



**Improving Management
of Government-Owned Real Property
in Tennessee**

January 2019



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Tennessee Advisory Commission on Intergovernmental Relations
226 Anne Dallas Dudley Boulevard · Suite 508 · Nashville, Tennessee 37243
Phone: 615.741.3012 · Fax: 615.532.2443
E-mail: tacir@tn.gov · Website: www.tn.gov/tacir

Improving Management of Government-Owned Real Property from the State of Tennessee

Bob Moreo, M.Arch.
Senior Research Associate



David Keiser, M.A.
Senior Research Associate



Rabia Chaudhry, M.P.A., M.S.
Research Associate



Matthew Owen, Ph.D.
Policy Coordinator



Mark McAdoo, M.S., M.S.M.
Research Manager

Other Contributing Staff

Ben Smith, M.S.
Senior Research Consultant



Bill Terry, M.A., F.A.I.C.P.
Senior Research Consultant



Teresa Gibson
Web Development & Publications Manager

January 2019

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Tennessee Advisory Commission on Intergovernmental Relations

226 Anne Dallas Dudley Boulevard, Suite 508
Nashville, Tennessee 37243



January 31, 2019

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Lt. Governor and Speaker of the Senate
Suite 700 Cordell Hull Bldg.
Nashville, TN 37243

The Honorable Glen Casada
Speaker, House of Representatives
Suite 600 Cordell Hull Bldg.
Nashville, TN 37243

The Honorable Bo Watson
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Suite 706 Cordell Hull Bldg.
Nashville, TN 37243

The Honorable Susan Lynn
Chair, House Finance, Ways and Means
Suite 622 Cordell Hull Bldg.
Nashville, TN 37243

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Peter Muller, House Budget Analysis Director
G-104 Cordell Hull Bldg.
Nashville, TN 37243

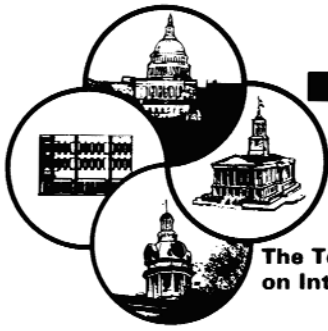
Ladies and Gentlemen:

Transmitted herewith is the Commission's report on governmental property in Tennessee pursuant to Public Chapter 693, Acts of 2018, which directed that the study determine the amounts of non-tax-producing properties held by state and local governments, as well as recommendations about the highest and best uses of the properties and ways for making the properties productive, with a statutory due date of March 1, 2019. The report contains information on how governments currently manage property and how this process might be improved, including integrating the Department of Transportation's rights of way into the state's real estate management strategy and broader use of geographic information systems. The report recommends that when unneeded property is identified, it should be offered back to the prior owners or evaluated for sale as surplus. The report also recommends that the state assist local governments in the management of their property by providing access to the state's website for marketing and by offering training on best practices in real estate management, as well as allowing expanded use of land banks. The Commission approved the report on January 31, 2019, and it is hereby submitted for your consideration.

Respectfully yours,

Mayor Larry Waters
Acting Chairman

Cliff Lippard
Executive Director



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



226 Anne Dallas Dudley Blvd., Suite 508
Nashville, Tennessee 37243-0760

Phone: (615) 741-3012

Fax: (615) 532-2443

www.tn.gov/tacir

MEMORANDUM

TO: Commission Members

FROM: Cliff Lippard *Cliff*
Executive Director

DATE: 31 January 2019

SUBJECT: Public Chapter 693, Acts of 2018 (Excess Property)—Final Report for
Approval

The attached Commission report is submitted for your approval. It was prepared in response to Public Chapter 693, Acts of 2018, which directs the Commission to determine the amounts of non-tax-producing properties held by state and local governments, as well as recommendations about the highest and best uses of the properties and ways for making the properties productive. The report has a statutory due date of March 1, 2019. While the report covers the requested information, adopting its recommendations will assist in better data collection and decision making in the future.

Since the draft report was presented to the Commission in December 2018, TACIR staff added a recommendation that **state-owned properties that are unused and have no planned, future use reported for them for a significant period—10 years—be either**

- **offered back to their prior owners or**
- **evaluated for sale as surplus.**

Additionally, TACIR staff expanded the recommendations to include having **the list of all state-owned real property online** to promote greater transparency and more easily identify opportunities to promote the highest and best use.

As presented at the Commission meeting in December 2018, the report recommends **all state agencies submit property use information along with annual real property plans to the Department of General Services (DGS), and that the state consider making the**

reporting of property use and real estate plans a part of each agency's budget process. The state could require the Tennessee Department of Transportation (TDOT) to report its right-of-way (ROW) property to DGS; this would require TDOT to first complete an inventory of all its ROW property and determine which properties are needed and which are not. To facilitate identification and disposal of unneeded ROW property in Tennessee, TDOT could both actively market its surplus ROW property for sale and work with DGS to integrate surplus TDOT properties with the overall surplus property strategy for the state. The state could require the integration of geographic information systems with the state-owned property inventory to provide for more robust analysis and help promote the highest and best use of the state's real estate assets.

To assist local governments with the management and disposal of surplus property, the state could assist local governments with the management of real property—as suggested in the Commission's 2012 report, *Dealing with Blight: Strategies for Tennessee's Communities*—by providing legal authority allowing any city or county to establish a land bank. The state could help local governments reach a wider audience of potential buyers by allowing local governments to post links to their surplus real properties—including tax-delinquent properties—on the state's website where the state advertises its surplus real property. The state could ensure that local government officials are always aware of state surplus available in their jurisdiction by requiring DGS staff to notify local officials of surplus state-owned properties that are available in their jurisdictions before offering the properties to the public for sale—as is already done voluntarily by DGS staff. Finally, the state could offer additional training on best practices for real property management for county and city officials to promote the highest and best use of real property owned by local governments.

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SUMMARY AND RECOMMENDATIONS: IMPROVING MANAGEMENT OF GOVERNMENT- OWNED REAL PROPERTY IN TENNESSEE

When Bass Pro Shops opened a new location in East Ridge, Tennessee, in July 2016, a portion of the 58-acre development was on excess right-of-way (ROW) property that the Tennessee Department of Transportation (TDOT) owned for years after completing a welcome center along Interstate 75. East Ridge previously bought some of the excess ROW for a fire station and worked with the developer and TDOT over several years to relocate the fire station and acquire additional property for the Bass Pro Shops development. The city and the developers followed the standard TDOT excess land process for acquiring unneeded ROW, and the development is an example of how unused government-owned land can be repurposed. But the development also raises questions: How much unused government-owned land exists in Tennessee and to what uses could it be put? Because they were familiar with the Bass Pro Shops development in East Ridge, Representative Carter and Senator Watson introduced legislation that became Public Chapter 693, Acts of 2018 (see appendix A), which asked the Commission to

- determine the amount of non-tax-producing properties held by state and local governments in Tennessee and
- include recommendations as to the highest and best use of the properties and ways for making the properties productive.

