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HAC Housing Assistance Council

# TURNING CHALLENGES INTO OPPORTUNITIES: HOUSING AND COMMUNITY DEVELOPMENT STRATEGIES IN RURAL POPULATION LOSS COUNTIES

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HAC, founded in 1971, is a nonprofit 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 analysis, research and demonstration projects, and training and information services. HAC is an equal opportunity lender.

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## NOTE ABOUT GRAPHICS

Some of the maps and other graphics in this report may not reproduce well in black and white. A PDF version of this report is available in color on HAC's website at <http://www.ruralhome.org/infoReportsAlpha.php>. Readers without access to the color version may request color copies of the maps from Leslie Strauss at HAC, leslie@ruralhome.org or 202-842-8600, ext. 141.

# EXECUTIVE SUMMARY

Rural Great Plains counties experiencing population loss face a variety of challenges stemming primarily from the region's dependence on farming as the main source of employment and the absence of other industries. Productivity increases in the farm economy, along with structural changes in agriculture, have decreased the need for agricultural labor. This in turn has contributed to population loss in Great Plains communities.

Nonmetro population loss counties in the Great Plains share several characteristics that impact conditions across the region. These counties:

- are very rural; 62.3 percent are completely rural, having populations less than 2,500 and not being adjacent to a metro area,
- are mostly farming dependent, at 75.4 percent, and
- contain older populations, with almost 19 percent of the population being 65 and older.

The economic decline of the nonmetro population loss communities studied in this research has had significant impacts on their housing stock. Housing values in these areas are low, and home rehabilitation and new construction are often not feasible due to constraints on the availability of financing or other resources.

The consequences of population loss extend beyond housing, including decreased tax bases which reduce or eliminate schools, health care, and other public services in counties least able to bear the losses. These effects have disparate impacts on remaining populations in these counties, specifically senior residents who often require greater services.

Although rural population loss counties have high percentages of senior residents, they often lack the necessary life-cycle housing and services to keep seniors in these counties. The lack of in-migration coupled with the out-migration of younger residents and seniors is threatening the survival of many towns in the rural Great Plains.

Local communities have employed a variety of community development strategies to address the housing and concomitant issues caused by population loss. These strategies include regionalism, multi-community collaboration, comprehensive community initiatives, and shock marketing approaches. Although the strategies are different in important ways, they all share the common goal of stopping population loss and improving housing and economic development in these counties.

The various strategies described in this report are meeting needs in the face of significant challenges. The organizations using these strategies are often the only developers of new housing or financing sources for home rehabilitation or economic development. They also are usually the only providers of social services and public health to communities with limited service providers. The organizations and strategies being utilized are essential to community well-being. Most organizations in these areas do both housing and economic development work. There is general agreement that one cannot be done without the other. In fact, most groups are involved with holistic housing and community development projects in an effort to stabilize or promote growth in their communities.

The diverse challenges faced by population loss communities in the Great Plains have significant policy implications. In particular, it is clear that federal agricultural policy has become less and less effective. In order to become economically viable in a global economy, rural communities will need to become increasingly diversified, and “the most effective rural policies for the 21st century will recognize the increased importance of nonfarm jobs and income as the main drivers of rural economic activity” (Whitener and McGranahan 2003). Future policy needs to be multifaceted to address the wide range of issues these communities encounter.

## INTRODUCTION

The story of Kent, Iowa is all too familiar in the Midwest region. As the community lost farming jobs, young people left in search of employment opportunities. Local retail stores and other ancillary businesses folded in response. As wage earners and industry left the town, the tax base decreased and the local government had fewer resources. With fewer children to educate, the school finally closed and eventually Kent, Iowa disincorporated and ceased to exist (Livermore 2005). Kent's story reflects the interrelated social and economic shifts that result from significant population decline and the challenges these dynamics create for those trying to meet community development needs, particularly needs related to housing.

Population loss has significant effects on area housing stock. As populations decline, homes become vacant and fall into disrepair. Absentee homeownership becomes common, and elderly people are unable to maintain their residences. House values also decline, making mortgages and home rehabilitation loans more difficult to obtain. Meeting housing needs in this context is made all the more difficult by low population densities spread out over large expanses of territory. The importance of finding alternative ways to serve the community development needs of depopulated communities is apparent.

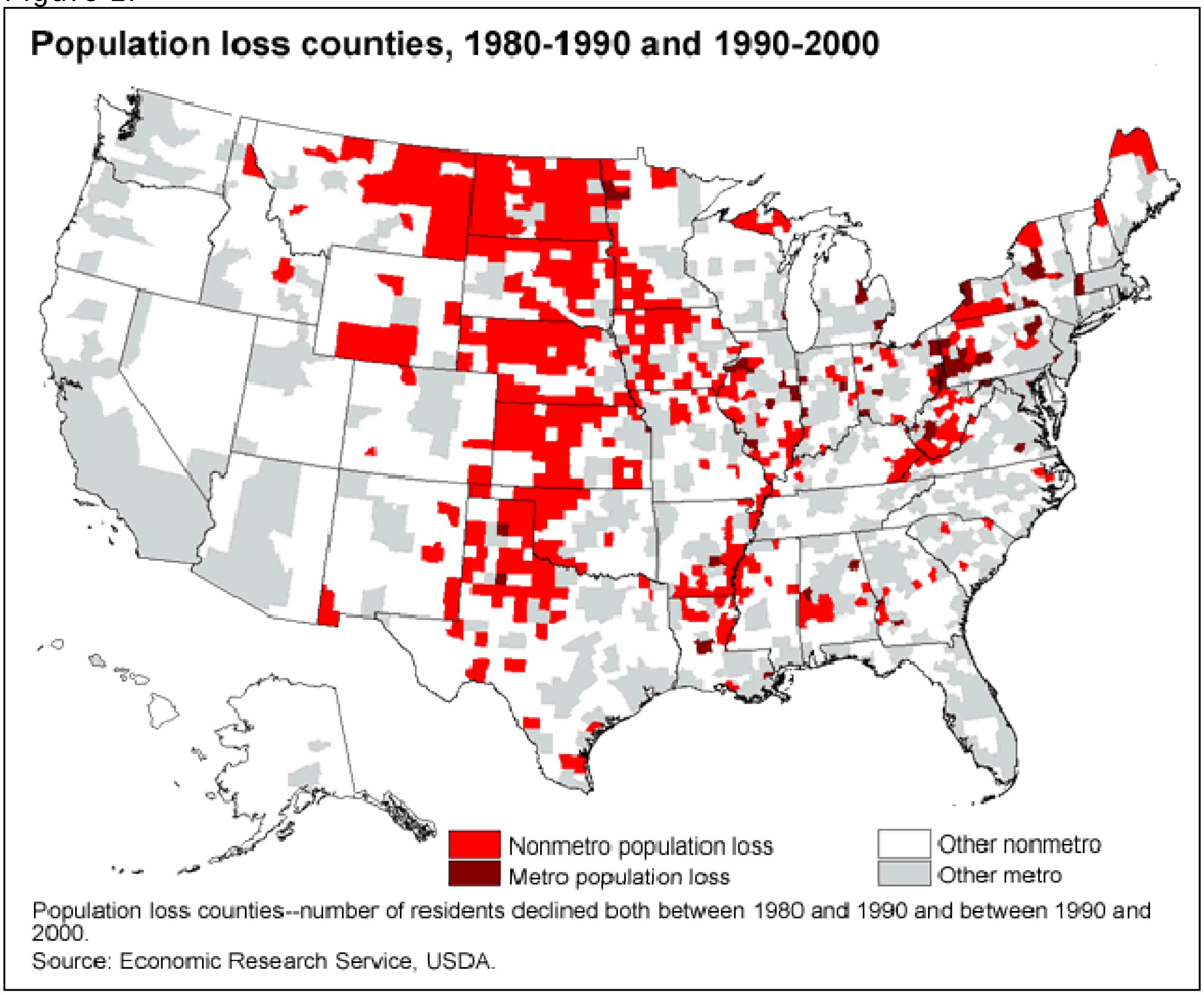
While many small towns across rural America have ceased to exist in the face of these pressures, other communities continue to survive. Local communities are finding ways, despite a lack of capacity, to provide housing and social services to the remaining residents; some are even engaged in efforts to encourage migration back to these communities. Given the preponderance of population loss counties in the Great Plains region, it is important to understand the comprehensive challenges these communities face and the strategies that have been used to meet needs effectively.

In order to identify the community development strategies that have been used in population loss counties, the Housing Assistance Council (HAC) conducted an exploratory survey of several Great Plains communities that are working to meet housing needs in the context of population decline. This report provides an examination of the strategies used by these communities. Given their declining population bases and the concomitant capacity issues (e.g., reduced tax base, few nonprofit organizations), these areas must devise alternative ways to meet the housing and community development needs of the local population or run the risk of losing more residents. Population loss has affected the Great Plains region disproportionately; therefore, the report provides examples directly from this region. The strategies illustrated all share the common goal of using an asset-based framework to revitalize communities, encourage in-migration, and meet the needs of the remaining residents.

### *Background*

Population loss counties are defined by the U.S. Department of Agriculture's Economic Research Service (ERS) as those counties where the number of residents declined both between the 1980 and 1990 censuses and between the 1990 and 2000 censuses (Figure 1) (ERS 2004c). This definition is utilized throughout this report, except where otherwise noted. There are a total of 601 population loss counties in the United States; almost 90 percent of these counties (532) are nonmetropolitan, illustrating the disproportionate impact depopulation has on rural America (Table 1).

Figure 1.




Source: ERS 2004a

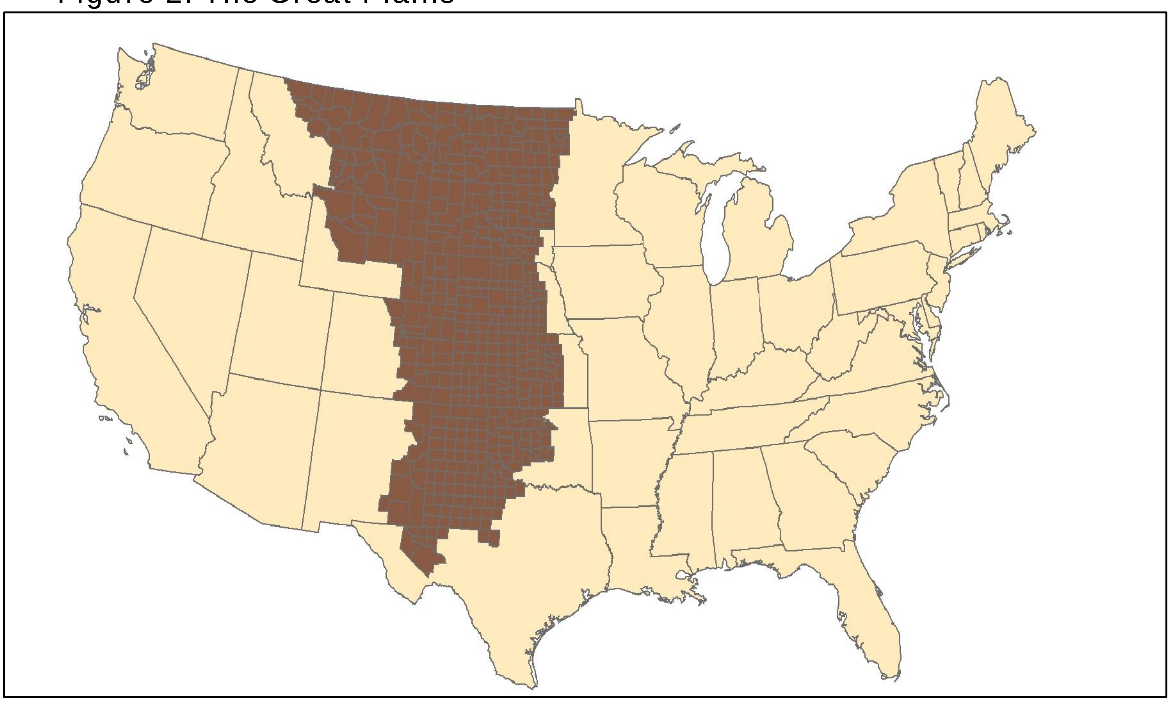
Population loss counties are heavily concentrated in the rural Great Plains (Figure 2). The Great Plains is loosely defined as the vast grassland east of the Rocky Mountains that stretches from northern Texas to Montana and North Dakota (Figure 2). ERS defines the Great Plains region as 477 counties (plus one county equivalent, a part of Yellowstone National Park in Montana) in 11 states, including Colorado, Kansas, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Wyoming, and a small area in northeast Minnesota (Rowley 1998). Using the ERS definition, there were 260 population loss counties in the Great Plains, with 257 of these being nonmetro counties. These 257 nonmetro counties represent almost half of the total nonmetro population loss counties in the United States. Due to this large regional concentration, the study will focus specifically on nonmetro population loss counties in the Great Plains.

Table 1. Rural-Urban Continuum Codes of Population Loss Counties

| 2003 Rural-Urban Continuum Code and Description | | Population Loss Counties: Great Plains | Other | Total |
|---|---|---|---|---|
| *Metro Counties* | | | | |
| 1 | Counties in metro areas of 1 million population or more | 0 | 21 | 21 |
| 2 | Counties in metro areas of 250,000 to 1 million population | 0 | 18 | 18 |
| 3 | Counties in metro areas of fewer than 250,000 population | 3 | 27 | 30 |
| *Nonmetro Counties* | | | | |
| 4 | Urban population of 20,000 or more, adjacent to a metro area | 0 | 21 | 21 |
| 5 | Urban population of 20,000 or more, not adjacent to a metro area | 3 | 20 | 23 |
| 6 | Urban population of 2,500 to 19,999, adjacent to a metro area | 24 | 67 | 91 |
| 7 | Urban population of 2,500 to 19,999, not adjacent to a metro area | 45 | 89 | 134 |
| 8 | Completely rural or less than 2,500 urban population, adjacent to a metro area | 43 | 26 | 49 |
| 9 | Completely rural or less than 2,500 urban population, not adjacent to a metro area | 162 | 52 | 214 |
| | Total | 260 | 341 | 601 |

Source: ERS 2004c

Figure 2. The Great Plains



Source: ERS 2004c

Rural Great Plains counties experiencing depopulation are usually dependent on one source of employment, most notably agriculture. They tend not to be as economically diversified as the rest of rural America, which contributes to the out-migration of young and educated people who must look for work elsewhere (Kassel and Carlin 2000). The consequences of population loss are numerous, including a decreased tax base that reduces or eliminates schools, health care, and other public services in counties least able to bear those losses (McGranahan and Beale 2002). Rural areas typically have fewer social services and public health providers and residents must travel greater distances between their homes and needed services. This spatial mismatch can increase the burden on those who are most vulnerable. The remaining populations generally require greater services, the costs of which cannot be offset by more stable populations.

