

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.

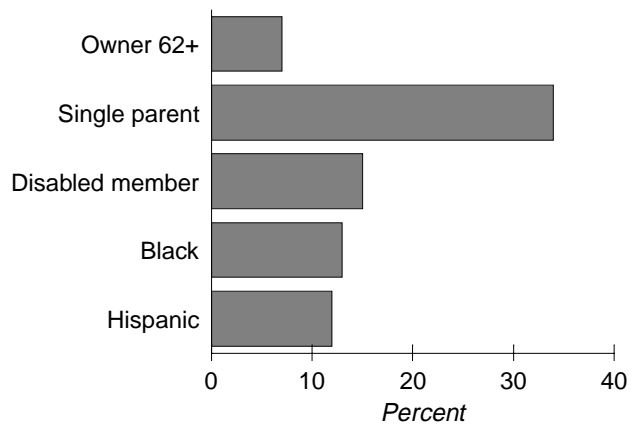
These target groups are not mutually exclusive and program participants may fall into more than one category (table 11). For example, 38 percent of elderly households have at least one disabled household

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
	<i>Number</i>						
Sample size	3,027	200	1,029	452	2,136	382	361
	<i>Column percent</i>						
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
<i>Percent receiving income from source</i>						
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

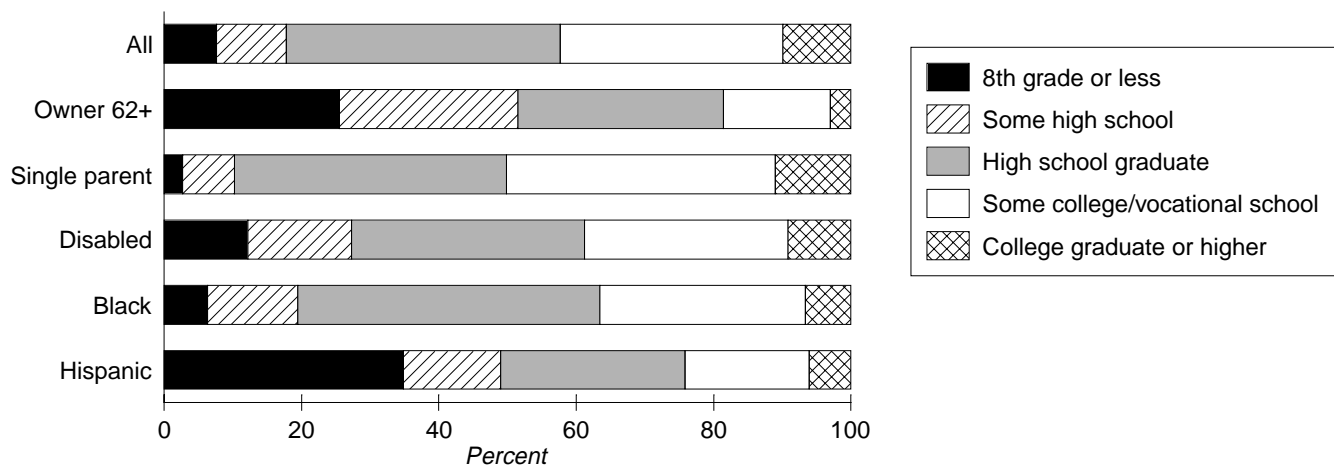
working or looking for work in the week prior to the survey.

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.

