

# Heirs Property and the Persistence of Poverty in the Appalachian Region

Brady Deaton, Jr.

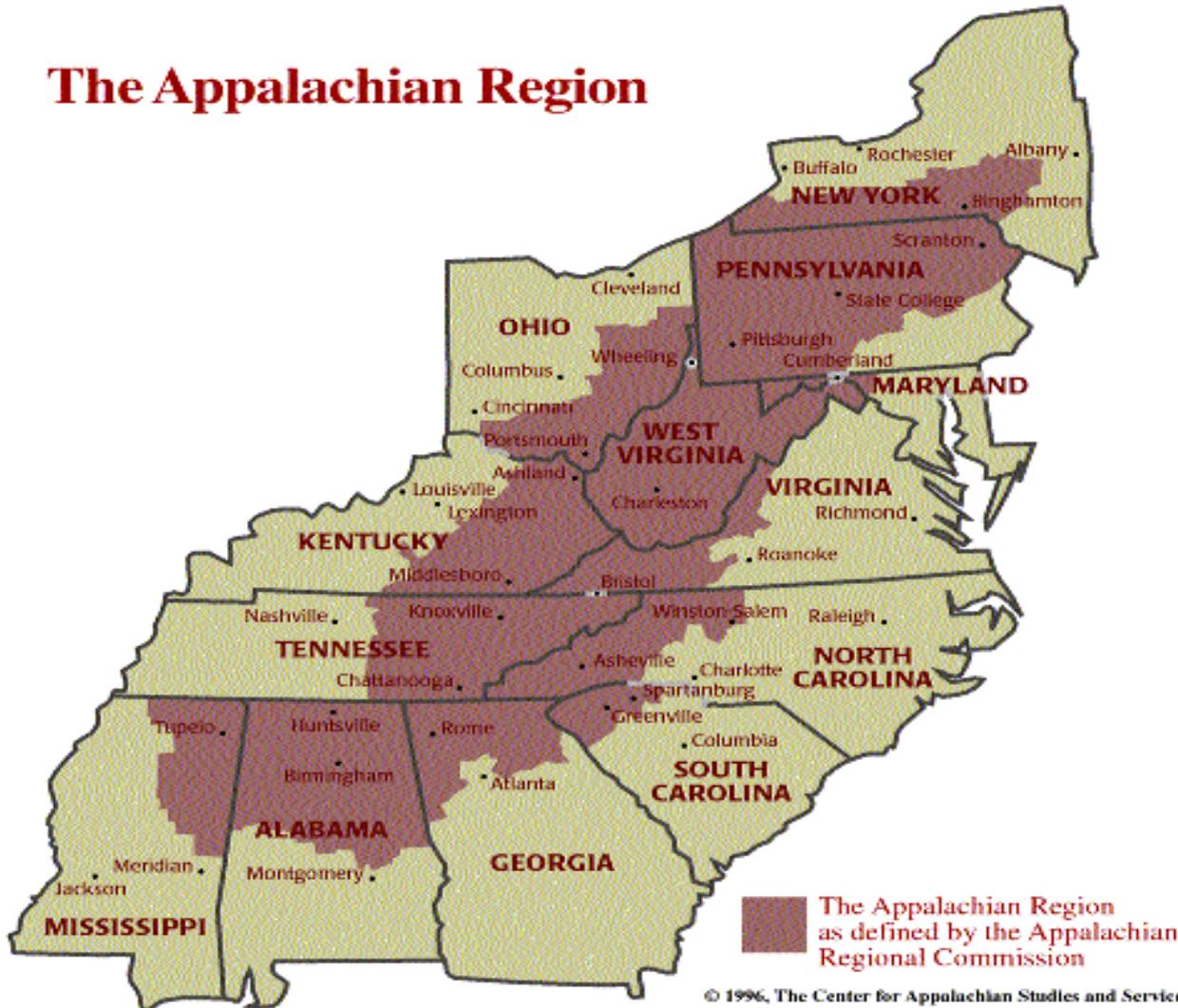
McCain Family Chair in Food Security

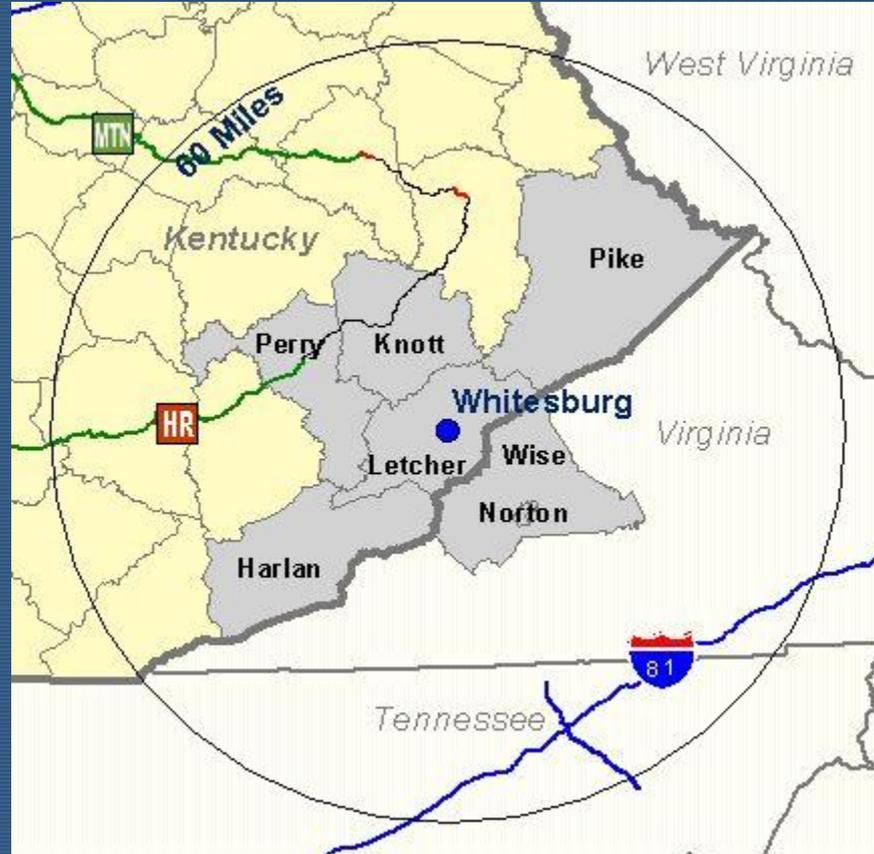
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## The Appalachian Region





