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Ignoring the Rural Underclass: The Biases of Federal Housing Policy

by

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Craig Anthony (Tony) Arnold

Despite a growing national awareness of the problem of homelessness, the housing needs of the rural poor have been forgotten.

Amid the backroads and small towns of the United States, outside of public view and the consciousness of this urban-oriented society, live the rural poor.¹ They constitute one of the most ignored elements of the U.S. population. We do not see them; we do not understand their problems; and we are not as threatened by their poverty as we are by the poverty of urban dwellers. The rural underclass, which has been called "America's Third World," is "[l]ost in the shadows" and "rarely intersects with the rest of society."² Yet, statistics on the incidence of rural poverty are alarming. Poor rural Americans now number 9.7 million. An astounding 42 percent of rural blacks are below the poverty line, a rate 11 percent higher than for urban blacks. Overall, the percentage of rural residents who are poor exceeds that of urban residents.³

Policymakers have not responded to the persistent

and growing problems of rural poverty. While 30 percent of the poor in the United States live in rural areas, rural residents receive only about 20 percent of federal, state, and local anti-poverty expenditures.⁴ The structures and rules of federal income transfer programs clearly reflect an urban bias.⁵ The inequitable allocation of federal welfare resources along the ru-

ral/urban dimension stems from the popular belief in the inevitability of migration to urban areas and in the futility of helping a politically insignificant and declining rural population.⁶

Housing is one area that continues to pose significant problems for many of the rural poor. Despite dramatic improvements in the quality of housing nationwide since 1950, rural residents still live with a much higher incidence of substandard housing. Some minority groups, such as rural blacks and migrant farmworkers, experience a grossly disproportionate degree of substandard housing as well as discrimination.

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Moreover, rural communities do not have the resources to finance the construction, repair, or rehabilitation of low-income housing.

The housing options a disadvantaged family has are quite limited. Many must choose between poor quality housing and housing priced beyond their means. Farmworkers often need inexpensive, large, and possibly short-term rental housing, because of their very low wages, large families, and—in the case of migrant farmworkers—transitory patterns. Very little housing of this sort exists, especially for non-Anglos in a racially and ethnically hostile environment. Neither do low-income homeowners face a positive situation. Many live in substandard conditions, unable to afford the necessary repairs. The more their houses deteriorate, the less equity they have against which to borrow for repairs. Owning a mobile home may be a relatively inexpensive alternative. Although families may move to mobile homes from substandard conditions, mobile homes lack the strength and durability to serve as adequate long-term housing.

This article will demonstrate that federal housing policy does little to address rural housing needs. Our intuitive images of national housing problems—homelessness, urban ghettos, and the affordability of rental housing in American cities—are reflections of the urban bias of the policy agenda. While federal housing policies are universally inadequate, they are geared toward urban conditions and completely ignore the housing problems of the rural poor. In 1982, only 18 percent of poverty-level renters in non-metropolitan areas received federal housing assistance, as compared to 27 percent of poverty-level renters in metropolitan areas.⁷ Finally, the bureaucracy that implements federal housing policy is structured in a way that prevents a considerable portion of housing aid from reaching rural residents.

The significant flaws and anti-rural biases of federal housing programs require us to rethink our national rural housing policy. If we are to achieve an equitable and effective housing policy, we must give rural housing problems the attention they deserve. We must not only increase funding to a fair portion of federal housing aid, but also target the aid to those who need it most and strengthen anti-discrimination measures to ensure real choice for people of color in rural markets. We must seek community self-sufficiency by investing in rural economies through non-profit organizations based in those communities. Finally, we should consider establishing a new, independent federal agency to administer rural housing

programs free of urban- or farm-oriented biases.

RURAL HOUSING CONDITIONS

Rural Economic Conditions and the Effect on Affordable Housing

The economic conditions affecting rural communities and residents vary from urban economic conditions. Many poor rural households are "working poor" (i.e., at least one member of the household is employed), and many have both parents present in the household.⁸ Thus, their problems do not stem from unemployment or large numbers of low-income single-parent families. Rural residents have less income than urban residents and, similar to urban areas, poverty is disproportionately high among rural blacks and rural Hispanics.⁹ Problems of underemployment, few opportunities for job mobility, and the preponderance of low-wage and low-skill jobs plague the

Rural residents are being priced out of housing markets by urban "refugees" who are still earning urban salaries.

rural economic terrain.¹⁰ The problem is intensified by urban workers moving to rural areas to seek lower housing costs (e.g., San Francisco Bay area residents moving to Modesto, more than seventy miles east of the region, to find affordable housing), which increases the demand for housing and, therefore, the costs of a limited supply of housing. "Rural residents are being priced out of housing markets by urban refugees who are still earning urban salaries."¹¹

Rural communities are also limited in their ability to solve their local housing problems. Lower average incomes and higher levels of poverty and unemployment yield a weak tax base and, consequently, fewer public resources to spend on housing problems. Furthermore, many rural areas lack sufficient local lending and infrastructure resources, which are necessary to support major housing improvements and construction.¹² For example, Wells Fargo Bank, a major California bank, closed all their branch offices in rural communities during the past few years, further undermining the serious lack of credit in rural areas.¹³

Low wages and underemployment result in less resources to spend on housing consumption, including

repairs and maintenance. An alarming 32 percent of poor non-metropolitan renters and 22 percent of poor non-metropolitan homeowners spend more than 70 percent of their income for housing, just one indicator of the severe shortage of affordable housing in rural areas.¹⁴ The rural poor simply cannot afford much of the rural housing stock.

Many rural families occupy homes with structural defects that prevent them from being used as collateral against which to borrow for improvements and repairs. Likewise, mobile homeowners who rent the land on which their mobile homes sit have no equity in land. Confusion over land title is a pervasive problem which creates considerable difficulties in obtaining the credit necessary for mortgages and home repairs. Moreover, local government policies often discourage the development of low-income housing. Such policies include exclusionary zoning and local decisions not to approve or build further low-income housing.¹⁵ The rural poor face numerous economic, legal, and political roadblocks to the repair of existing housing or the construction of new housing.

Racial Discrimination

Racial discrimination pervades rural housing markets. A classic study of six rural communities in the 1970s found that rural housing markets were clearly segregated along racial lines and that housing condition inequalities existed.¹⁶ Racial segregation in rural housing markets persists.¹⁷ Blacks experience much higher levels of substandard housing than do other rural residents: 41 percent of non-metropolitan black households live in substandard housing, compared to only 7 percent of non-metropolitan white households.¹⁸ Such segregation is informal, which makes it more difficult to detect and eradicate. One study has concluded that "the actual cause of segregation appears to be internalized discrimination—actions predicated on the expectation that discrimination will be practiced—rather than voluntary self-segregation."¹⁹ In addition to the lack of choices all rural poor face, rural blacks (particularly those in the South) anticipate discrimination in the housing market and may not seek to rent or buy "white housing."