TACIR staff reviewed several databases to determine the amount of government-owned real property in Tennessee. Within the Department of General Services, the State of Tennessee Real Estate Management Division (STREAM) currently maintains an inventory of state-owned real property. But the inventory doesn't include all legislative and judicial branch properties, and it does not include state-owned ROW managed by TDOT or any property owned by local governments or the federal government, which has its own separate inventory managed by the US General Services Administration (GSA). Seeking to find a consistent source of information that included data on property owned by all levels of government—federal, state, county, and city—TACIR staff collected property assessment data from the Tennessee Comptroller of the Treasury, both through its Division of Property Assessments and its Office of Local Government, as well as from several individual county governments. Because these data were originally collected for property assessment purposes, they were not intended to serve as a property management inventory and do not always include detailed information on a property's use or whether it has been—or could potentially be—declared surplus.

The total land area in Tennessee is approximately 26.4 million acres, of which more than 2.8 million acres (10.7%) is owned by the federal, state, or local governments.

Given the limitations of these various datasets, TACIR staff concluded that an analysis of GIS parcel data provided by each county to the Comptroller’s Office of Local Government would provide the most consistent, complete, and accurate estimate of ownership and acreage for local, state, and federally owned real property in Tennessee.

The total land area in Tennessee is approximately 26.4 million acres, of which more than 2.8 million acres (10.7%) is owned by the federal, state, or local governments (see table 1). In most counties, less than 7% of the total county land area is government-owned, but there are a few where government-owned land makes up a third or more of the county (see appendix B).

Table 1. Government-Owned Property in Tennessee, 2018

Federal acres	State acres	County acres	City acres	Total Government acres	Total Land acres
1,303,303	1,179,155	196,502	142,662	2,821,171	26,390,386
4.9%	4.5%	0.7%	0.5%	10.7%	

Sources: US Census Bureau Geography Division (total land acres), Tennessee Comptroller of the Treasury Office of Local Government, Tennessee Department of General Services STREAM, and several individual county governments (government-owned acres; see appendix B). State-owned acreage includes an estimate of right-of-way (ROW) from the Tennessee Department of Transportation.

Improving the Management of State-Owned Real Property

Tennessee has taken steps toward a more strategic approach to managing state-owned property over the past several years. STREAM was established within the Department of General Services (DGS) in 2011, following a transfer of the state’s Division of Real Property Administration from the Department of Finance and Administration to DGS by executive order. The move was intended to help the state manage its real property assets in a “more economical and efficient manner.” STREAM is now responsible for managing an inventory of the state’s real estate assets and disposing of unneeded surplus as determined by individual agency needs. Its mission is to “create and maintain a real estate portfolio that effectively provides for the program requirements of state agencies while minimizing the total cost of the portfolio.”

The state has made significant progress toward more effective property management; however, additional information from other state agencies on current property uses and future real estate needs would help STREAM both ensure that state-owned properties are used efficiently and determine which real estate assets may be potential surplus property that could be put to a better use—whether public or private. For example, because program requirements and agency initiatives should drive real estate

strategies, STREAM attempted to partner with all of the 23 cabinet-level state agencies to develop strategic real estate plans, but only 12 agencies actively collaborated with STREAM to develop the plans. Current law requires the Commissioner of General Services to maintain a complete inventory of all state-owned real property and requires state agencies to report their real property assets and acquisitions to the department, but agencies are not required to report property use information or develop strategic real estate plans with STREAM.

The federal government and several states have adopted policies intended to help them collect more information on the properties their agencies own and the current or planned uses for those properties. Federal agencies are required to submit real estate plans annually to the US General Services Administration that include

- an inventory of each agency’s real estate assets,
- the properties’ current uses, and
- future real estate needs.

At least 10 states have implemented similar reporting and planning requirements for their state agencies in coordination with their equivalent of STREAM, and another five states maintain an inventory and require state agencies to report their properties’ current uses. But some of these states report that even with the legislative requirement to submit property usage and real estate plans, they have agencies that do not fully comply because there is no consequence for non-participation. For this reason, Georgia is moving to require agencies to submit their plans as a prerequisite for departmental budget approval. **To continue encouraging improvements in the management of state-owned real property in Tennessee, the state could require all state agencies to submit property use information, along with annual real property plans for future use, to STREAM, as is required by the federal government and several other states. It could also consider making the reporting of property use and real estate plans a part of each agency’s budget process, as Georgia is currently planning to do, as a prerequisite for departmental budget approval.**

Moreover, state-owned properties that are unused and have no planned, future use reported for them for a significant period are likely unneeded assets that warrant review. Some states require that real property acquired through eminent domain be first offered back to its prior owners if the property is not used within a specified period—generally around 10 years. TACIR staff have not found similar requirements for properties acquired through means other than eminent domain in other states, and there are currently no similar requirements in Tennessee for unused state-owned properties regardless of how they are acquired. **To supplement the improved reporting process described above and to encourage that state-owned properties be put to their highest and best use, Tennessee could**

Current law requires the Commissioner of General Services to maintain a complete inventory of all state-owned real property.

The federal government and several states have adopted policies intended to help them collect more information on the properties their agencies own and the current or planned uses for those properties.

Excess transportation right-of-way is not included in the Department of General Services' inventory and has not historically been quantified or actively managed by the state.

Stakeholders have stressed the importance of expanding geographic information systems technology to facilitate the most efficient management of the state's real property assets.

require that any state-owned properties that for 10 years are both unused and have no planned, future use reported to STREAM, regardless of how they were acquired, be either

- **offered back to their prior owners or**
- **evaluated for sale as surplus.**

Unlike other state-owned properties, excess transportation ROW—like the property developed in East Ridge—is not included in STREAM's inventory and has not historically been quantified or actively managed by the state. TDOT is working to improve its ability to identify excess ROW through the implementation of its Integrated ROW Information System (IRIS). The department estimates that at the end of state fiscal year 2016-17, it owned approximately 217,962 acres of ROW, valued at approximately \$1.8 billion—most of which is in use or needed for highway purposes, according to TDOT. **To assist STREAM in developing a complete record of all state-owned real property in Tennessee, the state could require TDOT to report its ROW property to STREAM; this would require TDOT to first complete an inventory of all its ROW property and determine which properties are needed and which are not.** However, during the previous administration, TDOT said it lacked the dedicated staff resources it would take to prioritize the completion of a comprehensive inventory.

