HAC

HOUSING ASSISTANCE COUNCIL
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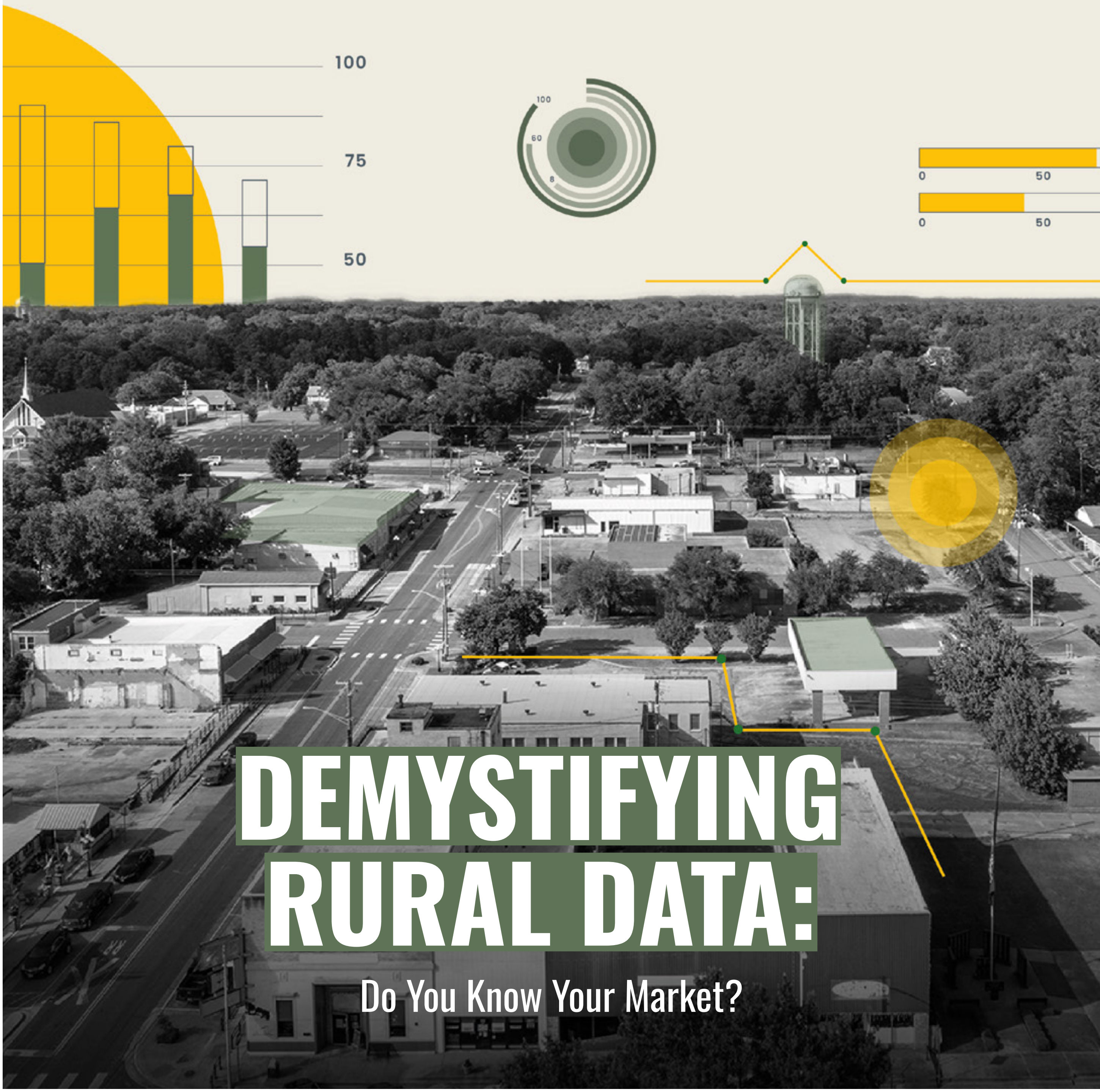
RURAL VOICES



DEMYSTIFYING RURAL DATA:

Do You Know Your Market?

Dear Friends,

It's been said that oil was the most valuable resource of the 20th Century, but in the 21st Century data is now arguably the most important resource. Quality data and research are increasingly essential to any business, including mission-oriented organizations. Data and information have proliferated due to AI and other resources, but quality data are still often more difficult to access in rural communities.

Data resources are also ever-changing with advances in technology and methodologies almost daily. Rural America is changing too. There are 60.4 million people living in rural America today. Rural communities are more diverse than ever and HAC's recent Taking Stock report revealed several important trends across rural areas over the past five decades. Understanding demographic, economic, and housing dynamics is essential for communities, local governments, organizations, advocates, and individuals looking to expand their capacities, utilize available resources, and share information with the people they serve.

The 'Rural Voices' in this issue include experts, practitioners, policymakers, and community-based organizations across the nation seeking to expand access to quality data and information for rural America. They share tools, processes, and how to manage a rapidly changing information landscape. HAC hopes this issue of Rural Voices can illuminate how access to data, resources, and innovations can better enable solid decisions, strategies, and solutions for rural communities across the nation.

Thank You,

Laura Buxbaum
Board Chair

David Lipsetz
President and CEO

This issue of Rural Voices *magazine is funded in part by the U.S. Department of Housing and Urban Development through the Rural Capacity Building Program. The Rural Capacity Building Program (RCB) enhances the capacity and ability of local governments, Indian tribes, housing development organizations, rural Community Development Corporations (CDCs), and rural Community Housing Development Organizations (CHDOs) to carry out community development and affordable housing activities that benefit low- and moderate-income families and persons in rural areas. RCB is managed by the Office of Policy Development and Coordination in HUD's Office of Community Planning and Development.*

RURAL VOICES

A VIEW FROM WASHINGTON

EVERYBODY COUNTS

The Census Bureau Director shares his insights on the importance of Census data and resources that can assist local communities

By Robert Santos, Director, U.S. Census Bureau

A VIEW FROM WASHINGTON

Robert Santos is the 26th Director of the U.S. Census Bureau.

"Everybody counts!" We live those words each day at the U.S. Census Bureau. This isn't just a slogan. There is a deeper meaning that feeds into our mission to serve as America's leading provider of quality data about its people, places and economy. This slogan and, indeed our mission, are about inclusivity.

Everyone belongs. Everyone's voice needs to be heard. Everyone deserves to be counted. Our nation is big, bold, and beautifully diverse. So it should come as no surprise that the data needs of our nation's people and communities vary by all kinds of characteristics – demographics (age, sex, race, ethnicity, etc.); geography (urban, rural; region, state, city, Tribe, local community, etc.); and so on. Having said that, we are woven together by common threads that bind us as a nation, such as our values (fairness, free speech, human rights, civic duty, etc.).

As I travel across America and meet people and visit communities, a common theme I hear repeatedly is the importance of housing data. This includes concerns about broadband connectivity, changes in where and how people work, basic infrastructure, and the affordability and structural quality of housing. Some issues are important no matter where we live or what size the community is.

At the Census Bureau, we provide statistics to help address these questions. Our vast data resources cover the nation's demographic characteristics such as age, sex, racial and ethnic groups, household member relationships, and geographic levels. This data captures local experiences and reflects the rich diversity of communities and neighbors. Moreover, we combine economic and demographic data with information about housing that helps in promoting economic development, assessing community needs, and ultimately mitigating inequities.

So, how do we get the housing data you need? You have probably heard of – and hopefully participated in – the decennial population census, which is what the Census Bureau is best known for. This once-a-decade count is constitutionally mandated for apportioning congressional seats. But it also provides a detailed picture of the demographic and housing statistics of this country.

In addition, the Census Bureau collects housing information in many other surveys. These include the American Housing Survey, the American Community Survey, the Current Population Survey/Housing Vacancy Survey, and economic products such as our Building Permits Survey and the Survey of Construction. Each data product addresses different data user needs and produces statistics at different levels of geography. For example, we measure the housing and construction industry, track vacancy and homeownership rates, and produce statistics on both the physical and financial characteristics of our homes.

