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Poverty in Rural America

Photo courtesy of Federation of Appalachian Housing Enterprises

Poverty remains a stubborn problem in many rural communities in the U.S., particularly among minorities, female-headed households, and children. These groups are not only much poorer than other nonmetro residents, they are also generally poorer than their metropolitan counterparts. Lacking adequate income, poor rural households continue to face considerable challenges in accessing decent, safe, and affordable housing.

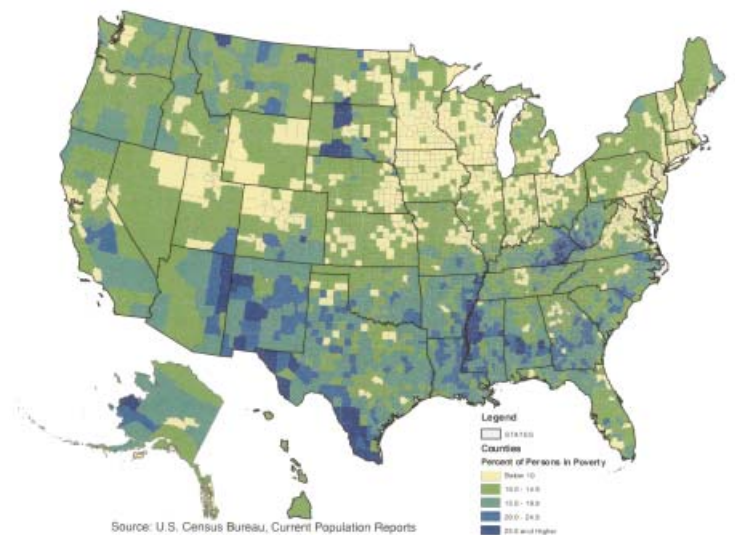
Poverty At A Glanceⁱ

Rural poverty trends generally follow those in metro areas, but the problem of poverty is greatest in America's rural areas and central cities. According to the most recent Census Bureau estimates, approximately 7.5 million persons, or 14.2 percent of the rural population, were poor in 2003 compared to 12.5 percent of the rest of the U.S.ⁱⁱ

Poverty exists across the U.S.; however, there is a unique geography of poverty in rural America. Of all counties with poverty rates above the national rate, nearly 84 percent are nonmetropolitan, and all but 11 of the 200 poorest counties in the U.S. are nonmetro. Over 81 nonmetro counties have poverty rates above 30 percent, and 12 of these have poverty rates above 40 percent. These counties with extreme poverty rates are often concentrated in the nation's high need rural areas (i.e., Appalachia, border colonias, Mississippi Delta, and Native American lands), particularly those with large Native American populations.

Nationally, rural poverty rates vary by region. With the exception of the Northeast, each region's rural poverty rate is greater than the region's metropolitan rate. The West and the South have the highest rates of rural poverty, near 16 percent. Rural poverty in the Midwest and Northeast is significantly lower at approximately 10 percent.

Poverty by County, 2003



Demographic Trends:

The Face of Rural Poverty

While significant gains have been made in reducing poverty among rural Americans, poverty rates are still shockingly high among certain subsections of the rural population – namely women and minorities. The poverty rate for nonmetro minorities is twice the rate of white

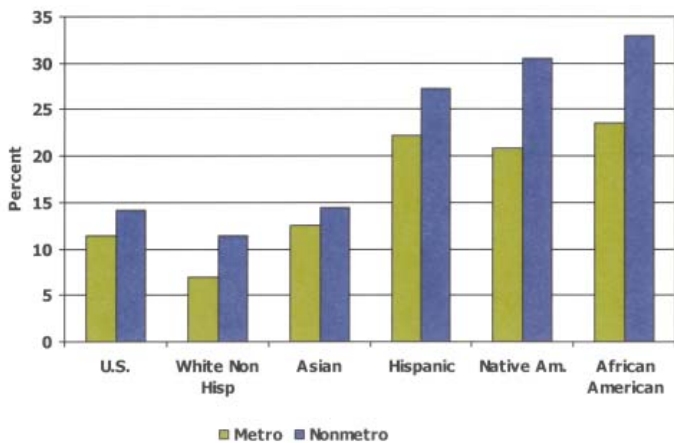


Poverty in Rural America

non-Hispanic residents. Nonmetro African Americans experience poverty at 33 percent, three times the rate of rural whites. Likewise, nonmetro Native Americans have a poverty rate of 30 percent and rural Hispanics have a poverty rate of 27 percent.