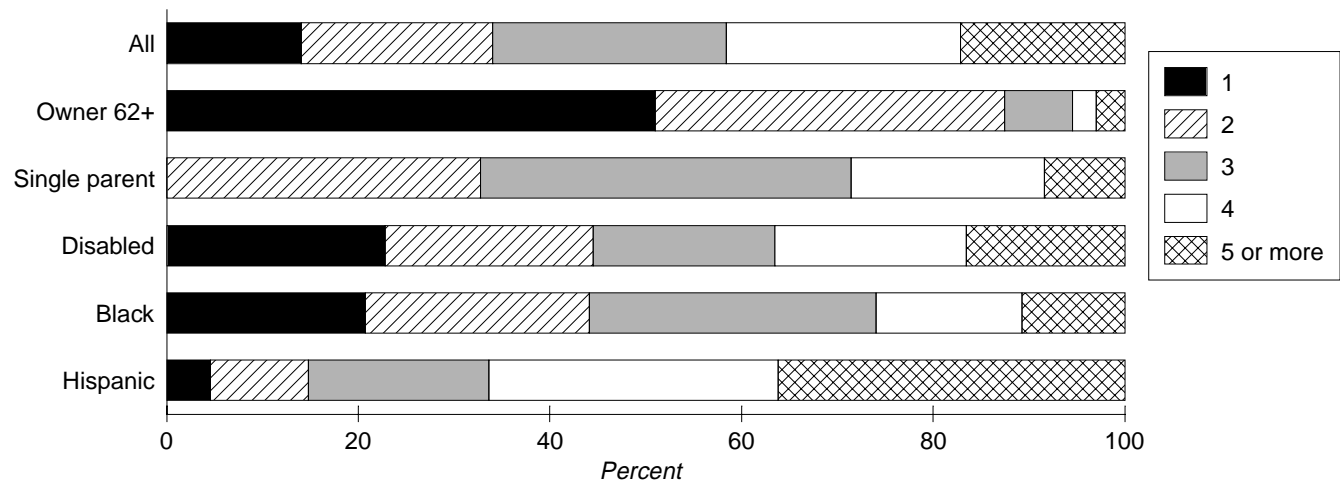
cent of Hispanic, 74 percent of white, and 64 percent of black households.

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
<i>Dollars</i>						
Average income	20,949	12,975	18,964	16,653	16,688	20,035
<i>Percent</i>						
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).

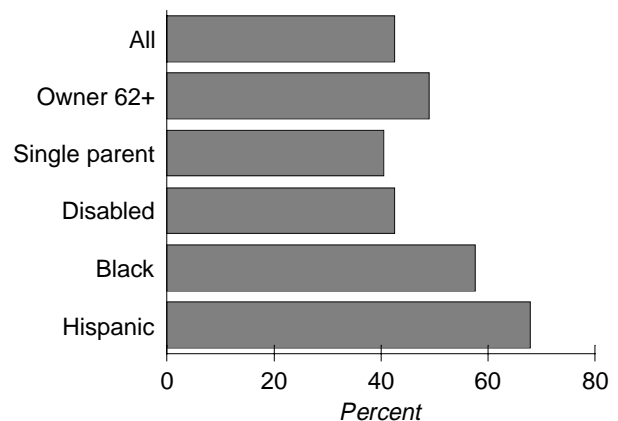
Current Housing Characteristics

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.

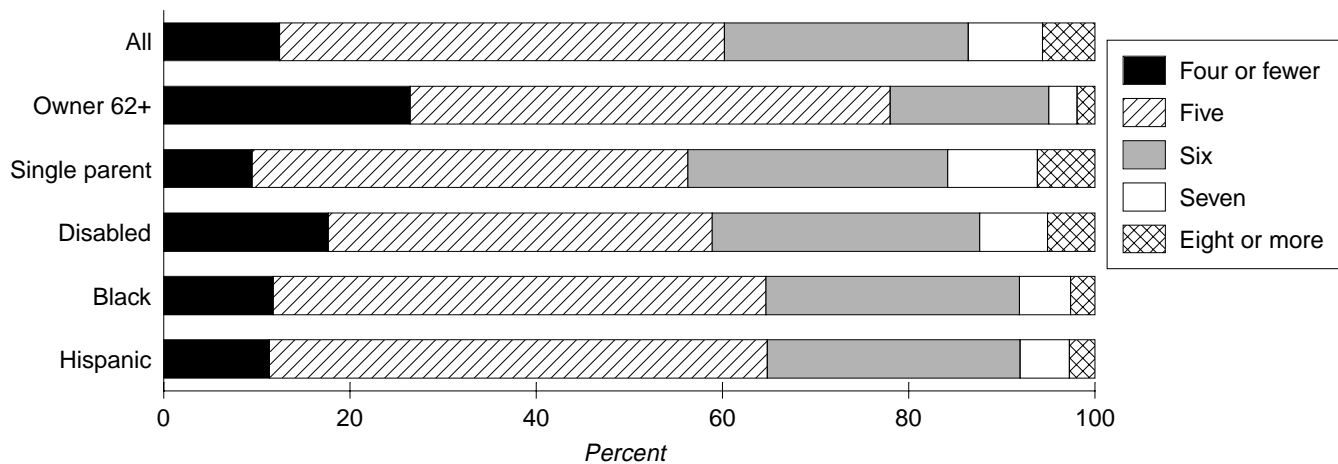
Dependence on utility gas ranged from 58 percent in the Midwest to 19 percent in the South.

