

HEIR PROPERTY & CLOUDY TITLES: A COMMUNITY PERSPECTIVE



WHY DOES IT MATTER?



- What impact does heir property have on your community?
- How do cloudy titles hinder neighborhood revitalization, the elimination of substandard housing and the use of code enforcement to remove blight?
- What can your community do to help solve the problems associated with heir property?

COMMUNITY IMPACT



- 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 a declining business environment



A TYPICAL NEIGHBORHOOD



Victoria Place Revitalization Area (2009):

| <u>Occupancy</u> | <u>Total #</u> | <u>Cloudy Title</u> | |
|----------------------------|----------------|---------------------|-----|
| 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 | |
| <u>commercial occupied</u> | <u>2</u> | | |
| Total Properties | 85 | 22 | 26% |

PROPERTY CONDITIONS



Properties in RAS with cloudy titles (2009):

| | Substandard | Deteriorated | Dilapidated |
|-----------------------|-------------|--------------|-------------|
| Occupied by Heirs | 6 | 2 | 1 |
| Unoccupied Residence | | | 6 |
| Unoccupied Commercial | | | 1 |
| Rental Occupied | 1 | | 1 |



HEIR FAMILIES



- Heirs who occupy house unable to take advantage of community rehab/weatherization programs
- Heirs unable to obtain loans for renovation or new construction
- May lack understanding of wills/probate & deeds
- May distrust legal system or government
- Not motivated to act since cost to clear title often more than property value

BARRIERS TO RESALE



- Feuding families with no consensus about maintenance or disposition of property
- Multiple heirs across several generations
- Some heirs not local - addresses unknown
- Heirs with limited monetary resources
- Properties often small and of low value
- Possible gain to heirs very limited if sold



REMEDIES



- Provide education and other resources regarding use of Quiet Title, Quit Claim Deeds or other legal means to establish clear title
- Partitioning not generally used on small city lots
- Use condemnation through code enforcement to remove blight
 - ✦ Process varies by locale
 - ✦ Local government may force demolition of unfit structures not feasible for rehab but title remains cloudy on now vacant lot

