

■ HOUSING IN RURAL AMERICA: GROWTH AND CHANGE

As the population and economy of rural America have changed, so too have rural homes. For the most part these changes have been positive. More rural Americans live in safe, decent, and high quality housing than at any time in our history.⁴³ In the first half of the 20th century housing conditions in rural America were much different. A 1934 Department of Agriculture survey revealed that only 44 percent of farm households had indoor water, and fewer than one-third had electricity or kitchen sinks. Furthermore, only about half the nation's farm dwellings were in good structural condition.⁴⁴ Today only 2 percent of nonmetro households experience severe housing inadequacy.* Despite this progress, far too many rural Americans live in substandard, unaffordable, or crowded homes. Housing cost burden is an ever-increasing problem in nonmetro America that currently affects one-quarter of all rural households.

The Housing Stock

Of the approximately 106 million occupied housing units in the United States, roughly 23 million, or 22 percent of occupied homes, are located in nonmetropolitan areas.** While the number of occupied nonmetropolitan housing units has increased by nearly 3 million between 1990 and 2000, the proportion of homes in nonmetro areas has remained relatively constant at 22 percent of the nation's housing stock.



As is the case in the nation as a whole, conventionally constructed, single-family homes are by far the predominate type of housing in rural areas, making up 72 percent of the nonmetro occupied housing stock. An even larger proportion of owner-occupied homes (81 percent) are single-family detached units. In rural areas as well as nationally, renter-occupied units are most likely to be single-family homes or in small multi-family structures. Single-family homes make up 42 percent of the nonmetro renter housing stock — twice the rate of metro areas. One in 10 nonmetro households, less than half the rate in metro areas, lives in a multi-family structure of two or more apartments. The vast majority of multi-family structures in nonmetro areas are renter-occupied.

Manufactured housing continues to be one of the nation's fastest growing types of housing, particularly in rural areas (Figure 1.13).*** Nationwide, 7.2 million or 8 percent of occupied units are manufactured or mobile homes. In rural areas, the prevalence of manufactured housing is twice the national rate as manufactured homes make up 16 percent of nonmetro housing units. While nonmetro areas contain less than one-quarter of the nation's housing units, more than one-half of mobile homes are located there. According to the 2000 Census the number of manufactured homes in nonmetro areas grew by 25 percent from 1990 to 2000. Nearly 60 percent of mobile homes are located in the South, and manufactured housing growth over the past decade was also greatest in the southern region at 38 percent. The states of Alabama, Tennessee, and South Carolina each had nonmetro manufactured housing growth rates greater than 50 percent.

Homeownership

Homeownership symbolizes individual security and prosperity and serves as a significant source of wealth and equity for most Americans. At the turn of the last century, less than one-half of U.S. homes were owned by their occupants.⁴⁵ Today, homeownership is at an all-time high in the United States as 68 percent of the

* The 1934 USDA study of farm-owned housing and the 2001 American Housing Survey (AHS) are not completely comparable when looking at housing conditions and demographics. There are no consistent data; however, the 1934 USDA study provides a good general framework on which to base this historical comparison of rural housing conditions.

** Most of the statistics in the "Housing in Rural America" section derive from HAC tabulations of the 2001 American Housing Survey (AHS) microdata. In addition to AHS data, this report's housing analysis also draws heavily from the 2000 *Census of Population and Housing*. Statistics from the 2000 Census are generally noted as such within the text. These two primary data sets compliment one another with attributes of geographical specificity available from 2000 Census and more detailed housing data available from the AHS. However, it is equally important to note that these two data sources are different in methodology and findings. Figures derived from the 2001 AHS microdata file are weighted by 1980 census-based geography. These figures may differ significantly from those in the AHS published report, which uses 1990 census-based geography.

*** The terms "manufactured home" and "mobile home" are both used in this report. The term mobile home is often used when referring to data from the American Housing Survey (AHS) or to older manufactured units. The AHS classifies this type of housing as mobile homes since it includes homes constructed before the 1976 enactment of the Federal Manufactured Home Construction and Safety Standards Act.

nation's households are homeowners. In rural areas, the homeownership rate is even higher at 76 percent.

