ *Education.* Housing subsidies may help to improve children's educational prospects. Some studies have shown that the children of families that move frequently tend to do less well in school. In addition, there is some evidence to suggest that school performance is correlated with certain neighborhood characteristics, such as poverty concentration.

- ▶ *Child health.* Studies by doctors in Boston suggest that receipt of housing subsidies may lead to improvements in child health. The most likely explanation for these results is the increased ability of families with housing subsidies to afford nutritious food. There also is some evidence to suggest that the use of tenant-based subsidies to move to low-poverty neighborhoods may help to reduce child health concerns and improve child safety.

- ▶ *Domestic violence.* Housing vouchers can help victims of domestic violence escape abusive living situations.



These findings are excerpted from a Center on Budget and Policy Priorities paper entitled "Research Evidence Suggests That Housing Subsidies Can Help Long-Term Welfare Recipients Find and Retain Jobs." The full paper is available free at [www.cbpp.org](http://www.cbpp.org) or from CBPP, 202-408-1080.

In 1993, Yvette Sosa was a high school drop-out dependent on food stamps, a medical card, and the HUD Section 8 rental assistance she received through the East Central Kansas Economic Opportunity Corporation (ECKAN). After participating in the HUD Family Self-Sufficiency (FSS) program for HUD Section 8 recipients, Sosa is today working as a teacher's aide at a local elementary school and attending Emporia State University.

Working with ECKAN's FSS coordinator, Yvette set goals of settling outstanding debts, getting her GED, learning computer skills and enrolling in college. She credits ECKAN staff and other community service providers with supporting her progress towards self-sufficiency. "My self-esteem was kind of low," Yvette said. "They motivated me. They gave me that little push to get my GED . . . . It can be kind of like a baby in a walker that doesn't want to get out and walk on its own." Upon successful completion of the FSS program, Yvette had accumulated \$13,200 in her FSS required escrow account, the largest amount in the five-year history of the ECKAN program. She intends to use these funds to buy a house. "Even though you make mistakes when you are younger, there are programs to help."



## Progress Towards Self-Sufficiency

by Christopher Holden

## Why Housing Providers Matter to Employment and Welfare Reform

by David B. Bryson

Having a secure place to live makes it easier to cope with factors that contribute to job loss.

**T**he federal housing assistance programs can make a significant contribution to assisting some welfare recipients make a successful transition to financial self-sufficiency. They can also ensure that people who cannot work their way out of poverty at least have homes in which to live.

### THE ROLE OF HOUSING PROVIDERS

Housing assistance by itself, regardless of the form, contributes immensely to people's efforts to secure and retain employment, although that, surprisingly, is not often recognized. Having a secure place to live makes it easier to cope with other parts of life that may make one lose a job. By contrast, having to move, especially often, simply makes it harder to keep a job.

The location of assisted housing is an important factor. Most of the job growth and, in many places, most of the job

openings, are located in suburban areas. Many of the jobs in the suburbs are not accessible by public transportation. Moreover, information about job openings in the suburbs is less likely to reach tenants living elsewhere. Thus there frequently is a mismatch between locations of entry-level jobs and of some public- and assisted-housing developments. This mismatch points out the need to consider the negative impact that a development's location may have upon a welfare tenant's chances of getting and retaining a job.

The analysis, however, has to be done carefully and the solutions have to be tailored to the problems. For example, some might leap to the conclusion that all public housing should be converted to tenant-based assistance with the hope that people would move to areas of less dire competition for jobs. That tactic would make little sense for the developments



where the tenants' chances are better in the neighborhood where the project is located. Nor does it make sense for the tenants of the projects who are already employed. It also throws away the advantage of having people who need education, training and services living near one another before entering the job market. Thus, the alternative of making tenant-based assistance available to public- and assisted-housing tenants who have found jobs outside their realistic commuting range might be a more sensible and less drastic solution.

To assist welfare recipients who are receiving housing assistance or living in other private affordable housing retain a stable environment, housing providers can employ case managers to focus upon helping tenants resolve difficulties they have with their landlords. This will reduce the chances that tenants will have to move and jeopardize their employment.

Beyond providing adequate housing, there are a number of other ways in which housing providers can help public- and assisted-housing tenants become financially self-sufficient. At the very least, housing providers may have services coordinators on staff with the task of referring tenants to other service agencies for assistance with non-housing problems that they may encounter. The level of involvement can extend upward to cases in which the housing provider not only undertakes joint endeavors with welfare, employment training and other service agencies, but also actually provides some of the services itself. Given this wide variety, it is helpful to review examples of what assisted landlords and public housing authorities can do and are doing.

## CASE MANAGEMENT

In many situations housing providers may just leave the case management responsibility up to the welfare department staff, thinking that they have more expertise in that area and that having the housing provider assign case managers would unnecessarily duplicate a function performed by the welfare department. Nonetheless, in some situations that may not be a satisfactory solution, especially if the welfare department has adopted an extreme "work first" approach. Those public and assisted-housing tenants who have less education and less work experience than the general welfare population are likely to suffer most with a "work first" approach. In addition, housing providers, being intimately aware of the cost of housing on the private market, will know that plans focusing on any job, no matter how low-paying and lacking in long-term prospects, will not lead to sustained self-sufficiency, even if it does get a family out of the welfare system.

