**Meeting the Housing Needs of Rural Residents: Results of the 1998 Survey of USDA's Single Family Direct Loan Housing Program**

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# Abstract

USDA's Section 502 Single Family Direct Loan Housing Program provides subsidized housing loans to low- and moderate-income rural residents who do not own adequate housing and cannot obtain a home mortgage from other sources. Typical recent borrowers from the program are under 40, have children, have low or modest incomes, have a home that is better than their previous residence, and are satisfied with their current home, neighborhood, and the Section 502 program. Most believed that, without assistance from the program, they would have been unable to afford a comparable home for at least 2 years and possibly never. These findings are based on a national survey of 3,027 recent Section 502 borrowers, conducted by the Economic Research Service at the request of USDA's Rural Development mission area. The survey identified borrower characteristics and addressed issues of program effectiveness and performance. This report compares the survey's findings with similar information for other low- to moderate-income rural residents and provides a separate analysis of program participation by elderly, single-parent, disabled, Hispanic, and black households.

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# Summary

This report summarizes the results of the 1998 Survey of USDA's (Section 502) Single Family Direct Loan Housing Program. This survey was conducted by the Economic Research Service, in cooperation with the Social and Economic Sciences Research Center at Washington State University, at the request of USDA's Rural Development mission area. The national survey collected information from 3,027 recent participants in the Section 502 rural housing loan program whose loans closed between 1994 and 1998. This survey marks the first time that a nationally representative survey of USDA's rural home loan program participants has been conducted. Changes in Section 502 program requirements, operation, costs, and funding levels have led to renewed interest in the characteristics of the low-income residents who benefit from these program outlays, and the effectiveness of this program for improving the housing and economic status of rural residents. This report addresses several questions:

***Who Benefits?*** Compared with other groups of low-income rural residents, the Section 502 program serves a larger than proportionate share of single-parent households and young households with borrowers under the age of 40. In contrast, rural married couples without children and elderly households are less likely to participate in the program. Also, disproportionate shares of Hispanics and blacks participate in the program compared with their representation among low-income rural residents; although still comprising the majority of program participants, white households are less represented among the Section 502 borrowers. The largest proportion of borrowers live in the South, followed by the Midwest, West, and the Northeast. The average household income of program participants was $20,949 in 1997, and almost 90 percent of Section 502 households received income from wage and salary employment. Borrowers have little reliance on income support from other Federal low-income assistance programs. Relatively small proportions participate in other Federal safety net programs, such as Temporary Assistance to Needy Families, Supplemental Security Income, and general assistance, although one-fifth received food stamps at some time during the previous year.

***What Are the Benefits of Program Participation?*** Section 502 direct subsidized homeownership loans are made to very-low-income and low-income rural families who do not own adequate housing and cannot obtain mortgage financing from other sources. The typical Section 502-financed home was a detached single-family dwelling, about 6 years old, with three bedrooms and one bathroom, and a median purchase price of $64,900. The Section 502 program provided an opportunity for many first-time homebuyers to purchase a home they might not otherwise have been able to afford. An important indicator of program success is the finding that 90 percent of borrowers said that without the Section 502 program it would have taken longer than 2 years for them to have been able to buy a comparable home, if they could ever have done so.

The Section 502 program is a particularly important program for first-time homebuyers. Almost three-fourths of program participants had never owned

a home before, and most had been renting their homes prior to financing a home through Rural Development. About 25 percent of program participants had at some time in the past received government rental assistance; about 7 percent of recent borrowers had received rental assistance from Rural Development in the past. Participants used these rental assistance programs as a stepping stone toward more economic stability and eventual homeownership, a major program goal for Rural Development.

Large proportions of Section 502 borrowers were highly satisfied with the appearance, construction quality, and size of their homes, although borrowers consistently gave lower satisfaction ratings to the quality of construction in their homes than to other features. Almost equal proportions reported high levels of satisfaction with neighborhood conditions such as quality of schools and public services, convenience to services, safety and security, and neighborhood appearance. Nearly all borrowers noted the improvement in the quality of their current home and neighborhood over their previous residence and community. While a substantial proportion indicated that their housing costs had increased with the purchase of their home, many also reported an increase in income. Also, borrowers estimated the appreciation in housing value at about 8 percent since purchasing their homes, consistent with the current national trend in housing values.

***How Satisfied Are Borrowers with the Program?*** More than two-thirds of all recent Section 502 borrowers indicated high levels of satisfaction with the process of buying and financing their homes through Rural Development, and even higher proportions rated their current dealings with Rural Development as good or very good. Only 11 percent rated their experiences with the program and Rural Development as poor or very poor. When borrowers expressed dissatisfaction through open-ended questions, their comments most often fell into three broad categories: (1) difficulties with contractors and disappointment with Rural Development's response to complaints; (2) trouble understanding the details of program operation, particularly annual income evaluations and payment of insurance and taxes; and (3) problems reaching the Rural Development central office to express their complaints. Despite some dissatisfaction with the program, 97 percent of recent borrowers said they would recommend Rural Development to a family member or friend interested in homeownership.

# Meeting the Housing Needs of Rural Residents

## Results of the 1998 Survey of USDA's Single Family Direct Loan Housing Program

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## Introduction

Many rural areas have grown both economically and in population during the 1990's (Cook, 1999). New settlement patterns showing increased metro-to-nonmetro migration have raised questions about the adequacy of existing housing and amenities to meet this population and employment growth. In many rural communities, increased demands for water, sewerage, and other economic and social services have strained local resources. Despite improvements in housing quality and a narrowing of the rural-urban gap in housing conditions over time, issues related to both housing adequacy and affordability continue to affect a substantial number of rural households (Mikesell, 1999; Housing Assistance Council, 1997; Whitener, 1998). In 1995, 1.6 million nonmetropolitan households lived in housing classified as substandard, and substantial proportions of both nonmetro and metro households were burdened by high housing costs that exceeded 30 percent of their income (Whitener, 1999). These conditions bring continued attention to the operation and effectiveness of Federal rural housing programs designed to assist low-income rural residents to obtain adequate and affordable housing.

Government policy recognizes housing as a basic need and homeownership as a desirable goal. Federal housing programs have played a critical role in advancing homeownership as the preferred housing alternative for most Americans (Mitchell, 1985). The Rural Housing Service (RHS), formerly the Farmers Home Administration and now part of USDA's Rural Development mission area, operates a broad range of programs to promote and support affordable housing development in rural areas. Under its Section 502 Single Family Direct Loan Housing Program, RHS offers subsidized homeownership loans to low-income rural families who are without adequate housing and cannot obtain credit from other sources. Today over 600,000 rural borrowers participate in the program. For over 50 years, USDA programs have provided home mortgages to low-income rural families, undoubtedly contributing to higher levels of homeownership in rural communities. In contrast, Federal housing assistance programs directed toward low-income urban families have historically focused

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more on rental assistance than on promotion of homeownership (Mikesell, 1998).

Recent changes in Federal housing programs, including those operated by the USDA, have generally added flexibility, increased the roles of State and local governments, and emphasized the inclusion of segments of the population and geographic areas that were deemed underserved by existing housing and home mortgage markets (Mikesell, 1998). Changes in the Section 502 program requirements, operation, costs, and funding levels over the last few years have led to renewed interest in (1) the characteristics of the low-income residents who benefit from these program outlays, and (2) the effectiveness of this program for improving the housing and economic status of rural residents.

At the request of the USDA's Rural Development mission area, the Economic Research Service (ERS), in cooperation with the Social and Economic Sciences Research Center at Washington State University, conducted the 1998 Survey of USDA's Single Family Direct Loan Housing Program to address those issues. The survey was designed to provide detailed information on the characteristics of recent participants in USDA's Section 502 Direct Loan Program that would help assess the impact of this housing-assistance program on rural residents and their communities. No other Federal data sources, including USDA administrative data, the decennial Census of Population and Housing, or the biennial American Housing Survey, are sufficiently detailed to allow a national level, in-depth analysis of the characteristics, needs, and concerns of participants in the Section 502 program. This survey marks the first time that a nationally representative survey of Section 502 participants has been conducted. Findings from this study will provide Rural Development and other rural policymakers at the Federal, State, and local level with information critical for developing and assessing housing policies and programs designed to ensure that adequate and affordable housing is available to low-income rural residents.

This report summarizes the results of the 1998 survey. It explores the characteristics of program participants and assesses measures of program effectiveness to provide a better understanding of program operation. Analysis focuses on special-interest population groups, such as elderly, single-parent, disabled, and racial/ethnic minority households, to assess how well the Section 502 program is meeting the housing needs of these program participants. Appendix A includes a brief description of the survey design and reliability of estimates. Appendix B includes detailed tables reporting the demographic, economic, and housing characteristics of selected target groups of program participants and participants in the four Census regions. More in-depth analysis of the data will be presented in a forthcoming series of ERS policy reports.

## The Section 502 Single Family Direct Loan Housing Program

The earliest housing programs in the 1930's and 1940's were created "against a backdrop of long-standing concern for the poor housing conditions spawned by industrial cities" (Mitchell, 1985:5). In later years, such programs were fueled by increasing concern over the aging and depopulation of central cities and the growth of urban slums. USDA housing programs originally evolved from the inability of Federal and State governments to provide housing finance in very small rural communities and open country (Collings, 1995). With the passage of the Housing Act of 1949, and the expansion under the Housing Act of 1961, USDA, through its Farmers Home Administration (FmHA), began operating programs to help promote and support affordable housing development in rural areas (Mikesell, 1977). The original mission was to finance modest housing or housing repair for families who were unable to do so with their own resources or were unable to obtain other credit at affordable rates and terms. FmHA was to be the lender of last resort.

Today, most Federal direct mortgage lending to rural areas is done through USDA's Section 502 Single Family Direct Loan Program, currently under the auspices of the Rural Housing Service under USDA's Rural Development mission area (Mikesell, 1998). Although the U.S. Department of Housing and Urban Development (HUD) provides home mortgage assistance to both urban and rural areas through its Federal Housing Administration's (FHA) single-family home mortgage insurance program, only 6 percent of the amount insured in fiscal year 1997 was in nonmetro areas (Mikesell, 1998). HUD currently has no

direct loan programs comparable to the Section 502 low-interest homeownership program, and this program is the only Federal mortgage program targeted to low-income rural residents who otherwise could not afford to be homeowners.

Section 502 direct subsidized homeownership loans are made to very-low-income and low-income rural families who are without adequate housing and cannot obtain mortgage financing from other sources. Low-income families are defined as those with adjusted incomes under HUD's applicable low-income limit, usually 80 percent of the median income of the local area, and very-low-income families have adjusted incomes under 50 percent of the median income of the area. Loans can be used to build, repair, renovate, or relocate a home, or to purchase and prepare sites, including providing water and sewer facilities. They may also be used to refinance debts when necessary to avoid losing a home or when required to make necessary rehabilitation of a house affordable. The program provides subsidized loans with effective interest rates as low as 1 percent.

Concessionary interest rates and terms are meant to make homeownership affordable. The term of the loan is usually 33 years (38 for those with incomes below 50 percent of the area median income and who cannot afford 33-year terms), no down payment is required, and closing costs can be financed in the mortgage. Interest rates are subsidized, but for most borrowers the payment amount is determined by their income level rather than by the interest rate. Housing must be modest in size, design, and cost. Modest housing is defined as housing costing less than the HUD dollar cap, which in 1997 was $81,548, with adjustments for high-cost areas.

RHS provides assistance in rural portions of both nonmetro and metro counties. Eligible areas are defined as open country and rural places under 20,000 population or under 10,000 population in a Metropolitan Statistical Area (MSA). During its 50-year history, the Single Family Direct Loan Housing Program has provided over $51 billion in homeownership loans to some 1.9 million borrowers. The program currently serves more than 500,000 low-income rural borrowers nationwide. The Section 502 direct loan program is RHS's second largest budget outlay and provided a total loan amount of $1 billion for 16,000 loans in 1998.

RHS offices located in Washington, DC, are responsible for setting policy and developing regulations for the Section 502 programs. In the field, RHS operations are carried out through USDA's Rural Development offices. State offices administer programs within a State or in multi-state areas. Area offices provide administrative supervision for local offices and process and service loan and grant applications. Local offices often serve multiple counties. They receive and process single-family housing applications and provide counseling and supervision to RHS single-family borrowers. Loans are serviced through the Centralized Service Center in St. Louis, MO.

## Study Objectives

The primary objective of this report is to develop an information base on recent Section 502 program participants to help assess how well this USDA housing assistance program is serving the population and housing needs of rural areas. Since the Section 502 program was enacted, changes in program requirements, operation, costs, and funding levels have led to increased interest in the characteristics of the low-income residents who benefit from these program outlays, and the effectiveness of this program for improving the housing and economic status of rural residents. The analysis provided here will supplement administrative data collected by the Rural Housing Service which is critical for assessing program operation and performance. In specific, the study addresses four sets of questions:

- Who are the Section 502 program participants? How do they benefit from program participation?

- How do program participants fare compared with other low-income rural residents in terms of their demographic composition, economic well-being, housing characteristics and costs, and housing/neighborhood satisfaction?

- Is program participation associated with improvements in housing for rural program participants? Is this program adequately serving these target groups?

- How satisfied are borrowers with the operation of the program and their Rural Development financing experiences? What factors affect varying levels of satisfaction?

# The Data

This report analyzes data from the 1998 Survey of USDA's Single Family Direct Loan Housing Program, conducted in July through October 1998 by the Economic Research Service (ERS) for Rural Development. In addition, the study draws information from the 1995 American Housing Survey to compare characteristics of Section 502 borrowers with those of other low-income rural residents.

## The 1998 Survey of USDA's Single Family Direct Loan Housing Program

The data reported here are from a nationwide survey of participants in USDA's Section 502 Single Family Direct Loan Housing Program, designed to provide information on the characteristics of the low-income rural residents who benefit from this program. ERS developed the survey instrument with input from Rural Development, representatives of housing interest groups, and the academic research community. In 1998, ERS and the Social and Economic Sciences Research Center of Washington State University conducted a national telephone survey of 3,027 recent program participants whose loans closed between 1994 and 1998. These individuals were chosen to be representative of the almost 60,000 recent borrowers who participate in the program nationwide, excluding those in Guam, Puerto Rico, and the Virgin Islands. All respondents who answered the survey questions were borrowers on a current Section 502 single-family direct loan taken from Rural Development administrative records. Data reported here are based on the responses of the borrower participating in the telephone interview. No distinctions are made between a primary or secondary borrower.

The survey collected information on the demographic, education, and employment characteristics of recent program participants and their household members; current and past housing conditions and costs; satisfaction with current residence, neighborhood, and the Rural Development financing experience; extent of participation in public assistance programs; and sources and amounts of household income. The survey response rate was 70.3 percent. Estimates have a margin of error of ± 1.7 percent at the 95-percent confidence level. See Appendix A for more detail on the survey methods and the reliability of estimates.

**Table 1—Geographic data available from the 1995 American Housing Survey**

| Geographic designation | Occupied housing units |
|---|---|
| | *Thousands* |
| **Metropolitan area (MSA):** | |
| Central city | 30,243 |
| Urbanized suburb | 29,653 |
| Other urban suburb* | 3,647 |
| Rural suburb* | 12,564 |
| **Nonmetropolitan area:** | |
| Urbanized | 621 |
| Other urban* | 7,293 |
| Rural* | 13,673 |

Note: * indicates categories included in the definition of rural used in this study.
Source: 1995 American Housing Survey, Bureau of the Census.

## The American Housing Survey

This report also uses data from the 1995 American Housing Survey (AHS) to compare demographic, housing, and economic characteristics of Section 502 housing program participants with those of other low-income rural residents. The AHS is conducted biennially by the Bureau of the Census for the U.S. Department of Housing and Urban Development. The AHS is designed to provide detailed information on housing structure, use, and plumbing characteristics; equipment and fuel use; housing and neighborhood quality; financial characteristics; and household attributes of current occupants. The national sample is based on about 55,000 units selected for interview in 1995. Data are weighted to reflect the U.S. population.

The AHS identifies seven geographic categories based on metropolitan-nonmetropolitan and rural-

urban designations (table 1).[1] Under the Section 502 program, eligible rural areas are defined as open country and rural places under 20,000 population or under 10,000 population in a Metropolitan Statistical Area (MSA). Thus, RHS provides housing loan assistance in rural portions of both nonmetro and metro areas. When examining AHS data, we adopt a definition of rural that comes closest to matching the definition used in the Section 502 program. This definition defines rural areas to include not only open country and towns under 2,500 people, but also larger towns, as long as they are outside densely populated areas of 50,000 population. Our definition includes households in urban and rural suburbs in both metropolitan and nonmetropolitan areas and households in rural nonmetro areas.[2] This definition is consistent with that used by the Housing Assistance Council in their annual Reports on the State of the Nation's Rural Housing (1997).

[1] Urban and rural definitions used in the 1995 AHS are based on 1980 (rather than 1990) Census of Population estimates, and the 1983 OMB designation for metropolitan and nonmetropolitan areas. Comparisons of 1980 and 1990 Census data indicate that a smaller proportion of the U.S. population now lives in nonmetropolitan areas or in places with under 2,500 population.

[2] Use of this definition most likely overstates the number of rural households eligible for USDA assistance since some are located in areas with populations over 20,000 but less than 50,000, which are not eligible areas. However, use of only rural or nonmetro categories would have omitted a large number of eligible households in the more rural parts of metropolitan areas. We chose to be more inclusive than exclusive in our definition of rural.

# Characteristics of Recent Program Participants

What are the characteristics of recent Section 502 program participants, and how do they benefit from program participation? To address these questions, we examined the demographic characteristics, economic well-being, and housing conditions of recent Section 502 borrowers.

## Who Are They and Where Do They Live?

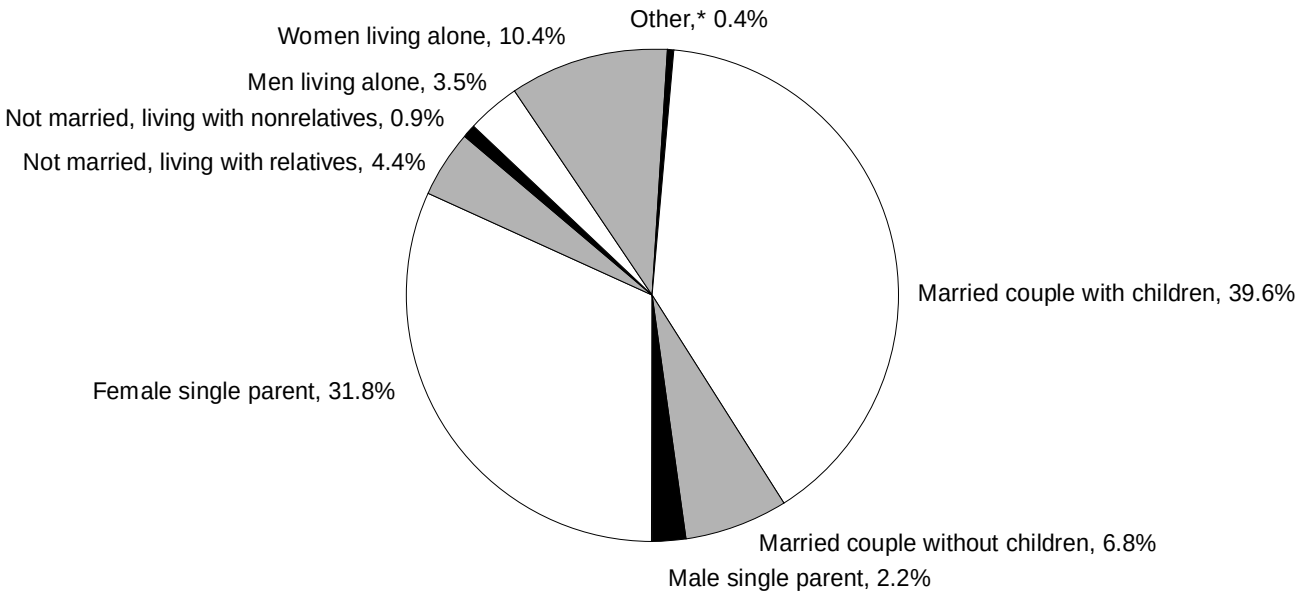
***Household Composition:*** Households of Section 502 borrowers are of predominantly two types—married couples and female single parents, both with children under 18 years old. These household types account for 71 percent of households (fig. 1). Women living alone are another 10 percent and married couples without young children account for 7 percent.

Single parents, especially those who rely on alimony for a large share of their income, may have difficulty obtaining commercial mortgages. With single parents comprising a third of the borrowers, the Section 502 direct loan program appears to be useful in providing them with the opportunity to own a home. However, some of the single parents undoubtedly obtained their loans while married and have since been divorced, separated, or widowed.

***Age:*** Respondents were predominantly under 40 years old (fig. 2). Twenty-eight percent are under 30, and the largest share (37 percent) fall in the 30 to 39 age group. The number of respondents drops off at age 50, and only 6 percent are in the 62 and older group. When ages of all borrowers in the household are considered, 7 percent of the borrower households have at least one person on the mortgage age 62 and older.

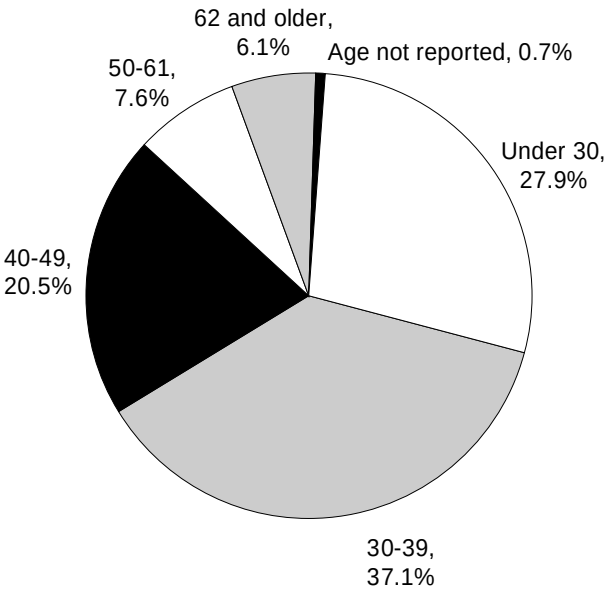
A younger age distribution might be expected among recent participants in a home mortgage program of last resort. Household income tends to increase as the age and work experience of borrowers increase. Younger households are more likely than older households to need the 502 program for assistance in obtaining their first house. The needs of the small group of elderly households participating in the pro-

**Figure 1--Compostion of borrower households**




*Other includes households that did not report number of members and/or their relationships to the respondent.
Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Figure 2--Age of borrower**




Note: Age is of the borrower who answered the survey.
Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

gram are important, however, because the program may offer them an affordable way out of substandard homes. Almost 90 percent of Section 502 elderly households with at least one person 62 years and older on the mortgage reported that the quality of their Section 502-financed home was better than that of their previous home.

***Disabilities:*** Households with disabled members may have a harder time buying a home for several reasons. Those reasons may include: a disability that keeps an adult from working and contributing to household income, a member's disability's requiring another household member's assistance to the extent that it also keeps the other member from working, or the physical layout of a house that must include ramps, wider doorways, or other modifications that would put the cost of the house above what the household can afford. Fifteen percent of borrowers said that they and/or another member of the household had a disability that "seriously limits their major activities such as getting around, working, or taking care of themselves" (table 2).

***Race and Ethnicity:*** Homeownership is much lower among black and Hispanic households than among white households.[3] Many minority households have low incomes that may restrict their access to credit, and lack of sufficient funds for a down payment is frequently the biggest hurdle in obtaining a home mortgage. Poor credit history may also be a problem, and some may face racial discrimination or other unfair practices, such as lender avoidance of the neighborhoods in which they could afford to buy a home. Among borrowers, 13 percent were black, and 12 percent were Hispanic (table 3). Blacks and Hispanics are two of the groups analyzed in more detail in the target groups section below. Native Americans also face many of the same hurdles to

**Table 2—Section 502 households by disability status of members**

| Disability status | Number | Percent |
|---|---|---|
| No one disabled | 2,566 | 84.8 |
| One or more members disabled | 452 | 14.9 |
| Not reported | 9 | 0.3 |

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Table 3—Race and ethnicity of Section 502 borrowers**

| Ethnicity and race | Number | Percent |
|---|---|---|
| Non-Hispanic: | | |
| Black | 382 | 12.6 |
| White | 2,136 | 70.6 |
| Other | 119 | 3.9 |
| American Indian or Alaskan Native | 35 | 1.2 |
| Asian or Pacific Islander | 19 | 0.6 |
| Hispanic | 361 | 11.9 |
| Not reported | 29 | 1.0 |

Note: Race and ethnicity is of the borrower who answered the survey. In married-couple households, the respondent was more often the wife than the husband.
Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

[3] Race and ethnicity of borrower refers to three mutually exclusive groups based on responses to questions about Hispanic or Latino heritage and race. Data reported here refer to categories of Hispanic, white non-Hispanic, and black non-Hispanic.

