

## Heirs' Property Issue Brief 23-1

### Heirs' Property: Where, How Much, and Why Does It Matter?

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#### Introduction

"Challenges associated with heirs' property ownership have become a focal point of national, state, and local level policy, owing to the array of problems this form of real property ownership presents to owners. To address these issues comprehensively, it is necessary first to understand the scope or magnitude of heirs' property extent" (Dobbs and Johnson Gaither 2023).

The four authors of this policy brief have published two recent studies that describe where heirs' property is likely to be found, how much heirs' property exists, and the current market value of that property in the United States. We used different databases and different methodologies and had somewhat different findings. More importantly though, both studies make the point that there are millions of acres of heirs' property worth billions of dollars. In this policy brief, we review the two studies and explain why these findings are important.

Until very recently, obtaining property ownership data involved delving into property tax records in individual counties. Today it is possible to purchase property tax records from private companies that specialize in providing such data. Each parcel has attached to it numerous variables that can help the researcher determine whether a given parcel is



#### Summary Focus and Findings

Heirs' property comes into being when the owner of real property (usually a house and/or land) dies without a will. All heirs (e.g., spouse and children) become owners of an undivided interest in the property, with the division determined by state law. Heirs' property is significant as a social and historical phenomenon because property has been passed down without wills across multiple generations of Blacks in the South and whites in Appalachia because limited educational opportunities and patterns of exploitation led them to distrust the legal system. Heirs can number in the hundreds, presenting obstacles and vulnerabilities and limiting property ownership as a means of building intergenerational wealth. Quantifying the extent and value of heirs' property is necessary to inform legislation and policy, and to guide future research. We summarize the findings of two peer-reviewed studies designed to meet these needs.

heirs' property. The study by Thomson and Bailey developed a weighted index of four variables to identify parcels in 11 states of Appalachia and the southeastern United States ("South") likely to be heirs' property using data from Corelogic. Dobbs and Johnson Gaither used data from Lightbox/DMP and a set of nine terms or phrases in the ownership fields to estimate the presence of heirs' property at both the county and U.S. census tract level for all 50 states plus the District of Columbia.

## Summary Findings

### Millions of Acres Owned as Heirs' Property

Our studies provide estimates of heirs' property ranging from 3.3 to 5.3 million acres for the eleven states of Appalachia and the South listed in Table 1. Estimates for the total market value of heirs' property in these states range from \$16 to nearly \$42 billion.

Table 1. Estimates of Heirs' Property in Eleven States of Appalachia and the South

State	Parcels		Acres		Total Market Value (\$million)	
	Thomson/ Bailey	Dobbs/ Johnson Gaither	Thomson/ Bailey	Dobbs/ Johnson Gaither	Thomson/ Bailey	Dobbs/ Johnson Gaither
<i>Alabama</i>	41,218	18,132	486,675	334,265	2,948	1,297
<i>Florida</i>	62,012	27,743	168,166	128,849	5,207	3,650
<i>Georgia</i>	39,430	22,779	480,610	371,318	3,826	1,914
<i>Kentucky</i>	21,482	21,129	552,811	582,477	1,004	844
<i>Louisiana</i>	34,197	23,185	511,228	284,784	964	1,587
<i>Mississippi</i>	45,574	30,811	760,470	468,447	1,240	906
<i>N. Carolina</i>	88,339	39,162	537,224	301,997	8,847	2,332
<i>S. Carolina</i>	41,584	16,779	414,784	162,803	3,042	930
<i>Tennessee</i>	43,512	5,607	516,958	163,091	5,515	502
<i>Virginia</i>	55,404	14,333	513,215	202,015	8,086	1,393
<i>W. Virginia</i>	24,242	17,880	366,233	341,587	1,192	624
<b>TOTAL</b>	<b>496,994</b>	<b>237,540</b>	<b>5,308,374</b>	<b>3,341,633</b>	<b>41,874</b>	<b>15,979</b>

Sources: Dobbs and Johnson Gaither (2023); Thomson and Bailey (2023).