As in most other states, Tennessee's department of transportation is the agency responsible for identifying and disposing of excess state ROW. Currently, TDOT is not actively marketing excess ROW property; instead, it responds to requests when contacted. In contrast, the departments of transportation in at least 26 states actively market surplus ROW, and in Connecticut, surplus ROW is marketed by the state's equivalent of STREAM. **To facilitate identification and disposal of unneeded ROW property in Tennessee—similar to the property developed in East Ridge—TDOT could both actively market its surplus ROW property for sale—as is done in many other states—and work with STREAM to integrate surplus TDOT properties with the overall surplus property strategy for the state.**

Beyond these suggested improvements, stakeholders from STREAM, TDOT, and other state agencies have stressed the importance of expanding Geographic Information Systems (GIS) technology to facilitate the most efficient management of the state's real property assets. The US General Services Administration relies on GIS to ensure the highest and best use of real property, and other states, including Georgia and Texas, report that GIS provides useful information to make decisions related to the highest and best use for real estate assets, describing it as “a hugely important tool for property management,” and “invaluable . . . a critical tool, relied upon by internal agency staff, as well as external companies and individuals.” Integrating GIS capabilities with real estate management could result

in benefits across many different government functions in Tennessee, from property assessment, to facility management, public safety, risk management, and economic development. **To help achieve these benefits, the state could require that GIS tools be integrated with the STREAM inventory of state-owned property to provide for more robust analysis and help promote the highest and best use of the state’s real estate assets.**

STREAM currently lists state surplus real property for sale online. **To increase transparency and provide opportunities to ensure that the highest and best use of state-owned real property is achieved for the public good, the state could also list the complete inventory of state-owned real property online.** A low-cost approach would be to simply post the current inventory of state-owned real property on STREAM’s website. Alternatively, the state could provide a searchable GIS database of state-owned real property online, as is done in Arkansas, Indiana, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Ohio, Oklahoma, Texas, Washington, and Wyoming. In consultation with DGS, the Tennessee Department of Finance and Administration, and the Fiscal Review Committee, an estimate of the cost for creating and operating a searchable GIS database of state-owned property was determined to include approximately \$93,000 in upfront, one-time costs with approximately \$85,000 in annual costs. The expense of developing and maintaining this GIS inventory could be partially offset by charging a fee—as is done for other GIS datasets, including orthoimagery, elevation, and parcel data.

Improving Intergovernmental Communication and Helping Local Governments Dispose of Surplus Property

In response to a 2018 Commission survey of all local governments in Tennessee and in testimony before the Commission, local government representatives said that most of their surplus property was acquired as tax-delinquent property, which can be difficult to sell because of the time and money needed to establish clear title for potential buyers. See appendix E and F for the survey questions, results, and analysis.

Land banks are one tool that can make the process of selling tax-delinquent property easier for local governments. Land banks are a special type of quasi-governmental entity created to help communities address issues with vacant, abandoned and tax-delinquent properties. They have statutory authority to establish “quiet title” (i.e., clear title) for properties that they hold, and land banks have been used in some states for more than twenty years. A pilot Tennessee Local Land Bank Program was created in 2012, limited only to Oak Ridge. The General Assembly has since passed legislation to extend the authority to establish a land bank to a few other cities and counties, but the ability to establish land banks could be expanded. **The state could assist local governments with the management of real property—as suggested in the Commission’s 2012**

Local government representatives said that most of their surplus property was acquired as tax-delinquent property.

Surveys of local government officials indicated that a few would like for their government to acquire state-owned surplus property but think they may not be fully informed of potential surplus property the state has in their area.

report, *Dealing with Blight: Strategies for Tennessee's Communities*—by providing legal authority allowing any city or county to establish a land bank.

Aside from the challenges local governments have with disposal of unwanted property acquired after tax sales, interviewees said that some local governments may have a limited audience to whom they can market all types of surplus property. State law requires governments to advertise available property in local newspapers, whether for sale by sealed bid or public auction; disposal by online auction is allowed as well. But not all local governments have websites where they could advertise the surplus property. **The state could help local governments reach a wider audience of potential buyers by allowing local governments to post links to their surplus real properties—including tax-delinquent properties—on the same state website where STREAM advertises the state's surplus real property.**

Further, surveys of local government officials indicated that a few would like for their government to acquire state-owned surplus property but think they may not be fully informed of potential surplus property the state has in their area. STREAM staff said they routinely notify local government officials of the surplus property in their districts, though they are not required to do so by law. As recommended above, making STREAM's existing inventory available as a searchable, online database would help local officials identify surplus state-owned properties in their communities. **Additionally, the state could ensure this information is always conveyed to local officials by requiring STREAM to send local officials notice of available state-owned properties in their jurisdictions before offering surplus properties to the public for sale—as is done in California, Connecticut, Louisiana, and Washington. This would formalize practices STREAM staff are currently undertaking voluntarily.**

Finally, several local governments surveyed reported that they do not have any formal planning or management process for real property. At the federal level, the US General Services Administration offers training for federal employees on topics including real estate laws, asset management strategies, reporting requirements, disposal process, and regulations related to environmental and historic preservation compliance to ensure these officials have the knowledge necessary to effectively manage federal real property assets. In Tennessee, the University of Tennessee's County Technical Assistance Service (CTAS) and Municipal Technical Advisory Service (MTAS) have researched government best practices and provided training programs for local government officials in many subject areas for decades. Through these two organizations, **the state could offer additional training to county and city officials on best practices for real property management to promote the highest and best use of real property owned by local governments.**

MANAGING GOVERNMENT REAL PROPERTY EFFICIENTLY AND RESPONSIBLY

In July 2016, the city of East Ridge, Tennessee celebrated the grand opening of a Bass Pro Shops store, anchoring a 58-acre retail development that promised to bring jobs and tax revenue to the community.¹ Most of the development sits on property that the Tennessee Department of Transportation (TDOT) acquired when building a welcome center along Interstate 75; TDOT had no plans to use the excess land that remained once the welcome center was completed. In 1999, the City of East Ridge acquired several acres of this unused excess property for a fire station.² After it was approached by developers with a proposal to pay for the costs, the city relocated the site for the fire station and worked with TDOT to acquire the additional property needed for the Bass Pro Shop development. The developers and the city followed the standard process for requesting land from TDOT and did not require exceptions to any existing rules related to the sale of government-owned properties.³ The development now generates revenue from local sales taxes and property taxes for the city of East Ridge, along with more than \$4 million the state has returned to the city from a portion of the state sales tax as a result of the 2011 Border Region Retail Tourism Development District Act, passed by the General Assembly to incentivize retail competition near the state's borders.⁴

Representative Mike Carter and Senator Bo Watson, who introduced the legislation that ultimately became Public Chapter 693, Acts of 2018, which requested this study, were familiar with the Bass Pro Shops development in East Ridge and wanted to know whether there were other opportunities to better use publicly held land not serving a current use or being held for a future purpose. The Act directed the Commission to determine the amount of non-tax-producing properties held by state and local governments in Tennessee and include recommendations in its report as to the highest and best use of the properties and ways for making them productive (see appendix A).