**Table 4–Income of Section 502 households**

| Income group | Households | Share of households reporting |
|---|---|---|
| | *Number* | *Percent* |
| Less than $10,000 | 228 | 9.1 |
| $10,000 to 14,999 | 432 | 17.2 |
| $15,000 to 19,999 | 600 | 23.8 |
| $20,000 to 24,999 | 517 | 20.5 |
| $25,000 to 29,999 | 308 | 12.2 |
| $30,000 to 34,999 | 206 | 8.2 |
| $35,000 to 39,999 | 100 | 4.0 |
| $40,000 or more | 125 | 5.0 |
| Households reporting income | 2,516 | 100.0 |
| Households not reporting income | 511 | NA |
| Total households | 3,027 | NA |

NA=not applicable.
Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Table 5—Types of income received by Section 502 households**

| Type of income | Households[1] | Share of households reporting income[2] |
|---|---|---|
| | *Number* | *Percent* |
| Wages or salaries | 2,645 | 87.7 |
| Net income from a farm or other self-employed business | 139 | 4.6 |
| Social security and/or other retirement income | 392 | 13.0 |
| Interest and dividends | 398 | 13.2 |
| Aid to Families with Dependent Children | 118 | 3.9 |
| Supplemental Security Income | 272 | 9.0 |
| Food stamps[3] | 544 | 18.2 |
| Other public assistance | 61 | 2.0 |
| Alimony or child support | 687 | 22.7 |
| Workers' compensation | 48 | 1.6 |
| Veterans' benefits | 49 | 1.6 |
| Unemployment benefits | 260 | 8.6 |
| Disability income | 121 | 4.0 |
| Survivors' benefits | 42 | 1.4 |
| Other income | 44 | 1.5 |

1 Nearly all households, even most of those that would not report amounts of income, were willing to tell the enumerators which sources of income they received. The numbers of survey households reporting whether or not they received each income source vary but are all close to the 3,027 full sample, many more than the 2,516 who reported the total amount of household income (shown in table 4).

2 Households could report more than one source of income, so percentages do not add to 100 percent.

3 Food stamps are not considered cash income, but are included to show all the sources of public assistance that the respondents were asked about.
Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

homeownership as other minorities, but there were too few of them (less than 1.5 percent) in the survey to analyze as a separate target group.

***Household Income:*** The average household income of borrowers was $20,949 in 1997. Seventy-four percent of the Section 502 households reported annual incomes in the $10,000 to $29,999 range (table 4). Another 9 percent reported less than $10,000 in income, and the remaining 17 percent had incomes of $30,000 and over. These higher household incomes are likely the result of improvements in the economic position of the household since the loan was obtained. Even higher incomes may be described as low or moderate after taking household size into consideration. The vast majority of households' incomes were low or moderate, the range of income levels the Section 502 program is designed to serve.

Households generally received more than one source of income, but over 87 percent received some wage and salary income during 1997 (table 5). Other major sources included alimony or child support, reported by 23 percent of households, reflecting the large share of single parents with children among the borrower households. Social security and retirement, and interest and dividend income were each received by 13 percent of the households.

Public assistance was most often received in the form of food stamps—18 percent of households reported someone in their household had received food stamps for at least a month during the year. Food stamps are restricted to households with income (adjusted for several factors) that is below 130 percent of the poverty threshold. This requirement suggests that almost one-fifth of the Section 502 households had very low incomes for at least 1 month out of the year.

Supplemental Security Income for the aged, blind, or disabled was received by 9 percent of households. Aid to Families with Dependent Children (AFDC), more recently replaced by Temporary Assistance to Needy Families (TANF), was reported by 4 percent of households. With so many of the single-parent households receiving alimony or child support and nearly all of them working during the year, it appears that few were forced to rely on AFDC for support.

Unemployment benefits are the only other source of income reported by even a modest proportion of households–9 percent. Other sources were reported by less than 5 percent of the households.

***Region:*** Recent 502 borrowers are concentrated in the South (43 percent), with 25 percent in the Midwest, 21 percent in the West, and 11 percent in the Northeast (app. table B11).[4] Based on 1990 metro-nonmetro designations, 43 percent of borrowers are in metro counties and 57 percent are in nonmetro counties. In addition, 47 percent of households are in counties that contain difficult-development Census blocks designated by the Department of Housing and Urban Development in 1999.[5] Whether the households are inside the Difficult Development Areas cannot be determined, but location within such counties suggests that such households may face higher housing costs and have more need for programs of last resort, such as the Section 502 Program.

## What Are Their Current Housing and Neighborhood Conditions?

***Housing Structure and Costs:*** Housing financed with Section 502 loans must be modest in size, design, and cost. Modest housing is defined as housing costing less than the HUD dollar cap, which varies by year but was $81,548 in 1997, with adjustments for high-cost areas. The typical Section 502-financed home was a detached single-family dwelling, about 6 years in age, with 5-6 rooms including 3 bedrooms, generally conforming to program specifications for modest homes (app. table B3). The median cost of homes financed between 1994 and 1998 was $64,900, with almost 90 percent of housing costing less than $90,000 (app. table B9). More specifically:

- The vast majority (91 percent) of recent borrowers lived in detached, single-family homes. Seven percent lived in manufactured homes, while 2 percent resided in attached structures such as town homes and rowhouses.

- The median age of Section 502-financed homes was 6 years, meaning half were built in 1992 or earlier and the other half were built during or after that year. About 47 percent were newly constructed units—built between 1994 and 1998. About 10 percent were more than 35 years old.

- Most Section 502 homes were 3-bedroom homes with at least one full bathroom. Just 3 percent of owners maintained households that were considered crowded, having more than 1 person per room.

- Almost half of the homes used electricity as the main source of heat, and another 41 percent used piped or bottled gas. The remaining 12 percent relied on some other means, such as fuel oil or wood. The principal fuel used is mainly determined by the geographic location. Forty-four percent of recent borrowers were in the South, where nearly three-fourths of the homes were heated by electricity.

- Section 502 housing financed between 1994 and 1998 had a median cost of $64,900. However, purchase prices varied by region, ranging from a median of $79,850 in the Northeast to $55,000 in the South.

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[4] The States in each Census region are as follows: Northeast–CT, ME, MA, NH, NJ, NY, PA, RI, and VT; Midwest–IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, and WI; South–AL, AR, DE, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, and WV; West–AK, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WA, and WY.

[5] Difficult Development Area (DDA) designations identify areas with severe housing cost problems using the ratio of fair market rent to median family income, recalculated annually, as an indicator of problems. Twenty percent of metro and nonmetro areas are designated as DDAs having severe housing cost problems. Residents of these areas receive special tax benefits, including the Low-Income Housing Tax Credit.

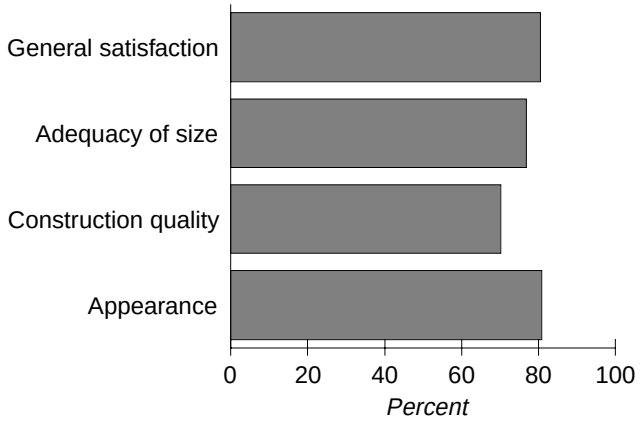
■ Borrowers estimated the median value of their homes at the time of the survey to be about $72,000, suggesting an appreciation of about 8 percent since purchasing their homes. Expected appreciation varied little by region, although respondents in the Northeast estimated appreciation at half (4 percent) that of the Midwest and South.[6]

■ Borrowers spent a median of $370 each month for housing costs (including principal, interest, real estate taxes, and property insurance). These housing costs comprised, on average, about 23 percent of borrowers' monthly household income, before adjustments to income allowed by the program. These proportions were similar across all regions, ranging from 22 percent in the South and Midwest to 24 percent in the Northeast and West.

***Housing Quality:*** In general, recent Section 502 borrowers were satisfied with their homes. Borrowers were asked to rank their overall satisfaction with their current home as a structure in which to live based on a scale of 1 to 10, with 10 being the best. About 80 percent reported high satisfaction measured by scores of 8, 9, or 10 (fig. 3).[7] Almost 40 percent categorized their home as a 10.

In addition, borrowers were asked to evaluate specific individual features of their current home including exterior appearance, construction quality, and adequacy of size. Eight of ten borrowers classed the exterior appearance and adequacy of size as good or very good. But borrowers were slightly less satisfied with the quality of home construction, with 70 percent ranking housing construction as good or very good. Despite mild concern over housing construction quality, less than 6 percent of the respondents ranked any of the above features—appearance, quality, and size—as poor or very poor.

**Figure 3--High satisfaction with current home**




Note: High general satisfaction is based on scores of 8, 9, or 10 on a scale of 1-10, with 1 the worst and 10 the best. High satisfaction on the other home characteristics is based on ratings of good or very good on a 5-group scale from very poor to very good.
Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

***Neighborhood Quality:*** Borrowers were relatively satisfied with their neighborhood, although some indicated concern over the quality of and accessibility to public services. About 77 percent of borrowers gave high ratings (8-10) to their neighborhood, based on a scale of 1 to 10, with 10 being the best (fig. 4 and app. table B5). About a third were completely satisfied, reporting the highest possible ranking of 10.

Borrowers were asked to evaluate specific features of their neighborhood, including quality of schools and public services, convenience to services, safety and security, and neighborhood appearance. In general, homeowners were satisfied with neighborhood safety and appearance, and the quality of local schools, with 75-80 percent rating these features as good or very good. A slightly lower percentage (68-69 percent) rated quality of and convenience to public services in the higher ranges.

An additional indicator of neighborhood quality is the availability of local public transportation. About 73 percent of borrowers indicated that public transportation was not available in the local area (app. table B3). However, when public transportation was available and when homeowners used it for transportation, most said that it met their household's needs, and virtually all (95 percent) had their own automobile or access to one.

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[6] Based on responses to the questions, "About how much did you pay for this house when you bought it?" and "About how much do you think this house would sell for in today's market?"

[7] The classification of ratings of 8, 9, and 10 as an indicator of high satisfaction is consistent with American Housing Survey measures.

## Have Their Housing Conditions Improved?

A comparison of the characteristics of borrowers' current housing financed through Rural Development with those of their prior housing arrangements points to improvements in housing conditions for most program participants (app. table B6). For example:

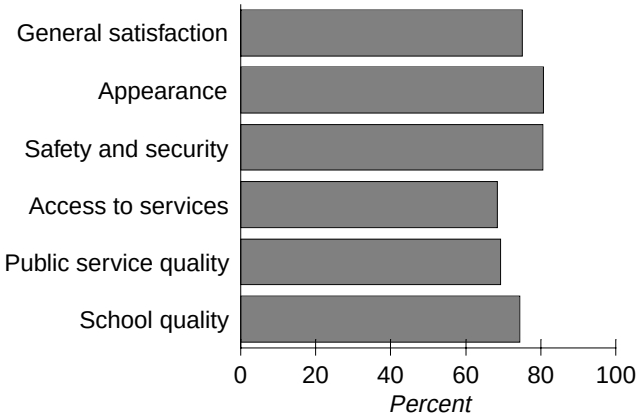
■ 73 percent were first-time home buyers, which may partially reflect the relatively young age of program participants (almost half were less than 35 years old).

■ Nine of 10 borrowers indicated that the quality of their current home was better than the quality of their previous home, and 6 of 10 reported their current neighborhood was better than their previous neighborhood.

■ Over half reported that their current housing costs were lower than or about the same as those in their last residence. Even though 48 percent indicated their costs were higher than in their prior home, most of these indicated that their income was higher as well.

The Single Family Direct Loan Housing Program appears to successfully encourage first-time homeownership and in many cases provides the opportunity to move from federally subsidized rental assistance programs to homeownership. About 25 percent of program participants had received Federal Government rental assistance at some time prior to purchasing their home and about a fourth of these had received prior rental assistance from Rural Development programs. This linkage between Rural Development rural rental assistance and homeownership loan programs supports Rural Development's rental housing program goals to help improve rural residents' economic stability through rental subsidies with the hope of encouraging eventual homeownership.

**Figure 4--High satisfaction with current neighborhood**




Note: High general satisfaction is based on scores of 8, 9, or 10 on a scale of 1-10, with 1 the worst and 10 the best. High satisfaction on the other neighborhood characteristics is based on ratings of good or very good on a 5-group scale from very poor to very good.
Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

## How Satisfied Are They with Rural Development?

Borrowers were asked a series of questions to assess their level of satisfaction with general program operation and their financing experiences with Rural Development. In general, recent borrowers gave high marks to the process of buying a home and their current dealings with Rural Development. Almost 70 percent rated the home-buying process as good or very good (about equally split between the two categories), and 72 percent rated their interaction with Rural Development staff as good or very good (app. table B7). Eleven percent of the recent borrowers rated their experiences as poor or very poor. Also, nearly all clients (97 percent) would recommend Rural Development to others. And over 68 percent of borrowers first learned about the Rural Development Single Family Direct Loan Housing Program from family, friends, and neighbors. An important indicator of the value of the program is that nine of 10 borrowers believed that, without assistance from Rural Development, it would have taken them more than 2 years to have purchased a comparable home. Almost 44 percent of all borrowers believed they could never have purchased a home without the program.

In addition to answering specific questions regarding their experiences with the Rural Development housing loan program, about 25 percent of borrowers (765) provided additional comments, which were paraphrased by interviewers and added to the survey record.

Almost 40 percent of those who commented did so by expressing their appreciation for the Section 502

Single Family Direct Loan Housing Program and the benefits it provides. The majority of the favorable responses pointed to the borrowers' belief that without this program, they would have been unable to purchase a home. While some borrowers indicating favorable comments about their experiences also noted that they had encountered some problems either in communicating with the central office or with the amount of time the process had taken, they were in general very satisfied with their experience. Some of these comments were:

■ If it had not been for Rural Development, we could not have bought this house, and I am grateful.

■ Rural Development has been really helpful and supporting. I am very content with my house, very happy. I wish that everyone could use the program and afford a house like mine.

■ Rural Development is the best thing that ever happened to me.

About 48 percent of the 765 borrowers giving comments expressed varying degrees of frustration and anger about various facets of the Rural Development housing program. In general, unfavorable comments fell into three broad categories: (1) borrowers who had difficult experiences with contractors and were disappointed in Rural Development's response to their complaints; (2) borrowers who appeared to have not understood the details of program operation regarding annual evaluations of income change and the subsequent adjustments to subsidy amounts or how taxes and insurance were to be paid; and (3) borrowers who had difficulties communicating with the central office in St. Louis and believed that no one at Rural Development heard their complaints or cared about their difficulties. Examples of these comments are:

■ It would really be nice to have a booklet about how to deal with builders. As a first-time home buyer, builders take advantage of you. Rural Development could also monitor the builders. Buyers should know their rights. Rural Development should check into complaints. We should be able to know about options and which questions to ask builders. Buyers should be told to document everything in writing. I'm really glad someone is doing this survey.

■ My biggest complaint is that all 8 houses on the street were done by the Farmers' Home Administration and that when they come to inspect and check up on the houses, they seem more concerned with the cosmetics instead of the more important issues like plumbing and pumps, heating, and other things that are more important. Builders basically took the same shortcuts on all of these homes. No one in the Central Office takes responsibility for anything. They say they will get to it, which ends up costing the client more money. They are very unorganized!!!!!

■ I had no problems with Farmers Home Administration, but the contractor cut corners to save himself money. He used parts that were used before on an old torn-down home, bent the rules, and pocketed the money himself. FmHA says that they aren't responsible for what he may have done illegally, but they are the ones who set me up with him as my home builder and I didn't have any choice in the matter. They may not be responsible legally but morally I don't see how they can sleep at night.

■ They raised my payments almost $200 and I am upset that they ask for your income but don't ask how your money's spent. They justify your income but they don't know the status of your bills.

■ The payments when we started ranged from $310 to $320 in 1998. Now they want to raise it to $372 per month and it seems to me that it is not in accordance with the contract that we signed. We are anxious.

■ I dislike their service. It is difficult to get through to St. Louis. When I can get through the phone line, the person helping me does not have an answer to my question. We pay a little extra each month applied toward the principal, yet on our statement it still appears as unpaid. This has been going on for a year now.

■ USDA needs to do something so that their customers can get through to someone about their loans.

Additional frustrations over size constraints on homes and confusion about whether or not child-support should be included as income were also expressed by borrowers in their comments.

Of the 765 recent borrowers providing comments, 44 responded to the question, "Would you recommend Rural Development to others? If not, why?" Most of the 44 said they had already told one or more people about the rural homeowners loan program, and the remainder said they would recommend the program to others as long as they were aware of potential problems with contractors and the length of time for processing the loan.

# How Do Program Participants Compare with Other Rural Residents?

We identify two groups of rural homeowners and rural tenants from the 1995 American Housing Survey (AHS) data to explore how well program participants fare compared with other groups of low- to moderate-income rural residents. The first comparison group allows us to assess whether recent Section 502 borrowers are similar to or better off than other rural low- to moderate-income recent homeowners in terms of their economic well-being, and housing conditions, costs, and satisfaction. The second comparison group provides insights into the characteristics and housing needs of a population of rural low- to moderate-income renters who form the group of residents most likely to be eligible to participate in the program (see box, p. 16, for definitions of these comparison groups).

## Comparisons with Rural Low- to Moderate-Income Recent Homeowners

Recent Section 502 borrowers differed from low- to moderate-income homeowners in terms of their household composition and demographic characteristics. For example:

- Section 502 borrowers were more than twice as likely as the comparison group to be a female single-parent household, while low- to moderate-income homeowners were much more likely to be married couples with no children (table 6). However, the largest proportion (almost 40 percent) of both groups were married couples with children.

- Section 502 borrowers were younger than other low- to moderate-income homeowners, and were more likely to be under 40 years of age (table 7). This finding suggests that the 502 program is most likely serving many young, first-time homebuyers who may have had difficulty qualifying for conventional loans.

- Racial/ethnic minority households comprised a much larger share of Section 502 borrowers than the AHS group of low- to moderate-income homeowners (table 8). About 30 percent of the 502 program participants are minorities compared with 15 percent of the AHS group. However, these racial/ethnic comparisons vary by region. Black program participants were more concentrated in the South, while Hispanic

**Table 6—Distributions of Section 502 households and comparison groups by household composition**

| Household composition | Section 502 households | 1995 AHS comparison groups | | |
|---|---|---|---|---|
| | | All recent homeowners | Low- to moderate-income recent owners | Low- to moderate-income renters |
| | | | *Percent* | |
| Married couple with children* | 39.6 | 38.1 | 37.9 | 24.2 |
| Married couple, no children | 6.8 | 30.8 | 21.7 | 11.7 |
| Male single parent* | 2.2 | 2.8 | 4.0 | 3.6 |
| Female single parent* | 31.8 | 5.5 | 12.0 | 16.0 |
| Male living alone | 3.5 | 6.9 | 6.3 | 13.5 |
| Female living alone | 10.4 | 7.2 | 10.7 | 19.3 |
| Not married, living with relatives | 4.4 | 4.3 | 5.3 | 5.9 |
| Not married, living with nonrelatives | 0.9 | 4.5 | 2.0 | 6.0 |
| Not reported | 0.4 | NA | NA | NA |
| Total households | 100.0 | 100.0 | 100.0 | 100.0 |

*These householders have one or more of their own children under 18 years old living with them.
NA=not applicable.
Sources: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS, and the 1995 American Housing Survey, Bureau of the Census.

program participants were more concentrated in the West.

■ Section 502 households were much more likely to be in the South than the AHS group of low- to moderate-income homeowners.

These findings suggest that female single parents; young, first-time homebuyers; racial/ethnic minorities; and southern residents may be more likely to look to, qualify for, and benefit from the Section 502 program than rural low- to moderate-income homebuyers in general.

In terms of income, approximately 70 percent of each group had household incomes below $25,000 (table 9). Because the comparison groups were selected to be of similar income status relative to the poverty threshold, it is not surprising that both groups of homeowners are distributed by household income in a similar manner.

Unlike the Section 502 borrowers, many of the low- to moderate-income rural homeowners experience serious housing disadvantages in terms of housing cost burden, structural inadequacies, and crowding (table 10). For example:

**Table 7—Age of Section 502 household respondents and reference persons in comparison groups**

| Age of respondent or reference person | Section 502 respondents | 1995 AHS comparison groups | | |
|---|---|---|---|---|
| | | All recent homeowners | Low- to moderate-income recent owners | Low- to moderate-income renters |
| | | *Percent* | | |
| Under 30 | 27.9 | 16.9 | 18.4 | 26.6 |
| 30-39 | 37.1 | 33.2 | 30.9 | 27.2 |
| 40-49 | 20.5 | 23.3 | 19.0 | 16.0 |
| 50-61 | 7.6 | 14.0 | 12.6 | 8.2 |
| 62 and older | 6.1 | 12.6 | 19.0 | 22.0 |

Sources: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS, and the 1995 American Housing Survey, Bureau of the Census.

**Table 8–Race and ethnicity of Section 502 household respondents and reference persons in comparison groups**

| Race/ethnicity of respondent or reference person | Section 502 respondents | 1995 AHS comparison groups | | |
|---|---|---|---|---|
| | | All recent homeowners | Low- to moderate-income recent owners | Low- to moderate-income renters |
| | | *Percent* | | |
| American Indian or Alaskan Native | 1.2 | 0.6 | 1.3 | 1.7 |
| Asian or Pacific Islander | 0.6 | 0.9 | 0.4 | 0.7 |
| Non-Hispanic: | | | | |
| Black | 12.6 | 3.9 | 7.1 | 10.1 |
| White | 70.6 | 91.0 | 84.5 | 78.4 |
| Other | 3.9 | 1.6 | 1.7 | 2.7 |
| Hispanic | 11.9 | 3.4 | 6.6 | 8.8 |
| Not reported | 1.0 | NA | NA | NA |

NA=not applicable.
Sources: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS, and the 1995 American Housing Survey, Bureau of the Census.

■ About 25 percent of these homeowners had housing costs (mortgage, taxes, insurance, repairs, utilities, etc.) that exceeded 30 percent of household income, while 8 percent had a severe housing cost burden, exceeding 50 percent of income.

■ About 10 percent of low- to moderate-income homeowners experienced crowding, where the number of household members exceeded the number of rooms.

■ A small proportion (7 percent) of these recent rural homeowners had housing classed as moderately or severely inadequate based on a HUD measure of the adequacy of plumbing, heating, and electrical facilities, maintenance items like leaking roofs and holes in walls, kitchen facilities, and condition of public hallways and common areas (see Whitener, 1999 for a more detailed definition).

■ Almost a quarter of these recent rural low- to moderate-income homeowners experienced one or more of these housing disadvantages.

In contrast, the Section 502 program operates to help ensure that program participants do not experience these types of housing disadvantage in their Rural Development-financed homes. As a result, Section 502 program participants indicated high levels of satisfaction with their housing and neighborhood, although, somewhat surprisingly, satisfaction differed little between the two comparison groups. About 80 percent of both groups reported high levels of satisfaction with their housing and neighborhood.

### Comparisons with Rural Low- to Moderate-Income Renters

The AHS data are not sufficiently detailed to allow us to precisely identify rural residents who would be eli-

## Selection of Comparison Groups

To identify comparison groups from the 1995 American Housing Survey (AHS), we began by using a definition of rural that comes closest to matching the definition of eligibility for USDA's rural housing programs. Thus, we defined rural areas to include households outside metro central cities and urbanized areas, and outside nonmetro urbanized areas. The number of rural households according to that definition was 37.2 million in 1995. From that population we selected those who had purchased or built a home within the last 5 years to compare with our recent program participants. From that subsample we further selected those recent homeowner households with incomes that were between 80 and 220 percent of the poverty threshold. We chose that range based on the distribution of our survey households' incomes relative to the poverty threshold. Household income for our survey respondents averaged 150 percent of the poverty threshold. One standard deviation above and below that 150 percent constructs the 80 to 220 percent range, which we use to identify rural homeowner households having similar incomes as our survey households. This comparison group allows assessment of how well program participants fared compared with a similar group of recent, low- to moderate-income homeowners.