Collectively, our housing data provides a comprehensive picture of housing in America. At census.gov, you will find a wide range of data on the size, age, and type of American homes; home values, rents, and mortgages, the housing and construction industry, and more, including:

Housing vacancies and homeownership: Data is available on rental vacancy rates, homeowner vacancy rates, gross vacancy rates, homeownership rates, characteristics of vacant units, and housing inventory estimates.

New housing (construction): You will find national and regional data on the number of new housing units in each stage of construction: authorized by building permits; authorized, but not started; started; under construction; and completed. Data is also available on the number of new single-family houses sold and for sale and on the physical and financial characteristics of new housing.

Rental housing: Our rental housing data includes housing inventory estimates and characteristics of renter-occupied housing units.

Owner/Renter Characteristics: Our American Community Survey provides rich sociodemographic profiles of renters and homeowners alike.

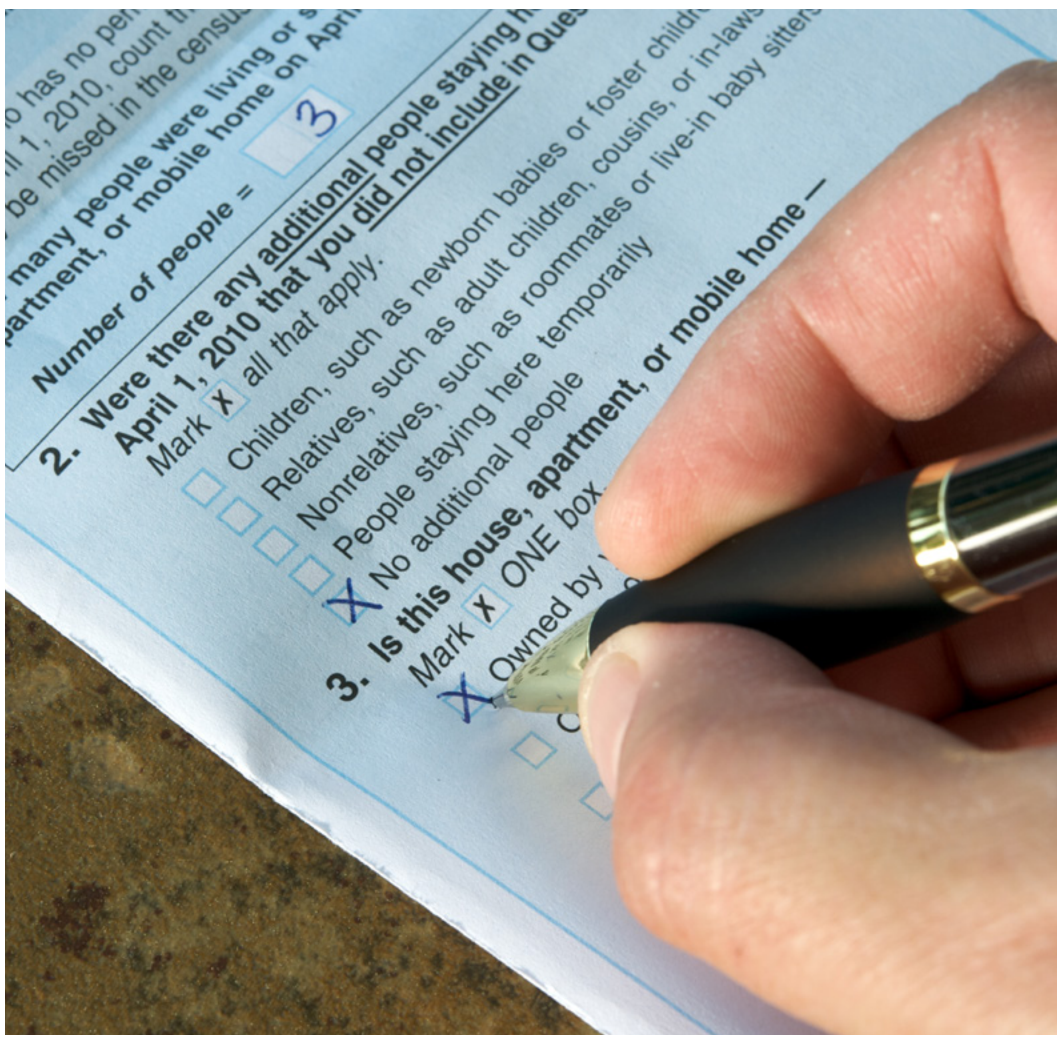
We also have historical data available on housing patterns, housing affordability, and residential financing.

The housing information we release is critical to measuring our national economy. Census Bureau housing data can assist federal, state, local and Tribal governments in equitably distributing resources and identifying underserved communities. We provide a wealth of data by age, disability, race, ethnicity, sex, income, veteran status, and other key demographic variables to help measure equity. This data is often by geography, which provides meaning and context to the statistical data, and can identify rural and underserved communities.

It is important to get this data into the hands of people who need it. Since becoming director, I've traversed the country and heard directly from countless local officials, community groups, Tribal representatives, businesses, students and educators, and many others who need data to address issues in their communities – and they usually aren't statisticians or data experts!

Our goal at the Census Bureau is to make our data as accessible as possible. At data.census.gov, you can search and filter by a wide range of demographic, economic, and social characteristics. Searching for a specific town or census designated place will pull up a profile of that area that includes a wide range of statistics across key topics like housing, employment, income and poverty, and health. This is a quick and easy way to easily gather the most up-to-date information on your community. We are also working on new tools that allow users with limited technical acumen to access data about their communities. Check out My Community Explorer for an example.

These data and tools illustrate our commitment to developing statistics that accurately reflect our ever-changing nation, offering the rich mosaic representing who we are. Our data serves and benefits everyone, including America's underserved groups, and new tools will hopefully make it easier to answer the questions facing communities big and small across the country. The Census Bureau's mission can only be fulfilled when not only is everyone counted, but their data needs are met too.



FOR GOOD (AND BAD), ARTIFICIAL INTELLIGENCE (AI) IS NOW A REALITY IN HOUSING

5 Ways AI Can Help Boost Housing Supply and Affordability

By Kristen Klurfield and Emma Waters

***Editor's Note:** This article was excerpted from 'Housing Industry Innovation: 5 Ways AI Can Help Boost Supply and Affordability,' a larger publication of the Bipartisan Policy Center. For more detailed information on this issue, Rural Voices encourages our readers to access the complete article. HAC thanks the article's authors and the Bipartisan Policy Center for the use of this information.*

As the use of artificial intelligence (AI) grows more ubiquitous, the housing industry is looking to these new tools as an opportunity to improve housing access, reduce costs, and speed up housing production. At the same time, both states and the federal government are considering regulatory measures to safeguard against unintended consequences stemming from AI, while also fostering its potential benefits. In this explainer, we examine how AI is changing five areas related to housing: predevelopment, construction, creditworthiness, home appraisals, and property tax assessments.

AI and Predevelopment

During the predevelopment phase of housing projects, engineers, designers, and architects can leverage generative AI, a subset of machine-learning technology. The longer a project takes, the more costs can rise. AI tools offer automation capabilities, streamlining various predevelopment tasks and potentially cutting down on both time and expenses. AI tools can focus on swiftly generating multiple design options, as well as more sustainable designs by taking into account local climate, energy usage, and available building materials. Generative AI can learn from prior projects to help project managers create realistic development timelines.

Local governments are also beginning to take advantage of AI to assist with property zoning and land-use efforts. For example, the Los Angeles City Planning Department uses AI to analyze zoning data and identify potential issues as it reviews development applications. Combining AI with modular and prefabricated housing development processes can also benefit developers of affordable housing. In California, one AI startup partnered with an affordable housing developer to more efficiently complete several tasks, including the planning, design, unit configuration, and approval of their modular affordable housing project.

Policymakers and researchers can also deploy AI to analyze and mitigate restrictive zoning and land-use rules, which are often significant barriers to increasing housing supply in high-demand regions. Harnessing AI for the collection and analysis of zoning and land-use requirements nationwide could lay the groundwork for meaningful policy reforms.

For machine learning to be effective at the project level during the predevelopment phase of housing development, and more broadly for zoning and land-use innovations, data inputs must be accurate, up to date, and in compliance with current regulations. AI tools cannot completely replace human involvement in zoning and land-use efforts, at least in the near term.

