

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.

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-

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

Geographic designation	Occupied housing units
	<i>Thousands</i>
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.

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.