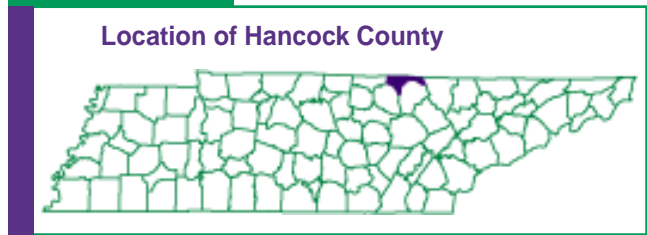


# Central Appalachia Case Study

## Hancock County, Tennessee

FIGURE 3.5



Tucked away in the Cumberland range of the Appalachian mountains, Hancock County is the most isolated county in Tennessee.<sup>17</sup> The area has a serene, natural beauty that exemplifies much of the central Appalachian region. With the Clinch and Powell rivers running through the county and beautiful mountains surrounding it, much of Hancock is a picture of untouched nature. However, the geography that provides so much beauty also defines a harsh economic and social reality.

On many levels, Hancock County’s social and economic patterns reflect the larger picture of Central Appalachia. The county is primarily white, 97.6 percent, compared to 93.9 percent for the region. Hancock County has a high level of poverty, 29 percent, and a high unemployment rate, 10.6 percent, even higher than poverty and unemployment rates in Appalachia

as a whole (16.6 percent and 3.6 percent, respectively).<sup>18</sup> Hancock is classified by the Economic Research Service as both a persistent poverty and a transfers-dependent county.<sup>19</sup> Over 18 percent of the county’s housing stock is mobile homes, and there are high rates of housing without complete plumbing and/or complete kitchens.

While Hancock County shares this profile with its Appalachian neighbors, the factors that led Hancock County to these conditions differ from the common experience of the region. Hancock County has never had a coal reserve to draw upon and its rocky terrain prevents large-scale farming. Consequently, the county has historically lacked an economic base; there are few employment opportunities and many residents experience concomitant housing and social service need.

FIGURE 3.6

Hancock County Quick Facts, 2000

	Hancock County	Tennessee
2000 Population	6,786	5,689,283
Population Change 1990-2000	0.7%	16.7%
Population African-American	0.5%	16.4%
Median Household Income	\$ 19,760	\$ 36,360
Female-Headed Households	21.8%	12.7%
Persons Below Poverty	29.4%	13.5%
Homeownership Rate	78.9%	69.9%
Female-Headed Households	11.0%	12.9%
Cost Burdened	21.3%	19.7%
Crowded	2.7%	2.7%
Lacking Complete Plumbing	7.7%	0.6%
Lacking Complete Kitchen	3.9%	0.6%





*Mobile homes in Cumberland Mountains of Hancock County.*

## Population Characteristics

Hancock County is approximately 60 miles northeast of Knoxville (Figure 3.5). However, the county's mountainous geography creates a physical separation from the surrounding counties that is reflected in the disparity of resources available to its residents.

Low population and physical isolation define Hancock County. The 2000 Census reports that there are 6,786 residents in the county, a slight increase, 0.7 percent, since 1990. The majority, 81.5 percent, of the county's residents live "out in the county" (i.e., outside the Sneedville city limits) and the remaining 18.5 percent of the county's residents live in Sneedville, which is also the county seat. Quality of life is different for those living in the city than for those out in the county. The steep mountains and the isolated hollows where people reside out in the county often separate Hancock residents from much needed resources, including water and the county's septic system.

Poverty has been a defining characteristic of Hancock County. Many Hancock residents (29.4 percent) live below the poverty line. However, poverty rates for the county have been decreasing since 1980; the 1990 poverty rate was 40 percent and the 1980 poverty rate was 43 percent. Unemployment, which peaked at 10.6 percent in 1990, declined through the 1990s. However, state employment data show that 10.5 percent of the county adult population is unemployed as of 2002. The increase in unemployment is linked to the departure of the county's largest employer in the late 1990s.

