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Identifying Heirs' Property: Extent and Value Across the South and Appalachia

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ABSTRACT

A database of property tax records was used to locate and quantify the extent of heirs' property across 11 states (Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia). Based on previously published work, an index of four variables was then developed to estimate the likelihood that a given parcel was heirs' property. The authors conservatively estimate that there are at least 496,994 parcels of heirs' properties with a combined total area of 5.3 million acres and a market value of \$41.9 billion in these states.

KEYWORDS: big data, heirs' property, inheritance, land, poverty, race, tenure

INTRODUCTION

Heirs' property is real property passed down across generations in the absence of a probated will. This means that title to homes and land is considered to be "clouded" rather than "clear" because there are multiple owners with undivided but often variable shares in the property. Moreover, the whereabouts of some heirs may not be known, particularly if several generations have passed since the original owners obtained title to the property. Most of the research on heirs' property has focused on African Americans living in the southeastern United States (the "South"), but heirs' property exists among white people in Appalachia, as well as among Native Americans and Hispanic populations in the Southwest (Bobroff 2001; Deaton 2007; Johnson Gaither 2016, 2017). The common denominator associated with the prevalence of heirs' property is the marginal status of the owners and a historical lack of access to trusted legal services (Bailey and Thomson 2022). The absence of a clear title limits the ability of heirs' property owners to obtain commercial loans, and until very recently has disqualified them from obtaining access to government loans and disaster assistance programs. As a consequence, heirs' property has consistently been found to limit the generation and transmission of intergenerational wealth and to be a contributing factor to persistent rural poverty (Bailey et al. 2019; Deaton 2007).

Despite decades of work since the early studies of Graber (1978), the Emergency Land Fund (1980), and Schulman et al. (1985), questions of scale, scope, and location of heirs' property have remained unanswered. Most research addressing such questions has been limited to the examination of single counties (e.g., Dyer, Bailey, and Tran 2009). Recently, however, private companies such as CoreLogic have collected data from over 3,000 counties and county-equivalent jurisdictions in the United States and made these data available for purchase. Increased availability of such data over the past five years has made large-scale heirs' property research possible. For example, Dobbs and Johnson Gaither in this journal present their own prevalence estimates of heirs' property using different data sources and methodologies.

This study takes advantage of such data to estimate, map, and analyze the extent and economic value of heirs' property at the county level across 11 states (Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia). The data reflects a snapshot for December 31, 2019. We use a summative index approach and corresponding geovisualizations to identify heirs' property hot spots at the county level across 11 states both in the South and in Appalachia.

LOCATING HEIRS' PROPERTY

CoreLogic is a private corporation that sells county-level data derived from county tax offices. They do not generate any data themselves but do some organization of the data based on what they receive. We purchased property ownership data to document the extent in acres and the value in dollars of heirs' property in the 11 states noted here. Data were processed using script coding in order to ensure consistency across each of the respective states. This also ensures the research is replicable should the need arise.

The CoreLogic data set includes 207 variables describing each parcel with considerable detail. The first task we had was to eliminate from consideration certain parcels. We began by removing properties such as corporations, government buildings, churches, trusts, similar tax-exempt properties, and land-use classifications requiring a clear title. We also removed parcels greater than 500 acres based on the authors' understanding that such large parcels were unlikely to be heirs' property, even if other indicators in our index would suggest otherwise. Large parcels of heirs' property do exist, but we believe the number of such parcels is small and that the aggregate size of such parcels would skew our results.

Indicators of Heirs' Property

We began by using a modified version of the indicator strategy developed by Pippin, Jones, and Johnson Gaither (2017) which was itself based on previous work by Georgia Appleseed (2013), Dyer, Bailey, and Tran (2009), and unpublished work by Craig Baab of Alabama Appleseed (Georgia Appleseed 2013:10). The index we developed has four variables, described in table 1; the table lists the four variables and the source references.

