### Georgia's Heirs Property:

Assessing the Impacts of "Locked Wealth"

> Georgia Institute of Community Housing Retreat

February 22, 2017

Scott Pippin and Shana Jones

**Public Service Faculty** 



### 3 Goals for this session:

What is an "heirs property

Why do we care about heirs property?

What is being done to resolve this issue?

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### What is an "heirs property"?

Heirs property refers to a specific condition of the title (legal ownership) of land that limits its productive use.

- Generally created through the death of an owner without a will.
- Title to the land passes to the owner's heirs through an intestate process, which is defined in state law.
- All of the heirs own the land as "tenants in common", meaning they all have equal rights to all of the property.
- Decisions affecting the property require unanimous agreement of the tenants in common.

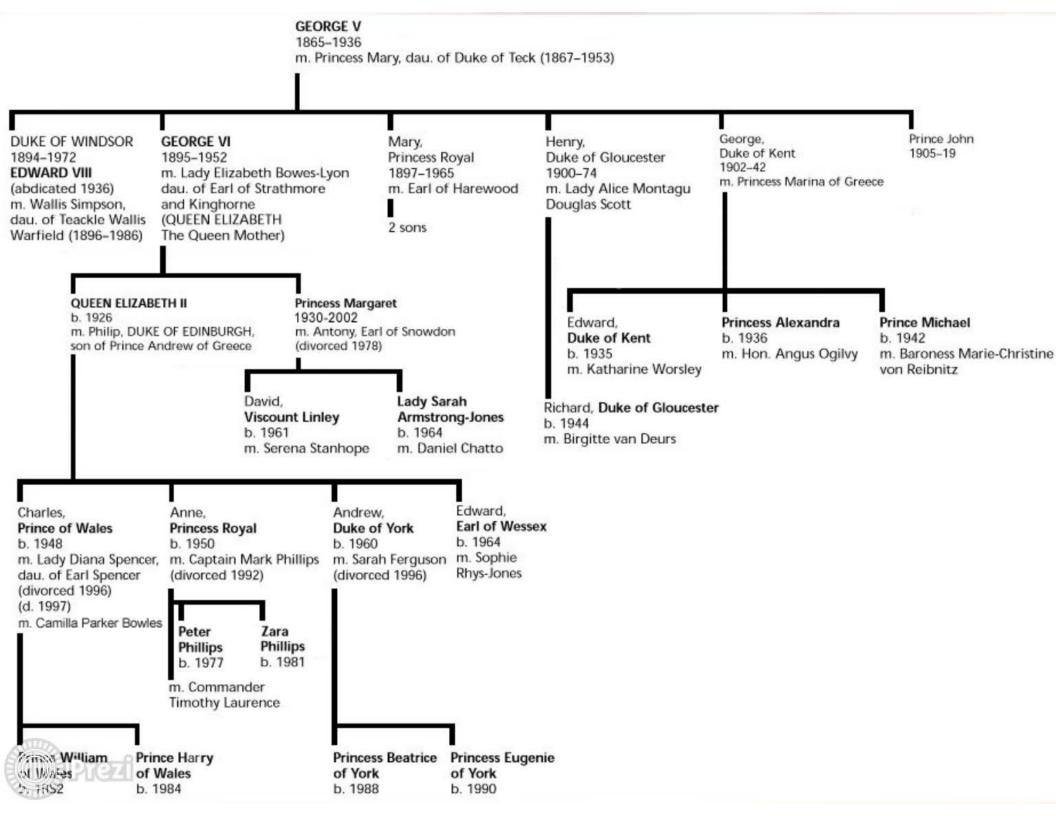


### **Uniform Partition of Heirs Property Act**

"Heirs property" means real property held in tenancy in common which satisfies all of the following requirements as of the filing of a partition action:

