Defining Rural America

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Roadmap

- Introduction, data, and methods

- Defining rural areas

- Mapping rural areas

- Key findings

  – Size of the rural housing market

  – Race/ethnicity

  – Demographics

  – Rural housing stock

- Future work and conclusions

Introduction

- Researching housing challenges and characteristics in rural areas is often complicated by the lack of "good data"

- Researchers often define rural based on practical considerations like data availability and geography

- We hope to show: the choice of rural definition matters significantly and requires careful consideration

Data and Methods

- Replicate common definitions of rural at the county, zip code, census tract, and urban area/cluster geographies

- Use 2019 American Community Survey 5-Year Estimates to show how population, housing unit, and household counts, as well as other common housing, demographic, and economic characteristics vary depending on the rural definition used

  – What do these different definitions of rural tell us about the size of the rural housing market?
  – What do they tell us about the scope and extent of rural housing, demographic, and economic challenges and realities?

Common Ways to Define Rural

- "Not urban"

- Population

- Housing and population density

- Accessibility to cities and economic interdependence

- Commuting times and adjacency

- Perceptions

- Typologies of rural

Four Categories

- Residual

- Character

- Perceptual

- Policy

Rural Definitions

- **Residual**

  – Office of Management and Budget (OMB)

  – Census Urban and Rural Classification (Census)

- **Character**

  – Housing Assistance Council (HAC)

  – USDA Rural-Urban Commuting Area (RUCA)

  – USDA Rural-Urban Continuum Codes (RUCC)

- **Perceptual**

  – HUD Urban Perceptions Small Area Index (HUD)

  – Trulia Perception-Based Indicator (Trulia)

- **Policy**

  – USDA Eligibility (USDA)

 – FHFA Duty to Serve (FHFA)

Rural Definitions

| Definition	Year	Updates	Geo.	Defining Rural
OMB	2018	Periodic	County	Define MSAs that have at least one urbanized area of 50,000 people or more and adjacent territory with a high degree of integration. Everything else is categorized as non-metropolitan, a common proxy for rural.
Census	2010	Decennial	UA/UC	Define UAs and UCs by population density and adjacency. Everything else is categorized as rural.
HAC	2019	One-time	Tract	Under 16 housing units per square mile; small-town tracts also have a commuting component
RUCA	2010	Decennial	Tract	Primary commuting flows to a tract outside an UA or UC
RUCC	2013	Decennial	County	In non-metro counties, an urban population with under 2,500 people
HUD	2017	One-time	Tract	AHS (2017) asked respondents to define their neighborhood as urban, suburban, or rural; neighborhood characteristics associated with these perceptions were then used to predict the likelihood any given tract would be seen as rural
Trulia	2015	One-time	Zip	Trulia asked respondents to define their neighborhood as urban, suburban, or rural; neighborhood characteristics associated with these perceptions were then used to predict the likelihood of any given tract would be seen as rural
FHFA	2021	Annual	Tract	All tracts outside MSAs; tracts within MSAs that are outside a UA and have under 64 housing units per square mile
USDA	2021	Annual	Tract	Determined by population, MSA status, mortgage credit availability, and previous rural designation

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Residual

OMB

Census
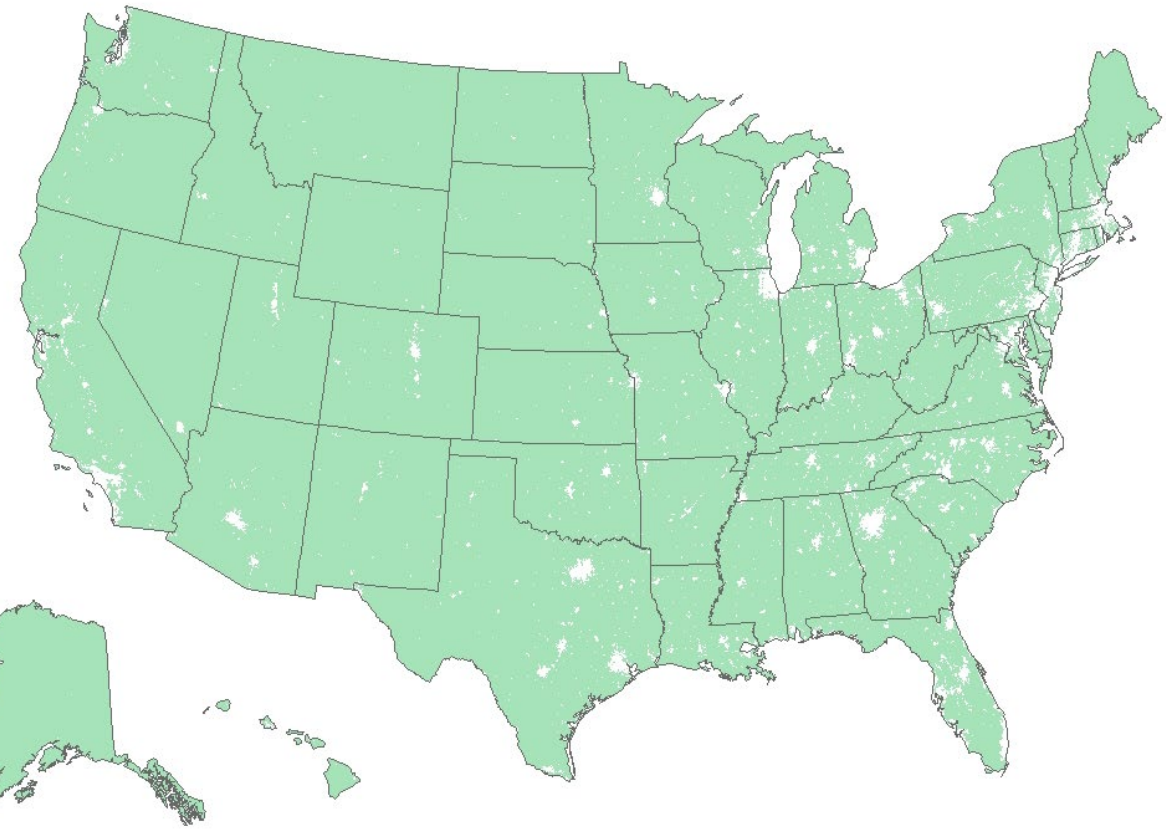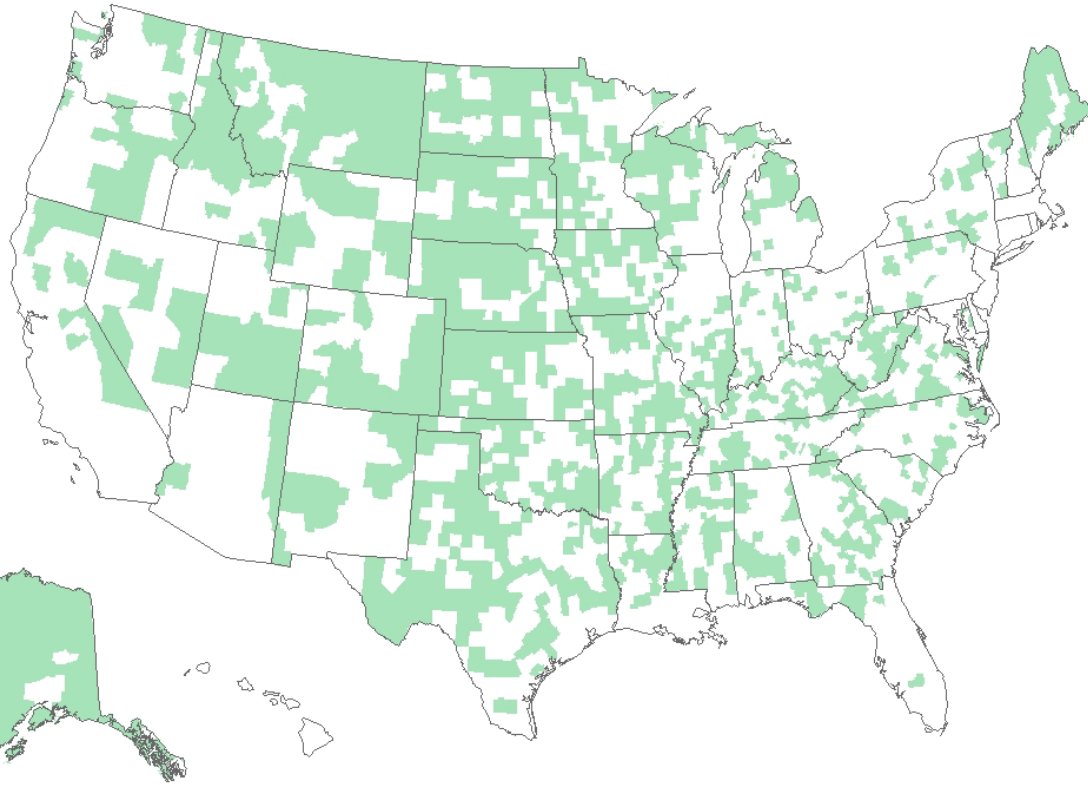
HAC
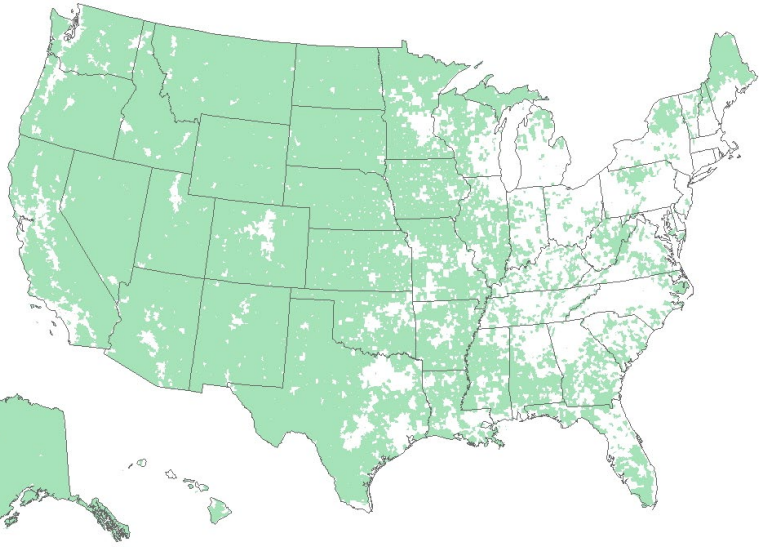
RUCA
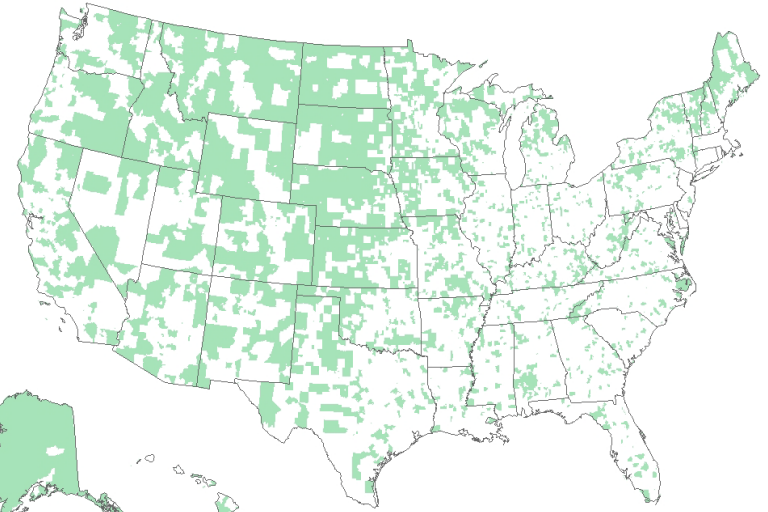
RUCC
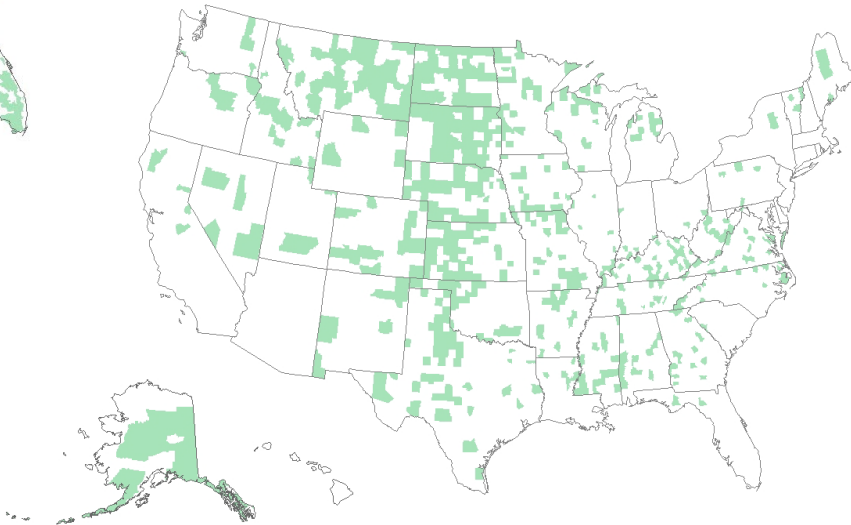
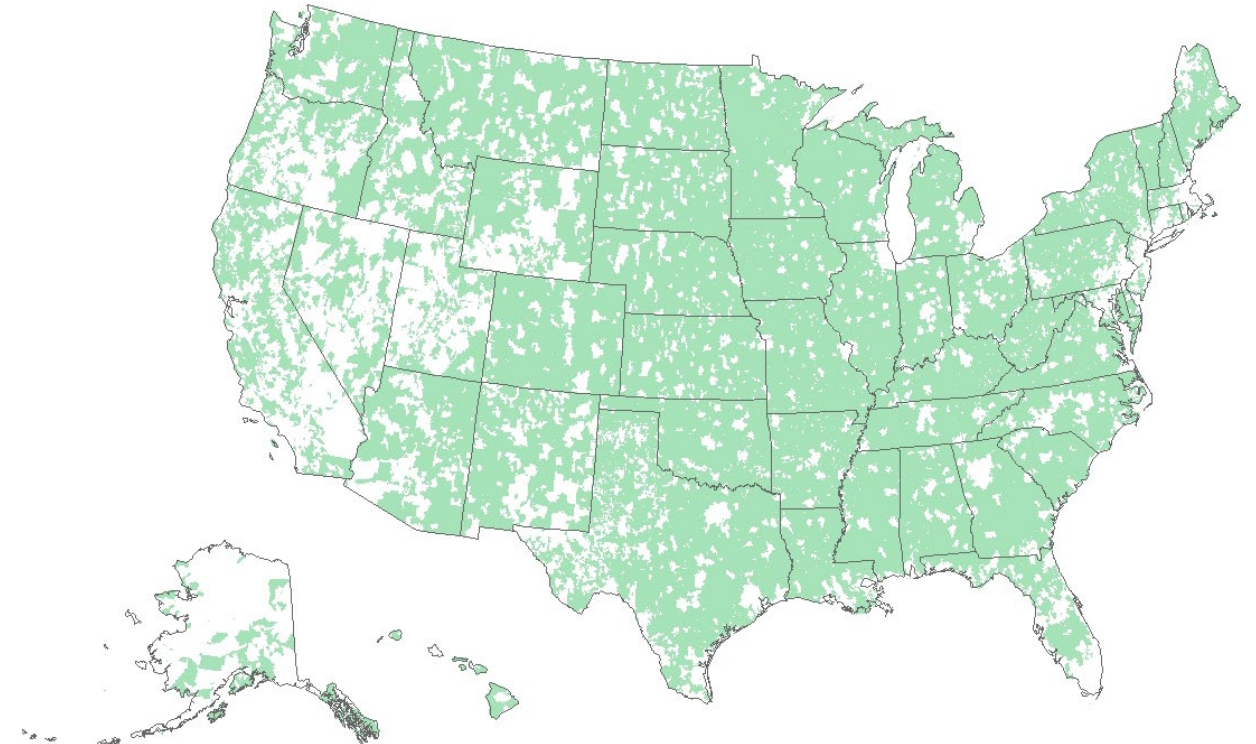# Perceptual