Table 1: Components and References for Heirs Property Index

Index Indicator	Reference
HP1. Ownership Rights Codes	Pippin, Jones, and Johnson Gaither 2017; Zabawa 2021
HP2. Owner "Care Of" Name Listed	Zabawa 2021
HP3. Effective Year Built Pre-1990	Dyer, Bailey, and Tran 2009; Georgia Appleseed 2013
HP4. Pre-1980 Sale Date	Georgia Appleseed 2013; Pippin, Jones, and Johnson Gaither 2017; Johnson Gaither and Zarnock 2017

Our first variable (HP1) we call "ownership rights." This variable is an assemblage of words and phrases associated with the name of the property owner in the CoreLogic database. From Pippin, Jones, and Johnson Gaither (2017), we adopted four different types of property classifications. We further expanded this indicator by integrating findings from Zabawa (2021), who found that heirs' property was commonly reported by local tax offices with an additional two terms. The CoreLogic database contained each of the terms from Pippin, Jones, and Johnson Gaither (2017) and Zabawa (2021). We incorporated these terms into our ownership rights indicator (HP1 in table 1) and included one variable found in the CoreLogic database ("99") that is simply labeled "heirs." We found that this 99 marker worked well in some counties but failed to identify properties in other states, reflecting the problem of variable tax office nomenclature between counties and states. The 99 indicator overperformed in North Carolina and was hardly used in Louisiana. For our purposes, if a parcel had any one of the terms identified by Pippin, Jones, and Johnson Gaither (2017) or Zabawa (2021), or the CoreLogic "heirs' of" variable, it was given a score of 2. If none of those terms were associated with the name of the parcel owner, it was given a score of 0. The score "2" reflects a decision to weight this indicator double the remaining three indicators. We do so because the ownership rights indicator is a more direct indicator of heirs' property than other variables in our index, discussed below.

Our second indicator (HP2) is the presence of the phrase "care of" associated with the name of the parcel owner. We considered including this indicator in HP1 but decided that while "care of" was identified by Zabawa (2021) as a good indicator of heirs' property, it could also be used for other purposes (e.g., the address where the tax bill was to be sent might be the address of a lawyer or other person helping manage the property). Because "care of" could be used for other purposes besides heirs' property, we did not want to give it double weighting. Where the phrase "care of" occurred, the other designations in HP1 did not occur, so there is no double counting.

Identifying Heirs' Properties

Our third indicator (HP3) is “effective year built,” which refers to when major housing renovations were made, not when the structure originally was built. Dyer, Bailey, and Tran (2009) presented data showing that homes or other buildings held as heirs' property rarely undergo repairs requiring building permits, while records of building permits were common for homes owned with clear title. This variable can only be applied to parcels with improvements on the land (i.e., a home or other building).

Our fourth indicator (HP4) is that the property had not been sold since 1990, a 29-year span. The longer it has been since a property has changed hands, the likelier it is that the property is heirs' property. Heirs' properties cannot be transferred readily due to the cloud on their title, and most transfers of the property would require a resolution of the title problem. For the purposes of this analysis, we expect that parcels that have not been transferred in more than 29 years have a substantially greater likelihood of being heirs' properties. This is a subjective demarcation based on expert knowledge from legal professionals working with heirs' property. A longer or somewhat shorter period could have been selected. This variable also was used by Pippin, Jones, and Johnson Gaither (2017), Georgia Applesseed (2013), and Dyer, Bailey, and Tran (2009).

HP1 was weighted as two and each of the other three was given one point each for a total of five possible points. We determined that a score of three or more out of five points would represent the point where there is a strong likelihood that a given parcel was owned as heirs' property. The ownership rights indicator alone is not sufficient to be included in our estimate of likely heirs' property; the parcel in question would need to meet at least one other criterion. Similarly, if none of the ownership rights indicators were found, to be considered a case of likely heirs' property, an individual parcel would need to match all three of the other variables.

Our index differs from that of Pippin, Jones, and Johnson Gaither (2017) in several ways. The first modification was dropping two indicators they used: out-of-state mailing address and multiple mobile homes. While studies such as Dyer, Bailey, and Tran (2009) also pointed out these two patterns, we were not entirely confident in the accuracy. We did not make this assumption largely because of research showing 59 percent of all timber land in Alabama was controlled by absentee owners, with a high proportion of these being outside the state of Alabama (Bailey et al. 2021).

