

# TAKING STOCK

## Rural People, Poverty, and Housing at the Turn of the 21st Century



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The Housing Assistance Council (HAC), founded in 1971, is a non-profit corporation that supports the development of rural low-income housing nationwide. HAC provides technical housing services, loans from a revolving fund, housing program and policy assistance, research and demonstration projects, and training and information services. HAC is an equal opportunity lender.

HAC's mission is to improve housing conditions for the rural poor, with an emphasis on the poorest of the poor in the most rural places.

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*Eva M. Clayton*  
Member of Congress

December 1, 2002

Dear friend:

Rural America is a place of both triumph and sorrow. Some of our nation's greatest strengths are found there, but so too are some of our most entrenched problems. Often the difficulties are unknown to the general public and even to most policymakers. When many people think of rural America, the images that spring to mind are of agriculture. However, agriculture is one small but important component of rural America. In considering rural America, we must also remember pressing needs in the areas of infrastructure, housing and community development, job creation, access to health care and numerous other challenges.

All Americans face these issues, but while much of the nation has been moving forward, rural America has often been left behind. Rural educational levels and skills are often behind those in metropolitan areas. The rural economy is booming in some places but remains depressed in many others.

As in the rest of America, the issue of affordable and quality housing is a critical one in rural areas. For too many rural residents, there is an alarming gap between decent housing and what people are able to afford. The population of rural America continues to grow more diverse, to get older, and to have a higher proportion of single-parent and single-person households. These groups are among those that struggle mightily to find and keep quality housing.

It is vital that we create and implement plans that close the gap between rural America and the remainder of our nation. This begins with a comprehensive approach that provides rural Americans with access to the tools that are necessary for a prosperous, positive, and productive quality of life. We cannot afford to continue with our current piecemeal policies toward rural America. If rural America is to survive and thrive, our policies must be forward-looking, comprehensive, and entrepreneurial.

In its new publication, *Taking Stock*, the Housing Assistance Council sets the stage for a plan by calling attention to the status of rural America's people, housing, and economy. *Taking Stock* offers extensive information on the state of rural America as reflected in the 2000 Census and other major data sources. The report is the latest in a series and follows two other similar HAC studies of rural data from the 1980 and 1990 decennial Censuses.

In representing the 1<sup>st</sup> District of North Carolina, a mostly rural, minority district, and as co-chair of the Congressional Rural Caucus, I have seen first hand some of the critical problems that *Taking Stock* describes and analyzes. Looking at these and other issues, this report will be a very useful and valuable tool in the coming years as a source of education and advocacy for rural concerns. *Taking Stock* is a stark reminder of the tremendous challenges facing rural America and a call to action to all of us to address them with vigor and determination.

Sincerely,

A handwritten signature in cursive script that reads "Eva M. Clayton".

Eva M. Clayton  
Member of Congress

**BENNIE G. THOMPSON**  
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Dear Friend

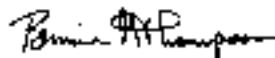
Poverty and housing needs in rural America are some of our nation's most severe and most overlooked challenges. This is especially true for high-need, underserved areas such as the Lower Mississippi Delta. The Delta has very high poverty rates - 19 percent for the entire region - and much higher levels in many rural counties. The African-American population of the nonmetro Delta has a stunning poverty rate of 40 percent. And of course some have it even worse; for example, 47 percent of nonmetro female-headed households with children in the Delta live below the poverty line. Many middle and upper-income Americans have seen their economic circumstances improve tremendously in recent years. But much of rural America, including the Delta, missed the boom times. Left behind are rural people who are often just as desperately poor as in the inner cities, but with fewer resources and much less attention from the public, the media, academia, and government.

To help meet these concerns, we need new and expanded collaborations between the public and private sectors. We need federal programs, but we also need the help of business, state and local agencies, nonprofits and others, working together to create comprehensive community development solutions for the region. We need new and better housing, stable employment, quality education, affordable health care, updated water and sewer systems, and other pieces of the puzzle.

I have seen the rural crisis during my representation of the 2<sup>nd</sup> Congressional District of Mississippi and in my prior work in the community. I also have been a member of the Housing Assistance Council's board of directors since 1978. Taking Stock, HAC's important new research report, should serve as a wake-up call to the nation about the needs of rural America.

Small town residents, whether in California, Vermont or Mississippi, have a strong desire to change their own lives. We simply need to help them as they help themselves.

