



Poverty and Housing

Economic distress and poverty have a major impact on housing conditions for both communities and households alike. Rural households in poverty experience some of the worst housing conditions in our nation. While housing conditions have improved dramatically for rural residents over the past three decades, more than 3 percent of all rural households occupy a unit with moderate problems, including inadequate services (kitchen/plumbing) and crowding (2009 American Housing Survey).

The most significant problem facing rural households is housing affordability. Although housing costs are generally lower in rural areas, so too are incomes. According to 2009 American Housing Survey data, 30 percent of all rural households are cost burdened, which is defined as paying more than 30 percent of income on housing costs.

It is difficult to precisely assess the extent of the foreclosure crisis in rural areas. However, it is undeniable that a substantial number of loans were made to rural borrowers with thin equity cushions and blemished credit records. The current economic crisis has imperiled thousands of rural borrowers through subprime credit or unstable employment.

Unless otherwise noted, statistics and figures in this publication derive from:
 I. 2010 Current Population Survey, Annual Social and Economic Supplement.
 II. U.S. Bureau of the Census, Historical Poverty Tables.
 III. HAC tabulations of USDA Data.

For more information about rural housing, visit HAC online.



www.ruralhome.org

HAC

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.



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THE
 HOUSING
 ASSISTANCE
 COUNCIL

Poverty in Rural America



Rural Poverty & Income at a Glance

PEOPLE IN POVERTY

United States
 46.2 million
 15.1%

Metropolitan
 38.3 million
 14.9%

Outside Metropolitan
 Areas
 7.9 million
 16.5%

INCOME

United States
 \$49,445

Metropolitan
 \$51,244

Outside Metropolitan
 Areas
 \$40,287

Poverty Continues to be High in Rural America

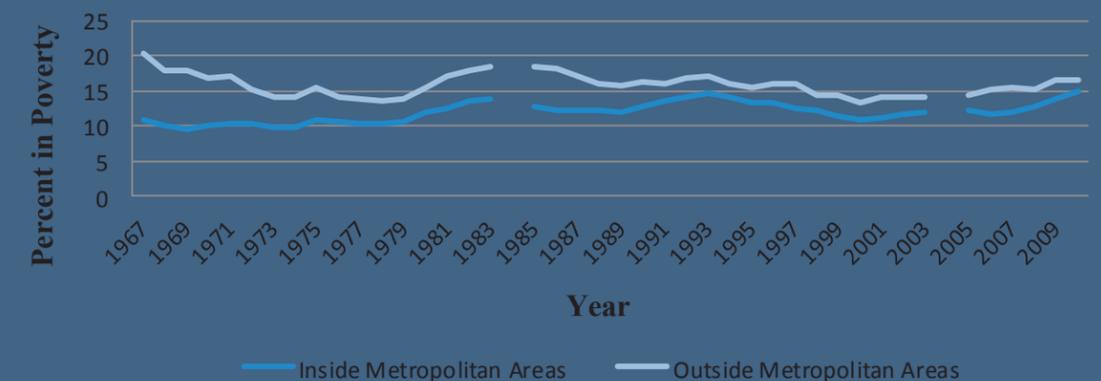
At 16.5 percent, the nonmetropolitan poverty rate in 2010 continued to be higher than the national rate, but lower than the 16.6 percent nonmetropolitan poverty rate in 2009. Overall, 7.9 million people outside metropolitan areas had incomes below the poverty level in 2010.

The U.S. Census Bureau's annual report on poverty, income, and health insurance revealed widespread increases in poverty, and declines in income and health insurance for 2010. The official poverty rate measured by the U.S. Census Bureau grew to 15.1 percent, up from 14.3 percent in 2009. The Census Bureau estimates that 46.2 million people were poor in 2010, up from 43.6 million in 2009. This is the highest rate of poverty in the United States since 1983. In 2010, the national household median income was \$49,445 - a 2.3 percent decrease from the

2009 level. Household incomes were highest in metropolitan areas outside of central cities (\$56,140) and lowest in nonmetropolitan areas (\$40,287).

The Census report also indicated declines in health insurance coverage in 2010. The percentage of people without health insurance increased to 16.3 percent in 2010, up from 16.1 percent in 2009. The uninsured rate for those living outside of metropolitan areas grew to 16.2 percent in 2010. Approximately 7.8 million persons in nonmetropolitan areas were without health insurance in 2010.