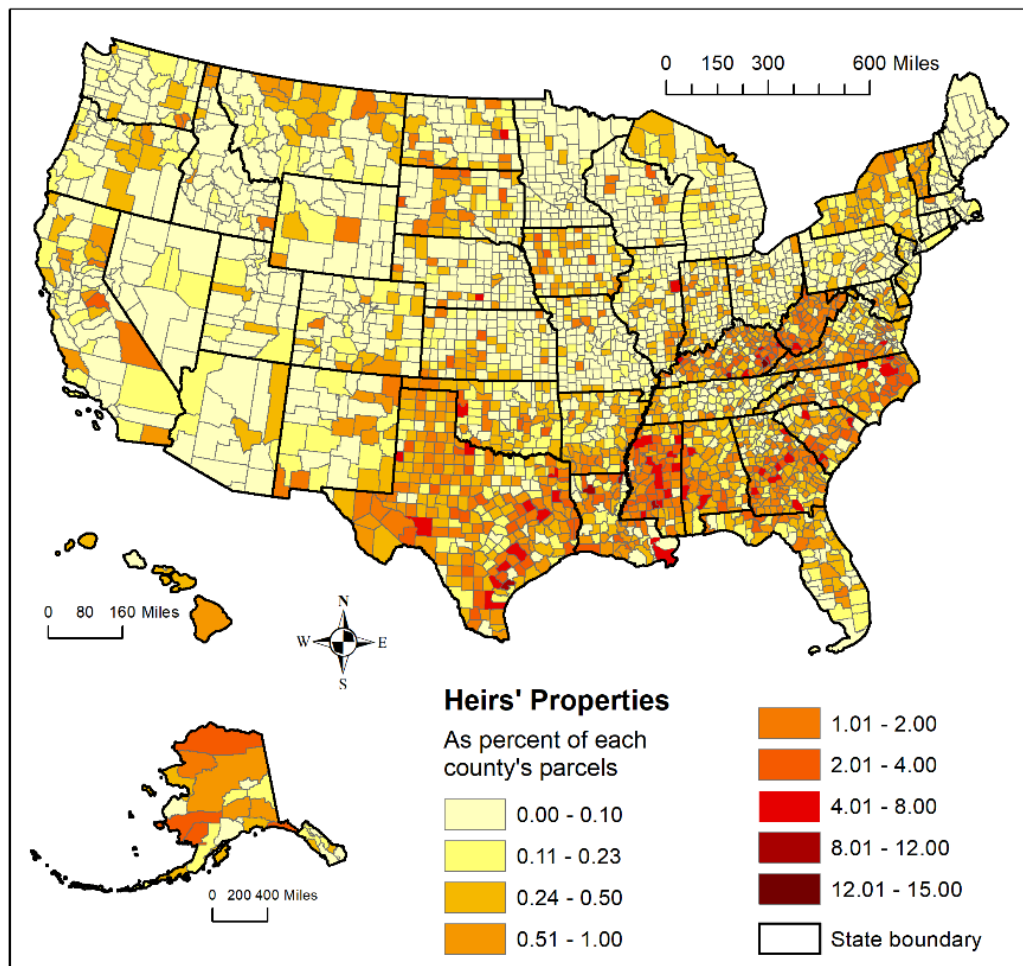
Dobbs and Johnson Gaither also provide estimates for the remaining thirty-nine states plus the District of Columbia. They report a total of over 444 thousand parcels of heirs' property representing 9.2 million acres valued at over \$41 billion. Their estimates are much more conservative than those of Thomson and Bailey who identified \$41 billion in heirs' property in only eleven states.

### Heirs' Property is Concentrated in Certain Regions

Most research on heirs' property has focused on the South and African American owners. Figure 1 from the work of Dobbs and Johnson Gaither shows that the number of heirs' property parcels is most densely concentrated in the South but with significant concentrations also in parts of Central Appalachia. Additional concentrations are located among Hispanic populations in Texas and in association with former Indian reservations that were historically allotted to individual tribal members.