Farmworkers, who are often racial or ethnic minorities, also face a lack of choice in housing markets for several reasons. Most farmworkers receive extremely low wages and work less than 12 months of the year. They simply cannot afford the housing that is available. It is estimated that between 10,000 and 15,000 farmworkers in San Diego County alone are

sleeping outside, some in holes dug in hillsides and many under trees and bridges, largely because of the high costs of housing in the San Diego area.²⁰ Another problem is the lack of large housing units at affordable rents. Farmworkers tend to have large families and experience something on the magnitude of 10 times the normal rate of overcrowding. It is not unusual to find several families in units built for just one. Not only are larger units more expensive, but lessors do not want to rent to families whom they anticipate will bring in other family members or other families to live with them.²¹

Racism and ethnocentrism also play a significant role in the lack of options available to farmworkers. Anglo residents of small rural communities are suspicious of the Latino, Native American, and Asian farmworkers that they perceive as invading "their" communities. Such prejudice translates into housing discrimination. One of the more blatant examples occurred in the City of Gridley in Butte County, California. The Gridley City Council attempted to prevent the building of a farmworker housing project for Punjabi ricefield workers, because they "worship a different god."²² A more subtle form of discrimination is the lack of interest by private owners of farmworker housing in rehabilitating the housing. A California state housing program received only one application for farmworker housing rehabilitation funds.²³

Finally, a number of farmworkers are migrants, moving frequently to follow the harvest of large crops. Migrant farmworkers suffer the consequences of both grossly substandard housing and a severe lack of temporary rental housing. In 1980, 75 percent of migrant farmworker dwellings lacked complete plumbing.²⁴ Housing that can be rented on a temporary or seasonal basis at affordable cost is scarce.²⁵ Many characteristics of migrant farmworkers in the United States, such as their immigration status, migration, economic position, and disfavored ethnicity, create a political and social vulnerability that contributes to the perpetuation of substandard housing conditions and undersupply.

Living in Substandard Housing

One of the most important differences between rural and urban housing conditions is the higher rate of substandard housing among rural residents. Although rural areas are home to about 25 percent of the United States population, they contain roughly 33 percent of the nation's occupied substandard housing units and 38 percent of the nation's substandard

units occupied by poverty-level households.²⁶ The disparity holds true across several measures of housing quality: incomplete plumbing, inadequate kitchen facilities, and general physical defects.²⁷

Rural blacks experience a disproportionately high share of these substandard conditions, as much as 16 times higher than the urban rates.²⁸ The rural elderly are more likely than the urban elderly to lack

Between 10,000 and 15,000 farmworkers in San Diego County alone are sleeping outside.

adequate facilities, such as central heating, indoor plumbing, and complete kitchens, and to experience structural problems, such as leaks, sagging floors, and peeling paint.²⁹ Flawed housing units in rural areas, and particularly those occupied by blacks, are far more likely to have more than one major defect than are flawed urban units.³⁰ Although this nation has experienced dramatic improvements in housing quality since the 1950s, poor rural Americans have not shared in the benefits.

Contrary to assumptions that only renters suffer substandard housing, homeowners in rural areas live in grossly inadequate conditions as well. Homeownership rates are higher in rural areas than in urban areas,³¹ a difference that also exists for the poor. Approximately one-third of urban poverty-level households are owner occupied, but two-thirds of rural poverty-level households are owner occupied.³² The same pattern is seen among the elderly.³³ With little money to make repairs when needed, poor households see a high rate of deterioration. To address substandard rural housing conditions, we must consider solutions that help homeowners, not just renters.

The higher level of mobile home occupancy also has implications for reducing substandard housing conditions. More rural than urban residents live in mobile homes.³⁴ Many rural people have resettled into mobile homes due to structural housing problems experienced in previous accommodations.³⁵ In many areas, mobile homes are the only alternatives low-income families have, given a lack of rental housing. However, mobile homes often have their own structural problems, such as lack of strength and durability, that make them inappropriate for long-term

housing. Ironically, moving to a mobile home ultimately may be as poor a choice as staying in existing substandard conditions.

ANALYSIS OF FEDERAL HOUSING POLICY

Rural areas receive only 20 percent of federal housing support, while 25 percent of the nation's population lives in rural areas, 30 percent of the nation's poor are rural residents, and 33 percent of the nation's substandard housing exists in rural areas.³⁶ The causes of rural America's disproportionately low share of housing aid are deep-seated. The bureaucratic structure for implementing federal housing policy is fragmented and has little capacity for, or interest in, delivering federal aid to the remote rural underclass. Additionally, the rural policy that does exist does not effectively address rural needs. The most significant federal housing program, Section 8 Vouchers, assumes that the private market can supply decent, affordable housing, an assumption proved wrong by the unique conditions of rural areas. Finally, Farmers Home Administration (FmHA) programs, which are designed particularly for rural residents, are underfunded, underutilized, and moving toward ineffective market-oriented vouchers.

Rural Needs Ignored

The public and most policymakers neither understand rural housing problems nor view them as legitimate parts of the public agenda. With few exceptions, the American media does not publicize rural poverty, much less rural housing conditions. The public images of poverty have a distinctively urban slant. For example, a recent *New York Times* article characterized homelessness as the symbol of poverty in the United States.³⁷ Although homelessness is a serious problem, the number of rural poor is much greater than the number of homeless. To the extent that the public agenda has focused on rural problems, it has focused on the farm crisis, despite the fact that most rural poor are not farmers.

Several reasons account for the lack of public attention to rural housing problems. Perhaps the most important is that rural housing conditions and poverty lack visibility. The urban population, which is both highly concentrated and much larger than the rural population, pressures the federal government to deal with such visible problems as ghettos and homelessness. However, no one sees the housing problems of the rural poor, who are more widely scattered and do not create such negative externalities. Furthermore, even if anyone notices, the scattered

and complex nature of rural housing problems makes them more difficult to solve.

A second reason rural housing is not prominent on the public agenda is an American cultural bias toward that which is urban. This bias is created by a pervasive belief in the rightness and inevitability of urbanization. Biases against the rural poor are compounded by cultural prejudices against the poor and racial and ethnic minorities, especially blacks and Latinos.

Finally, when compared to urban residents, the rural underclass is politically weak. Widely dispersed, they lack the organization, financial resources, and concentrated voting strength necessary to influence public policy. Moreover, the President depends more on urban-based electoral votes. Therefore, his administration is less likely to place as high a value on rural issues or enthusiastically to administer programs that benefit the rural poor.³⁸

Programs and Policies

The anti-rural bias of federal housing policy goes far beyond the disproportionately low share of resources allocated to rural areas and the inattention given to rural housing conditions. It goes to the very design and operation of federal housing programs. The United States government provides low-income housing assistance under three major programs: public housing, Section 8, and Farmers Home Administration.³⁹ None adequately addresses the housing problems of the rural poor.

Public Housing on the Decline

The oldest federal low-income housing program is the public housing program, established by the United States Housing Act of 1937.⁴⁰ Under this program, the U.S. Department of Housing and Urban Development (HUD) subsidizes the construction and operation of low-rent housing projects.⁴¹

Although some public housing projects exist in rural areas, public housing is not currently an important element of rural housing policy for several reasons. Public housing in general has become a disfavored federal program. The "high-rise, dense concentrations of families with social problems" found in many housing projects are perceived as isolating low-income residents and perpetuating such conditions as crime and welfare dependency.⁴² Poor management of projects, high operating costs, waste, fraud, physical deterioration of facilities, lack of counseling, and a preference for other federal housing programs have also contributed to its fall from public favor.