The American Housing Survey does not include sufficient data to identify rural residents who would be eligible for participation in the Section 502 Single Family Direct Loan Housing Program. Determination of eligibility requires detailed information on amounts and sources of income, expenses, family size, and other factors and is determined on an individual case basis. However, the AHS data can identify a target population of tenants in rural areas who have incomes similar to Section 502 borrowers, and who may have a strong incentive to participate in USDA's single-family housing loan program to improve their housing conditions. We defined a group of renter households with low to moderate incomes based on the income range of 80 to 220 percent of the poverty thresholds. Most of these households had incomes high enough to make payments on a modest house, but their low incomes and inability to make substantial down payments might render them less attractive to many commercial lenders.

**Table 9–Household income of Section 502 and comparison group households**

| Household income | Section 502 households | 1995 AHS comparison groups: All recent homeowners | 1995 AHS comparison groups: Low- to moderate-income recent owners | 1995 AHS comparison groups: Low- to moderate income renters |
|---|---|---|---|---|
| | | *Percent* | | |
| Less than $10,000 | 9.1 | 6.7 | 7.7 | 18.1 |
| $10,000 to 14,999 | 17.2 | 5.6 | 20.9 | 28.2 |
| $15,000 to 19,999 | 23.8 | 5.4 | 20.8 | 22.4 |
| $20,000 to 24,999 | 20.5 | 7.4 | 18.6 | 16.6 |
| $25,000 to 29,999 | 12.2 | 9.7 | 16.3 | 7.9 |
| $30,000 to 34,999 | 8.2 | 7.8 | 9.6 | 4.0 |
| $35,000 to 39,999 | 4.0 | 7.5 | 4.2 | 1.7 |
| $40,000 or more | 5.0 | 49.9 | 1.8 | 1.0 |

Sources: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS, and the 1995 American Housing Survey, Bureau of the Census.

**Table 10–Housing characteristics of Section 502 and comparison group households**

| Housing characteristic | Section 502 households | 1995 AHS comparison groups: All recent homeowners | 1995 AHS comparison groups: Low- to moderate-income recent owners | 1995 AHS comparison groups: Low- to moderate-income renters |
|---|---|---|---|---|
| | | *Percent* | | |
| Housing cost burden:[1] | | | | |
| Exceeds 30% of income | NA | 14.3 | 25.1 | 28.6 |
| Exceeds 50% of income | NA | 5.5 | 7.5 | 5.9 |
| Housing quality: | | | | |
| Crowding[2] | 3.0 | 4.6 | 10.3 | 13.9 |
| Structurally inadequate[3] | NA | 4.8 | 7.1 | 11.8 |
| Housing disadvantaged[4] | NA | 14.4 | 23.9 | 30.3 |
| Highly satisfied with housing[5] | 80.0 | 81.7 | 77.7 | 59.0 |
| Highly satisfied with neighborhood[6] | 77.0 | 79.2 | 77.5 | 69.0 |

NA=Information to compute this indicator is not available from the 1998 Survey of USDA's Single Family Direct Loan Housing Program.

[1] Housing costs as a percentage of household income.

[2] Number of persons in household exceeds number of rooms in housing unit, as defined by HUD.

[3] Moderately or severely inadequate based on a standard HUD measure of physical problems using 26 variables covering plumbing, heating, electricity, upkeep, hallways, and kitchens.

[4] Households meeting one of the following criteria: housing cost burden exceeds 50%; crowded; and moderately or severely inadequate.

[5] Scores of 8, 9, and 10 on a scale of 1-10, with 1 the worst and 10 the best, based on the question, "How would you rate this home as a place to live?"

[6] Scores of 8, 9, and 10 on a scale of 1-10, with 1 the worst and 10 the best, based on the question, "How would you rate this neighborhood or community as a place to live?"

Sources: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS, and the 1995 American Housing Survey, Bureau of the Census.

gible for participation in the Section 502 loan program. However, these data can identify a target population of tenants in rural areas who have incomes similar to those of Section 502 borrowers, and may have a strong incentive to participate in the program to improve their housing conditions. Comparisons of Section 502 borrowers and this group of low- to moderate-income tenants will provide insights into the characteristics and housing needs of rural residents most likely to be eligible to participate in the program.

Section 502 borrowers as a group differed from low- to moderate-income tenants in terms of their household composition and demographic characteristics. For example:

■ While large proportions of both Section 502 borrowers and low- to moderate-income renters were married couples with children and female single parents, Section 502 borrowers were much more likely than the comparison tenant group to have these household patterns. In contrast, the low- to moderate-income tenant group was more likely to be married couples with no children and individuals living alone (table 6).

■ Both Section 502 borrowers and the AHS tenant group tended to be young, with at least half of each group under 40 years of age (table 7). However, a substantial proportion (22 percent) of the tenants were 62 years or older, compared with 6 percent of the Section 502 borrowers.

■ Racial/ethnic minority households comprised a larger share of Section 502 borrowers than the AHS group of tenants (table 8). About 30 percent of the Section 502 program participants were minorities, compared with 22 percent of the tenant group.

■ We defined the low- to moderate-income group of rural tenants to have household incomes approximately the same as Section 502 borrowers. About 71 percent of the Section 502 borrowers had incomes below $25,000, compared with 85 percent of the AHS tenant group (table 9).

Low- to moderate-income tenants were more likely to experience serious housing disadvantages in terms of housing cost burden, structural inadequacies, and crowding than either the AHS homeowner group or the Section 502 borrowers (table 10). The Section 502 program virtually eliminates these problems for its borrowers. However, about 29 percent of these rural tenants had housing costs that exceeded 30 percent of their household income; 6 percent experienced severe housing cost burden, with housing costs exceeding 50 percent of household income. Also, 14 percent lived in crowded housing, and 12 percent lived in housing classed as moderately or severely inadequate. About 30 percent of these low- to moderate-income tenant households experienced at least one or more of these housing disadvantages, compared with 24 percent of low- to moderate-income homeowners. This greater housing disadvantage may be reflected in the lower housing and neighborhood satisfaction levels reported by the rural tenant group, compared with the Section 502 borrowers and the AHS low- to moderate-income homeowners (table 10).

The analysis suggests that the Section 502 program may be more likely to attract low- to moderate-income tenants who are married couples with children and female single parents than tenants who are married couples with no children or individuals living alone. Also, judging from the age distributions of the two population groups, elderly tenants may be less likely to participate in the housing loan program. Minority households are disproportionately represented among the Section 502 borrower population compared with their share among low- to moderate-income tenant households.

# Program Participants Compared by Target Groups

Are program benefits and improvements in housing conditions shared equally among program target groups such as the elderly, single-parent households, the handicapped, and racial/ethnic minorities? In this section, households are delineated into five target groups that are frequently the focus of government programs, and reflect varying economic needs and characteristics that can affect program operation and results (fig. 5). These groups include:

*Elderly households:* Households where at least one person on the mortgage is 62 years of age or older; 7 percent of households.

*Single-parent households:* Households where the respondent has no spouse residing in the household but lives with one or more of his/her own children; 34 percent of households.

*Disabled-member households:* Households including at least one person who has a disability that limits his/her major activities such as getting around, working, or taking care of themselves; 15 percent of households.

*Hispanic households:* Households where the respondent indicated that he or she was of Hispanic or Latino origin; 12 percent of households.

*Black non-Hispanic households:* Households where respondents indicated they were not of Hispanic or Latino origin, and their race was black or African American; 13 percent of households.

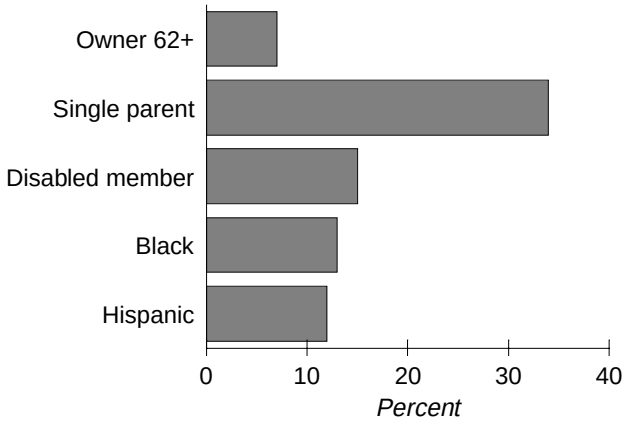
White non-Hispanic households (71 percent) are often included in the tables for comparison purposes but were not defined as a target group. Native American and Asian households are not analyzed as target groups because there were too few households to support meaningful statistical analysis; each of these two groups accounted for less than 2 percent of the households.

These target groups are not mutually exclusive and program participants may fall into more than one category (table 11). For example, 38 percent of elderly households have at least one disabled household member. And many black and Hispanic households are also elderly, disabled, or single parent.

## Highlights by Target Group

***Elderly Households:*** Seven percent of the borrower households had a homeowner 62 years of age or older. These elderly households typically consist of a single person, and seldom have more than two persons in the household. A substantial number of elderly households are also in the disabled (38 percent) and black (20 percent) target groups. Elderly households generally had very low but stable household incomes, averaging $12,975 in 1997. They draw heavily on Social Security and other retirement income as a major income source. Retirement income was received by 85 percent of all elderly households, providing, on average, 60 percent of their total income (tables 12 and 13). Thirty-eight percent of elderly households also received wage and salary income during the year. Despite their relatively low incomes, less than a quarter received food stamps, SSI, or other public assistance in 1997. Most were not first-time homeowners, and over 30 percent had owned their home immediately prior to participating

**Figure 5--Proportion of Section 502 households by target group**




Note: Many respondents meet more than one target group's criterion.

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

in the Section 502 program. Elderly households reported high levels of satisfaction with their homes and their neighborhoods, although they were less satisfied with the quality of and convenience to public services than with other neighborhood conditions such as safety and appearance. Elderly respondents were more likely than all Section 502 borrowers to give high ratings to their experiences with Rural Development. Three out of four indicated that the single-family housing loan program gave them an opportunity to own a home that they could not otherwise have afforded.

***Single-Parent Households:*** Thirty-four percent of Section 502 borrower households were single-parent households. Most consisted of female borrowers with one or two children under age 18. Their average household income was $18,964 in 1997. Over 90 percent were employed during the year, and wage and salary earnings accounted for the largest share of income. Many also received alimony payments. Despite their relatively low incomes, less than 10 percent received income from public assistance such as AFDC or Supplemental Security Income; 22 percent received food stamps during the year. Most single-parent borrowers were first-time homeowners who had rented conventional detached houses or apartments prior to entering the Section 502 program. Nine out of ten single-parent borrowers reported that their current home was better than their previous home. Single-parent borrowers also indicated high satisfaction with their neighborhood, although they rated quality of public services and convenience to shopping, schools, and medical care lower than other neighborhood features such as quality of schools or safety. Six out of ten reported an improvement in their neighborhood conditions.

***Disabled-Member Households:*** This group accounted for about 15 percent of all Section 502 borrowers. Nearly half of the respondents for disabled households were 45 or older. Disabled households tended to be smaller than other Section 502 households and were less likely to have children under 18 living at home. Incomes of disabled households averaged $16,653 in 1997, considerably lower than the average household income for Section 502 borrowers ($20,949), and came from a variety of sources. The most common sources were wage and salaries, retirement, and SSI; substantial proportions also received disability income and alimony payments. Disabled households were more likely than other Section 502 households to receive public assistance. Thirty-five percent received food stamps during 1997, almost twice the participation rate of all borrowers, and about 10 percent received AFDC support. Disabled

**Table 11—Overlap of Section 502 target groups**

| | | Target group | | | | | |
|---|---|---|---|---|---|---|---|
| Target group | All | Owner 62+ | Single parent | Disabled member | Non-Hispanic White* | Black | Hispanic |
| | | | | *Number* | | | |
| Sample size | 3,027 | 200 | 1,029 | 452 | 2,136 | 382 | 361 |
| | | | | *Column percent* | | | |
| Owner 62+ | 6.7 | 100.0 | 0.3 | 16.9 | 6.6 | 10.7 | 3.3 |
| Single parent | 34.1 | 1.5 | 100.0 | 22.4 | 34.3 | 50.3 | 17.2 |
| Disabled member | 15.0 | 38.2 | 9.8 | 100.0 | 15.4 | 17.9 | 8.6 |
| Non-Hispanic: | | | | | | | |
| White* | 71.3 | 70.0 | 71.8 | 73.9 | 100.0 | 0.0 | 0.0 |
| Black | 12.7 | 20.0 | 18.8 | 15.3 | 0.0 | 100.0 | 0.0 |
| Hispanic | 12.0 | 6.0 | 6.1 | 7.0 | 0.0 | 0.0 | 100.0 |

*Non-Hispanic whites are not a target group, but are shown here for comparison with the target groups.
Note: Because of missing data, the actual number of households from which certain column percentages are calculated may be up to 2 percent fewer than the sample size reported in the first line of this table; households may be in more than one group, so the numbers do not add to the total.
Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

households were less likely than all borrower households to be first-time homebuyers, although most were renting their home immediately prior to obtaining a Section 502 loan. Almost a third of disabled households had participated in government rental assistance prior to receiving their loan from Rural Development. As with other borrower households, disabled households reported high levels of housing and neighborhood satisfaction.

***Hispanic Households:*** This group of households accounted for 12 percent of the households participating in the Section 502 program. Compared with other groups, Hispanic households were larger with more children. Hispanic respondents were more often men, had less education, and were frequently not U.S. citizens. Their average household income was $20,035 in 1997, the highest income of any target group. Nearly all of these households had wage or salary income, and a substantial proportion also received unemployment benefits during the year. Less than 10 percent of Hispanic households received public assistance income, although one-fourth received food stamps for at least 1 month in 1997. Hispanic borrowers were more likely than other borrowers to be first-time homebuyers and to be living in a home that was new when purchased. On average, their homes were also somewhat larger than those of other groups, in line with their larger households. Ratings of the home and neighborhood were fairly typical, but Hispanic borrowers were more likely than all borrowers to indicate improvement in housing quality and neighborhood conditions over their previous residence.

***Black Non-Hispanic Households:*** Black households comprised 13 percent of Section 502 borrower households. Half of these households were also single-parent households, and substantial proportions were elderly or disabled households as well. Black household income, averaging $16,688 in 1997, was lower than the average Section 502 borrower household. Wage and salary earnings and alimony were the most common sources. Less than 15 percent received public assistance such as AFDC or SSI, although almost a fourth received food stamps in 1997. Black households, along with Hispanics, were more likely than all Section 502 borrowers to be first-time homebuyers and both groups were more likely to have purchased a new rather than older home. Although black respondents in general gave high satisfaction ratings to their housing and neighborhoods, they were less likely to award top ratings to specific neighborhood characteristics.

## Demographic Characteristics

Nearly three-fourths of all respondents were female (app. table B1). The large proportion of single mothers (32 percent) contributed to this large female percentage. But, even for married-couple households, the respondent was more likely to be female. Hispanic households had the highest proportion (47 percent) of male respondents.

**Table 12–Share of Section 502 households receiving income by source by target group**

| Income source | All | Owner 62+ | Single parent | Disabled | Black | Hispanic |
|---|---|---|---|---|---|---|
| | | | *Percent receiving income from source* | | | |
| Wages or salary | 87.7 | 37.7 | 91.3 | 57.0 | 82.1 | 94.5 |
| Alimony | 22.7 | 2.5 | 51.0 | 14.9 | 20.7 | 4.2 |
| Retirement | 13.0 | 85.0 | 6.8 | 40.4 | 16.0 | 10.0 |
| Interest/dividends | 13.2 | 9.1 | 11.6 | 9.8 | 5.5 | 7.8 |
| Unemployment benefits | 8.7 | 2.0 | 6.3 | 12.3 | 6.0 | 19.9 |
| SSI | 9.0 | 24.2 | 8.6 | 39.1 | 14.7 | 8.0 |
| Disability income | 4.0 | 3.0 | 3.2 | 15.7 | 5.8 | 2.8 |
| AFDC | 3.9 | 1.5 | 6.0 | 9.5 | 3.2 | 6.1 |
| Other* | 12.9 | 20.6 | 8.6 | 23.1 | 8.4 | 8.6 |

*Includes earnings from self employment, survivors' benefits, veterans' benefits, workers' compensation, other public assistance, and other sources of cash income.
Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

Most respondents were young or middle aged, with 80 percent under the age of 45, but the age distribution of respondents varied across target groups. By definition, virtually all elderly households had older respondents, and nearly half of the respondents for disabled households were 45 years or older. Respondents in single-parent households tended to be younger with over 90 percent under 45 years. Respondents in the white comparison group were typically younger than those in the target populations.

Most respondents (82 percent) were high school graduates, but lower education levels were more typical of elderly and Hispanic respondents. About 26 percent of elderly and 35 percent of Hispanic respondents had completed less than 9 years of schooling, compared with only 8 percent for all respondents (fig. 6). Respondents in single-parent households were among the most educated group, with 40 percent having some college or post-high school vocational training and an additional 11 percent having completed a college degree program.

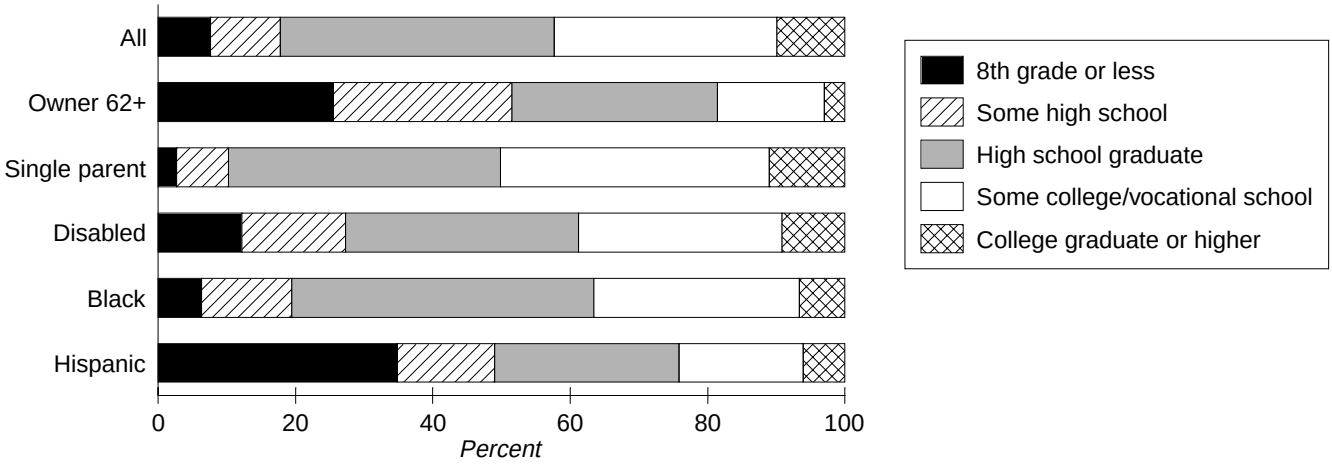
Except for the elderly and disabled, most respondents were either employed or looking for work in the week prior to the survey, and had been employed at some time during 1997. Single parents were the most likely to be employed; 90 percent were employed in the past year, and a similar proportion was either working or looking for work in the week prior to the survey.

Most survey respondents (94 percent) reported that they held U.S. citizenship. However, 45 percent of Hispanic respondents indicated they were not U.S. citizens. Rural Development does not currently require U.S. citizenship for participation in the Single Family Direct Loan Housing Program, although the program does require that participants have permanent residency status.

## Household Size and Income

Borrower households had a median size of three, but the household size distribution varied widely across target groups, with the elderly comprising the smallest households and Hispanics accounting for the largest. Hispanic households had a median size of four, with over a third having at least five members (fig. 7). In contrast, single-parent and black households had a median of 3 members, with less than 10 percent having 5 or more members. Half of the elderly households were persons living alone, with another 37 percent having 2 household members. With the exception of the elderly, most target group households had children under 18 living in the home. All single-parent households by definition included children, with 80 percent having either 1 or 2 children under the age of 18. Children were present in 84 per-

**Figure 6--Share of borrowers by educational attainment, by target group**



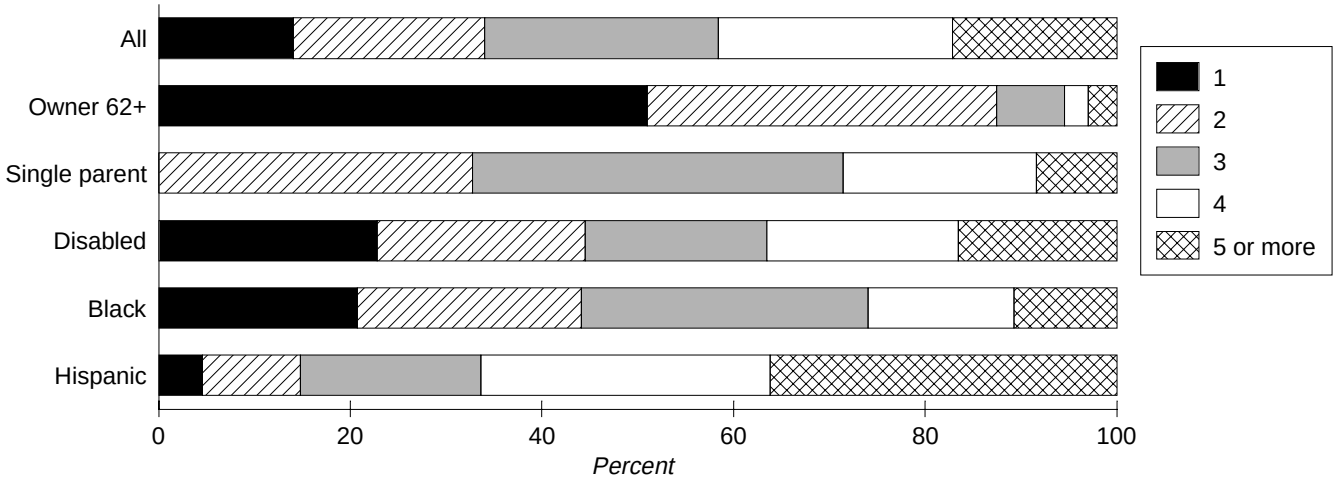

Note: Educational attainment is that of the borrower who answered the survey. In married-couple families, the respondent was more often the wife than the husband.
Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

cent of Hispanic, 74 percent of white, and 64 percent of black households.

Borrowers reported a mean household income of $20,949 in 1997, reflecting the large number of higher-income white households participating in the program (table 13). At $12,975 per year, elderly households reported the lowest average incomes of any of the target groups. Next highest, and with very similar incomes, were black households ($16,688) and the disabled ($16,653). The highest incomes were registered by single-parent ($18,963), Hispanic ($20,035), and white households ($21,741). Hispanic households had lower per capita incomes due to their larger household size.

Borrowers received household income from a variety of different sources, and most received some income from wages and salary in 1997. Even among elderly households, 38 percent received some wage and

**Figure 7--Share of borrower households by number in household, by target group**




Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Table 13–Average household income by source by Section 502 target groups**

| Income source | All | Owner 62+ | Single parent | Disabled | Black | Hispanic |
|---|---|---|---|---|---|---|
| | | | *Dollars* | | | |
| Average income | 20,949 | 12,975 | 18,964 | 16,653 | 16,688 | 20,035 |
| | | | *Percent* | | | |
| Average share of income from: | | | | | | |
| Wages and salaries | 86.5 | 25.0 | 83.3 | 49.7 | 85.2 | 90.1 |
| Retirement | 4.5 | 60.2 | 1.8 | 20.8 | 5.0 | 3.5 |
| AFDC | 0.3 | 0.4 | 0.5 | 1.3 | 0.3 | 0.5 |
| SSI | 1.9 | 8.8 | 2.2 | 12.2 | 3.8 | 1.1 |
| Other public assistance | 0.0 | 0.0 | 0.1 | 0.2 | 0.1 | 0.0 |
| Alimony | 3.8 | 0.8 | 9.6 | 3.3 | 3.3 | 0.9 |
| Disability income | 0.8 | 0.8 | 0.8 | 6.2 | 1.2 | 0.7 |
| Other sources* | 2.1 | 4.0 | 1.7 | 6.3 | 1.2 | 3.1 |

*Includes self-employment income, workers' compensation, veterans' benefits, unemployment insurance, survivors' benefits, and any other cash income.
Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

salary income. Common income sources for the elderly included Social Security and retirement income (85 percent) and SSI (24 percent). Most single-parent households (91 percent) received wage and salary income and alimony payments (50 percent). Households with a disabled member most often received income from wages and salary (57 percent), retirement (40 percent), and SSI (39 percent). Wage and salary employment, alimony, and retirement were major income sources for black households, while wage and salary employment and unemployment benefits were major sources for Hispanic households.

