



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Local Housing Policy

The Small-Town Myth and Economic Development

Ann Ziebarth

Changes in the rural economy are challenging small-town identity. Local communities are encouraging economic development and population growth while struggling to maintain “rural character.” These efforts frequently foster policies—such as the banning of mobile homes, zoning requirements for large lots, enforcement of building codes, and barriers to the provision of multi-family rental housing—that result in higher consumer housing costs. Such policies reduce housing options for community newcomers and those with lower incomes, often with the unintended consequence of restricting economic development. This article examines ways in which economic restructuring has affected local housing conditions and policies in one Minnesota community.

The popular perception of the rural Midwest as a pastoral countryside dotted with idyllic small towns is a powerful force in shaping rural policy. For many small communities, the desire to maintain their “rural character” while promoting growth and economic development is the basic premise guiding local policy decisions. Maintaining “rural character” is an attempt to hold on to a mythical rural ideal based on assumptions both about the way the community should look and how it is supposed to function.

The ideal image of a thriving small town is one of well-kept single-family homes, a community school, two or three churches, and a bustling main street. Housing is a key element. The visual predominance of single-family, detached, owner-occupied houses set on individual lots embodies the national values of private property rights and the American dream of homeownership.

Such common perceptions idealize small towns in terms of their

social relations as well as visual images. Small towns are thought to be friendly, caring communities, an ideal setting to raise a family or to grow old gracefully. Unlike cities, small towns are seen as safe, convenient, and serene, without traffic congestion or fear of crime (Roper Organization, Inc.). Furthermore, compared with urban places, small towns are said to be more democratic, with local political processes that are “more honest, more personalized, and less conflict oriented” (Mattson, p. 127).

These perceptions are based on the assumption that social harmony results from homogeneity and a community consensus based on shared interests, similar backgrounds, and common experiences. Today, however, the largely mythical ideal of small towns’ rural character is being challenged by economic restructuring and demographic changes. Furthermore, successful economic development efforts and subsequent population growth often bring racial and ethnic diversity into smaller communi-

ties, increase pressure on local real estate markets, and create conflicts over local housing policies.

Low-Wage Factories and Immigrants Challenge Rural Ideals

During the past decade, the economic base of the Midwest’s rural communities has shifted from agricultural production to processing and manufacturing. Increasing globalization within these industries has heightened competition and narrowed profit margins. To remain competitive, many agricultural processing firms recruit new immigrants and minority workers at lower wages to contain their production costs (Stull, Broadway, and Griffith). Large-scale livestock operations, meatpacking plants, and firms involved in the seasonal production and processing of vegetables, fruits, and horticultural crops have all followed suit.

The lower wages paid by such “lean and mean” firms cause greater income stratification in small communities. This, in turn, increases concerns about the work-

Ann Ziebarth is an associate professor of housing studies at the University of Minnesota’s Department of Design, Housing and Apparel; this project is supported in part through the Minnesota Agricultural Experiment Station publication #993530001.

ing poor and housing affordability for both current and new residents. However, pressure to develop and sustain affordable housing often conflicts with local policies designed to maintain the community's rural character. Such policies include banning mobile homes, zoning for large lot sizes, and limiting multifamily rental housing. Yet, these policies result in higher consumer housing costs that can make it difficult for local firms to attract lower wage workers, and ultimately restrict economic development.

In many places, the demographic changes resulting from immigration have had an even more substantial impact than the economic effects of lower wages. In many communities, population growth has resulted in a rapid and dramatic racial and ethnic change. In these communities, the status quo of social interactions based on shared interests and common problems may be disrupted (Krannic and Greider). Long-time residents

who have experienced their community as a network of people with common backgrounds and interests sometimes perceive newcomers as disrupting a sense of local identity rather than revitalizing the community (Mattson; Salamon and Tornatore).

Community conflicts over the provision of affordable housing often disprove the idealized notion of a democratic community. Political decisions in small communities are frequently made by a few influential leaders (Mattson), who are inclined to maintain a status quo that promotes their own ends (Johnston). Among these recognized preferences is maintaining neighborhood integrity through geographically defined housing stratification. Therefore, community policies frequently enforce stratification by separating class groups through local land use and building regulations.

Housing is a place-bound commodity. The housing market is

directly tied to the social structure and economic situation of a particular location, and this is determined both by household members' choices and economic and community policies. Thus, while economic changes have increased

In many places, the demographic changes resulting from immigration have had an even more substantial impact than the economic effects of lower wages. In many communities, population growth has resulted in a rapid and dramatic racial and ethnic change.

the need for more basic and affordable housing, community preferences remain firmly fixed on idealized housing solutions based on cultural norms. Using one community as a case study provides an opportunity to examine how the local economic base has impacted the housing situation as well as the community's response to these circumstances.

Olivia, Minnesota: A Case Study

Located 90 miles west of the Minneapolis-Saint Paul metropolitan area, Olivia, Minnesota, population 2,623, is a thriving, self-contained small town. The ideal community personified, it bills itself as "a friendly city with small-town charm, surrounded by some of the area's richest farmland." A 35-foot-high ear of corn at Memorial Park is the community's totem.

