

## EXECUTIVE SUMMARY

Nearly 30 years ago the Housing Assistance Council (HAC) published *Taking Stock*, one of the first comprehensive assessments of rural poverty and housing conditions in the United States. Since the 1980s, HAC has prepared an updated *Taking Stock* every ten years following the release of decennial Census data. Now HAC presents the newest edition of *Taking Stock*, using data from the 2010 Census and American Community Survey (ACS) to describe the social, economic, and housing characteristics of rural Americans.

For much of its history, the United States was largely rural in both population and landmass. The share of Americans living in rural places continues a long decline. Today, approximately 20 percent of the U.S. population resides in rural or small town communities. This one-fifth of the nation's population, located across more than 90 percent of the U.S. landmass, constitutes a unique spatial dynamic of sparse populations from many different communities, distinct regions, economies, and geographies. While it is important not to generalize from such a diverse landscape, there are several trends with important implications for the well-being and housing of all rural Americans.

First, while rural America remains more racially and ethnically homogenous than the rest of the nation, rapid growth in the Hispanic population continues. With the continuing out migration of working age adults, rural communities contain larger shares of older residents. These demographic drivers are important to housing markets and demand. An older, more mobile, and more diverse population will require housing options and solutions currently not available in many rural communities across the nation.

At the same time, serious economic challenges have developed over the past few years as the United States economy fell into one of the most severe economic recessions in a half century. Unemployment rates are at generational highs, and substantial wealth and equity have been stripped from home values following the housing market crash. Millions of American households are having trouble meeting their mortgage payments or rent and are facing foreclosure or eviction. It is difficult to determine the extent of foreclosures and housing distress in rural communities but, at a minimum, hundreds of thousands of rural residents are, or were, impacted by the foreclosure crisis.

While these problems are not to be overlooked, far too many rural residents have struggled with housing problems and inadequacies for years, if not decades, before the national housing crisis hit. Many high poverty regions and populations are located in rural communities across the nation. Often forgotten or hidden from much of mainstream America, these communities continue to experience decades of economic distress, neglect, and poor housing conditions.

### RURAL AMERICA IS AT A PRECIPICE AS ITS POPULATION CHANGES.

In rural and small town areas, the population grew by 3.5 million, or 5.6 percent, between 2000 and 2010, a rate below the national level. Growth was most pronounced in suburban and exurban locales. While rural areas as a whole gained population over the past decade, many communities, especially in the rural Midwest, Central Appalachia,

the South, and the Midwestern and Northeastern “rust belt,” continued losing population. Population loss has significant effects on these communities’ housing stock as well as their overall economic viability.

Rural and small town areas are not as racially or ethnically diverse as the nation overall: approximately 78 percent of the rural population is white and non-Hispanic, compared to 64 percent of the population in the country as a whole. In many individual rural communities, however, minorities do make up a majority of the population. Hispanics have now surpassed African Americans as the largest minority group in rural and small town America, and more than half of the growth in rural and small town populations in the last decade is attributable to Hispanics.

A second significant demographic change is occurring as the baby boom generation begins to turn 65, placing the United States on the cusp of an extensive and far-reaching demographic transformation. Rural America is already older than the nation as a whole, influenced by an outmigration of younger and working age populations in many rural communities. The changing age structure in the United States will invariably impact housing provision and need, but in many rural communities there is already an underlying gap in housing options and availabilities for older residents.

## THE ECONOMIC RECESSION OF THE PAST DECADE SIGNIFICANTLY IMPACTED RURAL COMMUNITIES, BUT MANY RURAL AMERICANS STRUGGLED WITH ECONOMIC DISTRESS AND PERSISTENT POVERTY LONG BEFORE THE RECESSION BEGAN.

While much of rural America’s economy is changing to meet challenges, some rural communities are struggling to survive in the modern global marketplace because of a lack of diversification. Jobs in traditional rural industries such as agriculture, timber, and mining continue to decline, yet are still important in many communities. Unemployment remains a stubborn problem in rural communities as well as nationally. Between 2000 and 2010, the rural and small town unemployment rate nearly doubled to almost 10 percent.

These economic factors combine with relatively low education levels to yield lower incomes in rural areas. The median household income in rural and small town areas is \$41,962, compared to the national median of \$51,914. Rural incomes declined by 1.8 percent from 2003 to 2010. The economic tumult of the past decade has not only reduced incomes, but it has also increased income inequality, both nationwide and in rural areas.

More Americans are in poverty in 2012 than at any time since the Census Bureau began measuring its occurrence in the early 1960s. The incidence of poverty is greatest in America’s rural areas and central cities. Approximately 10 million persons, or 16.3 percent of the rural and small town population, live in poverty. Nearly one-quarter of people in poverty live in rural areas. While some gains have been made in reducing poverty over the past several decades, rates are still stubbornly high for certain populations in rural America, such as minorities and children. Approximately 28 percent of rural minorities have incomes below the poverty level, which is more than twice the rate of rural white non-Hispanics. While minorities experience exceptionally high rates of poverty, the vast majority of rural residents in poverty are white non-Hispanics.

An increasing number of rural communities are experiencing persistently high poverty rates; that is, they had rates of 20 percent or more in 1990, 2000, and 2010. There are 429 persistent poverty counties, 86 percent of which have entirely rural populations. One of the more distressing trends is that the number of persistent poverty counties is actually increasing – up by 8 percent from the year 2000 level.

## THE NATION'S RECENT HOUSING CRISIS IMPACTED RURAL AMERICA, BUT MANY RURAL HOUSEHOLDS AND COMMUNITIES STILL GRAPPLE WITH BASIC HOUSING CHALLENGES.

