#### **TEXASLAW**

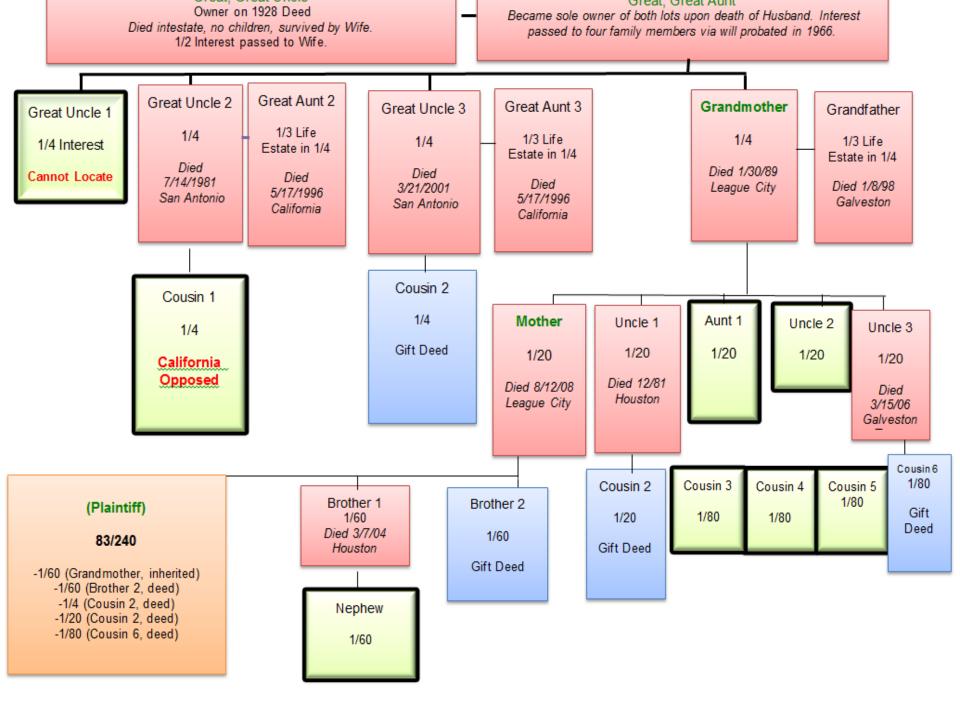
# From Cities to Colonias: Stopping the Regeneration of Fractionated Ownership

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# Impacts of Fractionated Ownership

- Impact on Individuals
  - Inability to access loans and government loan programs
  - Inability to access full benefits of homeownership (such as full homestead exemption)
  - Inability to sell
  - Stress on family members
  - Wealth stripping

#### Impact on Communities

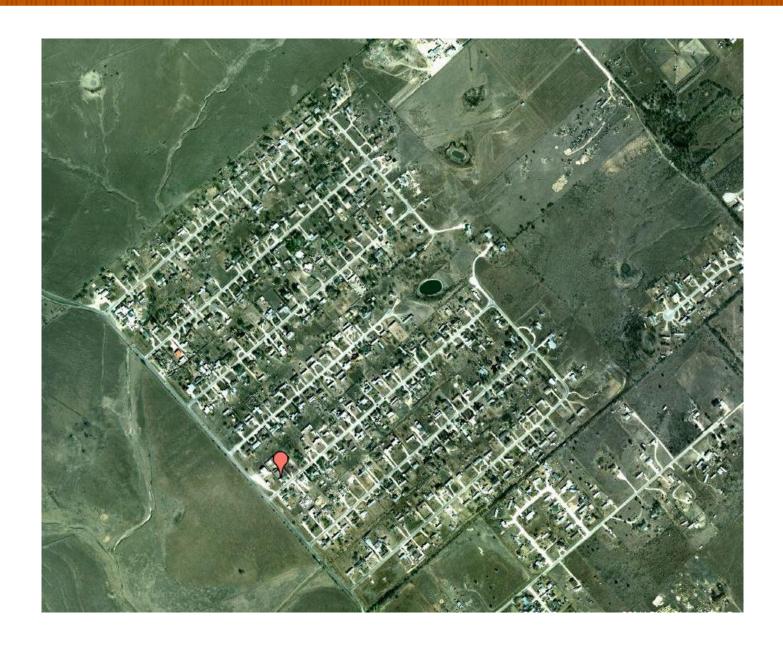
- Abandonment and blight
- Fiscal impact: unpaid taxes, property depreciation, code and law enforcement
- Wealth stripping





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## **UT Survey: Informal Homesteads**

- Survey of 1300 residents in informal homesteads (South and Central TX)
- Mostly Owners: over 82%; 65% of new arrivals
- Aging Population: 25% > 61; 46% > 51 yrs
- Low Incomes: 60% earn < \$1600/month household
- Stable: 56% of owners lived on their lot for at least 10 years; 20% for 25+ years.

Online at <a href="https://www.lahn.utexas.org">www.lahn.utexas.org</a> (Texas Housing Database)

## **UT Survey: Informal Homesteads**

- 89% of owners have wills
- 44% have made "arrangements" that may not be honored
- 23% of married owners have children from prior relationships
- 13% divorced owners lack divorce decree
- Family sizes dramatically exceed state and nationwide averages

# Interventions to Stop Regeneration of Fractionated Titles

- Free and low-cost estate planning and title clearing legal services
- New tools: Transfer on death deeds
- Adverse possession reforms—give primary occupant right to consolidate title



# Title Project Pro Bono Clinics at Texas Law

Estate planning clinics to maintain consolidated ownership in the family Assistance with property tax exemptions



#### **Transfer on Death Deed**

- Non-probate transfer of property via simple deed:
   property transfers automatically at death
- Expressly allowed in half of states
- Uniform law and recently-enabled Texas TODD as models
- Low-cost solution
- Need to focus on expanding access

#### **Adverse Possession Reforms**

- Allow co-owners in long-term possession and maintenance of a homestead to assert adverse possession against absentee co-tenants.
- Texas Senate Bill 1249: signed by Texas Governor Abbott on 6-12-17
- 10 years: paid all property taxes and in exclusive possession of the property; no other owners contributed to taxes or maintenance or challenged claim; no written agreement in place
- Written notice of claim to cotenant heirs required + recorded affidavit

#### Research Needed

- Markers to predict and identify properties undergoing fractionation
- Long-term consequences of fractionated ownership
- Understand why certain heirs properties cycle into abandonment while others do not
- New generation of policy tools