

# RURAL RESEARCH BRIEF

September 21, 2012

## THE HOUSING ASSISTANCE COUNCIL

The Housing Assistance Council (HAC) is a national nonprofit organization that supports affordable housing efforts in rural areas of the United States. HAC provides technical housing services, seed money loans from a revolving fund, housing program and policy assistance, and research and information services. HAC is an equal opportunity lender.



## POTENTIAL USDA-INELIGIBLE AREAS ACCOUNT FOR A SUBSTANTIAL SHARE OF HOMEOWNERSHIP PROGRAM ACTIVITY

In June 2012, the U.S. Department of Agriculture (USDA) released a list of more than 900 communities that may no longer be eligible for Rural Development (RD) housing assistance based on population increase and changes in rural composition and character. The proposed communities that may become ineligible are located in 420 counties across 49 states and territories.

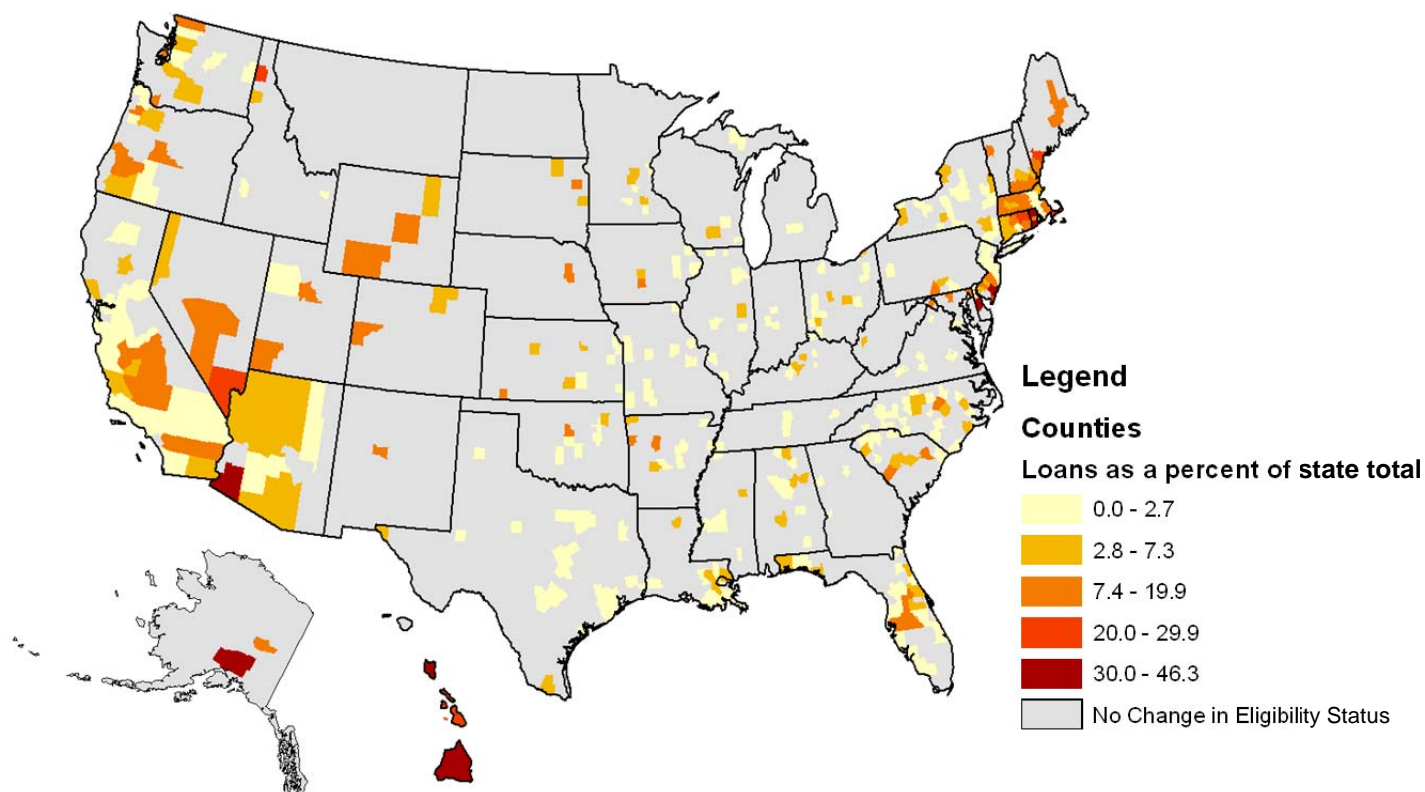
The Housing Assistance Council (HAC) investigated recent USDA-RD loan and program activity in areas that are slated for change in their eligibility status. It is important to note that RD obligation data are not available for the specific communities that may become ineligible. HAC's analysis was conducted using county level data. Therefore, the figures likely overstate the production for these specific communities. However, the review provides a general indication of possible impacts to communities that may lose their USDA eligibility status. This brief assesses only the USDA Section 502 homeownership loan program. Most other USDA housing programs will also be affected by potential changes in eligibility status.