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

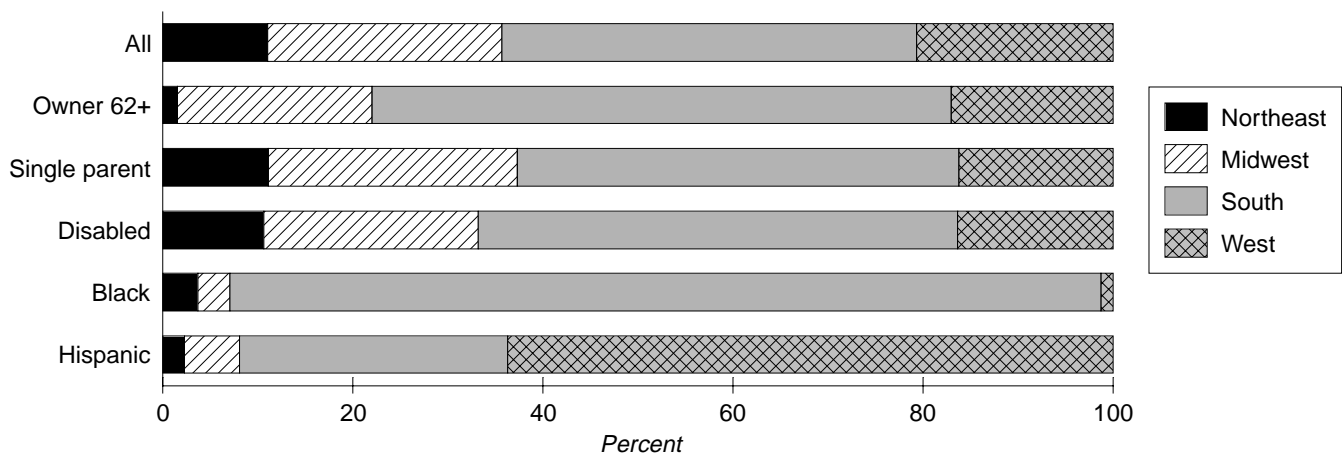
Borrowers were asked to evaluate specific features of their current home, including exterior appearance,

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.

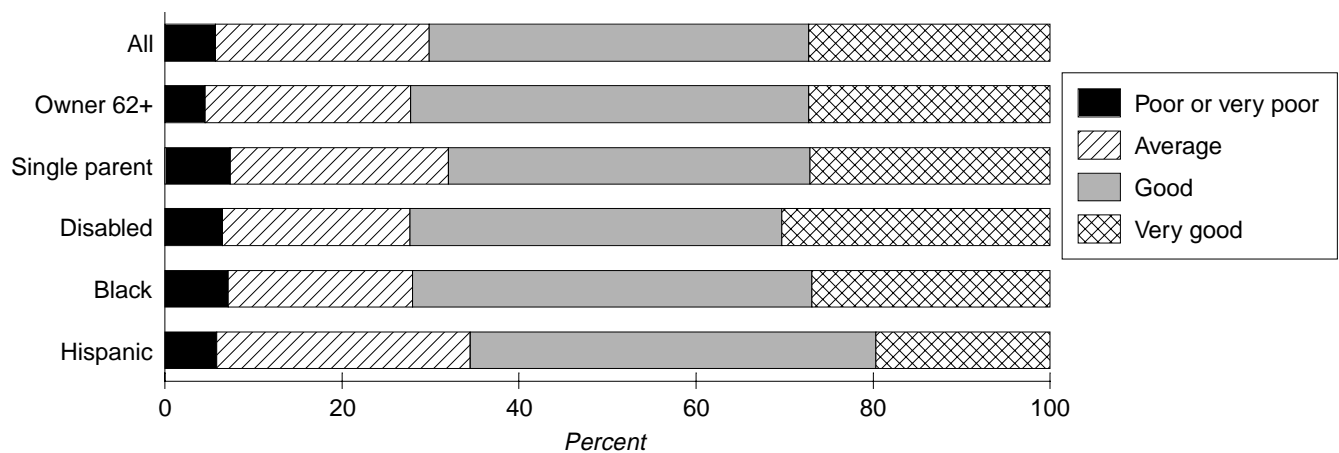
construction quality, and adequacy of size. Eighty percent of borrowers classed the exterior appearance and home size as good or very good, while 70 percent rated construction quality at this level. Almost 90 percent indicated their current home was better than their previous home. In general, these 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).

