

The Freddie Mac logo, featuring a white house icon above the text "Freddie Mac" in a white sans-serif font.

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# RURAL RESEARCH SYMPOSIUM

Collaboration Through  
Insights-Driven Solutions

## Mapping the Way: Rural Homeownership

A high-angle, top-down photograph of a person with long dark hair sitting at a dark wooden desk. The person is wearing a light-colored long-sleeved shirt and is looking at a laptop. On the desk, there is a silver laptop, a calculator on a clipboard, a blue pen, a white coffee cup on a saucer, and a glass of water. A green rectangular box highlights the laptop and the person's hands. The background is a dark, textured wall.

AN **ALL FOR HOME** EVENT



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## The State of the Rural Economy in Indiana: Housing Stock, Quality of Life and Growth

Dagney Faulk, Ph.D., Mike Hicks, Ph.D.,  
Emily Wornell, Ph.D.



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# Our Agenda

1. Background Information
2. Research Questions
3. Results and Discussion



# Background Information



# The State of the Rural Economy in Indiana

- Indiana Office of Community and Rural Affairs (OCRA) commissioned report

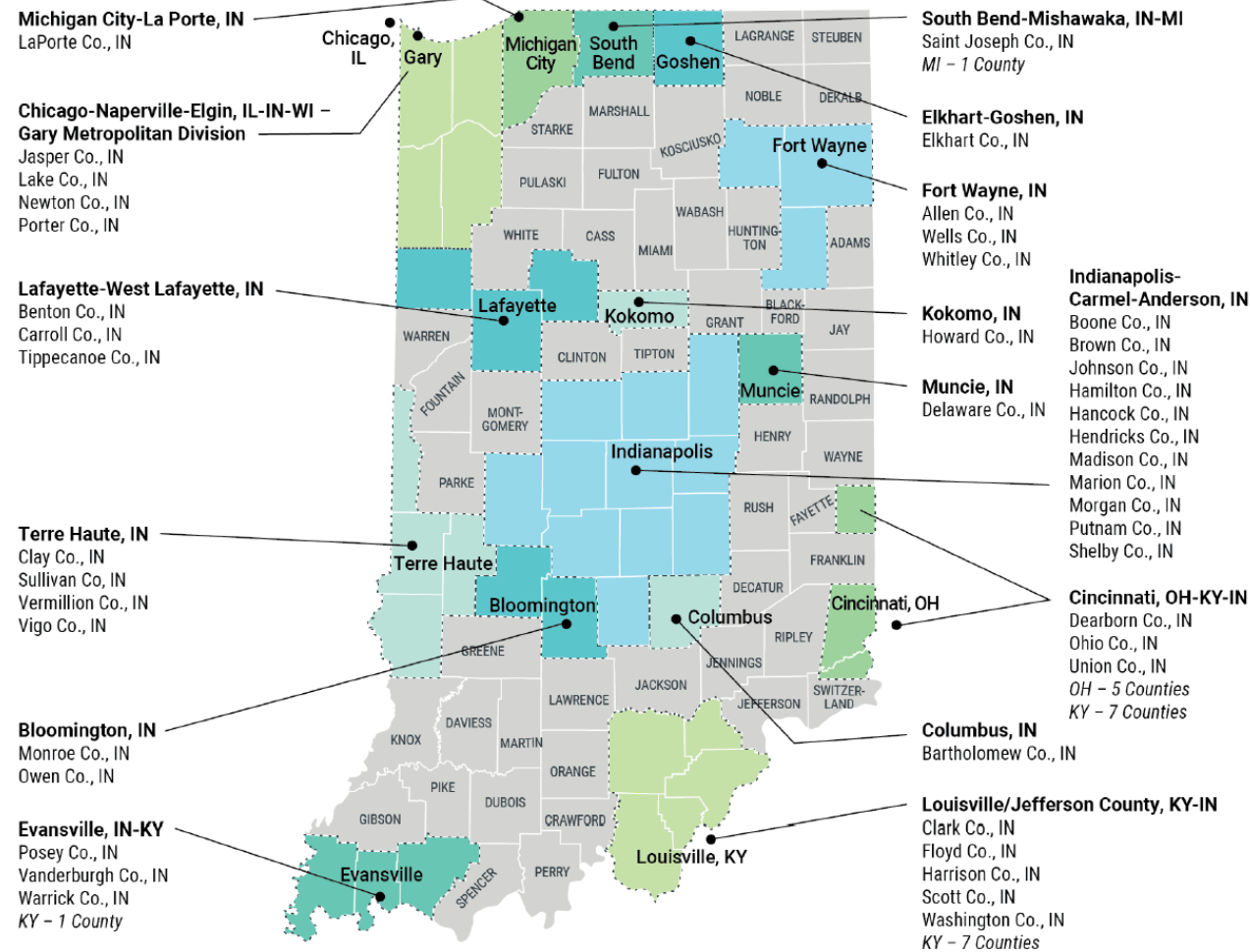
## The state of the rural economy in Indiana