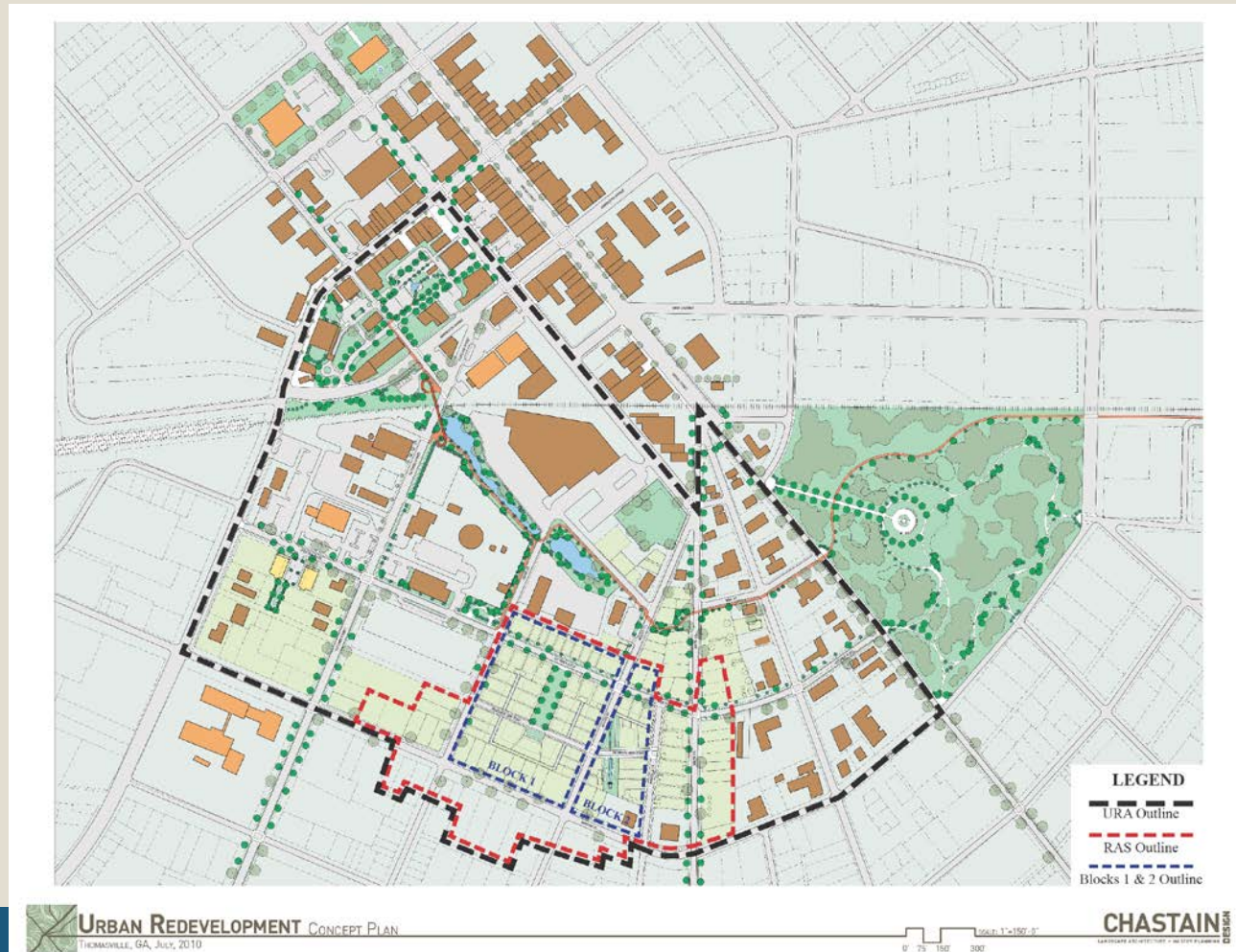
OTHER STRATEGIES



- **Purchase of tax delinquent properties**
 - ✦ May be possible through local Land Bank Authority
 - ✦ Property may not be immediately available to buyer
- **Creation of Urban Redevelopment Plan**
 - ✦ Plan must demonstrate clear positive benefit to area residents, neighborhood and community at large
 - ✦ Requires extensive community support and involvement
 - ✦ Encourage participation by a variety of stakeholders, including public-private partnerships
 - ✦ Combine varied funding sources

A THOMASVILLE EXAMPLE: VICTORIA PLACE URA/RAS

Urban Redevelopment Area Plan created 2009



VPURA OBJECTIVES & GOALS



The principal objectives of the redevelopment plan are to promote appropriate infill housing developments, rehabilitation, and reinvestment while addressing public infrastructure deficiencies, blight and unsightly and hazardous private property conditions.

Goals:

1. Promote mixed-income housing redevelopment
2. Improve Infrastructure
3. Nuisance Property Abatement
4. Promote Neighborhood Commercial Development
5. Promote Unification
6. Resident Education

AN AGGRESSIVE APPROACH



- Plan incorporates the preservation and rehabilitation of historic properties and seeks to blend the old and the new through sensitive and specific design guidelines
- Plan requires substantial property acquisition
- Requires numerous private - public partnerships and support from local Foundation and other funding sources in addition to CDBG/CHIP

VPURA ACQUISITION



Some acquisition for VPURA required condemnation to obtain clear title

- Often “friendly” condemnation
- High cost for legal, advertising, appraisals, surveys and administrative fees
- Lengthy process
- Elected officials were supportive of project and able to withstand political pressure and negative public perception
- Plan had buy-in from heir property owners, neighborhood residents and community stakeholders

IMPORTANT STEPS



- Do detailed study of area properties
- Identify heir properties early
 - Use qpublic/tax records – look for clues
 - ✦ Last deed of record old; still in name of original deceased owner (search for obituary to find names of heirs)
 - ✦ Lists “estate” and/or a C/O person or lists multiple owners
 - ✦ Wording includes “life estate” or “guardian”
 - Study the deeds
- Ask Attorney or title company to do a Title Search
- Involve code enforcement

Example #1



- Blighted property; high crime activity
- Owner deceased, will not probated
- Search found 1997 deed from estate of one son
- Acquired through Eminent Domain for community facility

GEORGIA, THOMAS COUNTY.