Development of new public housing projects has declined dramatically.⁴³ Small rural communities, in particular, can be hostile to public housing projects; thus, many nonprofit groups will choose to rehabilitate existing housing rather than build new projects.⁴⁴ HUD and Congress have expressed considerable interest in selling public housing units to tenants and tenants' associations, hoping to reduce federal expenditures.⁴⁵

Housing projects in rural areas often are not feasible, because they cannot capture economies of scale.⁴⁶ The low population density of rural areas is an obstacle to reaching the necessary critical mass of low-income family residents. Because the number of eligible families is small, there are often much higher costs of construction per unit than for larger urban projects. It is more cost-effective to build a twenty unit building than a five unit building because doing so allows the builder to spread fixed costs. In addition, public housing, a program specifically for renters, does not address the lack of quality housing and credit available to rural homeowners. For all these reasons, public housing is no longer an important part of federal housing policy, and its ineffectiveness in the rural context indicates that it neither has been nor will be the cornerstone of rural housing aid.

The Rise of Vouchers

Section 8 housing programs are the primary thrust of current federal housing policy.⁴⁷ In contrast to public housing, they are predicated on the notion that the best way to provide federal low-income housing assistance is through private development and existing housing markets. Tenants, on receiving a certificate of eligibility from the local Public Housing Authority (PHA), find their own rental units; HUD pays the lessor the difference between the tenant's rent payment (30 percent of household adjusted income) and the federally specified contract rent. A household is eligible for Section 8 assistance if its income does not exceed 80 percent of the area's median income.

The Housing Voucher program differs significantly from the two other Section 8 programs. New Construction/Substantial Rehabilitation authorizes rent supplements to the owner of housing that is newly constructed or substantially rehabilitated, if eligible low-income families occupy the units. The second program, Existing Housing, is more similar to vouchers in that it attaches rent supplements to a particular household.

The primary difference between these two pro-

grams and vouchers is the treatment of Fair Market Rent (FMR). The FMR is the federally determined level at which contract rent levels are set for participants in Section 8. They may increase as local rents for comparable units rise, though before vouchers, the lessor could charge no more than the federally-determined FMR, an assurance that participants would spend no more than 30 percent of their income on rent.

Under the Housing Voucher program, HUD still pays the difference between the FMR and 30 percent of the tenant's adjusted income, but the contract rent is negotiated in the private market by the lessor and the tenant. The tenant pays or benefits from the difference between the contract rent and the HUD subsidy. Thus, the tenant may spend more or less than 30 percent of his or her income as rent under this program.

Tenants hold vouchers for only 5 years, as compared to 15 years under the Existing Housing program. Furthermore, the program allows only two market-based increases in assistance payments during the 5 years, and the increases are not obligatory. The lessor may raise the rent as local laws and the private market permit, but HUD will not provide assistance to meet the additional payment; the tenant must pay the entire rent increase.

The Housing Voucher program has quickly become the most important of the Section 8 programs.⁴⁸ It grew from its origins in the 1972 Experimental Housing Allowance Program (EHAP) to the 1983 demonstration program and its current permanent status in 1987.⁴⁹ In fiscal year (FY) 1988, appropriations for the Housing Voucher program exceeded those for Existing Housing.⁵⁰

Vouchers enjoy popularity among economists and politicians, who claim that reliance on the existing market, free from federal control over rent levels, is the most efficient way of providing housing assistance.⁵¹ Vouchers allow the recipients of federal subsidies to choose housing services, which they will consume on the private market. It is claimed that vouchers, by relying on the private market, require a lower subsidy per household, resulting in a larger number of low-income households that can be served for the same amount of money. However, the rural experience with housing vouchers shows that such claims of efficiency are not accurate.

Reliance on the private market is based on the notion that the exercise of choice by low-income households will result in the market supplying them with the housing required to meet their needs.

However, the concept of choice is relatively meaningless for many of the rural poor. The racial segregation of housing markets results in a very limited supply of adequate housing available for rural blacks. A similar segregation exists with respect to farmworkers, many of whom are Latino, Asian, or Native American.

Choice is also limited by the potentially weak bargaining power of the rural poor, who often live in substandard housing. To the extent that the New Construction and Existing Housing programs set the contract rent for subsidized units, the federal government has been subsidizing the bargaining power of low-income rural residents by forcing lessors to keep rents down in order to receive the stable flow of Section 8 assistance payments. However, because the Housing Voucher program allows lessors and tenants to negotiate the contract rent, the subsidized bargaining chip disappears, and low-income voucher recipients may be forced to pay higher rents. In rural areas, where the option to move to affordable housing is limited by its short supply and substandard quality, many residents are trapped into paying whatever their landlord wishes. Furthermore, because rural

41% of non-metro black households live in substandard housing, compared to 7% of non-metro white households.

residents are long-term residents, the difference between the 15-year term of Existing Housing certificates and the 5-year term of housing vouchers results in less security for the lessor, who may consequently increase the amount of rent he or she is seeking. The bargaining power of rural blacks and farmworkers, both of whom face limited choice, is even weaker.

Another questionable assumption is that vouchers will stimulate the construction or rehabilitation of housing through subsidies. Voucher advocates argue that the infusion of federal funds into the housing market will provide the demand for housing that normally serves as a sufficient incentive for developers to build quality, affordable housing. However, the demand that is actually created by vouchers is simply not large enough to overcome the various supply problems in rural areas. The size of rural markets (i.e., the number of rural poor with housing vouchers

in a particular community) is not great enough or concentrated enough to encourage developers to build low-income housing. HUD does not engage in the outreach to remote rural areas necessary to increase the number of rural residents receiving vouchers. In addition, many rural communities face a lack of developers or credit with which to finance housing construction. The Experimental Housing Allowance Program tested the effects of vouchers and found that they did not stimulate housing construction.⁵²

The Experimental Housing Allowance Program also did not stimulate housing rehabilitation, because vouchers were not large enough to meet the high costs of required repairs. The Housing Voucher program prohibits recipients from using vouchers for units that do not meet minimum quality standards. Many lessors renting to eligible low-income families refused to undertake the repairs and rehabilitation necessary to upgrade their housing units to meet the program's standards.⁵³

The Housing Voucher program is premised on unfounded faith in the efficiency of the private market in rural housing markets. The lack of choice for many of the rural poor, the racial segregation of markets, the supply-side limits on the market-induced construction of housing, and the inability of the vouchers to meet the high costs of repairing and upgrading substandard housing are all barriers to resolving rural housing problems with housing vouchers. Furthermore, the program's claim to greater equity is undermined by the fact that many groups cannot or do not participate. The non-participants include homeowners, those living in remote rural areas, farmworkers, and rural blacks. A federal housing policy based on vouchers alone shows either an ignorance of, or disregard for, rural housing needs.

The Undermining of FmHA Programs

The Farmers Home Administration (FmHA) operates several housing programs, primarily in the nature of low-interest loans, particularly for rural residents. These programs are designed to overcome "the isolation, lack of credit, and scarcity of professional and technical services suffered by rural communities."⁵⁴ The FmHA had its origins in the New Deal's Resettlement Agency (RA) and its successor, the Farm Security Administration (FSA), which operated rural housing, rehabilitation, and resettlement programs with the goal of eradicating rural poverty.⁵⁵ Despite its success, FSA was terminated in 1946 because Congress, caught up in the Red Scare, opposed its aggressive outreach and "socialist" programs.⁵⁶ Most

of the responsibility for addressing rural housing problems was transferred to the housing agencies that would eventually become the Department of Housing and Urban Development.