Alternative housing for seasonal workers. Photo courtesy Ann Ziebarth.



Survey Data and Methods

The data for this study were obtained as part of a larger project compiling information on rural communities' economic development strategies, labor force characteristics, and housing needs. Study communities were selected to represent various economic development strategies, such as agricultural processing plants, tourism, and new prisons. Key participants in each community are interviewed to enhance the community profiles compiled from secondary data, public documents, maps, and observation. Secondary data include information from the U.S. Census C90STF3A files, the Minnesota Department of Trade and Economic Development Community Profiles, and documents from county economic development commissions and city governments. For Olivia, an indepth personal interview with the Economic Development Authority director was conducted. Followup telephone interviews and observations within the community were used to verify and update the information.

Firms that support nearby agricultural production dominate the economy of the "Corn Capital." In addition to the cooperative grain elevator and agriculture-related government agencies, private industry includes agricultural service companies and a sweet corn processing plant. Three major seed companies operate research and distribution facilities in Olivia. These firms are subsidiaries of multinational companies, with most of the management decisions made outside the community. Together, they employ about 120 local workers, with most of them in technical, well-paid jobs.

Another firm that distributes certified seed opened within the last year. The new firm is a multi-state company, again with headquarters outside the local community. The city annexed the site for the facility in less than 6 weeks and provided \$400,000 in infrastructure development to attract the company. The facility employs 12 people with starting wages of \$9.50/hour.

The local canning company is a long-time locally owned firm that processes sweet corn. The company relies on seasonal workers—

about 120 at peak production—mostly long-term employees from the Texas migrant stream. The company has provided housing in a few company-owned and managed units. Recently, efforts were made to improve and expand the housing available for seasonal workers. However, these discussions were interrupted when the company merged with a larger regional company that was subsequently purchased by an international corporation.

In addition, large-scale swine confinement operations, meatpacking plants, large poultry and egg production and processing facilities, and a massive beet sugar processing cooperative outside Olivia require increasing numbers of unskilled workers, further straining Olivia's housing market.

Small-Town Ideal Is at Odds With Current Housing Needs

"We're a progressive area with great agriculture. Anytime you have a strong basic resource such as agriculture, you need a variety of supporting businesses and services." At the same time Olivia's mayor and the community promote

economic growth and increased employment, there remains a strong desire to maintain the small-town ideal. Population growth is seen as both a measure of economic success and a threat to the status quo of the community where social interactions are readily understood. To accommodate new employees, the community needs to develop additional housing. Most residents would prefer any new housing to be limited to single-family houses with two-car garages, a little larger than the homes they themselves live in.

Local housing policies, for the most part, reflect the preference for owner-occupied single-family homes. For example, a Homebuilder Incentive Program was established to provide \$80,000 in construction grants for builders subsidizing the purchase of lots. Each new home is eligible for up to \$4,000 as an incentive. Lots must be at least 12,000 square feet. Houses must have at least 1,000 square feet of livable space, be built on a permanent foundation, and have at least a single-stall garage. As a result of the program, five new homes were built in 1998 with a total value of over \$700,000.

With an average cost of \$140,000, the new homes are obviously not addressing the housing needs of the lower wage or seasonal workers. In previous years, the canning company provided some housing for long-term migrant workers. About 20 of the 120 employees were able to obtain company-owned housing for their stay in the community between April and October. The company-owned housing stock consists of seven "sleeping cabins" with bathrooms in a separate building and six mobile homes that rent for \$150 a month. Company-owned

housing must be approved annually by Occupational Safety and Health Administration (OSHA) inspectors.

The rest of the seasonal workers must find a place to live on the open market. One solution was to rent dilapidated trailers near the factory, an option that no longer exists with the closing of the trailer park. With the expansion of year-round employment in the area, obtaining seasonal housing is becoming more and more difficult. A firm in a nearby community had difficulty attracting workers, especially given the shortage of housing in the area. In order to obtain a sufficient workforce, the firm recruited workers from Mexico and leased an old hotel in Olivia to provide housing, busing workers from Olivia to the plant. This arrangement has increased the visibility of single minority men in the community and removed the hotel as a single-room occupancy housing option for migrant workers employed in the canning company. Remaining alternatives for seasonal workers seem limited to “camping out” in nearby parks or campgrounds, doubling up in overcrowded conditions in the few available apartment buildings, commuting long distances, or being homeless.

The distribution of the various types of housing is clearly stratified within Olivia. Housing on the

north side, literally the “other side of the tracks,” consists of mobile home parks, deteriorating multi-family apartment buildings, and small houses, some of which are poorly constructed and badly maintained. In one area, small houses are made of prefabricated concrete panels. While the rent there is relatively affordable (\$450 a month for a three-bedroom house), the concrete roofs, slab floors, and uninsulated walls make the houses difficult to maintain and heat. There are few sidewalks and some streets are without curbs and gutters.

