

‘It’s like we don’t exist’: California’s invisible rural housing crisis

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The town of Winters lies 30 miles from California’s capital of Sacramento and half that far from three other cities with a combined population of almost a quarter-million people. Despite its proximity to urban areas, Winters, with 7,300 residents, qualifies as a rural area under federal guidelines, and like small towns across the state and country, it faces an acute shortage of affordable housing.

The municipality has designated 235 housing units for low-income residents. Six apartment complexes account for that total, including Winters Senior Apartments, where Kathleen Griffin moved in three years ago.

The two-story, 38-unit building, tucked into a leafy neighborhood a few blocks from the city’s tidy downtown, provides subsidized housing through the US Department of Agriculture (USDA). The agency’s rural housing service supplies financial aid to low-income tenants that typically covers 70 percent of their rent.

For Ms. Griffin, who pays a third of the \$820 monthly rent on her one-bedroom apartment, the assistance enabled her to return to her hometown and look after her elderly mother, who lives nearby. Before the unit opened at the Winters complex, she had languished for months on the waiting list of another subsidized apartment building while she stayed with a relative.

“We feel a little forgotten here in rural America,” Griffin says. A retired mental health counselor, she copes with severe neck, back, and knee pain and survives on a monthly \$1,000 disability payment. “Without this building and without the rent help, I’m not sure how I’d get by.”

Housing advocates across the country share a similar concern, as the precarious state of low-income housing in rural areas threatens to deteriorate over the next decade – and from there descend into a full-blown crisis.

The USDA’s rental housing inventory comprises 416,000 subsidized units with an estimated 435,000 residents. Two reports this year found that, in the absence of more federal funding and better planning, the program will shed some 20,000 units by 2027. At that point, analysts predict, the loss rate will accelerate through 2050 as as many as another 380,000 units exit the program, gutting the overall supply by 90 percent or more.

“We want to sound the alarm,” says Lance George, director of research for the Housing Assistance Council, a nonprofit advocacy and policy group based in Washington, D.C., that conducted one of the studies. “In many small communities, these properties are the only kind of affordable housing. If they disappear, there are no other options.”

The separate reports from the council and the Government Accountability Office identify maturing mortgages and early repayment of loans on USDA properties as the primary causes of the program’s troubles. The agency’s housing stock has decreased by 29,000 low-income units in the past decade and has lacked funding to build new housing since 2011.

The projected drop-off in affordable housing would hit hardest in the Midwest and Southeast, where two-thirds of the agency's properties are located. At the same time, California could lose nearly 27,000 units, more than any other state.

The country's most populous state seldom receives mention in discussions of rural issues, and likewise, the plight of rural areas seldom receives mention in discussions of California's affordable housing shortage. Yet advocates warn of the fallout in Winters and other small towns statewide if the USDA program unravels.

"The impact will be gigantic," says Rob Wiener, executive director of the California Coalition for Rural Housing in Sacramento. "Without these properties, those residents will have nowhere to live."

'IT'S LIKE WE DON'T EXIST'

The problems plaguing the USDA's rural housing service trace to its origins in the early 1960s. Federal lawmakers directed the agency to create and expand low-income housing for the country's large rural population by extending 30- to 50-year loans to developers to build multifamily dwellings outside urban areas.

The program gained momentum in 1978 when the agency began offering rental assistance to tenants and limited their monthly payments to 30 percent of their adjusted income. The USDA picks up the difference, ensuring an equitable return to landlords on occupied units.

The subsidies spurred construction of low-income housing through the 1990s, and the USDA now manages properties in more than 85 percent of US counties. The units alleviate a profound need. The average income of tenants falls below \$14,000, and almost two-thirds are seniors, disabled, or both.

✓ But the demand for affordable housing contrasts with the thinning supply as property owners pay off their USDA loans. The agency ends rental assistance when property owners fulfill their loan obligations, and the loss of subsidies leads most of them to leave the program and raise rents, an increase that can force out residents on fixed incomes.

"Homelessness in rural areas isn't usually as visible as it is in cities," Mr. Wiener says. "What's already happening is more people are couch surfing with neighbors or relatives or living in cars or RVs as more of the affordable housing is going away."

Some 3 million renter households in California – more than half the statewide total – meet the federal standard of "rent-burdened," spending at least a third of their income on housing. The figure includes 550,000 low-income seniors, and those living in rural areas could be imperiled by the USDA's shrinking housing inventory.