A second change entailed the presence of multiple mobile homes on a single parcel of land as an indicator of heirs' property. This connection initially was suggested by Dyer, Bailey, and Tran (2009) and picked up by others, including Pippin, Jones, and Johnson Gaither (2017). No data were cited in the original source; it was only a suggestion to consider. As we examined the data, we found mobile home parks that had no other indication of being owned as heirs' property. We have concluded that this is not a useful variable for estimating the presence of heirs' property.

A third change involved the elimination of properties that received tax preferences (e.g., homeowners' exemptions). Pippin, Jones, and Johnson Gaither (2017) reasoned that because heirs' properties do not have a clear title, they would not be eligible for tax preferences. We believe they are largely correct on this point but are aware of no research to document that point. However, this is not universally true, and in some states there is what Way (2022:181) calls a “patchwork of local eligibility criteria and barriers for heirs who lack clear title.” Anecdotally, we have learned that in some cases county tax offices

did not remove such exemptions upon the time of death of the original owner. As a consequence, we did not eliminate from consideration parcels that had such exemptions.

In the process of exploring these strategies for identifying heirs' property, we relied on Macon County as a benchmark since it has been thoroughly studied over the past decade by Tuskegee University and nearby scholars providing a reliable source for comparison. The carefully documented study by Dyer, Bailey, and Tran (2009) focused on Macon and identified nearly 16,000 acres of heirs' property, representing 4.1 percent of the county's total land areas. The total value of heirs' property was over \$44 million, \$25 million of which was the value of land and the remaining \$19 million the value of buildings and other improvements. We estimate at least 13,713 acres of heirs' property in Macon County. It is possible that in the 10 years between the studies, titles to some heirs' property may have been cleared. The comparison between the two figures suggests that our methodology provided a conservative estimate but one not too far from the estimate based on detailed local investigation.

FINDINGS

Areal Extent and Market Value of Heirs' Property in 11 States

For our 11 study states of the South, we identified 496,994 parcels as likely to be heirs' property because they score three or more points out of a total of five possible points on our four-variable index. These parcels totaled 5.3 million acres with a total market value of \$41,874,378,352 (table 2). Figures 1 and 2 show the areal extent in acres and total market value of heirs' property by county, respectively. We did not correct for differing geographic sizes of counties, which affects the depiction for states with smaller counties like Georgia and Kentucky.

Relatively high market values for likely heirs' properties in coastal counties reflect the high demand for such properties. Market value also was strongly influenced by the presence of improvements (i.e., buildings) so that small towns and urban centers have relatively high property value compared to owners of bare land. As a state, Mississippi reports the greatest number of acres while the highest total market value can be found in North Carolina and Virginia. We observe two key geographic concentrations of heirs' property in counties of the Black Belt and Appalachian coalfield regions. We did not correct for differing county sizes in our depiction of areal concentration and market value in figures 1 and 2. The dense concentrations in the Appalachian coalfields generally report smaller acreage likely due to the mountainous topography relative to Deep South parcels. Prior research has found that Appalachian heirs' property is commonly linked with poor health (Gaventa 1985) and housing vulnerability (Johnson Gaither 2019). Heirs' property in Appalachia has the added complication of coal mining in the form of mineral rights (ownership claims for the resources located beneath a plot of land), which is rarely noted within our database and should be further explored. Future research should consider the impact of these severed estates alongside heirs' property issues.