These economic and demographic trends also have significant effects on the housing stock in these areas. As populations decline, homes become vacant and fall into disrepair. Absentee homeownership becomes common, and elderly people are unable to maintain their residences. House values also decline, making mortgages and home rehabilitation loans more difficult to obtain.

Local practitioners have identified a range of challenges that impact housing development in the Great Plains region, including:

- *Housing Mismatch*. Older populations remain in units that may not meet their immediate needs because of a lack of other options (e.g., assisted living). Subsequently, the units are not available for young families that may need them.

- *Older Units*. Units in this region are older than in the rest of the nation and, consequently, may require more rehabilitation.

- *Access to Mortgage Credit*. Because of the age and low values of Great Plains housing units and the lack of financial institutions in these communities, many residents do not have access to credit to meet their immediate housing needs.

In order to design and deliver programs to meet these housing needs, local governments and community organizations have utilized innovative delivery mechanisms (e.g., comprehensive community initiatives, regionalism). While these strategies highlight an asset-based approach, they also illustrate the capacity issues that limit community development in the region. In an effort to examine these practices, this research answers the following questions:

- What are the economic, social, and housing characteristics of housing depopulation counties?

- How are population loss counties structuring the provision of housing services to meet existing needs?

*Methodology*

This report provides an overview of the housing conditions and demographic trends in high depopulation rural communities, specifically those in the Great Plains. To illustrate conditions in these areas, this study relies primarily on 2000 Census of Population and Housing data collected by the U.S. Bureau of the Census. Additional data from the Census's annual population estimates and the United States Department of Agriculture's Economic Research Service (ERS) are also used to supplement these analyses.[1] HAC conducted analysis on these secondary datasets to provide details on population characteristics, housing tenure, affordability, quality, and other housing conditions in population loss counties.

In addition to data analysis, an exploratory survey of community development strategies in the Great Plains was conducted. In order to identify the communities engaged in providing community development activities in population loss counties, the research team convened a conference call with Department of Housing and Urban Development (HUD) staff from the relevant states. HUD staff identified a first round of communities and organizations, which was supplemented by other experts in the local area. The communities and programs identified are presented throughout this report.

Case studies were then conducted to add a qualitative dimension to the report and to highlight the strategies local entities are using to address population loss and its concomitant issues. Data for these four case studies were obtained from the 2000 Census of Population and Housing and through interviews. The qualitative data from these cases also help contextualize the Census findings.

Each case study incorporates primary and secondary data. The research centers on primary data gathered during interviews. HAC staff, with the assistance of HUD state offices, identified potential contacts at each site. Contacts were interviewed either by telephone or in person during the site visits. Potential contacts were selected from, but not limited to, the following:

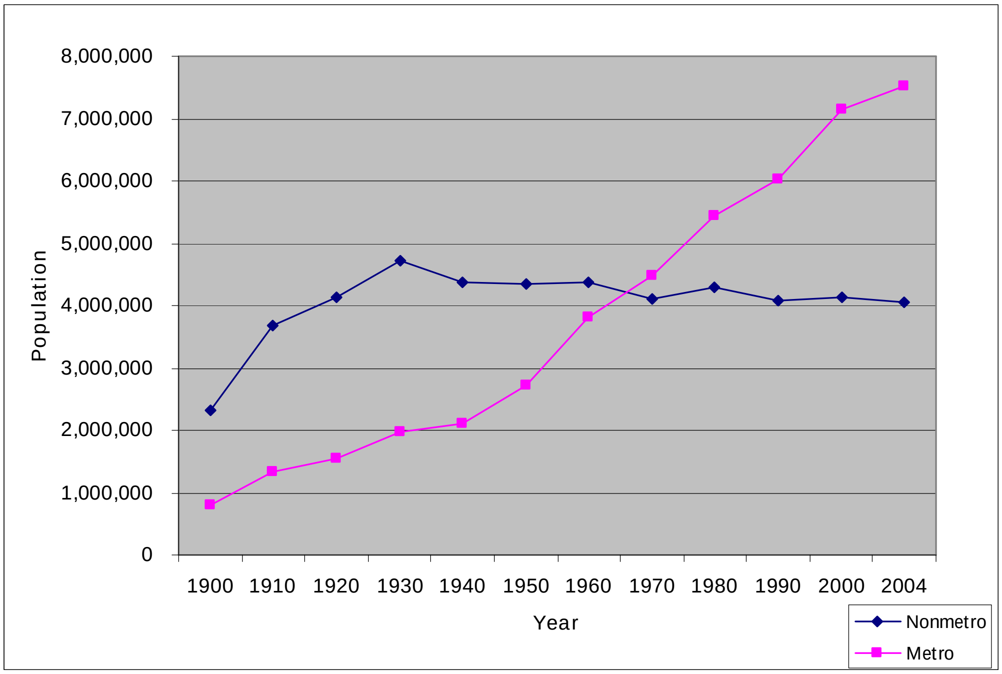
- local rural housing and/or community development agencies,
- local HUD field offices, and
- county and municipal government agencies.

[1] ERS data were released in August 2004 and were downloaded from www.ers.usda.gov/Data/TypologyCodes/. The data are referenced as ERS 2004c in this report.

## POPULATION LOSS COUNTIES IN THE GREAT PLAINS

Overall, the Great Plains has actually gained population, but this growth has been confined to metropolitan areas, which grew by nearly five million between 1950 and 2004 (Figure 3). Conversely, in nonmetro areas of the Great Plains, the population declined by more than 285,000 over the same period.

Figure 3. Great Plains Population Change 1900-2004




Source: U.S. Census 2000

In order to effectively address the needs of communities that are experiencing population loss, it is necessary to understand the factors that contributed to this loss and examine the population that has remained.

### *Causes of Population Loss*

The Great Plains population loss literature (Rowley 1998; Rathge et al. 2001) describes population change as a function of three major processes: births, deaths, and migration. According to Rathge et al. (2001), the number of naturally declining counties (i.e., those with more deaths than births) has dramatically increased in the Great Plains, nearly tripling since 1980, with most being rural.[2] While the impacts of this population loss are wide ranging, the causes have been linked to specific economic trends.

[2] Rathge et al. (2001) use a 12-state definition of the Great Plains that does not narrow the territory to select counties within Great Plain states (as used by USDA's ERS 11-state definition), but that includes all counties in any state that has a Great Plains county. Rathge et al.'s (2001) definition is used here only to explain population change among different age groups. ERS's population loss definition is used for the rest of the report. See Rowley (1998) for more information on ERS's Great Plains definition.

⌂ *Restructuring of the Farm Economy*. The connections between population loss and the economy are undeniable. In the rural Great Plains, depopulation has largely been a function of the region's dependence on one industry type, agriculture. Increases in productivity due to technological advances in agriculture and structural changes in the farming sector since the 1930s have led to a steady decline in farm employment. According to ERS, farming dependent counties experienced a 6.4 percent decline in farm employment between 1990 and 1997 even though the proportion of average annual labor and proprietors' income (LPI) derived from farming remained relatively stable during the 1990s (Kassel and Carlin 2000). The U.S. Department of Labor's Bureau of Labor Statistics (BLS) has projected another 13 percent decline in farmers and farm managers between 1998 and 2008 and a decline of 6.6 percent in hired farmworkers over the same period (Gale 2000). Average farm size increases and the need for fewer employees has spillover effects on surrounding communities.

⌂ *Dependence on Agriculture*. Communities still dependent on farming as a major source of income, such as those in the Great Plains, have not experienced the economic diversification that has occurred in other rural areas, and these areas often produce commodities that are highly susceptible to price fluctuations, such as wheat and corn. Over 75 percent of nonmetro population loss counties in the Great Plains are considered farming dependent (Table 2).[3] Some employment growth did occur in these areas in agriculture services, manufacturing, and the service sector, but this growth was relatively low compared to that in other areas of the nation. Losses in farm employment inhibit job growth in other sectors in farming dependent areas due to fewer demands for services and declining population bases. Population decline also results in fewer available public services due to inadequate funding.

Table 2. Economic Types, Population Loss Counties[4]
(percent)

| Economic Type | Great Plains | National | |
|---|---|---|---|
| | | Nonmetro | Total |
| Farming Dependent | 75.4 | 19.6 | 14.0 |
| Mining Dependent | 2.7 | 5.5 | 4.1 |
| Manufacturing Dependent | 1.1 | 28.5 | 28.9 |

Source: ERS 2004c

⌂ *Isolation and Lack of Amenities*. In addition, recent ERS research suggests that farming dependence correlates highly with rural isolation, which, combined with a lack of natural amenities, may also contribute to rural depopulation. In fact, the combination of

[3] See Appendix C for information on the economic types of nonmetro population loss counties outside the rural Great Plains.

[4] ERS defines mining dependent counties as those that have 15 percent or more of average annual labor and proprietors' income (LPI) derived from mining during 1998-2000. Manufacturing dependent counties have 25 percent or more of average annual LPI derived from manufacturing during 1998-2000. (ERS 2004c)

farming dependence, low natural amenities, and "frontier county"[5] status correlated to substantial population loss (McGranahan and Beale 2002). While many nonmetro counties have experienced population growth in recent decades due to "urban flight"[6] and in-migration of retired citizens, nonmetro counties in the Great Plains have not experienced such growth. Most of the counties in this region are extremely rural and lack the types of natural amenities that attract new residents, including retirees (McGranahan 1999).

- *Lack of Other Employment Options*. It is important to note that agriculture itself does not seem to be the main cause of population loss in these areas; rather, the lack of employment, including nonfarm employment, is a more likely cause (Rowley 1998; Rathge and Highman 1998). Therefore, it is the dependence on agriculture as the only or major industry and the absence of other industries that contributes to population loss in farming dependent counties. Furthermore, education levels in these areas tend to be relatively high, contributing to a substantial gap between labor quality and available employment. This leads to further out-migration of young workers seeking higher-paying jobs (McGranahan and Beale 2002).[7]

### *Population Loss Counties Demographics*

As these interrelated economic trends have occurred across the Great Plains, a segment of the population has responded by leaving these communities. There are still more than 1.4 million people residing in rural Great Plains population loss counties. Residents of population loss counties in the Great Plains reflect several distinctive demographic characteristics, which ultimately define the larger needs of the region.

- *Age.* As evidenced in Table 3, the Great Plains' most rural counties experienced the highest rates of population loss among people entering the labor pool (ages 20 to 34) and pre-school age children (ages 0 to 4). Compared to other Great Plains counties, these counties also experienced the least amount of population growth and even population loss amongst pre-retirement and elderly residents. This is consistent with ERS research that cites the most remote, rural counties as experiencing the highest rates of population loss along with lack of in-migration (McGranahan and Beale 2002).

[5] Frontier counties are defined as remote, low-density counties; the term was originally used by the U.S. Census Bureau to refer to counties with fewer than two persons per square mile (McGranahan and Beale 2002).
[6] Urban flight refers to the migration of people from urban cores to suburban and rural areas; in fact, 298 counties that were designated as nonmetropolitan in 1993 are now considered metropolitan areas due, in part, to urban flight (ERS 2004b).
[7] The only examples of low-amenity frontier counties (see footnote 5) that gained population during the 1990s were those that benefited from the actions of external agents or the creation of a major new employer, including new casinos, jails or prisons, or meatpacking plants and auxiliary operations such as feed lots. Most of this growth was Hispanic, while the non-Hispanic populations in these areas continued to decline, most likely due to the low-skilled, low-paying jobs associated with the new industries (McGranahan and Beale 2002).

Table 3. Change in Population by Age in the Great Plains
by County Type: 1990-2000

| Age Cohort | Change in Population for All Counties: Numeric | Change in Population for All Counties: Percent | Percent Change in Population: Metropolitan Counties | Nonmetropolitan Counties*: Total | Nonmetropolitan Counties*: Urban | Nonmetropolitan Counties*: Less Urban | Nonmetropolitan Counties*: Rural |
|---|---|---|---|---|---|---|---|
| Pre-School (Ages 0 to 4) | 259,427 | 8.6 | 13.8 | -4.5 | -2.1 | -3.7 | -12.0 |
| School Age (Ages 5 to 19) | 1,559,061 | 17.6 | 23.0 | 5.9 | 6.8 | 6.1 | 3.6 |
| Entry Labor Pool (Ages 20-34) | 69,885 | 0.7 | 3.5 | -7.2 | -5.7 | -6.2 | -15.1 |
| Prime Labor Pool (Ages 35-54) | 3,120,293 | 37.6 | 40.8 | 30.1 | 28.2 | 31.1 | 29.2 |
| Pre-Retirement (Ages 55-64) | 586,224 | 18.9 | 23.8 | 10.3 | 10.9 | 11.4 | 5.2 |
| Elderly (Ages 65 Years and Older) | 637,884 | 14.4 | 21.5 | 4.2 | 8.1 | 4.1 | -0.2 |
| Elderly (Ages 85 Years and Older) | 160,983 | 32.5 | 40.7 | 23.3 | 28.5 | 23.2 | 17.9 |

Source: Rathge et al. 2001.[8]
*Nonmetropolitan counties are classified into three subtypes: urban nonmetropolitan counties are counties with a city of at least 20,000 people, less urban nonmetropolitan counties are counties with a city between 2,500 and 20,000 people, and rural nonmetropolitan counties are those counties without a city of at least 2,500 people.