AI and Construction

Although estimates vary, the United States has "underbuilt" housing by millions of homes over the past two decades, contributing to today's housing affordability crisis. AI is poised to help homebuilders build more homes and close the supply gap by significantly streamlining the construction process.

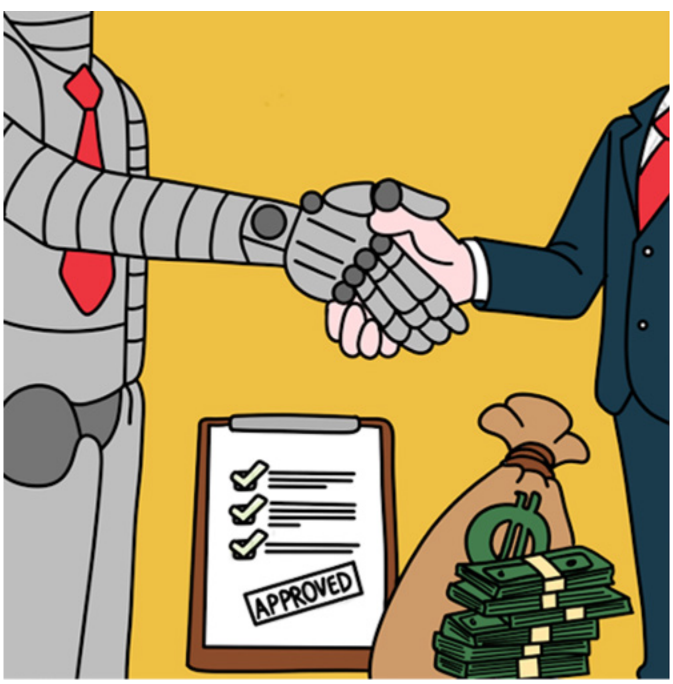
Homebuilders can leverage AI by employing drones, cameras, and mobile robots to analyze footage, monitor progress on construction sites, and confirm in real time that projects are aligned with design plans. During construction, AI can analyze historical project data on safety to preemptively flag potential hazards on work sites.

AI can bring greater efficiencies to the construction industry as well, with technological innovations reducing construction costs. AI's ability to streamline processes and enhance safety and compliance can further improve the construction process and lower costs. In addition, AI could help attract new talent to the field and help to address a lack of skilled construction workers, a barrier to expanding the housing supply. AI's integration will enhance many construction-related technologies, potentially creating job opportunities.

AI must rely on accurate, up-to-date data that complies with all relevant laws and regulations. AI could generate erroneous or nonsensical results, referred to as "hallucinations," necessitating human oversight. Not all developers, particularly small firms or those with limited resources, may be able or desire to incur the cost of AI products. Similarly, a lack of knowledge may be a barrier until AI technology is more widespread.

AI and Creditworthiness

Each year, mortgage lending and the housing finance system that supports it give millions of people the ability to purchase homes. Lenders evaluate borrowers' creditworthiness and make loan decisions based on several factors, including credit scores. Credit scores are calculated using information in a borrower's credit history and provide a simple, standardized measure of how likely it is that a borrower will repay a loan. Those without a credit history—meaning no reported history of activities, such as credit card usage, student loans, or car payments—likely do not have a credit score and are therefore much less likely to qualify for a mortgage. Lenders see individuals meeting the mortgage eligibility criteria but holding a lower credit score as higher-risk borrowers and will likely give them a higher interest rate, increasing the cost of the borrower's mortgage. Traditional credit assessments have been shown to provide less accurate information about Black, Hispanic or Latino, and low-income borrowers, and they are unable to provide information on individuals who do not have a traditional credit history (sometimes referred to as the "credit invisible"). In 2015, the Consumer Financial Protection Bureau found that 1 in 10 adults in the United States lacked a credit score.



AI is already being used to incorporate additional information beyond traditional credit scoring components to better evaluate creditworthiness. These new types of data include on-time utility or rent payments and, in some cases, personal financial habits via bank transactions.

Despite these benefits, employing AI technology in credit scoring introduces concerns. Incorporating new data sources when evaluating creditworthiness could pose privacy and discrimination risks. Even if a model relies on data that does not contain characteristics protected by fair-lending laws—such as gender, religion, or race—the algorithm might instead find and use data that correlate closely with those characteristics. Alternatively, the model could be based on historically biased data. Both situations could result in unintentionally discriminatory lending decisions.

AI and Home Appraisals

A home appraisal involves an assessment to determine its fair market value, taking into account such factors as the property itself and recent sales prices of similar homes. When someone applies for or refinances a mortgage, an appraisal ensures that the value of the home is adequate to serve as collateral for the loan.

Automated valuation models (AVMs), which leverage large datasets to calculate a home's value, have brought AI into the home appraisal process. AVMs that rely on statistical analysis to calculate a home's value have been used for decades, but recent advancements in machine learning and larger data sources have improved their accuracy and increased their usage, including through consumer-facing AVMs available on websites such as Zillow or Redfin. In addition to those available on public websites, both lenders and appraisers use AVMs: Lenders rely on AVMs to estimate loan-to-value ratios and provide mortgage quotes, while appraisers can use AVMs in conjunction with traditional appraisal methods. Historically, Fannie Mae and Freddie Mac have required in-person appraisals for mortgage loans they purchase, leading most lenders to adopt the same requirement, though that is beginning to change. AVMs are more likely than human appraisers to give accurate valuations in the case of purchase transactions, while research finds mixed results when appraisers are unaware of a home's sale price, as in the case of refinance appraisals.

While there is always the potential for bias when using AI, it can be easier to detect and correct than unconscious bias exhibited by individual appraisers. Ultimately, AI models' objectivity relies on the quality and representativeness of the data they utilize.

Most regulation of the appraisal process happens at the state level, but with the increasing prevalence of AVMs, there is mounting interest in promulgating more standardized federal regulations. An Interagency Task Force on Property Appraisal and Valuation Equity, launched in 2021 by the Biden administration, developed recommendations to reduce racial bias in home appraisals. Its recommendations included establishing a nondiscrimination quality control standard through AVM rulemaking and creating a working group focused on researching possible bias in AVMs.

A combined approach of human appraisers working with AI tools will likely yield the most accurate and efficient results as opposed to relying solely on either method. Incorporating AVMs can also help address the problem of a declining number of appraisers and allow for a quicker appraisal process. However, such appraisals might reduce transparency into how an appraiser arrives at a valuation.

AI and Property Tax Assessments

Similar to appraisals, property tax assessments estimate the value of a property, enabling the calculation of property taxes owed annually to state and local governments. Property taxes constitute the majority of most local governments' annual revenue and fund essential public services, such as public schools, infrastructure, and emergency services.

Inaccurate tax assessments can directly affect both homeowners and local governments. An overvalued property can require a homeowner to pay a higher-than-anticipated tax bill, while an undervalued property can lead to lost tax revenue. According to the Brookings Institution, Black-owned homes are more likely to be over-assessed than white-owned homes, resulting in higher tax burdens. Increased accuracy in assessments could reduce this disparity.

Wake County, NC transitioned recently from conducting assessments every eight years to a four-year cycle, doubling the workload for local assessors. The county partnered with a local company to leverage an AI tool to more quickly validate property tax assessments and identify neighborhoods that require additional review. Appraisers rely on the AI tool to provide an objective analysis of each property's value using machine-learning models that can quickly and accurately account for numerous variables.

In addition to reducing the workload for local governments, employing AI to aid in property tax assessment calculations makes it possible to utilize more data and conduct more frequent property tax assessments, and it could increase their accuracy.

Looking Ahead

In October 2023, the Biden administration issued a landmark executive order on the use of artificial intelligence across federal agencies. The executive order aims to establish standards for safety and for privacy protection, encourage the use of AI to advance equity and civil rights while protecting consumers and workers, and support innovation. The order includes calls to action for more than 20 federal departments and agencies, including the Department of Housing and Urban Development, which will issue guidance in 2024 on the use of AI in housing-related actions.

