Geographic Equity Belongs in Federal Policymaking

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Introduction

From the nation's founding and westward expansion, through eras of urbanization and suburbanization, federal policy has incentivized people to move. It has pushed and pulled us around America with offers of land, education, wealth and comfort. Scholarship on community and economic development has shown this, with clear evidence linking specific policies to settlement patterns. Waves of migration have been explained as the intentional, and unintentional, consequences of public programs. Policymakers in pursuit of a more just, free and perfect union need to know if their decisions are driving prosperity in some regions while leaving others behind. Simply put, geographic equity belongs in federal policymaking.

Investing in Rural Prosperity is intended to shed light on forces that have shaped America's rural communities and to offer suggestions on how the most persistently poor rural areas can share in the nation's prosperity. Contributors argue that a healthy rural economy is vital to a healthy national economy. This chapter focuses on federal housing policy to illustrate how the intended and unintended impacts of federal programs have widened the inequities between regions of the U.S. and have led to a separate and unequal geography.

Before we dive into the discussion of federal housing policy, four points about rural America are worth raising. First, the focus here is on rural places of persistent poverty. Wealthy rural places also face challenges posed by federal policy but have other assets that amply compensate. Meanwhile, places of persistent poverty lack the political, social and financial capital to mitigate external influences. More than 80% of the nation's most persistently poor places are in rural America.

Second, poverty anywhere is tragic, but compared to those living in pockets of poverty within affluent regions, people living in rural regions of persistent poverty have the least access to health care, healthy and affordable food, safe and affordable housing, banking and financial services, broadband, adequate emergency and protective services, and public transportation systems, to name just a few. A set of challenges this wide helps explain how over 20% of the people in these places have had to endure life below the poverty line for more than 30 years.

Third, persistent rural poverty is inextricably linked to systemic racism, xenophobia, enslavement and subjugation. It is clearly represented in the rural Southeast, among the least upwardly mobile places in the developed world.[1] The systems of oppression and anti-immigrant policies impacting Hispanic people are at their most virulent in migrant labor and farmworker communities and along the Southern border in the unincorporated settlements known as *colonias*. And the displacement, exclusion and segregation of Native peoples on tribal lands have created an economic landscape bereft of financial services, quality housing and jobs. The effort to achieve geographic equity in federal policy is firmly rooted in the effort to right historic wrongs and drive a more equitable future for rural Blacks, Indigenous peoples and other people of color.

Fourth, this chapter should be read as a plea to all those with influence over federal programs to scrutinize their work for disparate and inequitable impacts across geography. Governing is an inexact science that requires us all to be intentional and aware that policy designed for one place or population will almost certainly impact others. If you are working to alleviate poverty or generate prosperity, map the location of program beneficiaries and layer it with a map of persistent poverty counties. If program benefits do not reach the poorest places, you may be inadvertently contributing to our inequitable system. The goal is not to change every federal program so that every American gets exactly the same benefits. Instead, the goal is to identify and mitigate unintended negative impacts on people living in persistently poor places.

Lessons Learned from America's Least Rural Places

Federal programs for community and economic development have rarely been designed with rural markets in mind. Federal programs designed to work perfectly in St. Francis, Arkansas, but require San Francisco, California, to bend over backward for a marginal benefit, for example, are few and far between. In part, this systemic bias is driven by persistent myths that poverty is centered in cities, and that major metropolitan areas do not receive their fair share of federal spending. Small towns are neither uniformly wealthy nor oversubsidized. As with many myths, there is ample evidence to the contrary. A meager 14% of persistent poverty counties are urban, while 86% are rural. And federal data[2] show spending on "community resources" was $593 (64%) more per person in urban places than in rural places.[3]

By many accounts, 1970s' New York City was fighting a wave of disorder and decline, with a fading value to the nation's economy and default on its debts looming. The city asked for a federal bailout, but President Gerald Ford promised to veto any such help. The front page of the Daily News famously read: "FORD TO CITY: DROP DEAD."