Census data on Great Plains nonmetro population loss counties reveal that these counties typically have very small populations and large proportions of elderly residents.[9] The median population of Great Plains nonmetro population loss counties in 2004 was 3,932, and 18.9 percent of these counties' population was age 65 and older (Table 4). Nationally, only 14.7 percent of the nonmetro population is age 65 and older (HAC 2002). While Great Plains nonmetro population loss counties have large elderly populations, most are not retirement destinations. In fact, only two of the 257 total Great Plains nonmetro population loss counties were designated by ERS as retirement destination counties.[10]

⌂ *Education.* Less than 8 percent of the nonmetro Great Plains population loss counties were classified by ERS as low education counties – defined as counties where 25 percent or more of the population age 25 to 64 did not have high school degrees. The relatively high educational level in this area leads to a gap between labor quality and available employment. Upon graduating from high school and college, many young adult residents find very few job opportunities. According to McGranahan and Beale (2002), this leads to further out-migration of young workers seeking higher-paying jobs.

[8] See footnote 2 for an explanation of the definition of Great Plains used by Rathge et al. (2001).
[9] See Appendix D for information on nonmetro population loss counties outside the Great Plains.
[10] Retirement destination counties are defined as those counties where the number of residents 60 and older grew by 15 percent or more between 1990 and 2000 due to in-migration (ERS 2004).

Table 4. Selected Demographic Characteristics, Counties (percent)

| Characteristic | Nonmetro Population Loss Great Plains | National Nonmetro | National Total |
|---|---|---|---|
| HS grad or higher (Population 25+) | 79.4 | 77.0 | 80.4 |
| BA or higher (Population 25+) | 15.6 | 15.0 | 24.4 |
| Non-Hispanic white | 86.3 | 82.0 | 69.1 |
| African-American | 1.4 | 8.9 | 12.9 |
| Hispanic | 8.7 | 5.6 | 12.5 |
| Native American | 2.5 | 1.9 | 0.9 |
| Population over 65 | 18.9 | 14.7 | 12.4 |
| Population under 25 | 33.4 | 34.6 | 35.3 |
| Unemployed in 1999 | 4.6 | 3.7 | 5.8 |
| In poverty in 1999 | 14.2 | 14.6 | 12.4 |

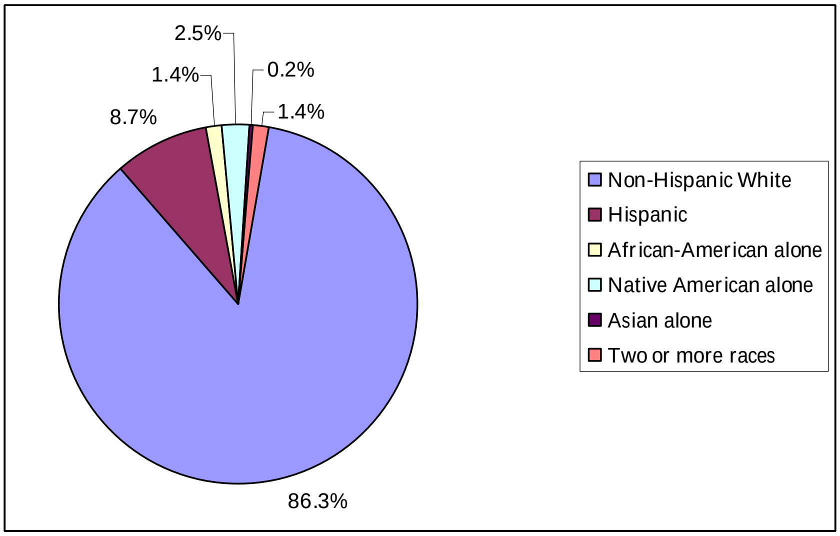
Sources: U.S Census 2000, HAC 2002.

⌂ *Race and Ethnicity.* Great Plains nonmetro population loss counties are more homogenous than national nonmetro counties in terms of racial and ethnic composition, but there are some notable differences. Figure 4 illustrates the racial and ethnic characteristics of nonmetro population loss counties.[11] The percent of Hispanic residents in Great Plains nonmetro population loss counties, 8.7 percent, was higher than the national nonmetro rate of 5.6 percent. Hispanic population growth in nonmetro areas accounted for 25 percent of all nonmetro population growth between 1990 and 2000 (HAC 2002). Hispanic persons are also becoming increasingly dispersed and are moving outside historically Hispanic areas in the Southwest. Increases in Hispanic populations in rural areas with limited capacity are causing further strains on services such as education, health care, and housing (Kandel and Newman 2004).[12]

[11] Native Americans account for over 2 percent of the population in Great Plains nonmetro population loss counties, similar to the national nonmetro proportion. It should be noted that the total Native American population had above-average birth rates during the 1990s, but their population growth from 1980 to 1990 and 1990 to 2000 may also have resulted from greater numbers of self-reporting on the Census (Ogunwole 2002).

[12] According to a study conducted by ERS, "a significant proportion of Hispanics in new nonmetro destinations outside the Southwest are recent U.S. arrivals with relatively low education levels, weak English proficiency, and undocumented status who are employed in low-wage jobs with limited economic mobility. Consequently, they are more likely to reside in low-income areas" (Kandel and Cromartie 2004). Much of this population change can be attributed to the growth of agricultural processing plants in the rural Great Plains (Schluter and Lee 2002). Commuter and migrant workers often fill the low-skilled jobs that these plants provide. This pattern is beginning to have a significant impact on the social and economic dynamics in nonmetro population loss counties in the Great Plains.

Figure 4. Race and Ethnicity, Great Plains Population Loss Counties




Source: U.S. Census 2000

- *Income and Poverty.* The overall poverty rate for Great Plains nonmetro population loss counties is 14.2 percent, similar to the national nonmetro rate of 14.6 percent. In addition, 6.6 percent of nonmetro Great Plains population loss counties are considered persistent poverty counties – defined as counties in which 20 percent or more of residents were living in poverty as measured by each of the last four Censuses.

## HOUSING IN DEPOPULATING COUNTIES

There were 718,249 housing units located in Great Plains nonmetro population loss counties in 2000.[13] A review of the region's housing characteristics reveals that in many respects housing conditions in the Great Plains population loss counties are similar to those in other nonmetro regions. Homeownership rates were high (74.3 percent) and vacancy rates were slightly higher than nonmetro counties in general, 16.5 percent and 15.6 percent, respectively (Table 5). However, the housing stock in the Great Plains is distinguished by at least two factors:

- *Older Housing Units*. Great Plains nonmetro population loss areas have a higher proportion of older homes than nonmetro areas nationwide. Almost 54 percent of all housing units in Great Plains nonmetro population loss counties were built before 1960 compared to the national nonmetro rate of 34.6 percent. Older units are more likely to have structural and other problems (e.g., lead based paint) that may require significant rehabilitation.

- *Low Housing Values*. Besides significantly older housing stock, Great Plains nonmetro population loss counties also have very low housing values. Nationally, 22.9 percent of all units in nonmetro counties were valued below $50,000, while nonmetro Great Plains population loss counties had 53.0 percent of their housing units under $50,000.

Table 5. Selected Housing Characteristics, Population Loss Counties (percent)

| Characteristic | Nonmetro Population Loss Counties (percent) | National (percent) | |
|---|---|---|---|
| | Great Plains | Nonmetro Counties | Total |
| Units built before 1960 | 53.7 | 34.6 | 35.0 |
| Overcrowded | 2.8 | 3.4 | 5.7 |
| Vacant | 16.5 | 15.6 | 9.0 |
| House value less than $50,000 | 53.0 | 22.9 | 9.9 |
| Owner-occupied cost-burdened | 14.2 | 18.4 | 21.8 |
| Rental-occupied cost-burdened | 24.4 | 31.8 | 36.8 |
| Manufactured homes | 9.9 | 16.0 | 8.0 |
| Homeownership | 74.3 | 73.9 | 66.2 |

Sources: U.S. Census 2000; HAC 2002.

In the rural Great Plains low housing values and the age of these units highlight an irony of the region; dilapidated houses are often located on farmland that is worth much more than the houses that sit on it.[14] Despite pressing rehabilitation needs, high land values make it difficult, if

[13] See Appendix E for information on housing in nonmetro population loss counties outside the Great Plains.

[14] It must be noted that it is difficult, if not impossible, for families to borrow against the equity of their farmland.

not impossible, for families to qualify for federal housing loan programs (e.g., USDA Rural Development Section 502, Section 504) because their substantial assets make them ineligible.

### *Specific Housing and Community Development Challenges*

The social, economic, and housing characteristics of Great Plains nonmetro population loss counties create distinct challenges to community development in the region. Specifically, the lack of capacity and spatial issues exacerbated by population loss in these small communities make housing and community development work difficult. Communities in these areas have identified specific issues, including:

- *Housing Rehabilitation*. Housing rehabilitation can be challenging in Great Plains nonmetro population loss counties due to the older housing stock and depressed housing values. Most banks will not provide a rehabilitation loan that exceeds the value of the house. The age of many homes is also a deterrent to home rehabilitation, since many of these houses have lead-based paint, old wiring, and structural deficiencies that may make rehabilitation work not cost effective.

- *Housing Vacancies*. Vacant homes in these counties face similar challenges to rehabilitation. Potential buyers of vacant homes may be less willing to purchase these homes due to age, lack of private financing sources, and depressed values. These homes will most likely not appreciate, thus serving as a disincentive to purchase vacant housing.

- *Housing Mismatch*. A housing mismatch exists in Great Plains nonmetro population loss counties, in part because of the disproportionate older population and out-migration of young adults. Many of the older units in these counties are not appropriate for the senior residents who live in them although there is a lack of other life-cycle housing and services, including independent living units with services, assisted living, and nursing homes. Thus, many seniors move from these areas to metro areas to find appropriate housing or stay in housing that may not meet their needs.

- *Limited New Construction*. Due to depressed housing values and lack of financing, there is very little new construction in Great Plains nonmetro population loss counties. This, in conjunction with senior residents living longer in older housing units, leads to fewer turnovers in the housing market, creating fewer housing options for families remaining in or wanting to locate in these areas.[15]

- *Housing Finance.* As in many remote rural communities, housing finance is a significant challenge in areas of rural population loss, particularly the rural Great Plains. Areas of rural population loss tend to have fewer financial institutions and those that exist have fewer total assets. In rural population loss areas of the Great Plains specifically, banks may be less willing to provide loans for home mortgages or home rehabilitation due to the perceived risk and additional cost in servicing loans.

[15] Interview with Miner County Community Revitalization staff on August 15, 2005.

Homes in these areas are worth very little compared to the farmland on which they sit and banks in these areas do mostly agricultural lending. (Walser and Anderlik 2005)

There is also evidence. according to Walser and Anderlik, that banks in Great Plains nonmetro population loss counties may experience high rates of consolidation in the future due to declining populations and disproportionate elderly populations. Many of the accounts at these banks are held by elderly depositors. When an elderly depositor passes away, the money usually goes to his/her heirs, who are often residing in metropolitan areas. The lost funds are hard to replace in these counties, so this problem will only intensify in coming years and make lending more difficult. (Walser and Anderlik 2005)

- *Organizational Capacity*. There are few nonprofit community housing organizations working in Great Plains population loss counties and many experience organizational capacity issues.[16] The lack of nonprofit infrastructure in these areas leads to less federal, state, and local community development assistance to these communities. For instance, in the state of North Dakota there are only two nonprofit certified Community Housing Development Organizations (CHDOs) working in nonmetro population loss areas of the state. The two organizations have a combined total of three staff members who serve 45 nonmetro population loss counties in their state. This small number of organizations is not uncommon in Great Plains population loss communities, according to HUD field offices and local organizations.

- *Limited Resources.* In Great Plains nonmetro population loss counties, small populations themselves contribute to the limits on resources available to provide housing and services. Decreasing populations in these areas lead to decreased tax bases for remaining populations. The remaining residents, many of whom are seniors, generally require greater services, the costs of which cannot be offset by more stable populations.

[16] Information relating to organizational and resource capacity was obtained during a multi-state Great Plains HUD regional office conference call with HAC staff on July 7, 2005.

## COMMUNITY DEVELOPMENT STRATEGIES

The federal government has dedicated resources to addressing the needs of population loss counties. In the 2002 farm bill, Congress established the Northern Great Plains Regional Authority (NGPRA), a five-state federal-state commission authorized through 2007 to address the unique problems of the northern Great Plains region of Iowa, Minnesota, Nebraska, North Dakota, and South Dakota. Working with multi-county development districts, the NGPRA was intended to serve communities by leveraging public and private sector resources that focused on basic business development and job skills services, infrastructure development, and transportation improvements.

Of the NGPRA's funds, 75 percent were required to be targeted to the most distressed counties and 50 percent to be reserved for transportation, telecommunications, and basic infrastructure improvements (NADO 2002). In fiscal years 2004 and 2005, Congress awarded $1.5 and $1.49 million respectively through the Agriculture spending bill to help with organizational and start-up costs. The President's 2006 and 2007 budgets did not recommend any funding for the organization (NADO 2005), and Congress did not provide any.

There have also been attempts to create comprehensive programs to meet the needs of rural population loss areas. Senators Byron Dorgan (D-North Dakota) and Chuck Hagel (R-Nebraska) have championed a New Homestead Act, which is designed to provide funding and incentives for attracting new residents and business development in rural areas experiencing out-migration. The legislation uses multiple tools including:

- repayment of up to 50 percent of student loans for recent graduates,
- a $5,000 tax credit for home purchases,
- establishment of Individual Homestead Accounts,
- rural investment tax credits,
- micro-enterprise tax credits,
- accelerated depreciation for equipment purchases, and
- $3 billion in funding for a New Homestead Venture Capital Fund.

In addition to federal activities, local organizations and governments at all levels have been engaged in developing strategies to address the community development needs of population loss counties. While they have been implemented in unique ways in response to the housing issues in each local community, these strategies share certain commonalities, such as an asset-based approach, meeting needs, stopping population loss, expanding capacity, and improving the housing stock.

### *Multi-Community Collaboration*

Multi-community collaboration strategies involve multiple communities and sectors working together for change. This approach can occur at different community levels (i.e., town, city, county, and regional) and is prevalent in areas of nonmetro population loss that have limited capacity and organizational infrastructure to provide needed housing and services. Multi-community collaboration strategies recognize that no one organization can address the many needs of rural population loss areas and thus collaboration is essential to serve residents adequately.