Because of these concerns, some housing providers are

Beyond providing adequate housing, there are a number of other ways in which housing providers can help public- and assisted-housing tenants become financially self-sufficient.

becoming more involved in the case-management function. This can begin by contracting with the welfare department for the assignment of specific case managers to tenants in the housing provider's developments. Such an agreement may make the case managers more available to the tenants and increase the chances that they will not fall between the cracks created by heavy caseloads in the ordinary welfare system. The arrangement can extend to providing office space in the developments for the welfare department's caseworker. This step would increase the attention paid to the tenants and offer the welfare department an additional inducement to provide the extra services. Such an arrangement also lessens the burden on tenants who previously had to travel to the welfare department offices and the complications that arise from missed appointments. Case managers with on-site offices can also offer the option of meeting with tenant families in their homes.

When a welfare department's case managers take an approach which the housing provider considers to be too narrow, the housing provider can hire its own case managers, either on staff or by contracting with a more holistic case-management organization. That way the tenants can secure help dealing with a wider range of problems from service providers with a wider range of expertise.

## PEER SUPPORT

Some housing providers have expressed the opinion that their staffs and welfare departments will have less success in motivating tenants to seek and keep jobs than would the tenants' peers. Their argument is that tenants do not particularly trust housing and welfare department staff and will respond better to their peers, whom they perceive as being more sympathetic and more knowledgeable about the challenges they face. Housing providers have a unique opportunity to bridge the gap between welfare recipients and agency

Aaron and Alma Barber moved into Crescent Village, an 18-unit apartment complex in Wenatchee, Washington owned by the Chelan-Douglas Community Action Council. All tenants are formerly homeless, and participate in a 24-month self-sufficiency program administered by one of 11 local social service agencies. They pay reduced rents while going through the transitional housing program.

Aaron and Alma were among the first tenants at Crescent Village, which received its primary funding from the state's department of Community, Trade and Economic Development. When they and their child moved in they were living on welfare. Alma was already going to college, and Aaron was working part-time at an auto parts store while pursuing his interest in photography. Once they moved into Crescent Village, they completed a detailed self-sufficiency plan and worked with social service agency staff to meet their goals.

Alma graduated from college after living a year at Crescent Village, and was hired as a bilingual secretary at the Education Service District. Aaron left his job at the auto parts store and became the

resident manager and maintenance person at Crescent Village, allowing him to work full-time and still pursue his interest in photography. Aaron and Alma purchased their own home in August 1998, another reflection of their success in the Transitional Housing Program.



## Transitioning from Rural Homelessness

by Christopher Holden

staff because some tenants who are neighbors of the welfare recipients have already made the transition to work. The housing provider can set up a program to have tenants who are already employed work with unemployed tenants to assist them when they seek work. Resident leaders who volunteer to counsel others can be rewarded with rent credits that can be increased depending on the number of tenants that they counsel who get jobs. Housing providers who establish employment and services resource centers on site can staff them with public housing tenants who recruit other tenants to participate in the welfare-to-work program and provide peer counseling and advocacy for the participants. When groups of welfare recipients who are moving to work all live in the same buildings, the opportunities for developing an effective peer support group and the chances for overall success are increased.

### SPACE UTILIZATION

There are many different ways housing providers can utilize their available space to benefit tenants. Their space can be used for adult basic education, including GED and ESL classes. Space in a housing development can also be used to provide classroom locations for community colleges and school districts to provide courses in remedial education.

Vocational training is another common use of housing

provider space because job training is a key feature of almost all welfare-to-work efforts. For these vocational efforts to succeed, they must be premised upon a sound analysis of what jobs are available, which ones will lead to advancement and long-term financial self-sufficiency, and what skills those jobs require. Housing providers can ensure that vocational training made available to their tenants is very consciously planned to determine what good jobs are available and what skills the tenants should be trained in to secure those jobs. They can make arrangements with the local community colleges to provide some or all of the vocational training.

Importantly, the housing providers can use their own operations, for example, property maintenance, clerical tasks and landscaping, to create opportunities for tenants to be trained. They can also focus upon jobs created by their contractors, grantees of other HUD and federal agency programs and local government contractors, who can hire public and assisted-housing tenants. A related valuable contribution for the housing provider is to create internship programs for tenants who need experience on the job before they are ready to move out into the private employment market. It is necessary to recognize, however, that the number of jobs created by public housing funding, other HUD grants and city contracts will be small compared to the number of tenants on welfare who will need employment.

Job placement services also can be located on housing providers' property. They can provide office space for people with the responsibility of finding jobs for tenants and hold regular job fairs on site for employers to come to the community to recruit for jobs that are available. They can keep computerized databases of job listings in their computer centers for the tenants to use and regularly send job listings to tenants. Housing providers can provide staff to assist in making contacts with employment services, companies and economic development agencies.

## CHILD CARE CENTERS


Many assisted-housing landlords have long had child care centers at some of their developments. The availability of funding from the welfare departments to subsidize child care costs and the increase in the number of welfare recipients going to work should restore the financial viability of some site-based centers that have been unsuccessful financially in the past. That increased demand and the additional funding for child care subsidies should also stimulate the opening of new centers on the site.

Facilitating the efforts of assisted housing tenants to become in-home day care providers is another step which housing providers can take to promote the transition to work. Doing that not only provides those participants with employment but also makes additional child care available to other tenants who are going to training classes or jobs. The first step is for the landlords to make it clear to the tenants that they will not object if tenants provide child care in their homes. Beyond that, the housing providers can help the tenants secure education in early childhood development and training in operating the business, and may even provide start-up capital needed to make changes in their homes that are necessary to meet licensing requirements and for other expenses.

## COMPUTER CENTERS

The use of housing provider space for purposes as diverse as teaching word processing and other computer skills, training computer technicians, accessing databases of employment opportunities, and helping students with their homework has become quite popular. HUD's Neighborhood Works program for the private, subsidized developments places a heavy emphasis upon such computer learning centers.