The nation's largest city was not alone. In the four decades following World War II, large cities across the country were nearing bankruptcy.[4] Scholars of the modern American landscape make a compelling case that urban poverty and wealthy suburbs were the direct result of federal policy. Researchers analyzing disparities in opportunity across geography often come back to the following to prove this point:

- The 1949 Housing Act established a sweeping policy of urban renewal to replace "slums" with modern housing that concentrated Black poverty and substituted social cohesion in neighborhoods with the "monotony, sterility, and vulgarity" of modernist urban structure.[5]
- The Federal-Aid Highway Act of 1956 refocused federal infrastructure spending on a new interstate highway system, with the promise of whisking families to greener fields, away from urban grime and gridlock.[6]
- The GI Bill and the Federal Housing Administration's 30-year mortgage helped a generation to own homes, with built-in preferences for newly built, single-family housing on the urban fringe.[7]

What gives me hope is that several generations of policymakers learned this lesson and responded with a full sweep of programs and policies to reverse the disparate impacts of federal policy on the urban poor and mitigate the economic and ecological damage of suburban sprawl.[8] A similar push can and must be made to address the plight of persistently poor rural places, reduce geographic inequality and pursue a more perfect union.

Housing Policy in Rural America

Rural America comprises approximately 20% of the U.S. population and covers more than 90% of the U.S. landmass. Defining *rural* is a never-ending quest. Most research and federal policies have been reduced to using *nonmetropolitan* as a proxy. It is the leftovers outside sprawling metropolitan areas. This is also made more complicated by the constant ebb and flow of the population over time. The federal Office of Management and Budget must change the areas labeled *urban* or *rural* following each decennial census. Most recently, the 2010 census was used to reclassify 113 of the fastest-growing rural counties as urban counties, as of Oct. 1, 2013, thus moving the identity of 4.8 million Americans overnight. Meanwhile, 36 shrinking metropolitan counties were declared rural.

The impact of reclassification on the definition of rural makes it important to maintain a focus on places of persistent poverty. Reclassification replaces areas experiencing growth with those that are declining. It locks "economic malaise and population decline"[9] into the definition of rural. Actual population loss was seen in the rural Midwest, central Appalachia, the South, and the Midwestern and Northeastern Rust Belt.[10] This is driven mainly by an out-migration of young adults. Immigrant in-migration has offset a portion of the loss, but not enough to sustain total population growth or overall economic viability.[11] Meanwhile, the places removed from the rural classification since the 1950 census have grown exponentially and are now home to more people than all other urban places combined.

Looking at housing conditions in rural places can provide a window into the overall rural condition and the disparate impact of federal policy on small towns. Rural communities are often plagued by an aging housing stock that is often unaffordable due to deeply depressed wages, a prevalence of substandard and overcrowded housing conditions, and a lack of access to mortgage capital. Forty percent of renters in places with populations under 10,000 pay more than 30% of their income for housing.[12] This chapter will consider three major components of federal housing policy: tax incentives, financial services and housing programs at the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture (USDA).

Federal Tax Code Incentives

Taxes influence behavior. Tax gasoline, and people drive fewer vehicle miles.[13] Give tax credits for earning income, and unemployed people join the work force.[14] It is a simple principle with profound power. In housing, the federal tax code impacts market conditions and individual outcomes as much as, if not more than, the system of federal affordable housing programs. Two of the most impactful market interventions in housing tax law are the mortgage interest deduction (MID) and the low-income housing tax credit (LIHTC).

The combined cost of federal housing programs at HUD and USDA hovers between $30 billion and $40 billion annually.[15] Meanwhile, the MID costs more than $60 billion annually, and it went as high as $98.7 billion in 2011.[16] Unfortunately for persistently poor rural counties, nearly all of this subsidy has gone to wealthy homeowners in high-cost suburban and urban areas. In nearly every rural persistent poverty county, and 45% of all rural counties, nine out of 10 homeowners do not bother to take the MID because it is worth less to them than the standard deduction.[17] The MID acts as a multibillion-dollar annual advantage for nonrural areas that has been accumulating since 1913. There may be no better example than the MID of a federal policy that leaves rural homeowners out of our systems for generating wealth and passing it to the next generation.