Sincerely,



**Bennie G. Thompson**  
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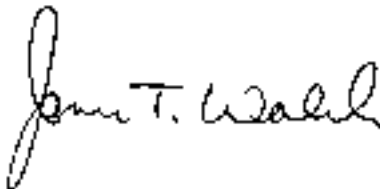
Dear Friend,

Rural America remains an integral part of the fabric of United States' society and culture - just as it has been throughout our nation's history. Most Americans, when they think about "New York," think of New York City. Yet what most Americans fail to realize is that New York has a large, diverse, rural population that is largely under-represented in Congress. Since much of my Congressional district in Central New York is rural in nature, I know firsthand that rural places often do not receive the attention they deserve.

I am pleased that the Housing Assistance Council is publishing a new examination of the state of rural America. *Taking Stock: Rural People, Poverty, and Housing at the Turn of the 21<sup>st</sup> Century* should help everyone in this country gain a better understanding and appreciation of the rural components of our great country. The report uses recent data, as well as descriptions of some individual rural counties, to describe the challenges and the triumphs facing rural America's people, housing, and economy.

I have seen how poverty and quality housing concerns negatively impact the residents of New York State, and *Taking Stock* verifies that these problems are all too common throughout rural America. As Chairman of the House Appropriations Subcommittee that provides funding for the U.S. Department of Housing and Urban Development (HUD) and as a senior Member of the Agriculture Appropriations Subcommittee which funds USDA's rural housing programs, I know the federal government has a vital role to play in helping local communities address these critical rural problems. I believe *Taking Stock* will help policymakers at all levels to help rural Americans who need decent, affordable housing.

Sincerely,



James T. Walsh  
Member of Congress



# TAKING STOCK

## Rural People, Poverty, and Housing at the Turn of the 21st Century

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# EXECUTIVE SUMMARY

## TAKING STOCK

### Rural People, Poverty, and Housing at the Turn of the 21st Century

*Taking Stock: Rural People, Poverty, and Housing at the Turn of the 21st Century* provides an overview of rural America's residents, their economic condition, and their homes. This publication is third in a series of decennial reports by the Housing Assistance Council (HAC) that use data from the Census and other sources along with case studies describing some of the poorest parts of the rural United States.\*

As the 21st century begins, rural America's population is growing and is becoming more diverse than ever before. Rural residents are aging, and both single-parent and single-person households are increasingly common. Rural education levels — and thus the acquisition of some skills needed for employment in the 21st century economy — still lag behind those of metropolitan areas. The U.S. rural economy has diversified but economic stagnation remains a problem in many rural communities. Overall, poverty persists as a greater problem in nonmetro places than in the U.S. as a whole, and housing affordability problems, often associated with urban areas, are increasing in rural places and now affect one rural household in four.

Characteristics of rural America — such as concentrations of persistent poverty, lingering housing quality problems, and relatively high homeownership rates — are evident in the national population, economic, and housing data described in this report. Much of the rural U.S. reflects these common characteristics, but rural America is also made up of diverse communities. Some match national average levels of poverty and homeownership, but many more have distinct social and economic characteristics. The regional analyses and case studies in this report depict five persistently poor areas and populations in rural America and provide examples of counties with some of the worst housing conditions in the U.S.

\* The terms rural and nonmetro are used interchangeably throughout this report. See page 11 for more information.

### The Face of Rural America

According to the 2000 Census approximately 55.4 million people, or 20 percent of the U.S. population, reside in nonmetropolitan areas. From 1990 to 2000 the nonmetro population grew by 10 percent while the overall population grew by 13 percent. The Western U.S. experienced the greatest rural population growth, due in large part to the in-migration of people moving in search of amenities such as recreation.

Along with its growth, the nonmetro population is becoming increasingly diverse. One of the most significant trends since the 1990 Census is the explosive growth in the nonmetro Hispanic population, which rose by 70 percent in the 1990s.\*\* Still, nonmetro areas remain more homogenous than the nation as a whole.

As the rural American population is diversifying along with the rest of the country, it is also aging. The baby boom generation will remain a significant factor in rural America during the next few decades as baby boomers start to move into the ranks of seniors. This dramatic demographic shift is likely to have profound ramifications for nearly every aspect of rural society, including housing.

Rural households' structure is changing as well. The number of rural households that are not families increased at three times the rate of family household growth during the 1990s. Among nonmetro nonfamily households, 84 percent are persons living alone, and a large proportion of those are people over the age of 65. Another noticeable shift from 1990 was in rural education levels. The proportion of nonmetro residents lacking a high school diploma fell 7 percentage points during the 1990s. Despite this progress, educational attainment levels in nonmetro areas still lag behind those in the nation as a whole.