## Economic Conditions

Unlike much of central Appalachia, Hancock County has never had a significant coal reserve to draw upon for jobs or tax revenue. The county's economy has been largely dependent on light manufacturing, retail, and agriculture, and Hancock is classified as a

farming-dependent county by the U.S. Department of Agriculture's Economic Research Service.<sup>20</sup> However, Hancock's geography, which is defined by the surrounding steep mountains and rocky terrain, limits the economic development opportunities available there. In the face of these challenges, local leaders are investing in the county's human and infrastructure capital resources (through road improvements and an industrial park, among other projects) to attract and build industry.

Tobacco is the major cash crop in Hancock County. While there is no single large producer of tobacco in the county, several small farmers grow and sell the crop for extra income. Recently, however, tobacco growing quotas have been cut and the industry is largely unprofitable for many growers.<sup>21</sup> Overall, Hancock's growing conditions are not conducive to a strong agricultural economy. Because of the soil conditions and Hancock's location in a valley, locally grown produce is generally ready for market two to three weeks after produce grown in the rest of the region. Therefore, before local farmers can harvest their produce, the market is glutted and prices are too low for Hancock farmers to make a profit.<sup>22</sup>

Given the barriers to farming in the county, most residents are employed in the nonfarm sector. According to 2000 state employment and wage data, there are 58 private nonfarm employers in Hancock County.<sup>23</sup> Overall, Hancock county employees earned an average weekly pay of \$326 in 2000 compared to \$588 for the state of Tennessee. Some of the major businesses in Hancock include retail stores and several home nursing businesses. However, these employers typically provide few jobs for residents. Hancock County employers provide less than 40 percent of the total jobs for the county's workforce. In 1999, private nonfarm business employed 770 people and the county government provided another 282 jobs.<sup>24</sup>

The paucity of employers has a dual effect on labor and economic dynamics in Hancock County. First, unemployment rates in the county are high. State unemployment and labor statistics show that over 10 percent of the Hancock County civilian labor force is unemployed, which is almost twice the state unemployment rate of 5.6 percent.<sup>25</sup> Also, because of the lack of job opportunities in the county, working-age people are often forced to leave the county to find employment. Over 60 percent of the Hancock County residents are employed outside the county. It is estimated that more than one-third of Hancock's employed residents drive across the mountain 30 to 40 miles each way to work in nearby Morristown or Tazewell counties.<sup>26</sup>

These commuting patterns have important impacts on the Hancock County economy. Many residents who work outside the county also do their shopping, banking, and socializing outside the county.<sup>27</sup> Hancock County's geographic proximity to both Kentucky and southwest Virginia provides residents with easy access to these nearby states to meet their consumer needs. The outmigration of consumers results in a loss of retail dollars the county sorely needs.

While some residents commute between their jobs and Hancock, many leave the county permanently. The outmigration of residents to seek employment places additional strains on the county economy. In addition to the obvious impact of losing the income-earning portion of the county's population, this loss also has impacts on other demographic groups. For example, 16 percent of the county's population is 65 years old and over, which is higher than the national rate of 12 percent.<sup>28</sup> The growing elderly population experiences many health emergencies, particularly out in the county. Hancock County does not have a hospital, and without one, sick residents must often rely on more costly emergency medical services for assistance, resulting in a growing expense for the county. The county is in the process of identifying resources to build a community access hospital to address its health needs.

In an effort to create jobs and increase the county's tax base, county leaders are working on economic development plans to bring employers to Hancock. Local leaders have worked to improve county infrastructure to support increased industry. In addition to improving the roads in the county and the water systems, the county government developed an industrial park on the outskirts of Sneedville using a variety of funding sources. In early 2002, county officials lured a horse trailer manufacturer to the site using an incentive package. If the manufacturer employs 60 or more county

residents, it will not have to pay rental fees for the site. As of March 2002, the horse trailer manufacturer employs fewer than 20 workers paying on average \$9 to \$10 per hour.<sup>29</sup> The county is still looking for additional manufacturers to fill the site.