Congress is also assessing the risks and benefits associated with the increased adoption of AI across industries. In the Senate, a bipartisan group hosted a series of nine AI Insight Forums at the end of 2023. These forums supplemented traditional committee hearings and gave senators an opportunity to speak with experts on the state of AI, including its potential in housing. In the House, a bipartisan Task Force on Artificial Intelligence was announced recently. The task force plans to work with relevant House committees to develop a series of "guiding principles" around AI legislation, as well as concrete policy proposals. Meanwhile, the House Financial Services Committee has formed a bipartisan working group on AI to examine the technology's impact on the financial services and housing sectors, assess the applicability of existing regulations to AI, and evaluate the need for new regulations.

AI presents a host of new opportunities for innovation across the housing industry. From reducing project timelines and costs, to improving construction-site safety and home appraisals' accuracy, to increasing access to credit, the potential is significant. Nevertheless, policymakers must address numerous challenges to ensure the safe and effective utilization of this new technology for the benefit of all Americans.

Kristen Klurfield is a Senior Policy Analyst and Emma Waters is a Policy Analyst at Bipartisan Policy Center.

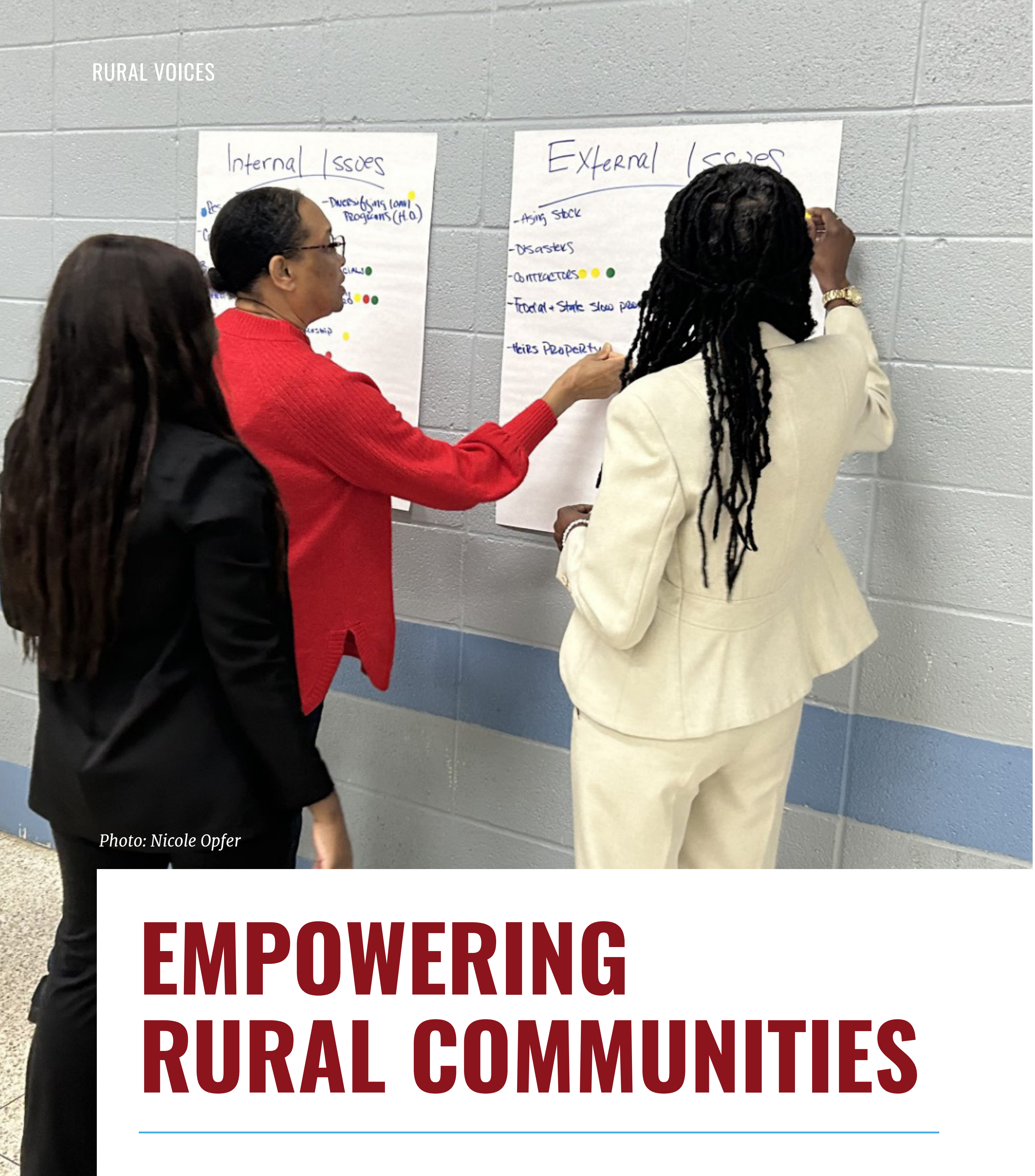


Photo: Nicole Opfer

EMPOWERING RURAL COMMUNITIES

A Local Approach to Data Driven Decision Making

By Nicole Opfer

In an era marked by dynamic demographic shifts and evolving housing conditions, rural communities face unique challenges in comprehending and addressing their housing needs. Recognizing these challenges, the Housing Assistance Council (HAC) has launched a new initiative aimed at aiding rural nonprofit housing developers in understanding the nuanced landscape of their communities. Through a comprehensive housing needs assessment and the subsequent formulation of a Housing Action Plan, this initiative promises to guide rural organizations in strategically planning for the present and future housing requirements of their constituents and communities.

HAC's initiative is centered around facilitating a process that empowers rural nonprofit housing developers with valuable insights into their community's housing needs. At the core of this endeavor is the development of a "Housing Data Report" for the community crafted by HAC's Research and Information (R&I) staff. This tool provides housing data and information, granting organizations enhanced access to demographic insights. Armed with this information, these organizations can craft tailored strategies for the types of housing and housing-related services needed in their localities.

The process begins with the collection of vital secondary demographic and housing data, complemented by primary data obtained through various surveys. This combination of information is not merely a collection of statistics; it provides the backdrop for crafting a "Housing Action Plan." With HAC's Training and Technical Assistance (TTAD) staff facilitating an in-person planning session, the resulting document serves as a strategic blueprint delineating an organization's goals and objectives for housing production or related services to address identified needs. It plays a pivotal role in guiding critical decisions regarding programmatic and service-related aspects of housing within the organization's service area.

Understanding Changing Demographics and Housing Conditions

The starting point for any organization is understanding the evolving demographics and housing conditions of its constituents. Relying solely on intuition falls short in addressing the multifaceted needs of communities. Although housing practitioners often possess profound insights into local housing needs, the absence of documented data hampers their ability to substantiate claims when engaging with partners, funders, and policymakers. Access to housing data empowers organizations to make informed decisions on various fronts. From resource allocation for new affordable housing units to identifying the need for supportive programs, engaging with housing developers, and advocating for improved housing policies, the data-driven approach enhances the efficacy of decision making processes. This initiative recognizes the highly localized nature of housing markets, emphasizing the need for tailored strategies that consider the specific needs of each community. The cornerstone of this initiative is the Housing Needs Assessment, a multi-faceted process comprising secondary analysis and primary data collection. The secondary analysis delves into demographic, economic, and housing market conditions in the organization's service area. Simultaneously, primary data is collected through surveys, including a Community Housing Needs Survey, Employer Survey, Real Estate Data Survey, and Landlord Survey.


Photo: Cheneè Young

The information gleaned from the Housing Needs Assessment becomes the foundation for the creation of the Housing Action Plan. This plan encapsulates the strategies, goals, and objectives that will guide the organization in the next three to five years. The in-person planning session held exemplifies the commitment to a collaborative and participatory approach in shaping the future of housing solutions. The primary purpose of the Housing Needs Assessment is to equip organizations with tools to plan strategically and provide housing that aligns with the current and anticipated needs of the population. By evaluating challenges and opportunities, rural organizations can tailor their approaches to address specific local housing challenges, fostering sustainable and community-centric solutions.

HAC's data-driven decision making initiative embodies a transformative approach to addressing the unique housing needs of rural communities. By harnessing data-driven insights, organizations can chart a course for the future that is responsive to their ever-evolving demographics and housing conditions. As rural nonprofit housing developers embrace this holistic process, they are empowered to act as architects of positive change, ensuring that housing solutions are not only sufficient but also reflective of the diverse and evolving needs of their communities.