### Topics Covered:

- Rural GDP Growth
- Per Capita Income Growth
- Shift Share Analysis
- Business Dynamics
- Entrepreneurship
- Population
- Employment Mix
- Educational Attainment
- Private Capital Stock
- Housing Stock
- Local Taxes
- Government Fragmentation
- Changing Rural Definitions
- Quality of Life and Growth
- Manufacturing
- Agriculture
- Transportation and Logistics
- Services
- Commuting Patterns
- Residential Migration Flows
- Immigration
- Broadband Deployment
- Rural Indiana and the Post Pandemic World



# Metropolitan Statistical Areas and Non-Metropolitan Counties in Indiana, 2019



Source: US Office of Management and Budget



# Research Questions



- Focus on 3 of the 24 chapters in presentation
  - Housing Stock (Ch. 10)
    - How does housing in rural areas compare to urban areas?
    - Why wasn't more housing built? The role of profitability
  - Quality of Life (QOL) and Growth (Ch. 14)
    - What is the relationship between QOL and growth in rural areas?
  - Rural Indiana in the Post Pandemic World (Ch. 23)
    - Where are remote workers likely to relocate?



# Results and Discussion



# Characteristics of Rural and Urban Housing Units, 2019

	Rural	Urban	Statewide
Housing units	659,845	2,226,703	2,886,548
% occupied	86.5%	89.8%	89.0%
% vacant	13.5%	10.2%	11.0%
% built during 1939 or earlier	24.9%	14.8%	17.1%
Occupied housing units	570,523	1,999,896	2,570,419
% owner occupied	74.6%	67.5%	69.1%
% renter occupied	25.4%	32.5%	30.9%
% owner occupied with a value less than \$50,000	11.9%	7.2%	8.4%
% occupied rental units paying rent $\geq$ 35% of income	31.3%	39.2%	37.8%

Source: US Census Bureau, American Community Survey, 5-year estimates (2015-19)

# Why Wasn't More Housing Built?

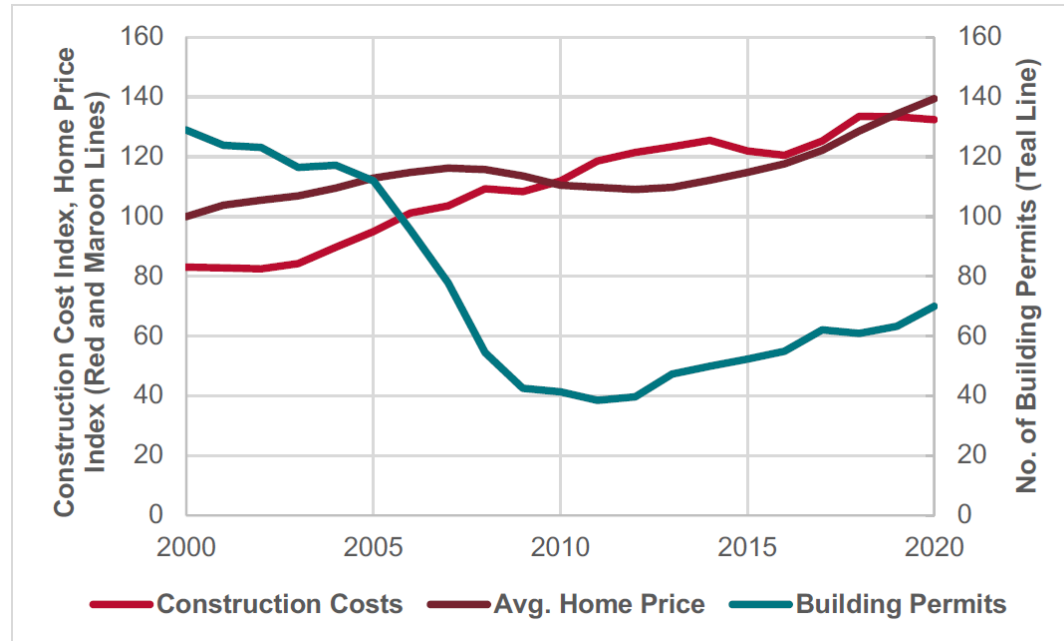
## Profitability and Speculative Home Construction