HUD

Trulia

Policy

USDA Eligibility

FHFA

RURAL RESEARCH SYMPOSIUM
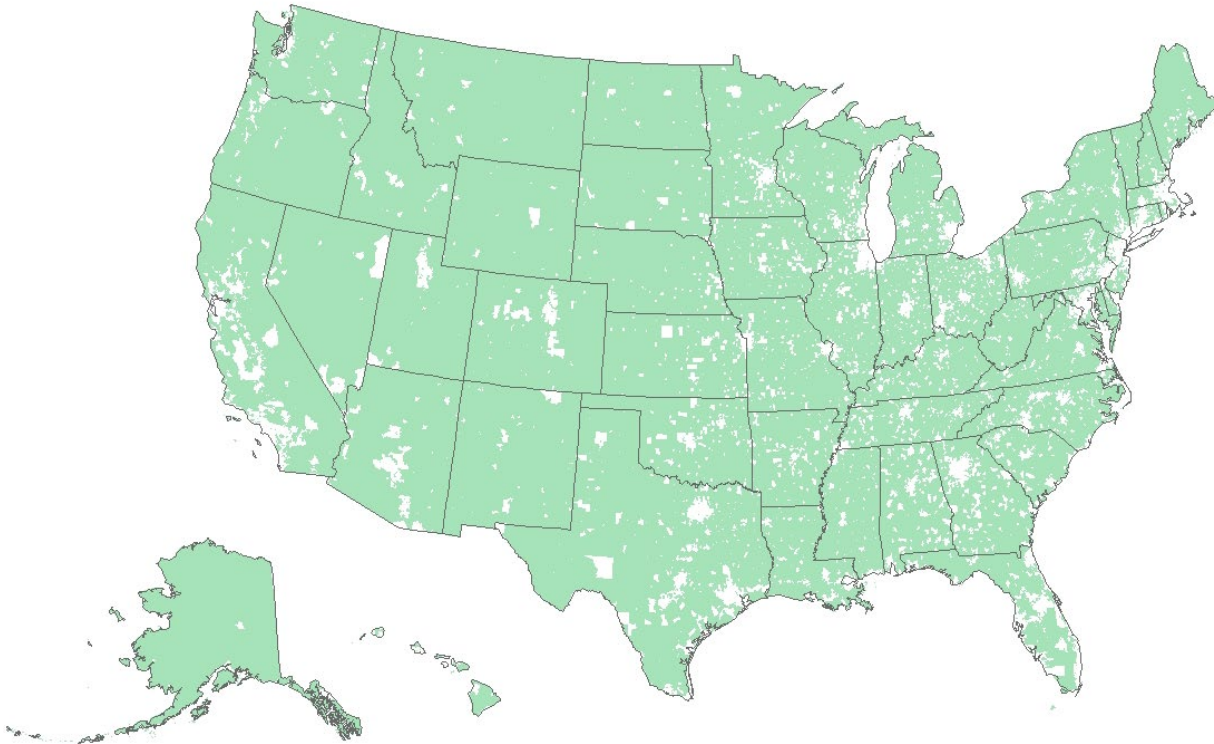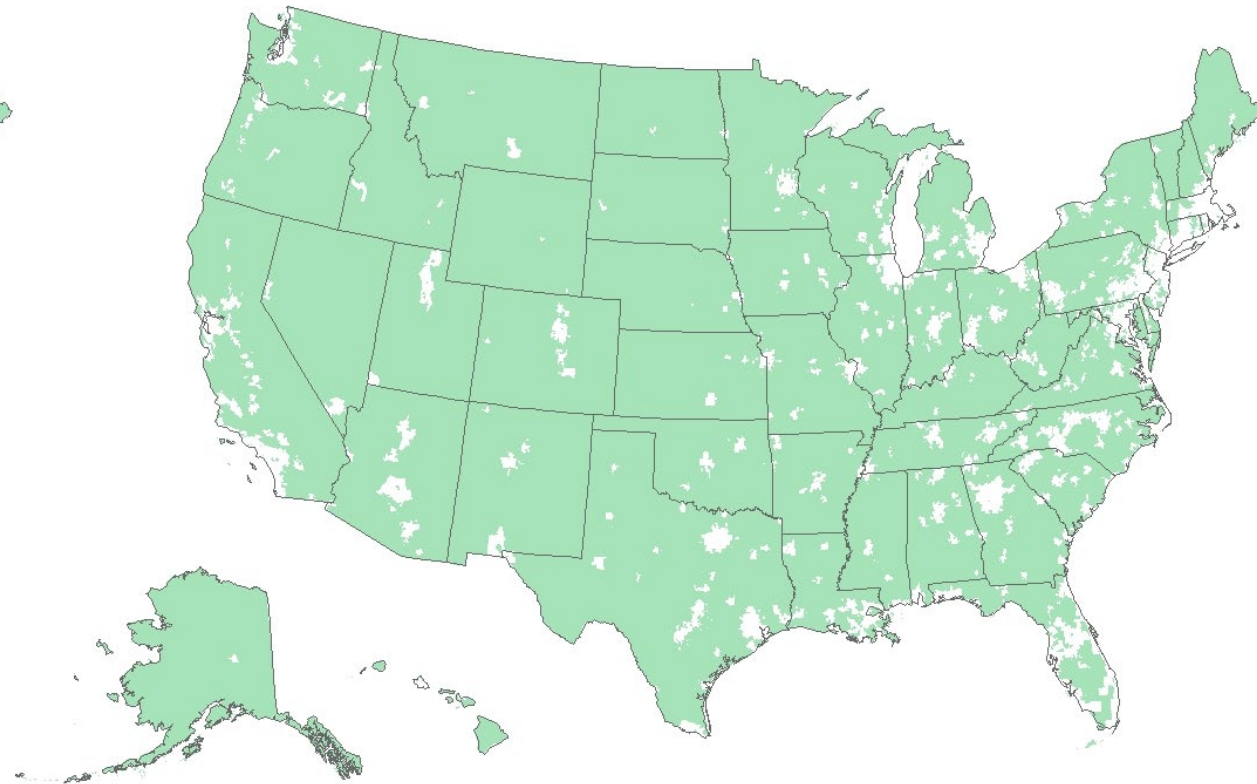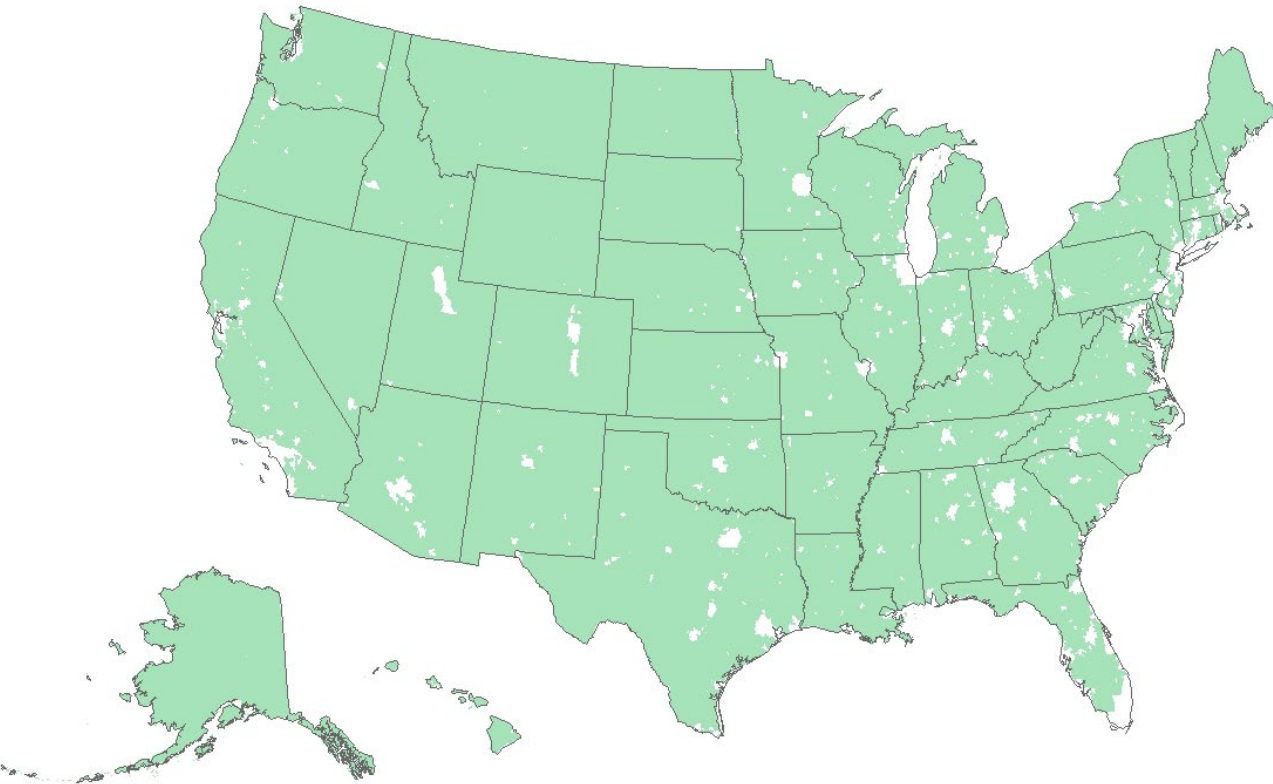
Key Findings

