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U.S.

Scarcity of Housing in Rural America Drives Worker Shortage

Nebraska tries grant program to spur building, but is it enough?



New housing in Columbus, Neb. PHOTO: SHAYNDI RAICE/THE WALL STREET JOURNAL

By *Shayndi Raice*

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COLUMBUS, Neb.—Austin Steinbach said he was “dead set” on moving to this rural farming town for a job that offered benefits, a \$500 signing bonus and a higher wage.

But the 25-year-old father of two had to turn it down after a week-long search with his wife for a home failed to turn up anything livable or in their price range.

“What they offered out there was great, but I can’t afford to move because I can’t afford to rent a house there,” he said. Instead, Mr. Steinbach will stay in Creston, Iowa, where he supports his family earning \$2 less an hour power-washing farm equipment and has no benefits.

Fewer homes are being built per household than at almost any time in U.S. history, and it is even worse in rural communities. Developers in less populated areas can’t tap into the economies of scale available in urban centers, making materials and labor more expensive. Rural areas are also seeing their populations stagnate or decline as younger people opt for urban living, adding to the gamble involved in speculative building.

“As a developer or builder, you have to think hard about whether the risk is worth the reward,” said K.C. Belitz, president of the Columbus Area Chamber of Commerce. “For a lot, it isn’t.”

There were 71,000 single-family homes built in rural areas in 2016, representing about 10% of all new single-family homes, according to the National Association of Home Builders.

The rural market share of single-family homes has been falling in recent years. It was 14% in 2010, the association of home builders found.

The housing shortage in rural communities has become especially acute as unemployment hits record lows. The national unemployment rate in April was at 3.9%, while in Platte County, which includes Columbus, unemployment fell to 2.7% in March.

There are around 990 job openings in Platte County, according to the state. A total of 65 homes are now available for sale with a median listing price of \$209,550, according to realtor.com.

“It’s a pretty simple equation,” said Lance George, director of research for the Housing Assistance Council, a group based in Washington, D.C. that works on affordable housing in rural communities. “The incomes in this country have not really matched housing prices so you continue to have this disconnect.”

Columbus, which has a population of around 23,000 and is about 90 miles west of Omaha, still has a few retail shops in the old downtown. A Walmart, fast-food chains and local Mexican restaurants line the two main highways through town.

The demographic trends that have buffeted many rural communities in the Midwest are playing out in Columbus. Platte County’s population growth has been sluggish in recent years. Its labor force grew 1.3% in 2017, after seeing its working-age population contract annually since 2012. Median household income in Columbus was about \$53,857 in 2016, according to Census bureau data, compared with \$54,384 for the state.

The labor shortage is so bad that the chamber of commerce goes town to town trying to recruit workers like Mr. Steinbach. “The fear is that if we don’t solve this in some way, we’re gonna lose a big employer,” said Kimberly Hoefler, a real-estate broker in Columbus.

Last year, car-seat maker Camaco Amvian LLC nixed plans to expand in Columbus, citing the lack of available workers. Mike Niemann, the general manager of the plant, said the expansion would have required an additional 300 workers. “There was no way we were going to be able to do that [in Columbus],” he said.

Nebraska recently granted \$7 million to rural communities, including Columbus, to build market-rate homes to help attract more workers. In Columbus, \$850,000 is proposed to go toward incentives for developers to build hundreds of rental units and single-family homes in varying price points through low-interest loans. A local housing nonprofit applied for the grants and has letters of intent from developers willing to build the proposed projects.

Nearby Schuyler, Neb., about 30 miles east, received grants to build as many as 32 new rental units. It would be the first market-rate rental units built since 1985.

Next door in Iowa, some small towns have been trying to get creative. The city of Newton, about 35 miles east of Des Moines, took out \$3.7 million in bonds to fix dilapidated homes and spur local development. Since the initiative in 2014, it has issued 50 new housing permits, up from eight between 2011 to 2013.

For Jason Luster, chief executive officer of QC Supply LLC, a farm equipment distributor to the swine and poultry industry, the housing shortage isn’t just a recruitment concern. He couldn’t find a home around the company’s Schuyler headquarters when he took over in 2014, so his family stayed behind in Huxley, Iowa, about 200 miles away. Mr. Luster lived at the nearby Cobblestone Inn for eight months before buying a farmhouse where he lives during the week.

But Mr. Luster, 46, said the biggest challenge is finding housing for his workers who don’t qualify for low-income housing but can’t afford an expensive home.

“There are not a lot of options for those people,” he said, referring to workers who make anywhere from \$40,000 to \$100,000 a year. “That catches a large percentage of our employees.”

Write to Shayndi Raice at shayndi.raice@wsj.com

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