Congress established the FmHA in the 1949 Housing Act and gave it the responsibility of providing mortgage credit to qualified farmers to assist them in obtaining decent, safe, and sanitary living conditions, a more limited role than the FSA. In addition, FmHA was placed under the mainstream Department of Agriculture (USDA). Currently, FmHA is a lender of last resort, providing direct government loans to rural borrowers (both farm and non-farm families) who are unable to secure the credit they need to construct, purchase, improve, or repair housing affordably. It operates essentially five programs: Section 502, Section 504, Section 515, Sections 514/516, and Section 533.⁵⁷

The five programs provide loans with federally subsidized below-market interest rates and grants to meet a wide range of rural needs. To low-income rural homeowners wanting to construct, rehabilitate, or purchase a home, FmHA offers the Section 502 single family construction and purchase loan program. The Section 504 home repair loan and grant program is geared to elderly and handicapped homeowners (grants) and to families (loans) whose incomes are too low to qualify for Section 502 home repair loans. Despite its great potential benefit, the home repair loan and grant program has been undermined by FmHA's failure to implement it aggressively.⁵⁸ Another popular approach designed to stimulate housing rehabilitation, though, is the Section 533 rural housing preservation grant program, providing loans and grants to nonprofit organizations and state and local governments for the rehabilitation of rental or owner-occupied housing in remote rural areas. The program has been targeted to very-low-income rural residents, experiencing some success when adequately funded.

FmHA also assists rural renters. Section 515 loans subsidize the construction of rental housing that is to be offered to low-income residents. Under Section 515, FmHA also makes rental assistance payments to owners of Section 515 housing whose costs of providing the housing exceed 25 percent of their renters' incomes. Finally, Sections 514 and 516 provide loans and grants for the construction or rehabilitation of domestic farm labor housing which must meet certain safety, sanitation, and durability standards. Despite the potential importance of this program in alleviating serious farm labor housing problems, it has

been underused because of local opposition and USDA bias toward farmers and growers.⁵⁹

FmHA programs have played a significant role in addressing rural housing problems. Through 1985, FmHA has provided over \$45 billion of federal housing aid through its five major programs, subsidizing over two million units and enabling more than 1.3 million poorly-housed rural families to move into adequate housing.⁶⁰

Recent developments, however, indicate that the direction of FmHA policy may be changing. FmHA has failed to obligate all its housing program funds in FY 1983, 1984, and 1985.⁶¹ For FY 1986, 1987, 1988, and 1989, the Reagan administration proposed replacing FmHA housing programs with vouchers under HUD, a move designed to reduce the budget deficit. In 1982, the Reagan administration also recommended consolidating federal rural housing aid into a block grant to the states at reduced funding levels. Congress has repeatedly rejected both proposals, funding FmHA programs at relatively constant levels.⁶²

Most significantly, traditional FmHA programs, designed to secure financial resources unavailable in private markets, are giving way to voucher programs, which rely on existing market resources. In 1987,

Traditional FmHA programs are giving way to voucher programs, which rely on existing market resources.

Congress approved a rural housing voucher demonstration program to be undertaken by FmHA in five states during FY 1988 and FY 1989.⁶³ Like the original Section 8 voucher demonstration program, this rural voucher program may become a permanent and central part of rural housing policy. When considered in light of the Reagan administration's proposals to replace FmHA programs with vouchers and the failure of FmHA to obligate all of its funds, the initiation of a rural voucher demonstration program seems to be signalling an effort to reduce or eliminate FmHA programs.

Farmers Home Administration programs are better designed to address rural housing conditions than are HUD programs. FmHA serves homeowners and renters. It operates both grant and loan programs for home repairs, rural housing preservation, and farm

labor housing. Its homeownership and rental housing loan programs have the potential to increase the amount of housing available to disadvantaged groups. Its loans are direct, overcoming the lack of credit resources in rural areas, and are able to serve a very-low-income population. The grant programs are particularly important, because many of those experiencing housing deficiencies and defects are so poor that they are unable even to afford government loans at one-percent interest.

Unfortunately, FmHA programs in operation have not been as successful as their design might suggest. Rural residents continue to receive a disproportionately low share of federal housing aid, partially due to FmHA's funding of projects in metropolitan counties and adjacent rural areas. The reliance on demand-for-project funding and poor outreach also contribute to this skewed distribution of funds. In addition, the programs for home repairs and housing improvements are funded at a very low level, despite the persistence of substandard housing in rural areas.⁶⁴ These problems are compounded by the fact that in recent years FmHA has not obligated all of its appropriated funds.

Proposals to replace FmHA programs with vouchers and the development of a rural housing voucher program are signs that those aspects of FmHA programs which meet rural housing needs are waning elements of federal housing policy. The growing emphasis on private market solutions to housing problems is based on the urban-biased assumption that America's housing crisis stems only from an under-supply of affordable housing. The notion is that low-income Americans, armed with voucher subsidies, will be able to afford existing rental housing previously beyond their grasp and will create an incentive for the private market to develop more low-income housing. This policy, with its clear urban bias, ignores the persistence of substandard housing in rural areas, the limits to rural housing markets such as segregation and lack of financial and economic resources, and the high level of rural homeownership.

A Fragmented Administrative Structure

Finally, the ways in which the federal government implements its housing policy impedes its efforts to help the rural poor. Rural housing programs are divided between HUD and FmHA. HUD, as its name would imply, has a clear urban orientation in the structure of its programs. Its regional and area offices are based in metropolitan areas, with little capacity to deliver federal resources to rural

communities and little interest in engaging in outreach programs.⁶⁵

FmHA, on the other hand, is handicapped by its position as a subordinate agency within the USDA, which exhibits "a notable bias toward large farms."⁶⁶ Rural housing is not high on the list of USDA priorities. In fact, the Housing Assistance Council, a Washington, D.C.-based housing advocacy group, has received many complaints about the effects of the USDA's farm-oriented priorities on FmHA field workers. "They are more receptive to a farmer needing money for seed or equipment than to a single mother with a number of kids who needs housing. The administrators should be more sensitive. The reception some low-income families receive sends a signal to others not to pursue rural housing assistance."⁶⁷

Furthermore, a complex internal bureaucratic structure creates obstacles to the active and effective pursuit of solutions to rural housing problems. All FmHA program decisions and policies must be re-

The emphasis on private market solutions is based on the urban-biased assumption that America's housing crisis stems only from undersupply.

viewed and approved by USDA's budgetary, congressional liaison, and legal offices. Each of these offices can prevent or modify FmHA's actions. Moreover, local FmHA administrative units are often reactive rather than proactive. They depend on applications, do not engage in outreach (especially in the more remote areas), and lack interest in programs requiring attention to specific individual needs.⁶⁸ Because FmHA relies on builders and realtors to refer clients, it allocates approximately one-quarter of its assistance to metropolitan counties and rural counties adjacent to metropolitan areas.⁶⁹

The lack of coordination between HUD and FmHA prevents a clear understanding of the nature and extent of rural housing needs and of the extent to which those needs are being met by federal programs. Their respective field offices cover different geographical areas. They engage in different record-keeping procedures and use different codes to identify the same communities.⁷⁰ Thus, comprehensive planning is difficult at best. When combined with the urban bias of HUD programs and the large-farm

bias of USDA priorities, the lack of coordination means that rural housing problems receive considerably less attention than they deserve, and less-than-effective treatment.