Nicole Opfer is a consultant for the Housing Assistance Council currently working with HAC's Understanding Your Market cohort.

For groups interested in participating in the Understanding Your Market program, they first need to apply for HAC's Rural Capacity Building program. Once accepted into that program, participants are offered various cohorts to join. Subsequently, they must apply to undertake the Data Driven Planning process. It's worth noting that this was the pilot project. Looking ahead, we aim to collaborate with 2-4 groups annually.

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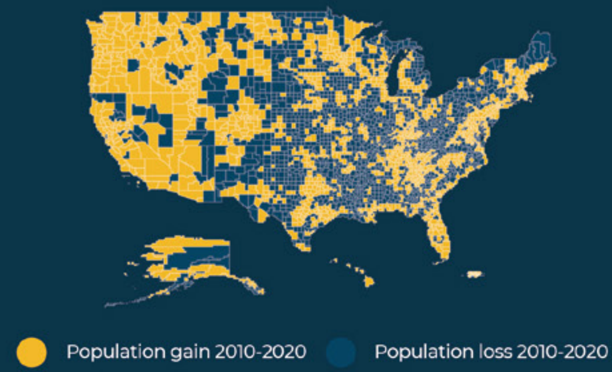
5 DECADES OF TAKING STOCK IN RURAL AMERICA

SIX MAPS

Population Gain and Loss in the United States, 1980-2020

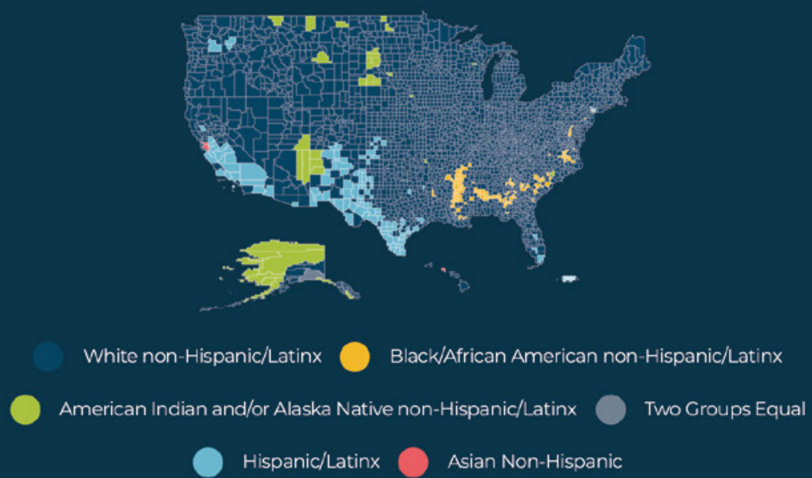
2020

POPULATION CHANGE DRIVES RURAL ECONOMIES AND HOUSING DYNAMICS



Most Prevalent Race/Ethnicity, by County, 2020

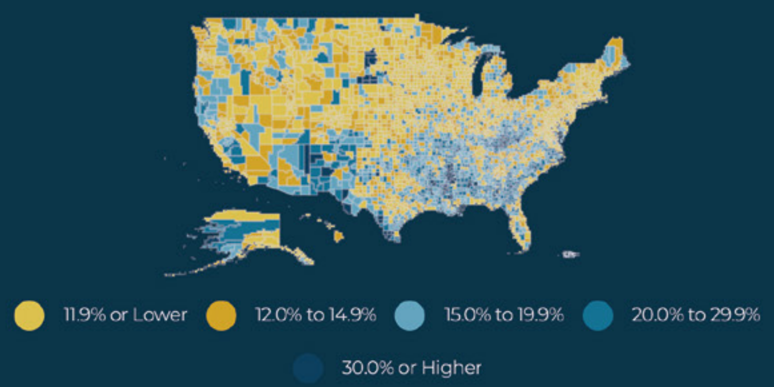
THE GEOGRAPHY OF RACE LOOKS DIFFERENT IN RURAL AREAS



Poverty in the United States, 1980 - 2020

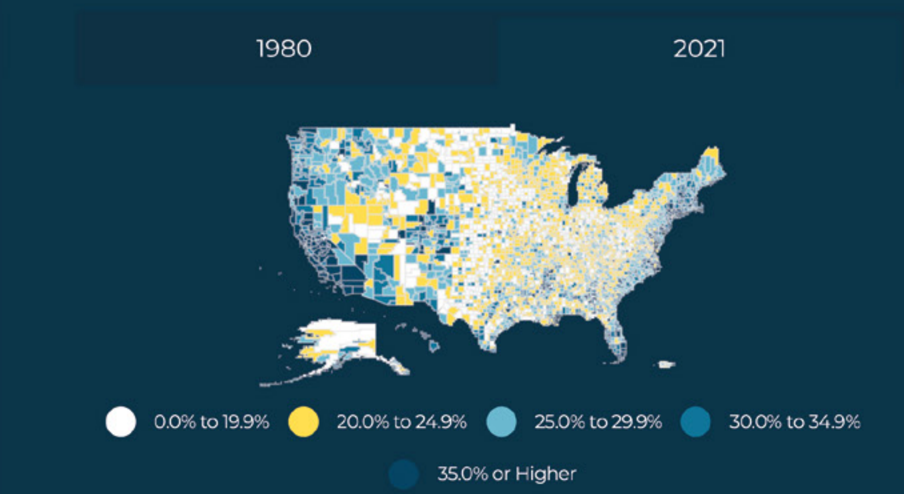
2020

POVERTY RATES ARE STUBBORNLY AND PERSISTENTLY HIGH FOR SOME RURAL COMMUNITIES



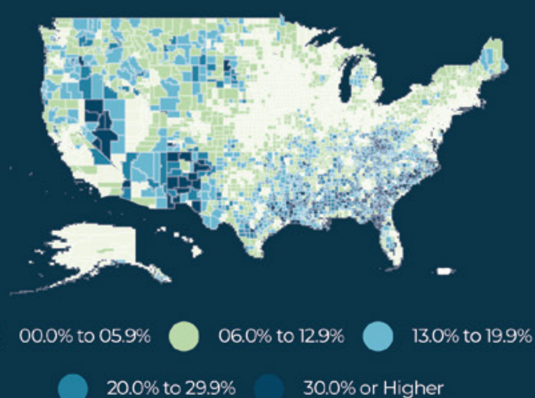
Source: Housing Assistance Council Tabulations of the U. S. Census Bureau's Census of Population and Housing and American Community Survey data.

THAT HELP DESCRIBE RURAL AMERICA



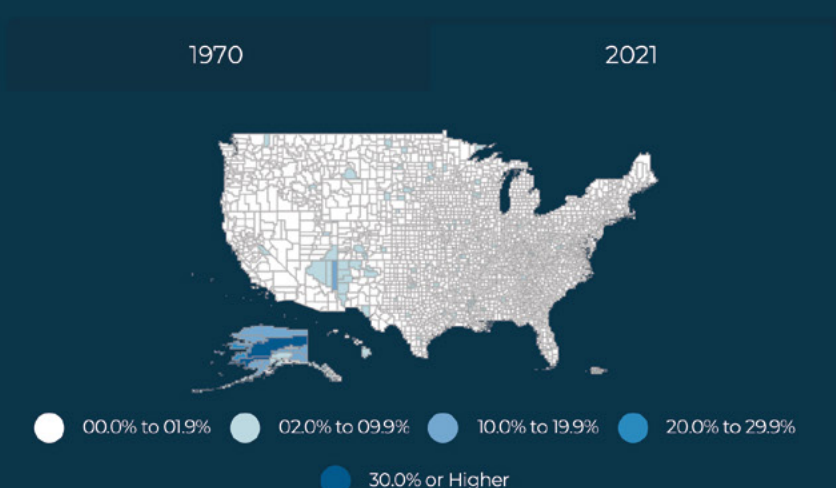
Housing Affordability in the United States,1980 and 2021

AFFORDABILITY IS THE GREATEST HOUSING CHALLENGE IN RURAL AMERICA (BY FAR)



Manufactured Housing in the United States, 2021

MANUFACTURED HOMES ARE AN IMPORTANT SOURCE OF HOUSING IN RURAL AMERICA



Homes Lacking Plumbing, 1970 and 2021

SEVERELY SUBSTANDARD HOUSING HAS NOT BEEN VANQUISHED . . . YET

To access interactive versions of these maps visit
https://ruralhome.infogram.com/six-maps-that-help-describe-rural-america-2024-1h0r6rzpd5x1w4e

REVITALIZING COMMUNITIES THROUGH STRATEGIC HOUSING PLANNING

Two rural communities use data and analysis to inform housing strategies and solutions

By Maggie Leftwich & DeWayne Ennis

Smoky Mountain Housing Partnership: Waynesville, NC

Situated in the scenic Blue Ridge Mountains, the area has seen population growth for the last five decades. With a service- and tourism-heavy economy, locals are being priced out of housing as metropolitan Asheville, just a county over, continues to grow. As part of the Housing Assistance Council's (HAC's) Understanding Your Market Cohort, we sought more concrete evidence and analysis of the various trends within our housing market to inform future work within our SMHP communities.