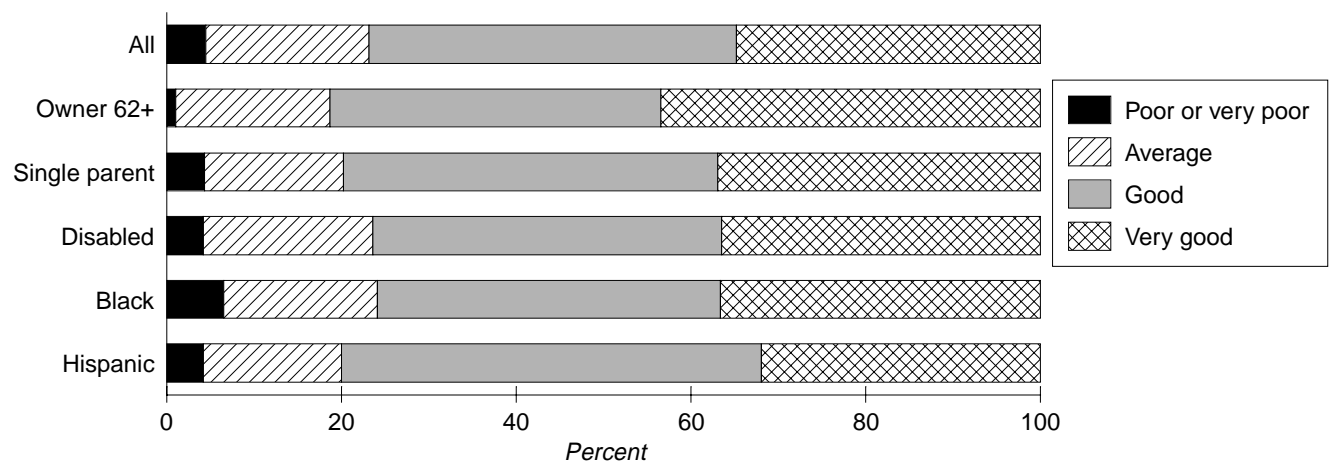
- Hispanic households as a group reported lower satisfaction with housing appearance and home construction than did black and white households, but were the most satisfied with the size of their home (fig. 12). The typical Hispanic household is larger than black and white households, so not surprisingly,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

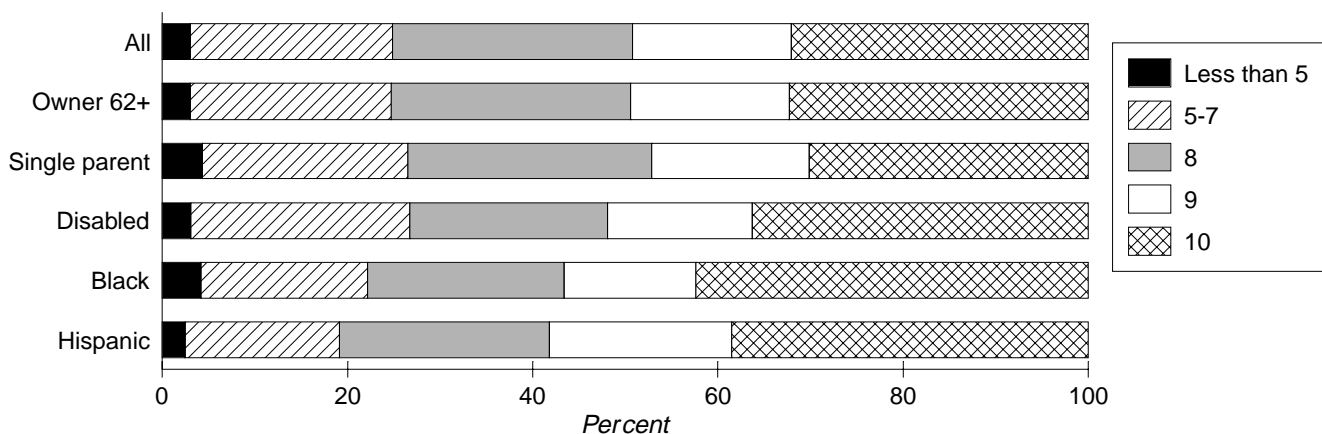
■ Despite an apparent high level of overall satisfaction with their neighborhood, black respondents were among the least likely to give high ratings for each of the five individual indicators of neighborhood quality. Convenience to services and quality of public services received their lowest ratings.