RETHINKING FEDERAL RURAL HOUSING POLICY

Why We Need to Rethink Our Policy

Why should we take on the difficult task of rethinking and recasting our national rural housing policy? The most compelling reason is that a biased housing policy violates fundamental notions of equity. The federal government provides housing aid to impoverished families and individuals because decent, adequate housing is a basic necessity of life. If our society is to come anywhere close to equality of opportunity, people must not be socially handicapped by a lack of housing or by substandard housing. However, our housing policies demonstrate that we believe in this goal only with regard to urban housing needs, which the great majority of this nation sees. It is fundamentally unfair to deny a whole segment of our population equal access to federal housing aid simply because of where they live. When the stated goal of federal housing policy is to ensure each American a safe, decent, affordable place to live, we are being dishonest if we ignore the needs of the rural poor.

If we do not begin investing in the rehabilitation and construction of housing for the rural poor now, we will virtually ensure the widespread development of "rural ghettos." By this I mean rural regions where the housing markets are so segregated, the quality of housing so poor, and the local economies so weak and undesirable that improvement is impossible without substantial (and politically unrealistic) investment. Such regions would be abandoned by all but the most impoverished. The poor living conditions would discourage financial investment, leading to further decline in living conditions, and in turn even less financial investment, and so on (i.e., a spiral of decline). Individual opportunities to break out of poverty are diminished by health hazards resulting from poor living conditions; the diversion of family resources from other necessities to meet housing costs; the possible decline in the quality of the educational system from a drop in the property tax base; the psychological effects of poverty; and lost jobs from businesses that do not want to be located in visibly depressed areas. The advent of rural ghettos might also force further migration to already-overcrowded urban centers. Most of us do not encounter rural poverty

now in our daily routines, but we may begin seeing it more and more the longer that we ignore it.

Issues

The housing conditions of the rural poor and the shortcomings in the federal rural housing policy raise a number of issues that should be considered in the process of rethinking our housing policy.

First, how can we make rural housing an important issue on the policy agenda? One of the most significant barriers to achieving a fair and well-conceived federal effort to address rural housing is the lack of attention given to the issue. The rural poor are not only short-changed; they are ignored.

Second, what constitutes an equitable share of federal housing funds for the rural poor? Is it necessary that the rural poor receive funding in proportion to their numbers and problems? Is that amount sufficient to address their needs?

Third, what can be done to ensure that rural housing aid goes to those who need it most? Disparities exist in the distribution of rural housing aid, especially for the poor in the remotest areas who receive little or nothing.

Fourth, how can the federal government ensure real choices in housing markets for all rural residents? Rural housing markets fall considerably short of being free and open. The markets are small, and the poor often have weak bargaining positions. Moreover, considerable racial and ethnic discrimination exists in rural housing markets.

Fifth, what plans should the government pursue for investing in existing rural housing markets to compensate for the lack of private and local financial resources? Many rural areas suffer from economic hardship, a poor tax base, and few economies of scale within the housing industry. Some areas do not have financial institutions that provide construction or rehabilitation funding, and others completely lack sources of credit or capital. The federal government's ability to infuse resources into a market that does not work properly will be vital to any rural housing policy.

Sixth, should there be a change in the bureaucratic structure that administers federal rural housing policy? The current division of rural housing assistance programs between HUD and FmHA, the bureaucratic obstacles that each create, and the lack of outreach activities, all undermine the effectiveness of federal programs.

The Public Agenda

The first step in achieving an equitable and ef-

fective rural housing policy is to elevate rural housing problems to the national policy agenda. Change will not occur until the public and the policymakers recognize and understand the continuing despair of housing deterioration, market discrimination, and insufficient personal and community resources faced by the rural poor. Furthermore, we must realize that rural housing problems cannot be solved with urban programs.

The rural poor should be organized to press their concerns into the policy limelight. However, the rural poor do not have the time or resources to mobilize and exert interest group pressures, and are widely dispersed, making organization difficult. Community action agencies, anti-poverty advocacy groups, and local churches might be effective advocates for the rural poor, but they also lack resources. Therefore, attention to the needs of the rural poor must also rely on other elements of the agenda-setting process.

Media attention to rural poverty would be one crucial step toward policy reform. Journalists should expose the deplorable conditions of the rural underclass that exist between great centers of urban wealth. Moreover, reports by policy analysts and advocacy groups would help to focus attention on these conditions. In December 1989, the Center on Budget and Policy Priorities and the Housing Assistance Council released a publication entitled *The Other Housing Crisis: Sheltering the Poor in Rural America*.⁷¹ The report generated some media attention.⁷² Further studies and reports by organizations would keep the attention of policymakers and the media on this issue and would provide additional data useful in evaluating and reforming current policies.

Policymakers also play a role in elevating issues to the policy agenda. Indeed, even in the absence of lobbying by the rural poor, "policy entrepreneurs" could push rural housing onto the list of issues ripe for policy making.⁷³ The media, advocacy, and research organizations, and policymakers will have to overcome a considerable urban bias in the mindset of most Americans, but real change in housing policy is unlikely to occur until rural problems are on the forefront of American consciousness and the policy agenda.

Funding

In order to achieve a fair allocation of housing aid, the rural poor must receive a proportion of federal housing expenditures equal to the proportion of housing problems they experience. The gap between

the 20 percent of federal housing expenditures that go to rural areas and the 33 percent of the nation's substandard housing that exists in rural areas is inexcusable. At the very least, rural Americans should receive 25 percent of all federal housing aid, which is equal to their share of the American population. It would be more equitable if they received the 33 percent that represents their share of the nation's substandard housing. Increased funding for the rural poor need not be taken out of the meager funds going to the urban poor. Instead, a relative rise in the rural share of federal housing assistance should be tied to an overall increase in the funding of federal housing programs. Not enough is being spent on the housing needs of Americans. The continued existence of indecent, unsafe, dilapidated housing, the fact that most rural Americans must pay more than 30 percent of their income for housing, racial discrimination in housing markets, and persistent urban problems of homelessness, ghettos, and shortages of affordable housing, all testify to the need for greater federal funding.

As I have attempted to show, however, increased funding for public housing and Section 8 vouchers is not the most effective way to address rural needs. Instead, budgetary increases should occur in FmHA programs, which are geared toward meeting rural needs. Indeed, a major criticism of many FmHA programs is that they are underfunded. Therefore, the federal government should invest greater resources in FmHA efforts that are designed to overcome the barriers of rural markets. These resources should include low-interest loans for construction and rehabilitation, and grants for the many rural residents who cannot afford even low-interest loans. A greater supply of low-income rental housing creates opportunities for those who hold weak bargaining positions in the private market. Funds for repairs will allow homeowners to preserve and upgrade their deteriorating or substandard houses.

While greater funding of existing programs is needed, more money alone is not the solution. First, requesting increased expenditures can be politically naive. The reality of deficit reduction politics is that all areas of public policy require more money, but there is no consensus about the priorities and standards by which budgetary increases and cuts should be made or by which revenues should be generated. As a result, very few areas, if any, experience significant budgetary increases. A new rural housing policy based *solely* on increased funding of existing programs might become what most similar policy proposals have

become: empty political rhetoric.