The SMHP service area economy is strong and housing affordability is a problem. Through this cohort, we learned that over 50 percent of renters and 30 percent of owners in the service area counties are cost burdened which amounts to approximately 10,000 households (half are renters). Similarly, approximately 8,000 SMHP households fit into the workforce housing income thresholds. Workforce housing involves helping households that earn too much to qualify for federal housing assistance programs but not enough to afford housing. Within these households over 1,000 have at least one housing problem – for most of them, it's being cost-burdened. In strong economies home prices can increase more rapidly than wages, something which has happened in the SMHP service areas and communities across the country.

Our data collection also revealed huge differences between the counties within the SMHP service area. One county, Jackson County, showed its housing stock was being shaped by the presence of Western Carolina University.

Photos: Smoky Mountain Housing Partnership

At least in part, due to this, over a third of all occupied units in Jackson County are rentals. Although manufactured housing proved to be a significant part of the entire SMHP service area's housing stock, it was most conspicuous in the rental market, including Jackson County, where these homes are three of every ten units. Another county, Haywood County, showed nearly a quarter of its housing stock was old and will likely need improvements and rehabilitation to maintain its quality. This will become a bigger issue as time passes as the SMHP population is also aging.

As the Understanding Your Market cohort ends, we are excited to share our findings with local government, community partners, and the public so we can highlight the current housing dynamics of our community. Prior to our work with HAC on this project, we had limited local housing data beyond 2020, which was a year marked with great changes for the housing market nationwide. The knowledge gleaned from this collaboration will inform the direction of Smoky Mountain Housing Partnership's service efforts as we stay dedicated to preserving the American dream for our rural community.

Maggie Leftwich is Housing Counselor for Mountain Projects, Inc./Smoky Mountain Housing Partnership.

Photos: Allendale County Alive

Allendale County ALIVE: Allendale, SC

Allendale County ALIVE (ACA), a community-driven organization dedicated to empowering and revitalizing the Allendale, South Carolina, region, has recently embarked on an ambitious journey by joining the "Understanding Your Market" cohort in collaboration with the Housing Assistance Council (HAC). This partnership signifies a crucial step towards addressing housing challenges faced by Allendale and neighboring counties of Bamberg, Barnwell, and Hampton.

At the heart of this initiative is the essence of understanding and responding to the region's unique market dynamics. By actively participating in this cohort, ACA gains access to invaluable resources, expertise, and tools essential for formulating a comprehensive housing plan tailored to the community's specific needs.

One of the key benefits of this collaboration is the access to data-driven insights that can illuminate the prevailing housing market trends, demand-supply dynamics, and demographic patterns within the region. ACA's service area, similar to other rural communities across the country, has lost 12 percent of its population over the last 10 years (2011 to 2021). With many of the younger residents migrating out, 34 percent of the population is 55 and older. However, ACA has resources and is home to three universities, Voorhees University, Denmark Technical College, and University of South Carolina Salkehatchie.

Armed with such information, Allendale County ALIVE can make informed decisions and develop strategies that are not only effective but also sustainable in the long run. From essential training, to grant awareness, to an emphasis on open communication with the community, ACA is utilizing the information gained throughout the "Understanding Your Market" cohort to help facilitate change in these service areas.

The holistic approach adopted by Allendale County ALIVE in partnership with HAC underscores a commitment to comprehensive community development. By integrating data-driven decision making, capacity building, grant acquisition, and community engagement, the organization is poised to make a meaningful impact on the housing landscape of the region.

As Allendale County ALIVE continues its journey with the "Understanding Your Market" cohort, the organization remains dedicated to realizing its vision of a vibrant, thriving, and inclusive community where every individual has access to safe, affordable, and quality housing. Through proactive planning, targeted interventions, and meaningful partnerships, Allendale County ALIVE is paving the way for a brighter future for all residents of the region. By leveraging data, training, grants, and community engagement, Allendale County ALIVE is laying the groundwork for a more resilient, equitable, and prosperous future.

DeWayne Ennis is the Executive Director of Allendale County ALIVE.

ALLENDALE COUNTY ALIVE

ILLUMINATING RURAL AND TRIBAL LENDING LANDSCAPES

Insights from the Home Mortgage Disclosure Act Data

By Jason Richardson

In an era where data drives decisions, the importance of transparent and accessible information is paramount, especially in the realm of mortgage lending. The Home Mortgage Disclosure Act (HMDA), enacted in 1975, stands as a testament to this need for visibility, designed to combat redlining and ensure fair lending practices across the United States. At the National Community Reinvestment Coalition (NCRC), HMDA data has been a key resource in our efforts to uncover and address discrimination in lending, historical redlining and modern gentrification of vulnerable communities. Our work involves assisting members in analyzing lending practices within their locales, pinpointing which lenders support or neglect low- and moderate-income (LMI) communities.

The *Redlining the Reservation* report by NCRC is not just another analysis but a critical exploration aimed at bridging this knowledge gap. Native American Tribal areas have a history of exploitation and neglect. This extends to financial services access, with the HMDA data providing information that can begin peeling back the layers of disparities in mortgage lending practices on Tribal lands. The report uses HMDA data to illuminate the complexities of the disparities in mortgage availability, costs and interest rates. The report's purpose extends beyond observation; its goal is to catalyze changes that may cure some of the disparities and injustices that persist in these communities. In doing so, it underscores the role of HMDA not just as a tool for transparency but as a source of leverage for advocacy and reform.

The historical backdrop of HMDA reveals a legislative response to widespread discriminatory lending practices that marginalized entire communities, including Native Americans living on Tribal trust lands. The implementation of HMDA marked a pivotal shift towards accountability and transparency among lending institutions. Despite its widespread impact, HMDA's reach into the intricacies of lending on Tribal lands has been somewhat obscured. With coverage of about 88 percent of all mortgage transactions in the U.S., a notable gap remains in our understanding of how these practices unfold within Native American territories. This gap is not merely a matter of data collection but a reflection of the broader challenges and systemic barriers that have historically excluded Tribal lands from equitable lending opportunities.

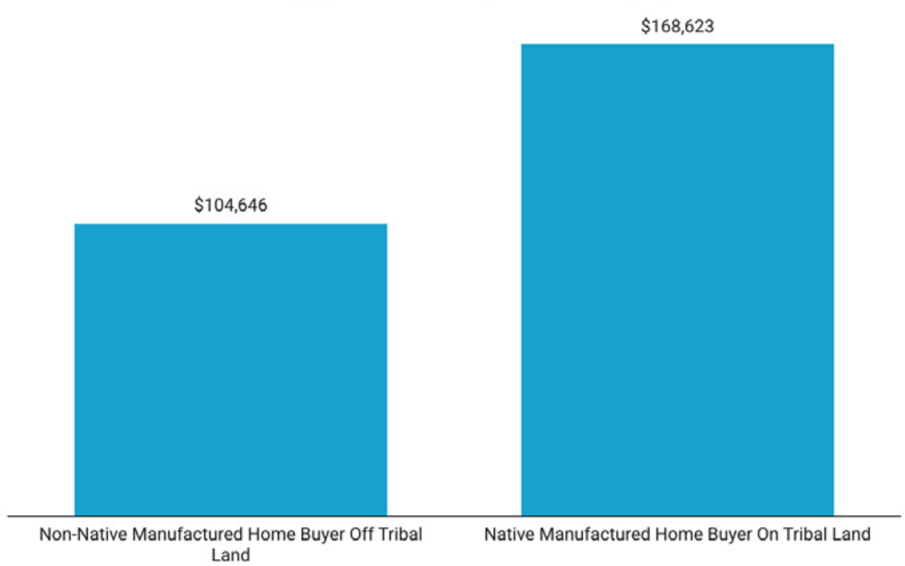
The *Redlining the Reservation* report unveils a comprehensive analysis of mortgage lending on Tribal lands, illuminating a troubling landscape marked by systemic neglect and economic exclusion. This detailed examination highlights a profound reliance on manufactured homes due to the absence of conventional lending options. Nearly half of all home purchase loans on Tribal lands are used for manufactured housing, a stark contrast to the significantly lower rate in non-Tribal areas. This discrepancy underscores a broader issue of accessibility and affordability in Native communities.