- Used data to construct indexes
  - Federal Housing Finance Agency, Housing Price Index (HPI) for counties (Avg. Home Price)
  - BLS, Producer Price Index, Net Inputs to Residential Construction (Construction Cost)
    - Included 17% builder profit (Glaeser and Gyourko 2005, 2018)
  - US Census Bureau, New Private Housing Structures Authorized by Building Permits for counties

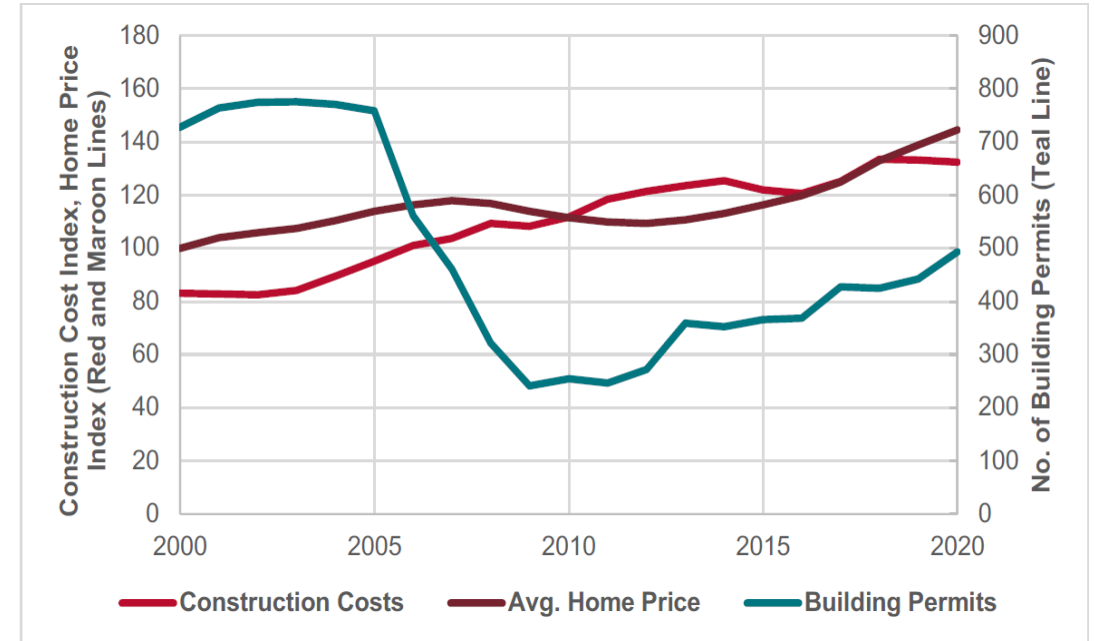


# Why Wasn't More Housing Built?

## Housing Starts and Profitability in Rural Counties, 2000-2020

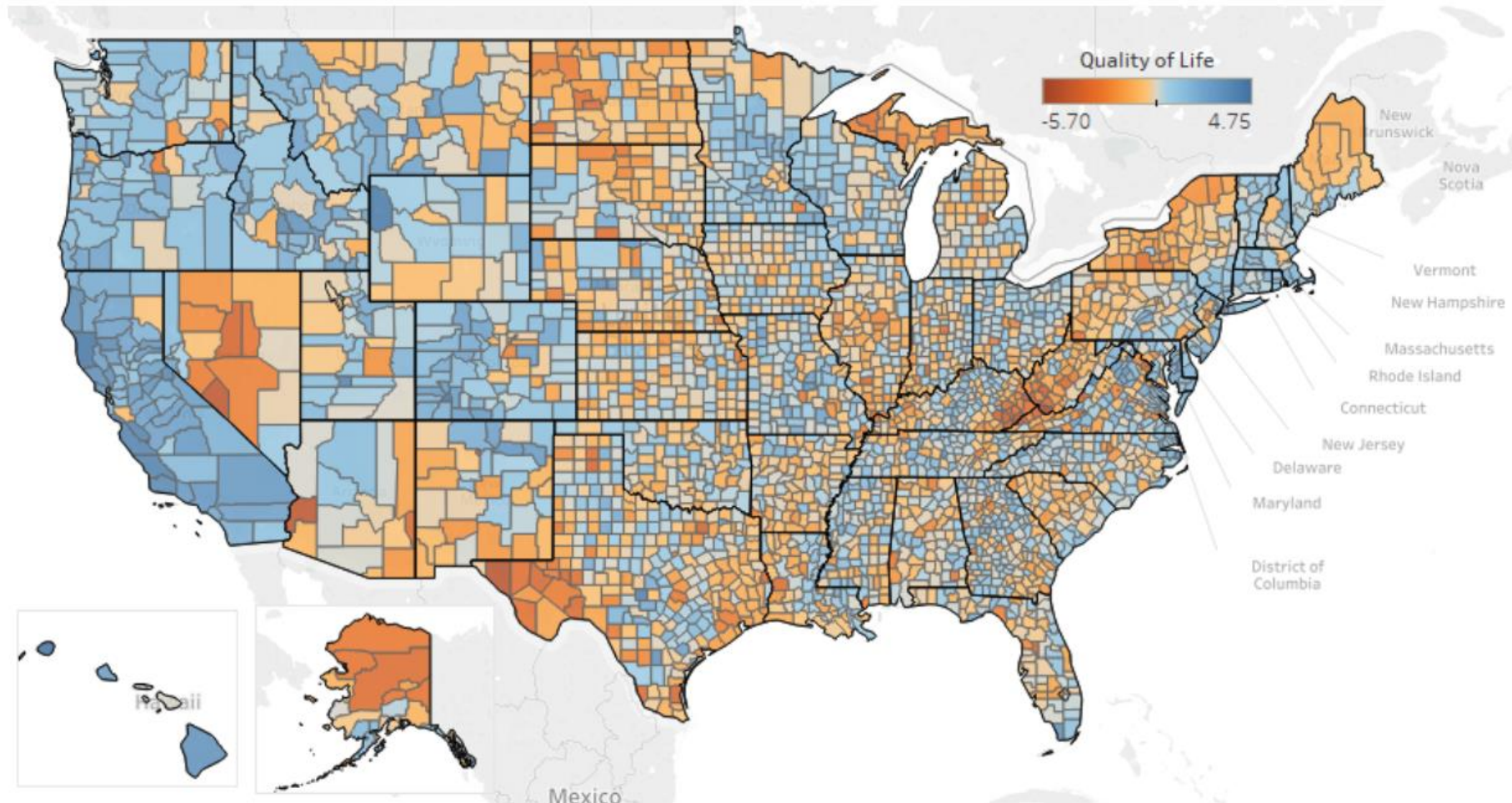


## Housing Starts and Profitability in Urban Counties, 2000-2020



# What is the Relationship Between QOL and Growth?

Quality of Life in US Counties, 2019



# Amenities that Predict High Quality of Life

## Statistically Significant Predictors

Natural Amenities (sign)	Public Amenities (sign)	Private Amenities (sign)
January Temperature (+)	School Spending (+)	Food Stores (+)
July Temperature (-)	Violent Crime Rate (-)	Worship Places (-)
Land Hilliness (+)	Physically Unhealthy Days (-)	Food/Beverage Places (+)
Forest Coverage (-)	Distance to Metro (-)	Arts/Culture (+)
Federal Land (-)	Work from Home (+)	Recreation (+)