Throwing money at existing programs is too simplistic a solution. Such a policy would not address the underlying biases, and greater funding of FmHA programs would do little to solve the most serious of rural housing problems. If the agency is not also engaged in outreach to remote rural areas or is not spending the funds, additional money will be wasted. Likewise, funding alone will not solve racial discrimination or the lack of housing construction firms and financial institutions. A more sophisticated approach would go beyond simply spending more money on existing programs. The federal government must pursue a fundamental, substantive shift in its rural housing policy.

Targeting Assistance

Both HUD and FmHA should target aid to those who need it the most but who, for any number of reasons, may be unaware of the programs or are reluctant to seek assistance. One step would be the investigation of housing conditions in particular rural areas, to identify those areas with the greatest need. Particular attention should be paid to residents of remote areas as well as to mobile-home owners. The agencies should also be aware of the concentrations of blacks and migrant farmworkers who are living in substandard housing and who may lack access to housing on the private market. Having identified areas that require greater attention, these agencies and the local PHAs should engage in an extensive outreach effort.⁷⁴

Finally, the network of local PHAs must be expanded to reach rural Americans who do not live in areas with links to federal aid. Private, nonprofit community-based organizations (CBOs) can also play a vital role in the outreach effort, targeting housing assistance to those who need it most. For example, the East Central Kansas Economic Opportunity Corporation (ECKAN), a community action and housing agency serving seven rural counties, has developed a service delivery network to provide food, clothing, rental assistance, and education (Head Start) to low-income residents. It uses that network to identify potential participants for Section 8 and FmHA programs which it administers. Moreover, its Section 8 program provides an outreach tool for its housing preservation program, and vice-versa.⁷⁵

Fair Markets

The existence of racial discrimination in housing markets is one of the most troubling and intractable

problems faced by rural housing policymakers. Blacks and migrant farmworkers have few real choices in the marketplace. The Fair Housing Act is ineffective in eradicating this discrimination for three reasons. First, there is a general lack of public and political will, which is based partly on ignorance and partly on racial/ethnic, anti-rural, and class prejudices. Second, there is an internalization of discrimination by blacks and Latinos, who perceive that they have little real economic or political power and thus do not even bother to pursue what they do not believe they can attain. Third, given the geographic dispersion of rural residents, segregation in the housing market is often difficult to detect.

To address the problem of discrimination, there are three necessary government responses. First, the federal government must engage in a more vigorous enforcement of existing Fair Housing laws. Second, federal agencies should target housing aid to blacks and migrant farmworkers so that they have real options and a greater degree of confidence that they can obtain decent and affordable housing. Finally, the federal government and scholarly organizations should conduct regular studies of rural housing markets, documenting the types and degree of discrimination. These efforts are essential steps toward providing real housing choices for all rural Americans.

Community Investment

Many rural communities lack financial institutions, housing construction/rehabilitation firms, loan resources, equity in existing housing, a strong economic and wage base, and economies of scale in housing production/rehabilitation. These resources are necessary for communities to use most effectively the federal funds that they receive. Consequently, a new federal rural housing policy should concentrate on investment in local economies with the goal of community self-sufficiency. Such self-sufficiency should be conceived in broad terms, not just with respect to housing, but with respect to the development of the entire local economy so that the community is able to sustain its own healthy housing market and general economic activity. Improved capacity for financial investment, increased wage levels, the development of private-sector housing construction/rehabilitation enterprises, and heightened levels of community self-confidence would do more to alleviate rural housing problems than any well-financed federal effort to stimulate demand via vouchers or to actually build the housing.

Therefore, federal rural housing policy should rely

on community-based organizations (CBOs), in a public-private partnership, with the participation of, and control by, community residents. CBOs, "private organizations organized around the public interest," play a major role in housing development in California and many other states.⁷⁶ They include community development corporations (CDCs), community action agencies, loan funds, cooperatives, community development credit unions, Indian tribes or groups, and other organizations that significantly benefit the rural poor. CBOs also provide financial counseling to low-income residents, teaching them how best to use their own and community resources. Because they are managed and supported by the community, CBOs can identify local needs and underutilized resources better than government agencies and PHAs.

CBOs can also seek other funding sources in the private sector, using federal funds to leverage investment by financial institutions, businesses, and other non-profit organizations. One organization in eastern Kentucky established a mortgage lending consortium of local bankers to remove the barriers to financial markets and to diversify rural housing loan risks over a number of investors.⁷⁷ Another CBO, the Community Housing Improvement Systems and Planning Association (CHISPA) in Salinas, California, was able to build a 40-unit farmworker housing cooperative by obtaining a number of federal, state, and private loans and grants. It invested some of the funds in upper-income housing to create an income stream sufficient to pay off the loans on the low-income cooperative, a creative strategy indicative of CBOs' flexibility.⁷⁸

Some CBOs (including community-oriented small businesses) actually engage in housing construction and rehabilitation, creating new jobs, training workers in job skills, and replacing local substandard conditions (including mobile homes) with decent and affordable housing. A new federal program that provided the seed capital would make it possible to leverage additional private-sector investment and build more housing. Finally, CBOs assist housing construction or rehabilitation projects that rely on "sweat equity," the investment of human labor (often that of the homeowner, tenant, and other community residents), to save the cost of hiring workers. In short, CBOs possess unique abilities to increase the total amount of investment in the housing market and the local economy, while basing their strategies on an intimate understanding of local needs and resources.

Rural housing policy, therefore, should facilitate

the economic and housing-development activities of CBOs. FmHA and HUD should aggressively identify CBOs as potential recipients of loan and grant assistance for the construction or rehabilitation of rural housing. In particular, federal programs that would allow CBOs to cover their "soft costs" (administration, etc.) would not only fund the particular housing built at the time, but ensure the survival of CBOs beyond one project.⁷⁹ Moreover, FmHA, HUD, and the PHAs should use CBOs to disseminate information about existing programs and to target aid to those most in need or most removed from traditional channels of information or assistance. The federal government should also develop a start-up grant program that would help new CBOs engage in housing development and other forms of local economic development in rural areas. Finally, FmHA and HUD should devote a larger share of their allocations to housing grants, which are more flexible than loans since CBOs can carry only a limited amount of debt. Grants that are channeled through CBOs would revitalize local rural economies, creating additional investment in those economies and generating general economic growth.

New Rural Housing Agency

Finally, a new federal rural housing policy must address the barriers to effective implementation of the policy. HUD operates under an urban bias with little interest in, or capacity for, reaching rural residents. Its programs are designed to meet urban housing problems. FmHA exists within the USDA, which has its own biases toward large farms and beneficiaries of agricultural subsidies. FmHA has also not engaged in outreach to rural residents, and its programs have been underfunded. Moreover, HUD and FmHA often cannot coordinate their actions. Comprehensive planning is impossible.

Kravitz and Collings recommend the creation of an independent Rural Security Administration, free of the biases of both USDA and HUD, which would be designed specifically to address rural poverty.⁸⁰ This is a sound proposal. Rural housing problems are complex and closely connected to a number of uniquely rural conditions. These conditions are poorly understood and therefore require attention by an agency devoted exclusively to the needs of the rural poor. Furthermore, a Rural Security Administration would be able to engage in the sort of comprehensive planning and outreach necessary for the effective implementation of a new federal rural housing policy. A single agency would be more cost-effective than

the current system of overlapping bureaucracies.