It is particularly alarming that none of the three largest mortgage lenders in the country even participate in the Department of Housing and Urban Development's (HUD's) Section 184 loan guarantee program, designed to support homeownership in Native communities. This program offers a 100 percent guarantee against loss on loans made in Tribal areas. The underutilization of this rare absolute negation of risk speaks volumes about the barriers to accessing affordable mortgage financing on Tribal lands.

The report highlights the financial burdens disproportionately borne by Native American borrowers, especially within the manufactured home sector. For example, on a recent day in February 2024, while the national average mortgage rate stood at

Total Interest Paid Over 20 Years

Manufactured home buyers pay more interest on Tribal Land. For every $100,000 borrowed a Native borrower on Tribal Land pays over 60% more, a difference of $63, 977.



According to HMDA data 2018-2022.

Chart: NCRC • Source: CFPB • Created with Datawrapper

6.77 percent, non-Native buyers off Tribal lands would have received an 8.26 percent rate for manufactured homes. Yet on Tribal lands a Native buyer would encounter a staggering 12.26 percent interest rate. This disparity translates into Native buyers on Tribal lands paying an additional $63,977 in interest over two decades on a $100,000 loan, starkly illustrating the financial inequities driven by elevated interest rates.

The Role and Limitations of HMDA in Tribal Lending Analysis

While HMDA has revealed many disparities in mortgage lending, its ability to fully capture the nuances of Tribal lending is limited. The report underscores the need for enhanced reporting and data collection to better understand and address the unique challenges facing Tribal communities. The gaps in HMDA data not only reflect the underrepresentation of Tribal lands in national lending narratives but also hinder the formulation of targeted policies and interventions.

Addressing the significant disparities in mortgage lending on Tribal lands necessitates a comprehensive and multifaceted approach. The *Redlining the Reservation* report puts forth a robust set of policy recommendations aimed at eradicating the deep-rooted barriers that have historically impeded access to affordable mortgage financing for Native communities. These recommendations underscore the urgency of redirecting capital and resources towards institutions and programs that are better equipped to meet the unique financial needs of Tribal areas, which have been largely overlooked by traditional financial institutions.

Strengthening Native-led financial institutions: A crucial step forward involves bolstering Native-led financial institutions, including Minority Depository Institutions, Native-owned banks and Native Community Development Financial Institutions (CDFIs). These entities play a pivotal role in providing culturally relevant financial services and credit options tailored to the needs of Tribal citizens. The report suggests significant increases in federal capacity-building funds and resources for Native American CDFIs, as well as support for Native-led small business incubators. Such measures are essential for building a robust administrative infrastructure that can facilitate economic equity and growth within Tribal communities.

Implementing policy recommendations from the Native Nations Institute: The report also highlights the importance of implementing all 21 specific policy recommendations from the latest Native Nations Institute (NNI) report on capital access issues facing Tribal communities. While the NNI recommendations offer a blueprint for Tribes and their allies, meaningful progress requires the active participation of banks and the private sector. Where traditional financial institutions remain unresponsive, it is incumbent upon regulators to enforce corrective actions, ensuring that these entities cannot continue to sideline the financial needs of Indian Country.

Addressing the manufactured home loan market: The dominance of high-cost manufactured home loans on Tribal lands is concerning in its own right. The report calls for an end to Fannie Mae's and Freddie Mac's neglect of their legal obligation to support a secondary market for these loans. Utilizing existing legal tools, such as the Duty to Serve provisions of the Housing and Economic Recovery Act of 2008, could counteract the detrimental effects of the current market monopoly, providing Native homebuyers with more favorable loan options.

Leveraging new data collection rules to support economic development: The impending implementation of Section 1071 small business loan data collection rules presents an opportunity to deepen our understanding of the economic landscape in Tribal communities. The report advocates for the funding of studies that will assess how this new dataset can be utilized to bolster economic development for American

Indian and Alaska Native (AIAN) communities. Such preparatory work will enable a more effective application of the data once it becomes available, facilitating targeted interventions to address discriminatory lending practices and unlock new markets in Native lands.

Prioritizing enforcement of Community Reinvestment Act rules: Finally, the recent updates to the Community Reinvestment Act (CRA) include provisions aimed at promoting community development activities on Tribal lands. It is crucial that CRA examiners prioritize these provisions in their assessments, ensuring that banks are held accountable for meeting the heightened need for community development loans and investments in Native Land Areas. Vigorous enforcement of CRA rules, complemented by rewards for institutions that significantly contribute to community development in these areas, will be key to addressing the economic disparities outlined in the report.

The Way Forward: *Redlining the Reservation* concludes with a call to action, urging policymakers, financial institutions and community advocates to unite in addressing the systemic barriers to fair mortgage lending on Tribal lands. It champions the use of enhanced HMDA reporting and targeted policy measures as essential tools in dismantling the legacy of redlining within Tribal communities. The report underscores the critical role of data in driving systemic change, positioning the HMDA dataset not only as a means to illuminate disparities but also as a foundation upon which equitable access to mortgage lending can be built, fostering economic resilience and expanding homeownership opportunities for Native Americans.

Understanding is indeed the first step toward economic justice. The HMDA dataset, when enriched by targeted research and advocacy, acts as a beacon of hope, offering insights that challenge the status quo and inspire action. As we delve deeper into the disparities highlighted by the report, we're reminded of the urgency to not only identify but actively address the inequalities that persist in mortgage lending on Tribal lands. Manufactured homes, essential housing options in Tribal areas, emerge from the report as both a symptom of the broader issues and a focal point for reform. The national mortgage framework, as it stands, inadequately supports the purchase of site-built housing on Tribal land, so manufactured housing becomes the default sole option for many would-be homeowners. This type of housing leaves borrowers with limited financing choices which are subject to exorbitant interest rates. This situation exacerbates financial disparities and underscores the need for a mortgage system that is inclusive and responsive to the needs of all communities. Native American households need access to improved housing, and also need a way to build equity through homeownership.

"Manufactured homes, essential housing options in Tribal areas, emerge from the report as both a symptom of the broader issues and a focal point for reform."

Furthermore, the recent lawsuit challenging the CRA rule by the American Bankers Association and other banking trade groups puts another hurdle in the path toward fair lending. This legal challenge, perceived as an attempt to undermine efforts aimed at ensuring safe, sound, and non-discriminatory lending, highlights the ongoing resistance to reforms that seek to uplift underserved communities. NCRC's response to the lawsuit emphasizes the necessity of steadfast commitment to implementing the CRA rule, designed to modernize the examination of banks' compliance with CRA and to better meet the credit needs of entire communities, including LMI neighborhoods.

In response to these challenges, the report and subsequent developments call for a concerted effort to ensure that the new CRA rule is not only implemented but also effectively enforced. By prioritizing the enforcement of CRA rules related to Native Land Areas and supporting the development of tailored financial education, support, and credit repair services, we can begin to address the longstanding economic disparities faced by Native communities.

Building a just economy for Native Americans will require a unified approach, leveraging both the insights gained from HMDA data and the commitment of all stakeholders to create a more equitable mortgage lending landscape. By transforming the landscape of mortgage lending from one of exclusion to one of empowerment and inclusion, we can rewrite the narrative for Tribal lands, ensuring that the promise of homeownership and economic resilience becomes a reality for all.