**33% of Direct Section 502 Loans are in Counties with Potential Ineligible Areas** In Fiscal Year (FY) 2011, there were 3,174 Section 502 direct homeownership loans in the amount of \$428,986,140 obligated in counties with communities that may lose their USDA-RD eligibility status. These counties accounted for 32.8 percent of loans, and 38.3 percent of total program dollars obligated nationally. Additionally, 398 of the loans in these areas (\$68,994,659) were concentrated in counties that comprised 20 percent or more of their state's total direct obligations.

**40% of Guaranteed Section 502 Loans are in Counties with Potential Ineligible Areas** In Fiscal Year 2011, there were 51,550 loans (39.5 percent of total number of loans) representing \$7,602,726,154 (45.1 percent of total dollars) obligated in the Section 502 guaranteed program in potentially ineligible areas. Of these loans, 4,928 loans representing \$1,120,255,261 were obligated in counties representing 20 percent or more of their state's total.

# USDA Direct Loan Activity in Potentially Ineligible Areas, FY 2011

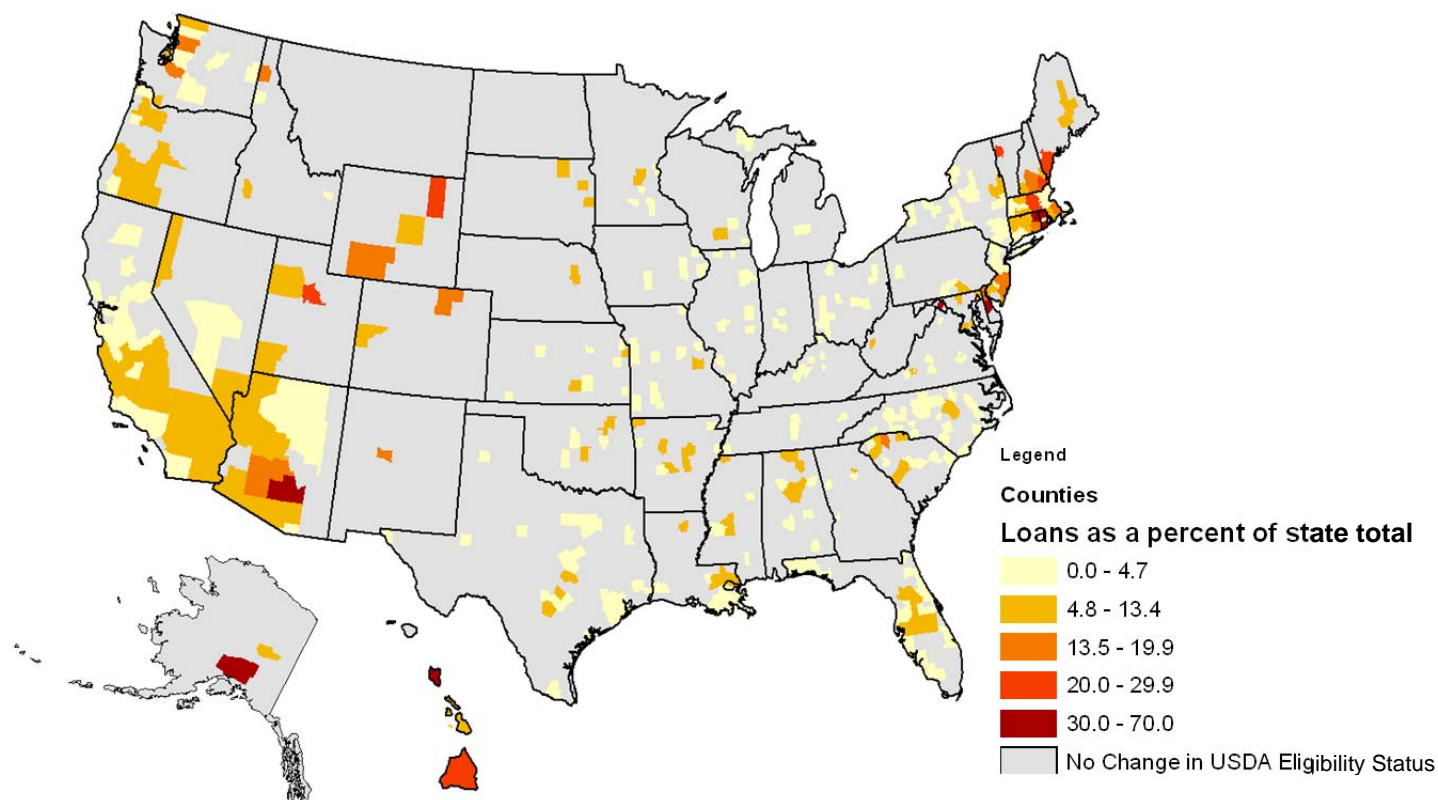
County level USDA Section 502 Direct loans as a percentage of their state's total loans, Fiscal Year 2011