Government-Owned Property in Tennessee: How Much Is There and What Is It Used for?

To determine the amount of non-tax-producing real property held by governments in Tennessee, TACIR staff sought to find a consistent source of information that included data on property owned by all levels of government—federal, state, county, and city. Datasets available

¹ Pham 2016.

² Chattanooga 2010 and WRCB 2015.

³ Brian Dickerson, Excess Land Office Manager, Right-of-Way Division, Tennessee Department of Transportation. Email correspondence, January 22, 2019.

⁴ Green 2016 and Peterson 2018. Public Chapter 420, Acts of 2011.

Public Chapter 693, Acts of 2018 directed the Commission to determine the amount of non-tax-producing properties held by state and local governments in Tennessee and include recommendations in its report as to the highest and best use of the properties and ways for making them productive.

While the State of Tennessee Real Estate Management Division of the Department of General Services currently maintains an inventory of state-owned real property, this database does not include all legislative and judicial branch properties, and it does not include state-owned right-of-way controlled by the Tennessee Department of Transportation.

include the property assessment database maintained by the Tennessee Comptroller of the Treasury Division of Property Assessments, geographic information system (GIS) parcel data collected by the Comptroller's Office of Local Government, an inventory of state-owned property maintained by the Tennessee Department of General Services, and a database of federal property managed by the US General Services Administration. Each of these datasets, however, has limitations for the purposes of determining the total amount of all government-held real property in Tennessee.

The Division of Property Assessments within the Tennessee Comptroller of the Treasury collects property data from 84 of Tennessee's 95 counties and maintains an integrated database used by several state government entities and by county assessors of property to assess the value of real estate for property tax purposes.⁵ Although this dataset does have a consistent code for identifying the type of government that owns each property, these records are inconsistent in the way property acreage is reported and do not provide a consistently accurate measurement of the amount of land owned by various governments across Tennessee. Because the Comptroller manages data for only 84 counties, TACIR staff had to request permission from each of the 11 remaining counties to access their data and assemble a complete record for the state. County assessors were cooperative in this regard; however, similar inconsistencies regarding property acreage as well as additional inconsistencies regarding property ownership exist among these 11 county systems. Furthermore, because these data were originally collected for property assessment purposes, they were not intended to serve as a property management inventory and do not always include detailed information regarding a property's use or whether it has been—or could potentially be—declared surplus.

While the State of Tennessee Real Estate Management Division of the Department of General Services (STREAM) currently maintains an inventory of state-owned real property, this database does not include all legislative and judicial branch properties, and it does not include state-owned right-of-way (ROW) controlled by the Tennessee Department of Transportation.⁶ In fact, neither property assessment records nor the inventory maintained by STREAM contain detailed information on ROW property, but an estimate provided by TDOT of 217,962 statewide ROW acres has been included as part of TACIR staff analysis.⁷

⁵ Tennessee Comptroller of the Treasury. 2019. Counties not included are Bradley, Chester, Davidson, Hamilton, Hickman, Knox, Montgomery, Rutherford, Shelby, Sumner, and Williamson. These counties each have their own independent property assessment systems, but do provide GIS parcel data to the Office of Local Government.

⁶ See later in this report: "Tennessee maintains an inventory of state-owned real property, but it lacks information on property use and does not include TDOT right-of-way."

⁷ Paper copy was provided to TACIR staff at a meeting with TDOT staff on July 19, 2018.

The US General Services Administration’s Federal Real Property Profile (FRPP) excludes “land reserved or dedicated for national forest, national park, or national wildlife refuge purposes,”⁸ which, in Tennessee, covers a significant amount of territory. TACIR staff also found an error in the FRPP public data set for US Army property in Tennessee, incorrectly listing the 22,357-acre Milan Army Ammunition Plant as 224,919 acres.⁹

Because of the limitations of these various datasets, TACIR staff concluded that an analysis of GIS parcel data provided by each county to the Comptroller’s Office of Local Government would provide the most consistent, complete, and accurate estimate of government property acreage for this report.

The total land area in Tennessee is approximately 26.4 million acres. Using the GIS parcel data, TACIR staff calculated that more than 2.8 million acres (10.7%) are owned by either federal, state, or local governments (see table 1, reposted). In most counties, less than 7% of the total county land area is government-owned, but there are a few where government-owned land makes up a third or more of the county. The National Forest Service, for example, controls more than 700,000 acres within Cherokee National Forest and the Land Between the Lakes.¹⁰ The National Park Service covers another 370,000 acres.¹¹ See appendix B for a complete table of government-owned property in each county, by level of government.

In most counties, less than 7% of the total county land area is government-owned, but there are a few where government-owned land makes up a third or more of the county.

Table 1 (reposted). Government-Owned Property in Tennessee, 2018

Federal acres	State acres	County acres	City acres	Total Government acres	Total Land acres
1,303,303	1,179,155	196,502	142,662	2,821,171	26,390,386
4.9%	4.5%	0.7%	0.5%	10.7%	

Sources: US Census Bureau Geography Division (total land acres), Tennessee Comptroller of the Treasury Office of Local Government, Tennessee Department of General Services STREAM, and several individual county governments (government-owned acres; see appendix B). State-owned acreage includes an estimate of right-of-way (ROW) from the Tennessee Department of Transportation.

⁸ US General Services Administration 2018a.

⁹ US Environmental Protection Agency “Superfund Site: Milan Army Ammunition Plant.” Staff GIS calculations found 24,688 acres of federal land in two large parcels at that location.

¹⁰ USDA Forest Service 2018.

¹¹ US Department of the Interior National Park Service 2018.

A property's highest and best use could include public purposes like schools, courts, and recreational or other green space, or may otherwise be achieved through private ownership.

The data provided in the STREAM inventory differed by only 4% from those in the GIS parcel data:

- For the majority of counties—58 of 95—the STREAM inventory is within $\pm 10\%$ of the GIS-calculated area.
- The STREAM inventory reports more state-owned real property than the GIS parcel data for 39 of 95 counties; the GIS-calculated area is greater in 56 counties.

