

## ‘She’s too poor to be “poor”’ – Income Limit Fairness in Rural America

Fahe Member COAP, Inc., has been working with a grandmother of, and sole guardian to, four children in Harlan, KY. She has been trying for months to get out of an expensive rental situation, and into stable long-term homeownership. There have been hurdles along the way, like delinquencies and credit issues, but this intrepid grandmother has overcome them. She steadily chipped away at her credit issues, building her way from the low 500s up to the 620 credit score required for a government home loan. She has worked hard, and done all the right things to improve her family’s life, and thought she was on the way to homeownership.

Now, however, she and her family face a new barrier. In order to buy a big enough home that she can afford, she will need some help. But, to qualify for low-income assistance, her income must be below a certain level – something known as an income limit – and she is just over the limit by about \$100 a month, even though she is on a fixed income. Right now, she needs to stay on the fixed income and prioritize raising her four grandchildren on a day-to-day basis. In a way, she is stuck: her current income cannot support the life she wants to give her family, but she is also unable to receive additional assistance to help move them all towards homeownership. As the CEO of COAP, Mike King says, ‘She’s too poor to be “poor”’.

Directing funding to those most in need by determining income limits for programs is good government. Unfortunately, there is a structural issue with the way income limits are designed, which disadvantages people living in places without a wide variety of incomes, like Harlan County.

Despite Congress’ best intentions when they created the system that disburses federal housing and community development dollars, there is a deep unfairness inherent in that system. Poor rural counties in poor states do not have the same safety mechanism that poor rural counties in rich states have.

Simply put, if the income limits were calculated in Harlan County, Kentucky with the same bonuses available in neighboring Ohio, this grandmother and her family would already own a home.

There is a simple way to fix this system: a legislative reform that would ensure that the safety mechanism, as Congress originally intended, actually works for everyone in the nation. To read more about Fahe’s “National Floor” proposal, [click here](#).