Poverty By Residence 1967 - 2010



Poverty by County, 2009

Near Poverty

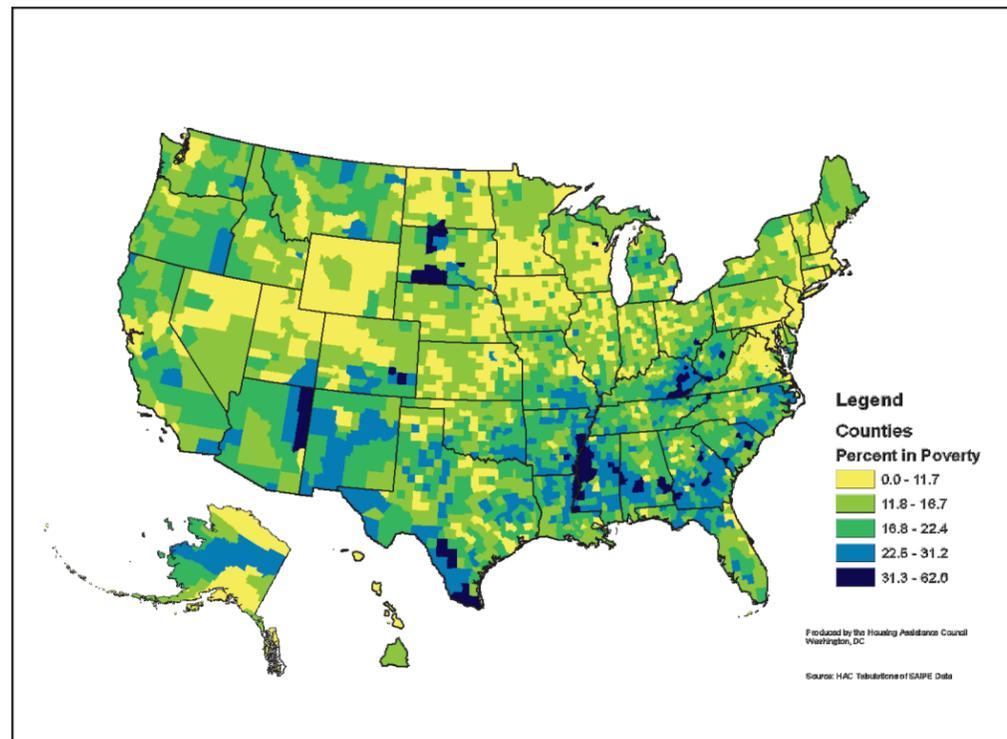
Nationally, 24.6 percent of the total population lives near poverty — households with incomes below 150 percent of the poverty line. A higher proportion of nonmetropolitan households (28.2 percent) are near poverty as compared to metropolitan households (24.0 percent).

Half of all rural African Americans (50.5 percent) live near poverty; rural Hispanics are at 47.0 percent, followed by whites at 23.5 percent, and Asians at 19.9 percent.

In nonmetropolitan areas, 38.2 percent of children under the age of 18 live below 150 percent of the poverty line compared to 32.5 percent in metropolitan areas.

Over one quarter (26.2 percent) of elderly people live near poverty in nonmetropolitan areas, up by 1.5 percent from 2009. In metropolitan areas 20.6 percent of the elderly live near poverty.

More than half (55.3 percent) of female-headed families live near poverty in nonmetropolitan areas. That rate decreases to 44.0 percent in metropolitan areas.



The Face of Rural Poverty

Poverty rates vary greatly among rural populations.

Race and Ethnicity. In 2010, rural minorities had higher poverty rates than their metropolitan counterparts. Rural African Americans experienced the highest poverty rates at 32.8 percent, followed by Hispanics at 29.1 percent, whites at 13.3 percent, and Asians at 8.1 percent.

From 2009 to 2010, the greatest increase in nonmetropolitan poverty rates was for Hispanics, with an increase of 1.7 percentage points. Poverty for blacks decreased by 0.3 percentage points, and the poverty rate among rural Asians dropped 8.4 percentage points. Poverty rates did not change among nonmetropolitan whites.