Jason Richardson is the Senior Director of Research at the National Community Reinvestment Coalition.

USING INFORMATION FOR DISASTER RISK, INSURANCE, AND COMMUNITY PLANNING

New resource development has created more resilient rural communities

By Michael Craig

Each year, thousands of communities across the country experience natural disasters and unpredictable weather. In addition to damage or destruction caused by disasters, rural communities often have existing housing and infrastructure improvement needs that are exacerbated by exposure. Households, businesses, and developers in rural communities are also facing a rapidly changing property insurance market, driving up the costs of living and doing business even without a recent disaster. The Fall 2019 edition of *Rural Voices* gave an overview of the challenges faced by rural communities during and after such events, and also highlighted the role of up-to-date information to empower rural residents and community planners to make preparation part of recovery.

While there is little that individual communities can do to stem the natural and economic forces behind the double whammy of disaster exposure and rising property insurance costs, they can respond to these forces if they have the right information.

Over the last five years, that information has become easier to find. The available natural hazard risk and climate resources have expanded exponentially and offer more translations of technical catastrophe models and climate measurements. They seek to help communities both protect existing homes and infrastructure and also plan future community development to minimize risk exposure.

However, with this ever-increasing amount of data available, it may be difficult for community leaders and residents to know where to begin. Do we need climate data or disaster risk data? Do we need community level or parcel level? Do we need data that tells us our current priorities or something that helps look 30, 50, or 100 years into the future? The decision points can be daunting. And because community and resident needs vary from place to place and household to household, a one size fits all approach for "the best" resources out there likely does not exist. So instead of thinking about which single data source is best, decision makers should start by understanding how the different types of data work together.

So where do we begin? First, let's note that the available data resources are not necessarily substitutes for each other, but rather complements. Therefore, understanding how different types of risk and climate data are connected is important. Particularly useful are data and products related to climate and natural hazard risk; insurance availability, pricing, and resiliency discounts; and building standards and best practices in zoning and land use.

Climate and Natural Hazard Risk Data

Climate data gives information regarding the measured conditions of a place over time, such as dry and hot. The United States Global Change Research Program (USGCRP) produces a set of climate indicators and offers this data in a raw format. Users can interpret this data more easily when they can see where their communities fall in different climate zones, so the USGCRP also provides a mapping platform called Climate Mapping for Resilience & Adaptation (CMRA). This brings together all the different data sets of the federal government on current climate risks so you can see your current and future risks for extreme heat, coastal inundation, flooding, wildfire, and drought.

Likewise, acute events like natural disasters or natural hazards can be mapped. This kind of risk mapping can show where past disasters have occurred and where future disasters might occur. It can offer this information at the regional or community level, or by geospatial coordinates in a form known as a hazard layer. The Federal Emergency Management Agency (FEMA) produces a mapping platform called the National Risk Index, which combines county or census tract level hazard risk data with social and economic data to produce geographic risk scores. FEMA also produces the National Flood Hazard Layer (NFHL), which uses geospatial coordinates to show flood risk in places identified as Special Flood Hazard Areas (SFHAs).
It is important to note that the NFHL is not intended to be a complete map of flood risks. It is an administrative tool in assigning flood insurance requirements under the National Flood Insurance Program (NFIP) and has many known deficiencies – particularly in rural areas. In other words, while a flood zone designation is a strong indicator of flood risk, being outside SFHAs does not mean zero risk.

For decision makers in communities with known flood risks who are unsure of the risk related to a specific property, an additional method is to actually get a quote from an NFIP underwriter who uses FEMA's recently released Risk Rating 2.0 platform. FEMA's methodology delivers actuarily fair (pre-discount) rates by taking into account updated risk modelling techniques as well as building-specific characteristics. Importantly, it does not rely on the same flood risk maps as determining insurance requirements. The unsubsidized insurance premium can provide a dollar value to a property's flood risk, often a much more meaningful method of conveying risk than the traditionally used 100-year or 500-year flood plains.

Insurance Information

The insurance sector is another source of climate and acute natural hazard information. In theory, a well-functioning insurance market should price insurance policies in a way commensurate with the underlying risk. In the case of natural hazards, the higher the risk the higher the insurance premiums. In the real world, insurance markets are much more complicated, given the constraints of state regulations and the options to unload risk to reinsurance markets and other financial assets derived from insurance premiums. However, the market still sends property owners critical information on the price of their risks. Rapidly increasing insurance premiums in an area may signal an increase in expected losses from the insurer's point of view, while the withdrawal of insurance providers identifies areas where potential losses outweigh premiums that the market will bear. Local community planners and developers should heed these market signals and understand the specific circumstances behind them.

Building Standards and Zoning Guidance

With current hazard risk and future climate projections available, rural community planners and households can identify not only their vulnerabilities, but also their opportunities. Steps forward can be broadly split into two categories: reducing existing risk and avoiding future risk. Building codes, land use, and zoning are critical for both tasks. When informed by relevant local risk factors, appropriate standards and zoning can help guide future development away from risk when possible and can encourage building to physically withstand the risks. FEMA's National Building Code Adoption Tracking Portal shows which counties have approved the latest building standards for specific hazards.

Common climate and natural disaster risks can be linked to specific building and design decisions such as:

- Elevating homes and structures in the flood plain at least three feet above base flood elevation;
- Insulating and improving building envelopes in extreme temperature zones;
- Creating defensible space and using nonflammable materials in wildfire risk zones; and
- Designing roofs to resist wind.

Note that there are important trade-offs between the resiliency improvements offered by the latest codes and the increased cost of updating existing structures or building new construction to meet these. FEMA is pushing for resilience in the model codes of the International Code Council (ICC), the Department of Energy is pushing for increased energy efficiency in the model codes, and builders are pushing back on cost, asking that local and state governments not adopt these updated codes. In many instances, insurance discounts are available for achieving higher building standards and state and federal programs to offset these costs, but every situation is unique.

Building for the Future

Information on resources to facilitate these decisions is equally important to bring resilient development and rebuilding to fruition. The U.S. Department of Housing and Urban Development (HUD) offers useful platforms for local decision makers to take translated raw climate and risk data into ready-made decision making tools. The recently launched Build for the Future page offers resources for the interrelated goals of resiliency, environmental justice, and energy efficiency, as well as the deployment of local renewable energy sources. Additionally, HUD's Rural Gateway offers resources specifically targeted to guide rural communities through the steps of risk assessment, resiliency and adaptation planning, and securing and combining funding from multiple sources. Furthermore, decreasing the direct exposure of homes through design and location choices lowers expected disaster losses, creating opportunities for savings on insurance costs as well as local, state, or federal rebate programs. These financial incentives can increase resiliency in rural communities while also helping offset the costs.

Michael Craig, Ph.D., is an Economist in the Housing Finance Analysis Division for HUD's Office of Policy Development and Research.

Natasha Moodie, Keith Wiley, and Lance George present on HAC's research at Fannie Mae's recent National Convening on Heirs' Property in Washington, DC.

HEIRS' PROPERTY RESEARCH

As a part of its multifaceted and collaborative initiative on Heirs' Property, HAC engaged audiences and stakeholders at three recent national convenings. HAC's research was featured at the Boston College of Law's Initiative on Land, Housing, and Property Rights' second annual Heirs' Property and the Racial Wealth Gap conference, Fannie Mae's National Convening on Heirs' Property: Past and Future, and at the National Community Reinvestment Coalition's 2024 Just Economy conference. To learn more about Heirs' Property and its prevalence in your community, access HAC's new report, *A Methodological Approach to Estimate Residential Heirs' Property in the United States*.

HAC AWARDED SHOP FUNDING

The Housing Assistance Council has been awarded $2.5 million in funding from the U.S. Department of Housing and Urban Development (HUD) through the Self-Help Homeownership Opportunity Program (SHOP). The funding will allow rural homebuyers to invest their sweat equity and hard work towards the construction of their own homes in rural communities. Learn more at ruralhome.org/lending.

HAC IS HIRING!

We are accepting applications for a Senior Loan Officer, Portfolio Management Associate, Technical Assistance Implementation Specialist, Research Associate, and more! Learn more at https://ruralhome.org/about-hac/careers/.

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