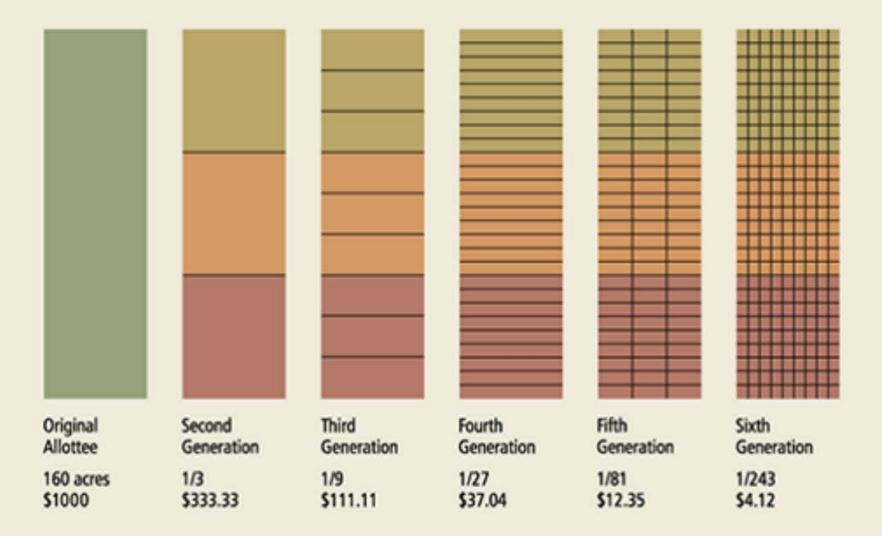
- A) There is no agreement in a record binding all the cotenants which governs the partition of the property;
- B) One or more of the cotenants acquired title from a relative, whether living or deceased; and
- C) Any of the following applies:
- i) 20 percent or more of the interests are held in common by cotenants who are relatives;
- ii) 20 percent or more of the interests are held by an individual who acquired title from a relative, whether living or deceased; or
- iii) 20 percent or more of the cotenants are relatives.





### A Simplified Six-Generation Example of Undivided Heirship

Fractionated Values and Lease Payment Values of Undivided Interest\*



<sup>\*</sup>Presumes only three heirs per person per generation.



### Limitations of heirs property ownership:

Greater risk of land loss from unpaid taxes

Greater risk of fines for nuisance

Can't access loans

Difficulty selling or leasing land

Difficulty selling timber

Can't access USDA farm assistance

Difficulty accessing FEMA pre-and post disaster assistance

Difficulty accessing federal and state grants (septics, home improvement)



### The result is that significant personal and community assets are diminished in value.

This in turn entrenches cycles of poverty -- concept of "locked wealth"

Displaces local land owners through **partition sales**, often to outside developers.

### It also:

- diminishes other land values,
- harms community character,
- inhibits code enforcement,





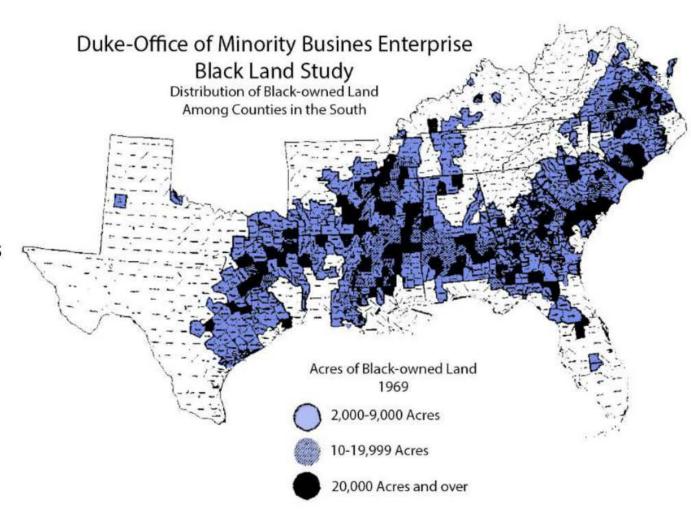
### Early Data

1976 data collection on black-owned land uncovered issues with intestate estates, heir properties, and partition sales that lead to land loss

15 million acres acquired by black land owners from 1865-1910

Reduced to 5.5 million acres by 1969

(Salamon & Others, 1976)