While wages and salaries provided about 87 percent of the 1997 income for all survey respondents, the importance of this and other income sources varied greatly across the target groups. Retirement income averaged 60 percent of elderly household income, the only target group where employment earnings were not the largest income source. On average, households with a disabled person also received about half of their income from wages and salary. Retirement income, SSI, alimony, and disability income were important income sources for these households as well. Single parents received an average $15,788 in wages, while their only other major source of income was $1,819 in alimony.

Borrowers were asked to compare their 1997 income with that of 1996 and to anticipate how their 1997 income would compare with the coming year (1998). For most target groups, expectations for future income appeared to generally project a continuation of past experience, with similar proportions of each target group reporting no change for 1996-97 income and no expected change for 1997-98. Elderly households were the most likely target group to experience, and expect, stable income, with about 60 percent reporting no change for both time periods.

About 18 percent of Section 502 households indicated they had received food stamps for at least 1 month during the year. Food stamp participation rates for target households ranged from 20 percent for elderly households to 35 percent for disabled households. Black and Hispanic households were both more likely than white households to have received food stamps in 1997. Food stamp participation was highest in the South and West, where most of the black and Hispanic borrowers reside (app. table B12).

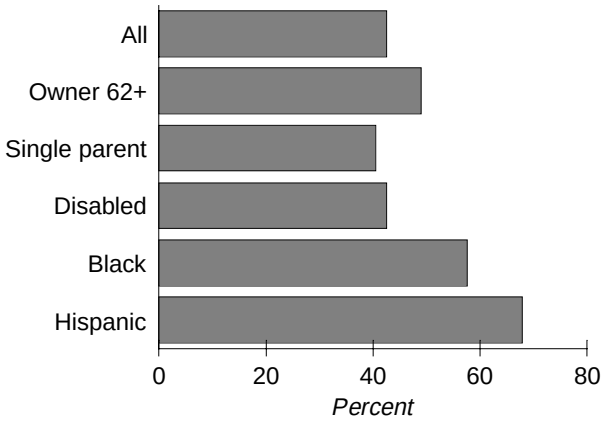
## Current Housing Characteristics

The typical home purchased by Section 502 borrowers between 1994 and 1998 was a detached single-family unit. Over 90 percent of detached units were identified as conventional construction, while the remainder were reported to be manufactured homes. These patterns varied little by target group.

About 43 percent of the homes were new when purchased. Black and Hispanic households were more likely than other target households to have purchased a new home. About 58 percent of homes bought by black households and 68 percent of those purchased by Hispanic households were newly constructed (app. table B3, fig. 8). In the South and West, roughly half of the Section 502-financed homes were new (app. table B13). In the Northeast and the Midwest, new homes accounted for only a fourth of respondents' housing.

The majority of Section 502-financed housing had three bedrooms and one bathroom, and nearly half had a total of five rooms (app. table B3, fig. 9). The typical Hispanic household was larger than other Section 502 households, and their homes were likely to have more bedrooms, bathrooms, and total rooms than the average. About 70 percent of elderly households had homes with three or more bedrooms, the norm for all survey households. But half of the elderly households were individuals living alone, and most had no more than two members.

**Figure 8--Share of homes purchased new, by target group**




Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

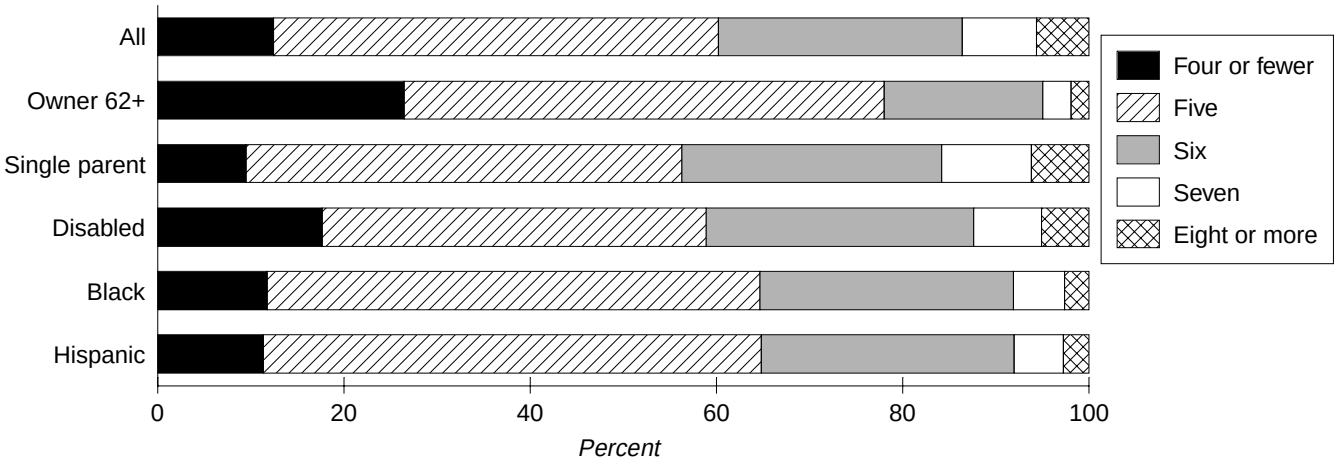
Heating fuel dependence varies more by region than by target group. Electricity was the single most important fuel used for heating, particularly for black, Hispanic, and elderly households. Again, there is a strong geographic factor, as these populations are concentrated in the South and West, where most homes are heated with electricity (fig. 10). Electricity was the main heating fuel for 72 percent of households in the South, but only 15 percent of those in the Northeast. Fuel oil was the main heating fuel for 43 percent of Northeast homes, and under 5 percent of the homes in all other regions. Dependence on utility gas ranged from 58 percent in the Midwest to 19 percent in the South.

The median purchase price of these Section 502-financed homes was $64,900, with almost 90 percent costing less than $90,000 (app. table B9). Housing prices varied among target households, ranging from a median of $53,875 for black households to $68,000 for Hispanic households. These differences in part reflect lower housing prices in the South, where most black households are located, and higher prices in the West, where Hispanic households are concentrated.

## Housing Satisfaction

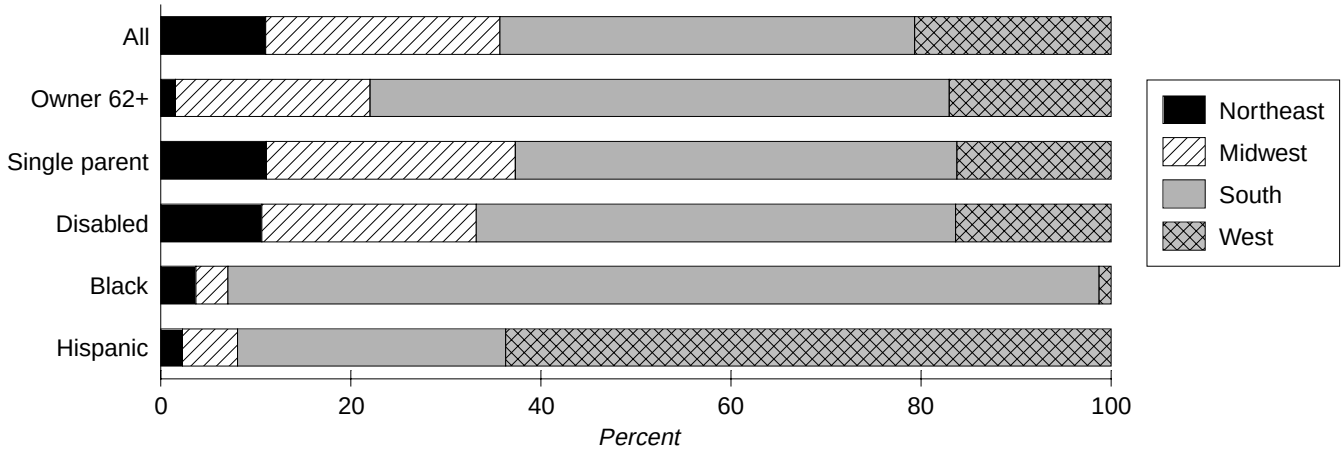
Borrowers were asked to evaluate specific features of their current home, including exterior appearance,

**Figure 9--Share of homes by number of rooms, by target group**




Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Figure 10--Distribution of borrowers by region, by target group**



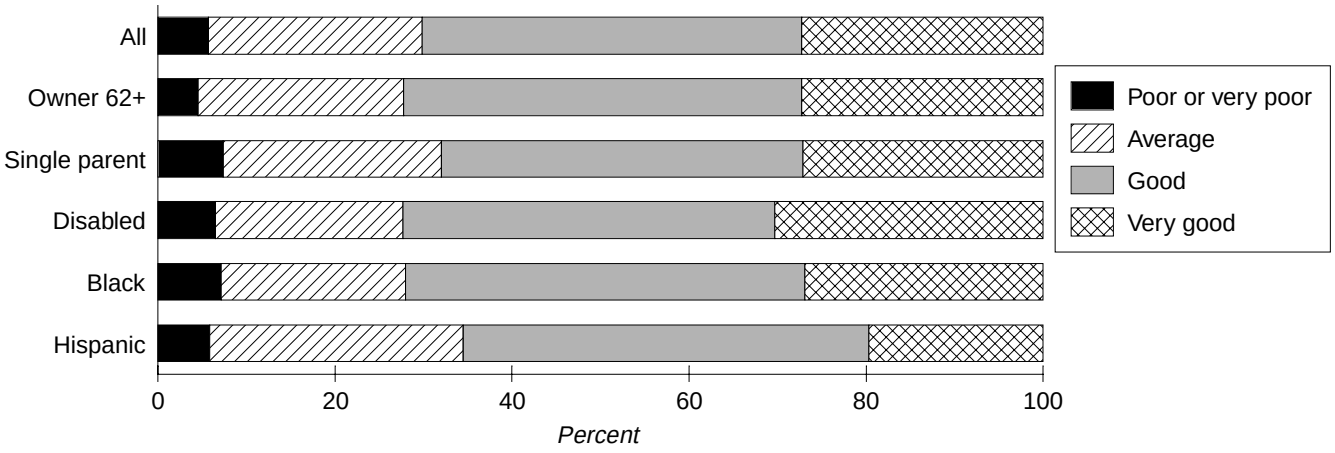

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

construction quality, and adequacy of size. Eighty percent of borrowers classed the exterior appearance and home size as good or very good, while 70 percent rated construction quality at this level. Almost 90 percent indicated their current home was better than their previous home. In general, these patterns of relatively high satisfaction were repeated among the target household respondents, with 65 to 90 percent of each group ranking the three indicators either good or very good. Some differences among target households are highlighted below:

■ All target group borrowers indicated less satisfaction with housing construction quality than with housing appearance and size. Responses ranged from 28 percent of respondents in elderly and disabled households to 34 percent of Hispanic households reporting average to very poor ratings for construction (fig. 11).

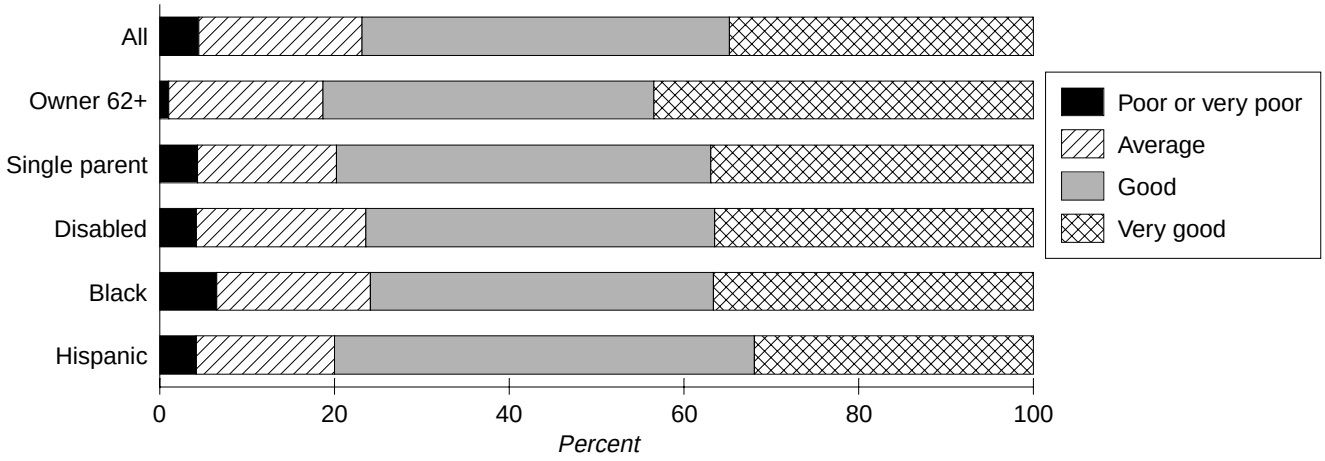
■ Hispanic households as a group reported lower satisfaction with housing appearance and home construction than did black and white households, but were the most satisfied with the size of their home (fig. 12). The typical Hispanic household is larger than black and white households, so not surprisingly, their homes are more likely to have more bedrooms,

**Figure 11--Share of borrowers by their ratings of home construction quality, by target group**




Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Figure 12--Share of borrowers by their ratings of home size versus their need for space, by target group**




Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

bathrooms, and total rooms than the average Section 502-financed home.

■ Borrowers were asked to rate their house as a place to live based on a 1 to 10 scale, with 1 the worst and 10 the best. Each of the target groups gave a 10 rating at least as frequently as did all borrowers. About 39 percent of all borrowers reported a perfect score, while the proportion of target households giving a perfect score ranged from 40 percent of single-parent households to 54 percent of black households.

■ Despite concerns over housing construction quality, at least 85 percent of each target group believed their current home was better than their previous home. Proportions ranged from 85 percent of black to 95 percent of Hispanic households.

## Neighborhood Satisfaction

Homeowners were asked to evaluate specific features of their neighborhood, including quality of schools and public services, convenience to services such as school and medical care, safety and security, and neighborhood appearance. Respondents in all target groups indicated less satisfaction with quality of and convenience to services in their local community or neighborhood compared with other indicators. Black and Hispanic borrowers gave lower ratings on all neighborhood criteria compared with all borrowers. Differences among the target groups are highlighted below:

■ Single-parent, disabled, and black households were less likely than all Section 502 households to rate their schools as good or very good.

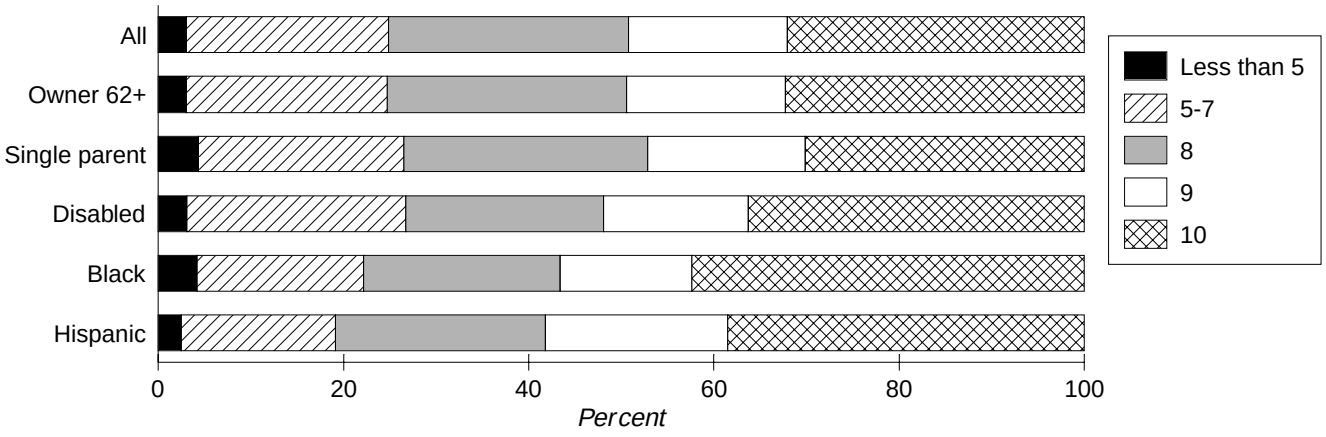
■ Despite an apparent high level of overall satisfaction with their neighborhood, black respondents were among the least likely to give high ratings for each of the five individual indicators of neighborhood quality. Convenience to services and quality of public services received their lowest ratings.

■ Hispanic respondents were less likely than all respondents to give high satisfaction marks to the quality of public services (67 percent), convenience to services (57 percent), and the safety and security of the neighborhood (75 percent). However, they were more likely to rate the quality of schools highly compared with all respondents.

■ Respondents were asked to rate their neighborhood as a place to live based on a 1 to 10 scale, with 1 the worst and 10 the best. At least 30 percent of each target group gave a 10 rating, comparable to the 32 percent for all respondents (fig. 13). Proportions ranged from 30 percent of single-parent to 42 percent of black respondents.

Despite some concerns over neighborhood quality, over half of each target group indicated their current neighborhood was better than their previous neighborhood, ranging from 54 percent for elderly households to 68 percent for Hispanic households. Less than 7 percent of each group reported that the neigh-

**Figure 13--Share of borrowers by their ratings of overall neighborhood quality, by target group**




Note: Ratings are on a scale of 1 to 10, with 1 being the worst and 10 being the best rating.
Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

borhood was worse. Elderly and black borrowers were the most likely group to have purchased a home in the same neighborhood.

An additional indicator of neighborhood quality is the availability of public transportation. The share of households having access to public transportation varied little across target groups, ranging from 26 percent of blacks to 31 percent of Hispanics. For each target group, over half of those that had access to public transportation said that it met their needs; Hispanic and black borrowers were the most likely to give such a response. When public transportation was available, most respondents used it. A personal vehicle was available to most households, but about 15 percent of elderly, disabled, and black households lacked such access.

## Improvement in Housing Conditions

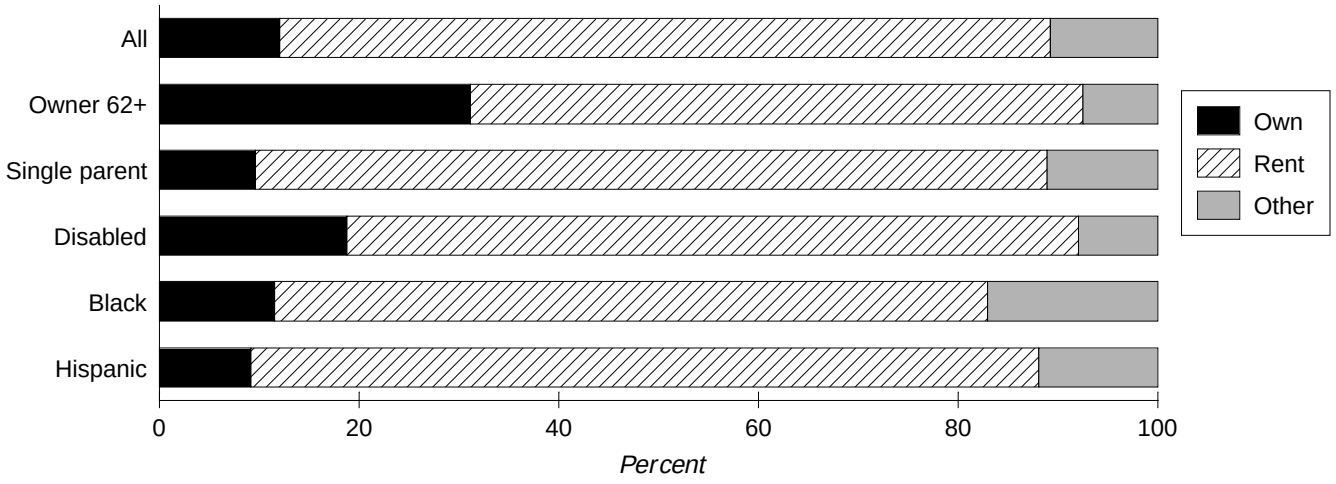
A major program requirement for participation in the Single Family Direct Loan Housing Program is that participants do not currently own an adequate home. A home is inadequate if it fails to meet basic standards of safety and soundness, or is inappropriate for the needs of the occupants. Promoting homeownership has always been an objective of this program—a goal that is emphasized in current Federal housing policy. Another program objective is to provide a stepping stone for those in Government-subsidized rental housing to help them move toward greater economic self-sufficiency through homeownership. Borrowers were asked a series of questions about past and current housing to provide insights into program operation and housing benefits for program participants.

***Previous Home Tenure:*** The majority (77 percent) of all borrowers had rented their previous home, and only 12 percent were homeowners; the remainder were mainly those who previously lived with family or friends, where they neither owned nor paid rent. The elderly and disabled were the target groups most likely to have owned their previous home, although even for these groups, the majority had been renters (app. table B6, fig. 14). Respondents in both groups were likely to have moved from a home that was either inadequate or no longer appropriate to their needs. Changing physical abilities and declining incomes may have resulted in deterioration of the former home or a mismatch with housing needs. Many households were in both of these groups, as 38 percent of elderly households also had a disabled member.

Nearly three of every four respondents were first-time homeowners. Hispanic and black respondents were by far the most likely to be first-time homeowners. The majority of elderly households had owned a home sometime in the past.

Although most immediately previous residences had been rentals, they were usually something other than

**Figure 14--Share of borrowers by their previous home tenure, by target group**




Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

apartments (fig. 15). Detached conventional homes were the past residences for more than 40 percent of all households. Nearly 20 percent had moved from a mobile home. Black households were the least likely to have lived in a mobile home, despite the concentration of both mobile homes and black households in the South.

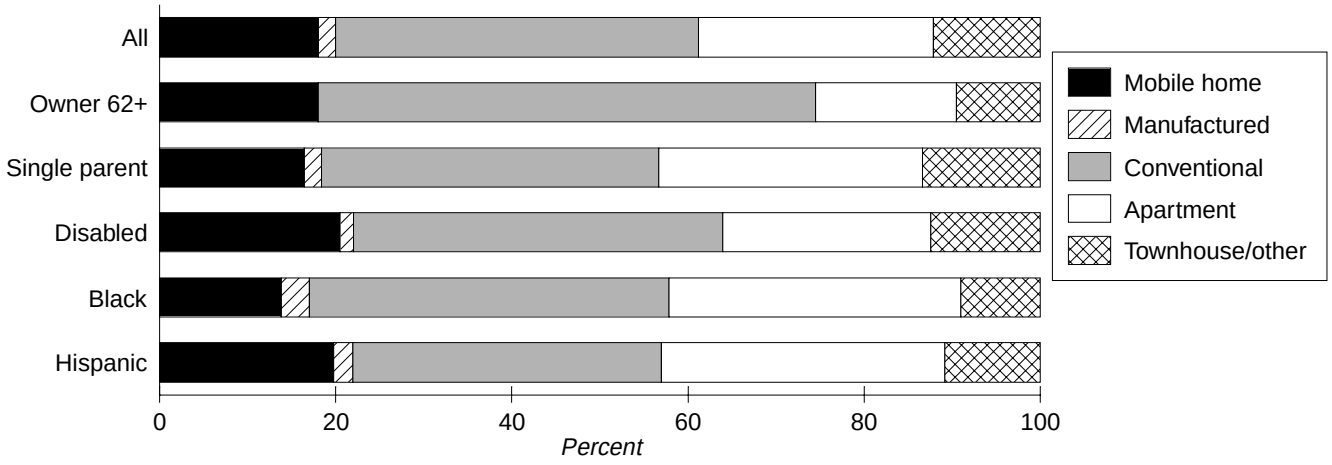
***Change in Housing Conditions, Costs, and Income:*** Nearly 90 percent of all borrowers said their current home was of better quality than their previous home. Responses indicating improved housing conditions ranged from 86 percent of black respondents to 95 percent of Hispanic respondents.