Rural poverty rates by race and ethnicity also show stark differences between metro and nonmetro areas.ⁱⁱⁱ The poverty rates for nonmetro African Americans and Native Americans are nearly 10 percentage points greater than those of their metro counterparts. Similarly, the nonmetro poverty rate for Hispanics is 5 percentage points higher than that of metro Hispanics.

Poverty & Race



Source: U.S. Census Bureau, 2000 Census of Population and Housing

Female-headed households in rural areas also experience high rates of poverty as compared to other household types. Over one-third of nonmetro female-headed households live in poverty and the vast majority of these households have children present. The lack of adequate childcare, limited employment opportunities, and lower wages as compared to their male counterparts all contribute to the economic problems faced by female-headed households. The severity of virtually all of these problems is more pronounced in rural areas.

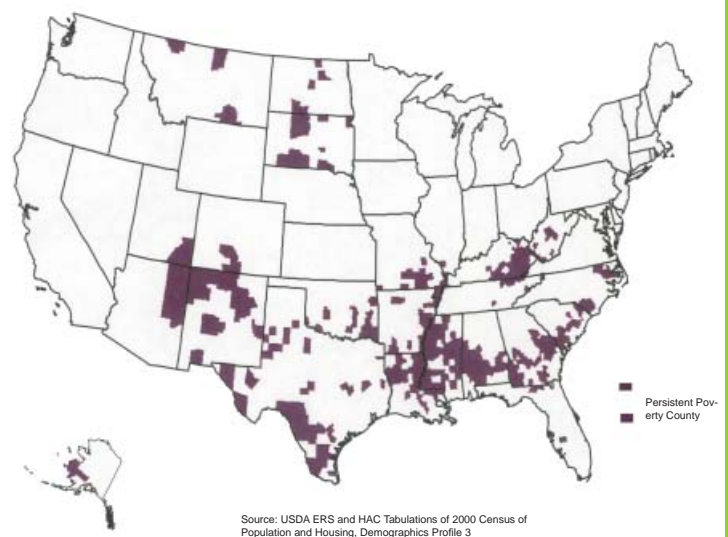
Approximately 19 percent of America's rural children are poor, a significantly higher poverty rate than for rural adults. There are more than 2.5 million poor children living in rural areas.

PERSISTENTLY POOR

The United States is among the most economically prosperous nations in the world. However, this prosperity does not reach all Americans. Many of the nation's poor residents are concentrated in rural areas that experience traditionally or persistently high rates of poverty and are often invisible to the rest of the nation.

Persistently poor counties are those with poverty rates of 20 percent or higher in 1960, 1970, 1980, 1990, and 2000.^{iv} As of 2000, there were 363 nonmetro counties that met this definition of persistent poverty. While only 13 percent of the nonmetro population reside in these counties, nearly one-quarter of the nonmetro poor live in persistently poor counties. Persistent poverty counties are often located among the nation's high need rural areas such as central Appalachia, the Lower Mississippi Delta, the southern Black Belt, border colonias, and Native American lands. The vast majority of persistent poverty counties are located in the South and also have high rates of minority populations and depressed economies.

Persistent Poverty, 1960-2000



Mirroring the overall situation of minority and female-headed households, minority children and those living in single-parent families have much higher poverty rates. Research indicates that rural children who are poor are more likely than poor children in metro areas to continue to live in poverty.^v Psychologists assert that while any degree of poverty can affect children, it is this persistent poverty that negatively impacts cognitive development and the behavior of children. Further studies indicate that the duration of poverty is a strong predictor of school attainment and early patterns of employment.^{vi}

Historically, rural elderly persons have had much higher poverty rates than the overall population. However, in recent decades the proportion of older persons in poverty has dropped precipitously. In 1969, 37 percent of nonmetro elderly persons were in poverty.^{vii} Three decades later in 1999, approximately 12.3 percent of rural persons age 65 and over had incomes below the poverty level, a rate nearly two percentage points lower than the rate among the overall nonmetro population. On the other hand, nonmetro seniors experience poverty of more than three percentage points higher than their metro counterparts. Furthermore, rural elderly women and minorities experience extremely high poverty rates. Approximately 27 percent of elderly women who live alone are in poverty and more than half of African-American elderly women who live alone have incomes below the poverty level.^{viii}

