A Social History of Rural Low-Income Housing Assistance Programs in the "Black Belt" Region of West Alabama

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ABSTRACT

Low-income rural housing continues be problematic for many west Alabamian families. Public and non-governmental programs have been implemented in west Alabama to provide low-income families with opportunities to live in improved housing. Programs such as the U.S. Department of Housing and Urban Development (HUD), the United States Department of Agriculture (USDA) Rural Development Program, and non-governmental programs have alleviated some rural housing issues through direct and indirect intervention strategies. Based on Census data and preliminary field work, this paper describes the need for low-income housing rehabilitation and homeownership assistance programs in four west Alabama counties (Greene, Hale, Marengo, and Sumter). This paper also sketches the history, progress, and social challenges of governmental and non-governmental rural housing assistance/improvement programs in this region.

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"Home" is central to everyone's life. The physical condition of home is vital to the well being of each individual and community (Belden and Wiener 1999). Housing and shelter is a basic need for human survival and evolution.

Rural Alabama has been characterized by decades of economic and social distress (Lee and Sumners 2003). The Black Belt region, particularly, has suffered. This paper describes housing rehabilitation needs and services in the Black Belt region of West Alabama.

The dark fertile soil of West Alabama gave this region the title "Black Belt." But, there is much more to the Black Belt region than dark fertile soil. The Black Belt has a long history social and economic struggle dating back through the 18th century. The Black Belt area has experienced severe racial, social, and economic tensions. The rural landscape has been changing from cotton production to timber and catfish production. Additionally, the Black Belt area has experienced significant out migration and some reverse migration. The Black Belt region is the geographic focus of this essay.

This essay combines field study with U.S. Census data and a review of literature regarding rural housing and the Black Belt region. In conducting research for a larger project, I have interviewed several housing service providers, including representatives from the USDA Rural Housing Service (RHS) and Habitat for Humanity. I share some of their and my own insights in this essay.

RURAL HOUSING CHALLENGES

Research demonstrates that rural areas of the United States have typically suffered from an array of housing issues. A shortage of mortgage credit and low-income housing funding, in rural areas, compounds the issues of rural housing. According to the U.S. Census (1994) such a credit shortage is illustrated by the fact that 7 percent of home purchasers in nonmetropolitan areas, while only 3 percent in metropolitan areas, obtain first mortgages informally from individuals, instead of through formal means such as banks and creditors (Belden and Wiener 1999). Many of the individual creditors are the home sellers.

Rural Mortgage and Home Equity Credit

Existing housing conditions in rural America indicate the insufficiency of mortgage and home equity credit. Such indicators may explain why a greater proportion of dilapidated housing exists in rural areas than in urban areas (Belden and Wiener 1999). Another indicator of the credit shortage is the high proportion of mobile homes in nonmetro areas. According to the 1990 Census, 17 percent of rural homeowners owned mobile homes, contrasted to only eight percent of homeowners nationwide (Belden and Wiener 1999). Such a trend is a result from the relative inexpensiveness of mobile homes, contrasted to site-built homes. Furthermore, mobile homes are often purchased from a dealer and financed by a personal property loan (similar to a car) rather than a mortgage (Belden and Wiener 1999). Interest rates for personal property loans are generally higher than mortgages, rendering them more costly.

The rural credit shortage may be attributed to the tendency of rural areas to rely on a single industry, making lending more risky (Belden and Wiener 1999). West Alabama is characterized as "timber dependent." This means that this region is significantly dependant on timber, pulp, and paper production. Timber dependency is often associated with economic instability and poverty, resulting from a lack of economic diversity (Norton and Bailey 2003[Humphrey 1990; Kaufman and Kaufman 1946; Machlis and Force 1988]).

Minorities and Rural Housing

Other social themes pertaining to rural housing persist. Minorities have historically suffered from mortgage and housing credit shortages, more severely than do whites. A 1977 report on equal housing opportunity found that many African American and Hispanic rural residents felt that they have had more difficulty than whites of similar financial means in obtaining home and mortgage credit (Belden and Wiener 1999).