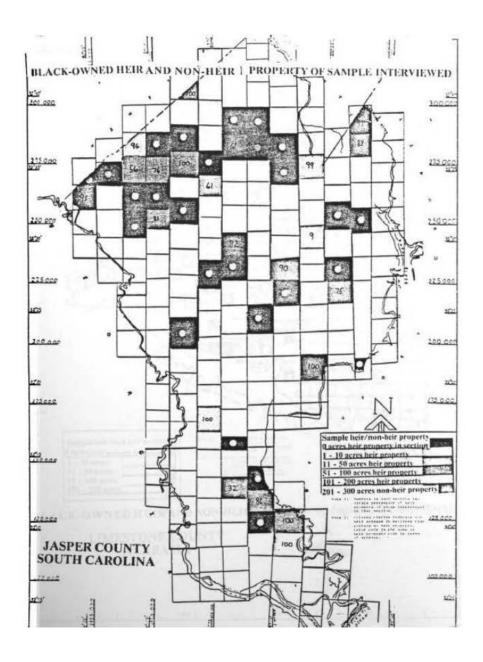
### **Early Data**

1980 study employed a randomized sample survey in 10 counties to extrapolate the scope of the issue across the rural south

27% of black-owned properties in the south were found to be owned by heirs

82% of land owners surveyed stated they had no will

(The Emergency Land Fund, 1980)

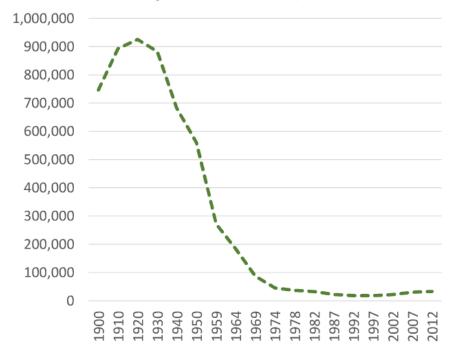




### Overview of the Issue

- Heirs' property estimates vary widely
  - As high as 30% of all rural land (Baab, 2011)
  - Highest in agricultural areas, also found in declining or distressed urban areas
  - Probably in range of 10-15% of all properties in the southeast
- According to the Census, 80% of black-owned land has been lost since 1910 due to heirs' property (USDA)

### Black Farm Operators in the U.S., 1900 to 2012



(U.S. Census of Agriculture)



2001 Associated Press Story: **Torn from the Land** investigated abuses of the partition sale process

Hurricane Katrina highlighted heirs property in the urban context: **25,000** of 185,000 applicants were initially denied disaster assistance because of title problems.



Renewed interest in addressing heirs property in order to:

- Stem minority land loss,
- Improve community resilience,
- Remove barriers to community development, and
- Alleviate entrenched poverty



### Threshold Question: How Much Heir Property is There?





Methodology: Tax Parcel Data Land Record Comparison

County	Total Population <sup>1</sup>	Total parcels <sup>2</sup>	Land parcels Rd. 1	Land parcels Rd. 2	# of heir property land parcels	Acreage of heir property	Fair market value	
Chatham	265,128	115,135	1,028	537	537	922.75 acres	\$22,308,672	
Chattooga	25,736	14,445	565	162	162	271.32 acres	\$820,428	
Dougherty	94,565	34,0003	790	472	472	1,551.26 acres	\$8,897,850	
Evans	11,000	6,484	285	40	40	93.48 acres	\$387,960	
McIntosh	14,333	12,825	1,531	409	409	2,376.53 acres	\$26,234,285	
TOTAL					1,620	5,215.34 acres	\$58,649,195	

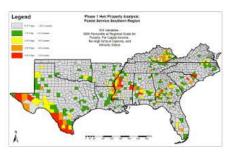
### How much heirs' property is there?