According to Shaffer (1992) and Tweeten (1992) multi-community collaboration strategies encompass costs and benefits that communities should know before undertaking them.

Benefits of multi-community collaboration may include, but are not limited to:

- synergism,
- economies of scale,
- generating fresh ideas and obtaining new expertise,
- political empowerment and influence, and
- adaptability to emerging conditions and crises.

Costs of multi-community collaboration may include, but are not limited to:

- loss of local identity and control,
- high opportunity costs,
- lack of vision, goals, and focus, and
- maintenance of collaborative efforts. (Shaffer 1992; Tweeten 1992)

According to Korsching and Shaffer (1992) the effectiveness of collaboration is a "consequence of the ability to surmount local boundaries and hierarchies, the possibility to take the fullest advantage of new economies of scale, and a focus upon the consistent and equitable mitigation of costs and distribution of benefits among participating communities."

*Multi-Community Collaboration Examples*

| Organization/Community | Description | Contact Information |
|---|---|---|
| South Dakota Rural Development Council | Provide community assessments to help develop community asset plans. | Mr. Shawn Pritchett, Executive Director<br>SDRDC<br>P.O. Box 91435<br>Sioux Falls, SD 57109<br>(ph) 605-360-8548<br>www.sdrdc.org |
| Eastern Dakota Housing Alliance | Affordable housing developer (CHDO). | Lisa Rotvold, Executive Director<br>Eastern Dakota Housing Alliance<br>P.O. Box 758<br>Hillsboro, ND 58045<br>(ph) 701-636-5860 |
| Bearpaw CDC of Northern Montana | Economic development, first time homebuyer program, rehabilitation, small business development, revolving loan fund. | Craig Erickson<br>Bearpaw CDC of Northern Montana<br>48 Second Ave.<br>P.O. Box 170<br>Havre, MT 59501<br>(ph) 406-265-9926<br>www.bearpaw.org |

| Organization/Community | Description | Contact Information |
|---|---|---|
| Home Choice Collaboration | Housing for people with disabilities including Section 8 homeownership. | Michael O'Neil, Director<br>Home Choice Collaboration<br>616 Helena Ave.<br>Suite 305<br>Helena, MT 59601<br>(ph) 406-449-3120<br>www.montanahomechoice.org |
| Richland ED Corporation | Provides TA to local business. Economic development, housing, and downtown revitalization. | Leslie Messer, Executive Director<br>Richland ED Corporation<br>1060 S Central Ave.<br>Sidney, MT 59270<br>(ph) 406-482-4679<br>www.richlandeconomicdevelopment.com |
| Mountain Plains Equity Group, Inc. | Three-state multifamily housing finance agency created organization to meet housing finance needs. | Don Strehan<br>Mountain Plains Equity Group<br>490 N 31 St., Suite 301<br>Billings, MT 59101-1256<br>www.mpequity.com |
| Affordable Housing Developers, Inc. | Affordable housing developer (CHDO). | Barb Owens, Housing Director<br>Affordable Housing Developers, Inc.<br>1221 Airport Rd.<br>Bismarck, ND 58504<br>(ph) 701-530-1940 |

### *Comprehensive Community Initiative*

A comprehensive community initiative (CCI) "reflects the belief that single-issue planning and development neglects the interconnectedness of all the threads that create the neighborhood fabric" (Pitcoff 1997). Since many poor rural neighborhoods endure an extraordinary concentration of multiple overlapping problems, holistic approaches, which address many of these conditions simultaneously, are particularly valuable. These initiatives tend to be targeted to a single geographic area and heavily financed by national and local foundations. Foundations involved in CCIs often take an active role by helping with community planning processes and providing other technical assistance.

CCIs often utilize an asset-based approach to community development that seeks to identify existing community assets while helping strengthen a community's capacity by building leadership among local residents and organizations (Pitcoff 1997). CCIs accomplish this by requiring citizen participation processes and the collaboration of multiple local agencies (Smock 1997). This allows local citizens to learn about the multiple issues affecting their communities while opening new roles of involvement in the change process.

Although CCIs differ around the country, they all share certain characteristics:

- ⌂ citizen participation,
- ⌂ locally-based approach,
- ⌂ comprehensiveness,

- collaborative public-private partnerships, and
- a consensus decision making orientation.

Common challenges of CCIs include, but are not limited to:

- evaluation,
- sustainability of funding and participation,
- staffing and roles, and
- governance structure. (Smock 1997)

CCIs are useful in rural population loss areas since they address problems in a comprehensive and asset based framework. This strategy allows local communities to decide for themselves how to holistically solve their overlapping housing and economic development problems.

*Comprehensive Community Initiative Examples*

| Organization/Community | Description | Contact Information |
|---|---|---|
| Community Ventures, Inc. | Housing, economic development, community education. | Jonathan Windy Boy<br>State Legislator/Board President<br>Community Ventures, Inc.<br>2220 5th Ave. #224<br>P.O. Box 80<br>Havre, MT 59501<br>(ph) 406-390-4011<br>www.montanacv.org |
| Southern Partners Fund | Assist local rural organizations with community organizing, capacity building, and leadership development. | Joan Garner, Executive Director<br>Southern Partners Fund<br>1237 Ralph D. Abernathy Dr., SW<br>Atlanta, GA 30310<br>(ph) 404-758-1983<br>www.spfund.org |

### *Regionalism*

According to the National Association of Regional Councils (NARC 2005), "regional councils of government are multipurpose, multi-jurisdictional, public organizations. Created by local governments to respond to federal and state programs and plan more effectively, regional councils bring together participants at multiple levels of government to foster regional cooperation, planning and service delivery. They have a variety of names, ranging from councils of government to planning commissions to development districts."

Regional councils are typically governed by boards composed of elected officials and other community leaders. According to NARC, "they provide forums on regional issues, conduct regional planning, provide information and technical assistance services to local governments, and administer federal, state and local programs of a regional nature, such as senior programs, job training, housing and community development, and disaster services."

Regional institutions are important assets in areas of rural population loss due to the limited capacity of all sectors, including public and private. These bodies act as intermediaries for local government and community groups in applying for and administering community and economic development programs. These entities are often among the few institutions available in these areas to conduct long range planning, administer community and economic development programs, and bring different sectors together.

*Regionalism Examples*

| Organization/Community | Description | Contact Information |
|---|---|---|
| Southeastern Council of Governments | Administer revolving loan fund, federal programs, and provide planning assistance. | Lynne Keller, Executive Director<br>Southeastern Council of Governments<br>1000 North West Ave.<br>Suite 210<br>Sioux Falls, SD 57104<br>(ph) 605-367-5390<br>www.secog.org |
| Lake Agassiz Housing Corporation | Nonprofit housing organization started by Lake Agassiz Development Council. | Irv D. Rustad, Executive Director<br>Lake Agassiz Housing Corporation<br>417 Main Ave.<br>Fargo, ND 58103<br>(ph) 701-235-1197<br>www.lakeagassiz.com |
| Panhandle Area Development District | Administer revolving loan fund, federal programs, and provide planning assistance. | Jerrod Haberman, Executive Director<br>Panhandle Area Development District<br>1432 10th Street<br>Gering, NE 69341<br>(ph) 308-436-6584<br>www.nepadd.com |
| North Central Regional Planning Commission | Administer revolving loan fund, federal programs, and provide planning assistance. | Jon Cyr, Executive Director<br>North Central Regional Planning Commission<br>P.O. Box 565<br>Beloit, KS 67420<br>(ph) 785-738-2218<br>www.ncrpc.org |
| Southwestern Oklahoma Development Authority | Administer revolving loan fund, federal programs, and provide planning assistance. | Gary Gorshing<br>Executive Director<br>Southwestern Oklahoma Development Authority<br>Building 420 Sooner Drive<br>P.O. Box 569<br>Burns Flats, OK 73624<br>(ph) 800-627-4882<br>www.swoda.org |

| Organization/Community | Description | Contact Information |
|---|---|---|
| Northeast Nebraska Economic Development District | Administer revolving loan fund, federal programs, and provide planning assistance. | Renay Robison-Scheer, Exec. Director<br>Northeast Nebraska EDD<br>111 South 1st Street<br>Norfolk, NE 68701<br>(ph) 402-379-1150<br>www.nenedd.org |

### *Mini-Homestead Acts*

Mini-Homestead Acts[17] is a term developed by the Center for Rural Affairs (Bailey and Preston 2004) to describe communities offering free land and housing-related incentive strategies to promote population growth and ensure the communities remain viable. These strategies can occur at various levels of government. Bailey and Preston (2004) cite several conditions necessary for these programs to be successful:

- "Proximity to larger cities.
- Available and affordable land for municipalities to utilize.
- Available financing for municipalities. State laws concerning tax increment financing (TIF)[18] may determine the feasibility of financing needed infrastructure and the purchase of land may depend on the existence of an aggressive and community-minded local bank, a public-spirited land owner, or local philanthropy such as a community foundation. Many rural communities lack the municipal finances to undertake such a program and will need to rely on community institutions.
- Program will only work if other community amenities exist and must be maintained – community infrastructure, schools, and local businesses."

These strategies are most often utilized in areas that have experienced decades-long rural population loss. Mini-Homestead Acts are not all the same and incorporate different incentive strategies, though they all share the common goal of spurring population and economic growth in their service areas.

[17] Historically, homesteading was the process of allocating private land after the vast land expansions of the United States in the mid to late 1800s. The Homestead Act of 1862 declared that any citizen or intended citizen could claim 160 acres – one-quarter square mile – of surveyed government land. The claimant had to "improve" the plot with a dwelling and grow crops. After five years, if the original filer was still on the land, it was his property, free and clear.

[18] Tax increment financing uses the additional taxes generated by a completed development to pay for development costs such as land acquisition and site improvements. The difference between the taxes before the development occurs and after its completion is referred to as the "increment." The municipality must create a Tax Increment Financing District according to state statute; it must meet criteria related to evidence of blight, extent of unemployment, and other standards related to redevelopment districts (LISC 2005).

Mini-Homestead Acts seem to have become more common in rural Great Plains communities in recent years and rely partially on a “shock” marketing aspect to spur interest from perspective in-migrants. Shock marketing results from the interest generated from giving away free housing, land, or other related incentives. This strategy has been featured in the popular press due to this unique marketing approach (Max 2004; Christie 2005).

*Mini-Homestead Act Examples*

| Organization/Community | Description | Contact Information |
|---|---|---|
| Kenesaw Housing, Inc. | Free land, free infrastructure, with restrictions. Using TIF financing | Village of Kenesaw<br>208 North Smith<br>P.O. Box 350<br>Kenesaw, NE 68956<br>(ph) 402-752-3222 |
| Rooks County Economic Development | Free lots with property tax rebates. | Rooks County Economic Development<br>115 North Walnut<br>Stockton, KS 67699<br>(ph) 785-425-6881 |
| Rawlins County Economic Development | Free lots for families. | Chris Sramek<br>Rawlins County Economic Development<br>403 N. 2nd Street<br>Atwood, Kansas 67730<br>(ph) 785-626-3640 |
| City of Lincoln | Free lots in publicly built subdivision. 10-year property tax abatement. New streets, utilities, and other infrastructure. | City of Lincoln, Kansas<br>153 West Lincoln Ave.<br>Lincoln, KS 67455<br>(ph) 785-524-4280 |
| City of Minneapolis | Free residential lots with restrictions, and tax abatement. | Mark Freel<br>City of Minneapolis<br>218 North Rock St.<br>Minneapolis, KS 67467<br>(ph) 785-392-3040 |
| City of Marquette | Free residential lots with restrictions. | Kris Hudson<br>Marquette City Hall<br>P.O. Box 401<br>Marquette, KS 67464<br>(ph) 785-546-2205 |
| City of New Richland | Free land with income requirements. Using TIF financing. | City of New Richland<br>203 N. Broadway, P.O. Box 57<br>New Richland, MN 56072<br>(ph) 507-465-3514 |
| Town of Chugwater | Free land with income restrictions. | Town of Chugwater<br>Town Hall<br>P.O. Box 243<br>Chugwater, WY 88210<br>(ph) 307-422-3493 |

| | | |
|---|---|---|
| City of Mobridge-Mobridge Housing Authority | Use of municipal revenue bonds to construct housing. | Ms. Judy Richey, Program Specialist<br>Mobridge Housing<br>116 4th St. West<br>Mobridge, SD 57601<br>(ph) 605-845-2560 |

## COMMUNITY EXPERIENCES

This report highlights the experiences of several nonmetro Great Plains population loss communities that used the above-described strategies to revitalize their communities, meet housing and community development needs, and encourage in-migration.

Although each community profiled is unique, they share certain commonalities, including decades-long population loss, old housing with low values, lack of private financing sources, lack of capacity, and disproportionately elderly populations. Each community has chosen an asset-based strategy to address these needs. These strategies are specifically tailored to each community's direction and all are helping to meet needs in areas of rural Great Plains population loss. The strategies and organizations undertaking them include:

- *Multi-Community Collaboration*: Northeast South Dakota Community Action Program,
- *Comprehensive Community Initiative*: Miner County Community Revitalization,
- *Regionalism*: Lewis and Clark Regional Development Council, and
- *Mini-Homestead Act*: Ellsworth County Economic Development Council.

### *Northeast South Dakota Community Action Program*

The Northeast South Dakota Community Action Program (NESDCAP) is a nonprofit organization established in 1966 to serve a 17-county area of northeast South Dakota.[19] Thirteen of the 17 counties served are considered nonmetro population loss counties. The organization is based in Sisseton, South Dakota but also has offices in Aberdeen and Tulare.

In 1978, NESDCAP spun off a private nonprofit organization, Northeast South Dakota Economic Corporation (NESDEC). NESDEC was created to focus on economic development issues while NESDCAP could concentrate on housing projects. NESDEC is a designated community development financial institution (CDFI) and provides a variety of economic development programs for its 22-county service area of northeast South Dakota. Eighteen of the 22 counties in its service area are considered rural population loss counties.