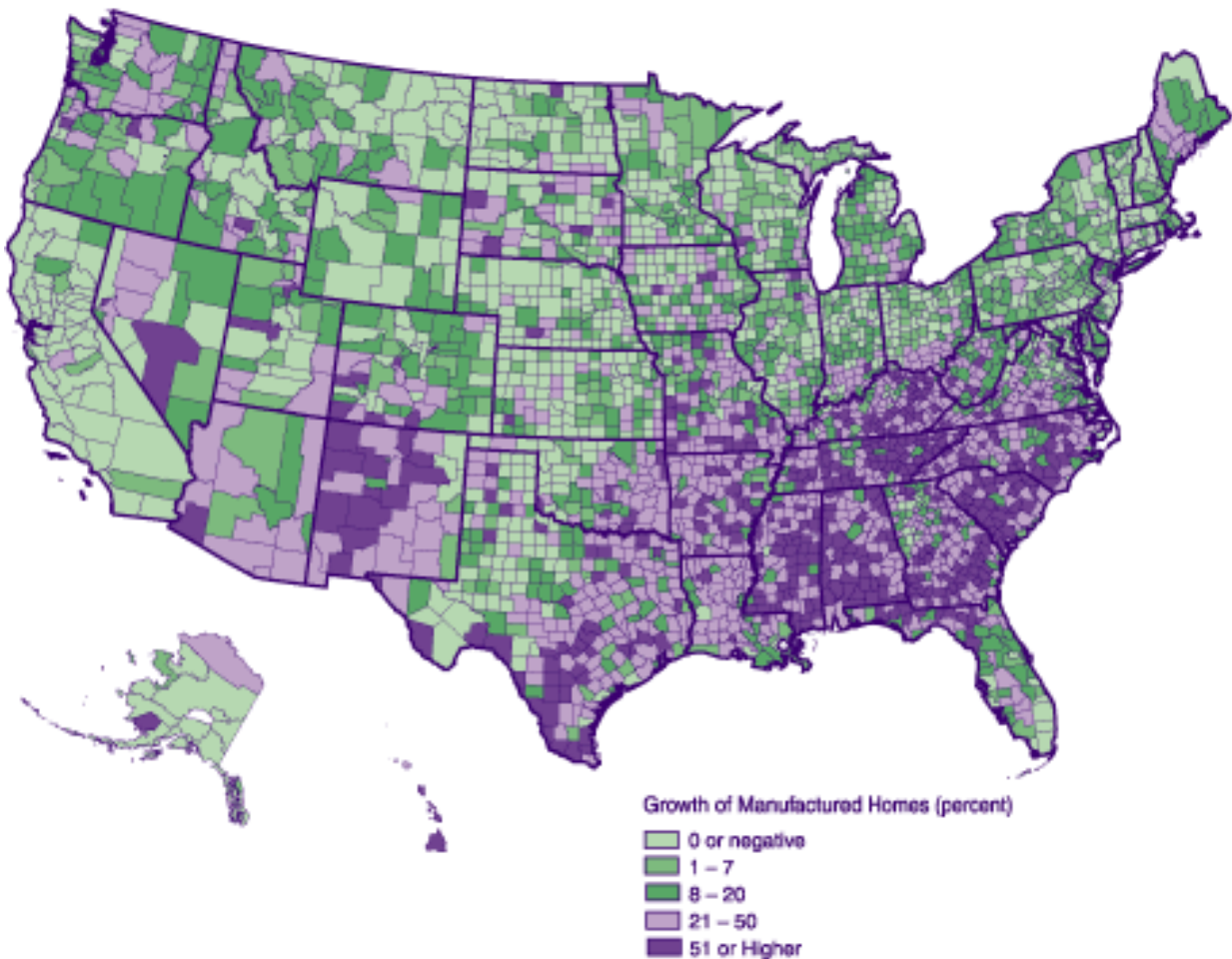
Census 2000 figures reveal that rural homeownership rates are particularly high in the states of Delaware, Michigan, Minnesota, and Florida, all of which boast rural homeownership rates close to or greater than 80 percent (Figure 1.14).^{*} Only four states (excluding New Jersey and the District of Columbia, which have no nonmetropolitan areas) — Hawaii, Alaska, Rhode Island, and California — have nonmetro homeownership levels below the nationwide rate. Growth in homeownership mirrored general population growth patterns in the nation as the interior West, Florida, and the upper Midwest all experienced considerable growth

in owner-occupied units during the 1990s — much of which was related to amenity-driven migration.

As is true in the nation as a whole, in nonmetro areas minorities have much lower homeownership rates than whites. While nearly 80 percent of nonmetro white-headed households own their homes, just 61 percent of nonmetro minority-headed households do. At the same time, the level of homeownership for rural minorities is 14 percentage points higher than the level for minorities in metro areas. Furthermore, rural minorities have made significant progress in moving into the ranks of homeownership. Between 1991 and 2001 the number of minority nonmetro homeowners increased by 35 percent compared to a 16 percent increase for nonmetro whites.

FIGURE 1.13

Manufactured Housing Growth by County, 1990-2000



Source: HACS Tabulations of 2000 Census of Population and Housing, Demographic Profile 3.

^{*} Delaware and Rhode Island have only one nonmetro county each.

The Manufactured Housing Dilemma

Manufactured housing has had a profound impact on rural America over the past few decades. Undoubtedly, manufactured housing has allowed many rural residents to improve their housing conditions and achieve homeownership at an affordable cost. Much of manufactured housing's popularity in rural areas stems from its cost and convenience. The median purchase price of a new manufactured home in nonmetro areas is approximately \$41,000, compared to \$130,000 for a new single-family home. This affordability appeals to many young and first-time home-buyers. In general, occupants of manufactured housing tend to be younger and to have less income and less education than those living in traditionally built single-family homes, and they are more often white.⁴⁶

Manufactured homes of the 21st century are not the "trailers" of the 1960s and 70s. The manufactured housing industry has experienced a dramatic transformation over the past few decades, producing units of greater quality, size, and safety. Some manufactured home models are virtually indistinguishable from conventionally constructed single-family units. However, while many physical and structural attributes of manufactured housing have improved, factors of financing and investment for this type of housing have not progressed as well. A majority of new manufactured homes are still financed with personal property loans by subprime lenders and companies specializing in manufactured housing credit.⁴⁷ This form of financing is less beneficial for the consumer than more conventional loans because it generally offers higher interest rates and shorter terms. Furthermore, with this form of financing manufactured homes are often titled as personal property or chattel, not real estate. The legal status of real estate opens up a greater possibility of traditional mortgage financing.⁴⁸

It is equally important to note that over one-third of nonmetro mobile home residents live in units that are more than 20 years old and are therefore susceptible to quality and safety problems. Households who live in these older mobile homes are also more likely to be elderly and have lower incomes than those who reside in newer manufactured units.