Nearly half of the borrowers said that their current housing costs were higher than those for their prior home, while about a fourth said their current housing costs were lower (fig. 16). Black respondents were more likely to report an increase in housing costs; single-parent and disabled-member households were more likely to report lower housing costs. One should not interpret an increase in housing costs as a program failure. When housing costs are excessive, lowering them is an implicit program objective. However, the only information we have on previous housing costs is how they compare with current costs. Even higher housing costs need not signal greater financial hardship if household income had also risen. In addition, program participants might expect to pay a little more in housing costs for the opportunity to become a homeowner, move into a better neighborhood, and choose their new house.

Incomes were the same or higher for at least 80 percent of each target group of households, except for the elderly and disabled households, for whom the proportion was closer to 75 percent. While a greater share of elderly and disabled households seem likely to experience such income-lowering events as retirement, loss of a wage earner, or diminished ability to be employed full-time, only 13 percent of elderly and 17 percent of disabled households reported an income decline between 1996 and 1997. This proportion is similar to that for all borrowers.

***Previous Participation in Rental Assistance Programs:*** About 25 percent of all respondents had, at some past date, received government rental assistance, and about 13 percent had received rental assistance financed or subsidized by Rural Development or the Farmers Home Administration. While Hispanic households had one of the highest rates of prior renting, they were among the least likely to report having received past government rental assistance (fig. 17). However, Hispanic and elderly households (who also reported less participation in government rental programs) were the target groups most likely to have received at least part of that subsidy from Rural Development. Rural Development rental assistance was reported by nearly 8 percent of Hispanic, elderly, and single-parent households. The lowest rate of prior Rural Development rental assis-

**Figure 15--Share of borrowers by type of previous home, by target group**




Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

tance, at 5 percent, was for black respondents, despite their high probability of having received some type of government rental assistance.

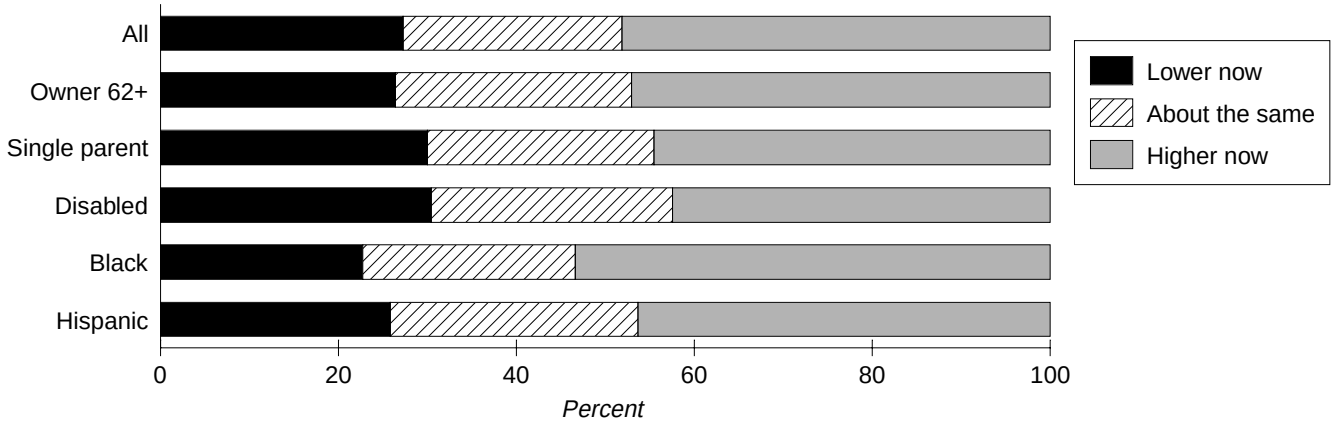
## Borrower Satisfaction with the Program and with Rural Development

How satisfied are borrowers with the operation of the program and their Rural Development financing experiences? What factors affect borrower satisfaction?

A substantial majority of recent borrowers, in total and for each of the target populations, gave high ratings to both past and current dealings with Rural Development. And nearly all borrowers would recommend Rural Development to a friend or family member interested in homeownership. Additionally, 9 of 10 borrowers believed that without Rural Development program assistance, it would have taken them more than 2 years to have purchased a comparable home, if they could ever have done so.

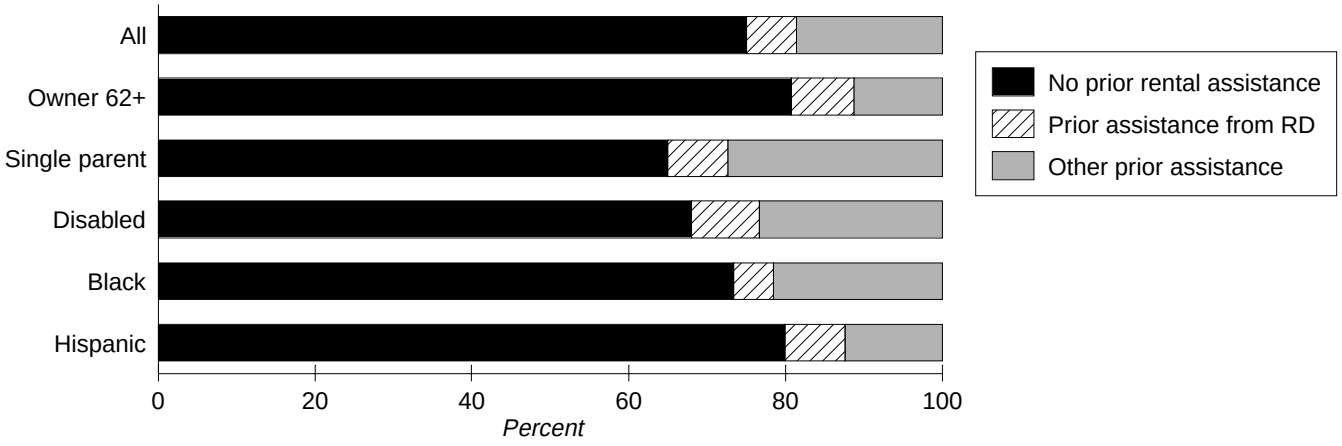
***Knowledge about the Rural Development housing loan program:*** Most respondents learned about the Rural Development Single Family Direct Loan Housing Program through family, friends, and neigh-

**Figure 16--Share of borrowers by cost of current home compared with cost of previous home, by target group**




Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Figure 17--Share of borrowers by prior receipt of government rental assistance, by target group**

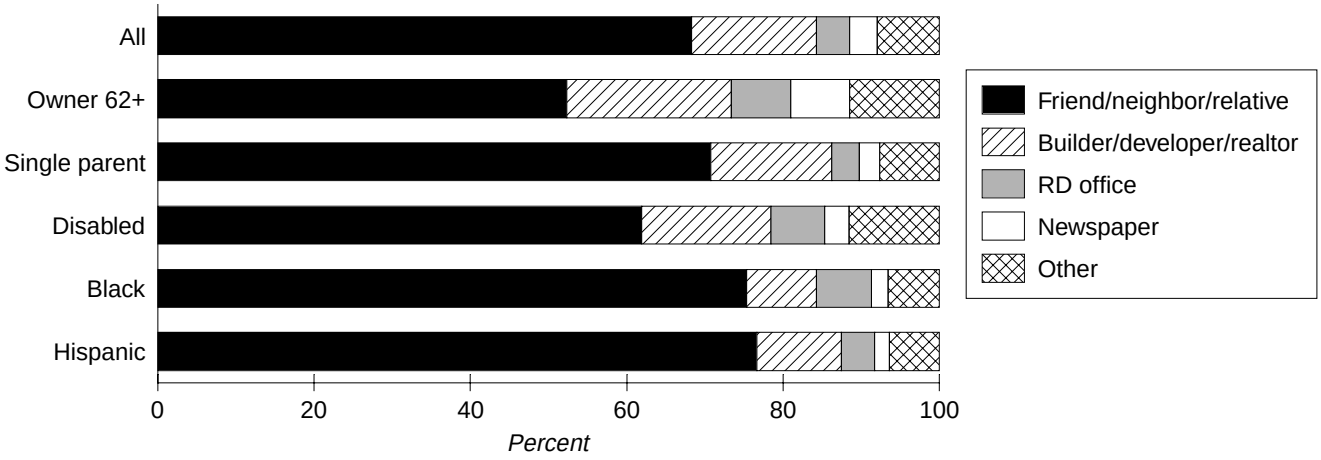



Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

bors. Similarly, at least half of the respondents in each of the target populations indicated they had received referrals from friends, neighbors, or relatives (app. table B7, fig. 18). The percentages were highest for single-parent (71 percent), black (75 percent), and Hispanic (77 percent) households. Collectively, builders, developers, and realtors were the next most important source of program information, particularly for elderly and midwestern borrowers (app. table B17). About 4 percent of respondents rejected all of the specific categories, then volunteered that they had heard of the program via the newspaper.

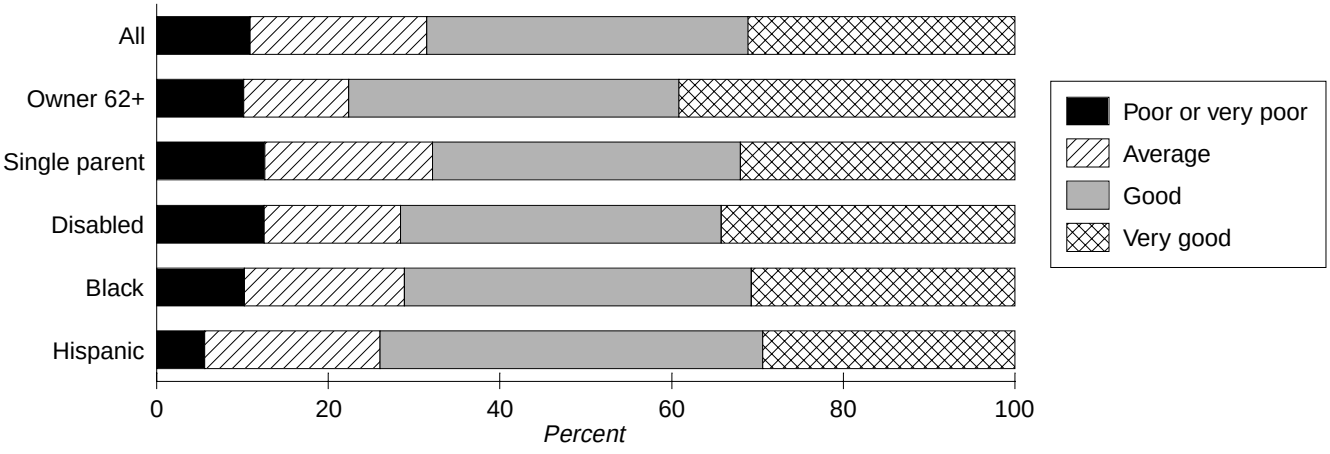
***Satisfaction with Rural Development:*** Respondents were asked to rate the process of buying their home and arranging the financing through Rural Development. More than two-thirds of all recent Rural Development borrowers selected one of the top two ratings (very good or good), indicating high levels of satisfaction (fig. 19). Proportions of target groups giving high ratings ranged from 68 percent for single-parent to 78 percent for elderly households. Only 11 percent of all respondents gave a poor or very poor rating to the financing and purchasing process.

**Figure 18--Share of borrowers by how they learned about the Section 502 program, by target group**




Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Figure 19--Share of borrowers by how they rated the process of buying their home, by target group**

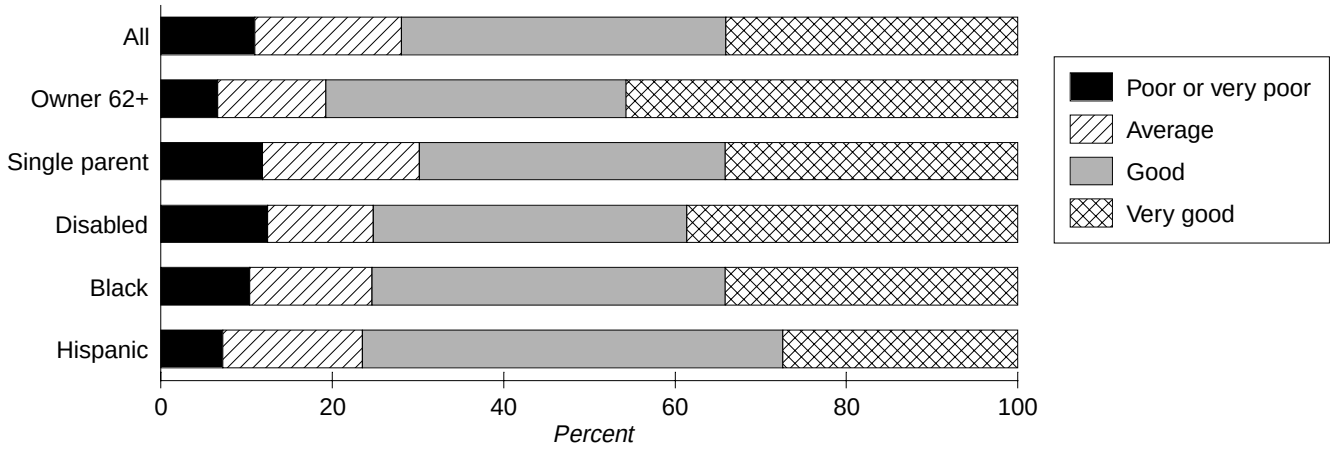



Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

Borrowers were asked to evaluate their current dealings with Rural Development. About 72 percent said that their interaction with Rural Development was either good or very good (fig. 20). Elderly, black, disabled, and Hispanic households were more likely to report higher satisfaction with Rural Development than were single-parent and white households, but 70 percent of each of these groups rated their dealings as good or very good. In general, satisfaction with Rural Development was somewhat higher than satisfaction with the financing process. It appears that most respondents answered the two questions independently, since a substantial majority of gave different ratings.

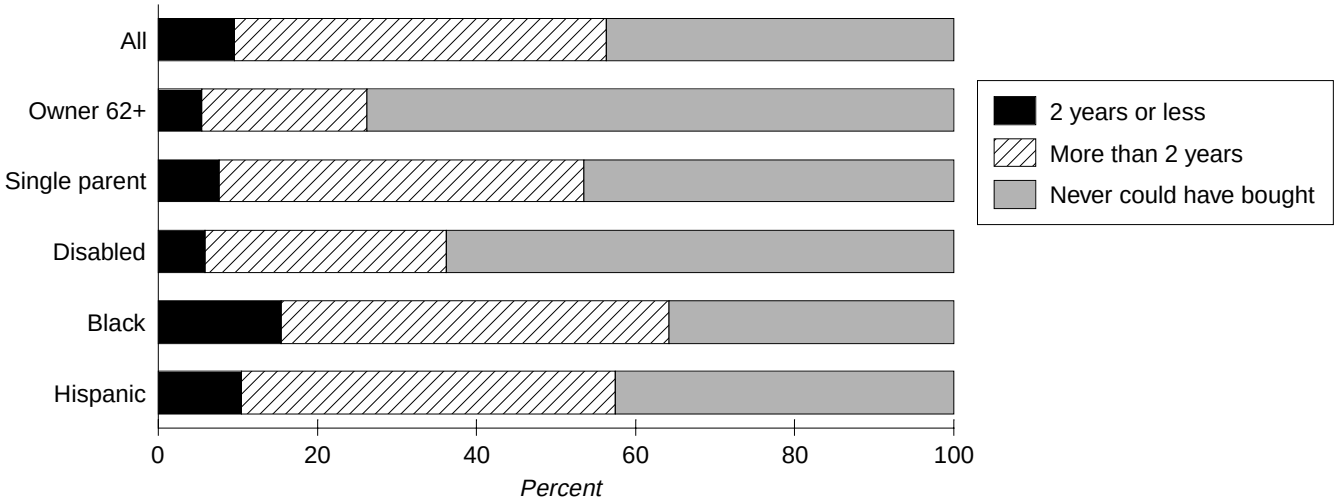
One important indicator for purposes of program evaluation is an assessment of how much time would have been needed for respondents to buy a comparable home without Rural Development assistance. About 47 percent of respondents reported that it would take them longer than 2 years to buy such a home; another 44 percent said that they would never have been able to purchase a comparable home (fig. 21). Respondents for elderly and disabled households were the most likely to believe that this program made it possible for them to acquire a home that they could not otherwise have afforded for at least 2 years. In fact, nearly two-thirds of the disabled, and three-fourths of the elderly respondents

**Figure 20--Share of borrowers by their rating of current dealings with Rural Development, by target group**




Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Figure 21--Share of borrowers by how long it would have taken them to buy a home without Rural Development's loan program, by target group**




Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

said that they could never have purchased such a home. Black and, to a lesser extent, Hispanic borrowers were the most likely to indicate that they could have afforded a similar home within the next 2 years, and these two groups were the least likely to say that they could never have bought a similar home.

# Summary and Conclusions

This report summarizes results of the 1998 Survey of USDA's Single Family Direct Loan Housing Program. The survey was designed to provide a detailed information base on the characteristics of recent participants in this housing assistance program. In addition, survey information was used to address several study objectives relating to program operation and effectiveness.

## Who Benefits from Participation in the Section 502 Program?

In terms of demographic characteristics, program beneficiaries are young, with almost two-thirds under the age of 40. Only 7 percent of participating households are considered to be elderly, that is, at least one borrower 62 years or older. Most Section 502 households have children present in the home. The two largest groups of households are married couples with children (40 percent) and female single-parent households (32 percent). While whites comprise the majority of participating households, over a fourth are members of racial/ethnic minorities, including Hispanics, blacks, American Indian or Alaskan Natives, and Asian or Pacific Islanders. About 15 percent of households have one or more members with a disability that limits their major activities such as getting around, working, or taking care of themselves. The largest proportion of borrowers live in the South, followed by the Midwest, West, and the Northeast.

Program eligibility criteria require that participating households have low to moderate incomes. The average unadjusted household income of program participants was $20,949 in 1997. Most households relied on more than one source of income, and most received income from wage and salary employment. For most groups, employment was the major source of income. Alimony and child support were other important income sources, especially for single-parent households. Relatively few borrowers participated in public assistance programs such as Temporary Assistance to Needy Families, Supplemental Security Income, and general public assistance, although one-fifth received food stamps at some time during the previous year.

## How Do Program Participants Compare with Other Low-Income Rural Residents?

We conducted two analyses to assess how well program participants fared compared with other groups of low- to moderate-income rural residents. In the first analysis, we compared Section 502 borrowers with recent rural homebuyers having similar incomes. We found that the Section 502 program served a larger-than-proportionate share of female single-parent households and young households with borrowers under the age of 40, and a smaller share of married couples without children and borrowers 62 years and older. The program served disproportionately more Hispanics and blacks, compared with their shares among rural low-income homeowners; white households were less represented among Section 502 borrowers, compared with their share of all low- to moderate-income homeowners. These results suggest that younger families, especially those headed by a single parent, and minorities may have more restricted access to conventional loans or more difficulty accruing down payments, causing them to rely on the Section 502 program for home loans more often than do other households.

We also found that almost a fourth of the low- to moderate-income rural homeowners had experienced serious housing disadvantages in terms of housing cost burden, structural inadequacies, and crowding. Program regulations help to ensure that recent Section 502 program participants do not experience any of these housing disadvantages in the homes financed by Rural Development.

In the second analysis, we compared Section 502 program participants with a group of rural tenants having similar incomes and most likely to be eligible for program participation. Almost a third of these low- to moderate-income tenant households experienced at least one housing disadvantage in terms of high housing cost burden, structural inadequacy, or crowding. Improvements in housing quality and the appeal of homeownership are incentives for participation in the Section 502 program. The analysis suggests that this housing program may be more likely to attract tenants who are married couples with children and those who are single parents. Also, judging from the age

distributions of the two population groups, elderly tenants may be less likely to participate in the housing loan program. Black and Hispanic households are also disproportionately represented among the Section 502 borrower population compared with their share of all low- to moderate-income tenant households. What is not clear, however, in determining who actually becomes a Section 502 borrower, is the relative role between eligibilty requirements and the desire of eligibles to participate.

## What Are the Benefits of Program Participation?

Section 502 direct subsidized homeownership loans are made to very-low-income and low-income rural families who do not own adequate housing and cannot obtain mortgage financing from other sources. An important indicator of program success is the finding that 45 percent of borrowers said that it would have taken longer than 2 years for them to be able to buy a comparable home; an additional 45 percent said that they never would have been able to buy a comparable home without the Section 502 program.

Housing financed with Section 502 loans must be modest in size, design, and cost. The typical Section 502-financed home was a detached single-family dwelling, about 6 years old, with three bedrooms and one bathroom, and a median purchase price of $64,900. The Section 502 program provided an opportunity for many first-time homebuyers to purchase a home they might not otherwise have been able to afford. Almost three-fourths had never owned a home before and most had been renting their homes prior to financing a home through Rural Development. Also, about 25 percent of program participants had at some time in the past received government rental assistance; about 6 percent of all borrowers had received rental assistance from Rural Development in the past. Participants used these rental assistance programs as a stepping stone toward more economic stability and eventual homeownership, a major program goal for Rural Development.

Large proportions of Section 502 borrowers are highly satisfied with the appearance, construction quality, and size of their homes. While there was some variation by target group and characteristic, most borrowers reported high levels of satisfaction with their home and neighborhood. Nearly all borrowers rated the quality of their current home and neighborhood as good as or better than that of their previous residence and community. While nearly half indicated that their housing costs had increased with the purchase of their home, many also reported an increase in income.

## How Satisfied are Borrowers with the Operation of the Program and Their Rural Development Financing Experiences?

More than two-thirds of all recent Section 502 borrowers rated their satisfaction with the process of buying and financing their homes through Rural Development as good or very good. Slightly higher proportions gave similar ratings to their current dealings with Rural Development. About one in ten reported dissatisfaction with each of these activities. When these borrowers stated why they were dissatisfied, most comments fell into one of three broad categories: (1) difficulties with contractors and disappointment with Rural Development's response to complaints; (2) trouble understanding the details of program operation, particularly annual evaluations and payment of insurance and taxes; and (3) problems communicating with the Rural Development central office concerning their complaints.

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# Appendix A
# Technical Documentation

The 1998 Survey of USDA's Single Family Direct Loan Housing Program was a nationwide telephone survey designed to provide information on the characteristics of the low-income rural residents who receive home mortgages from this program. The survey was conducted under the direction of USDA's Economic Research Service (ERS), at the request of USDA's Rural Development mission area. Key design elements of the survey were based on results of a 1997 feasibility study conducted by the Social and Economic Sciences Research Service (SESRC), Washington State University (Phillips, Dillman, and Salant, 1997) . SESRC was also responsible for implementing the actual survey. The survey's target population consisted of Section 502 borrowers whose loans closed between October 1994 and April 1998. Telephone interviews with borrowers were conducted during summer and fall of 1998, and yielded a final sample of 3,027 completed interviews.

These survey data were collected as part of ERS's mission to provide information on changing rural housing needs in the United States and to assess the relationship between Federal housing assistance programs and rural development. Results of the study will be used to: (1) assess the use and effectiveness of the Section 502 loan program; (2) develop performance indicators to measure the program's effectiveness; and (3) investigate the potential effects of Federal policy changes on program participation.

The sampling frame (or list from which the sample would be drawn) was constructed from USDA's Dedicated Loan Origination and Servicing (DLOS) System.[1] Names of borrowers who had more than one loan were included only once in the sampling frame, and borrowers with loans solely for the repair of an existing home were excluded. Also excluded were program participants from Guam, Puerto Rico, and the Virgin Islands. These exclusions resulted in a final sample frame of 58,230 borrowers.

A simple random sample of 9,500 borrowers was drawn from this list. The eligibility of individuals in the sample of 9,500 borrowers was determined during the actual interview process. Persons eligible for the survey met the following criteria:

- Their names appeared in the file as the primary or secondary borrower on a Section 502 loan;
- They used the loan to purchase a home, rather than to repair it;
- They closed on the loan during the specified period; and
- They lived in the home at the time of the survey.

Borrowers who had sold their home, paid off their mortgage during the study period, or lived elsewhere were not eligible.

The full sample of 9,500 borrowers was divided into 10 replicates of equal size. These replicates were drawn one at a time, and the borrowers within them contacted, until the desired number of interviews with current borrowers were completed. Interviewers attempted to contact seven full replicates of 950 cases each, plus one partial section of 635 cases randomly drawn from the eighth replicate to obtain the desired number of interviews. These 7,285 cases make up what is called the "fielded sample," or that part of the original, randomly selected sample of 9,500 borrowers whom SESRC attempted to contact. The final disposition of the 7,285 fielded cases is shown in appendix table A1. Sixty-one percent, or 4,429 cases, were either completed interviews, partial completes, refusals, "could not be interviewed," or "could not be reached." The remaining 2,856 cases were exempted for various reasons, such as non-working telephone numbers and ineligibility.