- Choice of rural definition matters greatly for the size of the rural housing market

- For the most part, rural challenges are directionally similar regardless of definition used
  - But even then, magnitudes can still vary considerably
- In other cases, choice of definition matters directionally for rural challenges and realities
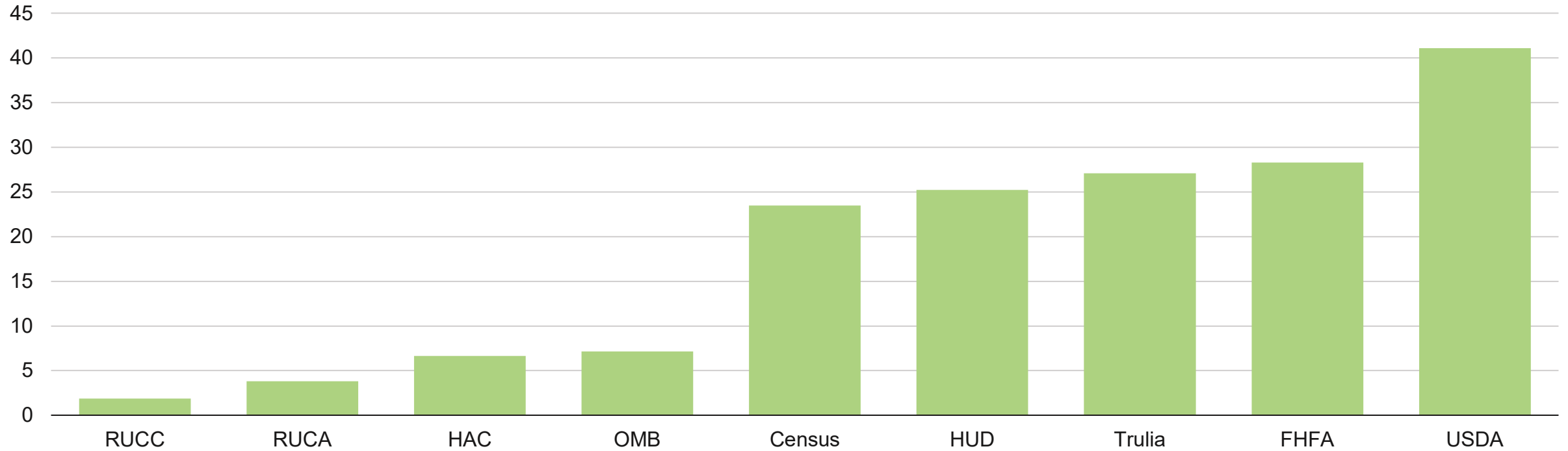
Size of the Rural Housing Market

	Residual		Character			Perceptual		Policy		US Overall	Summary		
	OMB	Census	HAC	RUCA	RUCC	HUD	Trulia	FHFA	USDA		Min	Max	Avg
Millions													
Land Area (Sq. miles)	1.8	3.4	2.8	1.7	0.9	3.2	2.3	3.3	3.4		0.9	3.4	2.5
Housing Units	9.6	29.2	8.8	5.5	2.7	31.0	33.3	35.1	49.3	137.4	2.7	49.3	22.7
Households	7.2	23.5	6.7	3.8	1.9	25.2	27.1	28.3	41.1	120.8	1.9	41.1	18.3
Total Population	18.2	62.2	18.3	9.7	4.7	67.0	71.5	74.2	109.5	324.7	4.7	109.5	48.4
Per Sq. Mile													
Population Density	10	18	7	6	5	21	31	22	32	92	5	32	17
Housing Unit Density	5	9	3	3	3	10	14	11	14	39	3	14	8

… But in All Cases, Rural Areas are Less Diverse than the Country Overall

Share People of Color (Percent)

Categories: Census, RUCC, RUCA, HUD, OMB, Trulia, FHFA, USDA, HAC, US Total

Legend: AIAN, Black, Hispanic, Asian, All Other Races
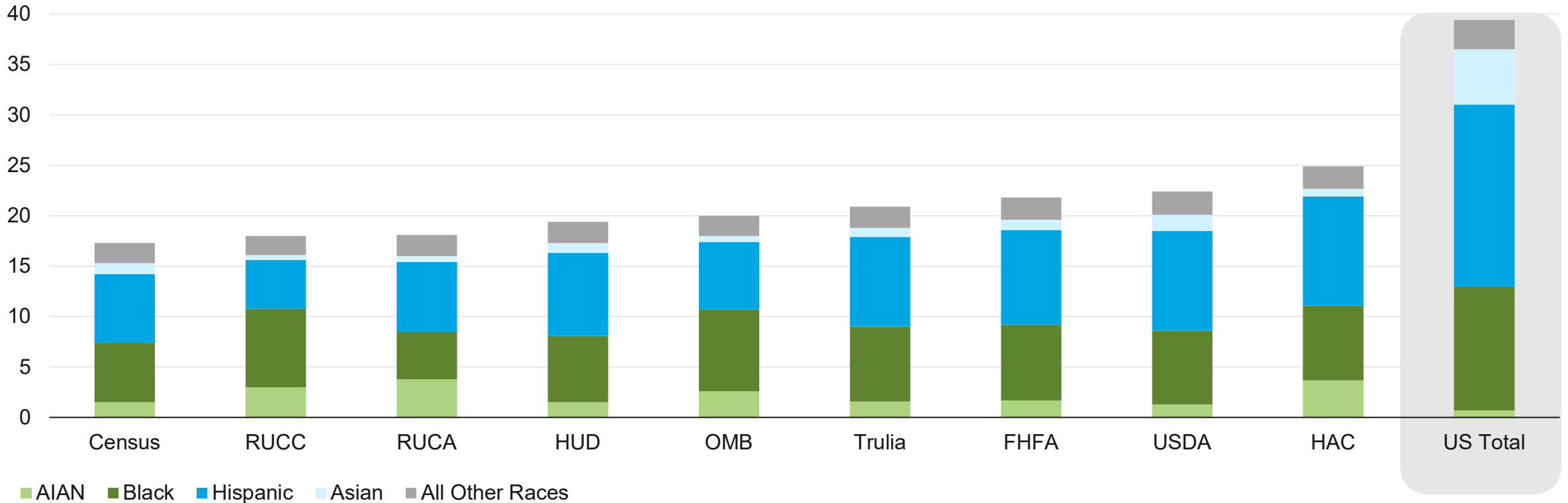
Rural Demographic Realities

	Residual		Character			Perceptual		Policy			Summary		
	OMB	Census	HAC	RUCA	RUCC	HUD	Trulia	FHFA	USDA	US Overall	Min	Max	Avg
Percent													
Age 65 and Older	20.4	18.9	18.7	21.3	21.9	18.6	18.4	18.5	17.9	15.6	17.9	21.9	19.4
Poverty Rate	16.6	11.7	14.7	15.2	16.7	12.7	14.1	14.8	12.9	13.4	11.7	16.7	14.4
Bachelor's Degree	17.8	23.5	18.2	19.4	17.9	22.1	20.9	20.8	24.4	32.1	17.8	24.4	20.6
Dollars													
Median Household Income	47,400		52,905	50,549	46,052	57,717	53,350	52,675	57,668	61,705	46,052	57,717	52,290

Poverty Rate (Percent)
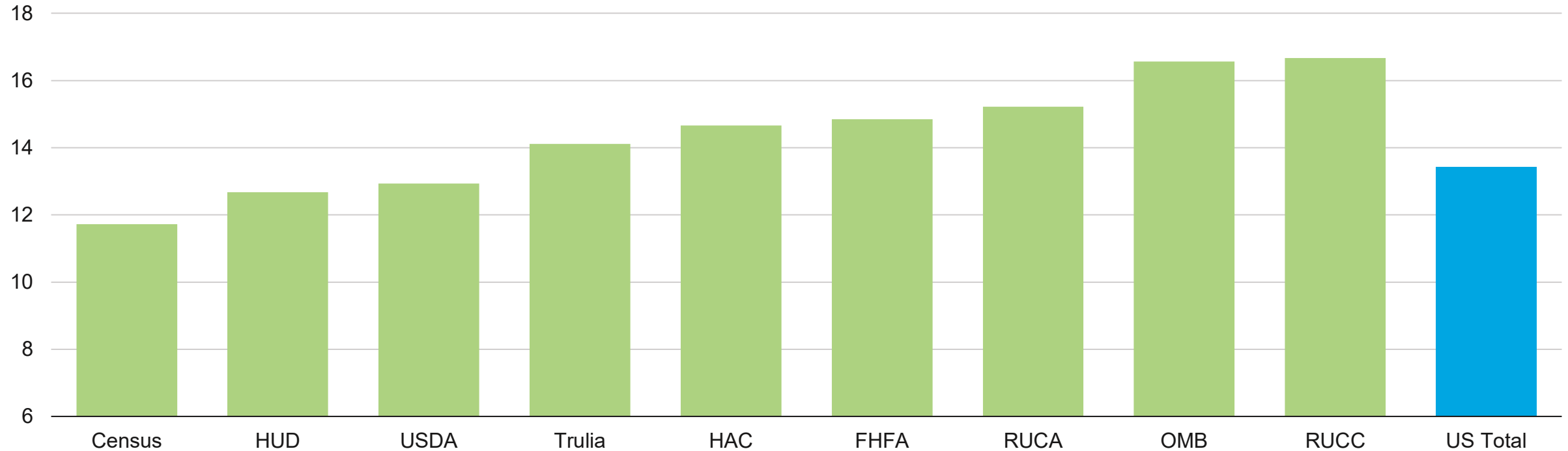
Rural Housing Stock

