Rural Housing Challenges in Tennessee: Socio-economic Drivers, Problems and Opportunities

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Tennessee Housing Development Agency
Rural Housing Challenges in Tennessee

1. Socio-economic Drivers
   a. Demographics
   b. Economic Conditions

2. Problems
   a. Availability
   b. Quality
   c. Affordability

3. Opportunities
Drivers—Tennessee Rural Population

Nearly Flat Rural Share

USDA Economic Research Service
Updated April 4, 2014
Drivers—Age Cohorts in Rural Tennessee

The Housing Assistance Council, Updated 2010.
How do population growth dynamics affect housing problems in rural Tennessee?

• Population loss significantly impacts rural areas’ housing stock.

• As populations decline, homes become vacant and even simple repairs are not completed on time. Absentee homeownership increases.

• Older residents are usually unable to maintain their homes.

• As house values decline with delayed repairs, obtaining mortgages and home rehabilitation loans become more difficult to obtain.
Drivers—Educational Attainment in Tennessee

(Persons 25 years and older)

<table>
<thead>
<tr>
<th></th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not completing high school</td>
<td>21.6%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Completing high school only</td>
<td>41.1%</td>
<td>30.4%</td>
</tr>
<tr>
<td>Completing some college</td>
<td>23.5%</td>
<td>28.6%</td>
</tr>
<tr>
<td>Completing college</td>
<td>13.8%</td>
<td>26.6%</td>
</tr>
</tbody>
</table>

USDA Economic Research Service
Updated April 4, 2014
Economic Drivers—Rural Industry

The Housing Assistance Council, Updated 2010.
Economic Drivers—Income Per Capita

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural Income</th>
<th>Urban Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$30,361</td>
<td>$40,184</td>
</tr>
<tr>
<td>2012</td>
<td>$30,902</td>
<td>$41,107</td>
</tr>
</tbody>
</table>

USDA Economic Research Service
Updated Feb 20, 2014
Economic Drivers—Poverty in Rural Tennessee

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>19%</td>
<td>15%</td>
</tr>
<tr>
<td>1989</td>
<td>18%</td>
<td>15%</td>
</tr>
<tr>
<td>1999</td>
<td>16%</td>
<td>13%</td>
</tr>
<tr>
<td>2012</td>
<td>21%</td>
<td>17%</td>
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Economic Drivers—Income Distribution

### Urban Tennessee: Income Distribution

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Less than $10,000</td>
<td>0%</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>2%</td>
</tr>
<tr>
<td>$15,000 to $24,999</td>
<td>4%</td>
</tr>
<tr>
<td>$25,000 to $34,999</td>
<td>6%</td>
</tr>
<tr>
<td>$35,000 to $49,999</td>
<td>8%</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
<td>10%</td>
</tr>
<tr>
<td>$75,000 to $99,999</td>
<td>12%</td>
</tr>
<tr>
<td>$100,000 to $149,999</td>
<td>14%</td>
</tr>
<tr>
<td>$150,000 to $199,999</td>
<td>16%</td>
</tr>
<tr>
<td>$200,000 or More</td>
<td>18%</td>
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### Rural Tennessee: Income Distribution

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371,000 households (nearly 50%) have income less than $35,000

ACS 2006-2010 Data tabulated by HAC

371,000 households (nearly 50%) have income less than $35,000
HAC tabulations from ACS 2006-2010 data.
Rural Housing Problems - Availability

Housing Occupancy and Vacancy in Rural Tennessee

- Relatively more vacancy in rural Tennessee.

HAC tabulations from ACS 2006-2010 data.
Rural Housing Problems - Availability

Owner or Renter Occupied?

- Owner-Occupied Housing Units: 67.72% Urban, 73.60% Rural
- Renter-Occupied Housing Units: 32.28% Urban, 26.40% Rural

HAC tabulations from ACS 2006-2010 data.
Rural Housing Problems-Quality
Housing Stock in Rural Tennessee by Age

HAC tabulations from ACS 2006-2010 data.
Rural Housing Problems - Quality

Substandard Housing?

HAC tabulations from ACS 2006-2010 data.
Rural Housing Problems—Quality

Overcrowding?