On the rental housing side, the LIHTC has been the most important resource for creating and maintaining affordable rental housing in the United States for more than 30 years. The program distributes tax credits to developers in exchange for building and renting apartments to lower-income families at prices the families can afford. The LIHTC has produced an extraordinary 3.2 million units since its inception in 1986. While the program has made unparalleled contributions to the supply of affordable housing, it has produced relatively few of those units in poor rural places. Of the roughly 2.5 million active LIHTC units, only 60,833 are in persistently poor rural counties. There are several elements designed into the LIHTC that prevent it from having a bigger impact in small towns and poor regions.

First, the LIHTC's complex and competitive application process is designed for sophisticated high-volume developers that can take advantage of economies of scale. Smaller applicants with fewer projects rarely have the expertise or risk capital to apply. This is particularly true for the LIHTC's more valuable 9% credit, which is generally reserved for new construction and intended to deliver up to a 70% subsidy. Rural applicants with smaller projects find it particularly difficult because they are less likely to have a bank or financial partner in their communities that has experience with the program and substantial capital to finance project costs not covered by the credit.

Second, the cost to win and manage an LIHTC award is generally fixed. A developer must earn enough in fees and rent to cover the costs of syndicating the credits, constructing the project and managing the property once built. Except labor, these expenses are roughly the same for projects regardless of location or size. Large projects in high-rent areas can generate adequate revenue to cover expenses. Small projects in lower-cost markets often cannot. There is simply not enough value in an LIHTC award to make many small rural projects financially feasible.

Third, the value of the LIHTC is ultimately determined by investors competing to buy the credit. The higher the price an investor pays, the more capital the project will have for construction. The competition is largely driven by the Community Reinvestment Act (CRA). Banks with CRA requirements account for about 85% of LIHTC equity investments. Because CRA assessment areas are almost exclusively suburban and urban, the appetite for rural projects is low among investors. This drives down the price investors are willing to pay for the tax credits, ultimately resulting in lower proceeds available for rural LIHTC development.[18] For example, in 2012 the median price paid per credit in the largest and most expensive metropolitan markets hovered around $1.00. Meanwhile, in smaller metropolitan areas, the median price was $0.68. In micropolitan and rural areas, the median price for credits was as low as $0.60, turning financially feasible projects into deals that simply did not "pencil out."[19]

After decades of devaluing small-town development, the LIHTC appears to be losing ground in rural markets. In 1987, more than 35% of LIHTC units were in rural areas. By 2015, rural areas were home to less than 19% of the low-income units developed using tax credit funding allocations.[20] Despite these limitations, the LIHTC has been an essential tool for preserving rental housing in rural persistent poverty counties. In 2020, 40% of rental housing units in these counties had an LIHTC owner, a rate that is more than three times greater than the national average.[21]

Federal Financial Services Regulation

Over the last several decades, deindustrialization, globalization and agglomeration economies have widened inequality between regions of the country.[22] Federal policy has played a critical role as well,[23] with financial services regulation and the home mortgage system generating trillions in wealth in some regions but not others.[24] The resulting geographic inequality has left broad swaths of the country impoverished and unable to access the capital needed to develop and maintain prosperous places.

Rural places in particular have been stripped of their economic engines, financial establishments and anchor institutions. For example, the banking industry has undergone considerable consolidation over the last several decades, with the number of small-town lenders insured by the Federal Deposit Insurance Corporation (FDIC) dropping from approximately 15,000 in 1990 to just over 5,000 in 2019. There are around 150 rural counties with one bank branch or none to serve their residents. Without access to financial services and capital, individuals cannot access safe credit and financial literacy resources, businesses cannot grow and serve the needs of their communities, and ultimately the communities' economies cannot thrive.

Federal financial services regulations have steered an extraordinary amount of capital for affordable housing development into underserved communities, though few in the housing industry are satisfied with the current regulatory regime. One of the most significant laws in this area is the aforementioned CRA. Adopted in 1977 to reverse the impacts of redlining,[25] the CRA requires federally insured depository institutions to help meet the credit needs of their entire communities, including low- and moderate-income neighborhoods.