■ 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.

neighborhood 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.

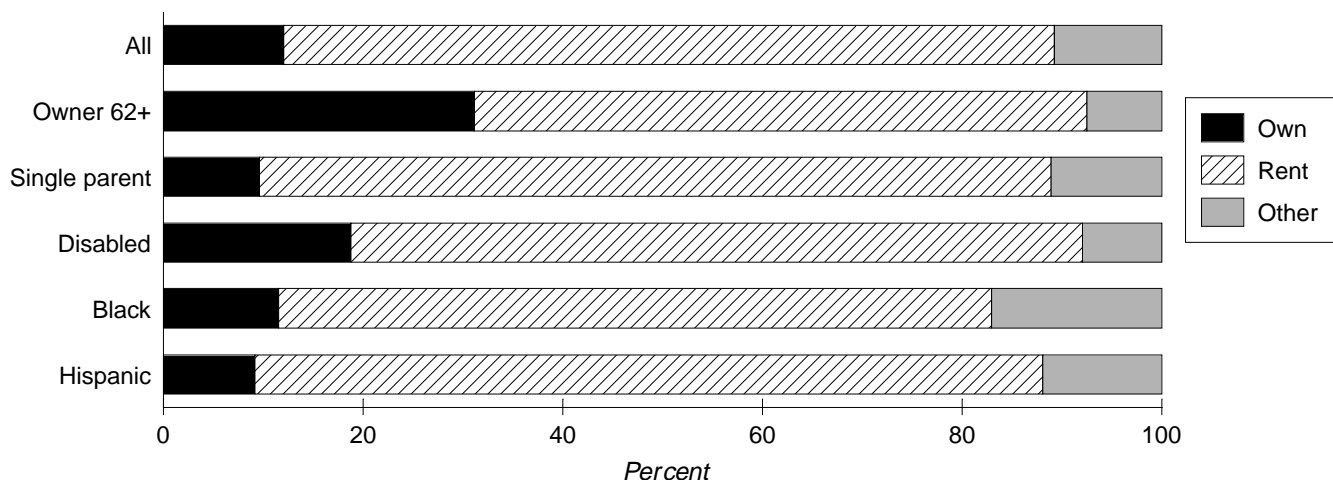
Borrowers were asked a series of questions about past and current housing to provide insights into program operation and housing benefits for program participants.

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

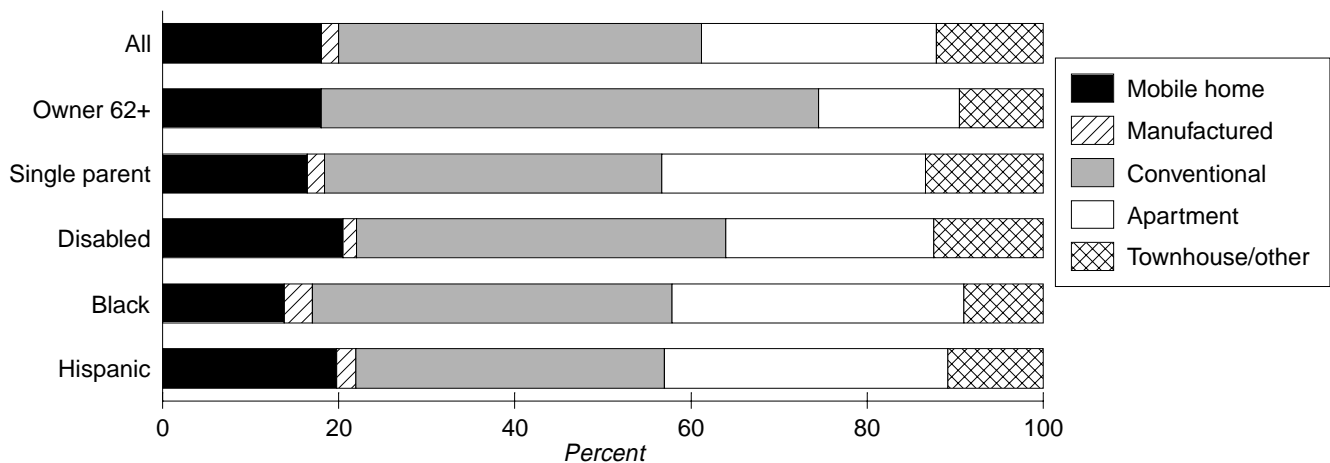
become a homeowner, move into a better neighborhood, and choose their new house.