Crowded Units (with 1.01 or More Occupants Per Room) as Percent of All Occupied Units

HAC tabulations from ACS 2006-2010 data.
Rural Housing Problems-Affordability

Cost-Burdened Units-Owner-Occupied Units?

HAC tabulations from ACS 2006-2010 data.

![Graph showing owner-occupied units with mortgage and without mortgage, and cost-burdened owner-occupied units with urban and rural data.](image-url)
Rural Housing Problems-Affordability

Cost-Burdened Units-Renter-Occupied Units and Overall Cost-Burden Units?

HAC tabulations from ACS 2006-2010 data.
Other Rural Housing Problems: Rural Homelessness

- Different Responses than Urban Homelessness
  - Living in unsafe housing conditions
  - Staying with relatives
  - Moving between

- Difficult to Address
  - Fewer shelters
  - Little community awareness
  - Less government aid due to technical definitions
Opportunities and Impacts: Rehab and Affordable Housing Preservation Programs for Rural Housing Stock

• **Repair and Rehabilitation Loan and Grant**
  - Remove health and safety hazards
  - Accommodate home for household members with disabilities
  - Available for homeowners 62 years of age or older.
  - THDA’s Housing Trust Fund can be used in conjunction.

• **Housing Preservation Grants**
  - Used to repair rented housing, rental properties, or co-ops
  - Housing must be provided to low-income families
  - Available to landlords, rental property owners, state agencies, and local governments
Opportunities and Impacts: USDA Programs for Homeowners

• **Guaranteed Loans**
  • Help low-income households currently without adequate housing.
  • Used to purchase, build, or repair a home.
  • THDA has low interest rate mortgage loan programs.

• **Housing Site Loans**
  • Provide Financing for low- and moderate-income families
  • Used to purchase and develop housing sites
Opportunities and Impacts: USDA Programs for Rental Housing

- **Rental Housing Loans**
  - Helps negotiate lower building costs for construction companies
  - Used to purchase, build, or repair multi-family facilities

- **Rental Assistance Program**
  - Provides additional rent support for multiple tenants
  - Contracted for 5 years
  - Available to tenants with low- and very low-income
Opportunities and Impacts:

• Efforts to help low-income households in rural areas of Tennessee ensure that they live in safe, sound affordable homes.

• In addition to the impact on individuals and families, the activities to further the affordable housing in rural areas improve the economic conditions by creating
  • New jobs
  • Wages and salaries
  • Business revenues
  • Improved tax base
# Economic Impact of Rehabilitating 100 Multifamily Housing Units on Tennessee Economy

Model used: IMPLAN

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>Direct Impact</th>
<th>Indirect Impact</th>
<th>Induced Impact</th>
<th>Total Impact</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs</td>
<td>30</td>
<td>9</td>
<td>13</td>
<td>52</td>
<td>1.76</td>
</tr>
<tr>
<td>Wages and Salaries</td>
<td>$1,261,215</td>
<td>$427,078</td>
<td>$545,152</td>
<td>$2,233,445</td>
<td>1.77</td>
</tr>
<tr>
<td>Business Revenues</td>
<td>$3,496,995</td>
<td>$1,152,393</td>
<td>$1,607,140</td>
<td>$6,256,527</td>
<td>1.79</td>
</tr>
<tr>
<td>State and Local Taxes</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$205,644</td>
<td>N/A</td>
</tr>
</tbody>
</table>
• **Business Revenue**
  • The total contribution of rehabilitating 100 multifamily housing units to Tennessee’s economy is estimated at $6.3 million in 2014. Of this total, $3.5 million is directly injected into the economy.
    • Every $100 of rehab activities generates an additional $79 in business revenues.

• **Wages and Salaries**
  • Rehabilitating 100 multifamily units generates $2.2 million in wages and salaries in 2014.
    • Every $100 of personal income produces an additional $77 of wages and salaries in the local economy.

• **Employment / Job Creation**
  • Rehabilitating 100 multifamily units creates 52 jobs in 2014.
    • Every 100 jobs created by rehabilitation of 100 multifamily units, primarily in the construction sector, generates 76 additional jobs throughout the local economy.
Thank you!
Questions?
Works Cited