The CRA has been at the center of efforts to create a more equitable economy. Evidence shows that the CRA has successfully improved access to capital in low-income areas.[26] It is less clear what the impact of that capital has been. The CRA requires three federal entities to periodically evaluate the lending, community development and financial services provided by a financial institution. While there is a broad array of methods used by these three regulators to evaluate financial institutions' activity, CRA exams generally result in a rating of Outstanding, Satisfactory, Needs to Improve and Substantial Noncompliance. The ratings are used to determine future oversight, corrective actions and allowable actions like opening new branches, merging with another bank or acquiring a bank.

It is possible to unequivocally support CRA and what it stands for, while also pointing out that it is designed to concentrate affordable lending and community investments far from persistently poor rural communities. It does so by limiting CRA-eligible lending and community development activity to the area surrounding a bank's physical location. This is referred to as the financial institution's assessment area.

Regardless where the bank is making loans or collecting deposits, it will meet its CRA requirements and earn a high rating only by serving its immediate assessment area. This is problematic for persistently poor rural communities because it is a disincentive to maintain branches or place ATMs in small towns and rural places. As banks consolidate their physical branches and move financial services online, their presence in rural places has decreased.[27] Thus, CRA responsibility to serve rural places has similarly diminished. Between 2000 and 2010, the number of depository institutions based in rural areas declined by 21%.[28] Most of the banks that remain in rural places fall under the small-bank CRA examination rules, which are less detailed and less demanding than the rules governing CRA examinations for larger banks.

Beyond CRA, several federal programs in the home mortgage industry contribute to a relative dearth of investable capital in rural markets.[29] Consumers are directly impacted by fewer banks and less capital for lending. The FDIC has found that one in four rural households has never accessed a mainstream credit program, and those that have borrowed pay an average of 14 basis points more than urban borrowers for their mortgages.[30]

While harder for the average consumer to see, geographic inequality is also driven by the practices of government-sponsored enterprises (GSEs) in the "secondary mortgage" segment of the financial services industry. This is where investors buy and sell mortgages and their servicing rights from banks, thus providing banks with cash to make more loans. The secondary mortgage market is dominated by two GSEs that have grown to be two of the nation's largest corporations: Fannie Mae and Freddie Mac.[31] Together the GSEs annually acquire or guarantee well over 100 million U.S. mortgages, earn more than $200 billion in revenue and hold over $5 trillion in assets.

The GSEs are instrumental in reducing the risk banks acquire when originating mortgages. They also help provide the public with secure, long-term loans at attractive rates. It is hard to imagine the 30-year mortgage and its role in generating immense wealth for homeowners without the liquidity Fannie Mae and Freddie Mac brought to the market. The GSEs are at their best in markets with high housing prices and a large volume of mortgages. They are able to keep the market moving and profitably package mortgage-backed securities for sale. While this works well for a handful of high-cost, sprawling metro areas, the business model begins to break down with the low volumes and smaller loans typical to rural regions, micropolitan areas and low-cost markets. The harder it is for the GSEs to meet their profit expectations, the less likely they are to meet their statutory duty to serve underserved markets.

For example, the average home price in a persistently poor town might be $70,000 or less. These "small dollar" mortgages are cost-prohibitive for lenders to originate and service. Fixed fees on these small-dollar mortgages make the loan appear "high cost" or predatory for the buyer.[32] Accurate appraisals might also be difficult to find when an area has not seen recent sales of similar units. This depresses appraisal values, making lending for new construction or home repair unworkable for even the most charitable of lenders. Together, these reasons keep rural mortgages out of the box that dictates which loans the GSEs purchase. Small and rural financial institutions are left holding mortgages on portfolio, thus limiting liquidity and the capital needed to continue serving their communities.

The bottom line for the nation's financial services industry is that capital and liquidity often flow to where wealth and capital already reside. In community reinvestment and the secondary mortgage market, that path leads away from rural America.