While the overall housing market has remained strong through the current economic slowdown, the manufactured housing industry has been mired in a recent slump. After experiencing dramatic growth throughout much of the 1990s, the industry has spiraled downward in the past few years. In 1998 new manufactured housing shipments hit peak levels for the 1990s of 374,000 units. In 2001 the number of shipments had dropped to 186,000 units.⁴⁹ Much of this decline was precipitated by the over-extension of risky financing that backfired after record high foreclosure rates produced a glut of manufactured units that depressed the market.⁵⁰

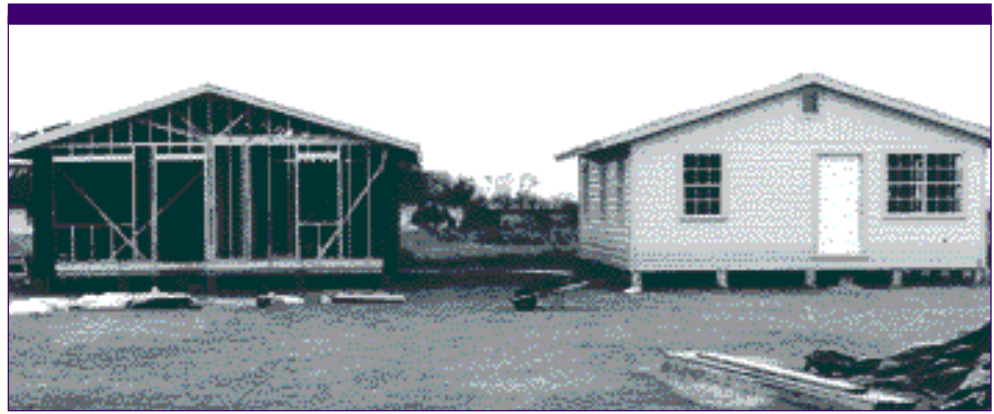
Improvements in the quality of manufactured housing are leading some nonprofit organizations and other developers to consider using manufactured housing for affordable housing projects. Nationwide, several local rural community development organizations have bypassed the pitfalls of traditional manufactured housing financing, instead developing affordable manufactured housing projects using U.S. Department of Housing and Urban Development (HUD) HOME funds, Low Income Housing Tax Credits, state housing trust funds, and other incentives. Some possible benefits of utilizing manufactured housing for affordable housing projects in rural areas include overcoming a community's shortage of contractors willing to build affordable housing, minimizing labor



supply problems, reducing the need to find and coordinate subcontractors, and reducing the burden of multiple building code inspections required for site-built units.

For more information on manufactured homes visit the Neighborhood Reinvestment Corporation's website at www.nw.org or Consumers Union at www.consumer.org.

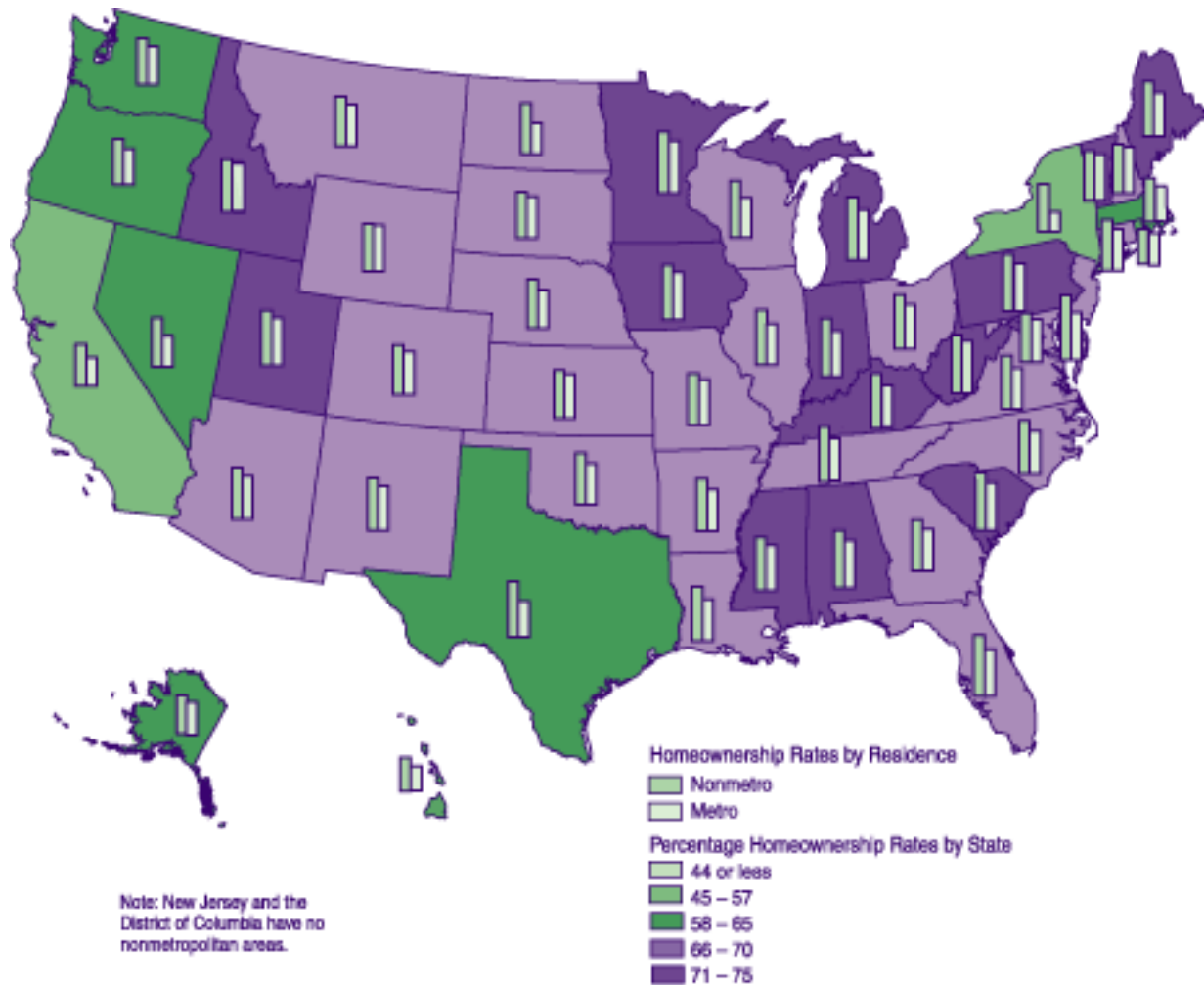
Similarly, nonmetro low-income households have lower homeownership rates than all nonmetro households but higher rates than their metro counterparts. In metro areas less than one-half of low-income households (those with incomes at or below 80 percent of area median income) are homeowners compared to nearly two-thirds of nonmetro low-income households. These higher homeownership rates in rural areas are in part a factor of