There are over 30 million housing units in rural America, making up 23 percent of the nation's housing stock. Approximately 17.9 million, or 71.6 percent, of occupied homes in rural communities are owned by their inhabitants. Consistent with national trends, the 2010 rural homeownership rate declined by two percentage points from the year 2000 level. Homeowners in rural and small town communities have higher levels of “true” or mortgage-free homeownership than their suburban and urban counterparts. Nearly 42 percent of homeowners in rural and small town America own their homes free and clear of mortgage debt, compared to roughly 27 percent of suburban and urban homeowners. But rural and small town minorities have substantially lower homeownership rates than white non-Hispanic households and minority homeownership rates also declined over the past decade. At the same time, the level of rural minority homeownership is eight percentage points higher than that of minorities in the United States as a whole.

For much of the past decade, a near singular focus on purchasing and owning homes in the United States overshadowed and even marginalized the housing needs of renters. There are approximately 7.1 million renter-occupied units in rural communities, comprising 28.4 percent of the rural and small town housing stock. The imbalances favoring owner-occupied housing in rural areas may not be based entirely on preference, as there is a dearth of rental homes and rental options in many rural communities. With demographic transformations such as a growth in single-person households and the burgeoning senior population, the need for adequate and affordable rental housing looms large for rural America.

For millions of Americans, both owners and renters, manufactured housing remains an important source of housing. There are approximately 7 million occupied manufactured homes in the U.S., comprising about 7 percent of the nation's housing stock. More than half of all manufactured homes are located in rural areas, making this form of housing especially important to rural America. The housing crisis and the downturn in the economy have contributed to a decline in sales of new manufactured homes. Over the 2000 to 2010 period, sales and shipments of manufactured housing spiraled downward into a sustained slump. Placements of new manufactured housing units are at their lowest levels in decades.

Not surprisingly, the economic and housing crisis impacted rural mortgage access and provision. Rural areas have seen declines in both housing production and mortgage lending. Applications to purchase homes in rural and small town areas declined by 56 percent between 2003 and 2010. Subprime and high-cost loans continue to influence rural mortgage markets significantly. In 2010 approximately 9 percent of all rural home purchase originations were high-cost loans, accounting for 36 percent of all high-cost loans nationwide.

While it is difficult to establish a definitive estimate of the number of rural households in foreclosure, at a minimum hundreds of thousands of rural households are or were impacted by the foreclosure crisis. These problems of housing distress may linger in rural communities due to a lack of economic vitality and diversification.

Well before the economic crisis, affordability had become the most significant housing challenge in rural America, and it remains so, especially for low-income households and renters. Despite the fact that housing costs are lower in rural areas, an increasing number of rural households find it difficult to pay their monthly housing expenses. Over 7 million households – three in ten – pay more than 30 percent of their monthly incomes toward housing costs and are considered cost-burdened. The incidence of housing cost burden increased by a full six percentage points between 2000 and 2010.

In contrast, in recent decades there have been dramatic reductions of substandard and inadequate housing problems in rural America. Despite these and other improvements in housing quality, unacceptable levels of basic housing problems are still common in many rural communities. More than 30 percent of the nation's housing units lacking hot and cold piped water are in rural and small town communities, and on some Native American lands the incidence of homes lacking basic plumbing is more than 10 times the national level. Housing problems are often not isolated and in many cases are compounded by the combination of inadequacies related to affordability, housing quality, and crowding. Over half of rural and small town households with multiple problems of cost, quality, or crowding are renters.

## PUBLIC INVESTMENT IN RURAL HOUSING IS DIMINISHING AT A TIME WHEN IT IS DESPERATELY NEEDED.

The federal government has had a role in affordable housing for low- and moderate-income households for over 80 years. Today, the federal government's involvement in affordable housing is a complex patchwork of grants, loans, loan guarantees, subsidies, and tax incentives. These resources provide housing to the most vulnerable and low-income individuals in the country.

Despite demonstrated success, federally funded housing initiatives are under financial pressure and continue to change. In recent years, rural affordable housing programs continue to shift away from direct lending in favor of loan guarantees. In addition to declining monetary investment the presence and delivery mechanisms for rural assistance are also diminishing. Over the past few decades, the number of USDA local offices has decreased precipitously, reducing the agency's presence in rural communities.

One consistent resource to address rural housing challenges has been local nonprofit housing organizations across the nation. Despite capacity and funding limitations, community-based organizations are often the catalysts that transform public and private funding into affordable homes.

Problems with housing affordability, quality, and crowding remain across rural America, and continued public investment combined with sound policy is critical. Federal housing assistance has played an important role in improving housing conditions in the United States, but much work remains to extend these gains to all residents of rural America.

## RURAL AREAS AND POPULATIONS WITH PERSISTENTLY HIGH POVERTY ARE OFTEN HIDDEN FROM THE REST OF THE UNITED STATES.

While poverty is on the rise nationally, several predominately rural regions and communities have experienced persistently high poverty rates for long periods of time. Often forgotten or hidden from mainstream America, these areas are almost exclusively rural, isolated geographically, lack economic opportunities, and suffer from decades of disinvestment and double-digit poverty rates. The persistence of poverty is most evident within several regions and populations such as Central Appalachia, the Lower Mississippi Delta, the southern Black Belt, the colonias region along the U.S.-Mexico border, Native American lands, and migrant and seasonal farmworkers.

The stress and uncertainty of the recent economic downturn and crisis has been a reality for residents within rural high poverty regions for decades. A high proportion of residents in these communities are unable to find jobs that provide a living wage. In this age of technology and growth, there are still homes in the United States without plumbing and electricity, and where sewage may run open in the streets. The economic downturn has only served to exacerbate these conditions as more jobs have been lost and assistance is more difficult to access. Although high poverty rural areas face common challenges, the causes and results of their lasting economic conditions are unique.