Affordable Housing Programs

The U.S. Department of Housing and Urban Development is the dominant source of federal funding for low- and moderate-income housing and community development, regardless of geography. Yet HUD's programs have evolved with the urban context in mind. Large cities and population areas receive direct, automatic funding through grant programs, such as the

HOME Investment Partnerships program and the Community Development Block Grant program, which support critical, affordable housing and community development investments. Conversely, rural places receive these funds episodically via state agencies, often by competing against other rural communities. The lack of consistent funding received year over year makes it nearly impossible to sustain local community development. Requiring places with the least capacity to compete for the least consistent aid seems incompatible with the concept of a block grant.

HUD's oldest and, until recently, largest affordable housing program is public housing. Launched in the 1930s as a jobs program and tool for clearing slums, the program expanded significantly after passage of the Housing Act of 1949. The program operates 1.1 million units through more than 3,000 local Public Housing Authorities (PHAs) in a heavily regulated and woefully underfunded environment. More than half of the units are managed by a handful of large urban PHAs. Rural Public Housing Authorities, with small portfolios and limited staff, often struggle under the burden of running HUD programs designed for large-scale developments. The answer to this issue under Republican and Democratic administrations has been to reduce regulatory burdens. While this may ease operations, deregulation can take you only so far when your job is to maintain below-market housing. It is a complex undertaking that requires a high-capacity local organization with access to adequate financial resources.

With geographic inequity built into the very structure of HUD programs, the programs of the USDA Rural Housing Service (RHS) are expected to pick up the challenge for small towns. RHS serves more than 5 million households, offering rental and homeownership opportunities for low-income rural Americans. For many rural families, the only home loans available are through the USDA's Section 502 program that both originates loans and guarantees private lending. The only affordable rental option in their communities may have been built using USDA support through the Section 515 public-private partnership program. Section 515 apartment buildings are owned and operated by private and nonprofit landlords, with below-market mortgages originated and held by RHS. In exchange, the owner provides 30 or more years of use as housing affordable to low- and very low-income renters. In terms of homeownership, when potential homebuyers in a rural place can show there is no "credit elsewhere" available from banks or commercial lenders to purchase modestly priced homes, they are eligible for the USDA's Section 502 mortgage programs. In 2020, the USDA originated around 6,194 direct loans and guaranteed another 99,322 loans.

Yet, the USDA's programs have never been funded or supported to meet their gap-filling potential. In the second half of the last century, half a million Section 515 properties were built. Since its peak in 1982, the Section 515 Rural Rental Housing Loans program has seen its funding cut by more than 97%.[33] The program has now dwindled to 380,000 units. No new multifamily construction has been supported through a direct USDA loan in a decade, and the existing portfolio has more than $14,000 per unit in needed repairs coming due. Efforts have shifted entirely to preserving the existing portfolio—a scarcity mentality, which does not invoke an inspiring vision for the future of rural rental opportunities.

Similarly, the support has all but dried up for the USDA's direct mortgage loans for low-income rural residents who would otherwise be unable to achieve homeownership. The programs operate at an incredibly low cost to the federal government and have helped 2.2 million homebuyers. Since its peak in 1976 at 133,000 homes, the program has shrunk to helping fewer than 6,500 homebuyers per year. As a whole, USDA Rural Development has a suite of solid, though woefully underfunded, housing programs to address rural challenges.

The Path Ahead: Transformative Policy for Rural Resiliency and Prosperity

Much work lies ahead for rural places and the advocates who bring their voices to a federal stage. We should acknowledge the impacts of history while also reframing the narrative away from tired tropes and us-vs.-them rhetoric. In doing this work, we need to highlight the connection between the future of rural America and the future of the United States as a whole. Rural America is full of opportunity and innovation, and is worthy of federal investment, not just pity and "aid." Together, the authors of this book, and the practitioners with whom we work across the country, know what it takes to generate vibrant, prosperous communities. We need to identify and amend federal policies to achieve that outcome for rural places too.[34] We need to bring awareness and balance to future decisions. We need to draw rural sectors together, while finding common ground with nonrural interests. We need to build and join coalitions able to root out inequity in all its forms.