manufactured homes, which are more affordable and accessible to low-income households in many rural areas.

FIGURE 1.14

Homeownership by State and Residence



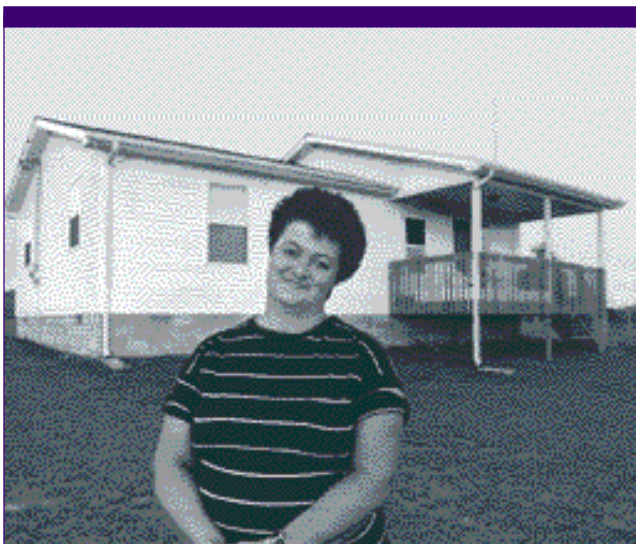
Source: HAC Tabulations of 2000 Census of Population and Housing, Demographic Profile 4.

Rental Housing

In a nation that values homeownership and has committed substantial resources to increasing ownership opportunities, the needs of renters are often overlooked.⁵¹ Renting provides a housing alternative for the millions of rural families unable to purchase or uninterested in owning homes. In rural communities where homeownership has long been the preferred form of tenure for the vast majority of households, the importance of the rental housing stock and the needs of renter households are often ignored.

More than 5.5 million units, or 24 percent of the total occupied nonmetro housing stock, are renter-occupied. Rural renter households have lower incomes than owners and experience some of the most significant housing problems in the United States. Renters in rural areas are more likely to have affordability problems and are twice as likely to live in substandard housing as owners. Approximately 12 percent of nonmetro renters live in either moderately or severely inadequate housing compared to 6 percent of nonmetro owners. Rural renters also live in older housing as 41 percent of rural renter-occupied units were built before 1960 compared to 35 percent of owner-occupied units.

There is a significant need for rental housing assistance to alleviate housing cost burden, improve substandard conditions, and increase the supply of affordable rental housing. With demographic drivers such as a growth in the number of single-person households and the burgeoning elderly population, the need for adequate and affordable rental housing is looming larger for rural America. Despite these pressing needs, attention to rural rental housing issues has been minimal and resources to address these conditions are limited.



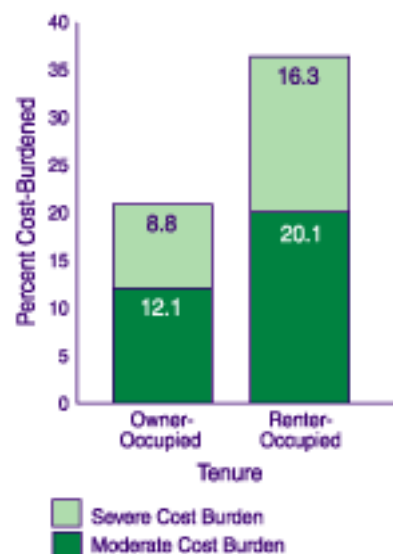
Affordability

For much of the 20th century, the poor quality and condition of homes was the primary housing concern facing rural America. Affordability has replaced poor housing conditions as the greatest problem for low-income rural households, however, because while housing conditions have improved, housing costs have increased drastically and incomes have not kept pace. In general, housing costs tend to be lower in rural areas than in more urbanized locales. Nationwide, the \$452 median monthly cost of nonmetro housing is significantly lower than the metro median of \$731. Nonmetro housing costs tend to be lowest in the southern United States with a median monthly housing cost of \$394 and highest in the Northeast with a median cost of \$562. Correspondingly, housing affordability problems tend to be more prevalent in the Northeast and on the West Coast, particularly in California.

Despite the fact that housing costs are generally lower in nonmetro areas than in metro areas, many households, particularly renters, find it difficult to meet these expenses. Approximately 5.5 million, or one-quarter of the 23 million nonmetro households, pay more than 30 percent of their monthly income for housing costs and are therefore considered cost-burdened. More than 2.4 million of these nonmetro cost-burdened households pay more than half their incomes toward housing costs. Most cost-burdened households have low incomes, and a disproportionate number are renters (Figure 1.15).