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.

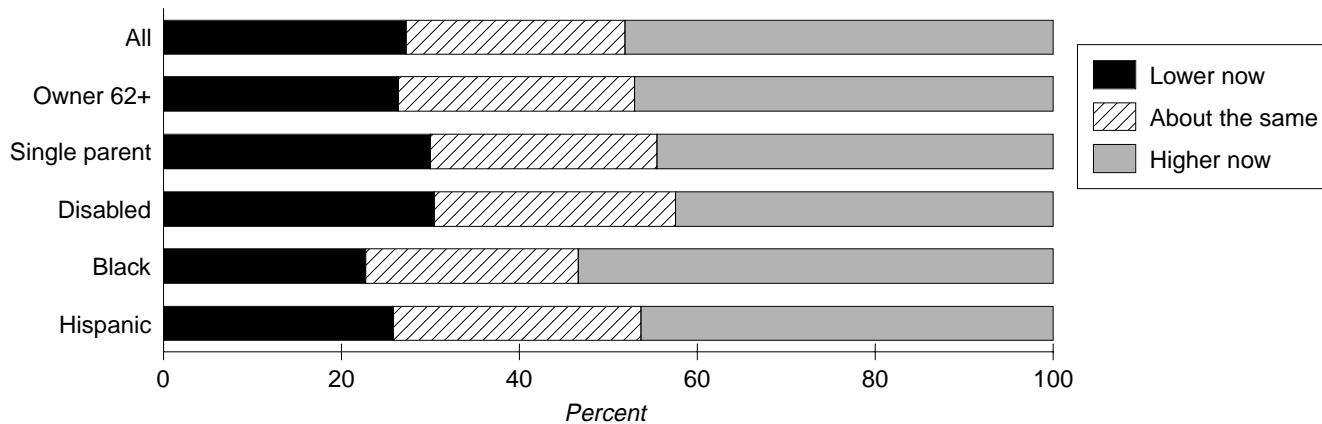
Borrower Satisfaction with the Program and with Rural Development

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.

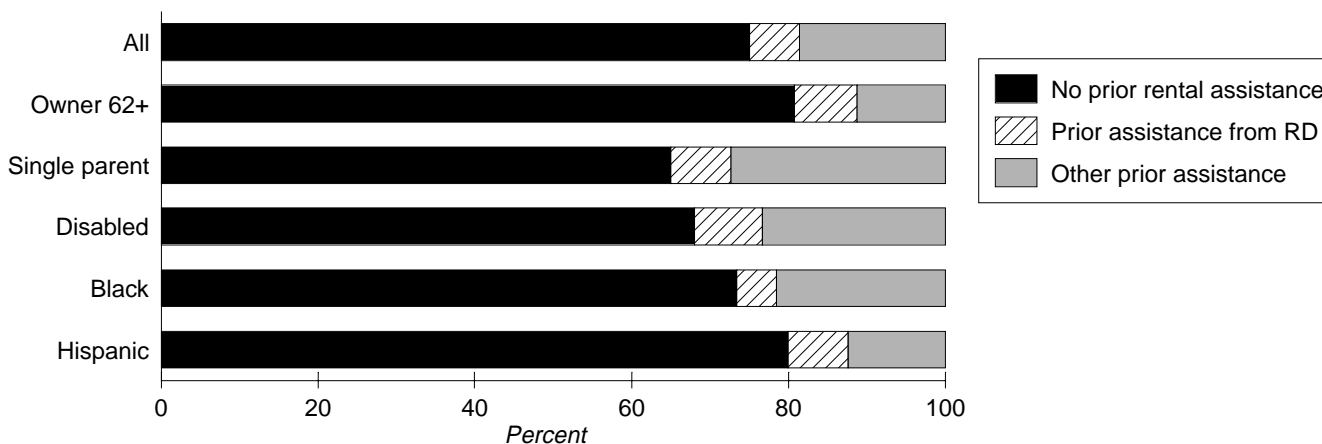
Knowledge about the Rural Development housing loan program: Most respondents learned about the Rural Development Single Family Direct Loan Housing Program through family, friends, and neigh-