	Area 	Parcels	Acres	Percentage	Total value
	examined			of land	
Multi-state					
Graber 1978	5 states			33	
Emergency Land Fund 1980	10 states	101,648	3,836,498	41	-
Multi-county					
Tinubu and Hite 1978	3 SC, rural electric cooperatives	37		3.5	
Plastrik 2001	2 counties SC	3,300	17,000	ज.	
Center for Heirs' Property Preservation	6 counties SC		41,000		
Georgia Appleseed 2013	5 counties GA	1,620	5,215		\$58,649,195
Single county					
Southern Coalition for Social Justice 2009	1 county NC	475	5,623	2	
Oyer et al. 2009 Prezi	1 county AL	1,516	15,937	4.1	> \$25 million

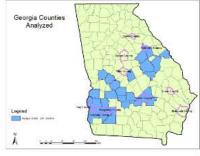


### Demographic Indicators:

- · Low Income;
- % Poverty;
- Minority Status;
- Low Educational Attainment







### Parcel Indicators:

- 30+ years since transfer;
  Owned by "Natural Person";
  No Preferential Tax Status

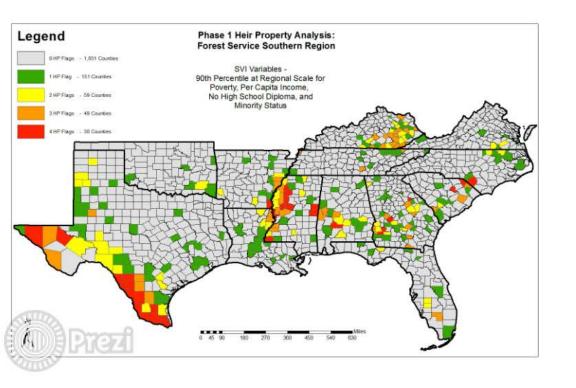


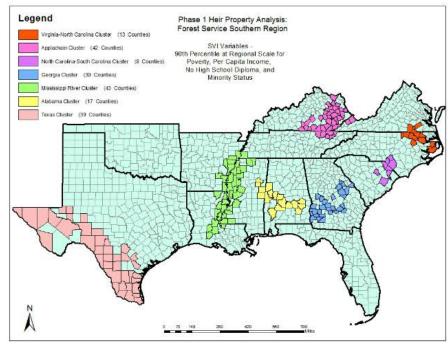


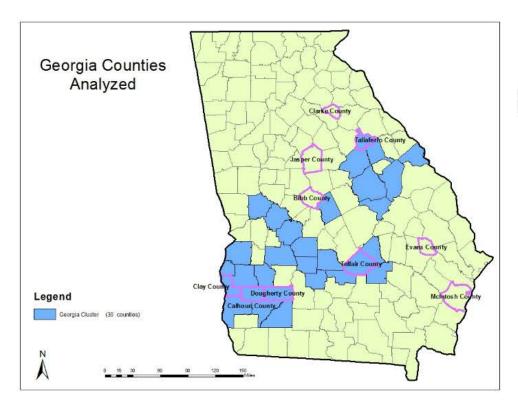


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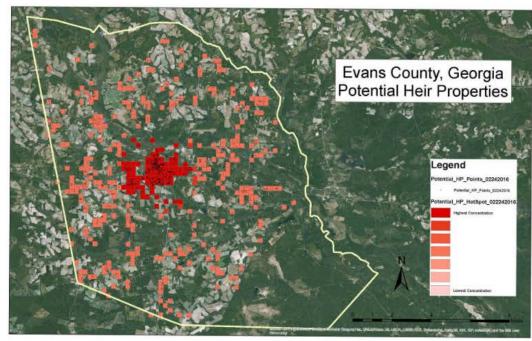