By contrast, the south side contains larger single-family, owner-occupied homes. In the older neighborhoods, large trees shade the streets and sidewalks. Subdivisions of big new houses are located near the golf course or on the edge of town. Multifamily housing on the south side is rare, with the exception of Fairview Place, a new congregate housing development for senior citizens. No mobile homes are located on this side of town.

Housing Needs Are Addressed by the Local Economic Development Authority

While Olivia’s prevailing policy orientation is to emphasize private market solutions to housing demands, the local Economic

Development Authority (EDA) is an exception. The EDA became involved in housing in the past few years when, as a result of city involvement, a small manufacturing plant was renovated and returned to production. The reopened plant brought seven new families into the community, and it was apparent that there was no housing available for them. As a result, the city identified a need for rental housing to serve new residents, school teachers and other professionals who might prefer to rent rather than own, and older adults seeking independent living alternatives.

The EDA proposed eight new rental housing units in a townhome subdivision as part of their comprehensive economic development strategy. The proposed site for the new development was on city-owned property at the edge of town. Once the development site was identified, residents of the adjacent subdivision protested. Their resistance was strong enough that the city was forced to annex land across the road and fund the extension of sewer and water lines to complete the townhome project. This left the city with a vacant site.

A second development proposal for the original site was a subdivision of 20 single-family, owner-occupied homes in a cluster development. Again, nearby residents protested, demanding that the city provide an extensive greenbelt separating the two developments. They also opposed the cluster development, preferring that the site follow a traditional grid street plan. In spite of the community conflicts, a year later, the EDA was able to win approval for 14 lots in a cul-du-sac layout with city-provided sewer, water, and street improvements. Eight of the lots have been sold and

New rental townhomes. Photo courtesy Ann Ziebarth.





Cabins for seasonal canning company workers. Photo courtesy Ann Ziebarth.

Proactive Housing Strategies Needed

Certainly, the experience linking economic restructuring and social change to housing is not unique to Olivia. However, by selecting one small community as a case study, the social changes brought on by economic shifts and the wider impacts of these changes on the community's housing situation are brought into clearer focus.

The economic restructuring of the agricultural industry, especially in the service and processing sectors, requires a shift in the labor force. In many small towns, these changes bring new people into communities, increase the number of minority residents, widen economic stratification, and strain existing housing stock. As local decisionmakers seek to support the status quo, local policies often fail to meet the diverse, emerging needs of the community. To adapt, communities need to take proactive steps to address new and ongoing housing needs. The EDA's initiative and consensus building illustrates how public involvement in housing can facilitate or inhibit local economic development.

new homes are being built. The site development costs are anticipated to be slightly higher than the \$15,000 sales price for the lots but the EDA has agreed to cover any cost over-runs. The development of new housing is expected to alleviate the community's housing shortage.

Yet, community unrest over the development of the townhomes and new subdivision effectively delayed efforts to address the additional housing needed for lower income households. Instead, the EDA initiated a housing rehabilitation grant program. Ten homes are currently being renovated in the north side of town. In addition, the EDA applied for tax credits to support an 18- to 20-unit mixed-income townhouse development.

This development would be a public-private collaboration involving a regional nonprofit agency.

Despite these efforts, the need persists for additional housing to accommodate seasonal workers. Prior to the recent merger, canning company officials met with the EDA and the Greater Minnesota Housing Fund to develop a proposal addressing the housing needs of seasonal workers. Unfortunately, the plan was never completed. Those people with the most urgent housing needs have not been included in the community's public discussions or planning. This failure to address housing needs for seasonal workers may result in future community conflicts over housing.

For Further Reading . . .

Joseph N. Belden and Robert J. Wiener, eds., *Housing in Rural America: Building Affordable and Inclusive Communities*, Thousand Oaks, CA: SAGE Publications, 1999.

Ronald J. Johnston, *A Question of Place: Exploring the Practice of Human Geography*, Cambridge, MA: Blackwell, 1991.

Richard S. Krannic and Thomas R. Greider, "Rapid Growth Effects on Rural Community Relations," in Albert E. Luloff and Louis E. Swanson, eds., *American Rural Communities*, Boulder, CO: Westview Press, 1990, pp. 61-73.

Gary A. Mattson, "Redefining the American Small Town: Community Governance," *Journal of Rural Studies*, Vol. 13, No. 1, 1997, pp. 121-130.

Steve H. Murdock, Sean-Shong Hwang, and Md Nazrul Hoque, "Nonmetropolitan Residential Segregation Revisited," *Rural Sociology*, Vol. 59, No. 2, 1994, pp. 236-254.

Roper Organization, Inc., *Public Attitudes Toward Rural America and Rural Electric Cooperative*, Washington, DC: National Rural Electric Cooperative Association, June 1992.

Sonya Salamon and Jane B. Tornatore, "Territory Contested through Property in a Midwestern Post-Agricultural Community," *Rural Sociology*, Vol. 59, No. 4, 1994, pp. 636-654.

Donald D. Stull, Michael J. Broadway, and David Griffith, eds., *Any Way You Cut It: Meat Processing and Small-Town America*, Lawrence, KS: University Press of Kansas, 1995.