Although NESDCAP and NESDEC are separate organizations, the groups work together to address housing and economic development issues throughout rural northeast South Dakota.

#### *Multi-Community Collaboration*

NESDCAP utilizes multi-community collaboration strategies to respond to needs in its expansive rural service area. NESDCAP states that this is due partly to a lack of nonprofit organizations and capacity in the communities it serves. Multi-community collaboration allows NESDCAP to increase its capacity and serve the greatest number of residents possible, by collaborating with both public and private institutions at all levels (Table 6).

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[19] All information pertaining to NESDCAP and NESDEC was obtained from organizational documents and an interview with NESDCAP and NESDEC staff members on August 16, 2005.

Table 6. NESDCAP's Housing Activity and Programs

| Housing Activity | Financing Program |
|---|---|
| Home Rehabilitation | Federal Home Loan Bank Home Rehabilitation |
| | USDA Section 533 Housing Preservation |
| | HUD HOME |
| Weatherization | U.S. Department of Health and Human Services Low-Income Home Energy Assistance Program |
| Property Management | USDA Section 515 Apartment Management and Ownership |
| Housing Education | Housing Education Resource Organization |
| New Housing | South Dakota Housing Development Authority Governor's House Program |
| Affordable Housing Program | Housing Certificate of Deposit (CD) Pledge Program |
| | Housing Loan Partnership Program |
| | Direct Lending |

Source: NESDCAP

*Community Goals*

NESDCAP's service area experiences needs similar to those of other rural Great Plains counties. Most of these counties experience population loss and are farming dependent. NESDCAP identified goals to address the community's most pressing housing concerns:

- provide private financing sources for home mortgages and home rehabilitation in many counties, and
- create housing options for elderly residents to open the housing market for new buyers.

*Community Response*

NESDCAP utilizes the following programs to respond to the challenges in its service area.

- *Home Rehabilitation*. NESDCAP's home rehabilitation programs are targeted towards persons of various income ranges, based on the funding source's program restrictions. Each funding source has different income requirements and regulations. The collaboration with funding sources allows NESDCAP to serve the widest possible range of people.

- *Governor's House*. The Governor's House program is also intended to provide increased housing options for young families in rural South Dakota by freeing up existing housing being used by elderly persons. The focus is to provide all age ranges increased housing options and the ability to remain in the state's rural communities. The program's goals are related to the extensive rural out-migration and the lack of new construction in areas of rural population loss in South Dakota.[20]

[20] The other factor driving the program was the need to reduce prison recidivism and help prisoners develop marketable job skills. The program aims to accomplish this by providing prisoners construction trade skills they can use when looking for a job after their prison terms end. It is hoped that this will in turn reduce recidivism rates.

A Governor's House is a 960 square foot, two-bedroom, one-bathroom home that sells for $30,800 as of 2005. The price is low due to the simplified home design and inexpensive prison labor used to build the home. The price includes the costs of the house, transportation to the lot, and placement on the foundation or basement. The buyer is responsible for the price of the lot; cost of putting in the foundation or basement; state, city, and excise taxes; water and utility hook-ups; floor covering and appliances; and any other local requirements. The house can be delivered to any area of South Dakota and is marketed by local sales representatives. NESDCAP serves in this capacity for its service area.

The Governor's House program serves an important role in areas of rural population loss in northeast South Dakota. It provides a source of new, affordable housing in some areas that have not seen new construction or new housing in decades. This in turn provides increased housing options to remaining populations in these counties, providing an incentive for all age groups to stay in the community. The program also provides an example of how state agencies and local communities can collaborate to provide housing in rural areas with challenging market conditions.

All of NESDCAP's programs involve multi-community collaboration with public and private entities. The organization is able to respond to needs in its service area by partnering with organizations at all levels and showing results from its work. In turn, this increases NESDCAP's organizational capacity and ability to serve its geographically large rural service area. Its work builds trust among existing and new partners while facilitating new collaborative relationships from its strong reputation. The organization states that funding sources often approach NESDCAP when looking to partner with local organizations due to its long history and effective program delivery.

*Governor's House*

*Community Impact*

NESDCAP's multi-community collaboration activities have had significant impacts in northeast South Dakota, which can be identified on three levels:

- *Increasing Housing Options*. NESDCAP has increased housing options throughout northeast South Dakota. For instance, NESDCAP has sold over 190 Governor's Houses. In addition, the organization has assisted over 800 households through its various rehabilitation programs. NESDCAP has weatherized over 4,400 homes, providing energy savings of 20 to 25 percent to these households. All of the organization's housing activities provide additional housing options for residents in its service area, many of whom live in areas of rural population loss.

- *Increasing Economic Development*. NESDEC has increased economic development in northeast South Dakota through its revolving loan fund, loan programs, and technical assistance. As of March 31, 2005, NESDEC had provided 1,091 loans to 727 businesses and directly financed $23 million in loan activity. These efforts assisted local residents to create and expand businesses.

- *Facilitating Collaboration Among Public and Private Agencies*. As evidenced, NESDCAP and NESDEC work with a variety of public and private agencies to provide housing and economic development. The organizations also work to incorporate multiple organizations by allotting six board of director positions to elected officials, six to the private sector, and six to low-income individuals. This helps the organizations incorporate different voices while marketing both organizations to all entities in their service areas.

<u>*Opportunities and Challenges*</u>

NESDCAP states that housing strategies must be accompanied by coordinated and concurrent economic development strategies in areas of rural population loss. Both efforts are essential to help meet needs in these areas, while providing increased options for residents.

<u>Opportunities</u>

- *Facilitating Relationships and Utilizing All Available Resources*. NESDCAP states that the organization consistently forms and maintains good relationships with all funding agencies. NESDCAP states that the organization's long history and good collaborative relationship with all organizations are essential to providing housing and economic development efforts to areas of rural population loss. NESDCAP and NESDEC state that funding organizations trust the organizations and that this makes both more competitive for funding.

- *Increased Capacity*. Collaborating with other organizations at all levels has enabled NESDCAP to expand its organizational capacity by developing expertise in many community and economic development areas. In turn, this strategy has enhanced the organization's ability to offer more programs and projects to its large rural service area.

Challenges

- ⌂ *Sustaining Collaborative Efforts*. NESDCAP offers a wide array of programs due to its collaborative approach to housing and economic development. The organization states it is challenging but necessary to operate so many programs, and that proper structures must be in place to account for each of them.

### *Miner County Community Revitalization*

Miner County is located in southeast South Dakota, approximately 65 miles northwest of Sioux Falls. The county has experienced population loss for many decades and currently has a population of less than 3,000 persons (Table 7). Miner County is considered a population loss and farming dependent county as defined by ERS. Howard, the county seat, has approximately 1,000 residents and is the largest incorporated area of the county although its population continues to decline each year.

Similar to other Great Plains communities, Miner County has very low housing values and an older housing stock. It also has a large population of senior citizens and a median age of 42.5 years, higher than national nonmetro median age of 37.2 years.

Table 7. Miner County Selected Characteristics

| | Miner County | South Dakota |
|---|---|---|
| 2000 Population | 2,884 | 754,844 |
| Population Age 65 and Over | 23.9% | 14.3% |
| Housing Units Built Before 1960 | 79.7% | 52.4% |
| Vacant Housing Units | 13.9% | 10.2% |
| Owner-Occupied Housing Units Valued at Less Than $50,000 | 75.1% | 24.2% |

Source: U.S. Census 2000

*Comprehensive Community Initiative*

Miner County's history of using a comprehensive community initiative strategy highlights the inclusive and asset-based approach to community development that defines this strategy.[21] Use of the strategy started in 1996, when students at Howard High School developed the idea of encouraging local residents to shop and do business locally, thereby keeping sales tax revenue and dollars in the local economy. The students, who worked with their high school economics teacher, conducted a cash flow study and presented their findings at public meetings. Students found that if residents spent 10 percent more of their disposable income at local businesses, they would add more than seven million dollars to the local economy. Their findings generated a great deal of attention and discussion in the county. This analysis and heightened community consciousness led to sales tax revenues increasing by 40 percent after the year of the report and rising steadily since that time.

[21] All history and information pertaining to Miner County and MCCR were obtained from MCCR organizational documents and an interview with MCCR staff members on August 15, 2005.

Howard High School used a $20,000 grant presented to the high school to form the Rural Resource Center, bringing students and adults together to discuss improving the community. Focus groups were developed on housing, employment, health care, and education. The county also created a countywide task force to start bringing all community players together to talk about issues affecting the county. In November 1998, the Northwest Area Foundation (NAF) based in St. Paul, Minnesota gave the newly founded Miner County Community Revitalization (MCCR) a half-million dollars in seed money to assist Miner County in developing a long-term community plan.

In 1999, MCCR initiated an inclusive and community-directed countywide community planning process. This planning process involved all members of the community and was facilitated by technical assistance from the Northwest Area Foundation. This citizen-led process produced a 35-page plan that outlined and identified the physical, economic, and social factors necessary for Miner County's revitalization.

In 2001, MCCR was awarded a $3.8 million grant by the Northwest Area Foundation to carry out the community's plan. NAF will also provide 10 years of support to the community. Also during 2001, MCCR received $2 million from the South Dakota Community Foundation.

*Community Goal*

Through the collaborative community planning process, Miner County stakeholders realized that in addition to losing working age people, the community was increasingly losing its elderly population. From 1990 to 2000, Miner County's elderly population declined by 18 percent, from 921 to 754 senior residents. Stakeholders realized that this significant loss of elderly persons was not due to natural decline (i.e., deaths); rather, senior residents were moving out of Miner County as their need for assisted living, nursing homes, and other types of housing and care could not be met.

The planning process also revealed a need for credit for families and individuals in the market for housing units or living in units in need of repair. Similar to many other population loss counties, Miner County has one local bank, which focuses primarily on agricultural lending. According to the FDIC (2002), only 5 percent of loans from this bank were for residential purposes. There were few resources available for those who wanted to buy or rehabilitate units in Miner County.

Two specific housing related goals were identified and the community developed programs to address these challenges:

- creating and maintaining a range of housing options for elderly residents, and
- providing residents with credit resources to buy, build, and rehabilitate older units.

*Community Response*

Through its comprehensive planning process, Miner County identified three strategic areas the community would pursue in order to revitalize itself (Table 8). To that end, the community, through Miner County Community Revitalization (MCCR), has engaged in a number of activities to meet housing and economic development needs. MCCR's response to the identified community needs illustrates an understanding of the community's resources and the utility of collaboration with other organizations.

Table 8. Miner County Strategic Areas

| Strategic Area | Activities and Goals |
|---|---|
| Economic Development | Business recruitment, retention, expansion. Rural Learning Center, telemedicine/rural health. Tourism development, beautification, renewable energy development, access to credit, and affordable, quality childcare. |
| Housing | Low-income housing. Housing for seniors and individuals with disabilities. Development and rehabilitation of housing not targeted towards low-income residents. |
| People and Organizations | Strategic organizational change. Strategic leadership change and increased investment in Miner County. |

Source: MCCR

MCCR has developed two programs that have helped the community maintain its elderly population and provide credit opportunities for those seeking to live in the county.

- *Senior Housing Options*. There is a commitment among Miner County stakeholders to meet the needs of the resident elderly population and retain this population for as long as possible. In 2000, the county's only senior housing options were one nursing home and a HUD-funded senior complex. During 2000, two assisted living facilities were developed; however, there were many vacancies in the units.

  One project, Whispering Winds, was in danger of closing. MCCR purchased the Whispering Winds development in 2004 and has sold shares of the business to the public

*Whispering Winds*

as a way to garner investment and community buy-in. By 2005, the project was at full capacity. Residents, and potential residents, are reassured by the "community owned feel" and have a greater degree of comfort with the local management.

- ⌂ *CD Pledge Program*. Providing elderly residents with housing options also has the impact of opening units for purchase. Accessing credit to purchase these units could be difficult, however, given the lack of financial institutions in the area and perceptions about the housing stock. To address this issue, MCCR created its own financing resource, the Certificate of Deposit (CD) Pledge Program, to meet the needs of residents who want to purchase homes or rehabilitate their existing homes.

  Residents can borrow up to 20 percent of the total loan amount or $10,000, whichever is less, through the CD Pledge Program, if they do not have the needed downpayment funds or want to remodel their homes, but the amount to be borrowed exceeds the appraised value. County residents take the CD to a private bank as collateral for the loan. The amount of the CD is reduced each year as the borrower builds equity in the unit.

MCCR is also engaged in other housing and economic development activities that have helped to generate community revenue, interest, and capacity. These activities include:

- ⌂ *Homebuyer Education*. In conjunction with Lutheran Social Services, MCCR offers homebuyer education. These courses are designed to help new homebuyers understand the various components of purchasing a home.

- ⌂ *New Housing Development*. Working with the City of Howard and Howard Industries, MCCR helped create the Greenleaf Housing subdivision. This subdivision has the necessary infrastructure in place for development and was created due to the need for new housing development in the City of Howard. Lots start at $6,500 and homeowners are not subject to a special assessment because it is paid by Howard Industries and the city. As of 2005, one house had been built on the development. MCCR plans to increase its marketing of the property, to help spur interest and new construction.

- ⌂ *Commercial Revolving Loan Fund*. The purpose of the commercial Revolving Loan Fund is to finance new business startups, as well as expansion and retention of existing businesses and community development projects within Miner County.

- ⌂ *Creating Jobs*. MCCR was a critical part of a team that brought Dakota Beef, an organic beef company, into Miner County. MCCR also assisted a local resident to start a wind turbine company in the City of Howard. MCCR constantly works to promote economic development in the county.

*Community Impact*

Miner County's activities under the comprehensive community initiative have had a significant impact on the entire community and can be identified on three levels:

- ⌂ *Improving Housing in Miner County*. MCCR's housing efforts have increased housing options for all residents of Miner County. There is evidence to suggest that this has helped stabilize or slow down population loss in the county. For instance, three out of the four people who moved into the independent housing facility stated to MCCR that they would have moved out of the county if this housing option were not available to them. The CD pledge program has also enabled residents to borrow money from banks that most likely would not have loaned to them without the additional collateral.