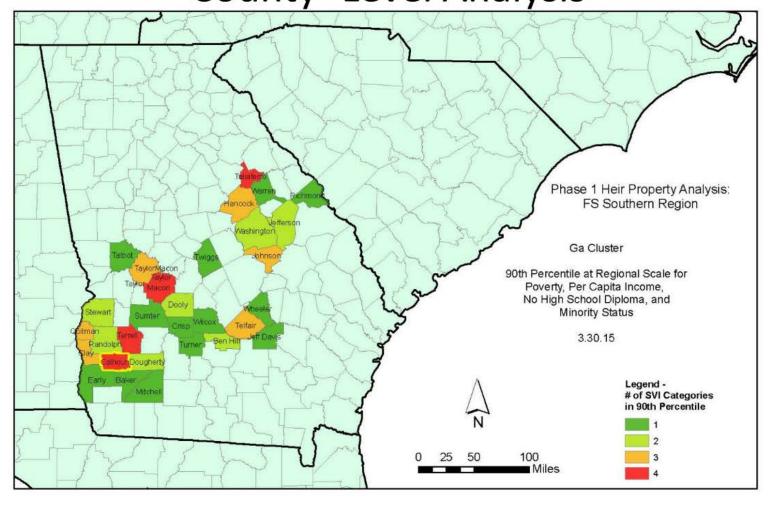
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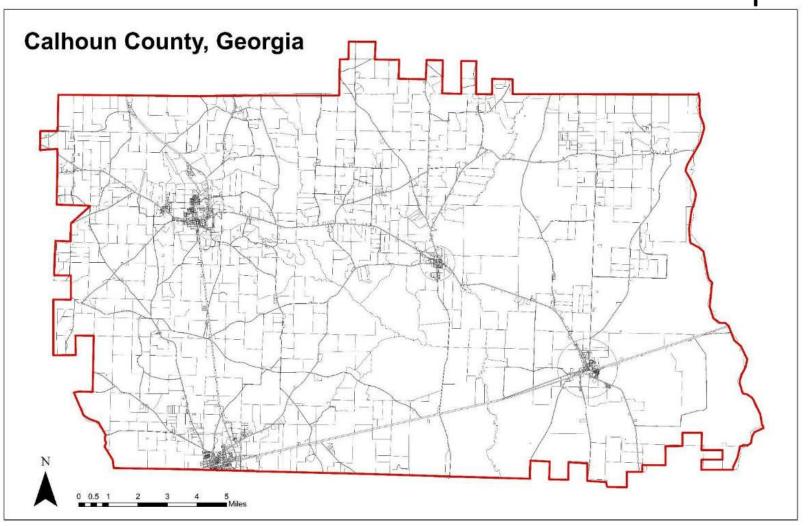


Phase 3 – "Identify Likely Heir Properties" County- Level Analysis





### Parcel Map





- Mailing Address
- Property Address
- Land Value
- Land Information
- Improvement Information
- Acreage
- Sale/Conveyance Information