FIGURE 1.15

Nonmetro Housing Affordability Cost-burdened Households by Tenure



Source: HAC Tabulations of 2001 American Housing Survey.

Thirty-five percent of cost-burdened nonmetro households are renters, while renters comprise less than one-quarter of all nonmetro households.

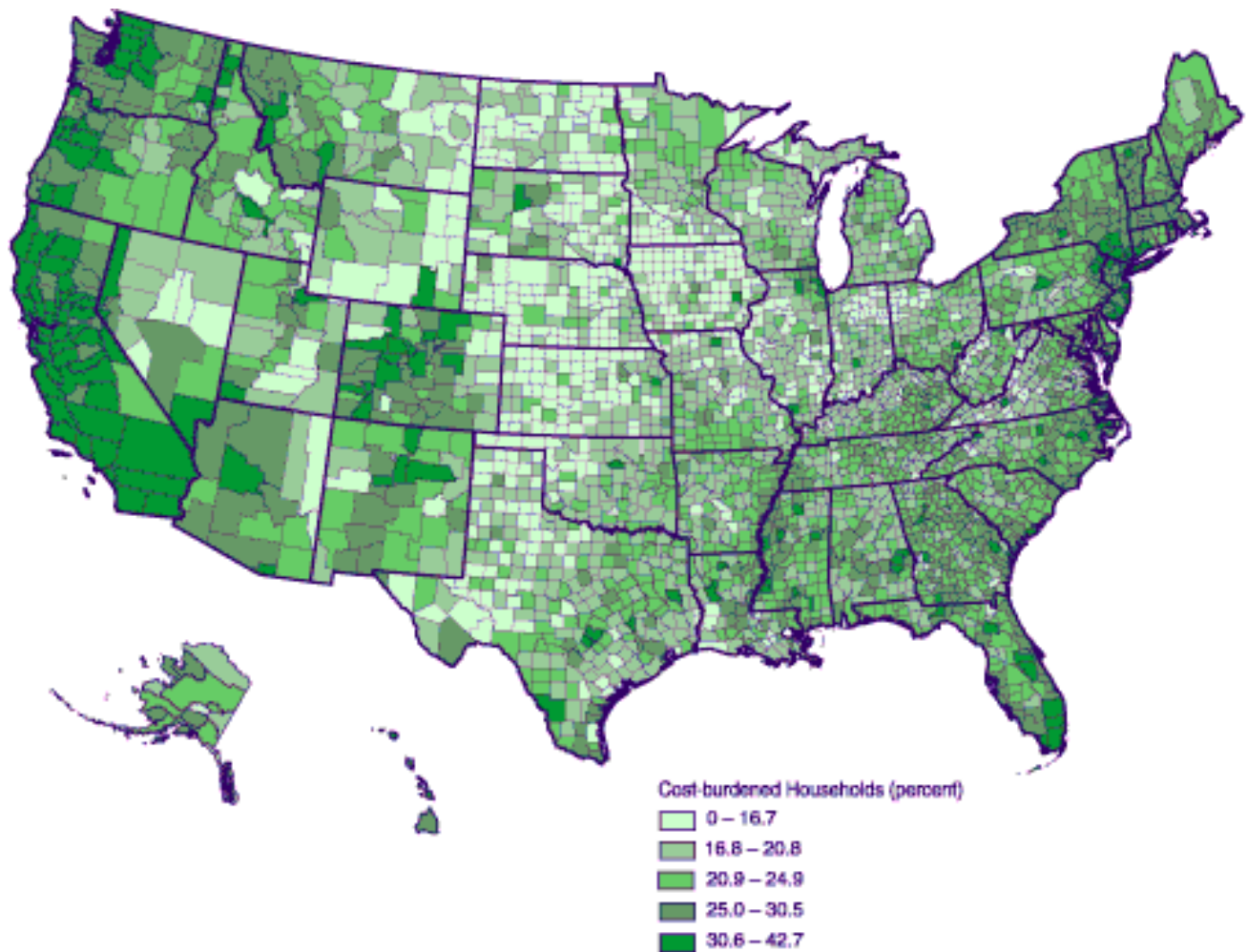
As indicated by the 2000 Census, rural affordability problems vary across the country. The largest and most visible rural area with affordability problems is the West Coast (Figure 1.16). Collectively in the states of California, Oregon, and Washington, 31 percent of nonmetro households are cost-burdened. Other problem areas are those with many amenities such as Colorado’s “ski counties.” For example, in San Miguel County, Colorado — home to the Telluride ski area — 36 percent of households are cost-burdened. Affordability problems also exist in certain areas with high and persistent poverty rates. Ziebach County, South Dakota, home to

the Cheyenne River Sioux Native American reservation, and Owsley County, Kentucky, in the heart of the Appalachian Mountains, are both very poor counties with considerable cost burden problems among their populations. In these areas, incomes are so low that many residents cannot afford housing even though costs are much lower than the national average. When incomes and housing prices are both depressed in communities such as these, the quality of housing is also low.