- ⌂ *Increasing Economic Development*. MCCR's comprehensive community initiative has increased economic development in Miner County. MCCR's commercial revolving loan fund loaned over $1.3 million in a one-year period in 2004 and 2005, with most of that money coming from USDA Rural Development's Intermediary Relending Program (IRP). Besides the RLF, MCCR helped bring to the county an organic beef company, Dakota Beef, that employed 20 county residents in 2005. At that time, Dakota Beef was undertaking a $4 million expansion of its facility and planned to hire additional workers. MCCR's role in helping a former local resident set up wind turbines provided energy for the community and reduced all City of Howard residents' energy bills due to tax credits. The company that owns the wind turbines employs Miner County residents, thereby providing additional jobs and tax revenue to the community.

- ⌂ *Providing a Context and Incentive to Collaborate*. According to MCCR, the CCI has helped bring all stakeholders to the table, including many residents who had never been involved. The CCI has enabled all local residents to increase their community building capacity while starting dialogues that did not exist before the change process began. It has also enabled organizations to start new collaborations, such as Lutheran Social Services and MCCR's homebuyer education course.

*<u>Opportunities and Challenges</u>*

MCCR recommends other communities take part in community education processes such as those that occurred through youth-led efforts in Miner County. These have the potential of raising community consciousness, as happened in Miner County, and providing the necessary impetus to begin the change process.

<u>Opportunities</u>

- ⌂ *Comprehensive Planning*. MCCR states that housing and jobs need to go hand in hand in areas of rural population loss. Its holistic community and economic development efforts in both of these areas have helped the community tackle these two interrelated problems concurrently.

- ⌂ *Building Civic Involvement and Pride*. The CCI has helped local residents identify their assets and the community's future direction. MCCR reports higher levels of community pride and a growing synergism toward the community's change efforts.

Challenges

- *Funding*. CCIs often require large financial support from foundations. Thus, this approach can be difficult to utilize unless an outside entity is willing to fund it.

- *Sustaining Community Involvement*. MCCR states that it can be difficult to sustain community involvement over a long period. The organization's experience suggests that showing small, immediate results is beneficial, so residents see change. MCCR also states that it is essential to have a simple, focused committee structure so residents do not get overwhelmed with meetings or bureaucratic processes.

### *CommunityWorks North Dakota*

Lewis and Clark Regional Development Council (LCRDC) was first created in 1969 to foster economic growth and community development in a ten-county region of south central North Dakota.[22] The Council helps local governments, organizations, businesses, and individuals access federal, state, and other funding sources to enhance employment and business opportunities, maintain and improve infrastructure and public services, rehabilitate housing, and develop plans. It has directly provided or obtained $60 million for business and community development projects, leveraging hundreds of millions more in other investments. LCRDC is governed by a board of directors comprised of elected local officials and representatives of business, farm, and tribal interests in its ten-county service area.

*Regionalism*

CommunityWorks North Dakota (CWND) was started as a private nonprofit organization by LCRDC in 1995 due to the many rural housing needs present in LCRDC's service area, and the lack of organizations and capacity to address these needs. LCRDC concentrated mainly on economic development through its revolving loan fund and wanted to set up an organization for the explicit purpose of addressing rural housing issues, particularly for low- and moderate-income individuals. Although different organizations, the entities work together to address regional housing and economic development needs.

*Community Goal*

Similar to other parts of the Great Plains, these areas have low-housing values, declining populations, and an older housing stock. According to local leaders, many banks will not provide loans to these areas due to appraisal gaps and not being able to sell these loans to the secondary market because of strict formula and security requirements. CWND addresses various housing needs in their service area but has an emphasis on helping residents:

- Obtain private financing in rural areas of North Dakota.

[22] All information pertaining to LCRDC and CWND was obtained from their websites at www.lewisandclarkrdc.org and www.communityworksnd.org, and during an interview with staff members on August 19, 2005.

*Community Response*

CWND started the DREAM Fund in 2001 to help overcome obstacles that were hindering mostly rural families from keeping or obtaining affordable housing. According to CWND's website, DREAM stands for "Downpayment assistance, Rehabilitation loans, Emergency repairs, And other housing loans, including construction bridge loans, and Mortgage assistance." The DREAM program is unique in that it provides the borrower flexibility in its uses. CWND states that mortgage lending is the most common use of the program. The program is most often utilized in rural areas of North Dakota due to the lack of private banks and market conditions that prevent residents in these areas from qualifying for private financing.

Residents living in the DREAM Fund program's rural service area access the program through their local banks. Banks refer potential clients who cannot quality for bank mortgages to CWND's DREAM Fund to help meet appraisal gaps common in these population loss areas. Bankers are aware of the program monthly meetings CWND holds with them, informing them about the program and referral process. This outreach also serves as a marketing piece for the program.

The DREAM Fund's capitalization came from a variety of funding sources, allowing CWND to provide flexible uses with the program. The main sources of funding include, but are not limited to:

- NeighborWorks® America,
- bank contributions,
- county governments,
- foundations, and
- private businesses.

CWND states that its relationship with NeighborWorks was instrumental in designing and capitalizing the DREAM Fund. CWND is a NeighborWorks America charter member and the only one in North Dakota. NeighborWorks provides annual funding for operating and lending capital for the program along with technical assistance. The DREAM program is designed to serve the whole state, although as of 2005 it serves roughly half of it. CWND is expanding the program each year by five counties and will eventually serve all of North Dakota.

Another key to making the DREAM Fund feasible was CWND's ability to sell its nontraditional loans to NeighborWorks' sister corporation, Neighborhood Housing Services of America (NHSA), which purchases mortgages from local NeighborWorks organizations. CWND can sell nontraditional loans to NHSA and revolve the money back out to the community.

*Community Impact*

LCRDC's decision to form CWND and become involved in housing development at a regional level has had a large impact in areas of rural population loss in North Dakota. Specifically, the DREAM Fund helps its service area, and soon the entire state of North Dakota, to have increased affordable housing financing options.

- ⌂ *Increasing Housing and Economic Development*. As of 2005, the DREAM Fund had lent out over $5.1 million, while leveraging another $11 million. It had spurred $6.4 million in single-family construction in south central North Dakota and reached over 200 families, mostly in rural areas. Almost 70 percent of these borrowers had incomes below 80 percent of area median income.

  The DREAM Fund program's lending was increasing rapidly. For instance, the DREAM Fund lent more money in July 2005 than in the prior two years. CWND believed this was due to banks becoming more aware of the program through the monthly mortgage lending meetings.

- ⌂ *Facilitating Public/Private Partnerships*. The DREAM program is beneficial for both banks and CWND. It is good for banks since they do not take on any risk caused by the appraisal gap problems in these areas of rural population loss. It also allows them to loan to clients with whom they otherwise would not have any business relationship. The program is good for CWND since it is able to get its resources out while building partnerships with private sector institutions across the state. CWND reports that the DREAM loans' delinquency rate is only 1 percent and that only $2,000 has been written off since the program began.

*Opportunities and Challenges*

Regional government bodies are often the only organizations in areas of rural population loss that have the capacity and formal structure to provide community and economic development assistance to communities.

Opportunities

- ⌂ *Utilizing Existing Regional Structures, Community Assets, and Relationships to Form New Structures.* Regional government bodies traditionally apply for and administer federal and state programs, develop plans, and provide technical assistance. These institutions possess an expertise regarding community and economic development in areas with limited capacity. Regional governments' core functions are vital in areas of rural population loss that have limited organizations and capacity.

  Regional governments also have the ability to form private nonprofits. LCRDC's decision to form CWND was based on the lack of capacity and nonprofit affordable housing developers in its areas of rural population loss along with a pressing need for housing work in these areas. Its work has provided increased housing options for its regional service area and is expected to benefit the entire state eventually.

  CWND believes the good relationships formed through LCRDC helped it receive the necessary capital to start the DREAM Fund. Private and public entities in North Dakota and nationally knew and trusted LCRDC because of the organization's long history and effective business revolving loan fund. This history and relationship made it easier when CWND was asking funders to support the DREAM program. CWND also capitalized the fund through LCRDC's understanding and support of housing development. LCRDC's board of directors understood the housing issues of the area and the need for additional finance options. This led LCRDC to contribute funds to capitalize the DREAM Fund initially.

Challenges

- *Forming a Regional Consensus*. Regional bodies are governed by representatives of their service areas. This usually includes one representative from each county served by the organization. Therefore it can often be challenging to reach consensus on a regional body's direction.

### *Ellsworth County Economic Development Council*

Ellsworth County, Kansas is situated almost exactly in the center of Kansas and of the continental United States. Like many rural Great Plains communities, Ellsworth is relatively large in land area, but small in population. With an estimated 2003 population of just 6,400 persons in its sprawling 716 square miles, the county has a population density of 9.1 persons per square mile.[23]

Similar to that of other rural Great Plains counties, Ellsworth County's population is elderly and the total population is in decline (Table 9). The Census Bureau estimates that between 2000 and 2003 the county's population fell by 2.7 percent. This continues a trend that has generally been occurring for the past century as Ellsworth's population peaked in 1910 with a little over 10,400 residents.

Table 9. Ellsworth County Selected Characteristics

| | Ellsworth County | Kansas |
|---|---|---|
| 2000 Population | | |
| Population Age 65 and Over | 20.4% | 13.3% |
| Housing Units Built before 1960 | 61.6% | 42.9% |
| Vacant Housing Units | 23.1% | 8.2% |
| Owner-Occupied Housing Units Valued at Less Than $50,000 | 59.4% | 24.5% |

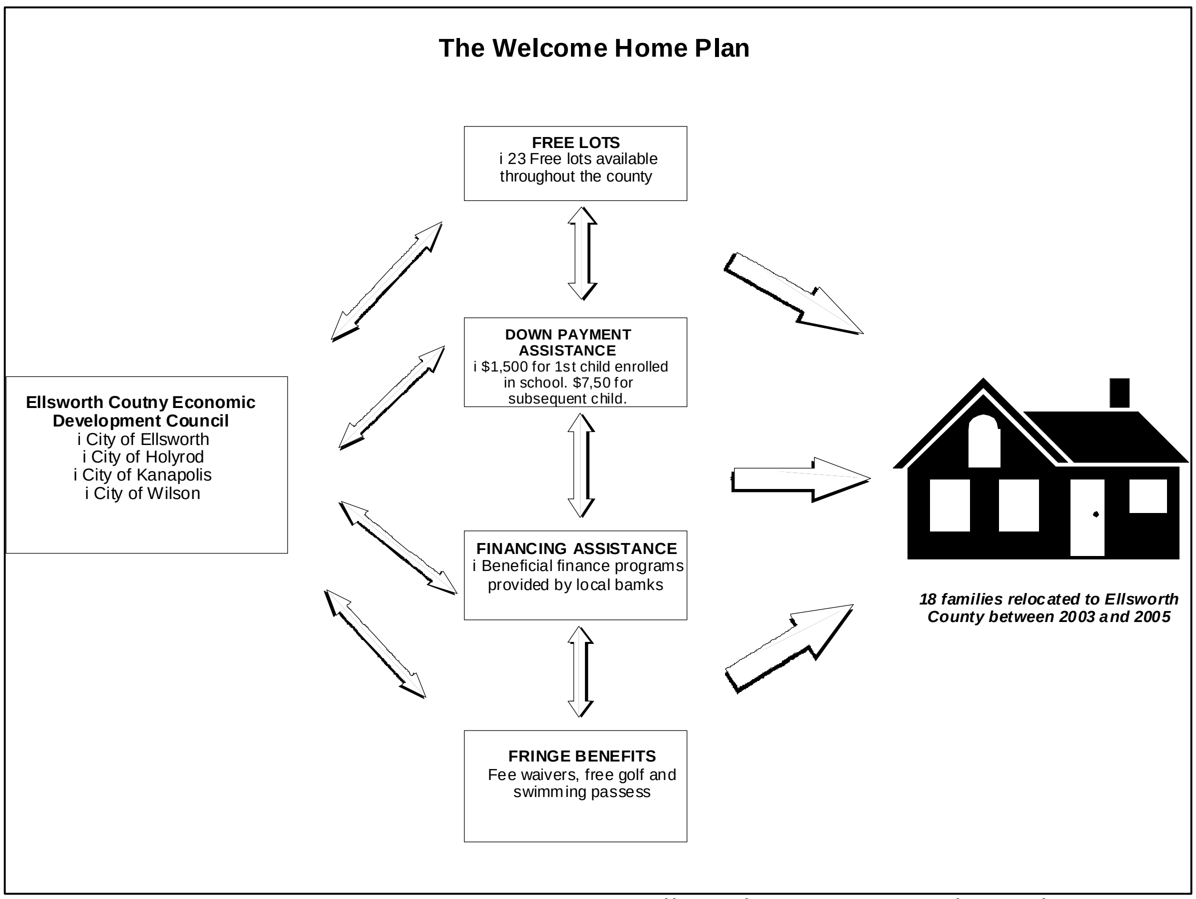
Source: U.S. Census 2000

[23] The overall population density for the United States is 79.6 persons per square mile.

*Mini-Homestead Act*

Ellsworth County markets itself as a place committed to community and family values where children can get a quality education.[24] These attributes are among the primary selling points of the *Welcome Home plan*, the county's Mini-Homestead Act. The Welcome Home plan offers direct assistance to families in helping them achieve homeownership and relocate to Ellsworth County. The program is available to new and, in some cases, current county residents. Families who relocate to Ellsworth County are eligible to apply for free lots for residential construction, downpayment assistance, and various fringe benefits and services throughout the cities in the county. In addition, current county residents are eligible to apply for free lots for residential construction and home financing assistance through local county banks (Figure 5).

Figure 5.




Source: Ellsworth County Economic Development Council

[24] All information pertaining to Ellsworth County and the Welcome Home plan was obtained from interviews with local officials August 15-18, 2005.

*Community Goals*

The specific impetus for the Welcome Home program came from declining enrollment in the county's schools. One of the local schools threatened to cut teacher positions and services. Several community members stated that while the county had a diverse economy, the local school system was a "major player" and one of the largest economic forces in the community. Community officials noted that the projected declines in school enrollment were significant. As of 2005, the county high school graduated 70 students each year; the graduating class is expected to be less than half that number in the coming decades. The Welcome Home plan was developed with the explicit goal of retaining and bringing in outside families to the county.