The county jail once represented a small piece of the county's economic development strategy. For a brief period in the early 1990s, the county housed out-of-state prisoners from around the country for a fee. The increase in "prisons for profits" is not unique to Hancock County and has become an attractive economic development tool for an increasing number of rural communities.<sup>30</sup> Some in Hancock County campaigned to expand this effort and house a greater number of out-of-state prisoners. However, county residents had serious concerns about safety issues, and the plan was eventually scrapped.<sup>31</sup>

Some of the county's economic development efforts have paid off. There was new investment in the community from 1990 to 2000, including the opening of two new banks and several retail stores. It is estimated that since three new businesses opened in 1997, the county has seen a \$10 million increase in retail sales.<sup>32</sup> However, without a four-lane highway into the county and due to the poor condition of the existing roads, it is difficult to attract the types of industry that would employ large numbers of Hancock residents. There have been some improvements to the roadways over the last few years; however, the mountainous route into the county is at times difficult to navigate.

## Housing Conditions

Hancock County's housing stock is mix of wood frame houses, mobile homes, shacks, and weekend cabins. Housing conditions and needs in the city of Sneedville differ somewhat from those in the rest of the county. Wood frame houses are the predominant type of housing in the city of Sneedville. Beyond the city's limits, hidden in the hollows, there are many more older, dilapidated shacks and mobile homes. Mobile homes comprise 18.4 percent of the total housing stock of Hancock County, compared to the national average of 7.6 percent.<sup>33</sup>

Housing costs are generally low in Hancock County and affordability is not a concern for most county residents. However, more than 21 percent of households in the county are cost-burdened. The median contract rent for units in the county is \$206. According to affordability measures, a household needs an income of \$14,560 to afford a two-bedroom apartment in Hancock County, which is lower than the county's \$19,760 median household income.<sup>34</sup>



*This garden-style Section 515 project in the city of Sneedville is one of only three apartment complexes in Hancock County.*



Housing quality is a major concern for many Hancock County residents. For example, nearly 8 percent of the county's housing units lack complete plumbing and nearly 4 percent lack complete kitchens. However, because of the geography and the isolated nature of the hollows in which many units are located, the deterioration of the housing stock is often difficult to see from the county's major roads.

The County Health Department, which is a critical component of the county's social service system, is an important access point for Hancock County residents with serious housing issues. According to health department staff, many of the ailments that bring residents into the health clinic are housing-related.<sup>35</sup> Lead-based paint,

contaminated water sources, inadequate heating, and poor insulation are some of the most common health-related problems affecting elderly people and children, specifically. Pneumonia and infections from contaminated water sources are among the most common housing-related health conditions facing Hancock residents.<sup>36</sup>

To address these and other housing quality issues, county officials have pursued funding to support housing rehabilitation and the development of new, affordable housing. In 1997, Hancock County received a HOME grant of \$929,822 to address its housing needs; half the funds were designated for the City of Sneedville and half for the surrounding county. With the HOME funds, the county was able to provide several families with their first indoor toilets and running water.<sup>37</sup> However, because the quality of housing stock was higher in the city, Sneedville had some difficulty utilizing its grant.\* By comparison, there were simply not enough resources to meet the needs in the more remote parts of the county.

The HOME funding rehabilitation work illustrates the depth of housing quality problems in Hancock and some of the barriers to developing housing in the county. The county and the engineers hired for the work found that several units could not be rehabilitated to meet HUD's housing quality standards.<sup>38</sup> It was more efficient to build new units for these families. Consequently, the impact of the HOME funds may have been limited; a total of 38 housing units were either rehabilitated or rebuilt with the funds.<sup>39</sup>

\* County leaders report that housing conditions are better in Sneedville as compared to out in the county. Consequently, while they had expended the county funds, they were still searching for Sneedville residents to qualify for the program. Community leaders report that many Hancock residents would not participate in the program because reliance on public funds has a negative connotation for some in Hancock.