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

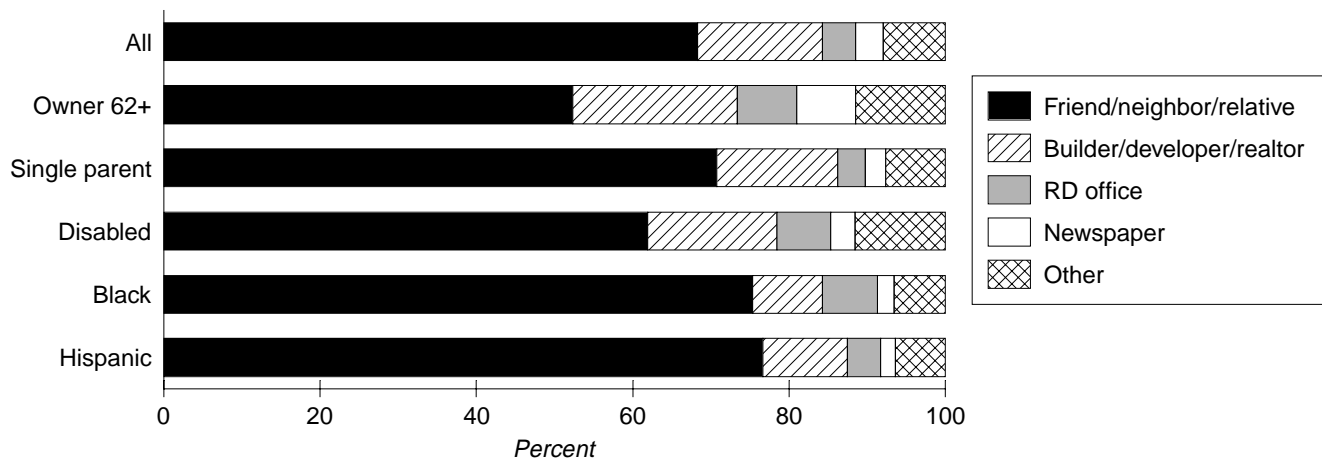


Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

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.

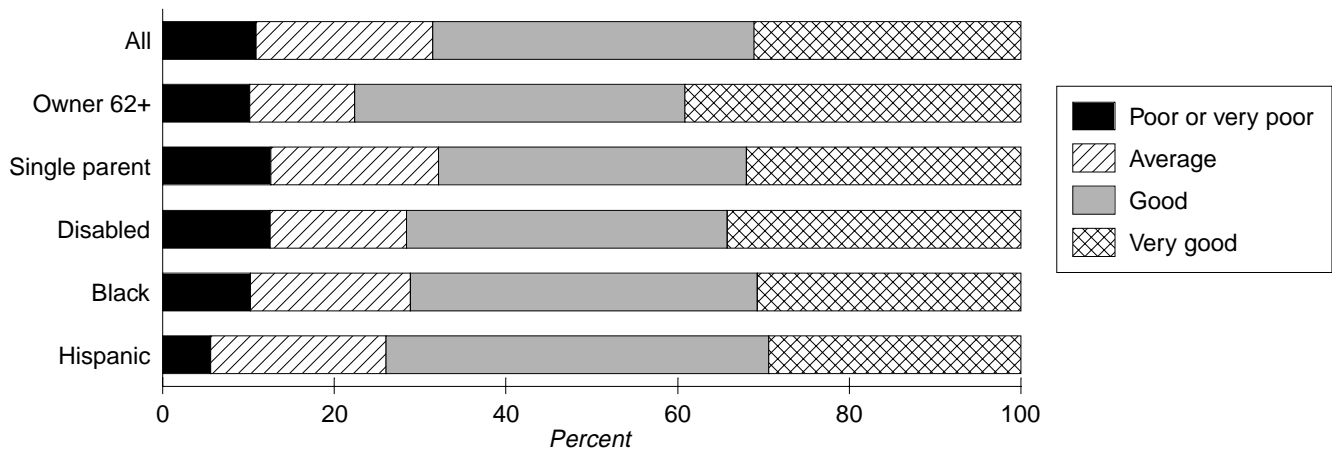
Satisfaction with Rural Development: Respondents were asked to rate the process of buying their home and arranging the financing through Rural Development. More than two-thirds of all recent Rural Development borrowers selected one of the top two ratings (very good or good), indicating high levels of 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