*Community Response*

The Welcome Home plan, like many of Kansas's Mini-Homestead Acts, includes a multifaceted approach. Most if not all of these plans involve some sort of free land incentive. In 2005 in Ellsworth County, the Welcome Home program had 23 lots available to give away to prospective homebuyers from other areas. The free lots were located throughout the county's four major cities, with the vast majority (16) located in the county seat of Ellsworth.


An interesting aspect of the program was that the county did not own these lots. Instead, the lots were donated to the program by various entities and persons. For example, the local school board donated a parcel of land where previously a school had been expected to be located. This was logical since the school stood to be one of the primary beneficiaries of the program. County officials entered into memoranda of understanding or written agreements with involved entities. When the new owner signed the contract for construction and had the financing in place, then the land would be deeded over. All the building sites had water and sewer accessibility, and were ready for development. Inside the city of Ellsworth, most of the lots were valued at $8,000. Those in the other cities were valued at approximately $2,000 to $2,500.

Plan specifics stated that homes must:

- be new construction,
- be built and occupied within a 24-month period,
- be at least 1,000 square feet,
- not be mobile homes,
- sit on poured concrete foundations formed as crawl spaces or basements, and
- have any cost associated with preparing the lot for building be borne by the lot owner.

A significant incentive that distinguishes the Welcome Home plan from many other Kansas Mini-Homestead Acts was its downpayment assistance component. In essence, this is an incentive for younger families to relocate to the county and enroll their children in one of the county's two local school districts. Each qualifying family receives a one-time bonus of $1,500 for the first child enrolled in school and $750 for the second and the third children enrolled, with a maximum benefit of $3,000 per family. From the program's inception through mid 2005, a total of $29,250 had been distributed to 15 families who enrolled 25 children in local schools. In fact, 78 percent of Welcome Home plan recipients had received this downpayment assistance. In addition, Welcome Home families with 11 other pre-school children were slated to receive the assistance once they enrolled their children in school. The funding for the downpayment assistance was provided by local and municipal governments in Ellsworth County.

Another component of the Welcome Home plan is home financing assistance. Several lenders and bankers of Ellsworth County agreed to apply the value of the free lots received towards the downpayments on homes that would be built on the lots. This assistance is available to new and current county residents. In addition, the county lenders and bankers waive all fees normally charged for financing the construction of a new home or the purchase of an existing home in Ellsworth County.

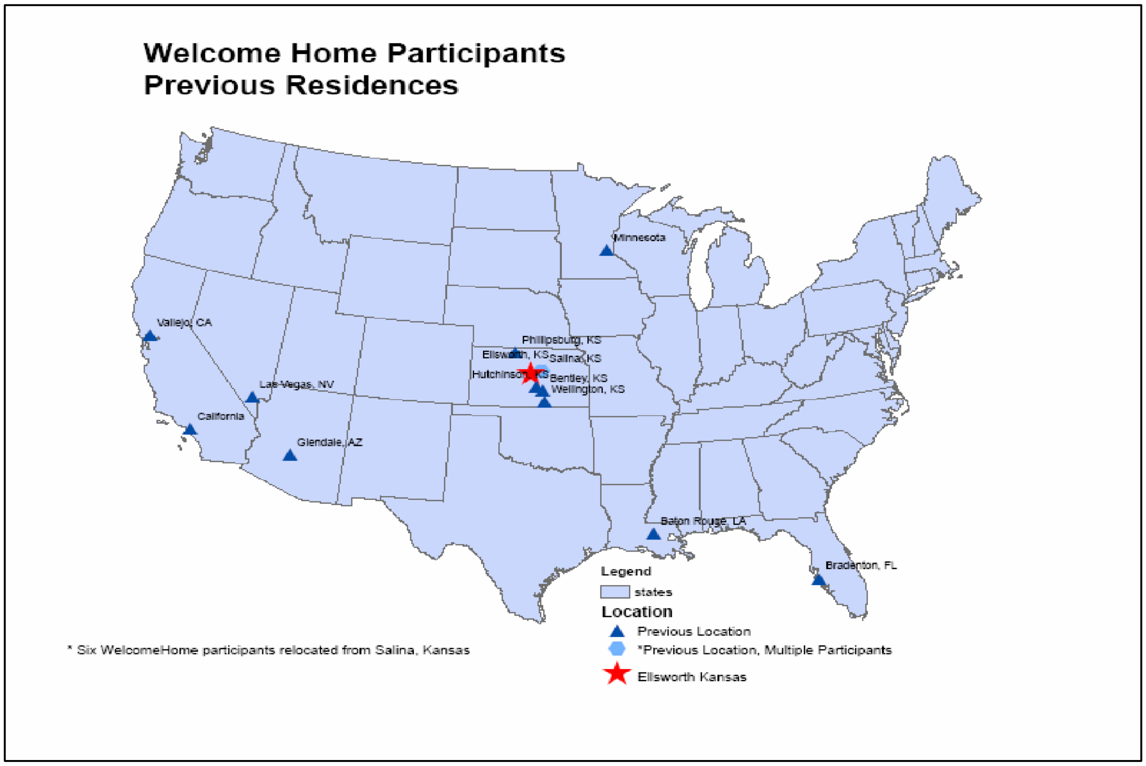
Finally, each city in the county offers fringe benefits to new residents who built or bought existing units in the county. The benefits vary by city, but examples include waiver of hook-up, permit, and tap fees, free cable television, and free golf or swimming pool passes. As many of the Welcome Home plan participants had children, the pool pass is an especially popular option among new families.

*Community Impact*

It is clear that by 2005 Ellsworth County's Mini-Homestead Act had already had a large impact in the community.

- *Increased Residents and Families.* Nearly 20 families relocated to Ellsworth County between 2003 and 2005 as a result of the Welcome Home plan. Some families came from states thousands of miles away such as California, Florida, Minnesota, and Nevada, while some new residents moved in from adjoining counties (Figure 6). Several community officials asserted, though, that it was too early to determine whether the plan was a success. New children had entered the local school system because of the program but it was not yet known whether they would create a net gain in school enrollment. However, some local officials asserted that if school attendance simply held steady, then the program would be a success.

Figure 6.




Source: Ellsworth County Economic Development Council

- *Decreased Housing Vacancies*. An interesting early outcome of the program was that, while it attracted new residents, none took advantage of the free land. All of them purchased existing homes, since there were a large number of vacant units in the county. A reason for this might be the logistical problems with building a new unit in the area. Officials noted that there was a lack of suitable builders, who were often not willing to work in a stagnant building market. The second constraint was a lack of rental housing. Transaction and construction time in the home building process can sometimes take months, especially if the household is coming into the community from a long distance away. Some families interested in building simply did not have an alternate location to move into and thus were unable to take advantage of the free lots.

- *Community Acceptance.* There are also less tangible outcomes associated with this development strategy. Sometimes there can be friction with an influx of outside residents into a small rural town. But most officials asserted that the scale of in-migration was relatively small, and that the people who were coming to these towns did not want to change them; in contrast, they wanted to fit into this lifestyle. Local officials did note that initially there was some small and isolated opposition to the program, based mostly on financial issues related to using public funds for other purposes. But for the most part, people in these communities recognized their community viability challenges and were fully behind the strategy.

- ⌂ *Increased Tax Base*. According to the Ellsworth Economic Development Council, the appraised value of real estate in the county increased by over one million dollars in the first few years of the 21st century. The County Administrator attributed some of this increase directly to the Welcome Home plan. As one county official noted, "We haven't had much new construction, but many of these new residents are buying older homes and fixing them up." This translated into enhancements that increase property values and taxable assessments. The remodeling and improvement also stimulated the local economy through the purchase of building supplies and small-scale rehabilitation.

  Other Kansas municipalities experimenting with free land initiatives echoed these impacts on local tax revenues. The mayor of another small Kansas town offering a Mini-Homestead Act indicated that his city's taxable value had increased 15 percent in the past few years. During the first 130 years of the community's existence, the city's budget had grown to $1.7 million. Since the implementation of its Mini-Homestead Act, which attracted 23 new households, the city's budget increased to $2.3 million in just five years. Furthermore, because of the increased assets, the property tax mill rates were reduced for all homeowners.

*<u>Opportunities and Challenges</u>*

Mini-Homestead Acts have the potential to stem population loss and promote in-migration through existing resources in the community. According to Bailey and Preston (2005) the strategy is dependent on certain factors, including available employment, adequate community infrastructure, proximity to larger cities, and available and affordable land for municipalities to utilize, along with state laws concerning TIF financing.

<u>Opportunities</u>

- ⌂ *Inexpensive and Successful Marketing*. One of the major successes of almost all Mini-Homestead Acts, including the Welcome Home plan, is the widespread interest they have garnered through innovative marketing. One Kansas community utilizing this strategy estimates they have received over 2,000 inquires and most have had calls from all 50 states and internationally as well. The marketing plans for many of these programs are successful and relatively cost free. Many program inquires are spurred by newspaper and television reports in popular media and press. In fact, most administrators of these programs indicated that they had reports of their Mini-Homestead Acts in such media outlets as the *New York Times,* CBS Evening News, *USA Today,* the BBC, and *Time* magazine. Many of these media outlets were attracted by the shock value of the free land component. However, one community official noted that these press reports also added an aspect of legitimacy to the strategy.

  Another marketing tool that has proven valuable in this development strategy is the Internet. Started by the Ellsworth Economic Development Council, the web site www.KansasFreeLand.com has received thousands of hits monthly and has generated significant activity with minimal costs. It features links to information websites of free land initiatives throughout Kansas. It might be assumed that there is a great deal of competition among these communities for prospective immigrants. But in the spirit of cooperation, the officials of Ellsworth County have provided an open invitation for any community wanting to post a link for its free land program. As one official noted, "This is not only important to us, but it is vital that all of our small rural communities out here survive to keep this great way of life intact."

Challenges

⌂ *Reliance on Media Can Lead to Misunderstanding*. The reliance on media outlets has also has some unintended consequences. In a few instances, some families have misinterpreted, or not fully understood, the program parameters through the media reports. Most administrators of these free land programs had experienced instances where families, often bringing their entire worldly possessions, arrived in the community with the misconception that a free home awaited them. As one official noted, "They thought it was the Okalahoma land rush all over again."

⌂ *Increasing Success May Undermine Future Efforts*. Due to Mini-Homestead Acts' reliance on "shock" marketing, it is conceivable that this strategy could become less successful as additional communities undertake the approach. Mini-Homestead Acts hinge partially on media outlets reporting the strategy due to the unique approach. The media may not be as interested if increasing numbers of rural population loss communities undertake the strategy, due to the loss of "shock" value.

## DISCUSSION

In the rural Great Plains, population loss stems mainly from the region's dependence on farming as the main source of employment, along with federal policy decisions. Productivity increases in the farm economy along with structural changes in agriculture have led to a decreased need for agricultural labor. The dependence on agriculture as the only or major industry and the absence of other industries contributes to population loss in many Great Plains communities.

Federal policy has also contributed to population loss in farm communities of the Great Plains. According to O'Connor (1999), "rural farm communities faced a similar plight [to urban areas] during the Depression and post-World War II years, when federal aid for local readjustment paled in comparison with support for the large-scale mechanization, commercialization, and industrialization that transformed the agricultural economy."

As noted, population loss in the rural Great Plains shares certain commonalities with urban population loss, a more widely researched area. For instance, many nonmetro population loss areas of the Great Plains peaked in population before World War II, when there was a larger need for low-skilled farm labor. The populations of many older U.S. industrial cities, such as Detroit, Philadelphia, Baltimore, and Cleveland, also peaked before World War II and have continued to decline since. This is due to factors similar to those that affect rural areas, including economic restructuring and national policy choices. Although there are important differences that are beyond the scope of this paper, it is important to recognize the historical similarities affecting both urban and rural areas.

As O'Connor (1999) states:

> The plight of poor communities does have instructive historical continuities. Like the abandoned farm communities and industrial slums of an earlier era, the depressed rural manufacturing towns and jobless inner-city ghettoes on the postindustrial landscape represent the products of economic restructuring and industrial relocation, of racial and class segregation, and of policy decisions that have encouraged these trends.

The housing and community development strategies responding to ensuing economic disinvestment and accompanying population loss in rural and urban areas have generally fallen into the dichotomy of place-based versus people-based approaches. According to Weicher (1990), "the most important difference between housing programs is whether the subsidy is tied to the unit (project-based) or tied to the household (tenant-based)." In new construction and rehabilitation projects, the subsidy is tied to the project, making it a place-based strategy, while subsidies tied to the household (e.g., Section 8 vouchers), are considered people-based.

Many rural communities in the Great Plains continue to experience the decades-long process of population loss and its concomitant issues. It is unclear how many communities will survive, although it is clear from this report that many communities are utilizing asset- and place-based housing and community development strategies to stem population loss and promote future community viability.

The strategies illustrated in this report do not form a comprehensive list of such efforts. There is a need to compile, document, and evaluate the different housing and community development strategies that have been undertaken in population loss communities. This could help guide future housing and community development policy and expand understanding of effective approaches.