Real property owned by government entities, including public schools, is exempt from property taxes;¹² however, the state does make some payments in lieu of taxes (PILOTs) to local governments to compensate them for the loss in revenue when the Tennessee Wildlife Resources Agency (TWRA) or Tennessee Department of Environment and Conservation (TDEC) acquires land for wetland preservation, historic sites, or other natural areas.¹³ The Tennessee Valley Authority (TVA) also makes PILOTs to Tennessee, part of which are retained by the state and part distributed by the state to local governments in accordance with the Tennessee Revenue Sharing Act formula.¹⁴

Managing Government-Owned Property to Achieve its Highest and Best Use

Determining a property's highest and best use involves evaluating what uses are

- legally permissible for the property,
- possible based on site characteristics,
- financially feasible, and
- produce the highest value.¹⁵

A property's highest and best use could include public purposes, including schools, courts, and recreational or other green space. But in other cases, a property's highest and best use may be achieved through private ownership. A 2013 Harvard University study on government property management found that, because of budget constraints on governments, real property assets must be utilized in the most effective manner possible to help governments fulfill their responsibilities to the public. The study recommended that to the greatest extent possible, excess land and buildings

¹² Tennessee Code Annotated, Section 67-5-203: "All property of the United States, the state of Tennessee, any county, or any incorporated town, city or taxing district in the state that is used exclusively for public, county or municipal purposes shall be exempt from taxation..."

¹³ The U.A. Moore Wetlands Acquisition Act of 1986, Tennessee Code Annotated, Title 11, Chapter 14, Part 4, and Section 67-4-109.

¹⁴ Tennessee Advisory Commission on Intergovernmental Relations 2018.

¹⁵ Brown 2009.

should be returned to the private sector to generate economic, social, and other benefits.¹⁶ Describing efforts to reduce unneeded real property owned by the federal government in 2016, the US Government Accountability Office's (GAO) director of physical infrastructure said that excess and underutilized properties "represent wasted resources as they are costly to maintain and, in some cases, could be exchanged for other needed properties or sold to generate revenue."¹⁷

These issues are not limited to the federal level. The director of California's Department of General Services said, "Selling surplus state properties will help pay down Economic Recovery Bonds, possibly return these properties to local tax rolls, and relieve the state of future liabilities and the expense of maintaining the property."¹⁸ And the New York State Department of Transportation's Office of Right of Way has explained that "some benefits [from] disposing [of] excess properties include getting the property into the hands of people that can use it, to eliminate liabilities, eliminate maintenance responsibilities, recoup some of the original investment and put the property back on the local tax rolls."¹⁹ In fact, many governments, including Tennessee, are already working to identify properties they own that could be put to better use.

Tennessee maintains an inventory of state-owned real property, but it lacks information on property use and does not include TDOT right-of-way.

Since the 1940s, maintaining "a complete inventory of all state-owned property" has been required by Tennessee law, but statute provides little detail as to the information that must be included and has not been substantively amended in decades.²⁰ The state has taken steps toward a more strategic approach to managing state-owned property over the past several years. In 2011, Governor Haslam's Executive Order 7 consolidated real property management under the Tennessee Department of General Services (DGS), which then established the State of Tennessee Real Estate Asset Management (STREAM) Division to manage the state's real

Many governments, including Tennessee, are already working to identify properties they own that could be put to better use.

¹⁶ Garmenddia and Kapur 2013.

¹⁷ Wise 2016.

¹⁸ Close-Up Media 2011.

¹⁹ New York State Department of Transportation "Surplus Property for Sale."

²⁰ Tennessee Code Annotated, Sections 12-2-102 and 103.

Although state agencies are required to report real property they own to the Department of General Services, they are not required to report how those properties are used.

estate portfolio.²¹ STREAM’s mission is to “create and maintain a real estate portfolio that efficiently provides for the program requirements of state agencies while minimizing the total cost of the portfolio.”²² To achieve its mission, STREAM adopted these four strategies in 2017:

- Manage real estate efficiently.
- Implement real estate industry best practices.
- Improve recurring building maintenance funding.
- Develop and implement strategic real estate plans.²³

Deeds to all real property acquired in the name of the state are to be reported to the commissioner so that a permanent record of state-owned property can be maintained.²⁴ STREAM is tasked with the ongoing maintenance of this inventory. Although state agencies are required to report real property they own to STREAM, they are not required to report how those properties are used, and completing real estate management plans is a voluntary process.

Moreover, TDOT ROW property—which is included in these statutory inventory and reporting requirements—is not currently reported to STREAM; TDOT also lacks a detailed inventory of its ROW. TDOT estimates, based on design criteria and number of highway miles in its system, that it controls 217,962 acres of ROW statewide, valued at approximately \$1.8 billion—most of which is in use or needed for highway purposes.²⁵ STREAM’s inventory does include TDOT properties, such as maintenance buildings and offices, but even if TDOT reported ROW to STREAM, ROW property, unlike other property, is not assigned a parcel identification number—which is the primary key for the STREAM inventory—and because of this, it would be difficult to integrate an inventory of TDOT ROW with the property inventory maintained by STREAM.

STREAM manages state-owned properties that are included in the Facilities Revolving Fund (FRF)²⁶ and partners with other agencies to manage the state’s other real property with optional real estate planning support

²¹ Governor Haslam, with the statutory authority to transfer functions between departments (Tennessee Code Annotated, Section 4-4-102), issued Executive Order 7, which transferred the Division of Real Property Administration (RPA) from the Department of Finance and Administration to the Department of General Services (DGS), effective October 1, 2011.

²² Tennessee Department of General Services 2018.

²³ Ibid.

²⁴ Tennessee Code Annotated, Section 12-2-104, states, “it is the duty of each state official who acquires real property by deed, lease or otherwise for the state of Tennessee” to “immediately” transmit documentation to the commissioner of General Services.

²⁵ Fiscal Year 2017 ROW acres report provided by the Tennessee Department of Transportation in a meeting with TACIR staff, July 19, 2018.

²⁶ Public Chapter 332, Acts of 1993 established the State Office Buildings and Support Facilities Revolving Fund to provide payments for leased space occupied by state agencies and operating expenses for office buildings and support facilities, among other purposes. Tennessee Code Annotated, Section 9-4-901 et seq.

from STREAM.²⁷ STREAM developed real estate plans for the state’s 23 cabinet-level agencies. Twelve of the agencies collaborated with STREAM to develop their plans. STREAM developed the remaining 11 plans on its own, and six of these 11 agencies reviewed and concurred with the plans STREAM prepared, while the other five—TDOT, the Department of Tourist Development, the Department of the Military, the Department of Economic and Community Development, and the Department of Corrections—did not provide feedback to STREAM regarding the plans it developed for them. The legislative and judicial branches of Tennessee government have the option to partner with STREAM to manage real estate assets, as they do with the War Memorial and the Supreme Court buildings. But in other cases, the legislative and judicial branches may choose to manage real estate assets independently, as the Tennessee General Assembly has done with the Cordell Hull building.²⁸ Higher education institutions—schools governed by the Tennessee Board of Regents, the University of Tennessee, and the six independent universities—prepare their own real estate plans in coordination with the Tennessee Higher Education Commission (THEC).