## CONCLUSION

Housing programs and providers can play a significant role in facilitating the transition from welfare to work and to financial self-sufficiency for welfare recipients. They can also ease the hardship of poverty for those who do not. To succeed, however, they must make appropriate choices on issues such as admission policies, rent calculations and welfare grant computation. They must also extend the services that they can provide at their facilities and through their operations. It is also politically realistic to think that the housing programs could be expanded to assist a larger portion of the welfare population. But the greatest challenge facing advocates is to ensure that housing assistance currently available to welfare recipients is not reduced. Informed advocacy, sincere concern for people who are poor, wise judgment and political will among local housing officials will all be needed if we are to meet that challenge. 

David B. Bryson was Deputy Director of the National Housing Law Project. He died in December 1999. This article is adapted with permission from *Welfare and Housing: How Can the Housing Assistance Programs Help Welfare Recipients?*, published in 2000 by the National Housing Law Project. The full report is available free at [www.nhlp.org](http://www.nhlp.org) or for \$5 from Amy Siemens, NHLP, 5614 Grand Ave., Suite 320, Oakland, CA 94610.



# Why Housing Matters to Economic Development

by Leslie R. Strauss and Frederick M. Toney

Development of affordable housing and economic development are interconnected in many ways.

A wonderful job creation program can fail if incoming workers have no place to live, and a beautiful new housing development can fail if incoming residents have no place to work. Housing development can serve as economic development by providing jobs and job training, can accompany economic development by helping to make an area stable and attractive, and can have far-reaching ripple effects in the local economy. Economic development can spur housing development by improving the financial situations of existing workers, new workers and entire communities. Some specific linkages are:

## JOB CREATION

The National Association of Home Builders estimated that in fiscal year 1993 Section 515 rural rental housing generated \$326 million in wages within a \$573 million program. In an article in the Winter 1997-98 issue of *Rural Voices*, Gordon Goodwin, a former staffer at the Rural Development and Finance Corporation, noted that numerous jobs and industries are involved in each step of the housing development process:

- ▶ Housing developers (nonprofit, for-profit, or public) hire staff and pay taxes.
- ▶ Land purchases generate fees to Realtors, brokers, title companies, and local governments.
- ▶ Architects and engineers help prepare a site for development.
- ▶ Local governments collect permit fees.
- ▶ Banks, government agencies, and other lenders make housing loans, receive fees, and pay employees.
- ▶ Suppliers of lumber, paint, drywall, and other materials are often local businesses that hire local workers and pay local sales taxes.
- ▶ Laborers and skilled workers are paid for their work, as are utility company employees.
- ▶ People moving to a new home — especially, though not necessarily, a home they own — often buy new furniture, decorating materials and services, and appliances.
- ▶ Rental properties use ongoing maintenance workers, and

service-enriched developments provide jobs for caseworkers, day care workers, and others.

## JOB TRAINING

A housing developer can train workers on the job. Some programs, such as HUD's Youthbuild program, provide funding specifically for this purpose. Others may yield training as a side benefit. For example, in USDA's self-help housing program, homebuyers keep costs down by helping to build their own homes and some of them go on to careers in related trades.

## ENTREPRENEURSHIP

A revitalized housing market provides opportunities for entrepreneurs and small businesses such as real estate services, home repairs, and odd jobs. A sizeable new housing development may generate enough demand for a new convenience store, grocery store, or gas station to open in the area.

## RIPPLE EFFECTS

In the mid-1990s USDA calculated that a single-family home financed by the Section 502 program generates 1.75 jobs, \$50,201 in wages, and \$20,560 in annual tax revenues to rural America. Local officials in the Mississippi Delta region estimate that the construction of 20 homes worth over \$50,000 each generates \$1 million in tax revenue.

## INCREASED DISPOSABLE INCOME

Both renters and homeowners often reduce their housing expenditures when they receive housing assistance. Reducing their housing cost burden has the same effect as increasing their income. In addition, homeowners can take advantage of income tax deductions for mortgage interest. Additional retained income can then be used to purchase more goods and services.

## WEALTH CREATION

A home is the largest asset most Americans will ever own.

Assisted homeownership can help break a cycle of poverty by enabling a family to build equity that can be used for home improvements, education, starting a business, or other needs.

## EMPLOYER HOUSING

An employer may choose to provide housing for workers, either at market rate or at a subsidized rate, in order to attract workers. This is especially true, of course, in places with high housing costs (such as resort towns) and/or low vacancy rates.

## NEIGHBORHOOD STABILIZATION AND REVITALIZATION

Improving housing and related infrastructure such as sidewalks and lights can make an area safer, more attractive, and livelier by eliminating empty buildings and unimproved lots, improving the appearance of occupied buildings, attracting stores, and giving residents pride in their communities. Residents who care about their communities are more likely to take an active part in community life.

## INFRASTRUCTURE

New construction in rural areas often includes providing infrastructure — from paved roads to water and sewer lines — that

make further development possible. New housing can help “pave the way” for new business-related structures, or vice versa.

## STRONGER COMMUNITY DEVELOPMENT ORGANIZATIONS

Goodwin noted a number of ways in which housing development can generate income to help support a community development organization and its ongoing activities:

- ▶ Rental housing can produce income.
- ▶ Low Income Housing Tax Credit developments can generate both developer’s fees and management fees.
- ▶ Residents’ need for day care, health care, and other services provides housers with an opportunity to develop those programs or cooperate with other providers.
- ▶ For-profit subsidiaries can generate income through development, consulting, training, or home repair work.

In addition, research by the Housing Assistance Council has found that stronger community development organizations lead to better civic leadership, both locally and statewide.