## Questionnaire design

SESRC, ERS, and RHS worked together to develop a questionnaire that would meet the project's research objectives and could be administered in an average

[1] The Dedicated Loan Origination and Servicing System, initiated in October 1997 by Rural Development, is a centralized loan origination and servicing information data base for all loans financed under the Section 502 Direct Loan Program.

interview time of 20 minutes. Suggestions for improvements were solicited and received from reviewers at Iowa State University, University of Minnesota, the Housing Assistance Council, and the National Association of Home Builders, as well as from USDA staff in Rural Development's Policy and Planning Office and Office of Budget and Program Analysis.

The final survey instrument included questions on the following topics:

- Characteristics of current and previous housing;
- Housing costs;
- Satisfaction with current residence, neighborhood, and USDA financing experience;
- Demographic characteristics of household members;
- Education and employment characteristics of borrowers;
- Access to public transportation and child care;
- Participation in public assistance programs; and
- Sources and amounts of household income.

The questionnaire was pretested on 100 cases. A Spanish-translation questionnaire and bilingual interviewers were made available to Hispanic respondents who experienced difficulty with the English-language script. USDA administrative data indicated that about 12 percent of the potential respondent universe nationwide was of Hispanic origin, although in some States, such as California, the proportion of potential Hispanic respondents exceeded 65 percent.

## Survey Implementation

Procedures to implement the survey of Section 502 borrowers were designed to minimize possible nonresponse error by maximizing the proportion of people in the sample who actually responded to the survey. To obtain the highest possible response rate, the survey was conducted using the Dillman Total Design Method, a high-performance survey design shown to substantially increase response rate due to greater efforts and time spent on methodological testing and fine-tuning (Dillman, 1978). As part of this design, members of the sample were contacted in advance of the survey with prior notification letters from SESRC and Rural Development; the questionnaire was pretested; trained interviewers were used for the survey; and up to 10 attempts were made at different times of the day to contact potential respondents by telephone.

All interviews were conducted from SESRC's Public Opinion Laboratory using the Computer-Assisted Telephone Interviewing (CATI) system, a more efficient and less time-consuming method than more traditional "paper and pencil" interviews. The CATI system displays survey questions on a computer monitor from which the interviewer can read the question to the respondent and then enter the response directly into the CATI database for storage on the server computer. Telephone interviews began in July of 1998 and ended when the last of 3,027 interviews was completed at the end of October. The average interview length was 21.8 minutes.

## Response rate[2]

The response rate is the ratio of the number of completed interviews to the total number of potential respondents who are deemed eligible to complete the interview.[3] The formula used to calculate the response rate is:

$$\frac{CM}{[(CM + PC) + RF + (\%eligible * UI) + \%eligible * UR]}$$

where:
CM = number of completed interviews
PC = number of partially completed interviews
RF = number of refusals
UI, UR = number unable to interview, unable to reach
%eligible = proportion of UI, UR estimated to be eligible for interview

The response rate for the fielded sample was 70.3 percent (3,027/4,307). The response rate for Spanish language cases in the sample was 92.2 percent (197/230).

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[2] This section was drawn from Phillips and Dillman (1999).

[3] This rate is formally called the CASRO response rate, based on the convention established by the Council for American Survey Research Organizations.

## Reliability of Estimates[4]

Throughout the survey implementation process, SESRC placed particular emphasis on procedures that would ensure as much accuracy as possible. In practice, this meant minimizing four sources of error: sampling, coverage, measurement, and non-response (Salant and Dillman, 1994). The sample was drawn from a complete list of Section 502 program borrowers taken from RHS administrative data and survey results are unlikely to be affected by coverage error. The questionnaire was reviewed extensively, pre-tested, and revised several times, and measurement error is not likely to be a significant problem. Potential sampling and nonresponse errors are discussed in more detail below.

***Sampling error:*** Sampling error measures the extent to which a random sample of respondents may differ from the larger population from which it is drawn, because data are collected from a sample rather than the total population. It is the basis upon which tests of statistical significance are calculated. The formula for calculating the sampling error is:

$$SE = 2\sqrt{\frac{pq}{(n-1)}\left(\frac{N-n}{N}\right)}$$

where:
SE = sampling error
p = proportion of "yes" responses for a specific question (50%)
q = proportion of "no" responses for a specific question (50%)
n = sample size = number of completed interviews for a specific question
N = population size for the survey

For this survey, completed interviews were obtained from 3,027 of the 58,230 Section 502 borrowers comprising the targeted population, yielding a sampling error of ± 1.8 percent on dichotomous (yes/no) variables, at the 95-percent confidence level. This means that for a yes/no question answered by all respondents, the true population value will be within plus or minus 1.8 percent of the sample value in 95 out of 100 cases. The sampling errors on regional estimates are ± 3.6 percent (Midwest), ±5.3 percent (Northeast), ± 2.7 percent (South), and +3.9 percent (West). For estimates by race, sampling errors are ±2.1 percent (whites) and ±4.9 percent (blacks).

***Nonresponse error:*** Nonresponse error can be a serious problem for surveys when two conditions are met: (1) a significant number of those who are surveyed do not respond, and (2) nonrespondents differ from respondents in ways that are important to the study. The magnitude and direction of non-response error can be assessed by comparing key characteristics of the population with those of survey respondents. Access to RHS administrative records on selected characteristics of all Section 502 borrowers whose loans closed during the study period allowed the examination of potential non-response error in greater detail than is possible in most surveys.

Appendix table A2 compares selected characteristics of the Section 502 borrower population with those of the full sample and of actual survey respondents. In terms of race, sex, and marital status, the population, sample, and respondents are very similar: the percentage distributions on all three variables are well within the margin of error for the survey. To the extent, then, that these characteristics are important predictors of borrowers' responses, non-response error for this survey seems to be small and suggests that the respondents are representative of the Section 502 borrower population as a whole.

Differences are somewhat larger, and just outside the margin of sampling error, for geographical region and year of loan closing. Borrowers from the South are slightly under-represented among respondents compared with the sample and the population, as are borrowers whose loans closed in 1994. Borrowers whose loans closed in 1996 are slightly over-represented among respondents. To the extent that geographic region and loan closing date are believed to be important determinants of borrowers' responses to the survey, these differences may provide evidence of a small potential non-response error.

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[4]This section was drawn from Phillips and Dillman (1999).

**Appendix table A1—Final disposition statistics for fielded sample of Section 502 borrowers**

| | Number | Percent |
|---|---|---|
| All fielded cases | 7,285 | NA |
| Exempted respondents | 2,856 | 100.0 |
| Non-working numbers[1] | 1,417 | 49.6 |
| Ineligible[2] | 1,287 | 45.1 |
| Other[3] | 27 | 0.9 |
| Electronic device[4] | 36 | 1.3 |
| Business/government | 36 | 1.3 |
| Potential respondents | 4,429 | 100.0 |
| Completed interviews | 3,027 | 68.3 |
| Partial completes | 26 | 0.6 |
| Refusals | 684 | 15.4 |
| Unable to interview[5] | 114 | 2.6 |
| Unable to reach[6] | 578 | 13.1 |

[1]Wrong, disconnected, unpublished, or no listing; assigned after checking with Directory Assistance.

[2]Borrower moved; or respondent said they never had a Rural Development loan, they refinanced the Rural Development loan, or their loan was not made during 1995-98.

[3]Deceased borrower or self-identified as a duplicate of another loan in the sample.

[4]FAX machine, cellular phone, or other non-residential telephone-line instrument.

[5]Hearing or language barrier, handicap that prevented telephone interviewing, respondent terminated interview, or borrower not available.

[6]Unanswered callbacks, answering machine, no answer, or busy.
Source: Phillips and Dillman (1999).

**Appendix table A2—Selected characteristics of the Section 502 borrower population, sample, and survey respondents**

| Characteristic | Population | | Full sample | | Respondents | |
|---|---|---|---|---|---|---|
| | *Number* | *Percent* | *Number* | *Percent* | *Number* | *Percent* |
| **Race/ethnic group** | 58,216 | 100.0 | 9,496 | 100.0 | 3,027 | 100.0 |
| Indian/Alaskan | 664 | 1.1 | 124 | 1.3 | 41 | 1.4 |
| Asian | 548 | 0.9 | 93 | 1.0 | 24 | 0.8 |
| Black | 8,260 | 14.2 | 1,364 | 14.4 | 397 | 13.1 |
| Hispanic | 6,736 | 11.6 | 1,074 | 11.3 | 339 | 11.2 |
| White | 41,736 | 71.7 | 6,798 | 71.6 | 2,207 | 72.9 |
| Other | 29 | 0.1 | 5 | 0.1 | 3 | 0.1 |
| Unknown | 243 | 0.4 | 38 | 0.4 | 16 | 0.5 |
| **Sex** | 57,800 | 100.0 | 9,429 | 100.0 | 3,015 | 100.0 |
| Female | 25,702 | 44.5 | 4,199 | 44.5 | 1,356 | 45.0 |
| Male | 9,173 | 15.9 | 1,480 | 15.7 | 455 | 15.1 |
| Couple | 22,925 | 39.7 | 3,750 | 39.8 | 1,204 | 39.9 |
| **Marital status** | 57,688 | 100.0 | 9,409 | 100.0 | 3,012 | 100.0 |
| Married | 23,098 | 40.0 | 3,816 | 40.6 | 1,250 | 41.5 |
| Separated | 1,271 | 2.2 | 193 | 2.1 | 55 | 1.8 |
| Unmarried | 33,319 | 57.8 | 5,400 | 57.4 | 1,707 | 56.7 |
| **Geographic region** | 58,230 | 100.0 | 9,500 | 100.0 | 3,027 | 100.0 |
| Midwest | 14,198 | 24.4 | 2,255 | 23.7 | 747 | 24.7 |
| Northeast | 5,821 | 10.0 | 990 | 10.4 | 333 | 11.0 |
| South | 27,120 | 46.6 | 4,447 | 46.8 | 1,321 | 43.6 |
| West | 11,091 | 19.1 | 1,808 | 19.0 | 626 | 20.7 |
| **Year of loan closing** | 58,230 | 100.0 | 9,500 | 100.0 | 3,027 | 100.0 |
| 1994 | 6,745 | 11.6 | 1,129 | 11.9 | 174 | 5.8 |
| 1995 | 15,408 | 26.5 | 2,551 | 26.9 | 760 | 25.1 |
| 1996 | 19,219 | 33.0 | 3,119 | 32.8 | 1,194 | 39.4 |
| 1997 | 13,125 | 22.5 | 2,088 | 22.0 | 705 | 23.3 |
| 1998 | 3,733 | 6.4 | 613 | 6.5 | 194 | 6.4 |

Source: Phillips and Dillman (1999).

**Appendix table B1--Characteristics of single-family housing borrowers by target roup**

| Item | All | Owner 62+ | Single parent | Disabled member | Non-Hispanic White | Non-Hispanic Black | Hispanic |
|---|---|---|---|---|---|---|---|
| | | | | Number | | | |
| Sample size | 3,027 | 200 | 1,029 | 452 | 2,136 | 382 | 361 |
| | | | | Percent | | | |
| *Respondent gender:* | | | | | | | |
| Male | 26.3 | 23.0 | 6.5 | 30.9 | 24.0 | 13.1 | 46.8 |
| Female | 73.7 | 77.0 | 93.5 | 69.1 | 76.0 | 86.9 | 53.2 |
| *Respondent highest education:* | | | | | | | |
| 8th grade or less | 7.6 | 25.5 | 2.6 | 12.2 | 3.2 | 6.3 | 34.9 |
| Some high school | 10.2 | 26.0 | 7.6 | 15.1 | 8.9 | 13.2 | 14.1 |
| High school graduate | 39.9 | 30.0 | 39.6 | 33.9 | 41.5 | 43.9 | 26.9 |
| Some college/vocational school | 32.5 | 15.5 | 39.2 | 29.7 | 35.3 | 30.0 | 18.0 |
| College graduate or higher | 9.9 | 3.0 | 11.0 | 9.1 | 11.1 | 6.6 | 6.1 |
| *Respondent age:* | | | | | | | |
| Less than 25 years | 10.4 | 0.0 | 7.1 | 4.0 | 11.1 | 7.1 | 9.7 |
| 25 to 29 | 18.2 | 0.5 | 17.2 | 8.2 | 18.9 | 17.5 | 15.2 |
| 30 to 34 | 18.0 | 0.0 | 20.6 | 9.5 | 18.2 | 15.2 | 21.3 |
| 35 to 39 | 19.1 | 0.5 | 26.7 | 18.1 | 19.2 | 18.1 | 19.9 |
| 40 to 44 | 13.3 | 1.0 | 19.2 | 12.8 | 12.4 | 17.0 | 13.6 |
| 45 to 49 | 7.2 | 1.0 | 6.9 | 12.4 | 6.1 | 9.2 | 10.8 |
| 50 to 61 | 7.6 | 4.0 | 2.1 | 20.1 | 7.9 | 6.5 | 6.7 |
| 62 or older | 6.1 | 93.0 | 0.1 | 14.8 | 6.2 | 9.4 | 2.8 |
| *Respondent major activity last week:* | | | | | | | |
| Employed | 69.6 | 22.0 | 84.0 | 31.8 | 68.7 | 75.1 | 69.0 |
| Looking for work | 3.1 | 0.5 | 3.8 | 3.6 | 2.3 | 4.2 | 5.5 |
| Retired | 4.6 | 50.5 | 0.4 | 16.0 | 4.7 | 6.8 | 1.9 |
| Keeping house | 15.7 | 16.5 | 6.6 | 25.6 | 17.2 | 7.1 | 17.7 |
| Going to school | 2.6 | 0.0 | 2.6 | 2.4 | 2.7 | 1.6 | 3.0 |
| Other | 4.5 | 10.5 | 2.6 | 20.7 | 4.4 | 5.2 | 2.8 |
| *Respondent employed in 1997:* | | | | | | | |
| Yes | 78.1 | 29.0 | 90.3 | 41.6 | 77.0 | 80.3 | 82.3 |
| No | 21.9 | 71.0 | 9.7 | 58.4 | 23.0 | 19.7 | 17.7 |
| *Respondent is U.S. citizen?* | | | | | | | |
| Yes | 93.7 | 98.5 | 97.9 | 97.1 | 99.3 | 99.0 | 55.3 |
| No | 6.3 | 1.5 | 2.1 | 2.9 | 0.7 | 1.0 | 44.7 |
| *Number of household members:* | | | | | | | |
| 1 | 14.1 | 51.0 | 0.0 | 22.8 | 14.6 | 20.7 | 4.6 |
| 2 | 20.0 | 36.5 | 32.8 | 21.7 | 21.0 | 23.4 | 10.3 |
| 3 | 24.4 | 7.0 | 38.7 | 19.0 | 24.0 | 29.9 | 18.8 |
| 4 | 24.4 | 2.5 | 20.2 | 19.9 | 25.3 | 15.2 | 30.2 |
| 5 | 11.2 | 2.0 | 5.3 | 9.6 | 10.2 | 5.0 | 23.9 |
| 6 | 4.4 | 0.5 | 2.0 | 5.2 | 3.9 | 3.4 | 7.7 |
| 7 or more | 1.6 | 0.5 | 1.1 | 1.8 | 1.0 | 2.4 | 4.6 |
| *Respondent's children under 18:* | | | | | | | |
| None | 26.4 | 96.5 | 0.0 | 48.2 | 26.1 | 35.9 | 16.3 |
| 1 | 24.9 | 2.0 | 43.8 | 17.5 | 25.5 | 24.1 | 20.2 |
| 2 | 29.0 | 1.0 | 36.4 | 19.0 | 29.4 | 27.5 | 30.2 |
| 3 | 13.9 | 0.0 | 15.8 | 9.3 | 13.7 | 8.6 | 21.9 |
| 4 | 4.0 | 0.0 | 3.0 | 4.4 | 3.8 | 2.1 | 7.5 |
| 5 or more | 1.7 | 0.5 | 1.0 | 1.5 | 1.4 | 1.8 | 3.9 |

Note: Because of missing data, the actual number of households from which the column percents are calculated, may be up to 2 percent smaller than the sample size reported in the first line of this table.

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B2--Income of single-family housing borrowers by target group**

| Item | All | Owner 62+ | Single parent | Disabled member | Non-Hispanic | | Hispanic |
|---|---|---|---|---|---|---|---|
| | | | | | White | Black | |
| | | | | Percent | | | |
| *Sources of household income:* | | | | | | | |
| Wage/salary | 87.7 | 37.7 | 91.3 | 57.0 | 87.8 | 82.1 | 94.5 |
| Business | 4.6 | 3.0 | 2.9 | 3.8 | 5.7 | 1.6 | 1.7 |
| Retirement | 13.0 | 85.0 | 6.8 | 40.4 | 13.1 | 16.0 | 10.0 |
| Interest/dividends | 13.2 | 9.1 | 11.6 | 9.8 | 15.4 | 5.5 | 7.8 |
| Aid to families with dependent children | 3.9 | 1.5 | 6.0 | 9.5 | 3.6 | 3.1 | 6.1 |
| Supplemental security income | 9.0 | 24.2 | 8.5 | 39.1 | 8.3 | 14.7 | 8.0 |
| Other public assistance | 2.0 | 2.5 | 2.0 | 4.7 | 2.1 | 2.1 | 1.7 |
| Alimony | 22.7 | 2.5 | 51.0 | 14.9 | 26.4 | 20.7 | 8.0 |
| Workers' compensation | 1.6 | 0.5 | 0.8 | 3.5 | 1.8 | 1.3 | 0.6 |
| Veterans' benefits | 1.6 | 8.1 | 0.4 | 5.5 | 1.7 | 2.1 | 0.6 |
| Unemployment benefits | 8.6 | 2.0 | 6.3 | 7.1 | 7.2 | 6.0 | 19.9 |
| Disability income | 4.0 | 3.0 | 3.2 | 15.7 | 4.0 | 5.8 | 2.8 |
| Survivors' benefits | 1.4 | 5.5 | 1.7 | 2.9 | 1.6 | 0.5 | 1.1 |
| Other | 1.5 | 1.0 | 0.7 | 2.8 | 1.3 | 0.8 | 2.5 |
| *1997 income vs. 1996:* | | | | | | | |
| Higher | 47.1 | 28.6 | 45.4 | 35.8 | 49.3 | 40.0 | 41.9 |
| Lower | 14.3 | 13.0 | 15.8 | 16.6 | 13.1 | 18.1 | 15.4 |
| About the same | 38.7 | 58.3 | 38.8 | 47.6 | 37.6 | 41.9 | 42.7 |
| *Expected 1998 income vs. 1997:* | | | | | | | |
| Higher | 41.3 | 28.9 | 40.8 | 33.1 | 43.6 | 39.1 | 28.7 |
| Lower | 14.7 | 12.1 | 15.9 | 16.4 | 13.7 | 16.3 | 19.8 |
| About the same | 44.0 | 58.9 | 43.3 | 50.5 | 42.7 | 44.6 | 51.6 |
| *Food stamps?* | | | | | | | |
| Yes | 18.2 | 21.6 | 22.2 | 35.0 | 16.2 | 24.3 | 24.6 |

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B3--Characteristics of single-family housing borrower's current home by target group**

| Item | All | Owner 62+ | Single parent | Disabled member | Non-Hispanic | | Hispanic |
|---|---|---|---|---|---|---|---|
| | | | | | White | Black | |
| | | | | Percent | | | |
| *Home purchased new?* | | | | | | | |
| Yes | 42.5 | 44.0 | 40.4 | 42.5 | 35.5 | 57.6 | 67.9 |
| No | 57.5 | 56.0 | 59.6 | 57.5 | 64.5 | 42.4 | 32.1 |
| *Current home type:* | | | | | | | |
| Manufactured or mobile home | 6.9 | 5.0 | 6.2 | 7.5 | 6.7 | 9.0 | 5.8 |
| Conventional detached home | 90.6 | 91.5 | 91.4 | 90.2 | 91.1 | 88.9 | 90.0 |
| Townhouse | 2.1 | 3.0 | 2.2 | 1.6 | 2.1 | 1.3 | 3.6 |
| Apartment | 0.2 | 0.5 | 0.1 | 0.4 | 0.1 | 0.8 | 0.3 |
| Other | 0.2 | 0.0 | 0.0 | 0.2 | 0.1 | 0.0 | 0.3 |
| *Number of bedrooms:* | | | | | | | |
| One or two | 10.8 | 30.5 | 7.1 | 15.3 | 12.6 | 6.5 | 3.6 |
| Three | 78.7 | 67.0 | 82.8 | 73.0 | 78.3 | 82.5 | 79.0 |
| Four or more | 10.5 | 2.5 | 10.1 | 11.7 | 9.1 | 11.0 | 17.5 |
| *Number of full bathrooms:* | | | | | | | |
| Zero or one | 71.7 | 80.0 | 71.1 | 69.7 | 74.2 | 74.6 | 54.3 |
| Two | 27.9 | 19.5 | 28.2 | 29.9 | 25.5 | 24.6 | 45.2 |
| Three | 0.4 | 0.5 | 0.7 | 0.4 | 0.3 | 0.8 | 0.6 |
| *Number of half bathrooms:* | | | | | | | |
| Zero | 70.4 | 72.7 | 70.6 | 72.1 | 72.4 | 61.8 | 69.6 |
| One | 28.9 | 26.8 | 28.4 | 27.4 | 26.9 | 37.7 | 29.5 |
| Two | 0.7 | 0.5 | 1.1 | 0.4 | 0.7 | 0.5 | 0.8 |
| *Major heating fuel:* | | | | | | | |
| Electricity | 48.5 | 58.5 | 48.2 | 50.3 | 43.6 | 66.8 | 56.6 |
| Gas - utility | 33.7 | 29.0 | 35.8 | 34.2 | 35.6 | 23.3 | 36.9 |
| Gas - lp/propane | 7.2 | 6.0 | 7.2 | 8.0 | 7.7 | 6.4 | 4.8 |
| Fuel oil | 6.6 | 3.0 | 6.0 | 5.5 | 8.6 | 1.3 | 0.3 |
| Wood | 2.7 | 3.0 | 1.6 | 1.3 | 3.3 | 0.5 | 0.6 |
| Other | 1.3 | 0.5 | 1.3 | 0.7 | 1.3 | 1.6 | 0.8 |
| *Public transit available?* | | | | | | | |
| Yes | 27.5 | 27.5 | 27.8 | 27.5 | 27.1 | 26.3 | 31.1 |
| No | 72.5 | 72.5 | 72.2 | 72.5 | 72.9 | 73.7 | 68.9 |
| *When available, public transit meets household's needs?* | | | | | | | |
| Yes | 57.4 | 59.6 | 58.3 | 56.3 | 53.2 | 68.4 | 72.2 |
| No | 10.4 | 1.9 | 9.8 | 12.6 | 8.2 | 13.3 | 14.8 |
| Sometimes | 2.8 | 3.9 | 3.6 | 2.5 | 2.4 | 4.1 | 2.8 |
| Never use | 29.5 | 34.6 | 28.3 | 28.6 | 36.3 | 14.3 | 10.2 |
| *Auto, truck, other available?* | | | | | | | |
| Yes | 95.4 | 85.0 | 95.6 | 86.5 | 97.4 | 84.0 | 97.2 |
| No (includes don't need) | 4.6 | 15.0 | 4.4 | 13.5 | 2.6 | 16.0 | 2.8 |