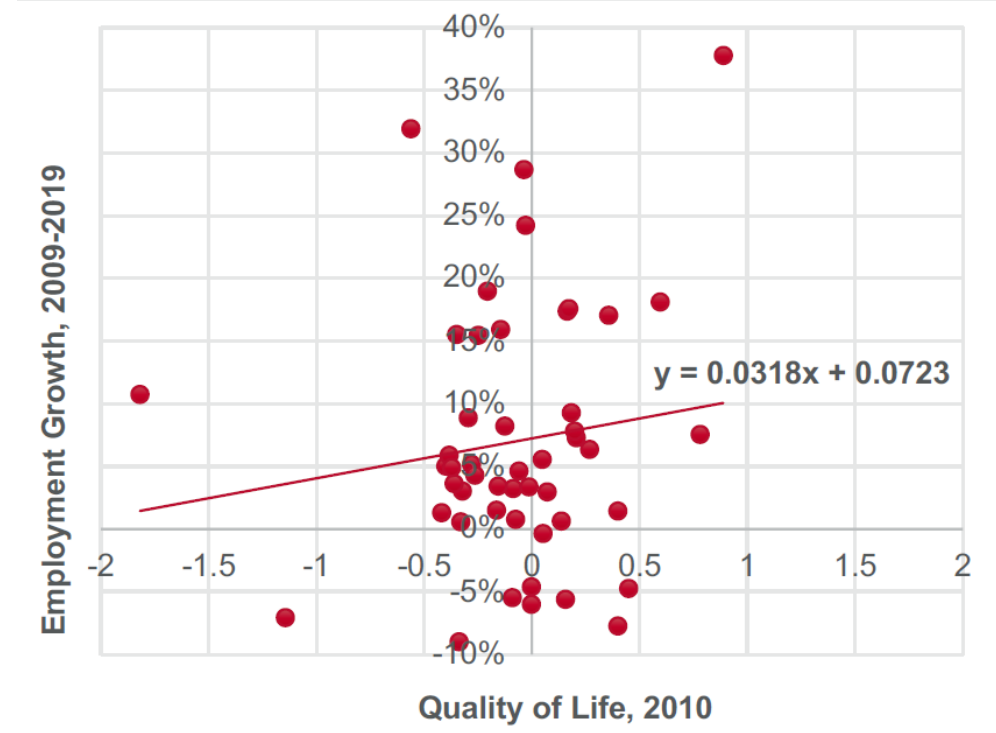
Source: Weinstein, Wornell and Hicks (2020)



### Population Growth and QOL in Rural Indiana Counties

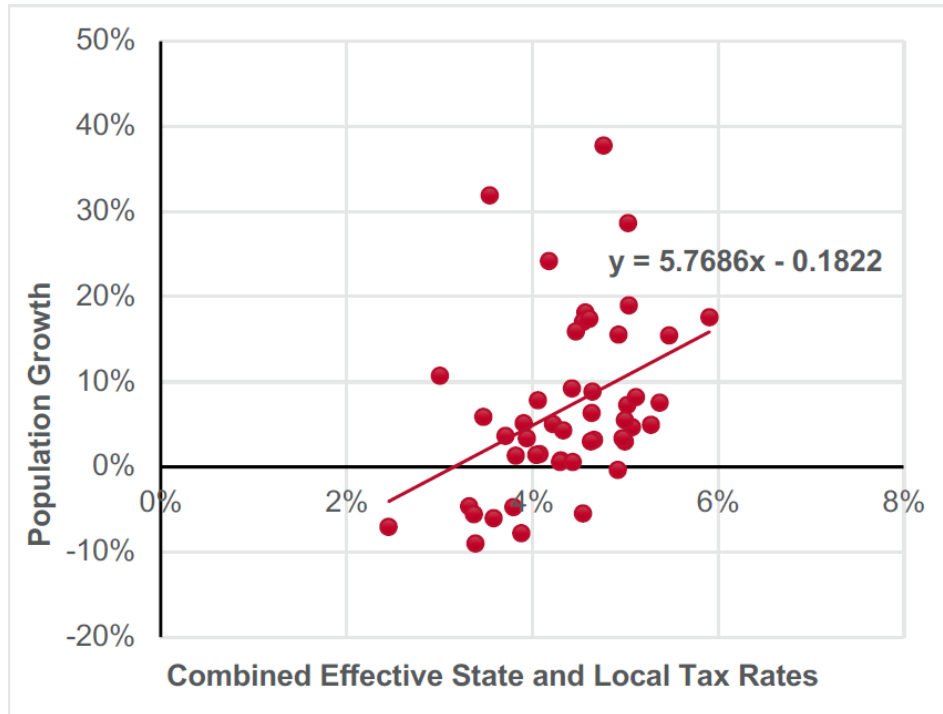


### Employment Growth and QOL in Rural Indiana Counties



Source: BEA and Weinstein, Wornell and Hicks (2022)

## Employment Growth and Combined State and Local Tax Rates in Rural Indiana, 2009-2019



Sources: BEA, IRS and authors' calculations

Higher tax rates are strongly correlated with population growth and job growth.