Source: HAC Tabulations of USDA Data

# USDA Guaranteed Loan Activity in Potentially Ineligible Areas, FY 2011

County level USDA Section 502 Guaranteed loans as a percentage of their state's total loans, Fiscal Year 2011



Source: HAC Tabulations of USDA Data

USDA SECTION 502 DIRECT LOAN ACTIVITY IN POTENTIALLY INELIGIBLE AREAS\* BY STATE, FY 2011

States	Total Direct Obligation	Direct Obligation in Potential Ineligible Areas*	Percent of Obligation in Potential Ineligible Areas*	Total Direct Loans	Direct Loans in Potential Ineligible Areas*	Percent of Loans in Potential Ineligible Areas*
ALABAMA	\$23,221,109	\$5,260,446	22.7%	213	48	22.5%
ALASKA	\$11,482,926	\$5,866,829	51.1%	69	37	53.6%
ARIZONA	\$16,032,451	\$13,193,325	82.3%	164	139	84.8%
ARKANSAS	\$25,708,069	\$8,651,750	33.7%	281	87	31.0%
CALIFORNIA	\$69,649,142	\$60,096,086	86.3%	453	399	88.1%
COLORADO	\$15,511,357	\$4,008,929	25.8%	116	24	20.7%
CONNECTICUT	\$3,311,225	\$3,311,225	100.0%	17	17	100.0%
DELAWARE	\$7,746,022	\$3,024,997	39.1%	46	16	34.8%
FLORIDA	\$31,438,472	\$26,231,212	83.4%	314	243	77.4%
GEORGIA	\$21,062,158	\$842,089	4.0%	199	7	3.5%
GUAM	\$2,598,000	\$0	0.0%	13	0	0.0%
HAWAII	\$18,273,330	\$17,750,330	97.1%	83	81	97.6%
IDAHO	\$13,518,114	\$4,372,580	32.3%	107	31	29.0%
ILLINOIS	\$22,538,385	\$3,811,187	16.9%	300	37	12.3%
INDIANA	\$22,302,967	\$594,175	2.7%	207	5	2.4%
IOWA	\$17,199,670	\$3,545,996	20.6%	205	29	14.1%
KANSAS	\$15,390,018	\$7,445,339	48.4%	183	68	37.2%
KENTUCKY	\$35,112,359	\$7,511,820	21.4%	351	63	17.9%
LOUISIANA	\$33,613,014	\$13,457,462	40.0%	274	98	35.8%
MAINE	\$29,188,462	\$15,224,819	52.2%	219	99	45.2%
MARYLAND	\$9,944,511	\$2,216,104	22.3%	52	10	19.2%
MASSACHUSETTS	\$10,718,895	\$10,718,895	100.0%	56	56	100.0%
MICHIGAN	\$30,133,513	\$1,066,360	3.5%	323	10	3.1%
MINNESOTA	\$24,156,758	\$4,549,351	18.8%	197	35	17.8%
MISSISSIPPI	\$28,332,228	\$5,644,290	19.9%	306	47	15.4%
MISSOURI	\$38,273,670	\$7,799,118	20.4%	435	73	16.8%
MONTANA	\$14,526,786	\$0	0.0%	105	0	0.0%
NEBRASKA	\$9,467,243	\$2,067,635	21.8%	132	25	18.9%
NEVADA	\$8,669,669	\$3,970,060	45.8%	66	32	48.5%
NEW HAMPSHIRE	\$13,717,211	\$7,588,251	55.3%	95	46	48.4%
NEW JERSEY	\$6,733,549	\$6,138,649	91.2%	39	35	89.7%
NEW MEXICO	\$6,297,397	\$781,741	12.4%	52	7	13.5%
NEW YORK	\$22,888,479	\$12,248,639	53.5%	208	95	45.7%
NORTH CAROLINA	\$51,944,381	\$31,277,526	60.2%	409	244	59.7%
NORTH DAKOTA	\$5,740,771	\$0	0.0%	47	0	0.0%
OHIO	\$29,262,734	\$10,479,278	35.8%	271	82	30.3%
OKLAHOMA	\$17,606,433	\$3,722,443	21.1%	183	34	18.6%
OREGON	\$14,036,743	\$8,950,487	63.8%	94	58	61.7%
PENNSYLVANIA	\$24,960,236	\$4,933,171	19.8%	181	29	16.0%
PUERTO RICO	\$18,846,116	\$6,048,201	32.1%	190	59	31.1%
RHODE ISLAND	\$2,762,858	\$2,762,858	100.0%	13	13	100.0%
SOUTH CAROLINA	\$24,745,468	\$11,225,208	45.4%	202	88	43.6%
SOUTH DAKOTA	\$12,260,811	\$3,068,985	25.0%	121	27	22.3%
TENNESSEE	\$33,609,285	\$2,937,987	8.7%	319	23	7.2%
TEXAS	\$59,878,891	\$18,188,589	30.4%	623	180	28.9%
UTAH	\$40,758,707	\$17,514,039	43.0%	261	113	43.3%
VERMONT	\$10,009,341	\$1,525,245	15.2%	69	8	11.6%
VIRGIN ISLANDS	\$1,571,049	\$0	0.0%	12	0	0.0%
VIRGINIA	\$26,192,539	\$2,820,042	10.8%	187	19	10.2%
WASHINGTON	\$43,225,012	\$26,720,051	61.8%	240	143	59.6%
WEST VIRGINIA	\$14,175,383	\$2,789,640	19.7%	140	22	15.7%
WISCONSIN	\$20,544,586	\$2,457,110	12.0%	182	17	9.3%
WYOMING	\$8,270,284	\$2,575,590	31.1%	61	16	26.2%
<b>TOTALS</b>	<b>\$1,119,158,787</b>	<b>\$428,986,140</b>	<b>38.3%</b>	<b>9,685</b>	<b>3,174</b>	<b>32.8%</b>