"They are the most vulnerable," says Gideon Anders, a senior staff attorney with the National Housing Law Project in San Francisco. "People who are 70 or 80 years old and subsisting on Social Security can't afford the market-rate rent in the community."

Rents in the state's less populated areas have climbed in recent years as more residents seek to escape the high cost of urban living. The migration of people into towns once considered remote has enticed landlords to hike rents and, in turn, pushed low-income residents closer to the margins.

Gloria Rhodes struggled to find a new home in Winters two years ago after the owner of the guest cottage that she rented for \$700 a month died. Unable to afford a market-rate apartment in town – monthly rent on a one-bedroom unit averages \$1,000 – she placed her name on the waiting lists of Winters Senior Apartments and two other low-income housing complexes.

In the meantime, Ms. Rhodes, a retired customer service supervisor for a phone company, had to move 30 miles away to the city of Fairfield, where she lived in a cramped apartment in a run-down neighborhood. When a one-bedroom unit finally opened last spring at Winters Senior Apartments, she recalls, “It felt like I was going to heaven.”

“People talk all the time about the housing crisis in California,” she says, sitting in her wheelchair in her apartment, the walls decorated with framed photos of her children and grandchildren. “But when was the last time you heard about what’s happening in rural areas? And especially what’s happening with seniors in places like Winters? It’s like we don’t exist.”

LIVING WITH DIGNITY

The USDA mortgage on the Winters complex will mature in 2045. The distant date holds little relevance for Rhodes and other older tenants. But the prospect of the property one day losing its rental assistance worries Kate Laddish, 48, who was diagnosed with a complex array of muscle, organ, and neurological disorders that qualify her for disability payments and low-income housing.

Ms. Laddish has lived here since 2006, and while distinguished by age from most of her neighbors, she shares their gratitude for the stability the housing provides. “When you’re elderly or disabled, you’re already coping with uncertainty, so knowing you have a home, a safety net – it’s invaluable,” she says.

Laddish’s condition derailed her career as a college professor and cost her the market-rate apartment where she lived. The rent subsidy enables her to remain close to her doctors and support network, and her experience informs her alarm over the failure of federal officials to address the bleak future of the USDA housing program.

“Services for seniors and people with disabilities don’t get a lot of attention in Washington,” she says. “Poor people can’t hire lobbyists.”

The growth of the country’s urban population over the past 20 years has siphoned off public and political attention from rural housing concerns. The ticking clock on the USDA’s housing loans has gone unheard by federal lawmakers and President Trump, whose inaction follows that of predecessors Barack Obama and George W. Bush.

The Housing Assistance Council’s report on the program outlines remedies to preserve the supply of properties. The group proposes that the agency offer various tax incentives to landlords to remain in the program and continue rental assistance for tenants after mortgages mature to reduce the odds that owners will convert properties to market-rate housing.

The changes would require congressional approval and additional funding. Bob Rapoza, executive secretary of the National Rural Housing Coalition in Washington, worries that ongoing “bipartisan neglect” could doom the program’s chances of survival. (USDA officials refused interview requests for this report.)

“There is a window of time for Congress to come up with ways to solve this problem. And it is solvable,” he says. “But Congress doesn’t usually deal with something until it has to.”

Another answer to the program’s woes involves transferring properties from private owners to nonprofits, which manage 18 percent of the USDA’s affordable housing units nationwide. In northern California, the Community Housing Improvement Program operates three low-income apartment complexes that the USDA subsidizes.

Kris Zappettini, the group’s interim president, explains that the transfers took an average of four years to complete, and she suggests that simplifying the process would draw more nonprofits into the program. “If it was easier,” she says, “everyone would be doing it.”

The declining supply of low-income housing units threatens to obscure a related challenge for the USDA. The agency reported in 2016 that the program needs \$5.6 billion over the next 20 years to maintain and upgrade its aging properties.

AWI Management Corporation, the owner of Winters Senior Apartments and dozens of other properties in California, Arizona, and Hawaii that are subsidized by the USDA, renovated the complex two years ago. The bright hallways and manicured grounds create a buffer between residents and their economic hardship, giving them a sense of independence.

“Apartments like this one allow people to live with dignity,” Laddish says. “They can live here and not feel like they’re being a burden on anyone. Everyone deserves that.”