	Residual		Character			Perceptual		Policy			Summary		
	OMB	Census	HAC	RUCA	RUCC	HUD	Trulia	FHFA	USDA	US Overall	Min	Max	Avg
Percent													
Homeownership Rate	74.4	81.6	78.6	76.6	76.5	79.3	75.4	73.6	75.2	64.0	73.6	81.6	76.8
Share Single-Family Units	75.3	78.6	76.8	78.2	76.5	77.1	75.6	74.7	76.1	67.4	74.7	78.6	76.5
Share Mobile Homes	15.9	16.3	18.2	14.3	16.9	16.5	15.0	14.3	13.0	6.2	13.0	18.2	15.6
Share Structures Built Before 1990	68.5	58.3	64.2	68.9	67.6	60.0	63.0	65.0	60.5	66.6	58.3	68.9	64.0
Share without Internet Access	32.7	23.3	31.5	31.0	35.3	23.7	25.6	26.0	21.6	16.8	21.6	35.3	27.9
Dollars													
Median Home Value	113,400		127,000	124,000	106,700	156,600	143,100	142,000	162,400	201,200	106,700	162,400	134,400
Median Gross Rent	663		697	670	622	773	735	736	789	1,078	622	789	711
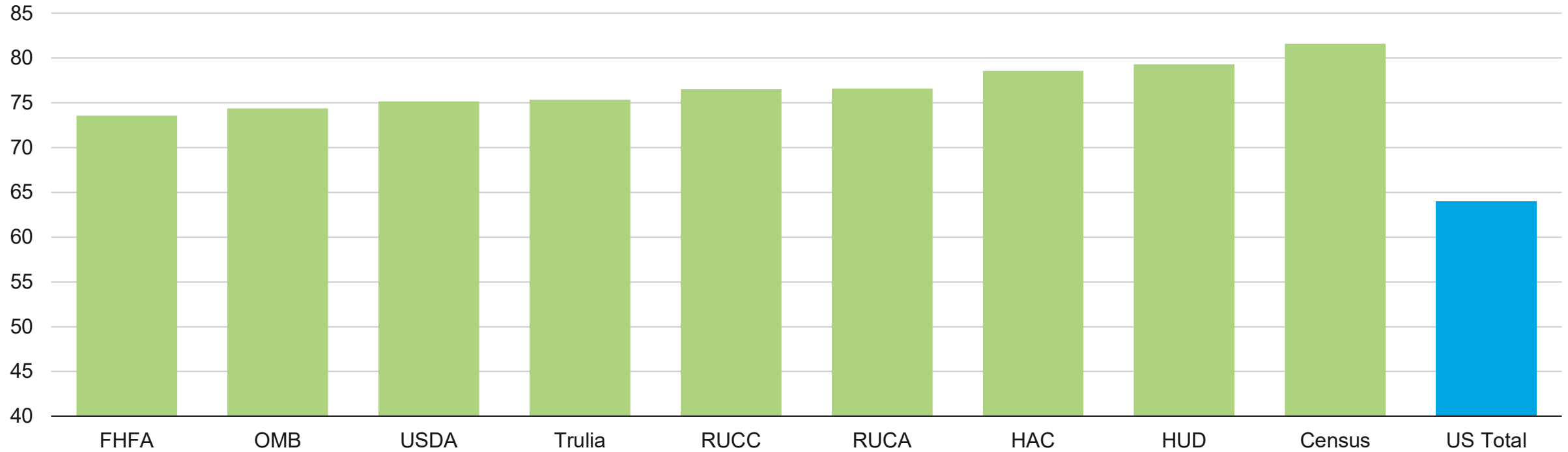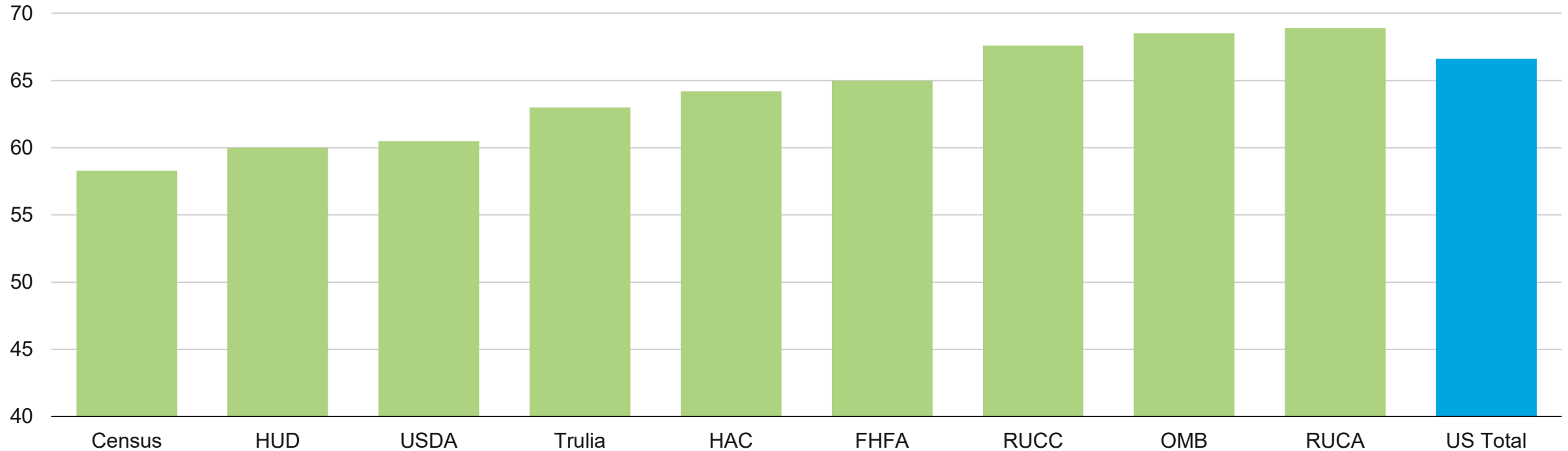
Additional Research

- Areas of future inquiry

  - Housing costs/affordability
  - Racial equity
  - Commuting times
  - Measures of spatial isolation

- Regional and state differences

- Further explore commonalities and differences across measures

- Policy implications

Preliminary Conclusions

- No single definition of rural is "correct," but choice matters significantly

- For the most part, key rural challenges are directionally similar regardless of definition used but even then magnitudes can vary greatly. However, this isn't always the case either

- Perceptual definitions tend to be more broadly encompassing; use of narrower definitions might seem exclusionary as a result

- Defining rural has implications for how resources are distributed and our understanding of the severity of rural housing challenges
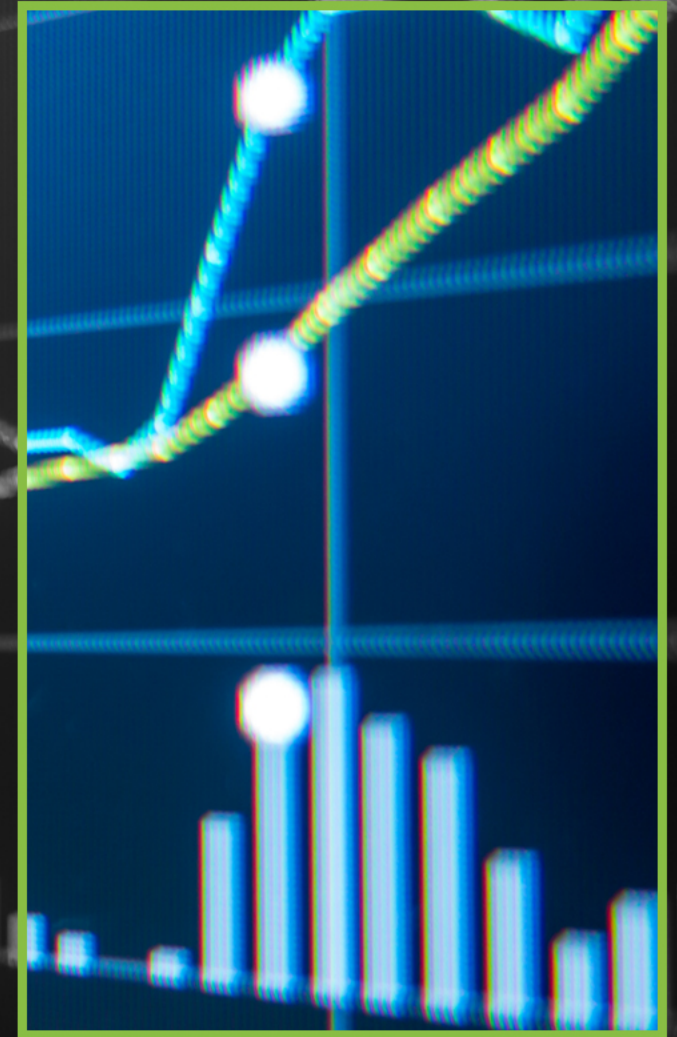
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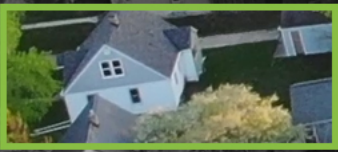
"

…concentrated poverty exacts a grave day-to-day toll on the people who continue to live in its midst and threatens to perpetuate disadvantage across generations.
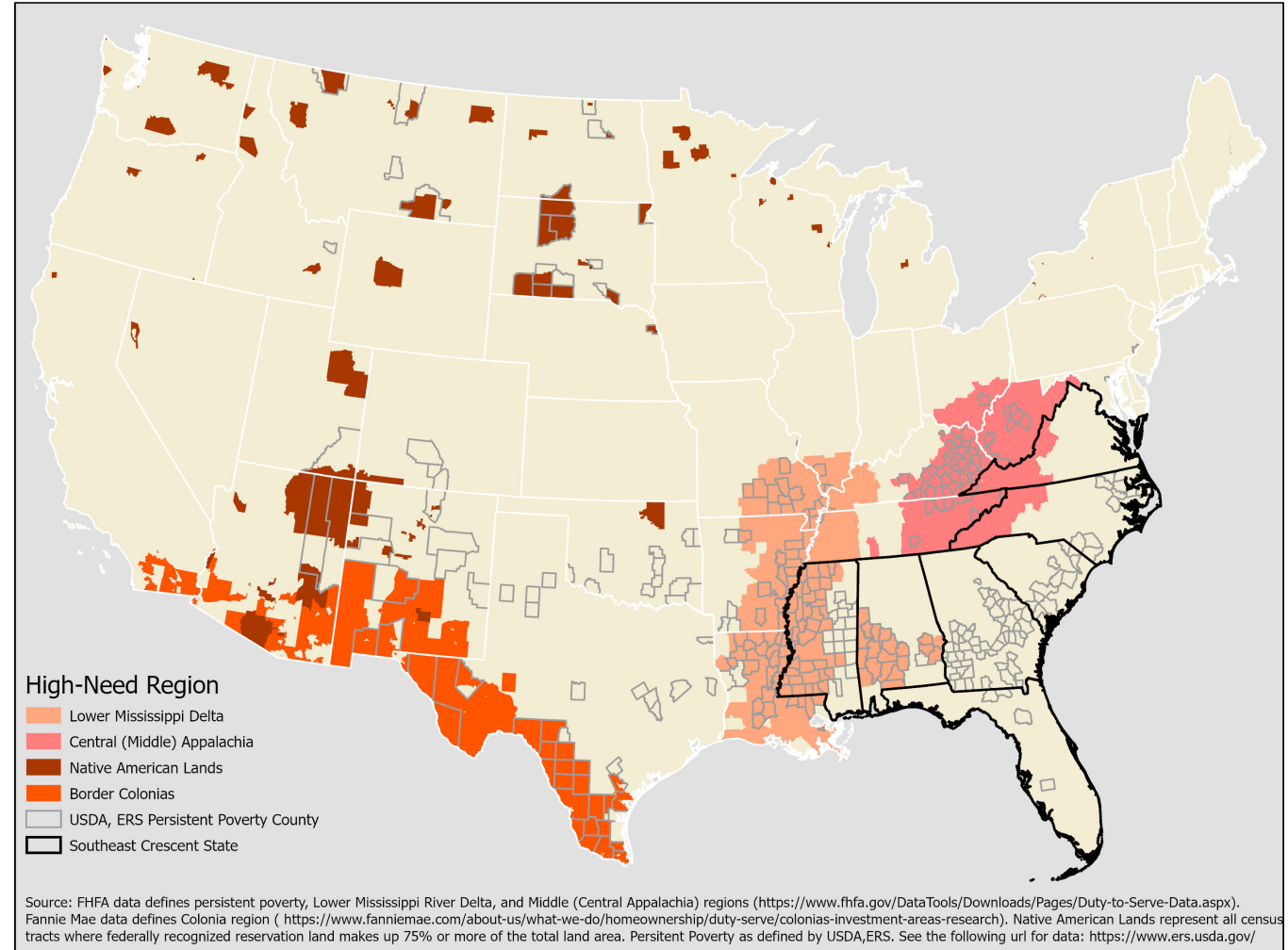
Quote from page vii of 2008 Brookings Institute/Federal Reserve Bank joint report entitled *"The Enduring Challenge of Concentrated Poverty in America. Case Studies from Communities Across the US."*
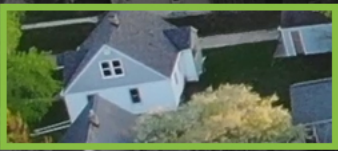
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Persistent Poverty Counties