The first order of business is to identify federal programs that contribute to geographic inequality. From there, our work is to reshape those programs, so they no longer create or exacerbate disparities across geography. For this work to be lasting, we need to build the connections within rural sectors and across to nonrural actors. The goal is to improve policymaking so that the default is to decisions that drive equity and opportunity for Americans regardless of the ZIP code, or region, in which they are born.

Identify

To identify the extent to which federal programs drive geographic inequality is, to say the least, a massive undertaking. It will require individuals dedicated to the task and a requirement embedded in the federal policymaking process that reviews policy and programmatic decisions through a geographic lens. It should be noted that this will require significant improvements in data quality.

A Task Force on the Geography of Federal Programs would center the work. The task force could be the principal forum for the federal government to end geographic inequity in community and economic development policy. Its leadership could include the secretaries of the Treasury, USDA, HUD and Commerce. It would coordinate closely with other agencies and other White House offices, such as the Domestic Policy Council and National Economic Council. The task force would need broad access to data collected or maintained by government agencies and a charge to examine the broader statutory and regulatory context for federal investments—including the geographic implications of transportation, telecommunications, international trade and antitrust policy—to help understand national and regional patterns of economic convergence and divergence, with attendant implications for geographic inequity. The work of the task force would conclude once a process is embedded across the federal policymaking process that prompts such analysis.

The permanent home for this work could be in the Office of Management and Budget's Office of Information and Regulatory Affairs (OIRA). This office deep in the administrative processes of the federal government has among its duties the extraordinary responsibility to review drafts of proposed and final regulations, coordinate retrospective reviews of existing regulations, and oversee the implementation of federal government-wide statistical policy. Where appropriate and permitted by law, OIRA could be directed to consider geographic equity and distributive effects, and potentially adopt a "rural impact analysis."

Many of the data sets on which policymakers rely fall short in representing rural realities. To ensure valid and reliable analysis, the task force, OIRA or any other office tasked with such analysis would need additional sources and increased sample sizes, including access to administrative record data.

Reshape

Housing policy was used to illustrate the impact federal policy can have on geographic equity, thus a few ideas for addressing the inequity with housing are included in this section on solutions. As discussed, federal housing policy is a collection of tax incentives, financial service regulations and specific programs.

The disparate impact of tax incentives across regions of the U.S. could be addressed with changes to the MID and the LIHTC. For example, changing the MID from a deduction to a credit for lower-income homeowners would immediately flip the bias from concentrating subsidy in the highest priced markets to a fairer distribution of the benefit. On the rental housing side, applying the Difficult to Develop designation to all rural markets based on the scarcity of capital and limited supply of goods and services would provide a basis boost for the value of the LIHTC. This would attract more private capital to underserved markets and increase the value of this subsidy to address disproportionately high transaction costs and scarcity of supplies and labor.

The scarcity of capital and financial services in rural markets could be addressed with changes to the CRA. For example, ending limited-scope reviews, expanding use of large-bank exams and providing credit to banks for community development activity outside of their assessment areas when they are in persistent poverty counties would help. This is especially important if that activity is done in partnership with minority depository institutions. Financial services for rural housing could also benefit from a permanent and more robust Duty to Serve (DTS) requirement in the secondary mortgage industry. Loan purchase goals could be more ambitious for Fannie Mae and Freddie Mac. In part, this could be accomplished with authority from the government-sponsored enterprises to provide equity to community financial development institutions active in DTS communities.

The role of housing programs in driving interregional equity could be addressed with a broader application of the 10-20-30 formula. This provision—which has been included in several anti-poverty bills and emergency stimulus funding in 2009 and 2020—requires at least 10% of a program's appropriated programmatic funds be invested in communities where 20% or more of the population has lived below the poverty line for 30 years or more. Rural rental housing could benefit from access to the Federal Financing Bank Risk-Sharing program (FFB Risk Share) for addressing the Section 515 program's $5.6 billion gap in repair and replacement funding.[35] This would require allowing a modest increase in funding per property to cover the debt service. Meanwhile, rural single-family housing could benefit from a return to previous production levels of the USDA's Section 502 Direct Loan program and HUD's Self-Help Homeownership Opportunity Program.