Figure 1. Distribution of Heirs' Properties Parcels in the United States

#### **Percent Heirs' Properties in US Counties**

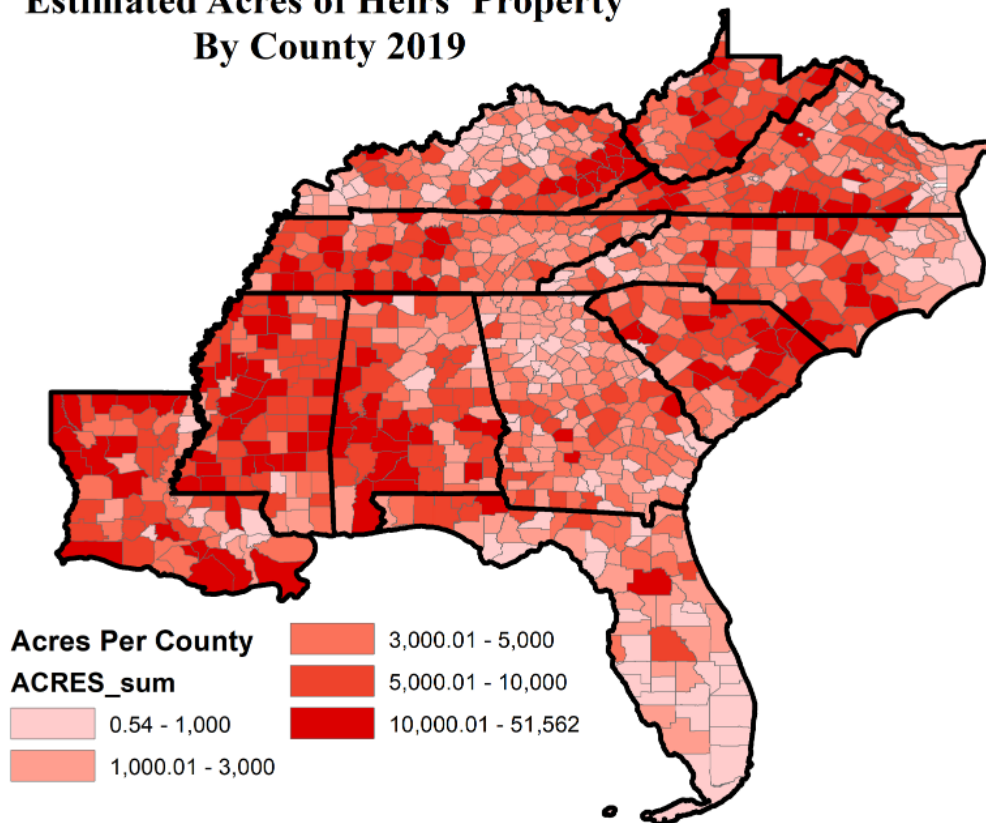


Source: Dobbs and Johnson Gaither (2023)

Similar patterns are shown in Figure 2 which depicts the distribution of heirs' property by acres in Appalachia and the South at the county level (from Thomson and Bailey). The low numbers of heirs' property acres in Georgia counties is an artifact of the small size of counties in that state.

Figure 2: Estimated Acres of Heirs' Property by County, 2019

**Estimated Acres of Heirs' Property  
By County 2019**



Source: Thomson and Bailey (2023)