*Wood frame houses are common in Sneedville.*



*This Section 515 project provides housing for Hancock County's elderly population.*

While the greatest need for new housing exists in remote areas far from Sneedville, soil conditions are a barrier to developing adequate housing in these areas. Hancock County's soil is very rocky and laden with shale hindering drainage, which is integral to adequate septic and water systems. Much of the land in Hancock County will not percolate (i.e., meet drainage requirements) and is therefore unsuitable for development. Overall, finding affordable land that will percolate, given the soil quality issues, is a major barrier to developing quality, affordable housing where it is most needed. While Sneedville has a municipal system, the rest of the county is not connected to this system because the soil is largely not conducive and costs preclude extending the lines.\*

Another challenge to addressing housing and social service needs in Hancock County is the scarcity of nonprofit agencies in the county. County residents generally depend on themselves, each other, churches or, in extreme cases, the county government for aid in times of need.<sup>40</sup> While this type of independence breeds a certain resilience, the lack of community groups limits the scope of services available and the range of resources community residents can access. For example, because the county has limited nonprofit capacity, Hancock County cannot compete on its own for certain funds that require a nonprofit collaboration (e.g., Community Housing Development Organization (CHDO) funds).\*\*

Several competing theories explain the lack of nonprofit organizations in Hancock County. There is a cultural argument, which suggests that a reliance on

nonprofit organizations is not a part of the Hancock County or Appalachian culture. Related to the issue of culture is the impact of isolation on the psyches of Hancock residents. Because of the geographic disconnect residents may not be aware of the possibilities that exist for organizational development, programmatic services, and community development. Consequently, they may be less likely to form nonprofit groups to address ills or access their services.<sup>41</sup>

In addition to these individual level explanations, systemic factors also work against the creation of nonprofit organizations in Hancock County. For example, there is the reality of scarce resources. Few dollars are available to support nonprofit organizations and the presence of community groups would at times be in direct competition with the county government for funding. Also, the county has a low population, 6,786 residents. While there is considerable need among these residents, the total demand may not be enough to support a nonprofit organization. Given this dynamic, an organization with a multi-county service area may be the most practical response to community needs.

The prospect of starting a nonprofit or working in Hancock County may be daunting, given the challenges identified above. However, since the mid 1990s there has been growth in the number of nonprofit organizations that are either located in Hancock or that consider the county part of their service areas. Jubilee Project, which is a United Methodist Church project, was started in 1991 to assist in the empowerment of Hancock County residents. The organization — which operates several programs, including leadership development, an incubator kitchen, youth programs, and a technology center — has increased its work in the community. Other organizations, including the newly created Eastern Eight Community Development

\* Development experts report that given the population size, it may not be cost effective to extend the septic lines into remote locations. Lindy Turner, interviewed by author, Hancock County, Tenn. 04 March 2002.

\*\* Eastern Eight CDC and Rural Conservation and Development are CHDOs that serve Hancock County. However, both organizations cover several counties in the region and Hancock County is neither organization's primary service area.

Corporation and the Rural Conservation and Development (RC&D), which is both a USDA program and an independent nonprofit, work with Hancock leaders to provide resources for county residents. Both groups note, however, that their ability to work in the county is predicated on establishing and maintaining good working relationships with the formal and informal leaders of the county.<sup>42</sup>

Despite the barriers to development, some new homes have been constructed in Hancock County. A major source of new construction dollars in the county has been USDA Rural Development (RD) programs. It is estimated that over 70 percent of the new construction in the county is a result of RD's investment.<sup>43</sup> RD provided \$803,033 in funding for various projects in federal fiscal year (FY) 2001; 42 percent of RD's investment in Hancock County was rural housing program dollars, while the remainder was rural utility program funds used to support the fire department and the water treatment facility. The majority of the county's RD housing funds (93 percent) were provided through the Section 502 direct loan program, and \$22,200 through the Section 504 loan/grant program. RD resources also were used to construct the county's only three apartment complexes, two of which were built in the last 25 years.<sup>44</sup>

## Significant Developments

Hancock County continues to face the same economic, geographic, and housing challenges that HAC identified during its previous visits. Amid the picture of distress, there are positive signs of development and progress, and local officials are hopeful that conditions in the county will change for the better. Community leaders and their partners across the state are working together to turn negative conditions into possibilities. The county leadership has been successful in seeking state and federal funding over the last decade and in creating partnerships to create sustainable change.