Affordability problems in rural America are further evidenced by the National Low Income Housing Coalition’s 2002 *Out of Reach* report, which indicates that nowhere in the United States — urban or rural — can a minimum wage worker afford a two-bedroom apartment at the “fair market rent” established by HUD

FIGURE 1.16

Housing Affordability by County



Source: HAC Tabulations of 2000 Census of Population and Housing, Demographic Profile 3.

for its affordable housing programs. In fact, a rural worker must earn a “housing wage” of \$9.23 per hour, far more than the federal minimum wage of \$5.15 per hour, in order to afford the national average fair market rent for a two-bedroom apartment.⁵²

Housing Quality

In the past few decades dramatic progress has been made in improving the quality of housing in rural America. The 1970 Census reported over 2 million nonmetro households without complete plumbing facilities.⁵³ In the year 2000, Census figures reveal that only a little over 200,000 nonmetro units lack complete plumbing (Figure 1.17). Other housing quality indicators such as incomplete kitchens have also witnessed dramatic reductions over the decades.

Despite this progress, housing problems persist in the United States and tend to be most common in rural areas and central cities. While rural homes comprise a little over one-fifth of the nation’s occupied housing units, they account for over 30 percent of units without adequate plumbing. According to 2001 American Housing Survey (AHS) indicators of housing adequacy, 1.6 million or 6.9 percent of nonmetro units are either

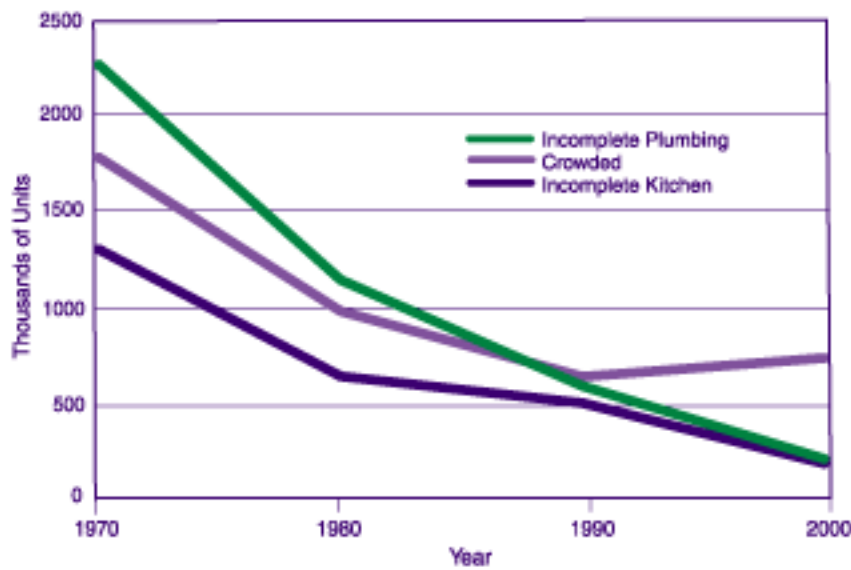
moderately or severely substandard, which is a slightly higher rate than for metro areas.*

Minorities in rural areas are among the poorest and worst housed groups in the entire nation, with disproportionately high levels of inadequate housing conditions. Non-white and Hispanic rural households are nearly three times more likely to live in substandard housing than white rural residents. Minorities are also more likely to live in inadequate housing in nonmetro areas than in metro areas. Rural African Americans have particularly high substandard housing rates as nearly one in five nonmetro African-American headed households lives in substandard housing (Figure 1.18).

The South has traditionally lagged behind the rest of the nation in many quality of life indicators, and housing is no exception. The rate of substandard housing in the nonmetro South is more than double that of any other region of the country, and 63 percent of all rural substandard housing units are located in the South. This is not surprising given that the South is home to the rural poverty of the Black Belt, the Lower Mississippi Delta, the central Appalachian mountains, and a sizeable portion of the border colonias area, all of which experience high rates of substandard housing.

FIGURE 1.17

Nonmetro Housing Quality Characteristics, 1970-2000



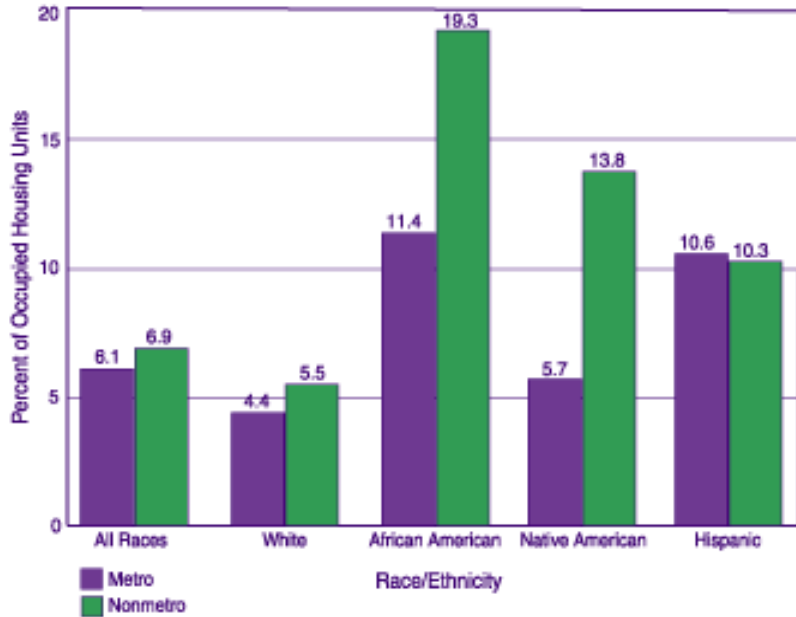
Source: 1970, 1980, 1990, and 2000 Census of Population and Housing.



* The American Housing Survey provides much more detailed information about substandard housing than is available from the 2000 Census data. For more information on housing quality indicators please consult Appendix A.

FIGURE 1.18

Substandard Housing by Race/Ethnicity and Residence



Source: HAC Tabulations of 2001 American Housing Survey.