The federal government requires agencies to report current usage of real property assets and evaluate their future property needs.

The federal government has established a real property management program that focuses on

- using excess property effectively and disposing of surplus real property,
- reducing the use of leased space,
- collecting reliable real property data to support decision making, and
- protecting the security of federal facilities.²⁹

As part of this program, federal agencies are required to report information annually on the properties they own, with some exceptions,³⁰ to the US

The legislative and judicial branches of Tennessee government have the option to partner with the Department of General Services to manage real estate assets, or they can manage them independently.

²⁷ Tennessee Code Annotated, Section 4-3-1105(12), gives the Department of General Services the power and duty to “exercise general custodial care of all real property of the state.” Not all state-owned properties are in the FRF: “Within the general government portfolio, agencies typically maintain direct jurisdiction over program-specific real estate.” Tennessee Department of General Services 2018.

²⁸ Phillip Murphy, STREAM Assistant Director of Strategy. Email correspondence, January 10, 2019. See also: Tennessee Code Annotated, Section 4-3-102. Public Chapter 1031, Acts of 2016, removed the Cordell Hull Building and others “occupied predominantly by the legislative branch and the judicial branch” from the FRF and jurisdiction of STREAM.

²⁹ US Government Accountability Office 2017.

³⁰ Exclusions include real properties on military installations, Coast Guard installations, properties excluded because of national security, Indian and Native American properties, Tennessee Valley Authority properties, US Postal Service properties, and other Federal properties defined under Public Law 114-287.

General Services Administration (GSA). The information that federal agencies are required to report to the GSA goes beyond what Tennessee's state agencies are required to report to STREAM and includes more than 40 data elements, in particular,

- property use,
- whether a property has been declared excess or surplus, and
- whether it meets current agency missions.³¹

Federal agencies are also required to submit plans known as Real Property Efficiency Plans annually to the Office of Management and Budget (OMB) that

(1) set annual square foot . . . reduction targets for federal domestic buildings over a rolling five-year period; (2) adopt an office space design standard to optimize federal domestic office space usage; and, (3) maintain agencies' office and warehouse portfolios below their fiscal year (FY) 2015 . . . baselines.³²

These Real Property Efficiency Plans and the information reported in GSA's inventory are used by the Federal Real Property Council—a group that includes representatives for GSA, OMB, and other executive branch agencies—to increase efficient real property use, control cost, and reduce the real property holdings of the federal government.³³

According to OMB and GSA,

the 11.2 million [square foot] reduction achieved in FY 2016 resulted in \$104 million of annual cost avoidance through reduction to rent, operations, and maintenance costs. This builds upon the cost avoidance achieved under the [Freeze the Footprint] policy, which resulted in an estimated savings of more than \$370 million annually.

OMB and GSA anticipate further net reductions to [federal property holdings] and generation of significant cost avoidance in future years.³⁴

³¹ US General Services Administration 2018a and US General Services Administration "Federal Real Property Public Data Set." Also the Federal Property Management Reform Act of 2016 (Public Law 114-318) and the Federal Assets Sale and Transfer Act of 2016 (Public Law 114-287).

³² US General Services Administration 2018b.

³³ 69 FR 5895. Executive Order 13327 of 2004, <https://www.federalregister.gov/executive-order/13327>. At least one state, Louisiana, has a similar advisory group, but it has never had an official meeting, according to the state's public lands administrator, though some members meet to discuss specific real estate transactions; Jonathan Robillard, OSL Administrator, Office of State Lands, Louisiana Division of Administration. Phone interview, November 8, 2018.

³⁴ US General Services Administration 2018b.

Many states require all state agencies to complete real estate plans and report property use information.

At least 10 states have implemented similar reporting and planning requirements for their state agencies in coordination with their state’s central real estate management office, which sometimes has authority to determine whether any state-owned property should be disposed of as surplus. Another five states maintain an inventory and require agencies to report how their properties are currently used, though they don’t require reporting of future needs. Representatives interviewed from other states said the requirements that they have implemented have been useful for managing state-owned property. For example, Connecticut requires all state agencies to provide information on their use of real property to its Office of Policy and Management, which has the authority to determine the most appropriate use of the property.³⁵ In interviews with TACIR staff, the policy director of Connecticut’s Office of Policy and Management said that the requirement for all agencies to work together on asset management provides his office “with the tools to obtain the necessary information to ensure that our property is used efficiently, properly, and in the best interests of the state.”³⁶ See table 2 for other states’ real property inventory and state agency reporting requirements.

However, some of these states report that even with the legislative requirement to submit property usage and real estate plans, they have agencies that do not fully comply because there is no consequence for non-participation. California, for example, requires all state agencies to submit an annual real property report, including uses, to its Department of General Services.³⁷ But while the state’s chief of asset management stressed the importance of annual reporting, he estimated that they only get about 90% of state agencies to comply, explaining, “this requirement has been in place since the 1980s . . . but there are some agencies that do not comply because we do not enforce [it.]”³⁸ Georgia law also requires each state government entity to maintain a real property inventory— including information on property use— and send the information to the State Properties Commission (SPC).³⁹ The SPC maintains an inventory of state property, reviews the individual property needs of all state agencies, and provides the governor with a list of state-owned properties that have been identified as unused or underused and a set of recommended real estate transactions. Staff interviewed from SPC said, “Georgia does require every state agency to submit real estate documents that include

Reporting and planning requirements implemented in other states have been useful for managing state-owned property.

³⁵ Connecticut General Statutes, Title 4, Section 4-67g.

³⁶ Paul Hinsch, Director, Connecticut Office of Policy and Management, Bureau of Assets Management. Phone interview, November 6, 2018.

³⁷ California Government Code, Section 11011 et seq.

³⁸ Jim Martone, Branch Chief, California Department of General Services, Real Estate Services Division, Asset Management Branch. Phone interview, November 13, 2018.