SUMMARY

Too often, our heavily urbanized society neither understands nor cares about the needs of the rural poor. Our federal housing programs are designed primarily to address urban housing problems, which are quite different than rural housing problems: substandard housing, racial discrimination, insufficient economic and financial resources, and limited market choices. Moreover, the division of responsibility for rural housing policy between two agencies that are focused on other interests undermines the effectiveness of whatever rural-oriented programs exist. This bias requires a fundamental rethinking and reshaping of federal rural housing policy. I have offered a number of modest proposals with the specific needs of low-income rural residents in mind. Perhaps better proposals can be made with further study of rural housing problems. However, we must begin to address the needs of the rural poor immediately if we are to be honest and fair and if we are to avoid the existence of a permanent "Third World" within our nation. We can no longer ignore the rural underclass that haunts our back roads and small towns. ♣

NOTES

1. The United States Bureau of the Census defines "rural" as areas of less than 2,500 inhabitants. See U.S. Bureau of the Census, *Annual Housing Survey: 1983: Part E: Urban and Rural Housing Characteristics, Current Housing Reports, Series H-150-83* (Washington, DC: Government Printing Office, 1985), Appendix A, 2 (hereafter, *1983 Annual Housing Survey*).
2. John McCormick, "America's Third World," *Newsweek*, 8 August 1988, 20-24.
3. *Id.*, 21.
4. *Ibid.*
5. W. Keith Bryant, D.L. Bawden, and W.E. Saupe, "The Economics of Rural Poverty: A Review of the Post-World War II United States and Canadian Literature," in *A Survey of Agricultural Economics Literature*, Volume 3 (Minneapolis: University of Minnesota, 1979), 64-68.
6. Richard J. Margolis, "Metropollyana and Rural Poverty," *The New Leader*, 5 February 1973, 10-12.
7. Linda L. Kravitz and Art Collings, "Rural Housing Policy in America: Problems and Solutions," in *Critical Perspectives on Housing*, ed. Rachel G. Bratt, Chester Hartman, and Ann Meyerson (Philadelphia: Temple University Press, 1986), 327.
8. At least one member of the household is employed in 65 percent of rural poverty level households, and both parents are

present in 61 percent of poor rural families. "Rural Poverty on the Rise," *Wichita Eagle Beacon*, 12 April 1989, 3A.

9. Rural residents receive only 80 percent as much income as urban residents. Moreover, 38 percent of rural blacks and 27 percent of rural Hispanics fall below the poverty line. Stephen J. Fitzsimmon and Abby J. Freedman, *Rural Community Development: A Program, Policy, and Research Model* (Cambridge, MA: Abt Books, 1981), 7.

10. Brian Rungeling, Lewis H. Smith, Vernon M. Briggs, Jr., and John F. Adams, *Employment, Income, and Welfare in the Rural South* (New York: Praeger Publishers, 1977), 5; Ted K. Bradshaw and Edward J. Blakely, "The Changing Nature of Rural America," in *Rural Policy Problems: Changing Dimensions*, ed. William P. Browne and Don F. Hadwiger (Lexington, MA: Lexington Books, 1982), 8.

11. Interview with Ann Harrington, California Coalition for Rural Housing (Sacramento, CA), April 17, 1990.

12. Kravitz and Collings, "Rural Housing Policy in America: Problems and Solutions," 325-327.

13. Interview with Ann Harrington.

14. Even though the federal government considers spending 30 percent of household income on housing to be "affordable," 65 percent of non-metropolitan homeowners and 79 percent of non-metropolitan renters spend more than that amount. In 1988, non-metropolitan areas suffered a 500,000-unit shortage of affordable housing. Edward B. Lazere, Paul A. Leonard, and Linda L. Kravitz, *The Other Crisis: Sheltering the Poor in Rural America* (Washington, DC: Center on Budget and Policy Priorities and Housing Assistance Council, 1989), xi-xiv.

15. Kravitz and Collings, "Rural Housing Policy in America: Problems and Solutions," 326, 331-332.

16. Janet K. Marantz, Karl E. Case II, and Herman B. Leonard, *Discrimination in Rural Housing Markets* (Lexington, MA: Lexington Books, 1976), see particularly 143-144.

17. Interview with Ann Harrington; interview with Moises Loza, National Housing Assistance Council (Washington, DC), April 11, 1990.

18. Lazere et al., *The Other Crisis: Sheltering the Poor in Rural America*, xiii; Marantz et al., *Discrimination in Rural Housing Markets*, 143-144; 1983 *Annual Housing Survey*.

19. Marantz et al., *Discrimination in Rural Housing Markets*, 144.

20. Interview with Ann Harrington.

21. *Ibid.*

22. *Ibid.*

23. *Ibid.*

24. Kravitz and Collings, "Rural Housing Policy in America:

Problems and Solutions," 327.

25. In 1980 the need for migrant shelter was estimated at "nearly 800,000 new or substantially rehabilitated season units." *Id.*, 326.

26. *Id.*, 325, 333.

27. Incomplete plumbing has been found in 5.1 percent of all rural households and 19 percent of rural black households, as compared to 1.2 percent of all urban households. Inadequate kitchen facilities exist in 2.8 percent of all rural households and 11.0 percent of rural black households, but only 0.8 percent of all urban households. General physical defects are found in 25 percent of non-metropolitan households versus 7 percent of metropolitan households. 1983 *Annual Housing Survey*; Lazere et al., *The Other Housing Crisis: Sheltering the Poor in Rural America*, xvi. Lazere et al. studied "metropolitan" and "non-metropolitan" households, as opposed to "urban" and "rural." Different studies by the same federal agencies (including the U.S. Census Bureau) do the same. "Metropolitan" is defined as a geographic area (generally a county) containing a city of at least 50,000 inhabitants or an urbanized area of at least 50,000 with a total metropolitan population of at least 100,000. I have attempted to use the urban/rural definitions as much as possible but occasionally refer to metropolitan/non-metropolitan distinctions when referring to the Lazere et al. study. See also Daniel M. Ebels and Harriet Newburger, "Housing Vouchers for Rural America," in *Rural Policy Problems: Changing Dimensions*, ed. William P. Browne and Don F. Hadwiger (Lexington, MA: Lexington Books, 1982), 153-154.

28. *Ibid.*

29. Gary R. Lee, "Rural Issues in Elderly Housing," in *Housing an Aging Society: Issues, Alternatives, and Policy*, ed. Robert J. Newcomer, M. Powell Lawton, and Thomas O. Byerts (New York: Van Nostrand Reinhold Company, 1986), 34.

30. The percentages of defective housing units with more than one major flaw are 43.7 percent in rural areas, 74.7 percent among rural blacks, and 26.4 percent nationally (both urban and rural). Ebels and Newburger, "Housing Vouchers for Rural America," 154.

31. In 1983, 71.1 percent of rural units and 54.5 percent of urban units were owner-occupied. 1983 *Annual Housing Survey*.

32. Kravitz and Collings, "Rural Housing Policy in America: Problems and Solutions," 326.

33. Lee, "Rural Issues in Elderly Housing," 35.

34. 10.3 percent of rural residents and 1.7 percent of urban residents live in mobile homes. 1983 *Annual Housing Survey*.

35. 1983 *Annual Housing Survey*; Linda L. Kravitz and Art Collings, "Rural Housing Policy in America: Problems and Solutions," 325.