Challenges of Providing Housing Assistance

Addressing rural low-income housing issues has been problematic for many service providers. In a 2003 statement to the United States Subcommittee on Housing and Community Opportunity House Financial Services Committee, Madeline Miller, Executive Director of Wil-Low Nonprofit Housing Inc., serving the Alabama counties of Wilcox and Lowndes, spoke of the challenges of rural low-income housing assistance. Ms. Miller outlined 21 challenges to providing housing services (2003). These challenges include locating mortgage lenders, utilizing the Section 8 Voucher program, obtaining site certification from the Rural Housing Service (RHS), funding, resolving family credit issues, and a lack of existing housing stock (Miller 2003).

Along with Ms. Miller's statement, Ms. Phyllis Fong, Inspector General for the USDA issued a statement describing six major challenges for RHS management (2003). The challenges include maintaining their aging housing stock, handling unallowable and excessive expenses charged to Rural Rental Housing (RRH) projects, RRH projects leaving the program, the need to increase rental assistance funding, improved targeting of funds to meet the needs of rural families, and the need for more accurate and relevant performance data to assess program effectiveness (Fong 2003).

THE BLACK BELT REGION

Alabama's Black Belt region is characterized by racial divisions, significant out migration, an elevated unemployment rate, and timber dependency (Norton and Bailey 2003). Rural housing issues characterized by high mortgage rates, racism, and a high prevalence of mobile homes are proportionally more severe in the Black Belt study counties of the study.

Timber Dependency and Social Capital in the Black Belt

Related work focusing on this region indicates a relative need for successful social capital formation, economic diversification, and housing assistance. Social capital, for this discussion, is the networks and norms that enable participants to act together effectively to pursue shared objectives ([Putnam 1993] Gittell and Vidal 1998).

The work of Bailey and Norton describe the connections between timber dependency, economic diversity, and social capital in Greene, Hale, and Sumter counties, Alabama (2003). According to Bailey and Norton, Greene County is timber dependent with 21 percent of all jobs linked to forest products (2003). Greene County also lacks economic diversity, with only two firms employing more than 100 people in 1998 (Norton and Bailey 2003).

Similar to Greene County, Sumter County is timber dependent with more than 21 percent of jobs in this sector (Bailey and Norton 2003 [U.S. Census 2000]). Sumter County is slightly more economically diverse than Greene County, with seven firms employing over 100 people in 1998 (Bailey and Norton 2003 [U.S. Census 2000]).

Of the three Black Belt counties studied by Bailey and Norton, Hale County is the least timber dependent with only 9 percent of employees holding jobs in the forest products industry (Norton and Bailey 2003). Hale County is relatively economically diverse with 6 firms employing more than 100 people in 1998 (Norton and Bailey 2003[U.S. Census 2000]). Catfish production makes up a significant part of the Hale County economy (Norton and Bailey 2003).

The Black Belt region has been established as rural and timber dependent. This study builds on the previous research by examining the nature and presence of housing construction and rehabilitation services for low-income families.

RURAL HOUSING ASSISTANCE

The state of American low-income rural housing is complex. Since the beginning of the twentieth century, public and private programs have been instituted to assist low-income rural families in their housing needs. Much of the current rural housing rehabilitation assistance in America is in the form of United States Department of Agriculture Rural Housing Service (USDA RHS) funding, nonprofit assistance, and a combination of the two. Such programs have been established to improve the overall living conditions of low-income rural families. However, substandard housing, characterized by inadequate or non-existent plumbing, roofing, electricity, etc. continues to persist.

Public Rural Housing Assistance

Since the early 1950's, the United States government has facilitated programs designed to help provide affordable housing for low-income rural families (Belden and Wiener 1999). The Housing Act of 1949 brought about the Farmers Home Administration (FmHA), a division of the United States Department of Agriculture (USDA) that oversaw and funded public rural housing assistance programs (Belden and Wiener 1999). The primary focus of the FmHA was on farm housing while the U.S. Department of Housing and Urban Development (HUD) attempted to address and fund other low-income rural housing needs.

The role of FmHA was to finance modest housing and housing repairs for farming families that lacked their own resources or could not obtain other credit at affordable rates and terms (Belden and Wiener 1999). HUD had the same task for non-farming rural families. However, as a result of USDA reorganization, HUD was relieved of its rural housing focus, and FmHA was eliminated altogether in 1994 (Belden and Wiener 1999). Both programs were replaced by the current USDA Rural Housing Service (RHS). HUD continues to fund rural low-income housing and development initiatives through block grants and homeowner educational funding. HUD also administers the Section 8 program and its Federal Housing Administration (FHA) single family home mortgage program (USDA 2001). RHS currently functions to provide grants and loans to low-income families and housing organizations to improve the overall quality of rural housing.