Policies focusing on QOL rather than low tax rates and subsidies are more likely to positively affect growth.

# Conclusions

- Rural housing stock in Indiana is older and more likely to be owner occupied than in urban areas.
- For most of the 2010s the cost of construction was higher than the average home price which made the speculative building of new housing risky.
- Just before the pandemic the average home price rose above the cost of construction which would increase speculative building.
- Amenity rich places are more likely to experience job and population growth.
- Government provided amenities such as school quality and the ability to work at home (broadband access) have the highest correlations with QOL.
- Amenity rich rural counties are also more likely to benefit from the relocation of remote workers.
- These results suggest that policy makers should focus on improving amenities in addition to or rather than traditional economic development policies such as tax breaks.



Thank you

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## Appalachia & Colonia Case Studies: Duty to Serve in Rural Regions

Emily Burleson & Katy Stigers



PARTNERS FOR RURAL  
TRANSFORMATION



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# Flight Plan

1. Background Information
2. Data Impact
3. Duty To Serve Data  
Overview | Fahe & cdc b
4. Key Insights &  
Observations
5. Suggestions
6. Q & A
7. Conclude





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**Katy Stigers**

Vice President of Research  
Fahe



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**Emily Burleson**

Advocacy & Research Project Manager  
Partners for Rural Transformation

# Who We Are

Partners for Rural Transformation is made up of 15 organizations that are committed to serving rural communities in persistent poverty across the country.

Our steering committee includes six place-based CDFIs serving **75% of the country's persistent poverty counties.**