Leslie R. Strauss is Director of Communications and Frederick M. Toney is CHDO Project Manager at the Housing Assistance Council. This article is adapted from training materials prepared under a subcontract with TONYA, Inc.

Deep in the Appalachian mountains of eastern Kentucky lives Phoebe Fields, an 81-year-old widow and great grandmother who has resided in her home for over 50 years. When she and her husband originally purchased the dwelling for just \$400 in 1946, it had only two rooms. Over the years, they built on and added amenities as they raised their 17 children. However, in recent years Phoebe has lived alone and the home fell into disrepair.

With help from her family, Phoebe sought assistance from Housing Oriented Ministries Established for Service Inc. or HOMES, a long-time nonprofit housing development corporation serving eastern Kentucky. Initially, HOMES suggested razing the old mountain home and building a new one. But Phoebe “would hear none of that.” She maintained she was too old to take on the debt of a new house, and wanted to stay in the home where she and her husband had raised their family. So HOMES drew up rehabilitation plans and assisted Phoebe in obtaining a USDA Rural Housing Service Section 504 home rehabilitation grant to make her home safe, sanitary, and decent.

Using primarily volunteer labor from visiting church groups, HOMES significantly rehabilitated Phoebe’s home including shoring up structural inadequacies and installing a new electrical service. Phoebe and her family, including 79 grandchildren, are delighted about the improvements. Now she will be able to spend the rest of her life in a home that is full of memories.



## My Home Means So Much to Me

by Christopher Holden

# Rural Poverty: Treading Water as the Economy Booms

by Christopher Holden

Although the nation's long economic expansion has reduced poverty overall, many rural areas have not fully benefitted from the expanding national economy.

In July 1999, President Clinton embarked on his celebrated tour of the “places left behind” by America’s expanding economy. He visited not only impoverished urban centers like the Watts neighborhood in Los Angeles and East St. Louis, Ill., but also poor rural areas such as Hazard, Ky., the Pine Ridge reservation in South Dakota, and Clarksdale, Miss. One purpose of visiting these rural communities was to highlight that many rural areas have housing and community development needs on a par with inner cities. Nonetheless, when the Census Bureau released its 1999 figures on poverty in September 2000, the message about rural needs was lost.

The Administration, Congress and the national media trumpeted the drop in the nation’s poverty rate from 1998 levels. Indeed, poverty rates in metropolitan areas showed a statistically significant drop. Lost in the coverage of the Census poverty updates, however, was the fact that nonmetropolitan counties did not experience a decline in poverty. In addition, poverty rates remain higher in the most rural nonmetropolitan counties than even those found in central cities, and rural nonmetro counties continue to comprise the overwhelming majority of high poverty U.S. counties.

The 1999 Census figures show a national poverty rate of 11.8 percent, down from 12.7 percent in 1998. The poverty rate in metropolitan areas declined from 12.3 percent in 1998 to 11.2 percent in 1999. Suburbs in metropolitan areas also experienced a small decline in poverty, dropping from 8.7 percent to 8.3 percent. The largest drop occurred in central cities, where the percentage of people in poverty fell from 18.5 percent in 1998 to 16.4 percent in 1999. Nonmetropolitan areas were the only places where poverty did not decline over this period. The

nonmetro poverty rate was 14.4 percent in 1998 and 14.3 percent in 1999, a statistically insignificant difference.

County-level poverty rates also show that nonmetropolitan areas continue to experience higher poverty rates than metropolitan areas. In the summer of 2000, the Census Bureau released its 1995 Small Area Income and Poverty Estimates (SAIPE), which update 1990 Census county level poverty, child poverty, and median income data.

Metropolitan counties had a mean 1995 poverty rate of 12.1 percent, whereas nonmetropolitan counties had a mean poverty rate of 16.7 percent.

The U.S. Department of Agriculture’s Economic Research Service (ERS) has developed a coding system that classifies counties along a rural-urban continuum. More detailed information on poverty can be found by cross-matching the ERS rural-urban codes with Census Bureau county-level poverty data. While the 1995 mean poverty rate for central counties of metropolitan areas with 1 million or more population was 10.8 percent, the most rural of the nonmetropolitan counties had a mean poverty rate of 17.3 percent. The rural nonmetro counties with lower poverty rates were those adjacent to

metropolitan areas, although their poverty rates were still higher than metropolitan counties (Table 1).

Not only do rural areas experience higher rates of poverty among their residents than do urban centers, but high poverty is more prevalent among nonmetropolitan counties than metropolitan ones. In 1995 there were 695 counties with poverty rates of 20 percent or greater. Of these, 624 (90 percent) were nonmetropolitan counties. Among the nonmetropolitan high poverty counties, 583 were rural, accounting for more than 93 percent of all nonmetropolitan high poverty counties and

