

POLITICO

What is a rural community? The answer isn't always so simple.

April 2, 2019

By: Liz Crampton

In California's Tulare County, the adjacent towns of Cutler and Orosi have long benefited from USDA rural development programs that have helped provide access to water and sewer systems and housing for farm workers and low-income families.

But then came the 2010 U.S. census.

The results showed the population of the unincorporated area had grown to more than 10,000 people, eclipsing the threshold USDA uses to determine eligibility for some types of rural assistance. Cutler and Orosi are so small that they share municipal operations, such as a school district, but suddenly their continued participation in rural development programs was in jeopardy.

That experience underscores the complexity of defining what constitutes a rural community for the purposes of qualifying for rural-specific federal programs — a question that has plagued Congress, USDA officials and researchers for decades.

Communities looking to qualify for rural development programs must first prove that they meet the government's definition of "rural" before they can be considered for assistance. But there's no one-size-fits-all definition, and population thresholds vary from program to program.



Communities looking to qualify for rural development programs must first prove that they meet the government's definition of "rural" before they can be considered for assistance.

As larger socioeconomic forces have shaped demographic changes in rural communities and spurred population shifts, some experts and policymakers — Agriculture Secretary Sonny Perdue among them — have called for an updated calculation that takes more factors into account beyond population size.

"I would challenge anybody to take a drive through [Cutler and Orosi] and suggest it's anything but rural in nature, lacking in resources and in need of USDA-type assistance," said Tom Collishaw,

president and CEO of Self-Help Enterprises, a nonprofit that works on housing issues and operates in the San Joaquin Valley, where Cutler and Orosi are located.

Population size is the starting point for determining eligibility, and over time the threshold has increased for certain programs. Some initiatives — such as loans and grants for water and waste-disposal systems — only serve communities of fewer than 10,000 people. Many housing programs require a population of 20,000 or fewer, and the same is true of the Community Facilities program, which the Trump administration has relied on to facilitate construction of amenities like hospitals and fire stations in rural communities across the country.

But population size isn't the only determinant. Officials doling out federal resources also have the discretion to take other factors into account, such as determining if an area is "rural in character."

A community also can't qualify if it's part of a "Metropolitan Statistical Area," according to OMB. Metropolitan Statistical Areas are densely populated counties with an urban center of 50,000 people or more.

Perdue, testifying before the House Agriculture Committee in late February, said communities being phased out of rural development programs due to population growth is a "very serious issue." He encouraged members of the panel to come up with a "common definition of rural." It falls to Congress to set parameters for rural development programs, and USDA carries them out.

"We would love to have a comprehensive definition of rural," Perdue added. "We were hoping to get that in the farm bill, and that was not one of the things that we could agree upon."

While the 2018 farm bill didn't include Perdue's wish for a comprehensive definition, it did increase the population limit for eligibility for water, community facilities and broadband programs to 50,000 people. A USDA spokesperson said the department is working on implementing those provisions.

Even if communities exceed the size threshold, however, they can still get their eligibility for housing programs extended via "grandfather" provisions in appropriations bills. Lawmakers can take care of communities in their districts by getting them exempted from population eligibility limits, as was the case for Cutler and Orosi.

In that way, beneficiaries of USDA housing loans, which often have 30-year payback terms, are not deprived of financial support. At the same time, however, grandfather clauses and exemptions raise the issue of fairness: Other communities with populations that have surpassed eligibility thresholds by a small margin but are not able to get a lifeline through a friendly lawmaker find themselves cut off from needed programs.

"What it clearly suggests is that it's a political process," said Gideon Anders, senior staff attorney for the National Housing Law Project. "Obviously, every time you increase the population size, it puts more demand on the [rural development] programs. It puts demand on the agency staff and the agency's capacity to serve more areas."

Areas that have exceeded population thresholds are also protected if they were deemed eligible by 2010 census data. But the landscape of eligibility is poised to shift once again as the 2020 census shakes up which communities can legally be considered rural.

After the 2010 census, USDA state offices identified 933 communities that were no longer eligible for housing assistance, 224 that couldn't participate in community facilities programs, and 391 that didn't qualify for water and sewage programs, according to the nonprofit Housing Assistance

Council. It's unclear how many of those communities were later grandfathered in via appropriations measures.

Critics of the eligibility process argue the definitions are not an accurate method for distributing resources. They say the inequitable nature of the process has caused funds to be granted to locations that are more accurately described as suburban rather than rural.

For example, a 2016 GAO report found that from 2010-14, more than 70 percent of USDA loan guarantees went to either urban or suburban areas, as the GAO defined them. That translates to upward of 80,000 guarantees, depending on the year.

Over the years, many researchers and policy experts have pushed for determining what counts as rural by considering factors linked to population density, such as housing, rather than merely evaluating population size in a specific jurisdiction. Supporters of that approach believe it's a more nuanced indicator than simply tallying an area's total population.

Another approach calls for consideration of commuting time from a rural area into a core economic zone.

The Housing Assistance Council has devoted significant resources to studying housing density, rather than population size, as a metric for establishing a new definition. (The nonprofit supports USDA's current definition, however.)

Other researchers have suggested the definition should rest on county designations, because many rural areas are often identified in connection with their home county.

"In many rural areas, the county is often most identified with in terms of political, social, and economic contexts," the Housing Assistance Council explained in a report. "For example, many rural counties have only one high school and it often takes the name of the county, reinforcing residents' identification with the county."

But changing the definitions for particular programs would be a major disruption for nonprofits and organizations that help facilitate rural development programs and the people who rely on the benefits, said Collishaw, of the nonprofit Self-Help Enterprises. His organization invests in long-term housing projects backed by federal dollars in communities that count on continuing to remain eligible.

"We've built our business models around this, and our delivery systems around this and we've built economies of scale," he said. "We've figured out how to do this."

"I don't think there's a one-size-fits-all approach to rural development programs."