



POLICY BRIEF: CHAMPIONING ACCESS TO CAPITAL FOR BLACK FARMERS

KEY TAKEAWAYS

- Through federal disinvestment, unfair legal standards, and limited access to capital, Black farmers have been disadvantaged in achieving economic parity with their white counterparts.
- Black farmers faced discrimination by USDA county committees for decades, resulting in loan denials, longer wait times, and unfavorable terms compared to white farmers.
- Economic growth for black farmers would strengthen rural communities nationwide. According to research done by McKinsey & Company, “by bringing Black farmers to parity on a per-farm revenue and profit basis, there is \$5 billion in economic value that can be created”.¹

Farming and agriculture are pillars of our nation’s economy, representing 5% of GDP and 10% of employment nationally and higher among rural communities. For many Black farmers, this industry was a stable source of income and employment, significantly supporting the local economy. However, over the past 100 years, Black farmers have decreased from 925,710 to only 48,697 across the United States. As the number of black farmers shrunk, so did the size of their farms, resulting in Black farmers losing 80 percent of their land between 1910 and 2007.²



INTRODUCTION

Black farmers have faced discrimination by USDA county committees for decades, resulting in loan denials, longer wait times, and unfavorable terms compared to white farmers.³ Through federal disinvestment, unfair legal standards, and limited access to capital, Black farmers have been disadvantaged in achieving economic parity with their white counterparts.

Main Street Alliance is committed to addressing the systemic barriers Black farmers encounter to create a more equitable and just agricultural industry; as Black farmers support the rural main street economy. Working alongside farmers, MSA will advocate for policies to ensure timely access to credit and capital access, resources, and land to improve conditions for Black farmers and the communities they serve.

CAPITAL ACCESS

Access to credit allows farmers to satisfy cash needs induced by the agricultural production cycle, purchase farmland and other real estate, and invest in fixed improvements. In loan programs, discrimination can take several forms — for example, reduced loan amounts, higher interest rates, or increased loan processing time, which impacts timely planting, harvesting, feeding of livestock, and farm performance.⁴ In 2022, the USDA approved direct loans for 72% of white farmers who applied while only granting loans to 36% of Black farmers who applied.⁵

Black farmers faced discrimination by USDA county committees for decades, resulting in loan denials, longer wait times, and unfavorable terms compared to white farmers. Discrimination claims in access to credit and services have been well documented in lawsuits against the USDA in *Pigford v. Glickman*, *Keepseagle v. Vilsack*, *Garcia v. Vilsack*, and *Love v. Vilsack*.² In *Pigford v. Glickman* (1999) and *In re Black Farmers Discrimination Litigation* (2011), class action lawsuits were filed against the USDA for racial discrimination in its farm and credit services. After a national organizing campaign, two class action lawsuits, and an act of Congress, just over 30,000 farmers received settlement funds for the discrimination they faced, mostly in increments of

\$50,000 per farmer. In 2010, Congress appropriated an additional \$1.2 billion in a second round of payouts. But still, many did not receive them due to more denials of claims and deadline and processing issues.³

INHERITANCE CHALLENGES

HEIRS' PROPERTY

Preserving intergenerational family wealth is vital to closing racial wealth gaps. Black farmers have lost 80% of their land since 1910, partly due to challenges with Heirs' property.⁶ Heirs' property refers to the land passed down to the heirs of a deceased landowner who did not have a will or any other form of estate planning to transfer the land ownership to someone else before their death. Property inheritance was a prevalent issue during the first generation of Black landowners who often did not have access to the legal system to formalize their ownership.

The 2018 Farm Bill authorized the Farm Service Agency (FSA) to establish a loan fund to help resolve heirs' property issues so that farmers can qualify for USDA programs and assistance. Three years after the 2018 Farm Bill was passed – USDA announced that the Heirs' Property Relending Program (HPRP) to Heirs can use the loans to resolve title issues by financing the purchase or consolidation of property interests and financing costs associated with succession plans. However, it wasn't until 2022 that HPRP went into implementation.