Crowding

Nationwide, household crowding is primarily an urban housing problem. According to the 2000 Census, 5.3 million or 6.3 percent of metro households are crowded compared to 725,000 or 3.4 percent of non-metro households. However, the number of crowded units in rural America has grown slightly since 1990.* Household crowding is particularly a problem among Hispanic households. Overall, Hispanics occupy one-quarter of all crowded housing units in nonmetro areas.

Crowded living conditions are a source of stress for many families. Crowding has long been associated with negative social conditions such as crime and strained family relations.⁵⁴ In rural areas, crowding is sometimes an invisible form of homelessness as some rural households double up with friends or relatives in reaction to adverse economic or social situations, or to escape substandard housing conditions.

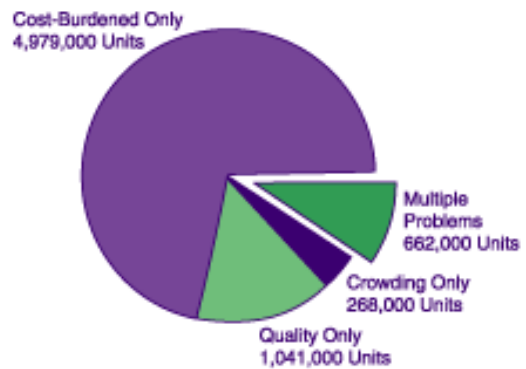
Multiple Housing Problems

Unfortunately, housing cost, quality, and crowding concerns are not mutually exclusive — many rural households experience multiple housing problems (Figure 1.19). Nearly 30 percent of nonmetro house-

holds have major housing problems. Over 6.2 million nonmetro households have at least one major problem, most often affordability. Approximately 662,000 rural households have two or more housing problems. Rural renters are disproportionately represented among households with problems and in particular among households

FIGURE 1.19

Nonmetro Housing Problems



Source: HAC Tabulations of 2001 American Housing Survey.

* Crowding figures from the 2000 Census of Population and Housing and the AHS survey differ significantly, with the Census reporting 200,000 more nonmetro crowded units than does the AHS.

with multiple problems. Over half of nonmetro households with multiple problems of cost, quality, or crowding are renters.

Mortgage Access and Housing Investment

During the nation's recent economic downturn, the overall housing market has remained remarkably strong. The current instabilities in some investment sources have increased the appreciation of homeownership as a means of wealth accumulation. A large proportion of nonmetro homeowners possess such housing wealth, owning their homes free and clear. Overall 53 percent of nonmetro homeowners, compared to 39 percent of metro homeowners, are without a mortgage.

A home is the most valuable asset most Americans will ever own. This is particularly true for low- and moderate-income households. While more rural households own their homes, the equity they accumulate is likely to be less than that for homes in metropolitan areas because rural houses are generally less expensive. Nationwide, the median value of a home is \$120,000. The median value of nonmetro homes is \$80,000. In addition, factors such as distance from employment opportunities, markets, and amenities contribute to the lower value and appreciation of houses in nonmetro areas. Generally, housing appreciates less in rural areas.

The higher proportion of manufactured housing in rural areas also contributes to the reduced housing investment value of nonmetro homes overall. It has generally been assumed that manufactured homes depreciate in value. Recent research from Consumers Union found that on average, manufactured homes depreciate at a rate of 1.5 percent annually compared to an annual appreciation rate of 4.5 percent for conventionally constructed single-family homes.⁵⁵ The research also indicates that manufactured homes in rural areas appreciate less than those in more urbanized areas.⁵⁶ The fact that many manufactured homes are not financed as real estate also contributes to their poorer investment performance compared to conventional construction.

Limited access to quality credit and affordable mortgage sources is another factor impacting the investment value of rural homes. Rural areas generally have fewer financial institutions than urban markets, resulting in less competition and therefore increased costs to consumers. Higher overall mortgage rates in nonmetro areas are

attributable in part to the larger number of financed manufactured homes, which often have shorter loan periods and higher rates.⁵⁷ Approximately 10 percent of all nonmetro owners with a mortgage have an interest rate of 10 percent or more, nearly double the metro proportion (Figure 1.20).

Subprime Lending in Rural America

The recent proliferation of subprime lending has greatly influenced rural mortgage markets. The growth of subprime and low-downpayment lending has allowed many low-income households to achieve homeownership. However, a significant number of these loans are made on thin equity cushions and blemished credit records.⁵⁸ An economic crisis, such as loss of a job, could spell disaster for many homeowners with subprime credit.

Subprime loans tend to have higher interest rates and shorter terms than more conventional prime loans because these lenders are assumed to make loans to borrowers who are at a higher risk of default. Additionally, a majority of subprime loans are refinancings, which generally carry higher interest rates as well. Subprime lenders are more active in low-income and minority communities and, while statistically reliable data are unavailable, there is evidence to suggest that they are increasingly active in rural areas. According to 2000 Home Mortgage Disclosure Act (HMDA) data, approximately 13 percent of all conventional loan originations in nonmetro areas were made by subprime lenders as identified by HUD.* A large percentage of these originations were refinance loans. Not surprisingly, manufactured housing lenders that also specialize in subprime lending have grown in prominence in recent years. Nationwide approximately 4 percent of HMDA reported loan originations in 2000 were made by companies specializing in manufactured home lending. In nonmetro areas, over 10 percent of all mortgage loans were by manufactured home lenders.

Some subprime lenders have implemented predatory lending practices. According to the National Community Reinvestment Coalition, predatory loans are those that 1) charge more in interest and fees than covers the associated risk, 2) contain abusive terms and conditions, 3) do not take into account the borrower's ability to repay, and/or 4) target women, minorities, and communities of color.⁵⁹ These predatory practices significantly increase costs and strip equity from borrowers.