Table 2: Total Estimates of Heirs' Property

State	Identified Properties	Acres Sum	Total Market Value (2019 Dollars)
<i>Alabama</i>	41,218	486,674.60	2,947,571,329
<i>Florida</i>	62,012	168,166.37	5,207,269,458
<i>Georgia</i>	39,430	480,610.22	3,826,323,840
<i>Kentucky</i>	21,482	552,810.57	1,004,878,195
<i>Louisiana</i>	34,197	511,227.93	964,061,998
<i>Mississippi</i>	45,574	760,470.46	1,240,342,106
<i>North Carolina</i>	88,339	537,224.32	8,847,215,298
<i>South Carolina</i>	41,584	414,784.00	3,042,757,968
<i>Tennessee</i>	43,512	516,957.78	5,515,654,399
<i>Virginia</i>	55,404	513,214.94	8,086,128,465
<i>West Virginia</i>	24,242	366,233.01	1,192,175,296
TOTAL	496,994	5,308,374	41,874,378,352

Figure 1: Estimated Acres of Heirs' Property by Country

Estimated Acres of Heirs' Property By County 2019

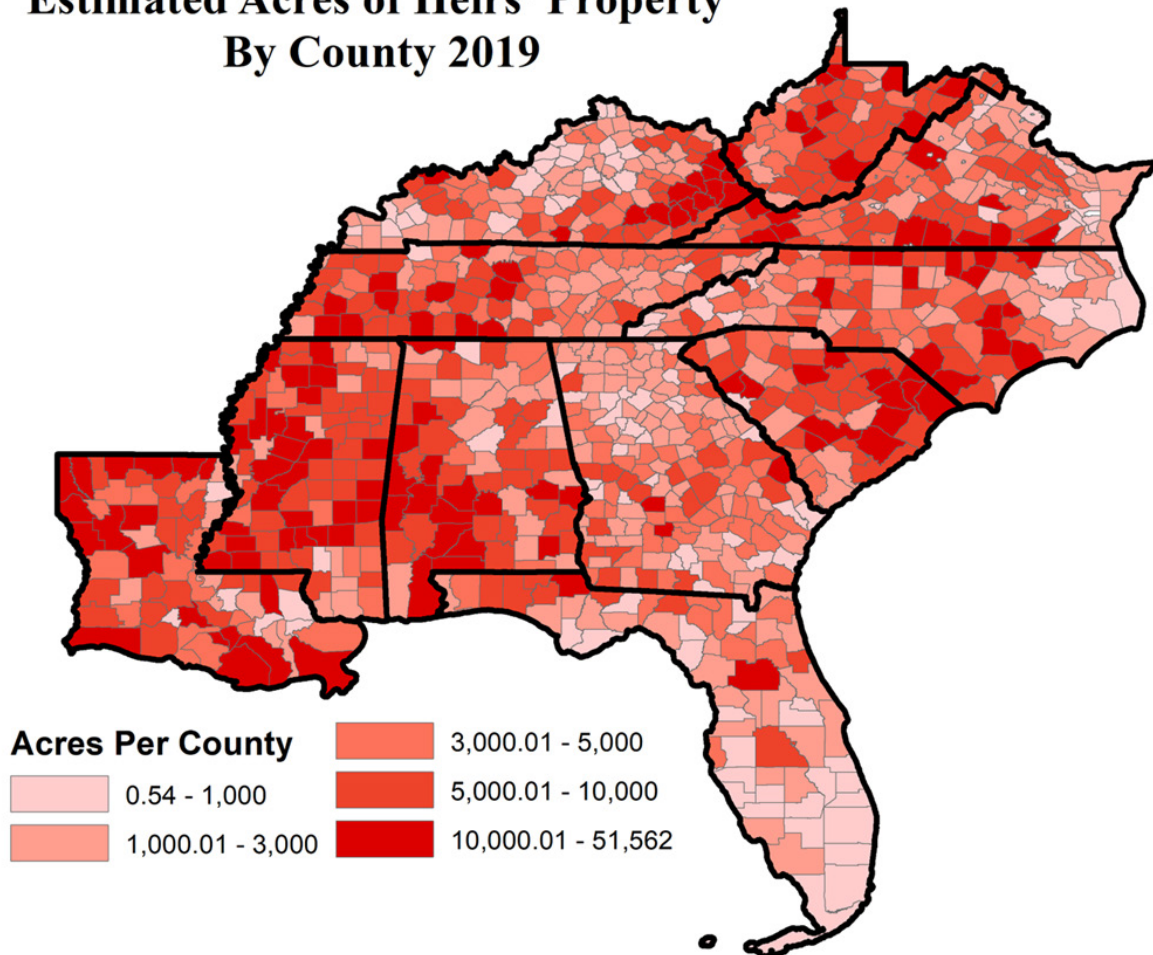