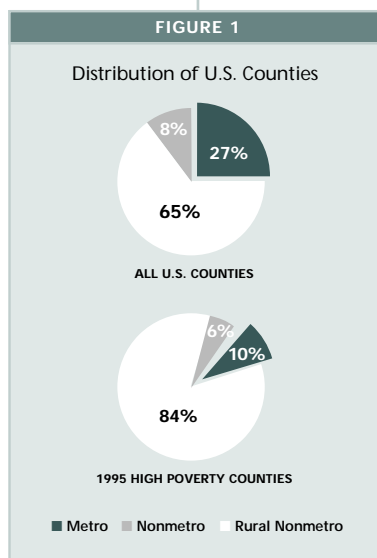




TABLE 1 • 1995 MEAN POVERTY RATES BY ERS RURAL-URBAN CONTINUUM CODES

CODE	DESCRIPTION	MEAN COUNTY POVERTY RATE	MEAN CHILD POVERTY RATE	NUMBER OF HIGH CHILD POVERTY COUNTIES*	DISTRIBUTION OF HIGH CHILD POVERTY COUNTIES
<b>METROPOLITAN COUNTIES</b>					
0	Central counties of metro areas of 1 million population or more	10.8%	16.2%	52	3.3%
1	Fringe counties of metro areas of 1 million population or more	9.6%	13.6%	24	1.5%
2	Counties in metro areas of 250,000 to 1 million population	12.8%	18.8%	125	8.0%
3	Counties in metro areas of fewer than 250,000 population	13.8%	19.8%	97	6.2%
<b>NONMETROPOLITAN COUNTIES</b>					
4	Urban population of 20,000 or more, adjacent to a metro area	14.1%	19.9%	63	4.0%
5	Urban population of 20,000 or more, not adjacent to a metro area	16.0%	22.0%	64	4.1%
<b>RURAL NONMETROPOLITAN COUNTIES</b>					
6	Urban population of 2,500 to 19,999, adjacent to a metro area	16.4%	23.0%	334	21.4%
7	Urban population of 2,500 to 19,999, not adjacent to a metro area	17.3%	23.8%	386	24.8%
8	Completely rural or fewer than 2,500 urban population, adjacent to a metro area	16.6%	22.9%	139	8.9%
9	Completely rural or fewer than 2,500 urban population, not adjacent to a metro area	17.3%	23.3%	275	17.6%
<b>TOTAL</b>		<b>15.5%</b>	<b>21.6%</b>	<b>1,559</b>	<b>100.0%</b>

\*High child poverty counties are those with child poverty rates greater than or equal to 20 percent.

almost 84 percent of all high poverty counties.

The percentage of rural counties with high poverty is also greater than their share among all U.S. counties. While nonmetropolitan counties make up almost 90 percent of high poverty counties, they account for just over 73 percent of all U.S. counties (Figure 1). In fact, only four metropolitan counties were among the 100 counties with the highest poverty rates in 1995.

The 1995 Census figures also show that child poverty rates are higher in nonmetropolitan and rural areas than in metropolitan areas. The mean 1995 child poverty rate for metropolitan counties was 17.7 percent, but nonmetropolitan counties had a mean child poverty rate of 23.3 percent. As was the case with the overall poverty rates, child poverty rates tended to increase the more rural the county. Rural nonmetro areas also had the greatest share of counties with high child poverty rates of 20 percent or greater (Table 1).

Not only are rural areas disproportionately represented among high poverty counties, but their poverty has also been entrenched over time. For example, 468 of the 624 nonmetropolitan high poverty counties experience persistent poverty — that is, they had poverty rates of 20 percent or greater over the last three decennial Census counts. Among the 468 nonmetropolitan persistent poverty counties, 222 are classified by ERS as “transfers-dependent,” meaning that income from federal, state and/or local transfer payments contributed a weighted average of at least 25 percent of personal income over the three years from 1987 to 1989. The most common transfer payment sources are social security and various federal, state and local welfare assistance sources. Only 13 of these 222 transfer-dependent, persistent poverty counties are also classified by ERS as retirement destinations, so welfare receipt, rather than social security, is probably a more significant income source in these places.

Although the nation’s long economic expansion has reduced

poverty overall, many rural areas have not fully benefitted from the expanding national economy. Dependence on extractive industries and agriculture, limited social services and insufficient transportation infrastructure, and lower wages are just some of the factors contributing to the persistence of poverty in rural areas. If “a rising tide lifts all boats,”

rural communities have found themselves treading water.



Christopher Holden is a Research Associate/Project Manager at the Housing Assistance Council. 1998 and 1999 poverty data in this article are derived from the U.S. Census Bureau's Current Population Survey, and 1995 county-level poverty data are derived from the Census Bureau's Small Area Income and Poverty Estimates (SAIPE).

#### IN MEMORIAM

*HAC's board and staff join many others in mourning the loss of Earnest Beresh, who died unexpectedly in November 2000.*



*Earnie was a valued member of HAC's board for many years. His distinctive rural voice will not be forgotten.*



Housing Assistance Council  
www.ruralhome.org

#### NATIONAL OFFICE

1025 Vermont Avenue, NW, Suite 606  
Washington, DC 20005

TEL 202-842-8600 FAX 202-347-3441  
E•MAIL hac@ruralhome.org

#### MIDWEST OFFICE

10920 Ambassador Drive, Suite 220  
Kansas City, MO 64153

TEL 816-880-0400 FAX 816-880-0500  
E•MAIL midwest@ruralhome.org

#### SOUTHEAST OFFICE

615 Peachtree Street, NE, Suite 1130  
Atlanta, GA 30308

TEL 404-892-4824 FAX 404-892-1204  
E•MAIL southeast@ruralhome.org

#### SOUTHWEST OFFICE

3939 C San Pedro, NE, Suite 7  
Albuquerque, NM 87110

TEL 505-883-1003 FAX 505-883-1005  
E•MAIL southwest@ruralhome.org

#### WESTERN OFFICE

131 Camino Alto, Suite D  
Mill Valley, CA 94941

TEL 415-381-1706 FAX 415-381-0801  
E•MAIL susan@ruralhome.org

Rural Voices  
ruralvoices@ruralhome.org

Statements made in *Rural Voices* are the opinions of the authors of the individual articles, not of the Housing Assistance Council.

Subscriptions to *Rural Voices* are free, but donations of \$12 per year are gratefully accepted. Single copies and back issues are \$4. Material may be reproduced without permission, but *Rural Voices* should be credited.

