ESTIMATING POTENTIAL CHANGES TO USDA-RD’S ELIGIBLE AREA DESIGNATIONS

Housing Assistance Council
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Washington DC
The United States Department of Agriculture (USDA) utilizes a specific definition of rural to establish “Eligible Areas” for rural housing programs administered by its Rural Development (RD) agency.

HAC investigated potential impacts to current USDA eligible area designations resulting from statutory changes mandated pending release of population figures from the 2010 Decennial Census.
Extremely limited analysis of potential changes to the USDA-RD Eligible Areas designations.

Intended to provide a platform to estimate potential modifications resulting from population changes revealed in the 2010 Census.

The findings and projections are based solely on population estimates. Does NOT consider other definitional elements such as mortgage access, “rural character,” or grandfathering.

Caution should be exercised when generalizing from, or referring to these estimates.
42 USC 1490 - Section 520

"Rural" and "rural area" mean any open country, or any place, town, village, or city which is not part of or associated with an urban area and which (1) has a population not in excess of 2,500 inhabitants, or (2) has a population in excess of 2,500 but not in excess of 10,000 if it is rural in character, or (3) has a population in excess of 10,000 but not in excess of 20,000, and (A) is not contained within a standard metropolitan statistical area, and (B) has a serious lack of mortgage credit for lower and moderate-income families, as determined by the Secretaries of Agriculture and HUD. For purposes of this subchapter, any area classified as "rural" or a "rural area" prior to October 1, 1990, and determined not to be "rural" or a "rural area" as a result of data received from or after the 1990 or 2000 decennial census shall continue to be so classified until the receipt of data from the decennial census in the year 2010, if such area has a population in excess of 10,000 but not in excess of 25,000, is rural in character, and has a serious lack of mortgage credit for lower and moderate-income families. (42 USC 1490).
For purposes of this subchapter, any area classified as "rural" or a "rural area" prior to October 1, 1990, and determined not to be "rural" or a "rural area" as a result of data received from or after the 1990 or 2000 decennial census shall continue to be so classified until the receipt of data from the decennial census in the year 2010, if such area has a population in excess of 10,000 but not in excess of 25,000, is rural in character, and has a serious lack of mortgage credit for lower and moderate-income families. (42 USC 1490).

Updates to the definition are contingent upon the release of the 2010 Census of Population and Housing.
Current USDA - Rural Development (RD) Eligible Areas

Legend
- RD Ineligible Area
- RD Eligible Area

Produced by the Housing Assistance Council
Washington, DC

Source: HAC tabulations of USDA and U.S. Census Bureau Data
Population by Rural Classification, 2009

<table>
<thead>
<tr>
<th>Classification</th>
<th>Percent of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside Metro</td>
<td>16.3</td>
</tr>
<tr>
<td>Census Defined Rural</td>
<td>22.9</td>
</tr>
<tr>
<td>USDA Eligible Areas</td>
<td>34.1</td>
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</tbody>
</table>
Using data from the 2010 Census, HAC’s research identified 500 places with the potential to lose their USDA-RD eligible area status as a result of population change.

A potential loss of 10,132 square miles, constituting a possible .3 percent reduction in the current USDA-RD eligible area landmass nationally.

Estimated 9.1 million people in these potential reclassification areas, or 8.3 percent of USDA-RD eligible areas total population.
Potential Additions to USDA Ineligible Areas as a Result of Population Change
USDA RD’s eligible areas definition includes differing eligibility thresholds based on OMB designated Metropolitan Area status.

Generally, places within Metropolitan Areas must have a population below 10,000 to be considered an USDA eligible area.

Places Outside Metropolitan Areas can have populations up to 20,000 and still be eligible, if certain other conditions are prevalent.
USDA - RD Ineligible Areas & OMB Metropolitan Areas

Legend
- RD Ineligible Area
- Metropolitan Area
- Outside Metropolitan Area

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Source: HAC tabulations of USDA and U.S. Census Bureau Data
Potential Additions to USDA Ineligible Areas in Metropolitan Counties

Legend
- RD Ineligible Area
- Potential Metro Ineligible
- Metropolitan Counties
- Outside Metropolitan Area

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Source: HAC tabulations of USDA and U.S. Census Bureau Data
Identified 449 places in Metropolitan Areas with the potential to lose their USDA-RD eligible area status.

8,209 square miles - .3 percent reduction in the current eligible area landmass.

Estimated 7.8 million people in these potential reclassification areas.
USDA RD Ineligible Areas & Outside Metropolitan Areas

Legend
- RD Ineligible Area
- Metropolitan Area
- Outside Metropolitan Area

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Source: HAC tabulations of USDA and U.S. Census Bureau Data
Outside Metropolitan Areas & Places More Than 20,000 Population

Legend
- Outside Metro >20,000
- Outside Metropolitan Area
- Metropolitan Area

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Source: HAC tabulations of USDA and U.S. Census Bureau Data
Potential Additions to USDA Ineligible Areas Outside Metropolitan Areas

Legend
- RD Ineligible Area
- Potential Outside Metro Ineligible
- Outside Metropolitan Area
- Metropolitan Area

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Source: HAC tabulations of USDA and U.S. Census Bureau Data
The research identified 51 places Outside Metropolitan Areas with the potential to lose their USDA-RD eligible area status.

1,923 square miles - .01 percent reduction in the current eligible area landmass.

Estimated population of 1.3 million in these potential reclassification areas.
Extremely limited analysis of potential changes to the USDA-RD Eligible Areas designations.

Intended to provide a platform to estimate potential modifications resulting from population changes revealed in the 2010 Census.

The findings and projections are based solely on population estimates. Does NOT consider other definitional elements such as mortgage access, concepts of “rural character,” and the issue of grandfathering.

Caution should be exercised when generalizing from, or referring to these estimates.