



NEWS RELEASE

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USDA ANNOUNCES HEIRS PROPERTY INITIATIVE

WASHINGTON, December 5, 2008 — Agriculture Deputy Under Secretary for Rural Development Douglas Faulkner today announced that \$230,000 in funding will be made available to develop pilot programs addressing the “heirs property” issue, which has contributed to an ongoing, multi-generational trend of land loss by African-American farmers. A formal Notice of Funds Availability (NOFA), signed by former Under Secretary Thomas Dorr as one of his last official acts prior to leaving USDA, was published in today’s Federal Register.

“This is an old, old problem, and we’re looking for constructive solutions,” Faulkner said. “These funds will help develop creative approaches to clarifying clouded titles and stabilizing ownership before it becomes necessary to, literally, ‘sell the farm.’”

Because of a variety of factors in the post Civil-War era, many African-American small farmers died intestate. In the absence of a will, property typically passed to multiple heirs with undivided interests (tenancy in common), leading over time to highly fractionated ownership patterns.

Fractionated ownership inhibits borrowing, raises barriers to expansion and modernization, and leads to systematic underutilization of affected properties. Very often, these difficulties prompt the sale of heir properties, as this is the easiest way for multiple descendants to cash out their interests. Consolidating title has therefore been identified as a key strategic goal by a number of African-American land loss organizations.

In January 2007, USDA Rural Development published an Advanced Notice of Proposed Rulemaking which solicited comments on possible approaches. The pending announcement will invite proposals from private non-profit community-based organizations leading to the development of concrete, measurable work plans to address the heirs property issue.

“Several years ago, then-Under Secretary Dorr identified this as a priority for USDA and initiated a long-term strategy to resolve the issue,” Faulkner said. “We are now moving forward with the next stage in that strategy, from research and analysis to implementation. This is an important step toward untangling a knot of ownership issues that have been passed along for generations. The ultimate goal is to put affected farmers in a position to compete more effectively in the future.”

USDA Rural Development’s mission is to increase economic opportunity and improve the quality of life for rural residents. Rural Development has invested nearly \$111 billion since 2001 for equity and technical assistance to finance and foster growth in homeownership, business development, and critical community and technology infrastructure. More than 2

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million jobs have been created or saved through these investments. Further information on rural programs is available at a local USDA Rural Development office or by visiting USDA's web site at <http://www.rurdev.usda.gov>.

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