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Community Development Snapshot: Working Alongside Rural Communities to Expand Housing Opportunity

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Economic Development, Innovation, Technological Change, and Growth

Community Development

Housing

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Rural Development

The number of cost-burdened renters—those spending over 30% of their income on housing—has reached an all-time high. This trend is reflected in many communities across the Seventh Federal Reserve District: Renters in urban centers, such as Chicago, Detroit, and Milwaukee, as well as those in rural areas, face increasing rent costs that outpace wage growth.¹ In many of these places, affordable housing supply remains limited, while demand continues to grow, exacerbating housing insecurity and reinforcing the need for inclusive housing solutions.

Since February 2024 the Community Development team at the Chicago Fed has been working alongside two rural communities in the Seventh District—Linn County, Iowa, and southwest (SW) Wisconsin—to address these and related issues as part of Reinventing Our Communities (ROC)—a nationwide Federal Reserve initiative organized by the Philadelphia Fed. ROC is an annual capacity-building program focused on creating and applying strategies to achieve more-inclusive regional economies and expand economic opportunity. As part of this work, Chicago Fed staff meet regularly with Linn County and SW Wisconsin community members to help them create affordable rental housing strategies that are informed by resources and research from the Federal Reserve.

Linn County’s participation in the ROC program builds on its housing recovery efforts following multiple natural disasters that affected its residents. The county, which includes the city of Cedar Rapids as its county seat, experienced two major floods—one in 2008 and another in 2016—and a derecho in 2020. Housing and infrastructure across the county and the broader region were devastated by these events. Moreover, they further strained the county’s housing market and compounded pressure on vulnerable populations, including recently arrived refugees from Central Africa and Afghanistan. The ROC program is supporting Linn County’s efforts to leverage existing regional partnerships to build a resilient housing system capable of withstanding future crises. These efforts include using ROC trainings and tools to address the issue of chronic homelessness while removing systemic barriers to housing access. The organizations involved with the ROC program to help improve housing in Linn County are the Alliance for Equitable Housing, City of Cedar Rapids, Linn County Public Health, United Way of East Central Iowa, East Central Iowa Council of Governments, and local nonprofit Matthew 25.

The southwest Wisconsin cohort—representing the rural counties of Crawford, Grant, Green, Iowa, Juneau, Lafayette, Richland, Sauk, and Vernon—is addressing the need for affordable housing for residents with lower incomes in the region. Across SW Wisconsin there is a shortage of affordable homes to rent or purchase for households of all income thresholds. Workforce housing is the most significant need, according to cohort participants. The challenge is also acute for households with extremely low incomes—i.e., those with incomes at or below the poverty line or 30% of the area’s median income. Many such households are severely cost burdened, spending more than half of their incomes on housing.

The community participants in the SW Wisconsin cohort represent 22 organizations from the business, civic, and public sectors. These organizations are working together to provide toolkits with maps and data that help identify housing solutions and to develop methods for improving the condition of existing housing. The SW Wisconsin cohort is advancing a strategy to expand the availability of affordable homes by increasing the number of homes built each year; by developing

new strategic partnerships with local governments, financial institutions, nonprofit organizations, and others to support land acquisition, construction, and funding needs; and by engaging a minimum of 200 families to help them prepare for homeownership.

Brett A. White—executive director at the Southwestern Wisconsin Community Action Program, Inc., and the SW Wisconsin ROC cohort lead—stated: “Nonprofit organizations are awash in data but are starving for contextual information. Population centers often have experts locally, with both experience and content knowledge from across nearly every professional domain, who can be and are involved in discerning pertinent information from the background noise. Rural areas regularly don’t have these resources. It is for this reason that the members of our southwestern Wisconsin ROC cohort greatly appreciate access to the range of expertise made available through the involvement of the Federal Reserve Bank of Chicago.”

White also emphasized: “Perhaps even more importantly, our two Chicago Fed cohort teammates recognize that rural regions aren’t simply cities without many people. They are their own type of community, and the best way to help is to stop talking and start listening contextually. This is invaluable wisdom that they both demonstrate every time we talk and learn together.”

Both Linn County, Iowa, and SW Wisconsin will continue to participate in ROC-sponsored training sessions as they collaborate to develop strategic plans addressing their specific housing needs. The formal 2024 ROC cohort program concludes in the spring of 2025, with a final symposium to share reflections, celebrate progress, and exchange housing solution strategies.

Notes

¹ The percent change in the nominal rent of the primary residence was 5.9% in November 2024 relative to November 2023, according to the U.S. Bureau of Labor Statistics’ (BLS) Consumer Price Index, Midwest Region (see table 1); however, the percent change in nominal average hourly earnings was just 4.0% over the same period, according to the real earnings news release from the BLS (see table A-1).

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