\*\* Hispanic is an ethnic origin, not a racial category. See second footnote on page 12 for more information.

## The Economics of Rural America

The last decade of the 20th century witnessed one of the most dramatic economic expansions in our nation's history. In general, rural America's economy benefitted from this expansion as earnings increased and unemployment fell. Rural unemployment, however, has begun to tick upwards in the past few years.

In recent decades the national rural economy has diversified, but economic stagnation and poverty remain problems in many rural communities. Industries such as agriculture, forestry, and mining that dominated much of the rural economic system for the better part of the past century have continued to decline in prominence. Manufacturing now accounts for 18 percent of all jobs in nonmetro areas. Service and retail industries, which tend to pay lower wages than the manufacturing sector, experienced dramatic growth in rural areas during the 1990s.

Poverty remains a problem in rural America. Approximately 7.8 million persons in the nonmetro U.S., including disproportionate numbers of minorities, are poor. While the poverty rate is 14.6 percent for the total rural population, the poverty rate for nonmetro African Americans is more than twice that at 33 percent. Likewise, nonmetro Hispanics have a poverty rate of 27 percent and nonmetro Native Americans have a poverty rate of 30 percent. Nineteen percent of rural children are poor, a significantly higher poverty rate than the rates for rural adults (13 percent) and rural elderly people (12.3 percent).

All but 11 of the 200 poorest counties in the United States are nonmetropolitan. Some nonmetro counties, particularly those with large Native American populations, have poverty rates above 40 percent. Three hundred and sixty-three nonmetro counties, accounting for 13 percent of the nonmetro U.S. population and 23 percent of the rural poor, have experienced persistent poverty rates of 20 percent or more since 1960.

## Housing in Rural America

Of the approximately 106 million occupied housing units in the United States, roughly 23 million, or 22 percent, are located in nonmetropolitan areas.\* As the population and economy of rural America have changed, so too have rural homes. For the most part these changes have been positive, but affordability

and credit access problems have increased, and some physical inadequacies remain. Nearly 30 percent of nonmetro households, or more than 6.2 million households, have at least one major housing problem. Most often they are cost-burdened.

Homeownership is at an all-time high in the United States as 68 percent of the nation's households are homeowners. In rural areas, the homeownership rate is even higher at 76 percent. As is true in the nation as a whole, in nonmetro areas minorities have much lower homeownership rates than whites, but the level of homeownership for rural minorities is 14 percentage points higher than the level for minorities in metro areas. Furthermore, rural minorities have made significant progress in moving into the ranks of homeownership. Between 1991 and 2001 the number of minority nonmetro homeowners increased by 35 percent compared to 16 percent for nonmetro whites.

Manufactured housing continues to be one of the nation's fastest growing types of housing, particularly in rural areas where the prevalence of manufactured housing is twice the national rate.\*\*

During the latter part of the 20th century, affordability replaced poor housing conditions as the greatest problem facing low-income rural households in the U.S. Throughout the country, rural housing costs have increased drastically and incomes have not kept pace — especially for rural renters. Rural renters make up 35 percent of nonmetro cost-burdened households while they comprise less than one-quarter of all nonmetro households.

Despite the fact that America's 5.5 million rural rental households experience some of the country's most significant housing problems, the importance of the rural rental housing stock is often ignored. Rural rental households have lower incomes than owners, are more likely to have affordability problems, and are twice as likely to live in substandard housing. Approximately 12 percent of nonmetro renters live in either moderately or severely inadequate housing compared to 6 percent of nonmetro owners.

In the past few decades, dramatic progress has been made in improving the quality of housing in rural America, but housing problems still persist. According to 2001 American Housing Survey (AHS) indicators, 1.6 million or 6.9 percent of nonmetro units are either moderately or severely substandard. Minorities in rural areas are among the poorest and worst housed groups

\* Most housing statistics in this Executive Summary are from HAC tabulations of 2001 American Housing Survey data.

\*\* The terms "manufactured housing" and "mobile homes" are used interchangeably in this publication. See third footnote on page 24 for more information.

in the entire nation, with disproportionately high levels of inadequate housing conditions. Non-white and Hispanic rural households are three times more likely to live in substandard housing than white rural households. Minorities are also more likely to live in inadequate housing in nonmetro areas than in metro areas. Rural African Americans have particularly high sub-standard housing rates, as nearly one in five nonmetro African-American households lives in substandard housing.