- Total – 353

- Outside metropolitan area – 298 (84%)

- High need regions – 213 (60%)

- Southeast Crescent – 83 (24%)

High-Need Regions & Persistent Poverty

High-Need Region
- Lower Mississippi Delta
- Central (Middle) Appalachia
- Native American Lands
- Border Colonias
- USDA, ERS Persistent Poverty County
- Southeast Crescent State

Source: FHFA data defines persistent poverty, Lower Mississippi River Delta, and Middle (Central Appalachia) regions (https://www.fhfa.gov/DataTools/Downloads/Pages/Duty-to-Serve-Data.aspx). Fannie Mae data defines Colonia region (https://www.fanniemae.com/about-us/what-we-do/homeownership/duty-serve/colonias-investment-areas-research). Native American Lands represent all census tracts where federally recognized reservation land makes up 75% or more of the total land area. Persistent Poverty as defined by USDA,ERS. See the following url for data: https://www.ers.usda.gov/
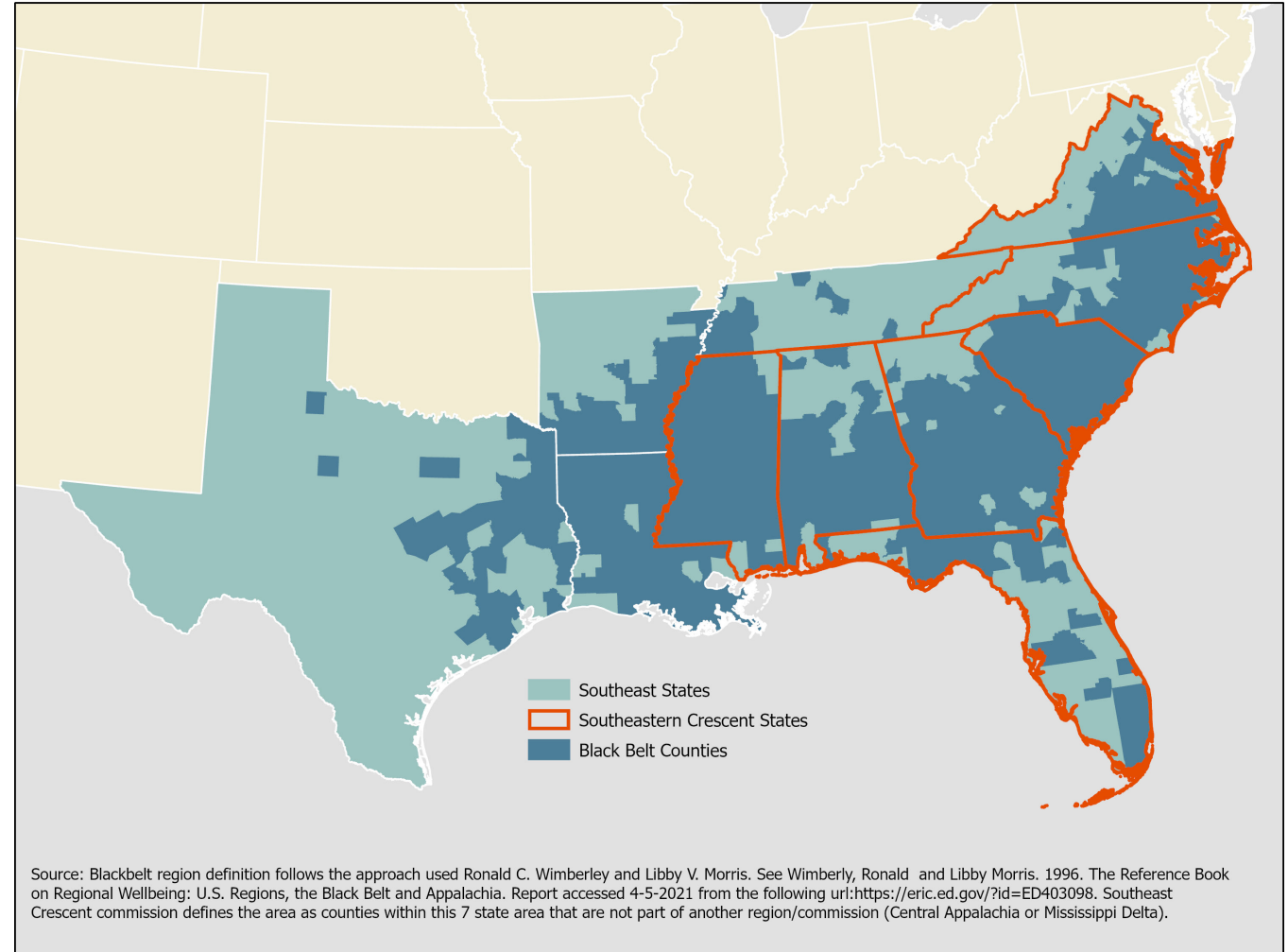
Background

- Research defines as the Black Belt, counties in the South (Virginia to Texas), with an above average percent Black or African American population.

- In 2000 Congress authorized the Delta Regional Authority (Lower Mississippi Delta Region).

- In 2008 Congress created the Southeast Crescent Regional Commission.

- The Southeast Crescent region includes counties in Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Virginia.

Black Belt Region

- Total – 592
- Persistent Poverty – 189 (32%)
- Lower Mississippi Delta – 150 (25%)
- Entire Appalachia Region – 54 (9%)
- Central Appalachia Region – 5 (1%)

Black Belt/Southeast Crescent Region

Southeast States
Southeastern Crescent States
Black Belt Counties

Source: Blackbelt region definition follows the approach used Ronald C. Wimberley and Libby V. Morris. See Wimberly, Ronald and Libby Morris. 1996. The Reference Book on Regional Wellbeing: U.S. Regions, the Black Belt and Appalachia. Report accessed 4-5-2021 from the following url:https://eric.ed.gov/?id=ED403098. Southeast Crescent commission defines the area as counties within this 7 state area that are not part of another region/commission (Central Appalachia or Mississippi Delta).

RURAL RESEARCH SYMPOSIUM
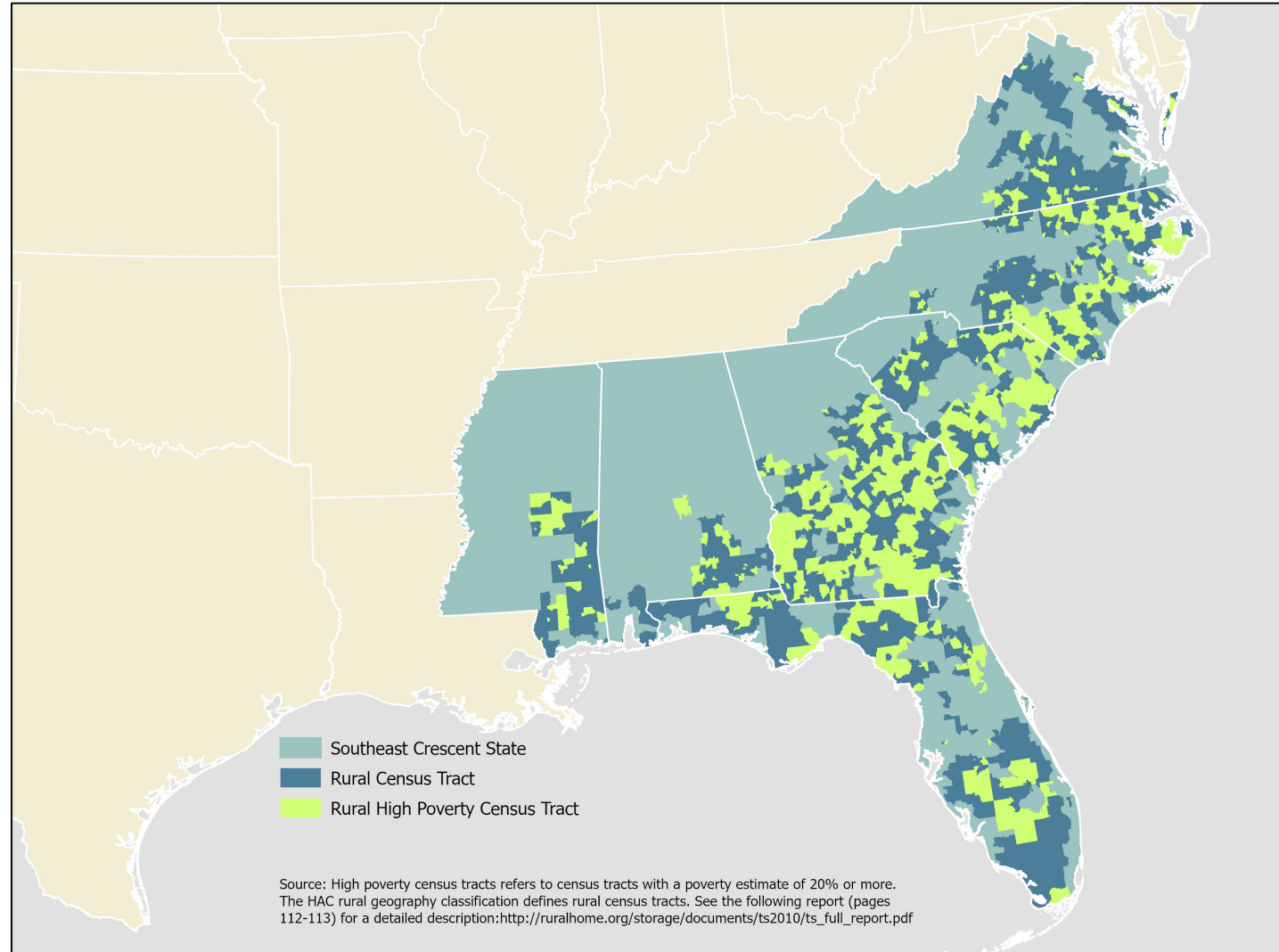
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- **Use framework from Southeast Crescent Regional Commission**
  - Seven state region of Southeast
  - Exclude counties already part of the Appalachian Regional Commission or Delta Authority service area