36. United States General Accounting Office. *Ways of Providing a Fairer Share of Federal Housing Support to Rural Areas* (Washington, DC: U.S. Government Printing Office, 1980), 29 (hereafter, General Accounting Office); McCormick, "America's Third

World," 21; Kravitz and Collings, "Rural Housing Policy in America: Problems and Solutions," 325-333.

37. Michael Oreskes and Robin Toner, "The Homeless at the Heart of Poverty and Policy," *New York Times*, 29 January 1989, late city edition, sec. 4, p. 5.

38. Margolis, "Metropollyana and Rural Poverty," 12.

39. In addition to these three broad categories of programs, the federal government operates four small programs: Housing for the Elderly and Handicapped (Section 202), Rental Housing Assistance (Section 236), Homeownership Assistance (Section 235), and Rental Housing Rehabilitation and Production Grants (Section 17). These programs are small, with most new activity having been limited or terminated. The Section 17 program is primarily for urban areas. See Grace Milgram, "Housing Assistance: A Brief History and Description of Current HUD Programs," *CRS Report for Congress*, No. 87-368 E (Washington, DC: Congressional Research Service, 1987), 8-11.

40. U.S. Housing Act of 1937, Pub. L. No. 75-412, 50 Stat. 888 (1937), currently codified at 42 U.S.C. §§ 1437-1437d, 1437g.

41. The eligibility and rent payment requirements of public housing can be found at 42 U.S.C. § 1437a(a) and (b)(2).

42. Milgram, "Housing Assistance: A Brief History and Description of Current HUD Programs," 1-3.

43. *Id.*, 7.

44. Interview with Ann Harrington.

45. Robert Rothman, "Sale of Public Housing to Tenants Proposed," *Congressional Quarterly*, 15 December 1984, 3107-3108.

46. General Accounting Office, 32.

47. U.S. Housing Act of 1937, Ch. 896, § 8 (1937), as added by Pub. L. No. 93-383, 88 Stat. 633 (1974) and subsequently amended. Currently codified at 42 U.S.C. §§ 1743f, 1743o.

48. Pub. L. No. 98-181, 97 Stat. 1153, Titles I-V (1983).

49. In FY 1986, vouchers subsidized 36,000 out of the 106,000 units funded, and the next year (FY 1987) 53,000 out of 95,000. Milgram, "Housing Assistance: A Brief History and Description of Current HUD Programs," 6-7.

50. Housing Vouchers were funded at \$973 million, as compared to Existing Housing at \$849 million. H.R. J. Res. 395, 100th Cong., 1st Sess. (December 22, 1987).

51. See, for example, Steven E. Rhoads, *The Economist's View of the World: Government, Markets, and Public Policy* (New York: Cambridge University Press, 1985), 106; Phil Kuntz, "Change Sought in Low-Income Housing Credit," *Congressional Quarterly*, 12 March 1988, 667.

52. Ebels and Newburger, "Housing Vouchers for Rural America," 164.

53. *Id.*, 161-164.

54. Harold O. Wilson, "Housing the Rural Poor: Why We Need the Farmers Home Administration," *Journal of Housing* 43(4): 159 (July/August 1986), 162.

55. Kravitz and Collings, "Rural Housing Policy in America: Problems and Solutions," 328.

56. *Ibid.*

57. 42 U.S.C. §§ 1471-1490o.

58. Kravitz and Collings, "Rural Housing Policy in America: Problems and Solutions," 331.

59. During the first 22 years (1961-1983) of Sections 504 and 516, only 23,000 units were produced, and most of those were year-round units, not intended for migrant farmworkers. *Ibid.*

60. Wilson, "Housing the Rural Poor: Why We Need the Farmers Home Administration," 162; Kravitz and Collings, "Rural Housing Policy in America: Problems and Solutions," 329.

61. The agency left 22 percent of its FY 1985 Section 502 appropriations designated for very-low-income borrowers unused. Wilson, "Housing the Rural Poor: Why We Need the Farmers Home Administration," 163. In FY 1983, only 10.1 percent of the Section 514 farm labor housing loan funds were obligated, and only 1.2 percent of the Section 516 farm labor housing grant funds were obligated. Migrant Legal Action Program, Inc., "Farmworkers: Developments in 1983," *Clearinghouse Review* 17(9): 1058 (January 1984), 1065-1066; Robert Rothman, "Hill Supporters Seek Ways to Shield Rural Housing Aid," *Congressional Quarterly*, 2 February 1985, 193-194.

62. National Housing Law Project, "1988 Developments in Federal Housing Law," *Clearinghouse Review* 22(8): 866 (January 1989), 871-872; Rothman, "Hill Supporters Seek Ways to Shield Rural Housing Aid," 193-194.

63. Housing and Community Development Act of 1987, Pub. L. No. 100-242, 101 Stat. 1815 (1988).

64. In FY 1988, the Section 504 home repair loan and grant program was funded at less than two percent of the budget for FmHA programs.

65. Kravitz and Collings, "Rural Housing Policy in America: Problems and Solutions," 328.

66. *Id.*, 332.

67. Interview with Moises Loza.

68. Kravitz and Collings, "Rural Housing Policy in America: Problems and Solutions," 331-332.

69. General Accounting Office, 30-31.

70. Ebels and Newburger, "Housing Vouchers for Rural America," 156.

71. Lazere et al., *The Other Housing Crisis: Sheltering the Poor in Rural America*.

72. "Study Finds Crisis in Rural Housing," *New York Times*, 18 December 1989, national edition, A11.

73. They could be motivated by the potential prestige of being the leader on a hot new issue, or by the psychological rewards of achieving good public policy or helping the disadvantaged. John W. Kingdon, *Agendas, Alternatives, and Public Policies* (Boston: Little, Brown and Company, 1984); Craig Anthony (Tony) Arnold, "Beyond Self-Interest: Policy Entrepreneurs and Aid to the Homeless," *Policy Studies Journal* 18(1): 51 (Fall 1989). Such "policy entrepreneurs" might include members of Congress or a Cabinet secretary or undersecretary. A member of Congress who wanted to take the lead on this issue could capitalize on the fact that so many members of Congress have poor rural constituents and that the proportion of senators with a strong rural constituency is higher than the general rural population because of the equal representation of each state in the Senate (i.e., Kansas and Mississippi have as many senators as New Jersey and California).

74. Activities that should be a part of an extensive publicity effort include posting notices in local grocery stores and gas stations, announcing services in newspapers, disseminating infor-

mation through other government or community social service organizations, and spreading the word informally through neighbors, churches, etc. Moreover, door-to-door visits may be necessary to reach some rural poor who are eligible for housing assistance but may not know to seek it on their own.

75. The author served as a consultant/intern for ECKAN during the summer of 1989. See also East Central Kansas Economic Opportunity Corporation, *Annual Report 1988-89* (Ottawa, KS: ECKAN, 1989).

76. Interview with Ann Harrington.

77. William A. Duncan, "Strengthening a Rural Economy," *Economic Development and Law Center Report*, 15(2): 1 (January/February 1985), 7.

78. David Kirkpatrick, "Housing by CBOs Requires Greater Creativity," *Economic Development and Law Center Report* 4(3/4): 29 (May/August 1984; combined issue), 35-36.

79. Interview with Ann Harrington.

80. Kravitz and Collings, "Rural Housing Policy in America: Problems and Solutions," 333.