



PERSISTENT POVERTY AND RURAL INEQUALITY: WHERE DOES RURAL HOUSING FIT IN?

By R. Scott McReynolds, Kentucky Housing Development Alliance and Ann Williams Cass, Proyecto Azteca

Background

In Hidalgo County, Texas, almost one out of every two children (46.4 percent) lives in poverty. In Breathitt County, Kentucky, the median household income is less than half the national average (\$26,094 compared to \$53,482). In fact, over a quarter of the households in Breathitt County live on less than \$15,000 per year. But these statistics tell only half the problem. It's not just that these areas have extremely low incomes and high poverty rates, but that they have had these problems for a very long time.

USDA's Economic Research Service considers a county to be a persistent poverty county if its poverty rate has exceeded 20 percent for 30 years or longer. Today there are 353 persistent poverty counties and the overwhelming majority of them are outside metropolitan areas. While only 63 percent of all counties are nonmetro, 85 percent of persistent poverty counties are found outside metropolitan areas. Persistent poverty counties are concentrated in specific geographic regions. These regions include central Appalachia, the Rio Grande Valley, the Mississippi Delta, the Black Belt, and Native American lands.

Issues/Challenges and Opportunities

While the official measure for persistent poverty is 30 years, many of today's persistent poverty counties have had high poverty rates since at least 1960 (when the current poverty measure was first introduced). Poverty has remained entrenched in these regions despite the War on Poverty and many other relief and development efforts.

The reality of high poverty rates over long periods of time creates layers of challenges and obstacles that must be overcome for these communities to prosper. These challenges include:

- lack of good jobs and limited economic opportunities;
- lack of infrastructure (e.g. water, sewer, and roads) and basic services (building code enforcement, fire protection, law enforcement, and garbage collection);

- poor educational outcomes;
- poor health outcomes;
- high levels of drug abuse and lack of treatment programs;
- transportation and isolation;
- broken housing markets;
- lack of available land that is suitable for develop and/or land use issues;
- limited governmental and nonprofit capacity needed to access federal and state resources;
- lack of sources of matching funds;
- limited access to credit and capital for individuals and businesses;
- diversion of resources away from the greatest needs; and
- lack of hope for a better future.

Faced with these layers of challenges and obstacles, providing a single service - such as affordable housing, pre-school education, or healthy meals – in these communities can be a monumental task. Actually trying to “move the needle” on poverty rates and income inequality can seem impossible.

Overcoming persistent poverty will require a significant investment of outside resources. We know from the War on Poverty, however, that simply dumping lots of money and/or programs designed outside the community into these hard-to-serve areas is not enough. The efforts must start with local communities and be built upon local assets and a local vision for the future. Purdue University, <https://www.pcrd.purdue.edu/signature-programs/strategic-doing.php>, offers a process called *Strategic Doing*. It is designed for situations in which nobody can tell anybody else what to do. Collaboration is the only way to move forward. It is focused on doing, not just talking, with shareholders, not stakeholders, as everyone will share in the outcomes. It puts a focus on local assets that already exist.

When significant outside resources support and leverage locally driven efforts, real change happens. Overcoming persistent poverty and closing the rising income gap will take a multi-faceted, long-term effort. There are no quick fixes. Justin Maxson of the Mary Reynolds Babcock Foundation describes the sort of work that needs to be done as being “hard, slow and expensive.”

While affordable housing alone cannot solve persistent poverty and close the rising income gap, housing must be part of the solution. We know housing is an economic driver and these communities desperately need the jobs and economic development that housing provides. We also know that people living in safe, decent, and affordable housing have better health outcomes, are more successful in employment, and perform better in school. Affordable

homeownership and home repair programs also add to the local tax base and thus provide more funding for schools and other services. These programs also provide the best opportunity for low- and moderate-income families to build wealth.

Perhaps the most important benefit from affordable housing programs is they offer a tangible bit of hope. A safe, decent home provides a base upon which a brighter future can be built.

Discussion Questions

- Given the multitude of obstacles and the inherent complexity of serving persistent poverty communities, nonprofit and local government capacity is critical. How can we build and maintain capacity in these areas?
- We know that ending persistent poverty will require work across broad spectrums (e.g. housing, education, health care, job training, economic development, drug treatment prevention/programs, etc.). Who should we partner with? How do we pay for the hard work of building these partnerships?
- How we do what we do can be almost as important as what we do. How can we operate affordable housing program to maximize the economic and social benefits of affordable housing on persistent poverty communities?
- Ending persistent poverty will require a sustained effort and will be “hard, slow and expensive.” How can we attract meaningful philanthropic investment to support this work for the long haul?
- Are there people and entities that benefit from the status quo and may resist efforts to end persistent poverty?