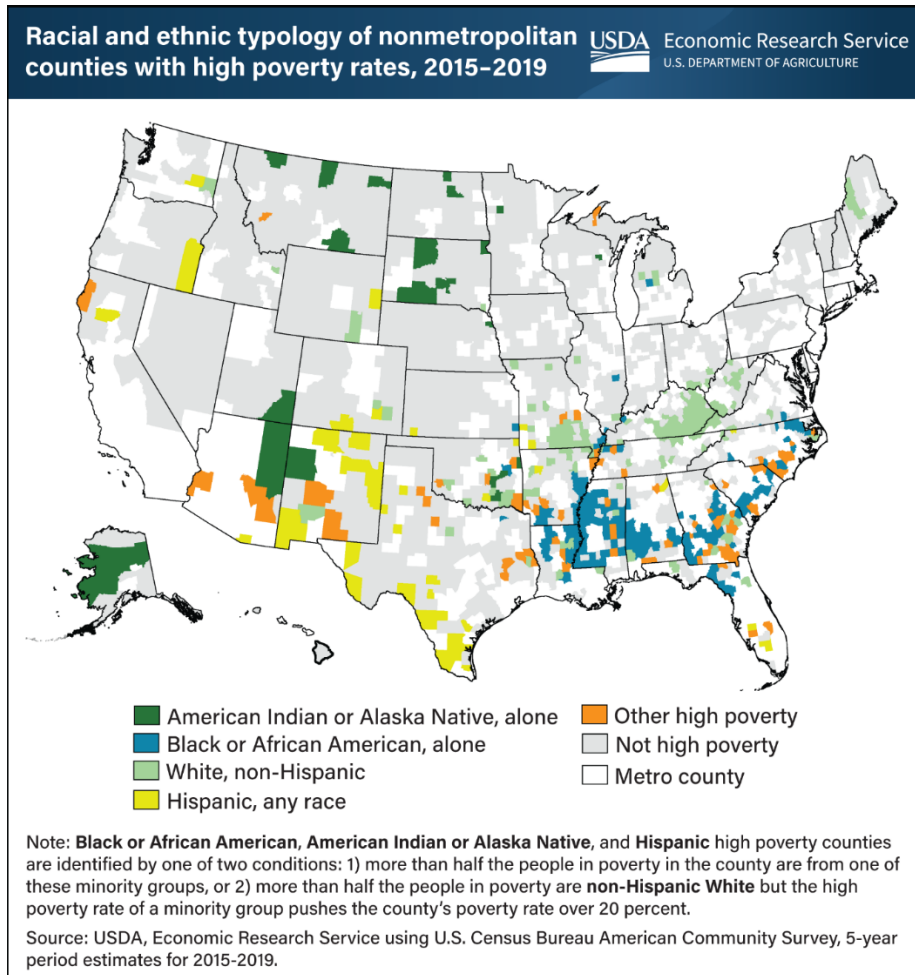
Quality of Life Correlates of Heirs' Property

Heirs' property owners often are unable to use this property as collateral for loans or, until recently, gain access to government programs designed to provide production credit to farmers or assist victims of natural disasters. The 2018 Farm Bill and the willingness of the Federal Emergency Management Agency (FEMA 2022) to assist owners of heirs' property after a natural disaster have addressed some obstacles but other programs (e.g., to help homeowners improve housing quality) remain unavailable to heirs' property owners because they lack clear title. Making decisions on how to maintain and utilize the productive potential of heirs' property is challenging because actions of significance require agreement among all heirs. As a result, homes often fall into disrepair and production from farm and timberland is constrained. Heirs' property has been described

as “dead capital” (Deaton 2005; Johnson Gaither and Zarnoch 2017) and as a causal factor in persistent rural poverty (Bailey et al. 2019).

As shown in Figures 1 and 2, heirs’ property is concentrated in certain parts of the country. So too is poverty. Figure 3 depicts the distribution of poverty among African Americans in the South and whites in Appalachia. These figures suggest there is an association between counties with high levels of heirs’ property and the presence of persistent poverty.