Three Issues Addressed:  
Deaton et al.(2005, 2007, 2009, 2012)

***(1) Prevalence***

***(2) Wealth Concern\****

***(3) Vulnerability\****

\*See Deaton et al. (2009) and Deaton (2012) for development of both concerns jointly.

Prevalence:

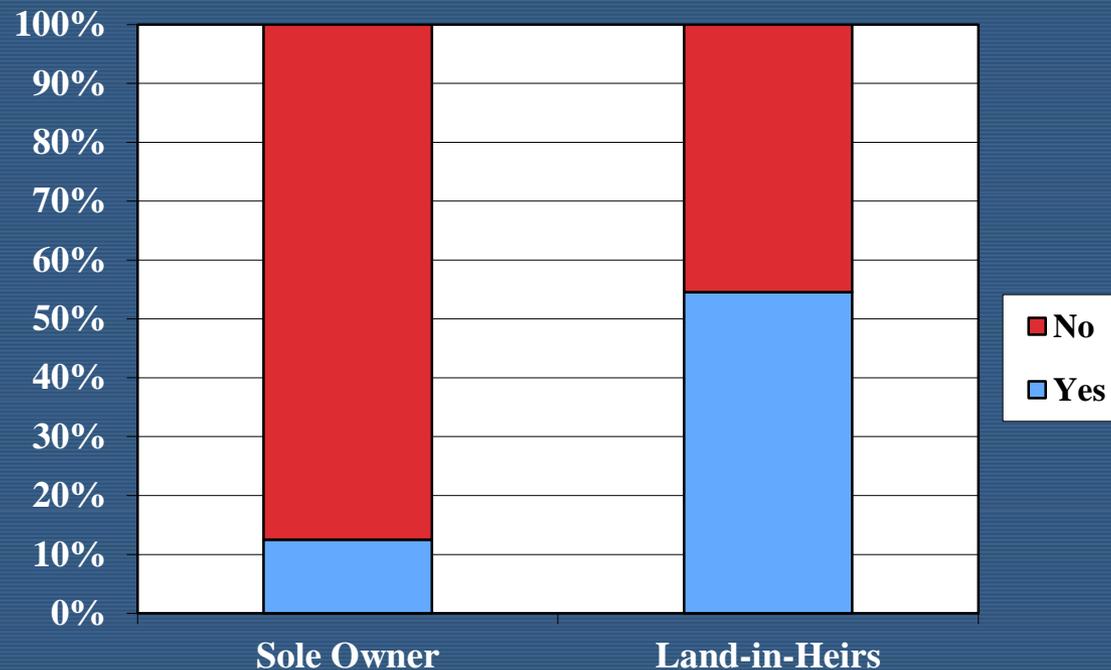
Deaton et al.(2005, 2007, 2009, 2012)

***Letcher County, Kentucky:***

- 11-37% (confirmed by various methods)
- Affidavit of Descent (n>100)
  - Surviving spouse more likely to be female
  - 13 year lag between death and filing.

# Wealth Concern

Has the manner in which you own land ever prevented you from using the land the way you want to?



See Deaton (2005) for caveat on ownership categories in survey.

# Wealth Concern:

Deaton et. al, (2005, 2007, 2009, 2012)

- *Limited use and investment*
- *Constrains capital formation*
- *Limits non-profit and government support*

# Escape?

- Purchase other heirs portion.
- Partition
  - In Kind
  - By Sale\*

# Trapped by transaction costs?

- *Study of Partition Cases (n=8; 2000-2004)*
  - Cost of time: Average time for completion 653 days.
  - Legal Costs
    - *Case example:* 1 acre, 20 heirs property sold for \$1,000; legal fees \$2,482.
  - Social Costs
    - Deaton et al., (2007) complicated family relationships.
- *Research gap: What % of heirs' property is trapped by high costs?*



# Moving Forward

- Future Research
  - Effectiveness of efforts to reduce transaction costs.
  - Assess use of partition, who seeks the partition, and consequences of partition of heirs property act.
  - Micro and macro economic consequences of heirs property in the region.

# Happy to Answer Questions

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