The Housing Assistance Council (HAC) is a national nonprofit corporation founded in 1971 and dedicated to increasing the availability of decent housing for low-income people in rural areas.

HAC strives to accomplish its goals through providing loans, technical assistance, training, research and information to local producers of affordable rural housing. HAC maintains a revolving fund providing vital loans at below-market interest rates to rural housing developers. Developers can use these funds for site acquisition, development, rehabilitation or new construction of rural, low- and very low-income housing. HAC has a highly qualified staff of housing specialists who provide valuable technical assistance and training, and research and information associates who provide program and policy analysis and evaluation plus research and information services to public, nonprofit, and private organizations. HAC's subsidiary, Rural Housing Services, Inc. (RHS), syndicates rural housing developed with the Low Income Housing Tax Credit.

EDITOR Leslie R. Strauss  
DESIGN Cregger Creative  
ISSN 1903-8044

# My Community

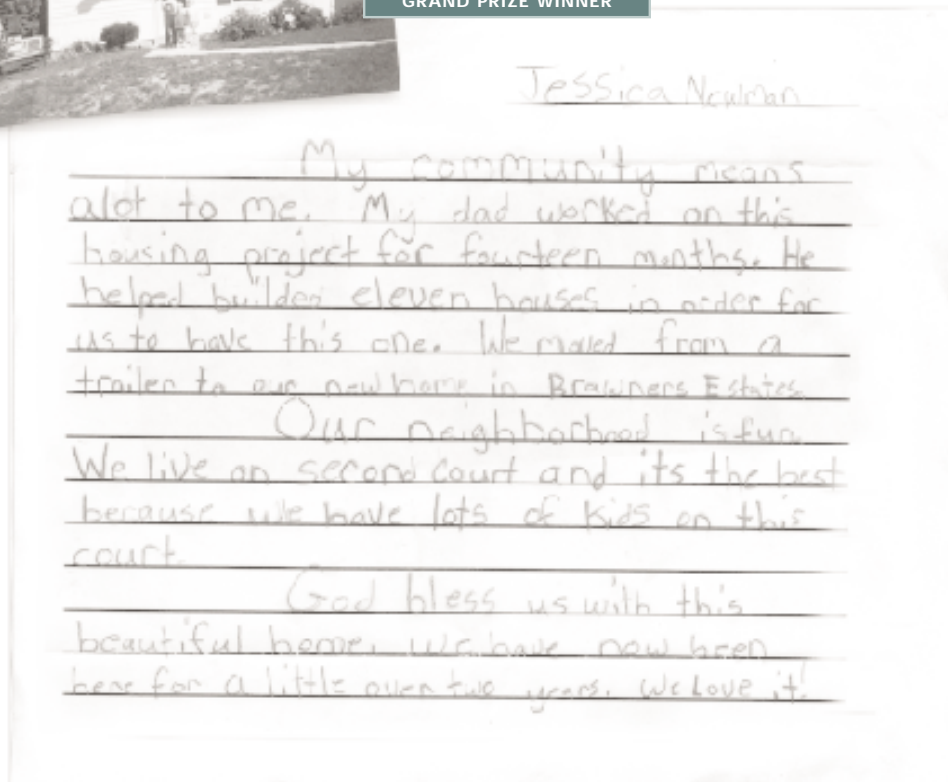
**Y**oung people from assisted rural housing developments around the country submitted photographs and brief essays for a "My Community" contest at HAC's National Rural Housing Conference 2000. Conference participants viewed a display of their entries, which capture the essence of what their community means to them. Participants selected four winners: three first prize winners in three age categories, and one grand prize winner.

Jessica Newman of Indian Head, Md., the nine-year-old grand prize winner, will receive a desktop computer, monitor, and printer. The first prize winners, each of whom will choose a camera, a Gameboy, or rollerblades, are Iris Guzman, Winters, Calif. (age 5-8 category), Brenda Cortes, Gonzales, Calif. (age 9-12), and Carlos Zamudio, Greenfield, Calif. (age 13-16). The four winning essays and photos are reproduced here.