COMMUNITIES  
Unlimited

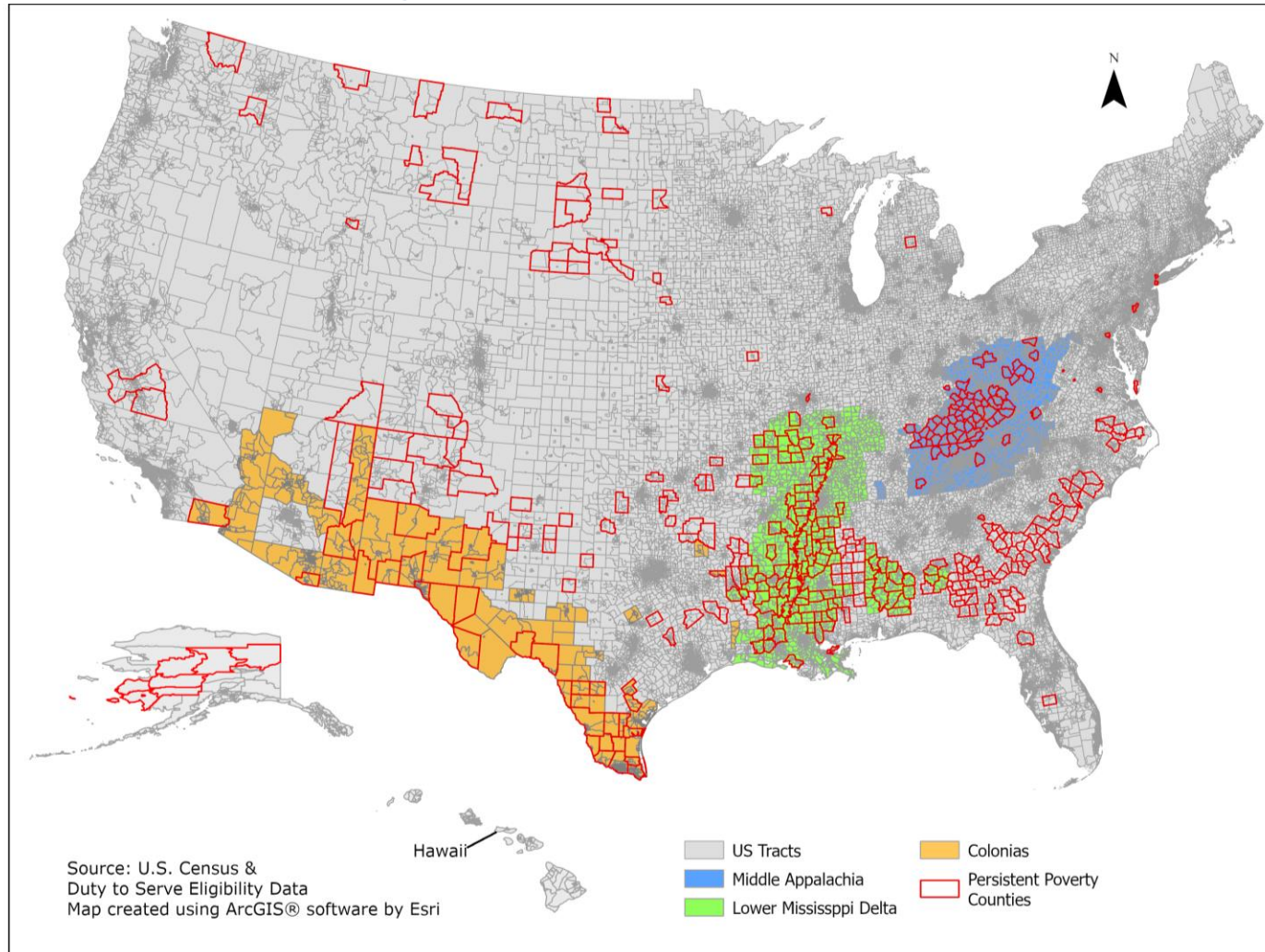


# Duty To Serve Data Overview

Fahe & cdc

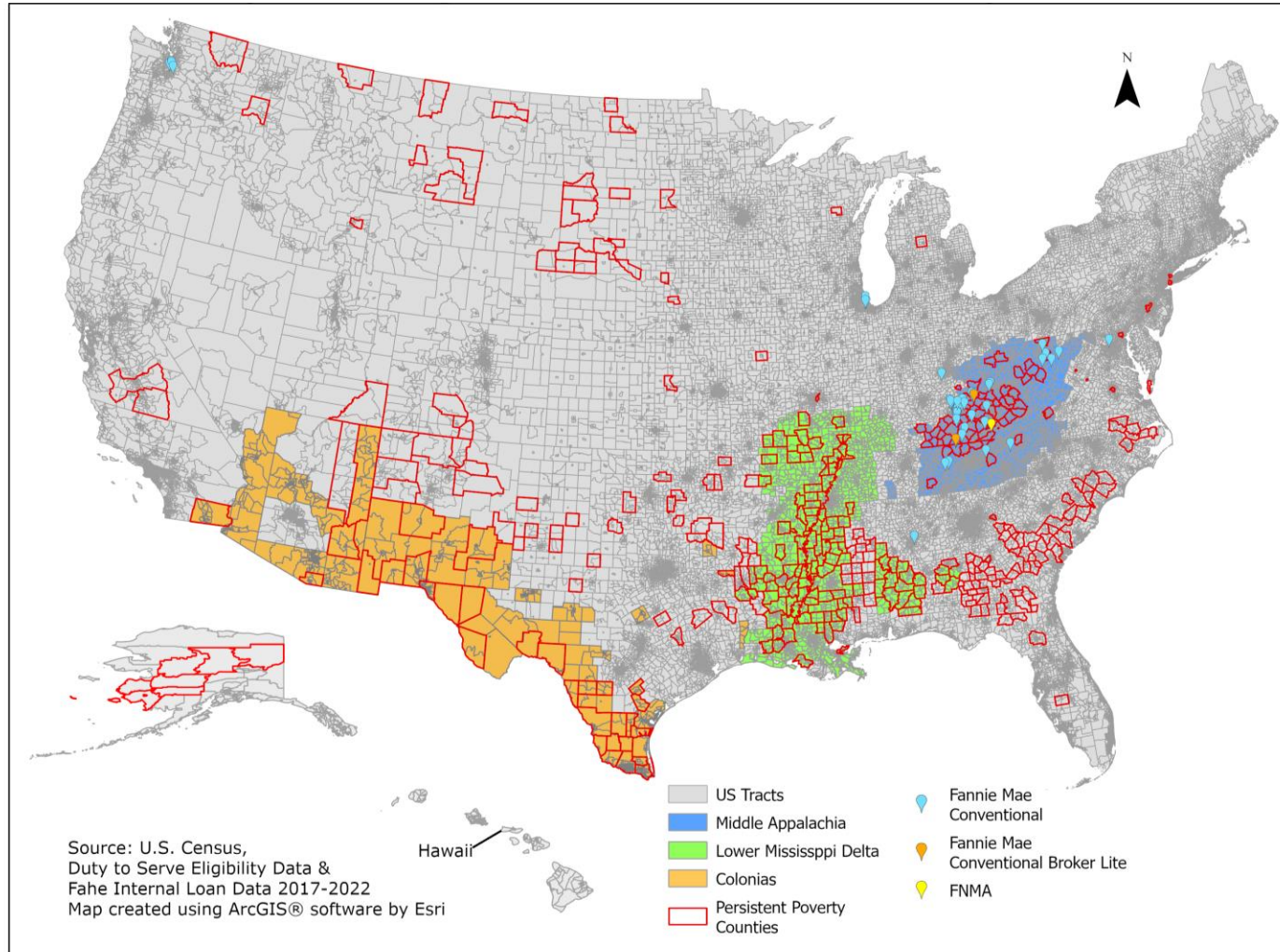


## Duty to Serve High Needs Tracts & Persistent Poverty Counties





## Duty to Serve High Needs Tracts & Persistent Poverty Counties



# Duty To Serve Data: cdcb

Year	2019	2020	2021
Loan Type	6 Freddie Conventional	4 Freddie Conventional 2 Freddie Refinance 1 Rural Loan: Freddie 2nd Home 1 Fannie Refinance	3 Freddie Conventional 2 Fannie Conventional 1 Fannie Refinance
Avg. Income	\$25,867.8	\$55,326	\$41,121
Avg. AMFI	48.1%	95.8%	84.1%
Avg. Loan Amount	\$70,249	\$99,806	\$142,091
Avg. Credit Score	733	708	735

# Duty To Serve Data: Fahe

More than 2800 loans over 2018-2022, 64 GSE

Year	2019	2020	2021
Loan Type	0 Freddie Mae/Fannie Mac	19 Fannie Mae Conventional	32 Fannie Mae Conventional 2 Fannie Mae Conventional Broker Lite 1 FNMA One Close Construction
Avg. Income	N/A	N/A	N/A
Avg. AMFI	N/A	130%	132%
Avg. Loan Amount	N/A	\$136,859	\$169,865
Avg. Credit Score	N/A	751	753



# Key Insights

Observations From Numbers &  
People





## Loan officers' perception gathered from interviews of two CDFIs

- cdc's loan numbers suggest higher accessibility to Freddie Mac loan products
- GSE's loan products have the potential to serve many more borrowers than we are currently seeing
- GSE's are serving more qualified clients with higher incomes and credit scores
- Fahe's loan numbers also show many highly qualified borrowers, based on credit scores and incomes above 120% of AMI, this was a surprise to our loan staff
- Staff working with borrowers noted that GSE products may not be best match for lower-income or less qualified potential home buyers when other rural products exist that better meet their needs for affordability

# Maximizing Impact of Duty To Serve

In Appalachia & Texas  
Colonias



# Suggestions for Maximizing Impact

- GSE's should increase their flexibility for becoming a seller-servicer in order to accommodate community financial institutions that do not have a large staff as well as make improvements in their onboarding training
- Many clients do not have the funds for a down payment, which affects their ability to take out a loan, therefore, GSE's might address this by providing more down payment assistance or adjusting the amount needed on a case-by-case basis
- GSE's should demonstrate their commitment to rural, high-needs areas by conducting a more careful examination of how they define "rural" and "urban"



Contact us. Reach out  
for continued  
discussion:



[www.ruraltransformation.org](http://www.ruraltransformation.org)



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