³⁹ Official Code of Georgia Annotated, Section 50-16-120 et seq.

utilization information. It is critical to know how the properties are being used if we are going to make informed decisions about best use.” However, despite the statutory requirement, SPC staff told TACIR staff that some state agencies do not submit complete and timely information. “To encourage better compliance,” they said, “Georgia is considering making real estate planning and reporting part of the budget process for each agency.”⁴⁰

Table 2. States Requiring a State-Owned Real Property Inventory: Requirements for State Agencies to Report Property Use or Future Plans for Real Property Needs

State Agency Responsible for Real Estate Management	Has a Required Inventory of State-Owned Real Property?	Agencies Required to Report Property Usage (Annually or Other Regular Basis)?	Agencies Required to Report Future Needs or Strategic Plans? *
Tennessee STREAM, Dept. of General Services	Yes Tennessee Code Annotated, Section 12-2-103	No	No
Alabama Dept. of Finance, Office of Space Management	Yes Alabama Code, Section 41-4-18	No	No
Arkansas Dept. of Finance and Administration, Building Authority Division	Yes Arkansas Code, Section 22-2-121	No	No
California Dept. of General Services	Yes California Government Code, Section 11011.15	Yes California Government Code, Section 11011.15	Yes* California Government Code, Section 11011.15
Colorado Office of the State Architect	Yes Colorado Revised Statutes, Section 24-30-1303.05	Yes Colorado Revised Statutes, Section 24-30-1311	Yes* Colorado Revised Statutes, Sections 24-30-1311 and 24-1-136.5
Connecticut Office of Policy and Management	Yes Connecticut General Statutes, Section 4-67g	Yes Connecticut General Statutes, Section 4-67g	Yes* Connecticut General Statutes, Section 4b-23
Florida Dept. of Environmental Protection and Dept. of Management Services	Yes Florida Statutes, Section 216.0152	Yes Florida Statutes, Section 216.0152	Yes* Florida Statutes, Section 216.0158
Georgia Georgia State Properties Commission	Yes Code of Georgia, Section 50-16-124	Yes Code of Georgia, Section 50-16-121	No
Idaho Land Board / Department of Lands	Yes Idaho Code, Section 58-119	Yes Idaho Code, Section 67-836	No

⁴⁰ Frank Smith, Deputy Executive Director, Georgia State Property Commission. Phone interview, November 13, 2018. See also Official Code of Georgia Annotated, Section 50-16-41(i): "...[state] entities shall be accountable in the budgetary process for administrative space assigned to and utilized by them."

State Agency Responsible for Real Estate Management	Has a Required Inventory of State-Owned Real Property?	Agencies Required to Report Property Usage (Annually or Other Regular Basis)?	Agencies Required to Report Future Needs or Strategic Plans? *
Indiana Dept. of Administration, State Land Office	Yes Indiana Code, Section 14-18-1.5-3	No	No
Kentucky Division of Real Properties, Finance and Administration Cabinet	Yes Kentucky Revised Statutes, Section 42.425	No	No
Louisiana Division of Administration, State Land Office	Yes Louisiana Revised Statutes, Section 39:13	Yes Louisiana Revised Statutes, Section 39:13	Yes Louisiana Revised Statutes, Section 39:13
Massachusetts Division of Capital Asset Management and Maintenance	Yes Annotated Laws of Mass. Chapter 7C, Section 39	Yes Annotated Laws of Mass. Chapter 7C, Section 39	No
New York Office of General Services	Yes N.Y. Public Lands Laws, Article 2, Section 2	No	No
North Carolina Department of Administration, State Property Office	Yes N.C. General Statutes, Section 143-341.2	Yes N.C. General Statutes, Section 143-341.2	Yes N.C. General Statutes, Section 143-341.2
Ohio Ohio Geographically Referenced Information Program (OGRIP)	Yes Ohio Revised Code, Section 113.41	Yes Ohio Revised Code, Section 125.902	No
Oklahoma Office of Management and Enterprise Services, Division of Capital Assets Management	Yes Oklahoma Statutes, Title 62, Sections 901 - 908	Yes Oklahoma Statutes, Title 62, Sections 901 - 908	Yes* Oklahoma Statutes, Title 62, Sections 901 - 908
South Carolina Dept. of Administration, Division of Facilities Management & Property Services	Yes S.C. Code, Section 1-11-58	Yes S.C. Code, Section 1-11-58	Yes S.C. Code, Section 1-11-58
Texas Texas General Land Office	Yes Texas Natural Resources Code, Section 31.154	Yes Texas Natural Resources Code, Section 31.156	No
Virginia Department of General Services, Bureau of Real Estate Services (BRES)	Yes Virginia Code, Section 2.2- 1153	Yes Virginia Code, Section 2.2- 1153	Yes* Virginia Code, Section 2.2-1153
Washington Office of Financial Management Facilities Oversight Program; Department of Enterprise Services	Yes Code of Washington, Section 43.82.150	Yes Code of Washington, Section 43.82.150	Yes Code of Washington, Section 43.82.055

Source: TACIR staff analysis of state websites and LexisNexis review of state statutes and administrative rules.

* These states require agency-level, multi-year strategic plans. States marked “Yes” without an asterisk (*) require agencies to report projected future property needs to a lesser extent.

The federal government and several states have found that using geographic information systems can provide useful information to help make real estate decisions.

GIS software can be used to help governments manage their real property.

A geographic information system (GIS) is a framework for gathering, managing, and analyzing many types of data, which can be used to analyze spatial location and organize layers of information into visualizations using maps and 3D scenes, providing insight into data that might be missed in a spreadsheet.⁴¹ GIS technology allows users to create interactive maps that can include detailed information regarding each location. The federal government and several states, which have begun using GIS maps as part of their efforts to improve the management of their real property holdings, have found that using GIS can provide useful information to help make real estate decisions. For example, US General Services Administration staff say that “GIS has been an important tool because it helps federal agencies, looking for office space, to identify possible locations nearby where they can get space from another federal agency.”⁴²

Similarly, a number of states, including Georgia, Idaho, Indiana, Massachusetts, Ohio, and Texas, are using GIS to assist them in managing government-owned property. According to Idaho’s Department of Lands, which maintains a complete geospatial database available to the public of all state-owned lands administered by the agency,

GIS helps us answer questions and solve problems by capturing, analyzing and displaying our data in a way that is quickly understood and easily shared [and] allows us to view, question, and visualize data in ways that reveal relationships and trends in the form of maps, charts and illustrations.⁴³

One Georgia official interviewed called GIS “a hugely important tool for property management,” saying that

for example, we can look at a GIS map [of] state offices [and] if offices in the same district have significantly different lease rates, we can look at strategies to reduce costs through consolidation. Regardless of what type of issue we are analyzing, having the visual component offered by GIS certainly makes the analysis easier and more meaningful.⁴⁴

⁴¹ Esri “What is GIS?”

⁴² Chris Coneeny, Acting Director, Real Property Division, US General Services Administration. Phone interview, September 18, 2018.