Figure 3. Racial and Ethnic Typology of Nonmetropolitan Counties with High Poverty Rates, 2015-2019

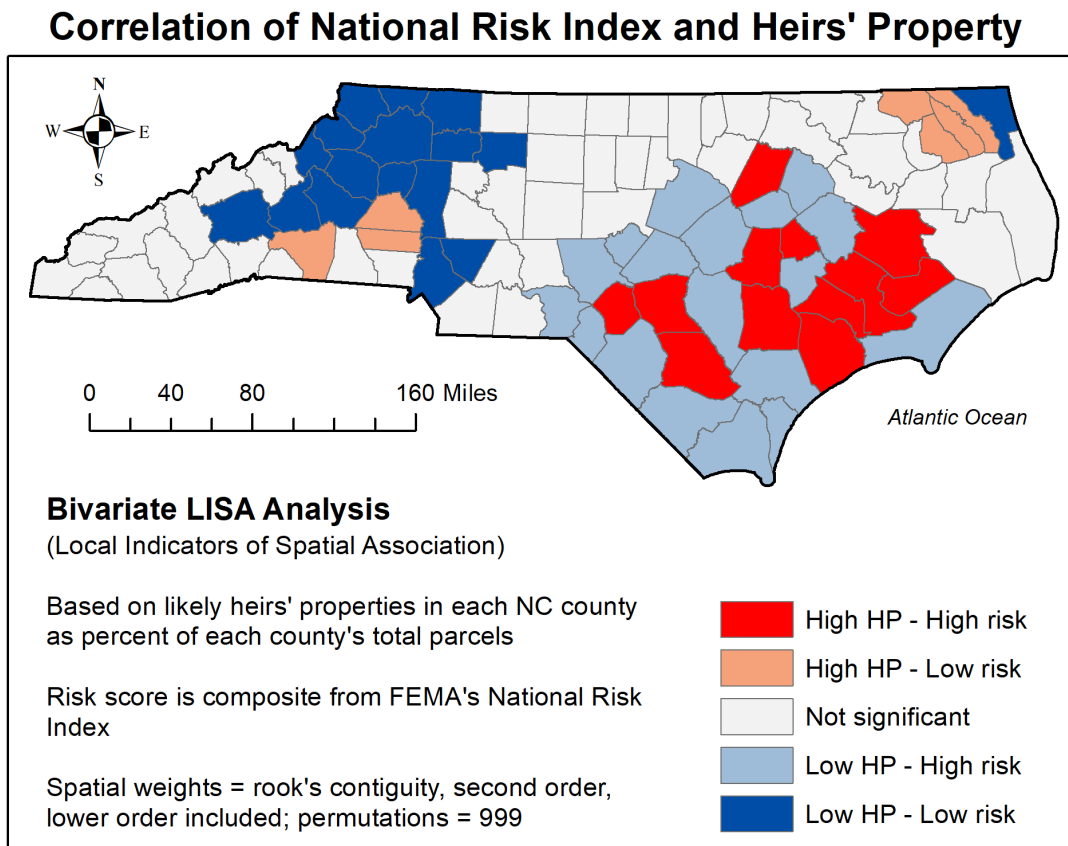


Source: USDA Economic Research Service (2022).

The Federal Emergency Management Agency (FEMA) has developed a national risk index that includes vulnerability to natural disasters, socio-economic factors that increase vulnerability, and factors that increase community resilience. Dobbs and Johnson Gaither combined this risk index with their data, for an example of how quantitative data on heirs’ property can be of value to policy makers (Figure 4). Heirs' property is uniquely vulnerable

to natural disasters because the number of owners often numbers in the scores if not hundreds, complicating timely decision making necessary to protect a property or make necessary repairs after a storm, flood, or other disaster event. Data such as are presented in Figure 4 are useful to FEMA and other federal and state agencies in developing plans and responding to crises.

