

# Expanding affordable homeownership in rural America

Does pride in place lead to happier homeowners?

Rural America is proud of where it lives, and many rural Americans stay put – in the same towns and even the same houses – for generations.

So, why does rural America – many areas with a higher rate of homeownership than in some urban areas – have a housing problem?

## A dollar goes a long way in the country ... or does it?

Conventional thinking says that the cost of living is lower further from city centers, but 96 of the nation's 100 poorest counties are located in rural areas<sup>1</sup>. And, while 14 percent of all Americans live below the poverty line, in rural areas that number increases to 17 percent<sup>2</sup>.

Rural communities face a range of economic obstacles, including aging populations, unemployment, persistent poverty<sup>3</sup>, and limited access to lenders providing affordable capital. Many potential borrowers in these regions have lower incomes, which affects affordability, and are more likely to be self-employed, which may increase their risk of unstable income. But these factors do not – or should not – necessarily lessen their ability to get into a home.

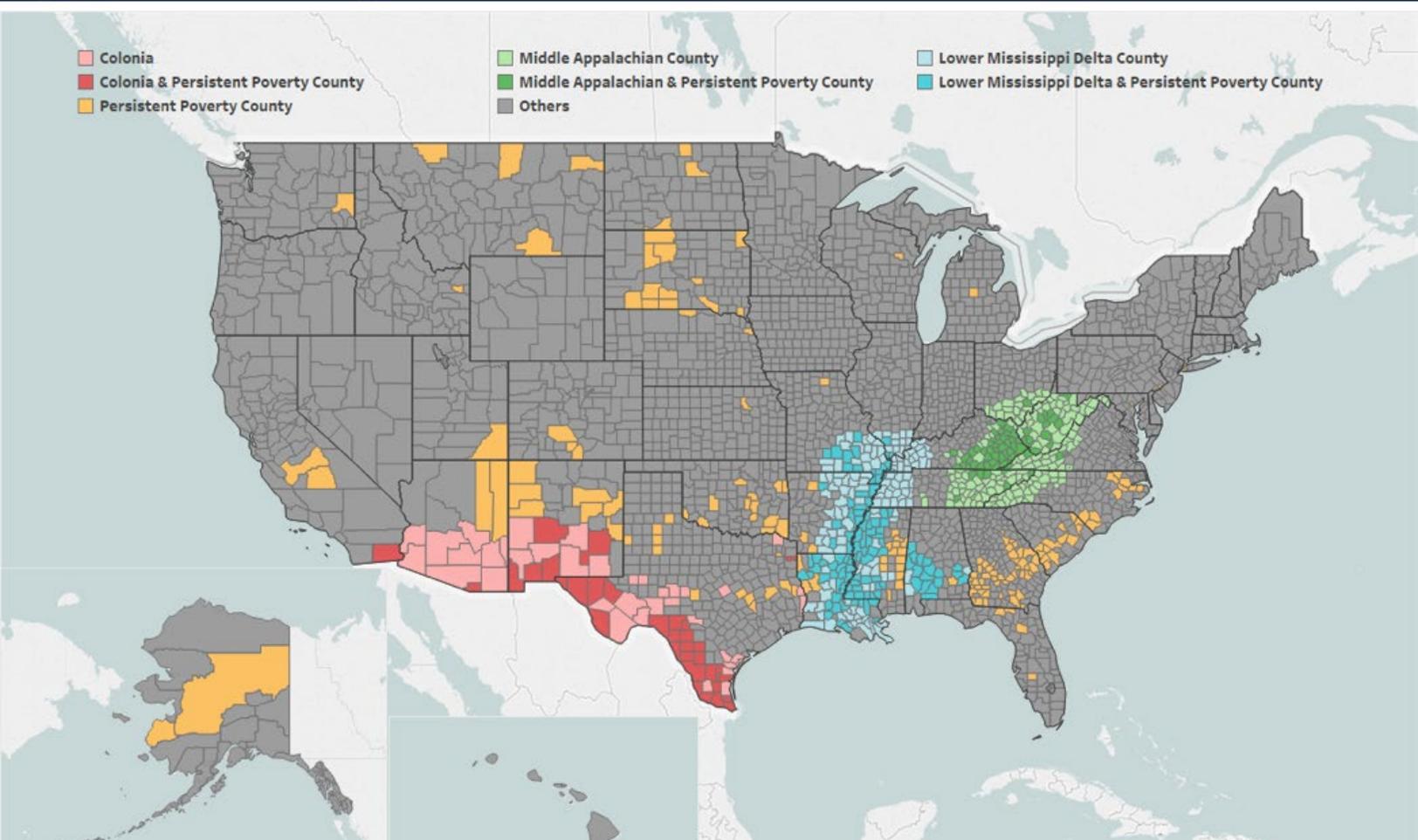
## Pride in place; pride in homeownership

The map on the following page highlights areas across the US that lack conventional mortgage liquidity. According to 2016 HDMA data, share of conventional loans is lower than the national average in these regions, and lenders tend to retain rural loans in their portfolios (especially loans in high-need rural regions) rather than selling them into the secondary market, thereby constraining the available capital for lending.

However, despite these obstacles, the homeownership rate is actually higher in these areas. People who live in rural areas often have a huge amount of pride in the places they live and spend generations in the same towns – and even in the same houses. Often, homes are passed down (or inherited) from generation to generation, so rural homeowners may be less likely to move or “trade-up.” So then, if and when a homeowner wants to buy a new home, they are ineligible for many forms of first-time homebuyer assistance programs, including down payment and matched savings dollars assistance.



## High-Needs Rural Areas Map



## Solving the rural dilemma

Homes in rural America were built to last. And, as a result, 35 percent of them were built before 1960. Only 6 percent of rural homes are considered “substandard<sup>4</sup>,” but it’s safe to say that any home could benefit from updates like energy or water efficiency improvements after seeing more than half a century of pancake breakfasts and Sunday suppers.

Mortgages that address the lack of affordable housing in rural areas can be combined with low down payment options (including HomeReady<sup>®</sup>, HFA Preferred<sup>™</sup> Key Benefits, etc.) to allow borrowers to take advantage of maximum savings and opportunities. Even borrowers who want to purchase older homes (to keep them in the family!) can take advantage of products like Homestyle<sup>®</sup> Renovation and Homestyle Energy.

While there’s no single product or program that can help every rural homebuyer in America, there are many options available to your borrowers in rural regions across the country.

[Click here to learn more about rural solutions in your region and download toolkits to get started today!](#)

<sup>1</sup> *The Low-Income Housing Tax Credit: Overcoming Barriers to Affordable Housing in Rural America*, Rapoza Associates, (August 2013)

<sup>2</sup> *Rural America’s Silent Housing Crisis*, The Atlantic (February 6, 2015)

<sup>3</sup> *The Silver Lining in Rural Housing: Lower Prices, Less Risk*, Federal Reserve Bank of St. Louis, 19 (May 10, 2016)

<sup>4</sup> *Housing America’s Future: New Directions for National Policy*, Bipartisan Policy Center, 109 (February 2013)