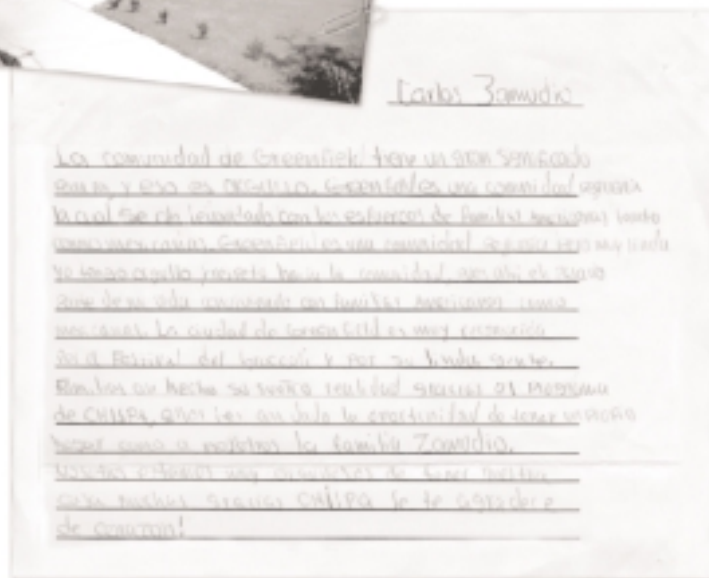
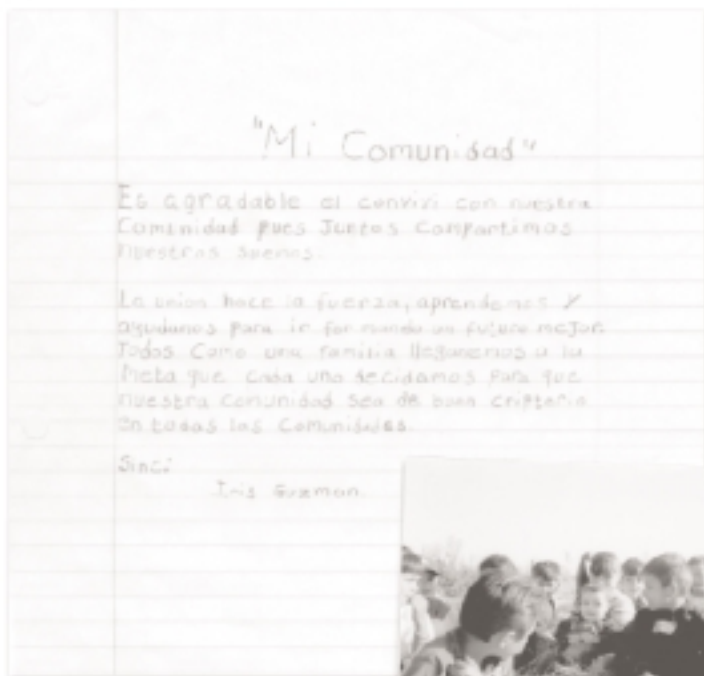
Other entrants were Cynthia Valencia, Greenfield, Calif.; Samantha Cates, Ellijay, Ga.; Kim Fields, East Ellijay, Ga.; Cassidy Bouis, Taneytown, Md.; Lupita Del Real, Brentwood, Calif.; Miranda Thweatt, East Ellijay, Ga.; Alyssa Gatlin, Inverness, Fla.; Emily-Ann Tucker, Homosassa, Fla.; Rachel Newman, Indian Head, Md.; Miguel Salgado, East Ellijay, Ga.; and Samuel Rociles, East Ellijay, Ga.



GRAND PRIZE WINNER







## TRANSLATION OF IRIS GUZMAN'S ESSAY

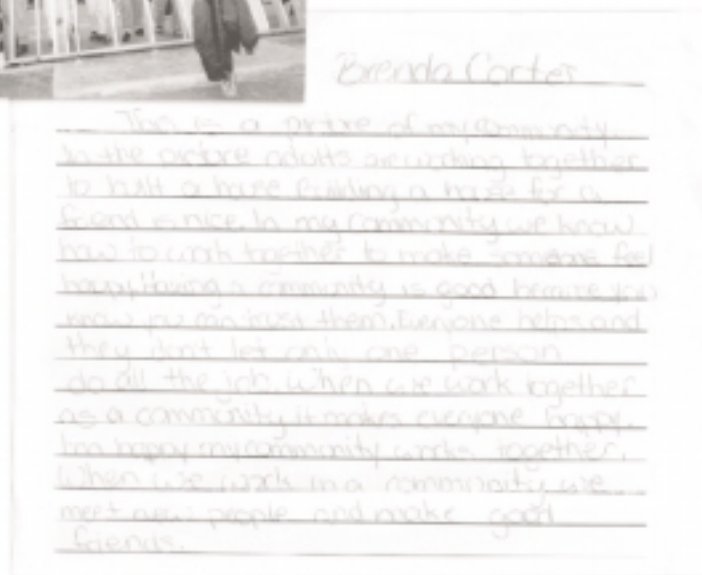
It is pleasant to live in our community because we can share our dreams together. Unity is the power, we learn, and help each other to make a better future. Like a big family, we can reach and create our community to be one of the good standards for the rest of the communities.

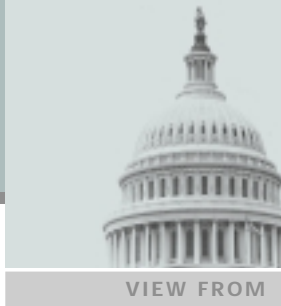


## TRANSLATION OF CARLOS ZAMUDIO'S ESSAY

The community of Greenfield has a huge significance for me. That significance is pride. Greenfield is a small community that has been raised to a higher standard with the hard work of American and Mexican families. Greenfield is a small but lovely community and I have a lot of respect and pride in my community, because it has been where I have lived part of my life, living amongst American and Mexican families. The town of Greenfield is very well known because of the

broccoli festival and for its nice people. Families have had their dreams come true thanks to CHISPA. They have given the opportunity for people to live in their own homes, just like us, the family Zamudio. We are very proud of having our own home. Thank you very much, CHISPA, from the bottom of our hearts.





WASHINGTON

# Holiday Gifts and New Teams for Housing

by Joe Belden and Lance George

In a post-election December shopping spree two prominent lame ducks — the 106th Congress and President Clinton — wrapped up several surprising packages for housing and community development.

**R**evised and passed at the last moment, and taking advantage of the post-election session, were various bills previously passed in one form or another but thought dead for the year. The main examples are new laws on homeownership, community renewal, and tax credit expansion. The new sprightly ducks are also starting to swim. President-elect George W. Bush named his cabinet choices for HUD and USDA, and Congress has picked some of the line-up with jurisdiction over housing programs.

## HOMEOWNERSHIP, ETC., ETC.

H.R. 5640, the American Homeownership and Economic Opportunity Act of 2000, passed the House of Representatives on December 5 and the Senate on December 7, and was signed by President Clinton on December 27. This bill combines H.R. 1776, H.R. 202 and several other housing measures that were dormant or apparently lifeless for this Congress. Removal of some provisions found objectionable in the Senate apparently made passage possible. Enactment was a major victory for Rep. Rick Lazio (R-N.Y.), who is retiring as the House Banking Committee's Housing Subcommittee chair.