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B4. Single-family housing borrower ratings of current home by target group**

| Item | All | Owner 62+ | Single parent | Disabled member | Non-Hispanic | | Hispanic |
|---|---|---|---|---|---|---|---|
| | | | | | White | Black | |
| | | | | Percent | | | |
| *Home - exterior appearance:* | | | | | | | |
| Very good | 40.6 | 37.9 | 40.4 | 40.5 | 42.5 | 40.4 | 30.0 |
| Good | 40.1 | 41.9 | 39.7 | 41.0 | 38.5 | 42.2 | 46.4 |
| Average | 17.2 | 18.2 | 17.0 | 15.6 | 17.0 | 14.0 | 21.7 |
| Poor | 1.8 | 2.0 | 2.3 | 2.7 | 1.7 | 2.9 | 1.4 |
| Very poor | 0.4 | 0.0 | 0.6 | 0.2 | 0.3 | 0.5 | 0.6 |
| *Home - construction quality:* | | | | | | | |
| Very good | 27.3 | 27.3 | 27.2 | 30.4 | 29.2 | 26.9 | 19.7 |
| Good | 42.9 | 45.0 | 40.9 | 42.0 | 41.4 | 45.1 | 45.8 |
| Average | 24.2 | 23.2 | 24.6 | 21.2 | 24.0 | 20.8 | 28.6 |
| Poor | 4.6 | 3.0 | 5.7 | 5.1 | 4.4 | 6.1 | 5.0 |
| Very poor | 1.1 | 1.5 | 1.7 | 1.3 | 1.0 | 1.1 | 0.8 |
| *Home - size vs. needs:* | | | | | | | |
| Very good | 34.8 | 43.4 | 36.9 | 36.5 | 35.5 | 36.7 | 31.9 |
| Good | 42.1 | 37.9 | 42.9 | 39.9 | 41.3 | 39.3 | 48.1 |
| Average | 18.6 | 17.7 | 15.8 | 19.4 | 19.3 | 17.5 | 15.8 |
| Poor | 3.9 | 1.0 | 3.7 | 3.3 | 3.7 | 4.7 | 3.1 |
| Very poor | 0.6 | 0.0 | 0.7 | 0.9 | 0.2 | 1.8 | 1.1 |
| *Home - overall rating 1 to 10:* | | | | | | | |
| 10 | 39.0 | 45.8 | 40.2 | 45.9 | 35.4 | 53.5 | 43.6 |
| 9 | 15.5 | 10.4 | 15.9 | 12.1 | 15.8 | 13.0 | 17.8 |
| 8 | 25.9 | 19.3 | 25.7 | 19.2 | 28.1 | 18.4 | 21.7 |
| 7 | 11.5 | 11.5 | 10.3 | 13.2 | 12.5 | 8.2 | 9.4 |
| 6 | 3.3 | 3.7 | 3.0 | 3.4 | 3.4 | 1.6 | 3.6 |
| 5 | 3.4 | 7.3 | 3.4 | 4.0 | 3.2 | 4.0 | 2.8 |
| Less than 5 | 1.5 | 2.1 | 1.5 | 2.2 | 1.6 | 1.3 | 1.1 |

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B5--Single-family housing borrower ratings of current neighborhoods by target group**

| Item | All | Owner 62+ | Single parent | Disabled member | Non-Hispanic | | Hispanic |
|---|---|---|---|---|---|---|---|
| | | | | | White | Black | |
| | | | | Percent | | | |
| *Neighborhood - schools:* | | | | | | | |
| Very good | 34.7 | 29.8 | 33.6 | 30.8 | 37.0 | 29.9 | 26.3 |
| Good | 39.8 | 49.1 | 37.5 | 41.4 | 37.6 | 42.4 | 51.6 |
| Average | 21.2 | 17.4 | 24.1 | 23.1 | 20.9 | 24.7 | 20.0 |
| Poor | 3.4 | 3.7 | 3.6 | 3.9 | 3.7 | 2.2 | 1.5 |
| Very poor | 0.9 | 0.0 | 1.2 | 0.7 | 0.8 | 0.8 | 0.6 |
| *Neighborhood - public services:* | | | | | | | |
| Very good | 25.4 | 21.5 | 24.9 | 24.9 | 27.2 | 17.3 | 23.3 |
| Good | 43.8 | 51.8 | 43.6 | 42.2 | 43.5 | 43.5 | 43.5 |
| Average | 23.4 | 20.5 | 23.4 | 24.0 | 22.5 | 26.9 | 26.4 |
| Poor | 5.9 | 3.1 | 6.4 | 6.5 | 5.4 | 9.3 | 5.6 |
| Very poor | 1.6 | 3.1 | 1.8 | 2.5 | 1.4 | 2.9 | 1.1 |
| *Neighborhood - convenience:* | | | | | | | |
| Very good | 26.1 | 18.8 | 27.0 | 22.0 | 29.5 | 18.7 | 16.9 |
| Good | 42.3 | 46.2 | 41.2 | 40.8 | 42.0 | 42.9 | 39.7 |
| Average | 22.6 | 22.8 | 21.9 | 24.7 | 20.6 | 27.9 | 30.4 |
| Poor | 7.6 | 8.6 | 8.5 | 10.7 | 6.7 | 8.7 | 10.7 |
| Very poor | 1.4 | 3.6 | 1.5 | 1.8 | 1.3 | 1.8 | 2.3 |
| *Neighborhood - safety/security:* | | | | | | | |
| Very good | 34.1 | 31.3 | 33.6 | 35.4 | 37.2 | 23.7 | 26.6 |
| Good | 46.5 | 47.7 | 46.6 | 40.8 | 45.4 | 48.6 | 48.5 |
| Average | 15.5 | 16.4 | 14.9 | 16.8 | 14.2 | 20.6 | 19.6 |
| Poor | 3.4 | 4.6 | 4.1 | 6.0 | 2.6 | 6.1 | 4.8 |
| Very poor | 0.6 | 0.0 | 0.9 | 0.9 | 0.5 | 1.1 | 0.6 |
| *Neighborhood - appearance:* | | | | | | | |
| Very good | 33.9 | 32.2 | 34.0 | 35.0 | 36.3 | 28.9 | 26.1 |
| Good | 46.9 | 49.7 | 45.8 | 41.2 | 45.3 | 46.3 | 55.0 |
| Average | 16.2 | 16.6 | 16.5 | 21.2 | 15.6 | 20.5 | 16.4 |
| Poor | 2.7 | 1.0 | 3.4 | 2.2 | 2.5 | 3.7 | 2.5 |
| Very poor | 0.3 | 0.5 | 0.3 | 0.4 | 0.3 | 0.5 | 0.0 |
| *Neighborhood - overall 1 to 10:* | | | | | | | |
| 10 | 32.1 | 40.8 | 30.1 | 36.3 | 29.5 | 42.3 | 38.5 |
| 9 | 17.1 | 14.8 | 17.0 | 15.6 | 17.2 | 14.3 | 19.7 |
| 8 | 25.9 | 21.9 | 26.3 | 21.4 | 27.3 | 21.2 | 22.7 |
| 7 | 12.3 | 8.2 | 12.3 | 9.8 | 13.4 | 7.4 | 9.4 |
| 6 | 4.1 | 3.1 | 4.5 | 5.4 | 4.2 | 3.2 | 3.9 |
| 5 | 5.5 | 8.7 | 5.3 | 8.5 | 5.4 | 7.4 | 3.9 |
| Less than 5 | 3.0 | 2.5 | 4.4 | 3.1 | 3.1 | 4.2 | 1.9 |
| *Neighborhood - current vs. previous:* | | | | | | | |
| Better | 60.8 | 53.6 | 60.2 | 62.2 | 60.0 | 57.7 | 68.1 |
| Worse | 6.2 | 4.2 | 7.3 | 6.0 | 6.8 | 5.2 | 4.4 |
| About the same | 28.7 | 32.3 | 28.5 | 26.4 | 28.7 | 31.5 | 25.3 |
| The same neighborhood | 4.2 | 9.9 | 3.9 | 5.4 | 4.5 | 5.5 | 2.2 |

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B6--Previous housing of single-family housing borrowers by target group**

| Item | All | Owner 62+ | Single parent | Disabled member | Non-Hispanic | | Hispanic |
|---|---|---|---|---|---|---|---|
| | | | | | White | Black | |
| | | | | Percent | | | |
| *Previous home tenure:* | | | | | | | |
| Own | 12.1 | 31.2 | 9.6 | 18.8 | 12.5 | 11.5 | 9.1 |
| Rent | 77.2 | 61.3 | 79.3 | 73.2 | 78.1 | 71.5 | 79.0 |
| Other | 10.8 | 7.5 | 11.1 | 8.0 | 9.5 | 17.0 | 11.9 |
| *Ever owned a home?* | | | | | | | |
| Yes | 27.3 | 70.0 | 25.6 | 42.1 | 31.1 | 17.5 | 14.1 |
| No | 72.7 | 30.0 | 74.4 | 57.9 | 68.9 | 82.5 | 85.9 |
| *Previous home type:* | | | | | | | |
| Mobile home | 18.0 | 18.0 | 16.4 | 20.4 | 18.6 | 13.8 | 19.7 |
| Manufactured | 2.0 | 0.0 | 2.0 | 1.6 | 1.8 | 3.2 | 2.2 |
| Conventional detached | 41.2 | 56.5 | 38.3 | 42.0 | 42.2 | 40.9 | 35.0 |
| Townhouse | 11.3 | 7.0 | 12.8 | 11.1 | 12.0 | 8.0 | 9.7 |
| Apartment | 26.8 | 16.0 | 30.0 | 23.6 | 24.9 | 33.2 | 32.2 |
| Other | 0.8 | 2.5 | 0.6 | 1.3 | 0.6 | 1.1 | 1.1 |
| *Current vs. previous home - quality:* | | | | | | | |
| Better | 89.6 | 89.4 | 87.5 | 89.1 | 89.9 | 85.5 | 94.7 |
| Worse | 2.2 | 2.0 | 2.8 | 3.6 | 2.3 | 2.6 | 0.6 |
| About the same | 8.2 | 8.6 | 9.7 | 7.3 | 7.8 | 11.9 | 4.7 |
| *Current vs. previous home - cost:* | | | | | | | |
| Higher | 48.1 | 47.1 | 44.5 | 42.4 | 47.8 | 53.4 | 46.4 |
| Lower | 27.3 | 26.5 | 30.0 | 30.5 | 28.0 | 22.8 | 25.8 |
| About the same | 24.6 | 26.5 | 25.5 | 27.1 | 24.2 | 23.8 | 27.8 |
| *Current vs. previous home - income:* | | | | | | | |
| Higher | 39.4 | 24.4 | 34.4 | 24.3 | 41.4 | 35.4 | 32.3 |
| Lower | 17.2 | 27.4 | 19.5 | 25.2 | 17.2 | 18.2 | 15.0 |
| About the same | 43.4 | 48.2 | 46.1 | 50.6 | 41.4 | 46.4 | 52.7 |
| *Prior government rental assistance:* | | | | | | | |
| Yes | 24.9 | 19.3 | 35.0 | 32.0 | 25.4 | 26.6 | 20.1 |
| No | 75.1 | 80.7 | 65.0 | 68.0 | 74.6 | 73.4 | 79.9 |
| *If received rental assistance was it from Rural Development? (n=587)* | | | | | | | |
| Yes | 25.4 | 41.7 | 22.0 | 27.2 | 25.0 | 19.1 | 38.2 |
| No | 74.6 | 58.3 | 78.0 | 72.8 | 75.0 | 80.9 | 61.8 |

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B7--Single-family housing borrower dealings with Rural Development by target group**

| Item | All | Owner 62+ | Single parent | Disabled member | Non-Hispanic | | Hispanic |
|---|---|---|---|---|---|---|---|
| | | | | | White | Black | |
| | | | | Percent | | | |
| *How learned about Rural Development?* | | | | | | | |
| Lender | 2.1 | 2.0 | 1.6 | 2.7 | 2.5 | 0.5 | 0.6 |
| Friend/neighbor/relative | 68.3 | 52.3 | 70.8 | 61.9 | 65.8 | 75.3 | 76.7 |
| RD office | 4.3 | 7.5 | 3.5 | 6.9 | 3.9 | 7.1 | 4.2 |
| Builder/developer/ realtor | 16.0 | 21.1 | 15.4 | 16.5 | 17.8 | 8.9 | 10.8 |
| Extention agent | 1.0 | 1.2 | 0.6 | 0.9 | 0.7 | 1.3 | 2.5 |
| Everybody knows | 3.4 | 6.5 | 3.3 | 5.8 | 3.5 | 3.7 | 1.9 |
| Other | 1.5 | 1.5 | 2.2 | 2.2 | 1.7 | 1.1 | 1.4 |
| Newspaper (volunteered response) | 3.6 | 7.5 | 2.6 | 3.1 | 4.2 | 2.1 | 1.9 |
| *Process of buying home?* | | | | | | | |
| Very good | 31.1 | 39.1 | 32.0 | 34.2 | 31.2 | 30.7 | 29.4 |
| Good | 37.4 | 38.6 | 35.9 | 37.4 | 35.9 | 40.4 | 44.6 |
| Average | 20.6 | 12.2 | 19.6 | 15.9 | 21.1 | 18.6 | 20.5 |
| Poor | 7.7 | 4.6 | 10.0 | 8.1 | 8.3 | 7.1 | 3.3 |
| Very poor | 3.2 | 5.6 | 2.5 | 4.5 | 3.5 | 3.2 | 2.2 |
| *Current dealings with Rural Development:* | | | | | | | |
| Very good | 34.1 | 45.7 | 34.2 | 38.6 | 35.2 | 34.1 | 27.4 |
| Good | 37.8 | 35.0 | 35.7 | 36.6 | 35.2 | 41.3 | 49.0 |
| Average | 17.1 | 12.7 | 18.3 | 12.3 | 17.8 | 14.3 | 16.3 |
| Poor | 7.0 | 3.0 | 7.8 | 6.9 | 7.3 | 7.9 | 4.4 |
| Very poor | 4.0 | 3.6 | 4.1 | 5.6 | 4.6 | 2.4 | 2.8 |
| *Likely wait to buy a comparable home without this program:* | | | | | | | |
| Less than 1 year | 3.4 | 2.7 | 2.8 | 2.4 | 2.5 | 7.4 | 3.9 |
| 1 to 2 years | 6.2 | 2.7 | 4.8 | 3.4 | 5.5 | 8.0 | 6.6 |
| More than 2 years | 46.7 | 20.8 | 45.9 | 30.4 | 46.4 | 48.8 | 47.0 |
| Never could have bought | 43.7 | 73.8 | 46.5 | 63.8 | 45.6 | 35.8 | 42.6 |
| *Recommend Rural Development to others?* | | | | | | | |
| Yes | 96.5 | 97.5 | 97.3 | 95.3 | 96.1 | 97.1 | 97.8 |
| No | 3.5 | 2.5 | 2.7 | 4.7 | 3.9 | 2.9 | 2.2 |
| *Region:* | | | | | | | |
| Northeast | 11.0 | 1.5 | 11.1 | 10.6 | 13.8 | 3.7 | 2.2 |
| Midwest | 24.7 | 20.5 | 26.2 | 22.6 | 32.0 | 3.4 | 5.8 |
| South | 43.6 | 61.0 | 46.5 | 50.4 | 37.9 | 91.6 | 28.3 |
| West | 20.7 | 17.0 | 16.2 | 16.4 | 16.4 | 1.3 | 63.7 |

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B8--Characteristics of single-family housing units by target group**

| Units by target group | All | Owner 62 | Single parent | Disabled member | Non-Hispanic | | Hispanic |
|---|---|---|---|---|---|---|---|
| | | | | | White | Black | |
| | | | | Percent | | | |
| House price: | | | | | | | |
| Less than $40,000 | 8.3 | 14.1 | 12.2 | 6.1 | 7.7 | 15.2 | 4.0 |
| $40,000 to $49,999 | 12.7 | 25.9 | 17.3 | 11.3 | 11.6 | 25.2 | 7.5 |
| $50,000 to $59,999 | 19.1 | 20.0 | 20.6 | 19.9 | 18.8 | 21.6 | 19.6 |
| $60,000 to $69,999 | 20.1 | 17.3 | 14.8 | 20.9 | 20.5 | 16.7 | 21.6 |
| $70,000 to $79,999 | 16.6 | 11.9 | 16.4 | 19.0 | 17.7 | 9.9 | 17.0 |
| $80,000 to $89,999 | 12.1 | 5.9 | 7.9 | 13.6 | 13.2 | 6.7 | 10.4 |
| $90,000 to $99,999 | 5.7 | 2.7 | 4.7 | 5.6 | 6.2 | 2.4 | 6.6 |
| $100,000 or more | 5.4 | 2.2 | 6.1 | 3.6 | 4.3 | 2.3 | 13.3 |
| Expected sale price: | | | | | | | |
| Less than $40,000 | 5.4 | 9.2 | 9.1 | 5.4 | 3.8 | 15.4 | 4.6 |
| $40,000 to $49,999 | 8.1 | 14.3 | 11.7 | 6.6 | 7.8 | 14.9 | 4.2 |
| $50,000 to $59,999 | 12.3 | 16.8 | 11.9 | 12.4 | 11.0 | 19.1 | 12.9 |
| $60,000 to $69,999 | 18.0 | 22.7 | 18.6 | 19.6 | 18.7 | 16.5 | 16.1 |
| $70,000 to $79,999 | 17.8 | 12.6 | 15.1 | 18.4 | 18.0 | 13.1 | 22.6 |
| $80,000 to $89,999 | 15.8 | 12.6 | 12.2 | 16.9 | 17.2 | 7.9 | 16.1 |
| $90,000 to $99,999 | 9.6 | 3.4 | 7.3 | 9.5 | 10.6 | 6.4 | 5.5 |
| $100,000 or more | 13.0 | 8.4 | 14.1 | 11.2 | 12.9 | 6.7 | 18.0 |
| Housing costs: | | | | | | | |
| Less than 15% of income | 10.7 | 6.8 | 7.7 | 6.8 | 11.1 | 11.7 | 7.4 |
| 15% to 19.9% | 21.5 | 15.2 | 18.5 | 21.1 | 22.3 | 22.6 | 16.5 |
| 20% to 24.9% | 28.3 | 26.5 | 23.8 | 29.2 | 28.9 | 23.9 | 28.0 |
| 25% to 29.9% | 19.8 | 14.4 | 20.5 | 21.9 | 19.7 | 15.0 | 23.5 |
| 30% to 34.9% | 9.0 | 17.4 | 10.0 | 10.2 | 8.7 | 9.7 | 10.9 |
| 35% or more | 10.7 | 19.7 | 19.5 | 10.8 | 9.3 | 17.1 | 13.7 |
| Year house built: | | | | | | | |
| Before 1940 | 3.7 | 0.5 | 3.1 | 4.0 | 4.9 | 0.3 | 0.3 |
| 1940 to 1959 | 5.5 | 6.0 | 5.3 | 6.1 | 7.2 | 0.8 | 1.4 |
| 1960 to 1979 | 18.9 | 18.0 | 17.3 | 19.4 | 21.7 | 11.5 | 9.4 |
| 1980 to 1989 | 14.5 | 11.0 | 16.1 | 14.8 | 15.7 | 11.5 | 9.1 |
| 1990 to 1994 | 10.3 | 13.0 | 10.0 | 9.1 | 10.4 | 10.2 | 11.7 |
| 1995 to 1998 | 47.1 | 51.5 | 48.2 | 46.6 | 40.1 | 65.7 | 68.1 |
| Expected equity: | | | | | | | |
| Less than $2,000 | 4.8 | 6.3 | 5.3 | 6.6 | 5.0 | 3.5 | 2.0 |
| $2,000 to $3,999 | 13.0 | 15.2 | 13.4 | 14.2 | 13.4 | 12.7 | 13.4 |
| $4,000 to $5,999 | 14.4 | 16.5 | 12.9 | 14.4 | 14.1 | 14.8 | 18.2 |
| $6,000 to $7,999 | 9.7 | 12.6 | 7.2 | 11.4 | 10.1 | 8.4 | 9.4 |
| $8,000 to $9,999 | 8.7 | 8.9 | 7.6 | 9.8 | 8.9 | 10.6 | 8.7 |
| $10,000 or more | 49.4 | 40.5 | 53.6 | 43.6 | 48.5 | 50.0 | 48.3 |

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B9--Single-family housing median characteristics by target group**

| | All | Owner 62 | Single parent | Disabled member | Non-Hispanic White | Non-Hispanic Black | Hispanic |
|---|---|---|---|---|---|---|---|
| | | | | Number | | | |
| Borrower households | 3,027 | 200 | 1,029 | 452 | 2,136 | 382 | 361 |
| | | | | Medians | | | |
| Year house built | 1992 | 1994 | 1992 | 1990 | 1988 | 1995 | 1995 |
| House purchase price | $64,900 | $55,000 | $59,900 | $65,500 | $65,000 | $53,875 | $68,000 |
| Expected sales price | $72,000 | $60,000 | $68,800 | $72,000 | $73,000 | $60,000 | $75,000 |
| Expected equity | $5,000 | $4,250 | $5,000 | $4,000 | $5,100 | $2,750 | $5,000 |
| Gross income | $19,884 | $12,000 | $15,200 | $18,000 | $20,020 | $15,141 | $19,000 |
| Housing costs* | 22.9% | 25.2% | 24.9% | 23.6% | 22.7% | 22.6% | 24.3% |

*Housing costs is the ratio of PITI (the sum of mortgage payments for principal and interest, and property taxes and property insurance on the home) to gross unadjusted income.

Note: Because of missing data, the actual number of households each median value is based on may be somewhat smaller than the total number of borrower households in the target group.

**Appendix table B10--Mean household income by sources and target group**

| Item | All | Owner 62+ | Single parent | Disabled member | Non-Hispanic White | Non-Hispanic Black | Hispanic |
|---|---|---|---|---|---|---|---|
| | | | | Dollars | | | |
| *Sources of household income:* | | | | | | | |
| Total income | 20,949 | 12,975 | 18,964 | 16,653 | 21,741 | 16,688 | 20,035 |
| Wage and salary | 18,127 | 3,245 | 15,788 | 8,279 | 18,679 | 14,218 | 18,044 |
| Business | 40 | 42 | 1 | 20 | 50 | 22 | 0 |
| Retirement | 943 | 7,817 | 350 | 3,467 | 50 | 838 | 707 |
| Interest and dividends | 21 | 13 | 16 | 23 | 23 | 11 | 2 |
| Aid for families with dependent children | 68 | 46 | 95 | 222 | 64 | 49 | 107 |
| Supplemental security income | 396 | 1,146 | 425 | 2,038 | 392 | 632 | 221 |
| Other public assistance | 9 | 3 | 11 | 26 | 9 | 15 | 8 |
| Alimony | 793 | 105 | 1,819 | 547 | 973 | 544 | 176 |
| Workers' compensation | 61 | 2 | 21 | 346 | 77 | 29 | 4 |
| Veterans' benefits | 50 | 216 | 6 | 254 | 54 | 56 | 33 |
| Unemployment benefits | 140 | 10 | 97 | 135 | 109 | 50 | 389 |
| Disability income | 165 | 100 | 153 | 1,028 | 172 | 192 | 147 |
| Survivors' benefits | 95 | 230 | 176 | 208 | 108 | 32 | 96 |
| Other | 40 | 0 | 5 | 60 | 37 | 0 | 100 |

Note: The income source averages are based on the 2,376 respondents whose total income responses equal the sum of their reported income sources.
Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B11--Characteristics of single-family housing borrowers by region**

| Item | All | Northeast | Midwest | South | West |
|---|---|---|---|---|---|
| | | | Number | | |
| Sample size | 3,027 | 333 | 747 | 1,321 | 626 |
| | | | Percent | | |
| *Respondent gender:* | | | | | |
| Male | 26.3 | 25.6 | 25.8 | 22.1 | 35.9 |
| Female | 73.7 | 74.4 | 74.2 | 77.9 | 64.1 |
| *Respondent highest education:* | | | | | |
| 8th grade or less | 7.6 | 0.9 | 3.1 | 7.5 | 16.6 |
| Some high school | 10.2 | 9.1 | 6.7 | 12.6 | 9.7 |
| High school graduate | 39.9 | 42.9 | 41.6 | 41.6 | 32.6 |
| Some college/vocational school | 32.5 | 31.4 | 36.1 | 30.1 | 33.7 |
| College graduate or higher | 9.9 | 15.7 | 12.5 | 8.2 | 7.4 |
| *Respondent age:* | | | | | |
| Less than 25 years | 10.4 | 6.0 | 11.0 | 11.7 | 9.4 |
| 25 to 29 | 18.2 | 20.7 | 19.8 | 17.5 | 16.5 |
| 30 to 34 | 18.0 | 22.2 | 18.9 | 16.6 | 17.7 |
| 35 to 39 | 19.1 | 22.8 | 19.7 | 17.4 | 20.1 |
| 40 to 44 | 13.3 | 12.3 | 13.8 | 12.0 | 16.0 |
| 45 to 49 | 7.2 | 9.6 | 5.5 | 7.1 | 8.0 |
| 50 to 61 | 7.6 | 5.4 | 6.2 | 9.2 | 7.4 |
| 62 or older | 6.1 | 0.9 | 5.2 | 8.6 | 5.0 |
| *Respondent major activity last week:* | | | | | |
| Employed | 69.6 | 65.4 | 75.0 | 67.9 | 68.8 |
| Looking for work | 3.1 | 3.6 | 2.6 | 3.0 | 3.7 |
| Retired | 4.6 | 1.5 | 3.9 | 5.8 | 4.6 |
| Keeping house | 15.7 | 20.2 | 14.1 | 14.6 | 17.6 |
| Going to school | 2.6 | 3.3 | 2.0 | 3.0 | 1.8 |
| Other | 4.5 | 6.0 | 2.4 | 5.8 | 3.5 |
| *Respondent employed in 1997:* | | | | | |
| Yes | 78.1 | 75.3 | 82.5 | 75.1 | 80.6 |
| No | 21.9 | 24.7 | 17.5 | 24.9 | 19.4 |
| *Respondent is U.S. citizen?* | | | | | |
| Yes | 93.8 | 98.8 | 98.8 | 96.6 | 79.1 |
| No | 6.3 | 1.2 | 1.2 | 3.4 | 20.9 |
| *Number of household members:* | | | | | |
| 1 | 14.1 | 8.4 | 14.1 | 17.2 | 10.4 |
| 2 | 20.0 | 16.9 | 20.4 | 23.9 | 12.7 |
| 3 | 24.4 | 22.6 | 22.3 | 27.0 | 22.3 |
| 4 | 24.4 | 28.0 | 26.5 | 20.8 | 27.8 |
| 5 | 11.2 | 15.4 | 11.9 | 7.2 | 16.8 |
| 6 | 4.4 | 6.0 | 3.9 | 2.9 | 7.2 |
| 7 or more | 1.6 | 2.7 | 0.9 | 1.1 | 2.9 |
| *Respondent's children under 18:* | | | | | |
| None | 26.4 | 17.1 | 24.0 | 33.1 | 20.1 |
| 1 | 24.9 | 24.3 | 23.6 | 27.5 | 21.4 |
| 2 | 29.0 | 31.8 | 32.1 | 26.5 | 29.1 |
| 3 | 13.9 | 17.7 | 15.0 | 9.8 | 19.5 |
| 4 | 4.0 | 6.0 | 3.9 | 2.3 | 6.7 |
| 5 or more | 1.7 | 3.0 | 1.5 | 0.8 | 3.2 |