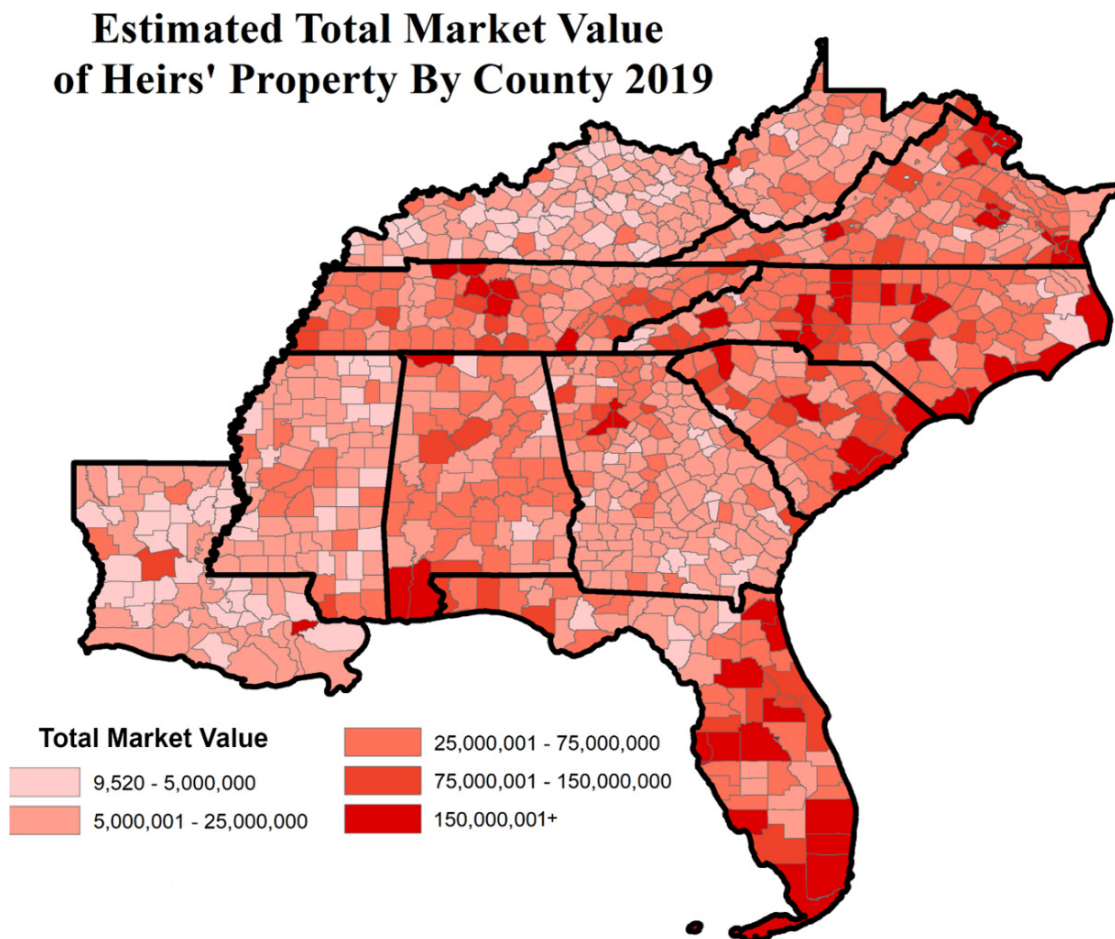


Figure 2: Heirs' Property Total Market Value by County

LIMITATIONS

Estimating the total number of parcels, acreage, and market value of heirs' property across this large geography is a challenging endeavor primarily because of data inconsistencies between states and even counties. There is considerable variation between and within states in the proportion of parcels that matched up with the different variables of our index. The lack of a standardized nomenclature remains a top priority necessary for addressing heirs' property issues, advancing research, and developing effective policy. The identification issue remains a primary barrier to the USDA Heirs Property Relending Program (HPRP) given that conducting title searches individually remains unfeasible at a national scale.