Hancock County is investing in its future to improve the prospects for economic development. Considerable evidence connects education to economic development.<sup>45</sup> Prospective employers want to ensure that they will have access to employees with the needed skills and knowledge to staff their facilities. Less than half (40 percent) of the Hancock County population over the age of 25 are high school graduates. Given these numbers and the message they convey to potential employers, county leaders identified a need to improve their educational facilities as a physical sign of their commitment to the education of their youth and an investment in the

county's future workforce.<sup>46</sup> Almost every child in Hancock County is now being educated in a new school. With the improved school buildings and changes to the education administration and curriculum, Hancock County is striving to improve its educational deficiencies.

In 1994, Hancock County worked with two other counties, three states, and several universities to submit an application for the Empowerment Zone (EZ) program. While the area was not designated as an EZ, it was named a Champion Community. From this program, Hancock County was able to identify additional resources and construct the county's industrial park, which houses a horse trailer manufacturer. The planning that went into the EZ application was also integral to Hancock County's successful bid to be named an Enterprise Community (EC) in 1999. Hancock County and its partner counties (Claiborne, Grainger, Hawkins, and Union) receive tax benefits and grants and are awarded additional points on other funding applications because of the EC status. It is estimated that the region has secured more than \$41 million from various federal and state sources due in part to being an EC, \$6 million of which has gone to creating multifamily housing and rehabilitating single-family housing in the region.<sup>47</sup>

The process of organizing community input and support, drafting the applications, and gaining the EC status also marked an important change in community culture. A county resident interviewed by HAC staff suggested that previous county leaders were resistant to federal or state programs. Rather than apply for grants or loans to meet community needs, the leadership avoided interaction with the programs whenever possible.<sup>48</sup> Consequently, residents could not access much-needed funds to support housing rehabilitation or community revitalization. With a new county executive in the early 1990s and the success of the 1999 EC application, the county government has become more inclined to apply for programs and access resources.

In addition to funding, other programmatic efforts are underway to improve quality of life for Hancock County residents. After several years of absence, the Appalachian Service Project (ASP) returned to Hancock County over the summer of 2002. ASP is a volunteer project that brings high school students into the region to work on housing repairs. While ASP had been active in the community in the past, several issues prevented the organization from returning, including the lack of a nonprofit organization and shelter for the volunteers. The Jubilee Project has agreed to work with ASP to facilitate the repair and rehabilitation of housing units in Hancock County.

The Jubilee Project is also addressing economic development needs by encouraging and supporting the efforts of local residents who want to market their products or talents for commercial sale. The Clinch Community Kitchen, an incubator kitchen, provides local residents with a fully equipped facility for rent. Aspiring entrepreneurs can process their own produce and sell the goods under the Appalachian Spring Cooperative label. Local residents are processing their own preserves, marinades, and other products that are for sale in local stores and at the Jubilee Project offices. The director of the Jubilee Project is currently working to identify a market for these products in retail chains outside the immediate area.

## Conclusion

Hancock County continues to be defined by high levels of unemployment, poverty, and substandard housing. However, there are many inspiring signs of change. In addition to being designated as an Enterprise Community, the county has received funding to support the building of two new schools, a water treatment facility, and other infrastructure projects. Newly created nonprofit organizations are collaborating with a revitalized county government to access funding and create programs to address the housing and social service needs that exist in the county. While there are barriers to achieving success that are intrinsic to the county itself, county leaders and residents are hopeful about the possibilities and are committed to continuing to work for progress.