



Housing in Rural Iowa



Photo courtesy of
Federation of Appalachian
Housing Enterprises

RURAL IOWA AT A GLANCE

Rural America has changed dramatically over the last century.ⁱ In 1900, the nation's third census showed that approximately two-thirds of the total population lived in rural areas. Today, however, rural residents make up only one-fifth of the nation's population and live across 80 percent of the landmass. Approximately 40 percent of Iowa's population resides in Census defined rural areas.

While rural America continues to be more racially and ethnically homogenous than the rest of the nation, rural areas are becoming increasingly diverse, much of which is due to the rapid growth in the Hispanic population. In addition, with the continuing out-migration of working age residents, rural communities are increasingly made up of an older population. There has also been a marked increase in the number of single parent and single-person households. Over the past few decades, the rural economy has diversified. Traditional industries such as agriculture, forestry, and mining continue to decline, while service jobs are increasing.

Rural educational levels – and thus, the acquisition of some skills needed for employment in the changing economy – still lag behind those of urban areas. Despite increased industry diversification and increasing incomes, poverty remains a stubborn problem in many rural communities in the U.S., particularly among minorities, female-headed households, and children. According to the most recent Census Bureau estimates, approximately 11.2 percent of the rural population was poor in 2005 compared to 13.3 percent for the rest of the U.S. In rural areas of Iowa, 3.1 percent of the population lives in poverty.

HOUSING TRENDS AND ISSUES

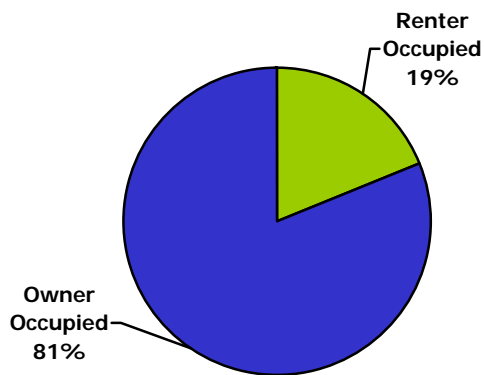
As the population and economy of rural America is changing so too are rural homes. For the most part these changes have been positive as today more rural Americans live in safe, decent, and high quality housing than at any time. Despite this progress, far too many rural people live in substandard, unaffordable, or crowded homes.

There are approximately 111 million occupied housing units in the United States. Roughly 24 million, or one-fifth of occupied homes, are located in rural areas. In rural Iowa there are approximately 468,000 occupied housing units making up 39 percent of the state's housing stock.

Renting and Owning

At the turn of the 20th century, less than one-half of U.S. homes were owned by their occupants. Today, homeownership is at an all-time high in the United States as 67 percent of the nation's households are homeowners. In rural areas, the homeownership rate is even higher. Homeownership serves as a significant source of wealth and equity for many Americans.ⁱⁱ In rural Iowa, over 81 percent of households own their homes.

Housing Tenure Status in Rural Iowa



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. This is especially true in rural communities where homeownership has long been the preferred form of tenure for the vast majority of households. However, renting provides a housing alternative for the millions of rural families unable to purchase or uninterested in owning a home. In rural Iowa, approximately 19 percent of households are renters.

Rural rental households tend to have lower incomes and 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.

Rural Housing Quality

In the past few decades' dramatic progress has been made in improving the quality of housing in America. Despite this progress, housing problems persist and tend to be most common in rural areas and central cities. According to the 2005 American Housing Survey (AHS) indicators of housing adequacy, 1.7 million or 6.3 percent of nonmetropolitan homes are either moderately or severely substandard, which is a slightly higher rate than for metropolitan areas.

Minorities in rural areas are among the poorest and worst housed groups in the entire nation, with extremely high levels of inadequate housing conditions. Non-white and Hispanic rural households are three times more likely to live in substandard housing than white rural residents. Minorities are also more likely to live in inadequate housing in rural areas than in urban areas.

Household Crowding

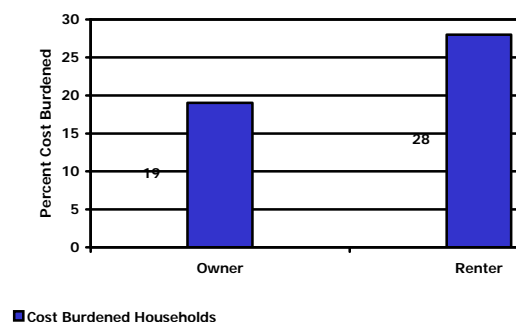
Household crowding is often considered an urban housing problem. However, the occurrence of household crowding in rural America grew between 1990 and 2000.ⁱⁱⁱ It is estimated that nearly 460,000 rural households are considered crowded (i.e., having more than one person per room in the home). In rural Iowa approximately 1 percent of occupied housing units are crowded.

Housing Affordability

For much of the last century, the poor quality and condition of homes was the primary housing concern facing rural America. However, it can now be argued that affordability has replaced poor housing conditions as the greatest problem for low-income rural households. Housing costs are generally lower in rural areas but so are incomes. In some areas, housing costs have also outpaced incomes.