Collaborate

Within the community of rural policymakers, sector-specific solutions dominate. Rural health, rural water, rural housing, rural broadband and agriculture actively and independently pursue different agendas. It is rare to see the needs of rural communities considered in an integrated and holistic way. It is also rare to hear rural voices in the national discourse. To build and sustain a rural focus could take the form of a Cabinet-level department or independent federal agency focused squarely on rural development.

If the goal is to bring policy sectors together and bridge geographic divides to address persistent poverty, then President Lyndon Johnson's War on Poverty provides an example. In 1968, Johnson founded the Urban Institute to "help solve the problem that weighs heavily on the hearts and minds of all of us—the problem of the American city and its people." The federal government could make a similar investment in an institution for policy development and research that addresses the severe polarization of today, continues the work of dismantling racism and inequity, and gains an "understanding of whether new policies are working—or for whom."[36]

One thing that all these policy prescriptions will need to succeed is community-based organizations able to maintain the specialized skills and knowledge needed for successful development. Rural places have been starved of that capacity. The federal government could significantly increase funding for programs like the Rural Capacity Building program at HUD and the Rural Community Development Initiative at the USDA. It would also help to reestablish a national intermediary dedicated to rural capacity-building and technical assistance through the USDA and funded at a scale similar to HUD's Capacity Building for Affordable Housing and Community Development (Section 4) program.

Conclusion

The 1860s' Homestead Acts sent millions west to occupy and farm the land. In the decades around 1900, urbanization was fueled by federal investments in electric grids, transportation networks and communications infrastructure, combined with mass immigration. Post-World War II suburbanization relied on federal highways and subsidized mortgages. A common thread through these eras is the impact federal policies had on the distribution of people and wealth across America. If rural areas are to gain increased attention in public policy and popular discourse, then questions of geographic inequity need to be addressed in federal policy development.

The crisis facing persistently poor communities has been more than 100 years in the making. It will take us decades to undo. But it must be undone if we want to envision a better future for all corners of our country.

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Endnotes

1 See Chetty et al.

2 See U.S. Census Bureau's Consolidated Federal Funds Reports.

3 See Bishop. Note: Statistics were last compiled in 2010.

4 See Bradbury et al.

5 See Jacobs.

6 See Rusk, p. 91.

7 See Keightley.

[8] See Briggs.

[9] See Van Dam, and Johnson et al.

[10] Ibid.

[11] Ibid.

[12] See Housing Assistance Council, 2018.

[13] See FRED Economic Data.

[14] See Center on Budget and Policy Priorities.

[15] See McCarty, and Dolbeare.

[16] Despite 2017 tax reforms' cutting the cost of MID to roughly $40 billion, an increase in the standard deduction and other factors appear to have mitigated the geographic bias of the tax code's housing subsidy. See Gale.

[17] See Housing Assistance Council, 2017; and Cole et al.

[18] See Freddie Mac Multifamily.

[19] See CohnReznick.

[20] See Housing Assistance Council, 2021.

[21] See Freddie Mac Multifamily.

[22] See Glaeser and Gottlieb.

[23] See Sitaraman et al.

[24] See Davidson.

[25] Redlining was a practice that evolved after the Great Depression whereby the federal government drew red lines on maps to illustrate neighborhoods with lower incomes—generally based on racial makeup—indicating areas for high-risk mortgages.

[26] See Ludwig et al., and Getter.

[27] See Wiley.

[28] See Wiley et al.

[29] See Critchfield et al.

[30] See Burhouse et al.

[31] See Murphy et al.

[32] See McCargo et al.

[33] See Mickelson.

[34] See Pipa and Geismar.

[35] Just prior to the publication of this chapter, the White House published a Fact Sheet that pledged to relaunch the FFB Risk Share program. See The White House.

[36] See Urban Institute.