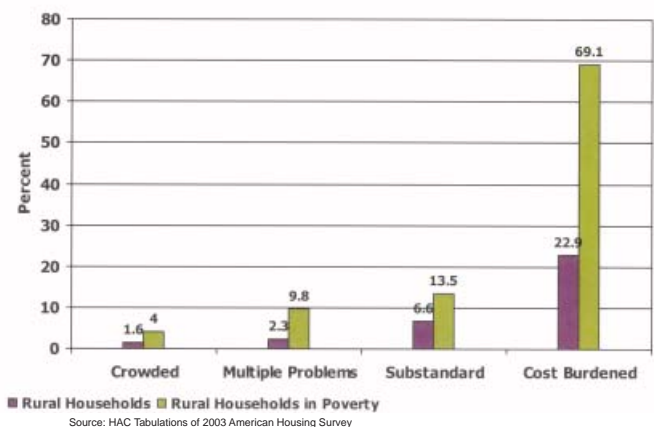
Poverty's Impact on Housing Conditions

Economic distress and poverty have a major impact on housing conditions for both communities and households alike. Rural households in poverty experience some of the worst housing conditions in our nation. For example, although housing costs are generally lower in rural areas, so too are incomes. For many rural households, housing costs drastically outpace incomes, and this is especially true for low-income households. Approximately 5.2

million, or just under one-quarter of all rural households, pay more than 30 percent of their monthly income for housing costs and are considered “cost-burdened.” Nearly 70 percent of rural households in poverty are housing cost burdened.^{ix}

Despite improvements in rural housing quality over recent decades, housing problems persist and tend to be most common among minority and low-income households. According to 2003 American Housing Survey (AHS) indicators of housing adequacy, 1.5 million or 6.6 percent of rural homes are either moderately or severely substandard. Among rural households in poverty, the incidence of substandard housing is over twice the national rate at 14 percent. Household crowding is also more prevalent among low-income rural households. It is estimated that nearly 4 percent of rural households in poverty are considered crowded (i.e. having more than one person per room in the home), compared to 1.6 percent of all rural households.

Poverty & Housing Conditions



Additionally, homeownership and mortgage access are much more problematic for households in poverty. Today, homeownership is at an all-time high in the United States as 68 percent of the nation's households are homeowners. In rural areas, the homeownership rate is even higher at 76 percent. In contrast, the homeownership rate for poor rural households is 20 percentage points lower than the overall rural rate.

Poverty in Rural America

The growth of subprime and low downpayment lending has allowed many low-income households to achieve homeownership. However, a significant number of these loans are made on thin equity cushions and blemished credit records. An economic crisis, such as loss of a job, could spell disaster for many homeowners with subprime

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.

Housing Assistance Council

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credit. Some subprime lenders have utilized “predatory” lending practices that significantly increase costs and strip equity from borrowers. Many of these loans have been targeted to low-income and minority households and neighborhoods.

Emerging Trends and Issues

Rural America has changed dramatically over the past century. 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 that has been fueled in part by increasing immigration. With the continuing out-migration of working age residents, rural communities are increasingly made up of older residents. In addition, the rural economy has diversified. Traditional industries such as agriculture, forestry, and mining continue to decline, while service jobs are increasing. These demographic and economic trends, in conjunction with pockets of persistent poverty, will continue to challenge rural communities in the already difficult battle to end poverty.



Notes:

ⁱ Unless otherwise noted, most data in this brief derive from HAC tabulations of 2000 Census of Population and Housing.

ⁱⁱ U.S. Bureau of the Census. *Income, Poverty, and Health Care Insurance in the United States: 2003*. http://pubdb3.census.gov/macro/032004/pov/new41_100_01.htm.

ⁱⁱⁱ U.S. Department of Agriculture, Economic Research Service, *Rural Income, Poverty and Welfare*, <http://www.ers.usda.gov/briefing/IncomePovertyWelfare/ruralpoverty/> (October, 10, 2002).

^{iv} Persistent poverty counties for this brief are based on a classification system devised and commonly used by the Economic Research Service of the U.S. Department of Agriculture.

^v Duncan et al., “Economic Deprivation and Early Childhood Development,” *Child Development*, vol. 65 (1994).

^{vi} *ibid*

^{vii} Fred K. Hines, David L. Brown, and John M. Zimmer, *Social and Economic Characteristics of the Population in Metro and Nonmetro Counties, 1970* (Washington, D.C.: Economic Research Service, U.S. Department of Agriculture, 1975), 94.

^{viii} U.S. Bureau of the Census, *Current Population Survey: Annual Demographic Survey, March Supplement 2000*. http://ferret.bls.census.gov/macro/032001/pov/new04_005.html (July 22, 2002).

^{ix} Most data in this section derive from HAC Tabulations of 2003 American Housing Survey.