H.R. 5640 makes many changes in a wide range of housing programs. The bill:

- ▶ allows refinancing of Rural Housing Service (RHS) direct or guaranteed loans with new guaranteed loans;
- ▶ establishes a HUD clearinghouse on regulatory barriers to affordable housing;
- ▶ creates a Native Hawaiian housing program;
- ▶ allows tribes to preempt Davis-Bacon requirements;
- ▶ authorizes use of Section 8 funds for down payments;
- ▶ creates more flexibility in the Section 202 elderly and

Section 811 disabled programs;

- ▶ allows refinancing of FHA home equity conversion mortgages; and
- ▶ helps protect Section 8 tenants from owners opting out.

Other RHS program changes are extension of the current definition of rural to 2010, limited partnership eligibility for farm labor housing loans, Native American eligibility for multifamily loan guarantees, and strengthened enforcement against fraud and abuse by developers. In the HUD Self-Help Homeownership Opportunity Program (SHOP), changes include allowing local projects of five or more units three years for completion, and letting local users of SHOP advance themselves funds prior to completion of environmental reviews.

H.R. 5640 also revises the basic manufactured housing statute passed in 1974. One significant change is the replacement of the current National Manufactured Housing Advisory Council with a "Consensus Committee" to revise and develop manufactured housing safety standards and enforcement regulations. The 21-member committee, to be appointed by the HUD Secretary, will include seven producers of manufactured housing, seven users of manufactured housing, and seven representatives of interest groups or public officials. The committee's proposed recommendations will be submitted to the HUD Secretary for approval or rejection. Other provisions include oversight for manufactured housing installation and resolution procedures for disputes between retailers and consumers.

## COMMUNITY RENEWAL AND NEW MARKETS

The housing bill was up and down all year. Another piece of on-again, off-again legislation was the community renewal and

new markets initiative backed by both House Speaker Dennis Hastert (R-Ill.) and President Clinton. Congress finally approved this bill on December 15, the last day of the 106th Congress (and the last legislative day of the Clinton presidency). President Clinton signed it into law on December 21. H.R. 4923, the Community Renewal and New Markets Act, is intended to help distressed urban and rural communities, mostly through tax subsidies. The bill's main features include:

- creation of 40 "Renewal Communities" (with at least 12 in rural areas) where businesses can use capital gains and other tax and regulatory relief to help employ low-income people;
- addition of nine new Empowerment Zones (two rural) and extension of the current 31 Zones through 2009;
- creation of a "New Markets" tax credit to stimulate \$15 billion in equity investment in Community Development Financial Institutions and other community development groups in low- and moderate-income urban and rural areas; and
- creation of a new Delta Regional Authority, a state-federal partnership to fund public infrastructure, transportation infrastructure, business development, and job training in the Mississippi Delta region.

#### HOUSING TAX CREDITS

Finally, for our multifamily friends, H.R. 4923 also includes a very big stocking stuffer — the long awaited expansion of the Low-Income Housing Tax Credit. It will grow from the current \$1.25 per capita to \$1.50 in 2001 and \$1.75 in 2002. The

credit will be indexed to inflation after 2002. This change will potentially help create an additional 180,000 units over the next five years. H.R. 4923 also raises the private activity bond cap from \$50 per resident to \$75 per resident by 2002.

Full text of these bills, the *Congressional Record*, and much other information is available on the Library of Congress legislative web site, [thomas.loc.gov](http://thomas.loc.gov).

#### THE NEW BUSH AND CAPITOL HILL TEAMS

President-elect Bush in late December announced his nominations to head the two major departments that cover housing and rural development. For HUD the somewhat surprising choice was Mel Martinez, chief executive of Orange County, Fla. The Department of Agriculture will have its first female Secretary. She is Ann Veneman, a former California agriculture secretary and high level USDA appointee in prior Republican administrations.

In the House of Representatives, Rep. Henry Bonilla (R-Texas) is the new chair of the Appropriations Subcommittee on Agriculture, while Rep. Michael Oxley (R-Ohio) will lead a new Financial Services Committee (formerly Banking). Rep. James Walsh (R-N.Y.) continues as chair of the VA-HUD Appropriations Subcommittee. At press time, nothing more is known about either agency or legislative line-ups.



Joe Belden is Deputy Executive Director and Lance George is a Research Associate at the Housing Assistance Council.

# Support Rural Voices

## RURAL VOICES SUBSCRIPTION FORM

NAME

ORGANIZATION

ADDRESS

CITY

STATE

ZIP

PHONE

- ☐ Check or money order enclosed.  
☐ Please bill my credit card: ☐ VISA ☐ MasterCard ☐ AmEx

CREDIT CARD NUMBER

EXPIRATION

AUTHORIZED SIGNATURE

SINGLE COPIES AND BACK ISSUES ARE ALSO AVAILABLE FOR \$4 EACH.

## Subscriptions Are Free.

Only one free subscription per organization, please.

Contributions for additional subscriptions, or to help cover production costs, are still welcome. The suggested donation is \$12 for one year (four issues), but any amount will help.

Make your check or money order payable to:

Housing Assistance Council  
1025 Vermont Avenue, NW  
Suite 606  
Washington, DC 20005

Or call 202-842-8600 to order using a credit card.



HOUSING ASSISTANCE COUNCIL  
1025 VERMONT AVENUE, NW  
SUITE 606  
WASHINGTON, DC 20005

DELIVER TO