Figure 4. North Carolina Correlation of National Risk Index and Heirs' Property



Source: Dobbs and Johnson Gaither (2023)

### Data and Methods

We used different national databases in our two studies, but the original sources for both were tax offices in the 3,000-plus counties and county-equivalents in the U.S. There are no standards for how heirs' properties are reported within individual counties much less between counties. Problems are compounded by missing values. Additional variation may have been introduced by the companies that manage the national property tax records, which have developed their own set of variables. CoreLogic uses 207 variables for each parcel while Lightbox/DMP uses 52 variables. The lower number of LightBox/DMP variables or fields reflects the Forest Service's primary use of the parcel data for forest inventorying, not heirs' parcel identification. Dobbs and Johnson Gaither requested that the number of LightBox/DMP variables be increased by eight to include market, assessed, and

improvement values, along with a "care of" indicator. (Subsequent conversations with a real property attorney and review of the data suggested that the conservator and executor/executrix identifiers are not useful. Parcels with this notation are included in the estimates but represent less than one percent of the estimates.) Also added was a variable indicating property classification at the time the owner took possession. It was thought, initially, that this field contained a straightforward description of the parcel, e.g., if it were classed as "heirs" or some other indication of heirs' property. However, there were two problems with the data in this field: 1) it was sparsely populated and 2) it represented a static description of the property. LightBox/DMP advised that this descriptor indicated how the property was classed at the time it was possessed by the owner. That classification could change and no longer reflect the status of the property when it was received by the owner. In contrast, the heirs' notation in the records is more likely to be updated throughout a given tax year.

Both studies identified and removed from consideration parcels that were not owned by a "natural" person (e.g., banks, businesses, religious institutions, and government properties). Thomson and Bailey (2023) also excluded all parcels over 500 acres based on the assumption that individual parcels of 500 acres or more rarely are owned as heirs' property.

The primary cause of our differing estimates almost certainly comes from our different methodologies. Dobbs and Johnson Gaither (2023) adopted an approach based on how the owner's name was recorded, identifying a set of nine possibilities (care of; conservator; deceased; estate – when the term referred to legal status; et al.; executor or executrix; family of; heirs; and undivided or fractional interest). If any of these terms were found, the parcel was considered to be heirs' property.

Thomson and Bailey (2023) developed an index using four variables. The ownership rights variable was defined by a set of six common terms or phrases associated in the literature with heirs' property. The terms or phrases matched those used by Dobbs and Johnson Gaither with the exception of "conservator" (not used) and "care of" (which Thomson and Bailey used separately as its own variable). In addition, the CoreLogic database had one variable defined as "heirs." No comparable variable was available in Lightbox/DMP. This term was useful for some counties but was blank for several states. If any one of the seven terms appeared in the owner name field, Thomson and Bailey gave that parcel a score of two. The remaining four variables were scored as zero or one. The second variable was the appearance of "care of" in the ownership field. Variable three was based on whether there was a record of property improvements made since 1980. The underlying assumption was that such records would only be recorded if a building permit was issued and that repairs requiring such a permit were substantial and therefore relatively rare on homes or other

buildings owned as heirs' property. The final variable was based on the most recent sale of the parcel. If no sales had been recorded since 1980, this was considered an indicator of heirs' property. Of course, there are properties with no building permits and no sales since 1980 that are not heirs' property. If both criteria were met and either variable one or two were met, then the assumption was the parcel was heirs' property. In sum, the Thomson and Bailey index imposed a more stringent filter in identifying parcels likely to be heirs' property. Despite this, they found a larger number of parcels and acres, and higher market values of heirs' property than did Dobbs and Johnson Gaither (Table 1).

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### **Acknowledgements**

The authors appreciate the leadership provided to scholars and practitioners working on heirs' property by the Southern Rural Development Center (SRDC), which has served as a convenor and source of continuity in our efforts and the efforts of many others. We also wish to express appreciation to the Socially Disadvantaged Farmers and Ranchers Policy Research Center at Alcorn State University. Thomson and Bailey wish to acknowledge support from the Alabama Agricultural Experiment Station. Dobbs and Johnson Gaither wish to acknowledge support from Oak Ridge Institute for Science and Education.

The SRDC receives base funding from the USDA National Institute of Food and Agriculture (NIFA), and project support from the Agricultural and Food Research Initiative Competitive Program of USDA NIFA, grant number 2021-67023-34425. Comments do not reflect funding partners.

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