HEIR PROPERTY AND THE WEALTH GAP

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HEIR PROPERTY: WHO AND WHY

• Populations that are poor and marginalized in society
  – African American
  – Native American
  – Hispanic
  – Poor Anglo American (e.g., Appalachia)

• Limited access to or trust of legal system

• Historical legacy of poor educational systems and limited literacy
HEIR PROPERTY AND POVERTY: CAUSAL LINKS

• Dead capital – clouded title
  – Cannot get conventional mortgage
  – Cannot get access to govt programs

• Reluctance to manage or maintain property

• Loss of property through tax & partition sales
Persistent poverty counties

Problems quantifying heir property

- Few attempts to quantify heir property
- Guesses range:
  - 1/3 black-owned land North Carolina to Mississippi (Graber 1978)
  - 40% black-owned rural land (Emergency Land Fund 1980)
  - More than 1/2 all ‘black-owned’ property in rural South (Rivers 2006)
  - But not only rural areas affected

- Good data important in guiding policy and allocation of organizational resources
<table>
<thead>
<tr>
<th>Counties</th>
<th>Percent African American</th>
<th>Percent Land in Heir Property</th>
<th>Value all Heir Property ($ million)</th>
<th>Value per Acre ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chatham, GA</td>
<td>39.8</td>
<td>0.3</td>
<td>22.3</td>
<td>24,176</td>
</tr>
<tr>
<td>Chattooga, GA</td>
<td>10.7</td>
<td>0.7</td>
<td>0.8</td>
<td>3,024</td>
</tr>
<tr>
<td>Dougherty, GA</td>
<td>68.5</td>
<td>.01</td>
<td>8.9</td>
<td>5,736</td>
</tr>
<tr>
<td>Evans, GA</td>
<td>29.5</td>
<td>0.9</td>
<td>0.4</td>
<td>4,150</td>
</tr>
<tr>
<td>McIntosh, GA</td>
<td>35.1</td>
<td>0.1</td>
<td>26.2</td>
<td>11,039</td>
</tr>
<tr>
<td>Macon, AL</td>
<td>82.1</td>
<td>4.1</td>
<td>44.3</td>
<td>2,771</td>
</tr>
<tr>
<td>Calhoun, AL</td>
<td>20.5</td>
<td>1.2</td>
<td>31.0</td>
<td>2,818</td>
</tr>
<tr>
<td>Pickens, AL</td>
<td>41.8</td>
<td>1.1</td>
<td>13.4</td>
<td>2,059</td>
</tr>
<tr>
<td>Wilcox, AL</td>
<td>71.9</td>
<td>2.8</td>
<td>16,417</td>
<td>2,036</td>
</tr>
<tr>
<td>Georgia estimates</td>
<td>0.4</td>
<td></td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Alabama estimates</td>
<td>2.7</td>
<td></td>
<td>2,400</td>
<td></td>
</tr>
<tr>
<td>Variable</td>
<td>Georgia</td>
<td>Alabama</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>---------------</td>
<td>--------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Black Belt counties</td>
<td>90</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acres of land in Black Belt counties</td>
<td>22,057,600</td>
<td>15,889,280</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent land in heir property (Black Belt average)</td>
<td>0.4</td>
<td>2.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total acres heir property Black Belt counties</td>
<td>88,000</td>
<td>397,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heir property value per acre</td>
<td>$5,000</td>
<td>$2,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total value of heir property in Black Belt counties</td>
<td>$440 million</td>
<td>$952 million</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Percentage of Residential Heirs’ Properties by County in the Southeast

Percentage of properties owned by heirs, tenants in common, and estates as a percentage of all properties:
- Less than 0.4%
- 0.41% - 0.8%
- 0.81% - 1.2%
- 1.21% - 2.4%
- Greater than 2.41%

Note: No data were available for Miami-Dade County.
Source: CoreLogic Property Deeds Database, 2015
## Calculating Regional Values of Heir Property

<table>
<thead>
<tr>
<th>Variable</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Black Belt counties in the South</td>
<td>365</td>
</tr>
<tr>
<td>Estimated total acres of heir property in Black Belt counties of Alabama and Georgia</td>
<td>485,000</td>
</tr>
<tr>
<td>Estimated total value of heir property in Alabama and Georgia</td>
<td>$1.39 billion</td>
</tr>
<tr>
<td>Estimated total value of heir property, 365 counties</td>
<td>$4.2 billion</td>
</tr>
<tr>
<td>Estimated total acres of heir property, 365 counties</td>
<td>1.46 million</td>
</tr>
</tbody>
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Interstates
States

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Source: CoreLogic Property Deeds Database, 2015
Causal Connections Heir Property and Poverty

• Insecurity of ownership (tax & partition sales)
• Clouded title constrains productivity of agricultural and forest land
• Leads to deterioration of housing quality
• Limited collateral value of heir property – billions of dollars in “dead capital”
• Potential loss of land (partition & tax sales)
• Property generates limited wealth to transfer between generations
Solutions?

• First step: create family tree to identify all heirs

• Try to achieve consensus among all heirs on what to do with property
  – Create LLC or other legal mechanism
  – Leave as clouded title
  – Sell property and distribute proceeds

• State policy and heir property

• Current farm bill