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2850	GUDE MOULTRIE LEE	GUDE MOULTRE LEE	11/15/1950	V 527		0	R	3 UK		0 N	-000000	0		0	0
3344	BARNES JOHNNY & LOUISE	BARNES JOHNNY & LOUISE	11/15/1955	X 232	2 142	1	R	3 UK		0 N		0		0	1
1999	HALL JOE CHARLE ESTAT	HALL JOE CHARLE ESTATE	11/16/1944	U 466	E	800	R	3 UK		0 N		0		0	800
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3687	JOHNSON JAMES	RAMBO C J ETAL	11/19/1911	M 342	M 248	0	R	3 UV		0 N	PT-61 019-2009-000000	0		0	0
1499	GRAY RANDALL EST		11/19/1945	U 552		1	A	5 UK		0 N	-000000	0		0	1
3592	KENDRICK LUCY	JOHNSON J B	11/21/1945	U 553		300	R	3 UK		0 N	-000000	0.55	WD	0	300
2123	GLOVER AMY & O C EST	GLOVER AMY & O C EST	11/21/1950	V 529		1	R	3 UK		0 N	-000000	0		0	1
1258	RICHARDSON BRYAN RANDAL & SPURGEON JR	RICHARDSON SPURGEON	11/21/1961	Z 31		0	V	5 UK		0 N	-000000	0	WD	0	0
2397	HENDERSON CHARLIE		11/3/1958	Y 93		1	R	3 UK		0 N	-000000	0		0	1
464	STEVENS JOSH EST	STEVENS JOSH EST	11/30/1943	U 334		0	A	5 UK		0 N		0		0	0
2710	WALKER MATTE L (LOWE)	WALKER MATTIE L (LOWE)	11/6/1951	W 182		0	R	3 UK		0 N	-000000	0		0	0
2020	CHURCH OF THE KINGDOM OF GOD INC		11/7/1961	Z 4		0	E	1 UK		0 N	-000000	0		0	0
2017	OLIVER CLARA	GLOVER LAURA BELL	11/8/1952	W 279		- 1	R	3 UK		0 N	-000000	0		0	1
2140	MURRAY ETHEL BELL	SANDERS RUBY B	12/10/1949	V 401		1	R	3 UK		0 N	-000000	0	WD	0	1
3600	MORGAN BAPTIST CHURCH		12/10/1962	Z 238		0	8	1 UK		0 N	-000000	0		0	0
3427	BOWEN EDDIE JR ETAL	WILLIAMS WILLE	12/14/1936	S 556	2 142	1	R	1 UI		0 N	-000000	0		0	1
3360	BELLAMY CLEVELAND	BRANDYMORE CURLIE DUDLEY	12/15/1961	Z 58	1 18	550	R	3 UK		0 N	-000000	0.55	WD	0	550
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1761	MT PLEASANT BAPTIST	MT PLEASANT BAPTIST	12/5/1964	27 153		0	E	1 UK		0 N		0		0	0
2586	DLETT ZORA MAE	DLETT MARION	2/12/1957	X 341		0	R	3 UK		0 N	-000000	0		0	0
3266	MASONIC LODGE	MASONIC LODGE	2/16/1945	U 478		0	E	1 UK		0 N	1000000	0		0	0
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Sales before 1966 (125)

# Georgia Counties Analyzed Clarke County Galacteric County Clarke County Bills County Bills County Calabouri County Calabouri County McIntos h Carbony Calabouri County McIntos h Carbony Calabouri County McIntos h Carbony McIntos

### **Heirs Property cluster counties**

12 - 25% of parcels (avg. 19%)

2,000 - 13,500 acres

appx. \$765 million assessed value

### **Comparison Counties**

11% - 19% of parcels (avg. 14%)

3,000 - 13,000 acres

appx. \$1.4 billion assessed value



### Responses

ADVOCACY/ LOBBYING

**Property Owners** 

**CLIENT REPRESENTATION** 

State & Local Decision-Makers

Agencies

Judges

Lawyers

RESEARCH, PLANNING, & EDUCATION

POLICY DEVELOPMENT



### **Client-based Resources:**





The Georgia Heirs Property Law Center

An end to poverty begins with property rights.