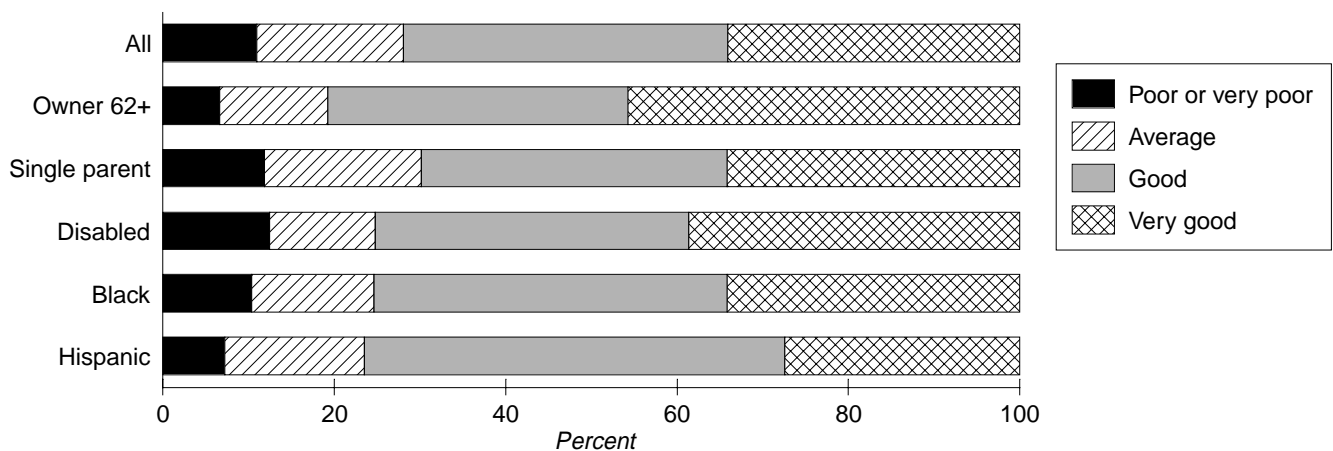


Source: 1998 Survey of USDA's Single Family Direct Loan Housing Program, ERS.

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.

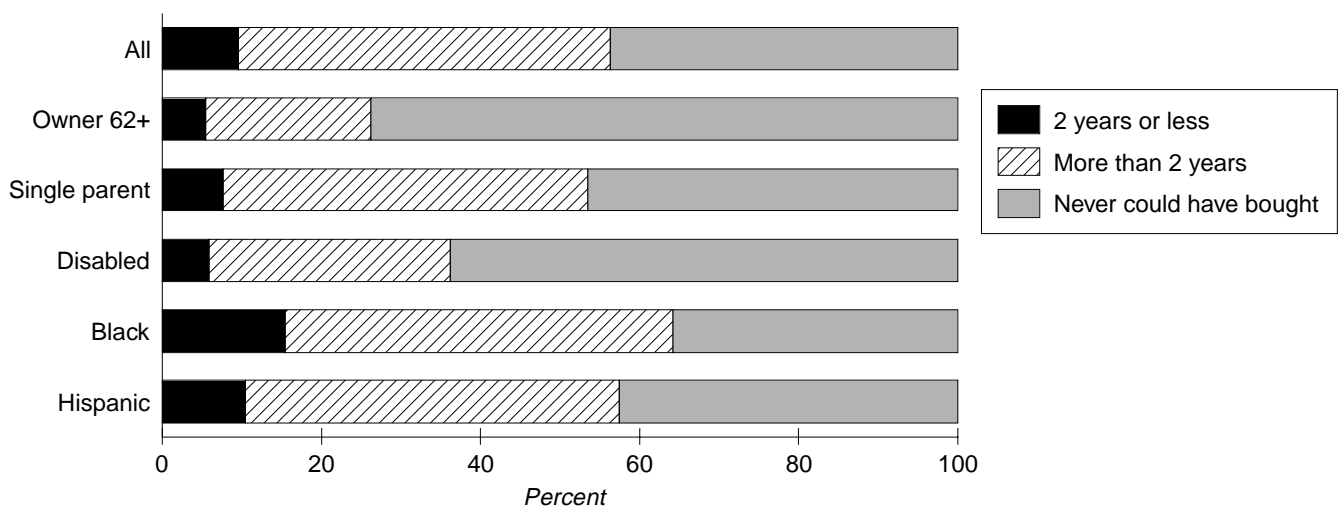
One important indicator for purposes of program evaluation is an assessment of how much time would have been needed for respondents to buy a comparable home without Rural Development assistance. About 47 percent of respondents reported that it would take them longer than 2 years to buy such a home; another 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.