Source : HAC Tabulations of RD 205 Report Data

\* Data are for counties with potential ineligible areas, not specific places.

USDA SECTION 502 GUARANTEED LOAN ACTIVITY IN POTENTIALLY INELIGIBLE AREAS\* BY STATE, FY 2011

State	Total Guaranteed Obligation	Guaranteed Obligation in Potential Ineligible Areas*	Percent of Obligation in Potential Ineligible Areas*	Total Guaranteed Loans	Guaranteed Loans in Potential Ineligible Areas *	Percent of Loans in Potential Ineligible Areas*
ALABAMA	\$413,157,634	\$204,831,733	49.6%	3,412	1,617	47.4%
ALASKA	\$70,023,424	\$42,369,790	60.5%	368	227	61.7%
ARIZONA	\$268,990,873	\$240,228,489	89.3%	2,285	2,069	90.5%
ARKANSAS	\$414,790,004	\$198,673,698	47.9%	3,841	1,731	45.1%
CALIFORNIA	\$699,261,486	\$585,466,636	83.7%	4,186	3,463	82.7%
COLORADO	\$226,238,593	\$66,795,083	29.5%	1,336	379	28.4%
CONNECTICUT	\$88,106,664	\$88,106,664	100.0%	471	471	100.0%
DELAWARE	\$74,058,744	\$43,096,614	58.2%	397	217	54.7%
FLORIDA	\$758,144,072	\$655,493,644	86.5%	6,153	5,239	85.1%
GEORGIA	\$412,064,012	\$48,377,366	11.7%	3,670	501	13.7%
GUAM	\$7,050,464	\$0	0.0%	40	0	0.0%
HAWAII	\$260,128,782	\$255,601,921	98.3%	806	791	98.1%
IDAHO	\$186,918,374	\$69,907,194	37.4%	1,424	505	35.5%
ILLINOIS	\$431,357,587	\$86,188,616	20.0%	4,528	790	17.4%
INDIANA	\$552,111,711	\$40,103,725	7.3%	5,182	347	6.7%
IOWA	\$191,876,386	\$40,846,864	21.3%	1,954	302	15.5%
KANSAS	\$180,860,662	\$82,514,903	45.6%	1,735	657	37.9%
KENTUCKY	\$351,872,293	\$107,417,189	30.5%	3,083	819	26.6%
LOUISIANA	\$741,297,441	\$421,990,673	56.9%	5,174	2,802	54.2%
MAINE	\$253,330,502	\$152,391,773	60.2%	1,785	945	52.9%
MARYLAND	\$340,201,338	\$141,341,437	41.5%	1,713	658	38.4%
MASSACHUSETTS	\$143,315,874	\$142,217,991	99.2%	720	717	99.6%
MICHIGAN	\$640,718,003	\$43,103,558	6.7%	6,389	397	6.2%
MINNESOTA	\$363,935,525	\$109,132,950	30.0%	3,113	814	26.1%
MISSISSIPPI	\$307,031,042	\$126,970,544	41.4%	2,511	879	35.0%
MISSOURI	\$481,035,844	\$163,917,114	34.1%	4,524	1,427	31.5%
MONTANA	\$165,816,375	\$0	0.0%	1,113	0	0.0%
NEBRASKA	\$105,898,799	\$17,201,392	16.2%	1,122	168	15.0%
NEVADA	\$75,321,722	\$18,180,732	24.1%	539	133	24.7%
NEW HAMPSHIRE	\$159,008,683	\$121,649,134	76.5%	933	681	73.0%
NEW JERSEY	\$167,207,337	\$155,304,193	92.9%	927	856	92.3%
NEW MEXICO	\$42,359,896	\$6,928,057	16.4%	290	51	17.6%
NEW YORK	\$177,802,627	\$85,803,825	48.3%	1,600	659	41.2%