The number of households experiencing crowding in rural America grew slightly during the 1990s. Overcrowding is particularly a problem among Hispanic households, which occupy one-quarter of all crowded housing units in nonmetro areas.

Unfortunately, housing cost, quality, and crowding concerns are not mutually exclusive — an estimated 662,000 rural households have two or more housing problems. Not surprisingly, rural renters are disproportionately represented among households with multiple problems.

During the nation's recent economic downturn, the overall housing market has remained remarkably strong, and homes continue to be the most valuable assets most Americans will ever own. However, limited access to quality credit and affordable mortgage sources impacts the investment potential of many rural homes. Furthermore, the recent proliferation of subprime lending has greatly influenced rural mortgage markets.

Since the mid-1930s, the federal government has supported the production of low- and moderate-income housing and improved the living conditions of millions of low-income rural Americans. Funding for U.S. rural housing programs has not kept pace with need, however, and several programs have been affected by a recent shift in emphasis to indirect subsidies such as loan guarantees and tax incentives. As a result, these programs' ability to reach lower-income households has been diminished.

## High Need Rural Areas

Poverty and housing problems are particularly pervasive among several geographical areas and populations in rural America: the colonias along the U.S.-Mexico border, Central Appalachia, farmworkers, the Lower Mississippi Delta, and Native Americans. As it did for past *Taking Stock* research, HAC visited communities representing each of these high need areas and populations and analyzed county and regional data in order to chronicle the progress and need among rural America's "poorest of the poor."

The key commonality among the high need rural areas and populations analyzed in this report is their persistently poor economic condition. Despite some progress overall that mirrored a national economic expansion and housing condition improvements in many communities, these areas and populations as a whole remain relatively mired in poverty and inadequate housing.

Poverty rates in the high need regions of Central Appalachia, the Lower Mississippi Delta, and the colonias are 17 to 19 percent. Poverty rates within these regions are higher for sub-populations and minorities. For example, the poverty rate for those living in the Texas colonias is 30 percent and the poverty rates for African Americans in rural areas of the Lower Mississippi Delta is 40 percent. Poverty is even more prevalent for the high need populations examined by HAC: Native Americans living in Census-designated American Indian, Alaska Native, and Hawaiian Homeland areas have a 33 percent poverty rate and fully 61 percent of farmworkers are poor.

Housing affordability problems are extreme and increasing in many of the communities in these high need areas, and physical housing inadequacies are more prominent throughout these areas than in the rest of the United States. HAC researchers, however, found hope amid these depressing regional and community statistics. The case studies in this report include examples of collaborative housing improvement efforts by local governments, nonprofit developers, and federal agencies.





## ■ INTRODUCTION

Nearly two decades ago in 1984 the Housing Assistance Council (HAC) released its first *Taking Stock* report. This seminal work was one of the first reports to highlight rural economic and housing conditions and issues in the United States on a national level.

In particular, the first *Taking Stock* chronicled the plight of the rural geographic areas and populations that are among the “poorest of the poor.” In the early 1990s the *Taking Stock* analysis continued and was expanded to cover a broader scope of social, economic, and housing needs in rural areas. With *Taking Stock: Rural People, Poverty, and Housing at the Turn of the 21st Century* HAC continues the legacy by providing a comprehensive analysis of current conditions in the rural United States. This publication aims to provide a broad overview of the many issues that affect housing throughout the country. It is hoped that with increased awareness and information the American public and policy makers will recognize and work to improve the living conditions that millions of rural Americans face every day.

This report, which includes national and regional analyses and case studies of specific high need rural communities, is broad in scope. The national analysis provides an inventory of the key national trends and issues affecting America’s rural housing conditions. It attempts to “take stock” of the primary social and economic factors that impact rural housing conditions in the United States. The demographic characteristics of the people living in rural America, the economic trends affecting rural communities, and the characteristics and conditions of the United States’ rural housing stock are all pertinent to a holistic view of America’s rural housing.

The subsequent part of this publication focuses on the five high need regions and populations that have some of the worst housing conditions in America. While over time communities outside the selected areas are added to or dropped from our country’s poorest and worst housed list, the poverty and housing need among these five regions and populations — the U.S.-Mexico border colonias, Central Appalachia, farmworkers, the Lower Mississippi Delta, and Native American lands — remains extreme. Case study analyses of specific counties within each of the high needs regions and populations highlight the realities of living in rural America’s poverty-stricken areas.