- **Focus on rural geography and high poverty areas**
  - Use census tract geography
  - Rurality measured based on housing unit density and commuting patterns
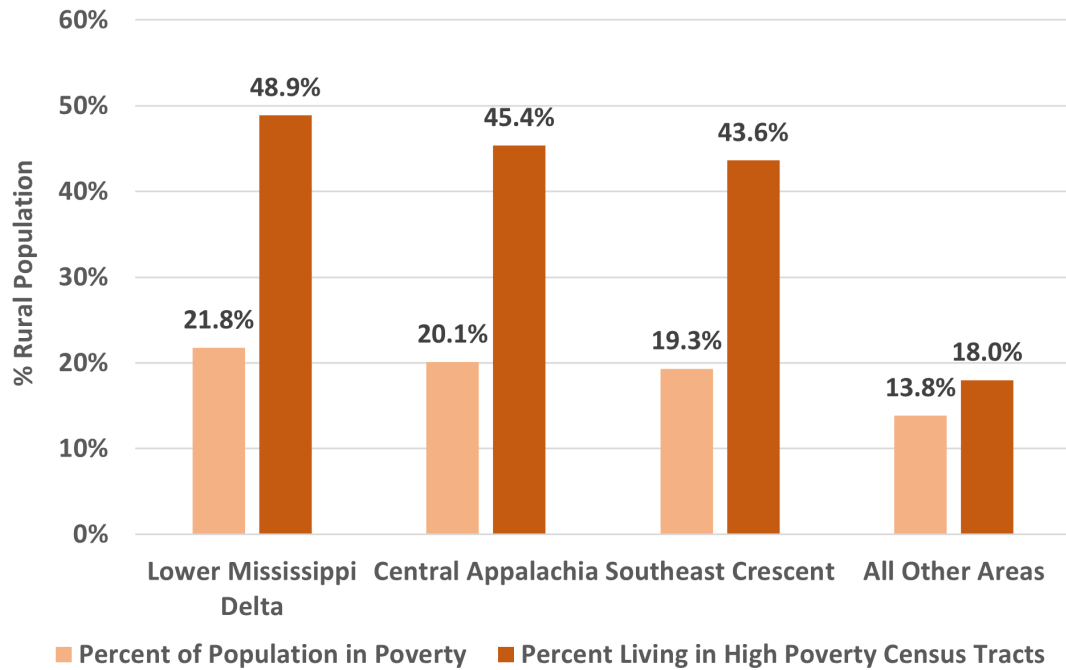 - High poverty defined as census tracts with poverty rates of 20% or more
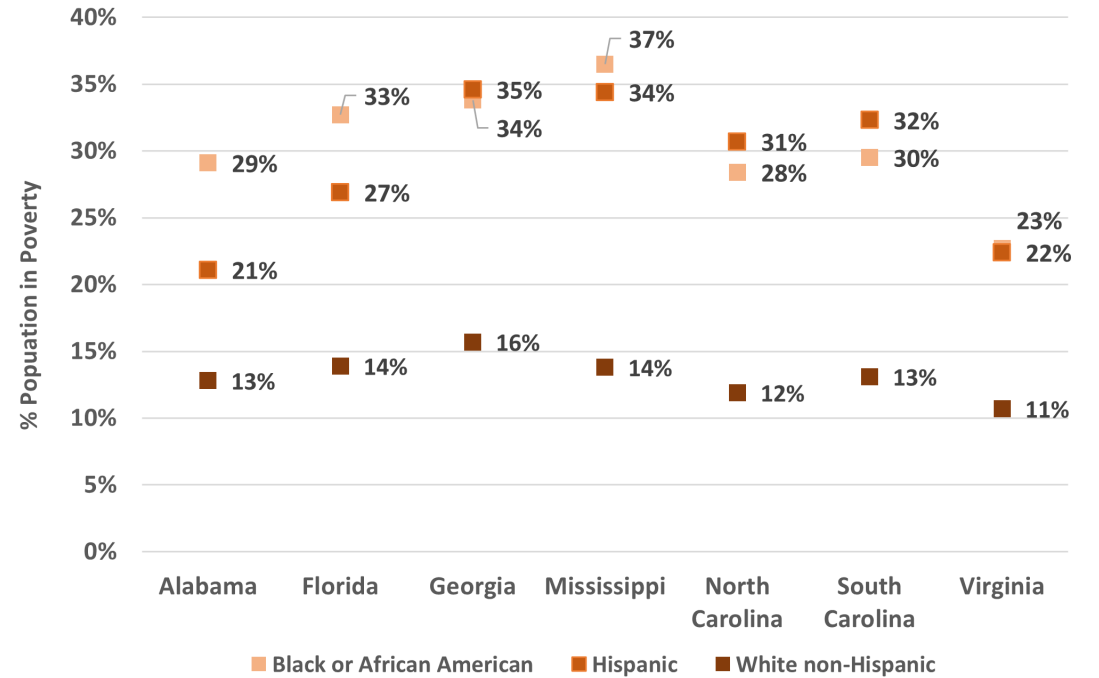
Rural Southeast

Rural Southeast

Legend:
- Southeast Crescent State
- Rural Census Tract
- Rural High Poverty Census Tract

Source: High poverty census tracts refers to census tracts with a poverty estimate of 20% or more. The HAC rural geography classification defines rural census tracts. See the following report (pages 112-113) for a detailed description:http://ruralhome.org/storage/documents/ts2010/ts_full_report.pdf

High Poverty Southeast

November 8-9 | AN **ALL FOR HOME** EVENT   #RuralResearchSymposium

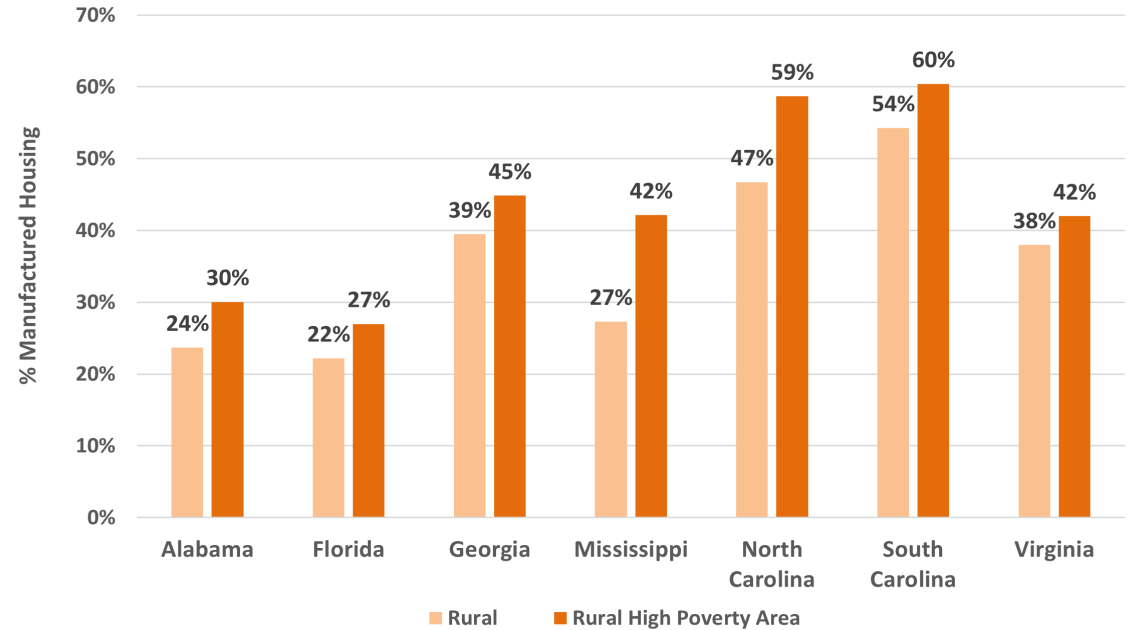**RURAL RESEARCH SYMPOSIUM**

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Poverty Rates

Housing Characteristics

Homeownership in High Poverty Rural Census Tracts, Southeast Crescent Region

% Home Owners

State	Black or African American (Includes Hispanic)	White Non-Hispanic
Alabama	47%	69%
Florida	44%	77%
Georgia	46%	72%
Mississippi	52%	77%
North Carolina	47%	71%
South Carolina	55%	78%
Virginia	47%	71%

■ Black or African American (Includes Hispanic)   ■ White Non-Hispanic
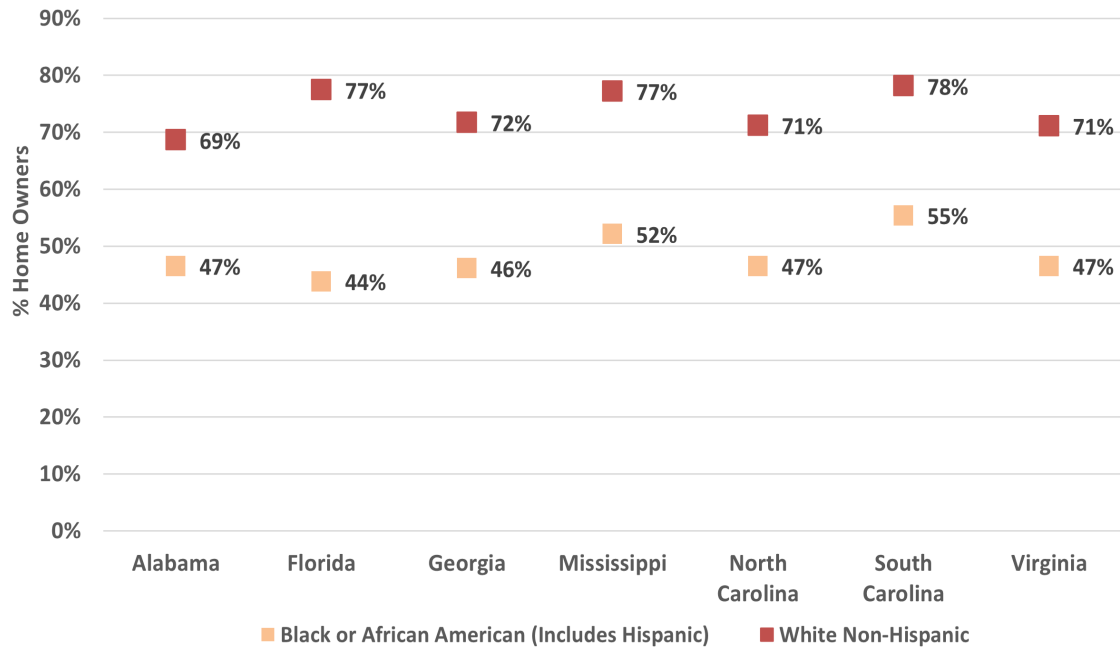
Source: Author tabulation of American Community Survey (ACS) 2019 5-Year estimates.

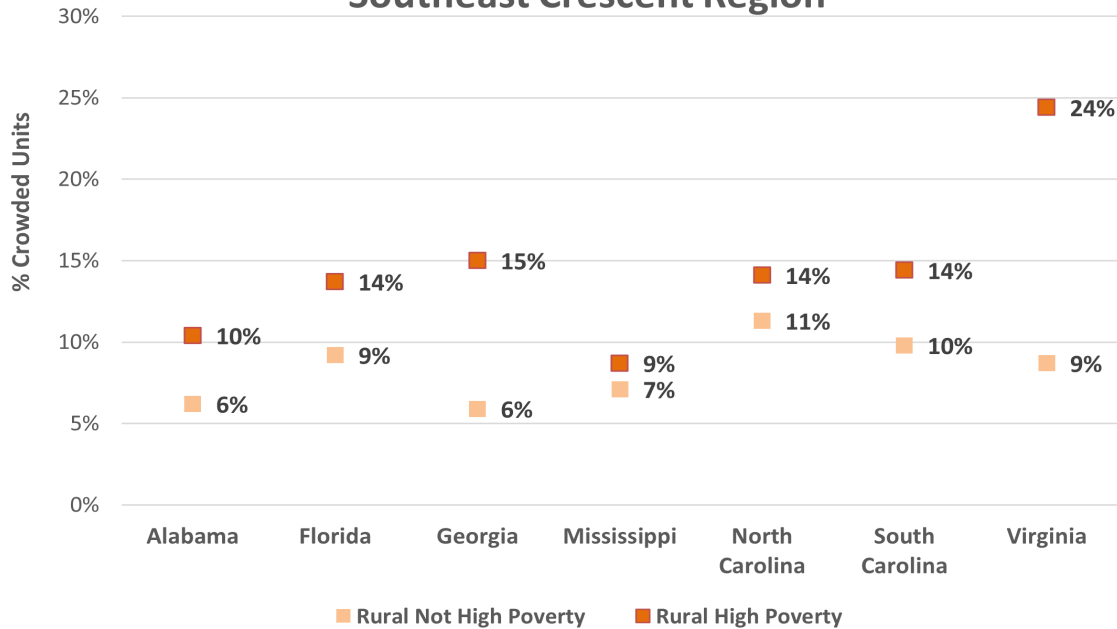## Non-White non-Hispanic Share of Manufactured Housing in the Rural Southeast Crescent