FmHA/RHS has financed or rehabilitated more than 2.7 million housing units since 1969 at a cost of more than $70 billion (Belden and Wiener 1999). The need for subsidized rural housing continues to remain, as of 1997, there were more than 1.5 million occupied rural housing units that house more than 2.2 million tenants who pay more than 30 percent of their incomes in rent (Belden and Wiener 1999). At the same time, from 1994 through 1997, funding by RHS for subsidized housing programs decreased from $3.072 billion to $1.436 billion (Belden and Wiener 1999). Unsubsidized programs grew from $800 million to $2.3 billion (Belden and Wiener 1999).

Easing access to rural housing financing is vital to developing and maintaining a robust national housing improvement program. Investments, or capital, and credit must be available to housing developers at a cost that allows them to develop housing affordable to those in need (Belden and Wiener 1999). The Low-Income Housing Tax Credit has made low-income rental housing profitable to many developers by providing participating developers with a tax credit (AHFA 2004).

Unfortunately it is not possible to determine how much credit and capital is currently available in rural America. However, many analysts believe that there is not enough credit available and that available financing falls significantly short of meeting current rural needs (Belden and Wiener 1999). Furthermore, nonmetropolitan homeowners generally must pay higher interest rates on loans and make larger down payments than in metropolitan areas (Belden and Wiener 1999). As the services of the RHS evolve and other non governmental programs change and develop, the need for housing improvement initiatives and education continues to persist.

A driving force behind legislation supporting public funding for rural housing and community development have been special interest organizations such as the National Rural Housing Coalition (NHRC) and the Rural Governments Coalition (Browne 2001). These organizations favor and lobby for federal budget allocations to and through states to support community development initiatives (Browne 2001). However, as the 20th century came to a close, these organizations had, for the most part dissolved (Browne 2001). During the 1980's and early 1990's, such interests groups were somewhat successful in developing funding programs for Native American communities, local government public works programs, and construction opportunities for rural builders and contractors (Browne 2001). The state of rural housing continues to be in need of improvement. Rural Alabama, the Black Belt particularly, struggles with providing low-income families with safe and affordable housing.

HOUSING IN ALABAMA VS. THE BLACK BELT COUNTIES OF GREENE, HALE, MARENGO, AND SUMTER

In contrast the State of Alabama in general, U.S. Census data demonstrates that the counties of Greene, Hale, Marengo, and Sumter suffer from a relatively high presence of mobile homes, a relatively high number of unoccupied housing units, a larger percentage of households below the poverty level, lower median household incomes, and declining populations, except for Hale County.

The State of Alabama is home to 4.4 million residents with over 1.7 million occupied homes (Bogie 2003). Most homes (approximately 75 percent) are owned by those who live in them (Bogie 2003). Most people live in conventional one-unit dwellings (Bogie 2003). However, in the 1990's, dwellings in multi-unit structures grew at a faster pace than single-unit dwellings (Bogie 2003). Mobile homes represent one of the fastest growing segments of the housing market with 16 percent of all housing units in Alabama in year 2000 (Bogie 2003).

Greene, Hale, Marengo, and Sumter Counties

Greene County has suffered from relatively significant out migration and housing issues. From 1950 through 2000, the population has declined by 39.5 percent to 9,974 while the State of Alabama population increased by 45.2 percent (Center for Demographic Research 2001). The Median household income in Greene County is $19,819 while the State of Alabama has a median household income of $34,135 (Census 1999). 34.3 percent of Greene County residents are below the poverty level, contrasted to 16.1 percent in the Alabama (Census 1999). 23.3 percent of housing units are vacant in Greene County while there are 11.5 percent vacant housing units in Alabama (Census 2000). 3.7 percent of occupied Greene County household have multiple deficiencies while Alabama has 1.3 percent of homes with multiple deficiencies (see footnote) (Bogie 2003[Census 2000]). Also, 31.8 percent of the housing units in Greene County are mobile, contrasted to 16.3 percent in Alabama (Census 2000).

From 1950 through 2000, the population of Hale County decreased by 17.5 percent to 17,185 (Center for Demographic Research 2001). The Median household income in Hale County is $25,807 (Census 1999). 26.9 percent of Hale County residents are below the poverty level (Census 1999). 17.3 percent of housing units in Hale County are vacant and 35.6 percent of the housing units in are mobile (Census 2000). 4.1 percent of occupied households are with multiple deficiencies (Bogie 2003[Census 2000]).