UNIFORM PARTITION OF HEIRS PROPERTY ACT (UPHPA)

UPHPA helps preserve family wealth passed to the next generation in the form of real property.⁷ If a landowner dies not making a will, the real estate passes to the landowner's heirs as tenants-in-common under state law. The UPHPA seeks to protect heirs from involuntary land loss by modifying court procedures governing partition actions, including partition by sale and partition in kind.⁸ For now, Alabama, Arkansas, California, Connecticut, Florida, Georgia, Hawaii, Illinois, Iowa, Mississippi, Missouri, Montana, Nevada, New Mexico, New York, Texas, Virgin Islands, and Virginia have the UPHPA enacted.⁹



When you see legislation passing us over, [you see] nothing has changed in centuries. That's what we start to believe and that there is no impact that we can have, whether we vote yes. And have all our friends, all our farmer friends, vote yes, on anything that would advance Black farmers, it makes it extremely difficult to believe something different.

-Cooper Talbot (pictured above) is the Bilingual Agriculture Lead at Urban Triage, Inc. Madison, Wisconsin



[Consumer Financial Protection Bureau's](#) stakeholder listening sessions revealed a number of concerns with access to small business capital, including for small farms and agricultural businesses.¹⁰ Establishing a banking relationship can be difficult, especially for those living in areas with limited banking options or being able to be served by the bank in their community. According to stakeholders, Black women-owned businesses and farmers in the region often struggle to access the credit they need to start their own businesses, even after receiving all the necessary technical assistance.¹⁰

RECOMMENDATIONS

By embracing diversity and dismantling discriminatory practices, we can pave the way for a future where black farmers thrive, agricultural productivity flourishes, and social equity prevails in the heart of our farming systems. Actionable steps are necessary to ensure a brighter and more just future for black farmers and the agricultural industry as a whole. As decision-makers and stakeholders across the country discuss how to support Black rural farmers, Main Street Alliance provides the following recommendations to consider:

HEIRS PROPERTY RE-LENDING PROGRAM

Support for the re-lending program would resolve heirs' property challenges across the country, ensuring land belonging to communities of color remains in their possession for the next generation of farmers.

PASS THE JUSTICE FOR BLACK FARMERS ACT

The [Justice for Black Farmers Act](#) will enact policies to end discrimination within the USDA, protect remaining Black farmers from losing their land, provide land grants to encourage a new generation of Black farmers and restore the land base that has been lost, and implement systemic reforms to help family farmers across the United States. Call your local members of Congress and urge them to support The Justice for Black Farmers Act to provide a variety of assistance to address historical discrimination and disparities Black farmers face. If passed, the Act will:

- End Discrimination within USDA
- Protect Remaining Black Farmers from Land Loss
- Restore the Land Base Lost by Black Farmers
- Create a Farm Conservation Corps
- Empower HBCUs and Advocates for Black farmers
- Assist All Socially Disadvantaged Farmers and Ranchers
- Enact System Reforms to Help All Farmers and Ranchers

UNIFORM PARTITION OF HEIRS PROPERTY ACT (UPHPA)

Organized residents can campaign for their states to pass a Uniform Act if they have not yet done so. For now, Alabama, Arkansas, California, Connecticut, Florida, Georgia, Hawaii, Illinois, Iowa, Mississippi, Missouri, Montana, Nevada, New Mexico, New York, Texas, Virgin Islands, and Virginia have the UPHPA enacted.⁸

Until that happens, they can advocate for local government assistance to heirs and property owners to stabilize communities and prevent the loss of intergenerational wealth. Gainesville, Florida, has a Heirs' Property Assistance Program that provides free legal assistance to owners of heirs' property to obtain clear legal title to their homes.¹¹ Recipients must meet income eligibility guidelines, and their property must be in the city's Community Reinvestment Area.

CONCLUSION

Despite numerous obstacles, Black farmers remain paramount to the stability and success of our nation. Economic growth for black farmers would strengthen rural communities nationwide. According to research done by McKinsey & Company, "by bringing Black farmers to parity on a per-farm revenue and profit basis, there is \$5 billion in economic value that can be created".¹

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MSA is the nation's leading organization for true small businesses. We support local communities to push grassroots initiatives that work to create a more just economy and inclusive society. Visit our [website to learn more](#).