The CoreLogic database simply presents data that they have extracted from county-level records. While constituting a breakthrough in terms of data accessibility, it leaves a lot to be desired. We spent considerable effort in cleaning the data of obvious problems (e.g., timeshares in coastal resort communities reported as tenants-in-common). Nonetheless, an underlying problem of systematic error remains: each county has its own idiosyncratic approach to data reporting as indicated above by the variable "99," which CoreLogic reports as heirs' property. In other cases, data on the value of land or improvements to the land are missing. These data gaps limit our ability to increase the precision of our estimates at this time. However,

Identifying Heirs' Properties

we also should say that the recent availability of such “big data” for the first time makes analyses such as the ones we present here possible. We anticipate in future years that the quality of data will improve and allow for more precise estimates. The high quality of the mortgage database opens a range of different scales for analysis ranging from the parcel to the state level. This type of data grants new possibilities for more advanced analyses such as spatial regression, social network analysis, and mixed-method applications.

Returning to the issue of systematic error, it is apparent that some counties are suffering from underreporting on variables emphasized in our approach. Hundreds of likely heirs' property parcels do not have a reported market value. A similar problem is observed in the North Carolina coastal plain stretching from Bladen up to Bertie County, North Carolina, where ownership rights codes are often missing, making it difficult to accurately identify heirs' property and aggregate the county totals. Similarly, many counties in West Virginia do not report the last sale date. Other limitations such as the range of variation within the county units make comparison difficult (e.g., Georgia's small counties decrease their totals), suggesting that normalization would be helpful. Last, this study is likely underreporting of heirs' property totals in many counties. The estimates provided here remain conservative given that many parcels lacked key index information, and we removed parcels over 500 acres from consideration.

Difficulties in identifying heirs' property from large data sets like that of CoreLogic may have the unintended benefit of making it more difficult for unscrupulous speculators and developers to use such data in targeting owners of heirs' property. Researchers should be aware that efforts to identify and map locations where heirs' properties are concentrated at the subcounty level might pose a threat to the current family of owners. Concern that our research might help speculators and developers identify the location of heirs' property factored into our decision not to provide specific detail on components of variable 1 in our index.

CONCLUSIONS

The harmful ramifications of heirs' property are well understood—notably, its effects on limiting intergenerational wealth transmission and accumulation among largely impoverished and marginalized populations. However, much remains unknown about the extent of heirs' property, particularly the scale, scope, and locations of these properties. The goal of the current study was to identify and characterize heirs' property in 11 states covering two regions important to the topic of heirs' property, Appalachia and the South. This involved estimating, mapping, and analyzing the extent and economic value of heirs' property approximations.

Based on existing published literature on heirs' property, we developed an index using four variables often associated with heirs' property. We considered heirs' property instances to be those in which three or more variables are applied to a given parcel. Based on our conservative estimates, 5.3 million acres of land are held as heirs' property with a value of over \$41.9 billion. This figure should be a cause of widespread concern considering the well-documented limitations of heirs' property as a source of income and wealth generation. An important finding in our work is that improvements to property represent over half of the total market value of heirs' property. Such improvements are mostly in the form of housing.

Much of the research on heirs' property has focused on land loss among Black farmers, and much of the policy work has focused on the U.S. Department of Agriculture and the Farm Bill. Such work is, of course, vitally important, but we must keep in mind that heirs' property is also an urban phenomenon where the number of acres involved is less important than the value of housing. Our study includes both

rural and major metropolitan counties with slightly different, albeit overlapping, trends. Not surprisingly, the size of heirs' property parcels is smaller in urban areas than in rural areas.

This study represents a contribution to understanding the extent and economic value of heirs' property. Further study is needed to examine the relative significance of heirs' property across the rural to metropolitan continuum. This is a critical next step because much of the work on heirs' property has focused on farm and forest lands, leaving residential and urban heirs' property under-investigated.

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DISCLOSURE STATEMENT

No potential conflict of interest was reported by the authors.

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Identifying Heirs' Properties

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