% Manufactured Housing

State	Rural	Rural High Poverty Area
Alabama	24%	30%
Florida	22%	27%
Georgia	39%	45%
Mississippi	27%	42%
North Carolina	47%	59%
South Carolina	54%	60%
Virginia	38%	42%

■ Rural   ■ Rural High Poverty Area

Source: Author tabulation of American Community Survey (ACS) 2019 5-Year estimates

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Housing Characteristics

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Hispanic/Latino Crowded Households, Rural Southeast Crescent Region

% Crowded Units

	Rural High Poverty	Rural Not High Poverty
Alabama	10%	6%
Florida	14%	9%
Georgia	15%	6%
Mississippi	9%	7%
North Carolina	14%	11%
South Carolina	14%	10%
Virginia	24%	9%

■ Rural Not High Poverty   ■ Rural High Poverty

Source: Autor tabulation of American Community Survey (ACS) 2019 5-Year estimates

Access to Computer and Broadband Subscription, High Poverty Rural Southeast Crescent Region
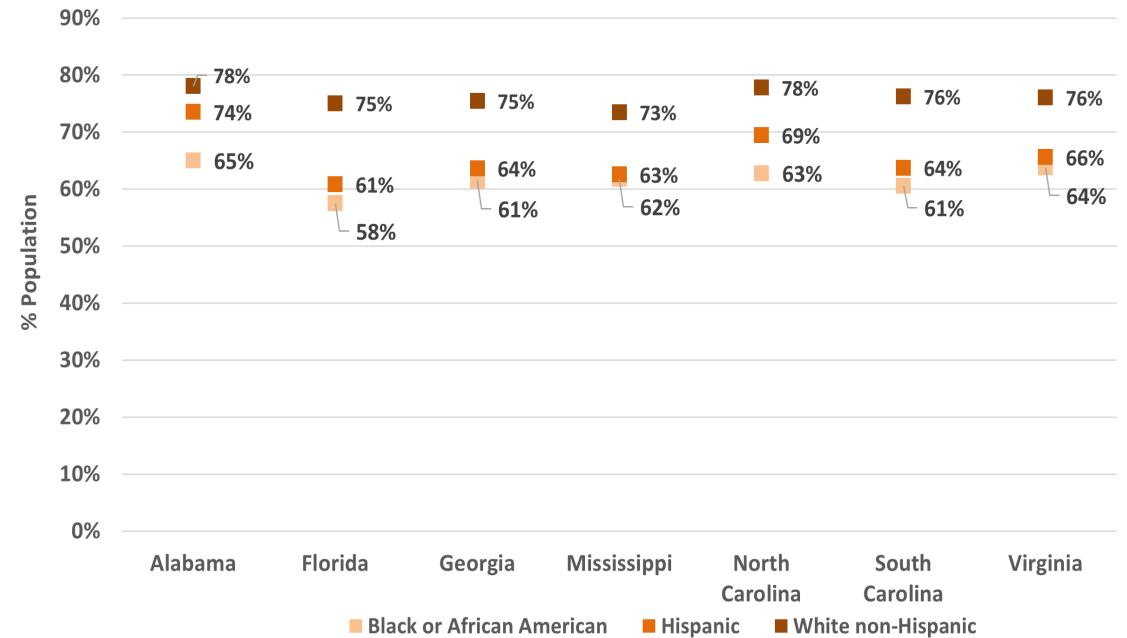
% Population

	Black or African American	Hispanic	White non-Hispanic
Alabama	65%	74%	78%
Florida	58%	61%	75%
Georgia	61%	64%	75%
Mississippi	62%	63%	73%
North Carolina	63%	69%	78%
South Carolina	61%	64%	76%
Virginia	64%	66%	76%

■ Black or African American   ■ Hispanic   ■ White non-Hispanic

Source: Author tabulation of American Community Survey (ACS) 2019 5-Year estimate.

RURAL RESEARCH SYMPOSIUM
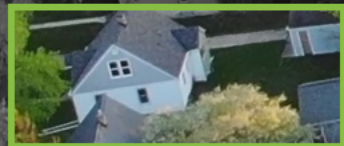
Housing Characteristics

Homes by Select Year Built, Southeast Crescent Region

% Occupied Homes

- Southeast Crescent Region: Built Before 1970 23%, Built 2010 or Later 7%
- Rural Southeast Crescent Region: Built Before 1970 27%, Built 2010 or Later 5%
- Rural High Poverty Southeast Crescent Region: Built Before 1970 31%, Built 2010 or Later 4%

■ Built 2010 or Later   ■ Built Before 1970
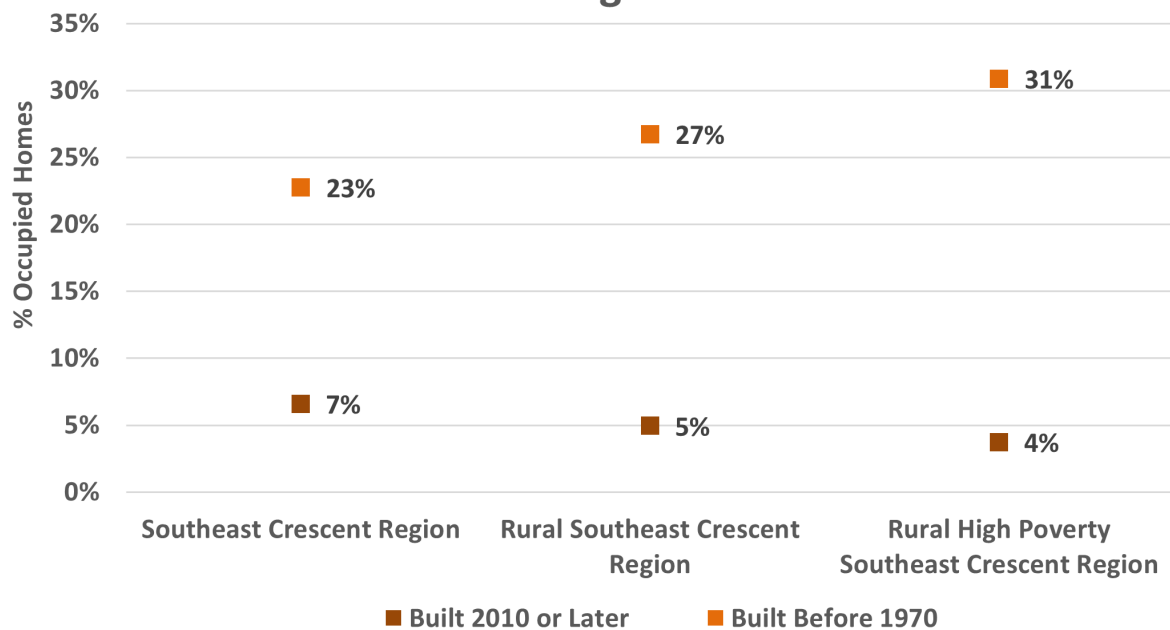
Source: Author tabulation American Community Survey(ACS) 2019, 5-Year estimates.

HMDA 2020 Home Purchase Lending, Rural Southeast Crescent

Originationes Per 1,000 Owner Occupied Units

State	Not High Poverty	High Poverty	High Poverty Black or African American
Alabama	80	35	22
Florida	75	43	24
Georgia	47	31	17
Mississippi	33	27	18
North Carolina	64	36	21
South Carolina	50	32	17
Virginia	51	36	18

■ Not High Poverty   ■ High Poverty   ■ High Poverty Black or African American
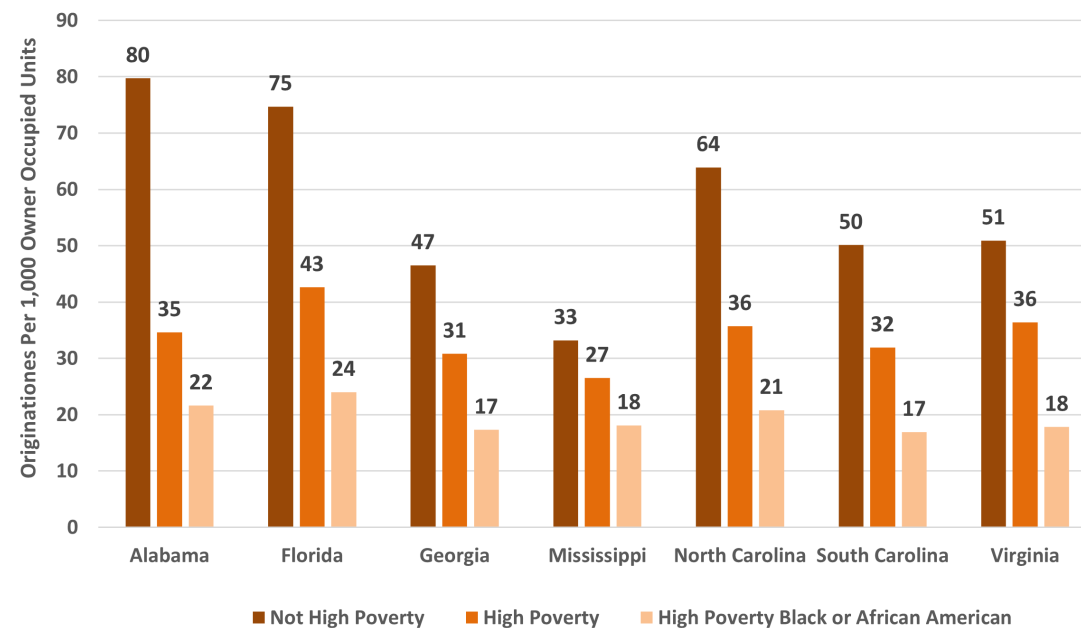
Source: Author tabulation Home Mortgage Dislclosure Act (HMDA) calendar year 2020 home purchase first lien loan originations.

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Southeast Region Commission

- Commission has been inactive since its creation – no federal co-chair appointed

- Calls to activate the commission

- President Biden has nominated a federal co-chair

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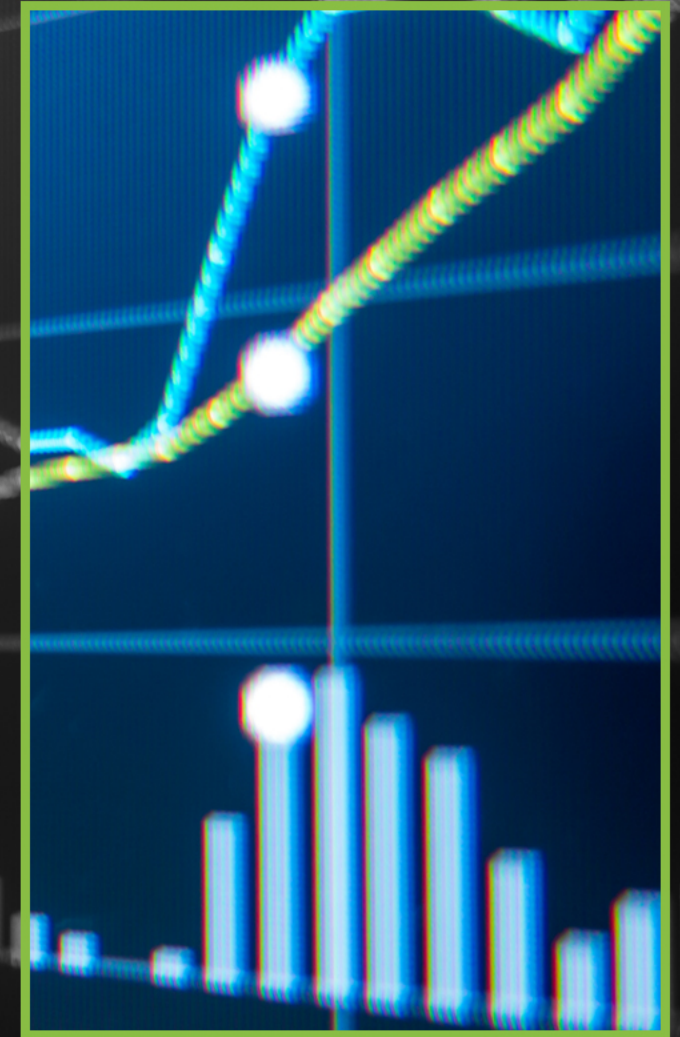
Demographic Profile