The Federation of Southern Cooperatives











# HEIRS PROPERTY & CLOUDY TITLES

### A COMMUNITY PERSPECTIVE

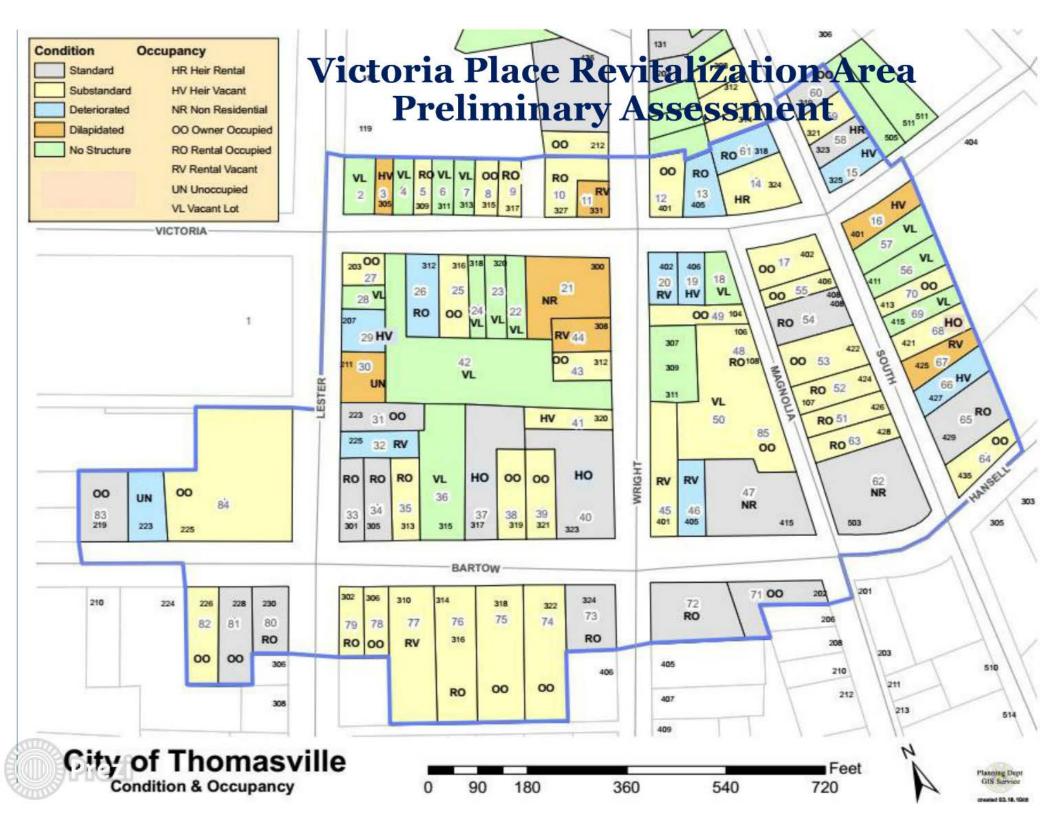




### VICTORIA PLACE URA/RAS

- Severely blighted neighborhood
- Numerous dilapidated and deteriorated houses
- Unsafe; high crime area
- Faulty lot layouts
- Infrastructure deficiencies and flooding





### PROPERTY OWNERSHIP

### Victoria Place Revitalization Area (2009)

Occupancy	Total #	Cloudy Title
Owner occupied	20	
Occupied by heirs	9	9
Occupied by renter	26	2
Unoccupied residence	13	6
Unoccupied commercial	1	1
Vacant lot	15	4
Occupied commercial	2	
Total Properties	85	22 26%



### PROPERTY CONDITIONS

### Properties in RAS with cloudy titles (2009)

S	<u>Substandard</u>	Deteriorated	Dilapidated
Occupied by Heirs	5	3	1
Unoccupied Residence	ce		6
Unoccupied Commer	cial		1
Rental Occupied	1		1







### VICTORIA PLACE ACQUISITION

## Some acquisition required condemnation to obtain clear titles:

- Plan had buy-in from neighborhood residents, property owners and community stakeholders
- Most often "friendly" condemnation
- High cost for legal, advertising, appraisals, surveys and administrative fees
- Lengthy process
- Elected officials supportive of project; withstood political pressure & negative public perception



### **COMMUNITY IMPACT**

- Heirs property disproportionally affects low income minority neighborhoods
- Contributes to "slum and blight" and high crime
- Often results in substandard, deteriorated or dilapidated housing stock with numerous code and safety violations
- Properties often small and of low value
- Contributes to high incidence of vacant land & unoccupied houses



### **ECONOMIC IMPACT**

- Families gradually lose economic and personal value of property ownership
- Lowered property values and low tax revenues
- Lack of investment in neighborhoods
- Limited viable commercial property in declining business environment



### REMEDIES

- Provide education and other resources to families who want to establish clear title.
- Establish URA plan for greater flexibility and additional local resources.
- Use condemnation through code enforcement to remove blight.
  - Process varies by locale
  - Local government may force demolition of unfit structures but title remains cloudy on now vacant lot



### LESSONS LEARNED

- Local government will not solve most heirs property situations.
- Cloudy titles are a detriment to the well-being of low income households and neighborhoods.
- Education and community resources are key to prevent further proliferation of heirs properties.
- Resolution of cloudy titles and property acquisition takes more time and money than you think.



### For more information, contact:

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