For more information on subprime and predatory lending visit the National Community Reinvestment Coalition's website at www.ncrc.org or Consumers Union at www.consumersunion.org.

* These figures derive from HAC tabulations of 2000 HMDA data and HUD's subprime lender list. For more information on these sources consult Appendix A. HMDA does not identify subprime loans. Rural banks that do not originate loans in metropolitan areas are exempt from HMDA reporting requirements, as are all banks with assets under \$30 million in 2000. Therefore, a portion of rural credit applications are not reported in the HMDA database.

FIGURE 1.20

Interest Rates by Residence

	<i>Metro</i>	<i>Nonmetro</i>
Interest rate 9.9 % or less	95 %	90 %
Interest rate 10 % or more	5 %	10 %
Median interest	7.25 %	7.5 %
Median term	30 years	27 years

Source: HAC Tabulations of 2001 American Housing Survey.

While several barriers to quality and affordable mortgage access are problematic in rural areas, asset and investment accumulation through homeownership is still a considerable economic factor for many rural residents. In addition to providing greater levels of satisfaction, homeownership also bestows certain economic advantages upon owners. Economic well-being is an important by-product of decent homes and neighborhoods.

Federal Housing Assistance and Its Impact

Since the mid-1930s, the federal government has supported the production of low- and moderate-income rural housing.⁶⁰ This assistance has directly improved the housing condition and lives of millions of low-income rural Americans. Approximately 10 million or 10 percent of all U.S. households receive rental assistance or a reduced cost mortgage through a federal, state, or local program.* In nonmetro areas, 1.8 million or 8 percent of households receive some type of government housing assistance (beyond the federal mortgage interest income tax deduction); most of them are renters.

Targeted government housing assistance plays a significant role in the ability of low-income households to obtain and maintain decent housing. For example, a USDA Economic Research Service study

* The number of rental households receiving assistance is estimated according to AHS data indicating those households who report their income as part of their rental lease, pay a lower rent because the government is paying part of the cost of the unit, or live in a building owned by a public housing authority. These estimates include federal, state, and local government assistance. Data on government subsidized owners in the AHS are limited. The number of homeowners who receive public mortgage assistance is estimated from those households who indicate they obtained a mortgage through a state or local government program that provides lower cost mortgages or have a primary mortgage from the USDA Rural Housing Service. This methodology is assumed to provide an underestimate of the number of subsidized owners. For more information about subsidized households please consult Appendix A.

on the impacts of the Rural Housing Service’s (RHS) low-income mortgage program found that 90 percent of borrowers indicated that without the RHS homeowner assistance they probably would never have been able to afford their homes.⁶¹ Government housing assistance also has a significant impact on improving housing quality and satisfaction for nonmetro households. Seventy percent of nonmetro households with government housing assistance express high housing satisfaction, and less than 1 percent of these subsidized households rate their housing satisfaction as low. Likewise, over half of recent nonmetro movers with a subsidized mortgage rank their current housing as better than their previous unit.

Housing resources in the U.S. are provided by local and state governments and the federal government. The federal housing effort has evolved into a complex series of programs. Housing programs that reach rural communities are administered through HUD, USDA’s RHS, the Internal Revenue Service, and others. The federal government’s largest housing initiative is the mortgage interest income tax deduction, which primarily benefits middle- and upper-income households. HUD is the dominant source of federal funding for low- and moderate-income housing. RHS programs, which target rural housing needs specifically, receive relatively little funding.

Federal rural housing programs have gone through dramatic transformations in recent years. Many federal housing programs have seen their budgets drastically



cut. A primary example is the USDA Section 515 Rural Rental Housing program, which in Federal Fiscal Year (FY) 1994 funded the development of 11,542 units of affordable rental housing. Only 1,759 units were developed under the program in FY 2002, reflecting an 85 percent reduction from the FY 1994 level (Figure 1.21).

Another significant issue associated with rural rental housing programs is that of prepayment. A significant portion of the units in the RHS Section 515 Rural Rental Housing portfolio is at risk of being lost as low-income housing. Owners of projects that received loans prior to 1989 can request prepayment of the loan balances and convert the projects to market rate housing, albeit with some restrictions designed to encourage

affordable housing preservation. As of April 2000, there were 11,114 projects at risk of prepayment, and these projects encompassed a total of 290,440 units.⁶² HUD's Section 8 tenant-based rental assistance program is experiencing similar problems with landlords opting out of the program in search of higher rents and fewer government regulations.⁶³

Several federal housing programs have been affected by a shift in emphasis to indirect subsidies such as loan guarantees and tax incentives. One significant result of these policies has been a reduction in these programs' service to lower-income households. The USDA Section 502 homeownership loan program has recently been transformed from one that focused on direct housing subsidies to one that utilizes a greater number of loan guarantees. In FY 2000 just 3 percent of guaranteed loans, as opposed to 44 percent of the program's direct loans, served very low-income households.

These gaps in available housing assistance were recognized in a major study, released in 2002, that also acknowledged the housing needs described throughout this report and the importance of decent, affordable housing to families, communities, and the nation. The bipartisan Millennial Housing Commission, appointed by Congress, reported that extremely low-income households have the greatest unmet housing needs. The commission's many recommendations included calls for increased federal rural housing funding and for several measures to preserve existing affordable housing.⁶⁴

FIGURE 1.21

Selected Rural Housing Service Programs Funding
New Units Funded, 1981-2001



Source: USDA Rural Housing Service.