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B12--Income of single-family housing borrowers by region**

| Item | All | Northeast | Midwest | South | West |
|---|---|---|---|---|---|
| | | | Percent | | |
| *Sources of household income:* | | | | | |
| Wage/salary | 87.7 | 89.2 | 90.6 | 83.6 | 92.0 |
| Business | 4.6 | 4.2 | 6.0 | 3.1 | 6.2 |
| Retirement | 13.0 | 7.2 | 11.4 | 15.5 | 12.6 |
| Interest/dividends | 13.2 | 23.7 | 14.5 | 9.2 | 14.4 |
| Aid to families with dependent children | 3.9 | 5.1 | 4.0 | 2.4 | 6.2 |
| Supplemental security income | 9.0 | 9.0 | 7.7 | 10.6 | 7.4 |
| Public assistance | 2.0 | 1.2 | 1.7 | 1.8 | 3.4 |
| Alimony | 22.7 | 30.3 | 30.3 | 19.3 | 17.0 |
| Workers' compensation | 1.6 | 2.4 | 1.6 | 1.5 | 1.3 |
| Veterans' benefits | 1.6 | 2.1 | 1.1 | 1.4 | 2.4 |
| Unemployment benefits | 8.7 | 9.3 | 7.8 | 5.5 | 16.0 |
| Disability income | 4.0 | 5.1 | 3.1 | 4.6 | 3.4 |
| Survivors' benefits | 1.4 | 1.2 | 1.3 | 1.5 | 1.3 |
| Other | 1.7 | 1.5 | 1.9 | 1.0 | 2.9 |
| *1997 income vs. 1996:* | | | | | |
| Higher | 47.1 | 44.5 | 54.2 | 44.2 | 45.9 |
| Lower | 14.3 | 14.7 | 12.4 | 15.5 | 13.8 |
| About the same | 38.7 | 40.8 | 33.5 | 40.3 | 40.4 |
| *Expected 1998 income vs. 1997:* | | | | | |
| Higher | 41.3 | 44.0 | 45.8 | 40.4 | 36.2 |
| Lower | 14.7 | 13.2 | 15.2 | 13.2 | 18.1 |
| About the same | 44.0 | 42.8 | 39.0 | 46.4 | 45.7 |
| *Food stamps?* | | | | | |
| Yes | 18.2 | 14.9 | 14.9 | 20.2 | 20.5 |
| No | 81.8 | 85.1 | 85.1 | 79.8 | 79.5 |

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B13--Characteristics of single-family housing borrower's current home by region**

| Item | All | Northeast | Midwest | South | West |
|---|---|---|---|---|---|
| | | | Percent | | |
| *Home purchased new?* | | | | | |
| Yes | 42.5 | 27.3 | 28.1 | 52.4 | 47.1 |
| No | 57.5 | 72.7 | 71.9 | 47.7 | 52.9 |
| *Current home type:* | | | | | |
| Manufactured or mobile home | 6.9 | 6.9 | 7.4 | 6.4 | 7.5 |
| Conventional detached home | 90.6 | 86.4 | 91.4 | 91.7 | 89.3 |
| Townhouse | 2.2 | 6.0 | 1.2 | 1.4 | 2.9 |
| Apartment | 0.2 | 0.0 | 0.0 | 0.4 | 0.2 |
| Other | 0.2 | 0.6 | 0.0 | 0.2 | 0.2 |
| *Number of bedrooms:* | | | | | |
| One or two | 10.8 | 12.0 | 12.7 | 9.6 | 10.5 |
| Three | 78.7 | 76.6 | 76.2 | 83.6 | 72.5 |
| Four or more | 10.5 | 11.4 | 11.1 | 6.8 | 16.9 |
| *Number of full bathrooms:* | | | | | |
| Zero or one | 71.9 | 88.3 | 77.4 | 70.2 | 60.1 |
| Two | 27.8 | 11.7 | 22.0 | 29.4 | 39.8 |
| Three | 0.4 | 0.0 | 0.7 | 0.5 | 0.2 |
| *Number of half bathrooms:* | | | | | |
| Zero | 70.3 | 73.9 | 71.2 | 66.0 | 76.5 |
| One | 29.0 | 25.8 | 27.9 | 33.1 | 23.4 |
| Two | 0.7 | 0.3 | 0.9 | 0.9 | 0.2 |
| *Major heating fuel:* | | | | | |
| Electricity | 48.5 | 15.3 | 25.4 | 72.0 | 44.2 |
| Gas - utility | 33.7 | 26.1 | 57.6 | 18.8 | 40.5 |
| Gas - lp/propane | 7.2 | 8.1 | 11.8 | 5.1 | 5.7 |
| Fuel oil | 6.6 | 45.3 | 3.1 | 1.3 | 1.3 |
| Wood | 2.7 | 3.9 | 1.1 | 1.2 | 7.1 |
| Other | 1.3 | 1.2 | 1.1 | 1.5 | 1.3 |
| *Public transit available?* | | | | | |
| Yes | 27.5 | 33.1 | 23.4 | 23.0 | 38.7 |
| No | 72.5 | 66.9 | 76.6 | 77.0 | 61.3 |
| *When available, public transit meets household's needs?* | | | | | |
| Yes | 57.4 | 46.7 | 58.7 | 58.4 | 60.0 |
| No | 10.4 | 11.4 | 4.2 | 9.6 | 15.3 |
| Sometimes | 2.8 | 2.9 | 1.2 | 3.4 | 3.0 |
| Never use | 29.4 | 39.0 | 35.9 | 28.5 | 21.7 |
| *Auto, truck, other available?* | | | | | |
| Yes | 95.4 | 97.3 | 97.5 | 92.7 | 97.8 |
| No (includes don't need) | 4.6 | 2.7 | 2.5 | 7.0 | 2.2 |

Source: 1998 Survey of USDA's Single-Family Direct Loan Housing Program, ERS.

**Appendix table B14--Single-family housing borrower ratings of current home by region**

| Item | All | Northeast | Midwest | South | West |
|---|---|---|---|---|---|
| | | | Percent | | |
| *Home - exterior appearance:* | | | | | |
| Very good | 40.6 | 41.0 | 41.7 | 43.9 | 32.0 |
| Good | 40.1 | 36.1 | 40.5 | 38.8 | 44.3 |
| Average | 17.2 | 20.8 | 15.8 | 15.1 | 21.4 |
| Poor | 1.8 | 1.5 | 1.7 | 1.8 | 1.9 |
| Very poor | 0.4 | 0.6 | 0.3 | 0.4 | 0.3 |
| *Home - construction quality:* | | | | | |
| Very good | 27.3 | 28.6 | 30.1 | 28.9 | 20.0 |
| Good | 42.9 | 44.9 | 40.9 | 42.9 | 44.0 |
| Average | 24.2 | 21.7 | 24.3 | 22.3 | 29.3 |
| Poor | 4.6 | 3.9 | 3.8 | 4.8 | 5.4 |
| Very poor | 1.1 | 0.9 | 0.9 | 1.1 | 1.3 |
| *Home - size vs. needs:* | | | | | |
| Very good | 34.8 | 30.7 | 35.1 | 38.0 | 30.0 |
| Good | 42.1 | 41.3 | 43.4 | 41.2 | 42.8 |
| Average | 18.6 | 22.6 | 17.0 | 17.1 | 21.5 |
| Poor | 3.9 | 4.8 | 4.2 | 3.0 | 5.0 |
| Very poor | 0.6 | 0.6 | 0.3 | 0.8 | 0.8 |
| *Home - overall rating 1 to 10:* | | | | | |
| 10 | 39.0 | 34.2 | 34.8 | 45.3 | 33.3 |
| 9 | 15.5 | 18.6 | 15.4 | 14.6 | 15.7 |
| 8 | 25.9 | 25.5 | 27.7 | 24.5 | 27.0 |
| 7 | 11.5 | 13.5 | 12.3 | 9.2 | 14.2 |
| 6 | 3.3 | 4.2 | 4.0 | 1.8 | 5.0 |
| 5 | 3.4 | 2.1 | 4.0 | 3.4 | 3.2 |
| Less than 5 | 1.5 | 1.8 | 1.7 | 1.2 | 1.6 |

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B15--Single-family housing borrower ratings of current neighborhoods by region**

| Item | All | Northeast | Midwest | South | West |
|---|---|---|---|---|---|
| | | | Percent | | |
| *Neighborhood - schools:* | | | | | |
| Very good | 34.7 | 38.8 | 41.3 | 32.5 | 29.5 |
| Good | 39.8 | 34.1 | 37.7 | 41.3 | 42.4 |
| Average | 21.2 | 23.7 | 17.6 | 21.8 | 22.9 |
| Poor | 3.4 | 3.2 | 2.7 | 3.3 | 4.5 |
| Very poor | 0.8 | 0.3 | 0.6 | 1.2 | 0.7 |
| *Neighborhood - public services:* | | | | | |
| Very good | 25.4 | 28.1 | 29.3 | 23.0 | 24.3 |
| Good | 43.8 | 42.0 | 46.1 | 42.8 | 43.8 |
| Average | 23.4 | 22.4 | 19.9 | 25.2 | 24.2 |
| Poor | 5.9 | 6.0 | 4.3 | 6.9 | 5.6 |
| Very poor | 1.6 | 1.5 | 0.4 | 2.1 | 2.1 |
| *Neighborhood - convenience:* | | | | | |
| Very good | 26.1 | 30.8 | 30.1 | 24.7 | 22.0 |
| Good | 42.3 | 42.9 | 42.7 | 42.5 | 41.0 |
| Average | 22.6 | 21.8 | 19.7 | 23.2 | 25.2 |
| Poor | 7.6 | 3.9 | 6.4 | 7.8 | 10.5 |
| Very poor | 1.4 | 0.6 | 1.1 | 1.9 | 1.3 |
| *Neighborhood - safety/security:* | | | | | |
| Very good | 34.1 | 39.2 | 39.2 | 31.7 | 30.4 |
| Good | 46.5 | 45.5 | 46.2 | 46.3 | 47.6 |
| Average | 15.5 | 13.0 | 11.8 | 17.8 | 16.4 |
| Poor | 3.4 | 1.2 | 2.6 | 3.5 | 5.1 |
| Very poor | 0.6 | 1.2 | 0.1 | 0.7 | 0.5 |
| *Neighborhood - appearance:* | | | | | |
| Very good | 33.9 | 44.6 | 39.1 | 31.3 | 27.4 |
| Good | 46.9 | 40.1 | 45.3 | 48.5 | 49.1 |
| Average | 16.2 | 13.9 | 13.4 | 17.2 | 18.9 |
| Poor | 2.7 | 1.5 | 1.9 | 2.7 | 4.3 |
| Very poor | 0.3 | 0.0 | 0.3 | 0.3 | 0.3 |
| *Neighborhood - overall 1 to 10:* | | | | | |
| 10 | 32.1 | 28.2 | 29.3 | 35.3 | 30.8 |
| 9 | 17.1 | 18.0 | 20.3 | 15.4 | 16.5 |
| 8 | 25.9 | 28.8 | 25.9 | 25.8 | 24.7 |
| 7 | 12.3 | 11.1 | 13.8 | 11.2 | 13.3 |
| 6 | 4.1 | 4.2 | 3.8 | 3.6 | 5.4 |
| 5 | 5.5 | 6.6 | 5.2 | 6.0 | 4.0 |
| Less than 5 | 3.0 | 3.0 | 1.7 | 2.7 | 5.3 |
| *Neighborhood - current vs. previous:* | | | | | |
| Better | 60.8 | 57.4 | 63.4 | 59.7 | 62.0 |
| Worse | 6.2 | 4.2 | 4.6 | 5.7 | 10.4 |
| About the same | 28.7 | 29.9 | 28.4 | 30.1 | 25.6 |
| The same neighborhood | 4.2 | 8.5 | 3.6 | 4.5 | 2.1 |

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B16--Previous housing of single-family housing borrowers by region**

| Item | All | Northeast | Midwest | South | West |
|---|---|---|---|---|---|
| | | | Percent | | |
| *Previous home tenure:* | | | | | |
| Own | 12.1 | 8.7 | 13.7 | 13.9 | 8.2 |
| Rent | 77.1 | 83.2 | 79.5 | 70.6 | 84.5 |
| Other | 10.9 | 8.1 | 6.8 | 15.5 | 7.3 |
| *Ever owned a home?* | | | | | |
| Yes | 27.3 | 20.8 | 31.8 | 28.6 | 22.5 |
| No | 72.7 | 79.2 | 68.2 | 71.4 | 77.5 |
| *Previous home type:* | | | | | |
| Mobile home | 18.0 | 12.4 | 13.9 | 22.0 | 17.4 |
| Manufactured | 2.0 | 1.2 | 1.6 | 2.1 | 2.6 |
| Conventional detached | 41.2 | 35.2 | 45.2 | 42.0 | 37.8 |
| Townhouse | 11.3 | 17.0 | 13.0 | 8.2 | 12.6 |
| Apartment | 26.7 | 34.2 | 26.0 | 24.9 | 27.5 |
| Other | 0.8 | 0.0 | 0.3 | 0.8 | 2.1 |
| *Current vs. previous home - quality:* | | | | | |
| Better | 89.6 | 88.2 | 90.7 | 88.6 | 91.3 |
| Worse | 2.2 | 3.0 | 2.8 | 1.6 | 2.3 |
| About the same | 8.2 | 8.7 | 6.5 | 9.8 | 6.5 |
| *Current vs. previous home - cost:* | | | | | |
| Higher | 48.2 | 50.8 | 50.7 | 48.2 | 43.9 |
| Lower | 27.2 | 27.7 | 26.2 | 26.6 | 29.2 |
| About the same | 24.6 | 21.5 | 23.1 | 25.2 | 26.8 |
| *Current vs. previous home - income:* | | | | | |
| Higher | 39.4 | 41.3 | 45.2 | 38.3 | 33.5 |
| Lower | 17.2 | 18.1 | 14.6 | 18.7 | 16.8 |
| About the same | 43.4 | 40.7 | 40.1 | 43.0 | 49.7 |
| *Prior government rental assistance:* | | | | | |
| Yes | 24.9 | 22.1 | 29.6 | 23.3 | 24.4 |
| No | 75.1 | 77.9 | 70.4 | 76.7 | 75.6 |
| *If received rental assistance was it from Rural Development? (n=587)* | | | | | |
| Yes | 25.2 | 11.9 | 19.4 | 28.6 | 33.1 |
| No | 74.8 | 88.1 | 80.6 | 71.4 | 66.9 |

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B17--Single-family housing borrower dealings with Rural Development by region**

| Item | All | Northeast | Midwest | South | West |
|---|---|---|---|---|---|
| | | | Percent | | |
| *How learned about Rural Development?* | | | | | |
| Lender | 2.1 | 1.2 | 2.8 | 1.5 | 2.9 |
| Friend/neighbor/relative | 68.3 | 67.2 | 63.5 | 69.5 | 72.0 |
| RD office | 4.2 | 3.3 | 2.7 | 5.3 | 4.3 |
| Builder/developer/ realtor | 16.0 | 16.6 | 21.4 | 14.8 | 11.7 |
| Extention agent | 1.0 | 0.3 | 0.8 | 0.9 | 1.6 |
| Everybody knows | 3.4 | 4.5 | 3.2 | 3.8 | 1.9 |
| Other | 1.5 | 2.4 | 1.5 | 1.1 | 2.1 |
| Newspaper (volunteered response) | 3.6 | 4.5 | 4.0 | 3.1 | 3.4 |
| *Process of buying home?* | | | | | |
| Very good | 31.1 | 27.4 | 31.5 | 30.8 | 33.5 |
| Good | 37.4 | 32.8 | 37.0 | 39.6 | 35.6 |
| Average | 20.6 | 24.1 | 20.2 | 20.3 | 19.9 |
| Poor | 7.7 | 12.3 | 7.7 | 6.9 | 7.0 |
| Very poor | 3.2 | 3.3 | 3.8 | 2.4 | 4.0 |
| *Current dealings with Rural Development:* | | | | | |
| Very good | 34.1 | 32.2 | 35.7 | 36.0 | 29.0 |
| Good | 37.8 | 32.8 | 36.7 | 38.1 | 41.3 |
| Average | 17.1 | 19.9 | 17.3 | 15.4 | 18.8 |
| Poor | 7.0 | 9.8 | 5.8 | 7.4 | 5.8 |
| Very poor | 4.0 | 5.2 | 4.5 | 3.1 | 5.0 |
| *Likely wait to buy a comparable home without this program:* | | | | | |
| Less than 1 year | 3.4 | 2.3 | 2.2 | 4.8 | 2.7 |
| 1 to 2 years | 6.2 | 6.8 | 5.8 | 6.7 | 5.3 |
| More than 2 years | 46.7 | 49.2 | 47.2 | 45.7 | 46.9 |
| Never could have bought | 43.7 | 41.7 | 44.9 | 42.8 | 45.1 |
| *Recommend Rural Development to others?* | | | | | |
| Yes | 96.5 | 96.4 | 95.8 | 97.0 | 96.1 |
| No | 3.5 | 3.6 | 4.2 | 3.0 | 3.9 |
| *Target Populations:* | | | | | |
| Owner 62 or older | 6.7 | 0.9 | 5.5 | 9.3 | 5.4 |
| Single parent | 34.0 | 34.2 | 36.1 | 36.2 | 26.7 |
| Disabled household member | 15.0 | 14.5 | 13.7 | 17.3 | 11.9 |
| White - nonhispanic | 71.2 | 88.8 | 92.2 | 61.9 | 56.5 |
| Black - nonhispanic | 12.7 | 4.2 | 1.8 | 26.8 | 0.8 |
| Hispanic | 12.0 | 2.4 | 2.8 | 7.8 | 37.1 |

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B18--Characteristics of single-family housing units by region**

| Item | All | Northeast | Midwest | South | West |
|---|---|---|---|---|---|
| | | | Cumulative percents | | |
| House price: | | | | | |
| Less than $40,000 | 8.3 | 5.0 | 10.1 | 11.1 | 2.3 |
| $40,000 to $49,999 | 12.7 | 5.9 | 9.5 | 21.4 | 2.1 |
| $50,000 to $59,999 | 19.1 | 9.6 | 15.6 | 27.9 | 10.3 |
| $60,000 to $69,999 | 20.1 | 14.6 | 22.4 | 21.4 | 17.7 |
| $70,000 to $79,999 | 16.6 | 15.8 | 23.6 | 10.4 | 21.1 |
| $80,000 to $89,999 | 12.1 | 24.9 | 12.2 | 4.8 | 20.5 |
| $90,000 to $99,999 | 5.7 | 14.3 | 4.8 | 1.3 | 11.1 |
| $100,000 or more | 5.4 | 9.9 | 1.8 | 1.7 | 14.9 |
| Expected sale price: | | | | | |
| Less than $40,000 | 5.4 | 2.1 | 6.3 | 7.5 | 1.9 |
| $40,000 to $49,999 | 8.1 | 4.2 | 6.7 | 13.3 | 1.3 |
| $50,000 to $59,999 | 12.3 | 7.7 | 8.9 | 19.6 | 4.0 |
| $60,000 to $69,999 | 18.0 | 12.0 | 15.6 | 24.7 | 10.6 |
| $70,000 to $79,999 | 17.8 | 12.3 | 22.8 | 15.7 | 19.1 |
| $80,000 to $89,999 | 15.8 | 20.7 | 17.9 | 10.9 | 20.9 |
| $90,000 to $99,999 | 9.6 | 20.7 | 11.2 | 3.7 | 13.1 |
| $100,000 or more | 13.0 | 20.3 | 10.6 | 4.6 | 29.1 |
| Housing costs: | | | | | |
| Less than 15% of income | 10.7 | 6.3 | 13.0 | 12.1 | 7.5 |
| 15% to 19.9% | 21.5 | 21.3 | 23.4 | 22.2 | 18.2 |
| 20% to 24.9% | 28.3 | 25.4 | 30.1 | 27.9 | 28.5 |
| 25% to 29.9% | 19.8 | 25.0 | 19.5 | 17.6 | 21.4 |
| 30% to 34.9% | 9.0 | 11.9 | 6.8 | 8.5 | 11.2 |
| 35% or more | 10.7 | 10.1 | 7.2 | 11.7 | 13.2 |
| Year house built: | | | | | |
| Before 1940 | 3.7 | 13.2 | 7.8 | 0.0 | 1.8 |
| 1940 to 1959 | 5.5 | 9.6 | 10.5 | 2.1 | 4.0 |
| 1960 to 1979 | 18.9 | 24.4 | 25.6 | 13.9 | 18.6 |
| 1980 to 1989 | 14.5 | 12.9 | 11.7 | 16.0 | 15.5 |
| 1990 to 1994 | 10.3 | 9.0 | 8.9 | 11.1 | 11.4 |
| 1995 to 1998 | 47.1 | 30.9 | 35.5 | 56.9 | 48.7 |
| Expected equity: | | | | | |
| Less than $2,000 | 4.8 | 9.8 | 4.9 | 3.9 | 3.6 |
| $2,000 to $3,999 | 13.0 | 13.8 | 14.4 | 13.5 | 9.8 |
| $4,000 to $5,999 | 14.4 | 14.3 | 15.2 | 15.8 | 10.8 |
| $6,000 to $7,999 | 9.7 | 11.0 | 8.6 | 10.7 | 8.9 |
| $8,000 to $9,999 | 8.7 | 7.4 | 8.5 | 9.9 | 7.2 |
| $10,000 or more | 49.4 | 43.7 | 48.4 | 46.2 | 59.7 |

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

**Appendix table B19--Single-family housing median characteristics by region**

| Item | All | Northeast | Midwest | South | West |
|---|---|---|---|---|---|
| | | | Number | | |
| Borrower households | 3,027 | 333 | 747 | 1,321 | 626 |
| | | | Medians | | |
| Year house built | 1992 | 1980 | 1980 | 1995 | 1994 |
| House purchase price | $64,900 | $79,850 | $66,400 | $55,000 | $78,000 |
| Expected sales price | $72,000 | $85,000 | $74,000 | $61,000 | $85,000 |
| Gross income | $19,884 | $22,000 | $22,000 | $17,002 | $20,000 |
| Housing costs* | 0.229 | 0.242 | 0.223 | 0.224 | 0.24 |

*Housing costs is the ratio of PITI (the sum of mortgage payments for principal and interest, and property taxes an property insurance on the home) to gross unadjusted income.

Note: Because of missing data, the actual number of households each median value is based on may be somewhat smaller than the total number of borrower households in the target group.

Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.