



Rural Rental Housing Characteristics

In a nation that places a high value on homeownership and has committed substantial resources to increasing ownership opportunities, the needs of renters are often overlooked. While homeownership rates are higher in rural America than in cities, renting provides a housing alternative for the millions of rural families unable to purchase or uninterested in owning a home. More than 6.3 million housing units, or 24 percent of the total occupied rural housing stock, are renter-occupied. Geographically, rural rental housing rates are consistent across much of the United States, as only four states – Alaska, California, Hawaii, and Rhode Island – have rural rental rates above the national average.

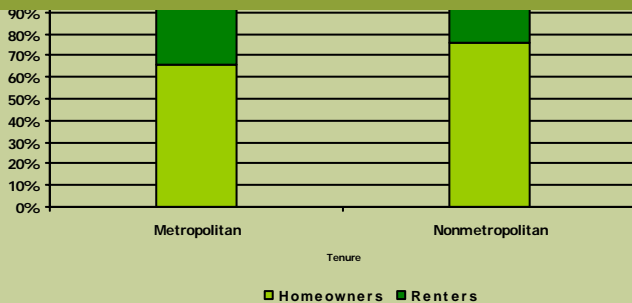
Rural renters generally have much lower incomes than rural homeowners: rural renters' median household income is approximately \$21,000 compared to \$43,000 for rural owners. Poverty levels among rural renters are also much higher. Over 20 percent of rural renters have incomes below the poverty level compared to less than 10 percent of rural owners.

As is true in the nation as a whole, in rural areas a greater percentage of minorities than whites are renters. Approximately one-fifth of rural white-headed households rent their homes compared to 39 percent of rural minority-headed households. Nevertheless, rural minorities are much more likely to be homeowners than their urban minority counterparts.

Rural renters are most likely to live in single-family homes or in small multifamily structures. Nearly 40 percent occupy single-family homes – twice the rate of metropolitan area renters. About the same proportion (42 percent) of rural renters live in multifamily structures of two or more apartments. Manufactured housing is much more prevalent in rural areas than urban locales and over 15 percent of rural renter-occupied units are manufactured homes. Rural renters also live in older housing than owners; 34 percent of rural renter-occupied units were built before 1960.

Figure 1. Housing Tenure by Residence

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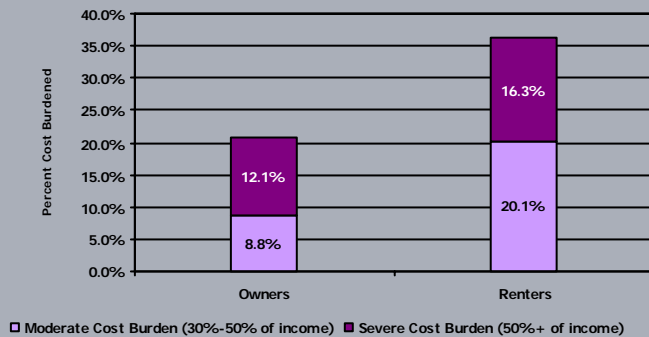
Housing Problems Among Rural Renters

Rural rental households experience some of the most significant housing problems in the United States. Renter households in rural areas are twice as likely to live in substandard housing as their owner counterparts. Approximately 11 percent of rural renters live in either moderately or severely inadequate housing, compared to 5 percent of rural owners. For rural minority renters, the substandard housing rate increases to 16 percent.

Although housing costs are generally lower in rural areas than in cities, many rural households, particularly renters, find it difficult to meet these expenses. Approximately 36 percent of rural renter households pay more than 30 percent of their monthly income for housing costs and are considered cost-burdened, compared to 20 percent for owners. Most cost-burdened households have low incomes, and a disproportionate number are renters. Thirty-five percent of cost-burdened rural households are renters, while renters comprise only one-quarter of all rural households. Unfortunately, housing cost, quality, and crowding concerns are not mutually exclusive – many rural households experience multiple housing problems. Not surprisingly, rural renters are also more prevalent among households with multiple problems. Over half of the 662,000 rural households with multiple housing problems are renters.

Given the range of housing issues facing rural renters, federal programs have been a critical resource in providing needed support to develop affordable rental units and subsidize low-income renter households.

Figure 2. Housing Affordability by Tenure

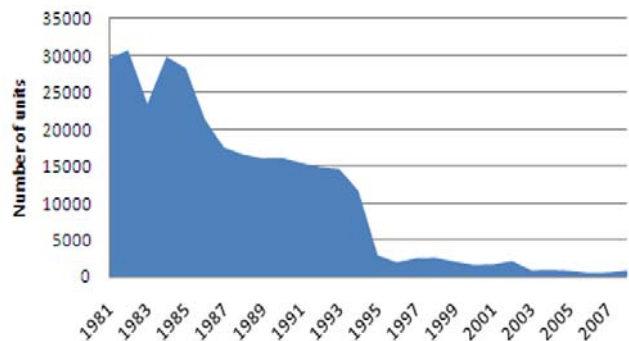


Federal Housing Assistance and Its Impact

Since the mid-1930s, the federal government has supported the production of low- and moderate-income rural housing. This assistance has directly improved the housing condition and lives of millions of low-income rural Americans. In nonmetro areas, 1.25 million or 8 percent of rental households receive some type of government housing assistance.

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 U.S. Department of Agriculture's Section 515 Rural Rental Housing program, which in Federal Fiscal Year (FY) 1994 funded the development of 11,542 units of affordable rental housing in rural areas. Only 805 units were developed under the program in FY 2008, reflecting a 92 percent reduction from the FY 1994 level.

Figure 3. Rural Development Section 515 New Units Funded, 1998-2008



Compounding the issue of reduced production of rural rental housing is prepayment. A significant portion of the units in the USDA's 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 loan balances and convert the units to market rate housing. HUD's Section 8 tenant-based rental assistance program is experiencing similar problems as landlords opt out of the program in search of higher rents and fewer government regulations.

Notes: Most of the data for this report derives from HAC tabulations of the 2005 American Housing Survey (AHS), and the 2000 Census of Population and Housing.