Age	Metro	Colonia/Rural
Average	35	45
Under 30	35%	21%
Over 60	4%	20%
Household Size	3.3	3.2

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Financial Pulse

Area Media Income	
M	**CoRu**
Average	
78%	63%
Under 80%	
59%	75%
Under 50%	
23%	44%

Household Income	
M	**CoRu**
Avg. Annual HH	
$37,714	$30,129
Avg. Annual HH MP	
$33,149	$27,263
MP < Poverty Line	
36%	56%

Financial Immune System

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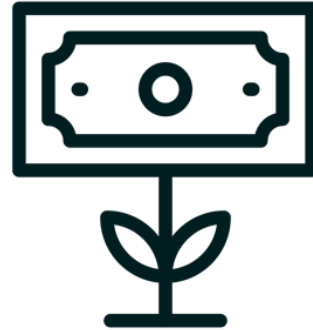
No Savings

< $3,000

Avg. Savings

50% | 52%

70% | 74%

$2,189 | $1,702

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Financial Cholesterol

Debt to Income Ratio

28% | 21%

DTI > 13%

70% | 56%

Avg. Monthly Debt Payments

$628 | $489

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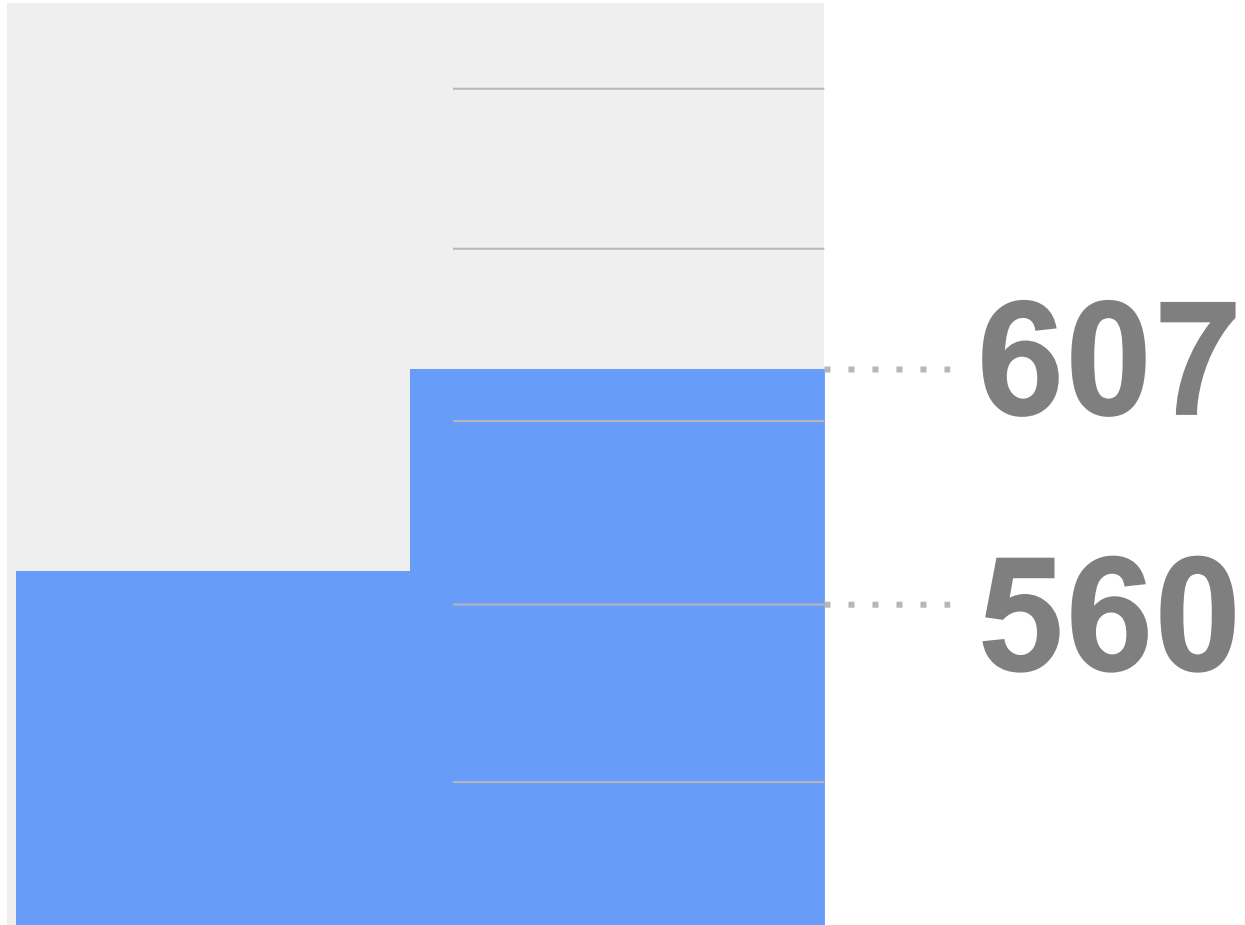
Financial Blood Sugar

Accounts Past Due	More than 3 Past Due	AFSP
59%	39%	23%
59%	39%	36%

Client Cohorts

Cohorts		Characteristics
Elderly		Elderly, low-income, low assets, middle school education
Deep Debtors		Low income, high DTI and negative net worth
Fixed Income		Low-income, low net-worth, lower debt, SSI/SSDI
High Earners		Higher Income, low assets and net worth
Savers		Middle income, higher savings, total assets and net worth
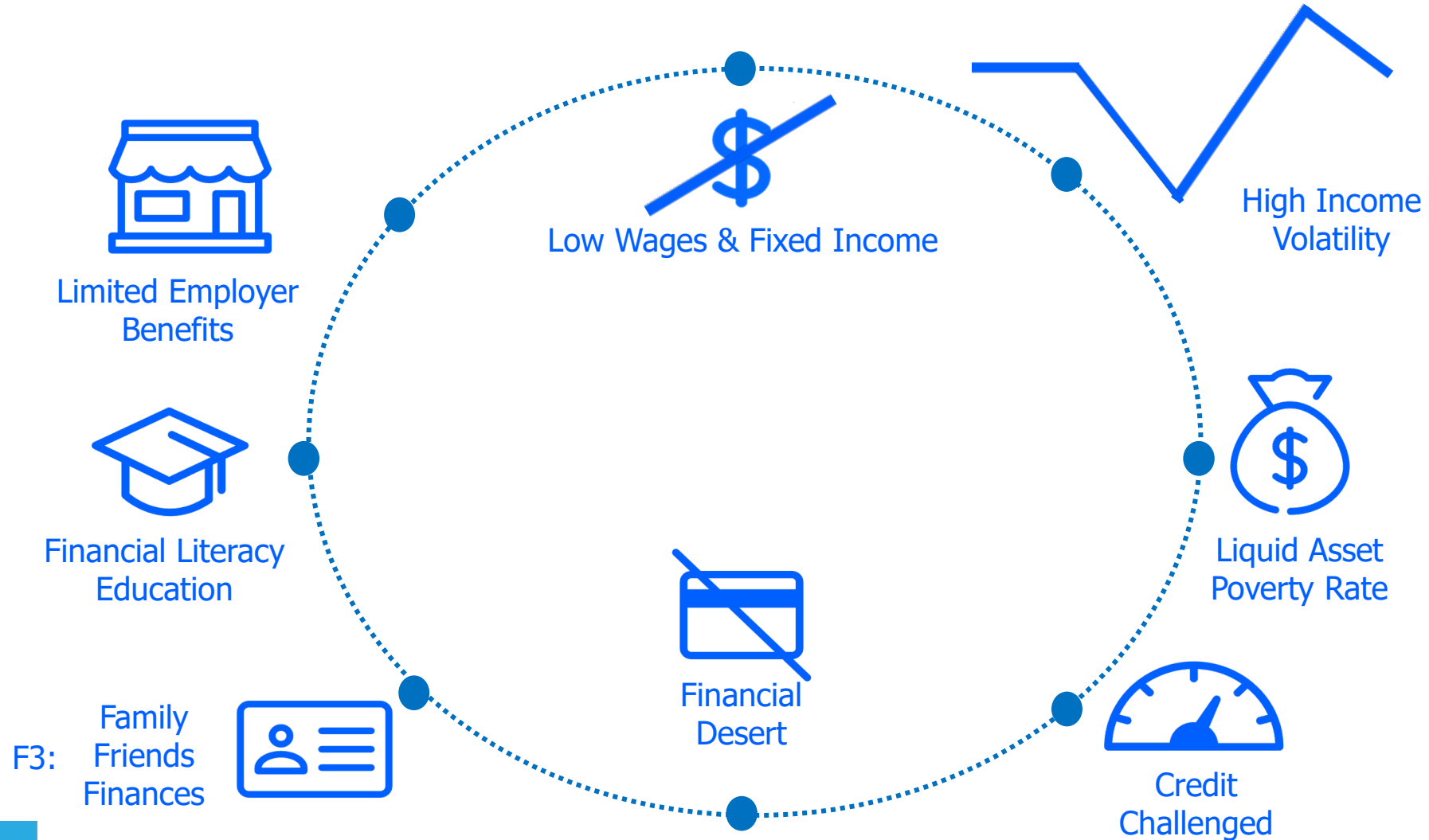
Quantifying Dreams

Debt to Income Ratio
5%

Monthly Debt Payments
$106

Credit Score
82

Savings
$4,898

10.7

Photo Credit: Brenda Bazán

Existing Housing Stock

Photo Credit: Brenda Bazán

bc Workshop

p3: people, policy, power

Thank
You

zdiaz@cdcb.org

In Search of Rural: How Varying Definitions Shape Housing Research

ALEXANDER HERMANN

Senior Research Analyst, Joint Center for Housing Studies, Harvard University

Alexander Hermann is a senior research analyst, working on projects related to housing markets, demographics, and housing policy. Prior to joining the Center, he worked as a grant writer at a Detroit nonprofit providing housing and treatment services to homeless populations. Alex received a master's in Public Policy and a master's in Urban Planning from the University of Michigan.

Concentrated Poverty in the Rural Southeast

KEITH WILEY

Research Associate, Housing Assistance Council

Keith Wiley is a research associate at the Housing Assistance Council. He specializes in data management and analysis, particularly working with large datasets. His areas of interest include rural housing and development, federal housing and financial oversight policies, smart growth planning and policies, and environmental economics. Keith holds a Ph.D. in Public Policy from the University of Maryland, Baltimore County and a master of Public Policy degree from American University.

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ZORAIMA DIAZ-PINEDA

Director of Policy, Impact, and Innovation, cdcb | come dream. come build.

Zoraima Díaz-Pineda serves as the director of policy, impact, and innovation at cdcb | come dream. come build., in the southernmost stretch of the U.S.-Mexico frontera. As a practitioner, researcher, policy analyst, collaborative thought partner and advocate, Zoraima is committed to creating opportunities for low- and moderate-income households and women of color in small communities and rural areas to build financial health and wealth. She applies a gender and racial equity solution-focused approach to develop innovative financial products, services, and policies and drive investment into Community Development Financial Institutions working in long-standing persistent poverty counties, small cities, rural areas and colonias.

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JAYA DEY

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Jaya Dey is senior economist and quantitative analytics director in the Single-Family Client and Community Engagement division. Her area of research is housing policy issues with a focus on affordability, access to credit, understanding barriers to minority homeownership and housing supply. She has contributed to various peer-reviewed academic journal publications, white papers and research reports. Prior to Freddie Mac, she was a faculty member at Oklahoma State University and Saint Louis University. She holds a doctorate in economics from The Ohio State University and a master's degree in economics from Indian Statistical Institute, New Delhi.

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