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Appendix A. Number of Great Plains Population Loss Counties by State

| | | Metro/Nonmetro | | Total |
|---|---|---|---|---|
| | | Nonmetro | Metro | |
| State | Colorado | 2 | 0 | 2 |
| | Kansas | 46 | 0 | 46 |
| | Minnesota | 5 | 1 | 6 |
| | Montana | 20 | 0 | 20 |
| | North Dakota | 45 | 0 | 45 |
| | Nebraska | 47 | 0 | 47 |
| | New Mexico | 3 | 0 | 3 |
| | Oklahoma | 17 | 0 | 17 |
| | South Dakota | 31 | 0 | 31 |
| | Texas | 39 | 2 | 41 |
| | Wyoming | 2 | 0 | 2 |
| Total | | 257 | 3 | 260 |

Source: ERS 2004c

## Appendix B. Great Plains Population Loss Counties

| State | County | Metro Status | State | County | Metro Status |
|---|---|---|---|---|---|
| CO | Baca County | Nonmetro | KS | Washington County | Nonmetro |
| CO | Kiowa County | Nonmetro | KS | Wichita County | Nonmetro |
| KS | Barber County | Nonmetro | MN | Kittson County | Nonmetro |
| KS | Barton County | Nonmetro | MN | Marshall County | Nonmetro |
| KS | Chautauqua County | Nonmetro | MN | Norman County | Nonmetro |
| KS | Cheyenne County | Nonmetro | MN | Polk County | Metro |
| KS | Clark County | Nonmetro | MN | Red Lake County | Nonmetro |
| KS | Clay County | Nonmetro | MN | Wilkin County | Nonmetro |
| KS | Cloud County | Nonmetro | MT | Carter County | Nonmetro |
| KS | Comanche County | Nonmetro | MT | Custer County | Nonmetro |
| KS | Decatur County | Nonmetro | MT | Daniels County | Nonmetro |
| KS | Edwards County | Nonmetro | MT | Dawson County | Nonmetro |
| KS | Elk County | Nonmetro | MT | Fallon County | Nonmetro |
| KS | Ellsworth County | Nonmetro | MT | Fergus County | Nonmetro |
| KS | Gove County | Nonmetro | MT | Garfield County | Nonmetro |
| KS | Graham County | Nonmetro | MT | Hill County | Nonmetro |
| KS | Greeley County | Nonmetro | MT | Liberty County | Nonmetro |
| KS | Greenwood County | Nonmetro | MT | McCone County | Nonmetro |
| KS | Harper County | Nonmetro | MT | Petroleum County | Nonmetro |
| KS | Hodgeman County | Nonmetro | MT | Phillips County | Nonmetro |
| KS | Jewell County | Nonmetro | MT | Pondera County | Nonmetro |
| KS | Kiowa County | Nonmetro | MT | Powder River County | Nonmetro |
| KS | Lane County | Nonmetro | MT | Prairie County | Nonmetro |
| KS | Lincoln County | Nonmetro | MT | Richland County | Nonmetro |
| KS | Logan County | Nonmetro | MT | Sheridan County | Nonmetro |
| KS | Marshall County | Nonmetro | MT | Treasure County | Nonmetro |
| KS | Mitchell County | Nonmetro | MT | Valley County | Nonmetro |
| KS | Morris County | Nonmetro | MT | Wibaux County | Nonmetro |
| KS | Ness County | Nonmetro | ND | Adams County | Nonmetro |
| KS | Osborne County | Nonmetro | ND | Barnes County | Nonmetro |
| KS | Pawnee County | Nonmetro | ND | Benson County | Nonmetro |
| KS | Phillips County | Nonmetro | ND | Billings County | Nonmetro |
| KS | Pratt County | Nonmetro | ND | Bottineau County | Nonmetro |
| KS | Rawlins County | Nonmetro | ND | Bowman County | Nonmetro |
| KS | Republic County | Nonmetro | ND | Burke County | Nonmetro |
| KS | Rooks County | Nonmetro | ND | Cavalier County | Nonmetro |
| KS | Rush County | Nonmetro | ND | Dickey County | Nonmetro |
| KS | Russell County | Nonmetro | ND | Divide County | Nonmetro |
| KS | Scott County | Nonmetro | ND | Dunn County | Nonmetro |
| KS | Sheridan County | Nonmetro | ND | Eddy County | Nonmetro |
| KS | Sherman County | Nonmetro | ND | Emmons County | Nonmetro |
| KS | Smith County | Nonmetro | ND | Foster County | Nonmetro |
| KS | Stafford County | Nonmetro | ND | Golden Valley County | Nonmetro |
| KS | Thomas County | Nonmetro | ND | Grant County | Nonmetro |
| KS | Trego County | Nonmetro | ND | Griggs County | Nonmetro |
| KS | Wallace County | Nonmetro | ND | Hettinger County | Nonmetro |

| State | County | Metro Status | State | County | Metro Status |
|---|---|---|---|---|---|
| ND | Kidder County | Nonmetro | NE | Greeley County | Nonmetro |
| ND | LaMoure County | Nonmetro | NE | Harlan County | Nonmetro |
| ND | Logan County | Nonmetro | NE | Hayes County | Nonmetro |
| ND | McHenry County | Nonmetro | NE | Hitchcock County | Nonmetro |
| ND | McIntosh County | Nonmetro | NE | Holt County | Nonmetro |
| ND | McKenzie County | Nonmetro | NE | Hooker County | Nonmetro |
| ND | McLean County | Nonmetro | NE | Jefferson County | Nonmetro |
| ND | Mountrail County | Nonmetro | NE | Keya Paha County | Nonmetro |
| ND | Nelson County | Nonmetro | NE | Kimball County | Nonmetro |
| ND | Oliver County | Nonmetro | NE | Knox County | Nonmetro |
| ND | Pembina County | Nonmetro | NE | Logan County | Nonmetro |
| ND | Pierce County | Nonmetro | NE | McPherson County | Nonmetro |
| ND | Ramsey County | Nonmetro | NE | Nance County | Nonmetro |
| ND | Ransom County | Nonmetro | NE | Nuckolls County | Nonmetro |
| ND | Renville County | Nonmetro | NE | Perkins County | Nonmetro |
| ND | Richland County | Nonmetro | NE | Polk County | Nonmetro |
| ND | Sargent County | Nonmetro | NE | Red Willow County | Nonmetro |
| ND | Sheridan County | Nonmetro | NE | Rock County | Nonmetro |
| ND | Slope County | Nonmetro | NE | Sheridan County | Nonmetro |
| ND | Stark County | Nonmetro | NE | Sherman County | Nonmetro |
| ND | Steele County | Nonmetro | NM | De Baca County | Nonmetro |
| ND | Stutsman County | Nonmetro | NM | Harding County | Nonmetro |
| ND | Towner County | Nonmetro | NM | Lea County | Nonmetro |
| ND | Traill County | Nonmetro | OK | Alfalfa County | Nonmetro |
| ND | Walsh County | Nonmetro | OK | Beaver County | Nonmetro |
| ND | Wells County | Nonmetro | OK | Cimarron County | Nonmetro |
| ND | Williams County | Nonmetro | OK | Dewey County | Nonmetro |
| NE | Antelope County | Nonmetro | OK | Ellis County | Nonmetro |
| NE | Arthur County | Nonmetro | OK | Grant County | Nonmetro |
| NE | Banner County | Nonmetro | OK | Greer County | Nonmetro |
| NE | Blaine County | Nonmetro | OK | Harmon County | Nonmetro |
| NE | Boone County | Nonmetro | OK | Harper County | Nonmetro |
| NE | Box Butte County | Nonmetro | OK | Jackson County | Nonmetro |
| NE | Boyd County | Nonmetro | OK | Kiowa County | Nonmetro |
| NE | Brown County | Nonmetro | OK | Major County | Nonmetro |
| NE | Chase County | Nonmetro | OK | Roger Mills County | Nonmetro |
| NE | Cherry County | Nonmetro | OK | Seminole County | Nonmetro |
| NE | Clay County | Nonmetro | OK | Tillman County | Nonmetro |
| NE | Custer County | Nonmetro | OK | Woods County | Nonmetro |
| NE | Deuel County | Nonmetro | OK | Woodward County | Nonmetro |
| NE | Dundy County | Nonmetro | SD | Aurora County | Nonmetro |
| NE | Fillmore County | Nonmetro | SD | Beadle County | Nonmetro |
| NE | Franklin County | Nonmetro | SD | Brown County | Nonmetro |
| NE | Frontier County | Nonmetro | SD | Campbell County | Nonmetro |
| NE | Furnas County | Nonmetro | SD | Clark County | Nonmetro |
| NE | Garden County | Nonmetro | SD | Corson County | Nonmetro |
| NE | Garfield County | Nonmetro | SD | Day County | Nonmetro |
| NE | Grant County | Nonmetro | SD | Deuel County | Nonmetro |

| State | County | Metro Status |
|---|---|---|
| SD | Douglas County | Nonmetro |
| SD | Faulk County | Nonmetro |
| SD | Grant County | Nonmetro |
| SD | Gregory County | Nonmetro |
| SD | Haakon County | Nonmetro |
| SD | Hand County | Nonmetro |
| SD | Harding County | Nonmetro |
| SD | Hutchinson County | Nonmetro |
| SD | Hyde County | Nonmetro |
| SD | Jerauld County | Nonmetro |
| SD | Jones County | Nonmetro |
| SD | Kingsbury County | Nonmetro |
| SD | Marshall County | Nonmetro |
| SD | McPherson County | Nonmetro |
| SD | Mellette County | Nonmetro |
| SD | Miner County | Nonmetro |
| SD | Perkins County | Nonmetro |
| SD | Potter County | Nonmetro |
| SD | Sanborn County | Nonmetro |
| SD | Spink County | Nonmetro |
| SD | Sully County | Nonmetro |
| SD | Tripp County | Nonmetro |
| SD | Walworth County | Nonmetro |
| TX | Bailey County | Nonmetro |
| TX | Baylor County | Nonmetro |
| TX | Borden County | Nonmetro |
| TX | Briscoe County | Nonmetro |
| TX | Carson County | Metro |
| TX | Castro County | Nonmetro |
| TX | Cochran County | Nonmetro |
| TX | Coleman County | Nonmetro |
| TX | Collingsworth County | Nonmetro |
| TX | Cottle County | Nonmetro |
| TX | Crosby County | Metro |
| TX | Deaf Smith County | Nonmetro |
| TX | Fisher County | Nonmetro |
| TX | Floyd County | Nonmetro |
| TX | Foard County | Nonmetro |
| TX | Garza County | Nonmetro |
| TX | Gray County | Nonmetro |
| TX | Hall County | Nonmetro |
| TX | Hansford County | Nonmetro |
| TX | Hardeman County | Nonmetro |
| TX | Haskell County | Nonmetro |
| TX | Hemphill County | Nonmetro |
| TX | Hutchinson County | Nonmetro |
| TX | Kent County | Nonmetro |
| TX | Knox County | Nonmetro |
| TX | Lamb County | Nonmetro |
| TX | Lipscomb County | Nonmetro |
| TX | Lynn County | Nonmetro |
| TX | Motley County | Nonmetro |
| TX | Nolan County | Nonmetro |
| TX | Ochiltree County | Nonmetro |
| TX | Oldham County | Nonmetro |
| TX | Roberts County | Nonmetro |
| TX | Shackelford County | Nonmetro |
| TX | Stonewall County | Nonmetro |
| TX | Terry County | Nonmetro |
| TX | Throckmorton County | Nonmetro |
| TX | Ward County | Nonmetro |
| TX | Wheeler County | Nonmetro |
| TX | Wilbarger County | Nonmetro |
| TX | Winkler County | Nonmetro |
| WY | Niobrara County | Nonmetro |
| WY | Washakie County | Nonmetro |

Appendix C.

Selected Economic Types, Counties
(percent)

| Characteristic | Nonmetro Population Loss | | | National | |
|---|---|---|---|---|---|
| | Great Plains | Other | Total | Nonmetro | Total |
| Farming Dependent | 75.4 | 14.2 | 43.8 | 19.6 | 14.0 |
| Mining Dependent | 2.7 | 12.3 | 7.7 | 5.5 | 4.1 |
| Manufacturing Dependent | 1.1 | 32.4 | 17.3 | 28.5 | 28.9 |
| Services Dependent | 1.5 | 1.8 | 1.7 | 5.5 | 10.8 |

Sources: ERS 2004c, HAC 2002.

Appendix D.

Selected Demographics, Counties
(percent)

| Characteristic | Nonmetro Population Loss | | | National | |
|---|---|---|---|---|---|
| | Great Plains | Other | Total | Nonmetro | Total |
| HS grad or higher (Population 25+) | 79.4 | 75.9 | 76.6 | 77.0 | 80.4 |
| BA or higher (Population 25+) | 15.6 | 13.2 | 13.7 | 15.0 | 24.4 |
| Non-Hispanic white | 86.3 | 85.7 | 85.8 | 82.0 | 69.1 |
| African-American | 1.4 | 10.7 | 8.9 | 8.9 | 12.9 |
| Hispanic | 8.7 | 2.0 | 3.3 | 5.6 | 12.5 |
| Native American | 2.5 | 0.4 | 0.8 | 1.9 | 0.9 |
| Population over 65 | 18.9 | 16.2 | 16.8 | 14.7 | 12.4 |
| Population under 25 | 33.4 | 33.8 | 33.8 | 34.6 | 35.3 |
| Unemployed in 1999 | 4.6 | 6.9 | 6.4 | 3.7 | 5.8 |
| In poverty in 1999 | 14.2 | 16.5 | 16.0 | 14.6 | 12.4 |

Sources: U.S. Census 2000, HAC 2002.

Appendix E.

Selected Housing Characteristics, Counties
(percent)

| Characteristic | Nonmetro Population Loss | | | National | |
|---|---|---|---|---|---|
| | Great Plains | Other | Total | Nonmetro | Total |
| Units built before 1960 | 53.7 | 48.8 | 49.8 | 34.6 | 35.0 |
| Overcrowded | 2.8 | 2.1 | 2.3 | 3.4 | 5.7 |
| Vacant | 16.5 | 12.6 | 13.4 | 15.6 | 9.0 |
| House value less than $50,000 | 53.0 | 37.6 | 40.6 | 22.9 | 9.9 |
| Owner-occupied cost-burdened | 14.2 | 16.3 | 15.9 | 18.4 | 21.8 |
| Rental-occupied cost-burdened | 24.4 | 31.5 | 30.2 | 31.8 | 36.8 |
| Manufactured homes | 9.9 | 13.4 | 12.7 | 16.0 | 8.0 |
| Homeownership | 74.3 | 74.0 | 74.0 | 73.9 | 66.2 |

Sources: U.S. Census 2000, HAC 2002.

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Rural communities that have experienced population loss reflect unique conditions that make housing and community development challenging. Despite dwindling populations, older homes, and limited community capacity, population loss counties are engaging in community development and community marketing strategies to serve the needs of the remaining population, revitalize communities, and encourage in-migration. This report illustrates strategies that have been used in the Great Plains states and highlights some communities and organizations that have been successful.

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