1997 DEC 23 AM 1:10

THIS INDENTURE, made the 22 day of December, 1997,
between V. GAIL LANE ALTMAN, Administratrix the Estate of ISIAH
TOLES, deceased, Intestate, of the First Part; and SYLVIA SMITH,
HOLLIS MORRIS, LARRY TOLES, HARVEY TOLES, LONNIE E. TOLES, BOBBY
TOLES, DEBRA SAMUEL, GLORIA MICKENS, PATRICIA A. SMITH, GAIL
LAWSON, JANICE GODWIN, CLARENCE TOLES, JR., AND FRED DUNLAP, (all
in equal shares), of the Second Part.

EXAMPLE #2



Former Pastor claimed ownership & wanted to sell – requested friendly condemnation to resolve

WARRANTY DEED

GEORGIA, THOMAS COUNTY.

THIS INDENTURE, Made the 6th day of February, in the year of our Lord One Thousand, Nine Hundred and Ninety Seven (1997) between

DISCIPLES OF JESUS HOUSE OF PRAYER & DELIVERANCE, INC.

of the County of Thomas and State of Georgia Of the First Part, and

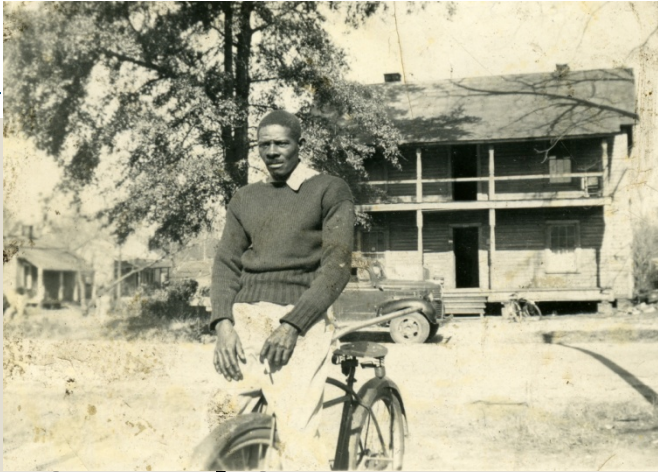
**HENRY HAM, PASTOR AND CHARLES BRYANT AND EDDIE BOOKER
AS TRUSTEES OF THE CHURCH OF POWER PRAISE & DELIVERANCE**

of the County of Thomas and State of Georgia Of the Second Part,

Being the same property described in a deed from Anton P. Wright to David E. Sledge dated November 24, 1944, and recorded in Deed Book 6-M, folio 245, among the Deed Records of Thomas County, Georgia; and in a Deed from Henry Mitchell, James P. Warren and Eula Mae Mitchell, as Trustees of Full Gospel Church of Jesus Christ, of Thomas County, Georgia, to House of Prayer & Deliverance, dated February 22, 1984, and recorded in Book 174, Page 805 of said Deed Records; and in a Deed from House of Prayer & Deliverance to the Disciples of Jesus House of Prayer and Deliverance, Inc. dated September 25, 1987 and recorded in Book 227, Page 21 of said Deed Records.

THIS CONVEYANCE IS MADE WITHOUT BENEFIT OF A TITLE SEARCH.

EXAMPLE #3



Original Owner c. 1948



House in 2012

- Grandson called City to offer property for sale to Land Bank at reasonable price
- Vacant dilapidated house, previously rental property
- Title search revealed two additional heirs (1966 deed)
- Two other heirs agreed to Quit Claim their portion for an additional cost

EXAMPLE #4



- Property needed for road construction
- Dilapidated property with NO living heirs
- Property acquired through Eminent Domain



OTHER EXAMPLES



- Small vacant lot valued at \$3500, needed for alley
 - ✦ One family member is an attorney in neighboring state
 - ✦ Heirs wanted to sell and requested that City pursue friendly condemnation to save them the time and expense of clearing the title
- Large vacant lot, URA plan needed rear portion only
 - ✦ Owner wanted to sell but closing attorney discovered discrepancies in legal descriptions/deeds
 - ✦ Owner requested friendly condemnation

LESSONS LEARNED



- Some heir property situations will not be solved by local government
- Ultimately education and community resources are key to prevent further proliferation of heir properties in low income neighborhoods
- Cloudy titles and heir properties are a serious detriment to the well-being of low income minority households and neighborhoods
- Acquisition and resolution of cloudy titles takes more time and money than you think



For more information, contact:

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