The population of Marengo has decreased by 23.6 percent to 22,539, from 1950 through year 2000 (Center for Demographic Research 2001). The Median household income is $27,025 (Census 1999). 25.9 percent of Marengo County residents are below the poverty level (Census 1999). 13.4 percent of housing units in Marengo County are vacant, 27.9 percent of the housing units in are mobile and 2.8 percent of occupied households are with multiple deficiencies (Bogie 2003[Census 2000]).

Sumter County has seen a decrease in population by 37.3 percent to 14,798 from 1950 through year 2000 (Center for Demographic Research 2001). It has a Median household income of $18,911 (Census 2000, Census 1999). 38.7 percent of Sumter County residents are below the poverty level (Census 1999). 17.9 percent of housing units in Sumter County are vacant, 33.4 percent of the housing units in are mobile, and 2.9 percent have multiple deficiencies (Bogie 2003[Census 2000]).

LOW-INCOME HOUSING CONSTRUCTION AND REHABILITATION

Greene, Hale, Marengo, and Sumter counties are relatively poor with high presence of mobile homes. This indicates that a relatively high proportion of families are likely paying personal property loans for housing, in excess of 15 percent. This is also an indication of the relative expense of building or rehabbing site built homes. Since the population has been declining in three of the four study counties, it may be concluded that the insurgence of mobile homes is not a result of increased demand for housing, but the ongoing demand to continue to safely house the remaining population.

Nonprofit and public home construction and rehabilitation in the Black Belt consist of a combination of publicly and privately funded initiatives. This study has found the presence of several nonprofit organizations operating in the Black Belt region, including Habitat for Humanity, the Auburn University Rural Studio, Wil-Low Nonprofit Housing, and the Federation of Southern Cooperatives. There are several Methodist organizations, including Alabama Rural Ministries, which coordinate volunteers to perform home repair services for low-income families in the region as well.

Models of Nonprofit Housing Construction and Rehabilitation Services

The presence of nonprofit housing construction and rehabilitation services is quite limited in Greene, Hale, Marengo, and Sumter counties. The difficulty of providing new home and existing home rehabilitation services in the study counties is compounded by three repeating variables: lack of private funding, lack of volunteer support, and the relative expense for a low-income family to own and maintain a site built home.

An interview I conducted with the Tuscaloosa Habitat for Humanity, a sweat-equity, low-income new home provider demonstrates the nature of nonprofit low-income housing construction services. This organization relies heavily on local donations, financial and labor, from businesses and individuals interested in enhancing the community of Tuscaloosa. This indicates the necessity of existing local financial and human capital for service programs to operate. In other words there must be enough people contributing enough knowledge, money, and labor for a new home to be constructed.

Volunteers, many of whom work several days per week, are the primary source of labor for Habitat. Therefore reaching beyond the Tuscaloosa area is less feasible than addressing low-income housing needs within Tuscaloosa. The Tuscaloosa Habitat for Humanity constructs approximately four homes per year at a financial cost of approximately $23,000 each, not including donated materials, and is projecting to do upwards of ten homes per year by 2006. A new chapter of Habitat for Humanity has recently been established in Demopolis, AL (Marengo County). However, the extent of their services has not yet been determined by this research.

Ms. Miller, Executive Director of Wil-Low Nonprofit Housing, a rural nonprofit new home and housing rehabilitation service provider operating in Wilcox, Lowndes, Marengo, and Monroe counties describes that obtaining private funding and support in the rural Black Belt area is extremely difficult. Ms. Miller stated in an interview, "We sweat alone. We work alone. We are minorities."

Wil-Low functions by assisting their clients with locating available land when applicable and obtaining RHS new home and home repair loans and grants. After a client obtains a loan or grant, Wil-Low assists them with self-help construction services. Wil-Low also relies on HUD funding to provide its clients with homeownership education. Wil-Low constructs and/or rehabilitates 1 to 3 homes per year and operates on an annual budget of $100,000 to $150,000 per year.

The Auburn University Rural Studio is part of the Auburn University College of Architecture. The Rural Studio trains students in the field of architecture and provides low-income Hale County families with new home construction and outreach services. The Rural Studio constructs approximately 1 to 3 homes per year.