In Iowa approximately 19 percent of rural households pay more than 30 percent of their monthly income for housing costs and are considered "cost-burdened." Most cost-burdened households have low incomes, and a disproportionate number are renters. Approximately 28 percent of renters in rural Iowa are cost burdened

Housing Affordability in Rural Iowa



Housing in Rural Iowa

The Manufactured Housing Dilemma

Manufactured housing is one of the most dynamic, and controversial, housing innovations of the past 50 years. Nationwide, approximately 6 percent of occupied units are manufactured homes. In nonmetro areas, the prevalence of manufactured housing is twice the national rate as manufactured homes make up 18 percent of rural housing units. While rural areas contain less than one-quarter of the nation's housing units, more than one-half of all mobile homes are located there. In rural Iowa there are nearly 28,000 manufactured homes comprising approximately 5 percent of the state's rural housing stock.



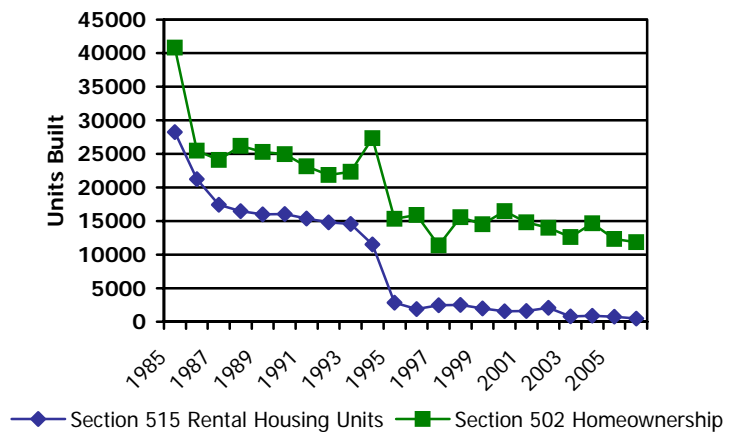
The manufactured housing industry has experienced a dramatic transformation over the past few decades, producing homes of greater quality, size, and safety. Some manufactured home models are virtually indistinguishable from conventionally constructed single-family units. However, while many physical and structural attributes of manufactured housing have improved, other factors such as financing, retail systems, installation, and consumer protections for this type of housing have not progressed as well. Many new manufactured homes are still financed with personal property loans by subprime lenders and companies specializing in manufactured housing credit. This form of financing is less beneficial for the consumer than more conventional loans because it generally offers higher interest rates and shorter terms, and in some instances can be predatory in nature.

The Role of Federal Housing Assistance

Since the mid-1930s, the federal government has supported the production of low- and moderate-income rural housing. This assistance has directly improved housing conditions for millions of low-income rural Americans. The federal housing effort has evolved into a complex series of programs. Housing programs that reach rural communities are administered through HUD, USDA's Rural Development (RD), the Internal Revenue Service, and others. The federal government's largest housing initiative is the mortgage interest income tax deduction, which primarily benefits middle- and upper-income households. HUD is the dominant source of federal funding for low- and moderate-income housing. RD programs, which target rural housing needs specifically, receive relatively little funding.

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 fiscal year 1994 funded the development of 11,542 units of affordable rental housing in rural areas. Only 286 units were developed under the program in FY 2006, reflecting a more than 90 percent reduction from the FY 1994 level.^{iv}

**Selected USDA Rural Housing Program Production
FY 1985 - FY 2006**



Housing in Rural Iowa

In rural Iowa, USDA Rural Development housing dollars have been used to extend homeownership, repair units, and preserve rental housing units. In FY 2007, 1,883 USDA loans and grants totaling \$110 million were allocated to Iowa communities. An additional \$12.8 million was obligated by USDA for rural rental assistance in the state.

Iowa USDA Rural Housing Obligations, FY 2007 (dollars in thousands)

Program	Loan/Grants	Obligation
502 Direct Homeownership Loans	437	\$36,617
502 Guaranteed Homeownership Loans	803	\$61,764
504 Repair Grants	221	\$540
504 Repair Loans	322	\$1,516
515 Rural Rental Repair & Rehab	21	\$4,366
533 Housing Preservation Grants	3	\$184

The Housing Assistance Council (HAC) is a national nonprofit organization that supports the development of affordable housing 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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www.ruralhome.org

HAC Activity

The Housing Assistance Council (HAC) offers services to public, nonprofit, and private organizations through the rural U.S. to support the development of affordable housing and homeownership.

In Iowa, HAC has loaned over \$1.6 million to local groups. HAC loans have helped build 581 units of affordable housing in rural Iowa.

ⁱ The term “rural” in this brief generally refers to the U.S. Census Bureau’s designation of Census defined rural areas.

ⁱⁱ Unless otherwise noted, data derived from HAC tabulations of the 2005 American Housing Survey and the 2005 American Community Survey.

ⁱⁱⁱ Housing Assistance Council. Taking Stock: Rural People, Poverty and Housing at the turn of the 21st Century. Washington DC 2002.

^{iv} USDA RHS data.