Region. Rural poverty was highest in the South with 19.7 percent, followed by the West at 17.3 percent, then the Midwest and the Northeast at 13.0 percent each.

Children. In nonmetropolitan areas, 2.8 million children under the age of 18 live in poverty, or

24.7 percent, up from 23.5 percent in 2009. The child poverty rate in metropolitan areas is slightly lower at 21.5 percent.

Elderly. In 2010, 10.4 percent of elderly people over the age of 65 live in poverty in nonmetropolitan areas, compared to 8.7 percent in metropolitan areas. Poverty among the rural elderly increased by 0.4 percentage points from 2009.

Female-Headed Households. Outside metropolitan areas, 39.7 percent of female-headed families live in poverty, a rate that is nearly 10 percent higher than in metropolitan areas. There are also variations on the regional level. In the South, 41.2 percent of all female-headed households in nonmetropolitan areas were in poverty, as compared to 35.9 percent in the nonmetropolitan Northeast. There was a 1.7 percentage point increase in poverty among female-headed households nationally from 2009 to 2010.

Income in Rural America

Households residing outside metropolitan areas have historically had lower incomes than their urban counterparts. Rural residents represent a smaller share of high-income earners and a disproportionate share of low-income earners. In 2010, the median income for nonmetropolitan residents was \$40,287, which was a 1.3 percent decrease from 2009.

There are significant differences in income among rural minorities.* Nonmetropolitan household median incomes range from \$24,561 for blacks to \$31,429 for Hispanics, \$42,901 for whites, and \$50,282 for Asians. Change in median income between 2009 and 2010 varied across race. Nonmetropolitan Hispanic household incomes decreased by 6.2 percent, while incomes increased for rural whites (1.8 percent), blacks (2.4 percent), and Asians (10.2 percent).

In addition, the difference between urban and rural areas is profound. Overall, nonmetropolitan households earn 21.4 percent less than those in metropolitan areas. The difference is greatest among black and white households who earn 26.3 percent and 25.9 percent less, respectively, outside metropolitan areas as opposed to inside.

Asian households earn 22.6 percent less in nonmetropolitan areas, and Hispanic households earn 18.4 percent less. When all households are broken down into five income quintiles, disparities between urban and rural areas become more apparent. While 19.1 percent of metropolitan households earn incomes in the lowest income quintile, nearly one-quarter (24.8 percent) of nonmetropolitan households earn incomes falling in the lowest quintile. Conversely, only 11.9 percent of nonmetropolitan households earn incomes in the highest quintile as compared to 21.6 percent of metropolitan households.

From 2009 to 2010, the number of households in each quintile changed by one percent or less in both metropolitan and nonmetropolitan areas. Thus, the disparities between metropolitan household income and nonmetropolitan household income has remained steady, with little to no improvement since 2009.

* Races and ethnicities correspond to the following categories used in the Census report: white is equal to the category of "White Alone Not Hispanic," black refers to the category of "Black Alone," Asian refers to "Asian Alone," and Hispanic to "Hispanic (Any Race)."

A New Way to Measure Poverty

In October 2011, the Census Bureau expects to release a new Supplemental Poverty Measure (SPM) to help improve the collection of economic condition data and better illustrate the economic well-being of American households. Since the 1960s, the United States has estimated poverty based on a household's cash income. There have been many criticisms of the traditional method of estimating poverty, which is a calculation based on the cost of an "emergency food diet" for a family of three. One of the primary concerns has been that the definition is a measure of cash income that does not reflect the impact of taxes and non-cash benefits or the varied costs of goods and services in communities across the nation. The SPM will address some of these concerns by including additional data to reflect expenditures such as tax payments and work expenses. The new calculation will not be used to determine eligibility for government programs. Rather, these data will shed light on larger economic trends and household need.

Persistent Poverty

The United States is among the most economically prosperous nations in the world. However, this prosperity does not reach all Americans.

Many of our nation's poor residents are concentrated in rural areas that experience persistently high rates of poverty and are often invisible to the rest of the nation.

These persistent poverty counties are clustered within several high need rural regions and populations such as Central Appalachia, the Lower Mississippi Delta, the southern Black Belt, Colonias along the U.S.-Mexico border, Native American lands, and migrant and seasonal farmworkers. In addition, these counties also have high rates of minority populations and depressed economies.