The outreach services of the Rural Studio link low-income families with external housing services such as RHS loans and grants as well as local charitable contributions and assistance. Rural Studio Outreach Coordinator Pam Dorr described that an effective, yet small scale method, of housing repair assistance is to use volunteers to work with local families in teaching them how to perform home repairs, as major housing rehabilitation and assistance programs are not readily available in Hale County.

Alabama Rural Ministries (ARM) coordinates volunteers, mostly high school and college students to provide home repair services in Sumter County, on weekends and during the summer. The scope of services performed by ARM includes emergency roof repairs, furnace (heating systems) repairs, and any other repairs able to be performed by volunteers to help low-income families stay warm, safe, and dry. ARM operates in several other locations in Alabama and operates on an annual budget of approximately $160,000 per year. ARM has repaired about 150 homes in Sumter County, since 1998.

This is not intended to be a comprehensive list of all housing service providers, but a description of the different types of services operating in the Black Belt. In assessing the housing rehabilitation and construction services for the low-income families of the study counties a constant theme emerges; there are not enough services and resources to serve the needs of the study counties. Since most of the nonprofit organizations are able to serve relatively few families, while there is a significant need, a larger service system is needed.

Rural Housing Service (RHS)

The USDA Rural Development (also RHS) in Tuscaloosa provides low- and moderate-income residents of the counties of Greene, Hale, Sumter, and Tuscaloosa with homeownership and home repair loans and grants. In 2003, approximately $90 million was invested by RHS in housing programs (USDA 2004). Over $56 million dollars was invested in Home Ownership Guaranteed Loans in which RHS assists qualified banks in providing loans to low- and moderate- income families (USDA 2004). Approximately $20 million was invested Home Ownership Direct Loans made directly to low- and moderate-income families (USDA 2004). About $4 million was invested in home repair loans and grants and the Rural Rental Housing Rehabilitation Loans program (USDA 2004).

RHS also administers a Self-Help sweat equity program that grants funds to nonprofit organizations that coordinate families in constructing their own homes (USDA 2004). However, the Tuscaloosa office granted no funds to self-help housing organizers in 2003.

RHS representatives and affiliated service providers such as Wil-Low report that the RHS programs have been beneficial to many Black Belt residents. Nevertheless, there are still many Black Belt families of income so low, that they are not able to participate in the RHS housing loan programs, even the RHS Direct Home Loan program that carries an interest rate of only 1 to 4 percent. The average median household income for Greene, Hale, Marengo, and Sumter counties is just above $22,000 per year.

The severity of dilapidation of many homes in the Black Belt prevents many families from qualifying for RHS Home Repair grants, as RHS will only grant money to residents with houses that are repairable and lasting. Another barrier to service is that many Black Belt residents live on heir land, land that is owned by several family members, usually children, other than the resident.

Heir Land

Out migration occurring in the rural south since the 1940's has played a significant role in the current housing and living conditions in the Black Belt region. In my meeting with Ms. Miller of Wil-Low, Ms. Miller stated, "People used to live here are coming back. When you finish high school, you go to get out of the [cotton] field."

This phenomenon is characterized by land titles transferring to several children of a deceased Black Belt land owner. In order for a resident of the land, in which the title is in the name of several children scattered throughout the country, to receive a RHS loan, the title must be "clear," demonstrating that the resident owns the land for which he or she is trying qualify for public funding.

CONCLUSION

The actual housing need for the Black Belt still remains unclear. This essay demonstrates that several models and types of low-income housing and construction services are operating in the Black Belt region. However, the need for services seems to be great.

My interviews with service providers, including those of the USDA demonstrate that the Black Belt region, particularly Greene, Hale, Marengo, and Sumter counties have been suffering from economic hardship, families with low and no incomes, and out migration. The social capital of the region, the networks and norms that enable participants to act together effectively to pursue shared objectives is seemingly effected by its timber dependency and economic hardship. The issue of "heir land" has created a social phenomenon in and of itself, preventing residents from utilizing government services. Further study needs to be conducted to uncover the relationships between Black Belt families and our larger social system.

FOOTNOTE

1. Multiple Deficiencies criteria (Census 2000), at least two of the following conditions must exist: lacking complete kitchen facilities, lacking complete plumbing facilities, with 1.01 occupants per room, selected monthly owner costs as a percentage of household income in 1999 greater than 30 percent, or gross rent as a percentage of income in 1999 greater than 30 percent (Bogie 2003 [Census 2000]).

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