NORTH CAROLINA	\$873,111,758	\$587,745,745	67.3%	6,315	4,196	66.4%
NORTH DAKOTA	\$53,525,309	\$0	0.0%	433	0	0.0%
OHIO	\$422,993,926	\$124,991,549	29.5%	4,094	1,015	24.8%
OKLAHOMA	\$265,721,983	\$93,791,892	35.3%	2,432	733	30.1%
OREGON	\$354,135,760	\$239,359,931	67.6%	2,314	1,490	64.4%
PENNSYLVANIA	\$556,019,828	\$106,277,995	19.1%	4,247	727	17.1%
PUERTO RICO	\$386,951,744	\$37,898,027	9.8%	3,211	304	9.5%
RHODE ISLAND	\$28,415,153	\$28,415,153	100.0%	137	137	100.0%
SOUTH CAROLINA	\$375,204,042	\$247,347,323	65.9%	2,886	1,886	65.3%
SOUTH DAKOTA	\$143,044,468	\$34,515,170	24.1%	1,203	282	23.4%
TENNESSEE	\$502,205,431	\$82,658,445	16.5%	4,279	588	13.7%
TEXAS	\$826,636,595	\$404,509,896	48.9%	6,496	2,947	45.4%
UTAH	\$354,721,138	\$206,371,939	58.2%	2,242	1,281	57.1%
VERMONT	\$85,679,190	\$24,719,749	28.9%	518	116	22.4%
VIRGIN ISLANDS	\$159,585	\$0	0.0%	1	0	0.0%
VIRGINIA	\$460,905,402	\$84,731,730	18.4%	3,115	565	18.1%
WASHINGTON	\$657,542,560	\$476,181,307	72.4%	3,536	2,400	67.9%
WEST VIRGINIA	\$186,476,106	\$77,278,648	41.4%	1,507	559	37.1%
WISCONSIN	\$338,357,472	\$50,943,694	15.1%	2,786	336	12.1%
WYOMING	\$235,972,771	\$132,834,460	56.3%	1,339	676	50.5%
<b>TOTALS</b>	<b>\$16,859,072,994</b>	<b>\$7,602,726,154</b>	<b>45.1%</b>	<b>130,415</b>	<b>51,550</b>	<b>39.5%</b>

Source : HAC Tabulations of RD 205 Report Data

\* Data are for counties with potential ineligible areas, not specific places.

## Contact Us

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## FOR MORE INFORMATION ON THE ISSUE OF USDA ELIGIBLE AREAS

Area Eligibility for USDA Housing Programs Could Change on October 1, 2012. August, 2012. <http://www.ruralhome.org/information-and-publications/prv-announcements/503-hac-supports-farm-bill-amendment-on-usda-housing-program-eligibility>

USDA List of Communities that May Lose Eligibility for Rural Development (RD) Housing Programs. <http://www.ruralhome.org/information-and-publications/rural-development-obligations/rd-elareas/560-usda-2010-census-ineligible>

HAC Report: *Estimating Potential Changes to USDA's Eligible Areas Designation*. October, 2011.

<http://www.ruralhome.org/storage/documents/usdaeligibilityreport.pdf>

Map of Current USDA-RD Eligible Areas.

[http://www.ruralhome.org/storage/rhs/rd\\_eligible\\_area\\_map.pdf](http://www.ruralhome.org/storage/rhs/rd_eligible_area_map.pdf)

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