⁴³ Idaho Department of Lands “Maps & Land Records.” Idaho Code Annotated, Section 58-119 directs the department to “organize a central land records unit within the department for the purpose of establishing and maintaining an inventory and plat of all lands owned, leased, or held in trust by the state or any of its agencies, departments, institutions or instrumentalities.”

⁴⁴ Frank Smith, Deputy Executive Director, Georgia State Property Commission. Phone interview, November 13, 2018.

The Director of GIS in the Texas General Land Office says their GIS application is “invaluable . . . a critical tool, relied upon by internal agency staff, as well as external companies and individuals.”⁴⁵

GIS can also increase transparency for the general public. Indiana’s State Land Office Parcel Viewer maps all state-owned parcels, and lets users see the agency responsible for the property and other details,⁴⁶ while the Massachusetts’ Interactive Property Map “enables developers, banks, realtors, businesses, and homeowners to view seamless property and tax information across the Commonwealth.”⁴⁷ In addition to Indiana and Massachusetts, Arkansas, Idaho, Louisiana, Maine, Maryland, Minnesota, Ohio, Oklahoma, Texas, Washington, and Wyoming maintain online, searchable GIS databases that are available to the public.

Another state, California, is currently working to integrate GIS functionality into its property inventory, according to one official interviewed, who added that GIS is a cost-effective tool that will be very beneficial, particularly in risk management and emergency response, to help state agencies know where their assets and people are located.⁴⁸

To provide a searchable GIS database of state-owned property in Tennessee, the Department of General Services, in consultation with the Department of Finance and Administration and the Fiscal Review Committee, estimates there would be approximately \$93,000 in upfront one-time costs and approximately \$85,000 in recurring costs. The expense of developing and maintaining this GIS inventory could be partially offset by charging a fee to non-government users for access.⁴⁹ The Comptroller’s Office of Local Government already offers “a wide variety of GIS data products for sale in both digital and paper formats.” These range from \$650 for basic parcel data for a single county to \$80,000 for a complete statewide parcel dataset.⁵⁰ The state’s GIS office also makes some GIS datasets available for purchase by private, commercial organizations for use in contractual work deemed beneficial to the State of Tennessee.⁵¹

A geographic information system is “a hugely important tool for property management.”

Frank Smith, Deputy Executive Director, Georgia State Property Commission

⁴⁵ Scot Friedman, GIS Director, Texas General Land Office. Email correspondence, November 7, 2018.

⁴⁶ Indiana Department of Administration “Interactive State Property Map & Records.”

⁴⁷ MassGIS “Massachusetts Interactive Property Map.”

⁴⁸ Jim Martone, Branch Chief, California Department of General Services, Real Estate Services Division, Asset Management Branch. Phone interview, November 13, 2018.

⁴⁹ See “Right to inspect public records -- Public records having commercial value.” Tennessee Code Annotated, Section 10-7-506(c).

⁵⁰ Tennessee Comptroller of the Treasury “GIS Data Sales – Parcel Data.”

⁵¹ Tennessee Department of Finance and Administration “GIS Data Sales and Contacts.”

A few states have laws that require properties taken by governments through eminent domain to be offered back to the previous owner for purchase if they aren't developed for their intended public purpose within a certain number of years.

Some states require eminent domain properties be offered back to their previous owners if not developed within a specified timeframe.

At least a few states have laws that require properties taken by governments through eminent domain to be offered back to the previous owner for purchase if they aren't developed for their intended public purpose within a certain number of years:

- Kentucky—development must begin within eight years or the condemning government must offer the property back to the owner at the original price the government paid.⁵²
- Texas—if “no actual progress [as defined] is made toward the public use for which the property was acquired” within 10 years of the date of its acquisition by condemnation, or the public use for the property is otherwise canceled, the property owner or successors may repurchase the property at its fair market value at the time the public use was canceled.⁵³ The government must notify the owner of this right within 180 days from the cancellation of the project or the end of the 10 years.
- Louisiana—within one year of the completion of a project where land was acquired through eminent domain, the government must identify as surplus any part of the property not needed for the given public purpose, and within two years offer this surplus property at current fair market value to the original owner or successor. The state also gives original property owners—or their heirs and successors—a 30-year right of first refusal (compared to Tennessee’s 10-year, non-transferable right) before the condemning government can sell property taken by eminent domain. The owner must be willing to pay the fair market value at the time the sale is offered, or the property can be sold to the general public by competitive bid.⁵⁴
- Georgia—if a government has not put property acquired through eminent domain to public use (defined as having made “substantial good faith effort” towards the project, even if it has not been completed) within five years, the former owner has the right to buy it back for the original price or may request additional compensation from the condemning authority in the amount the fair market value of the property has increased since its taking. Furthermore, with the exception of specific blight remediation

⁵² Kentucky Revised Statutes, Section 416.670.

⁵³ Texas Property Code Annotated, Section 21.101 et seq.

⁵⁴ Oswald 2007 and Louisiana Constitution, Article I, Section 4H.

purposes, “no condemnation shall be converted to any use other than a public use for 20 years from the initial condemnation.”⁵⁵

TACIR staff have not identified similar requirements for properties acquired through means other than eminent domain in other states.

In Tennessee, there is no requirement that unused state-owned land revert to its previous owner after a set amount of time, regardless of whether it is acquired through eminent domain. But for TDOT ROW property, the owner from whom the property was purchased has the right of first refusal to purchase the property back from TDOT at its current fair market value if it is sold by TDOT within 10 years of its acquisition.⁵⁶

Surplus Property in Tennessee and Methods for its Disposal

Tennessee does not define surplus government-owned property in state law, and STREAM does not have the authority to dictate agency property needs or declare state-owned property as surplus. For state-owned real property, with some exceptions for TDOT ROW, each agency determines whether its real estate assets are needed. When a state agency determines that it has an unneeded real property,

- 1) the agency notifies STREAM by submitting a Real Estate Transaction Request Form (see appendix C);
- 2) because property cannot be sold “if there is any feasible use for the property by any state agency,”⁵⁷ STREAM notifies all other state agencies of the property;
- 3) at the same time that STREAM notifies other state agencies, it also notifies the house of representatives and senate member or members from the district in which the property that is being considered for disposal is located;⁵⁸
- 4) if the property has improvements that are more than 50 years old, STREAM notifies the State Historical Commission to determine whether there are archaeological or historical preservation issues related to the property; and

Tennessee does not define surplus government-owned property in state law . . . each agency determines whether its real estate assets are needed.

⁵⁵ Oswald 2007 and Georgia Code Annotated, Section 22-1-2.

⁵⁶ Tennessee Code Annotated, Section 12-2-112.

⁵⁷ Tennessee Code Annotated, Section 12-2-112(a)(1).

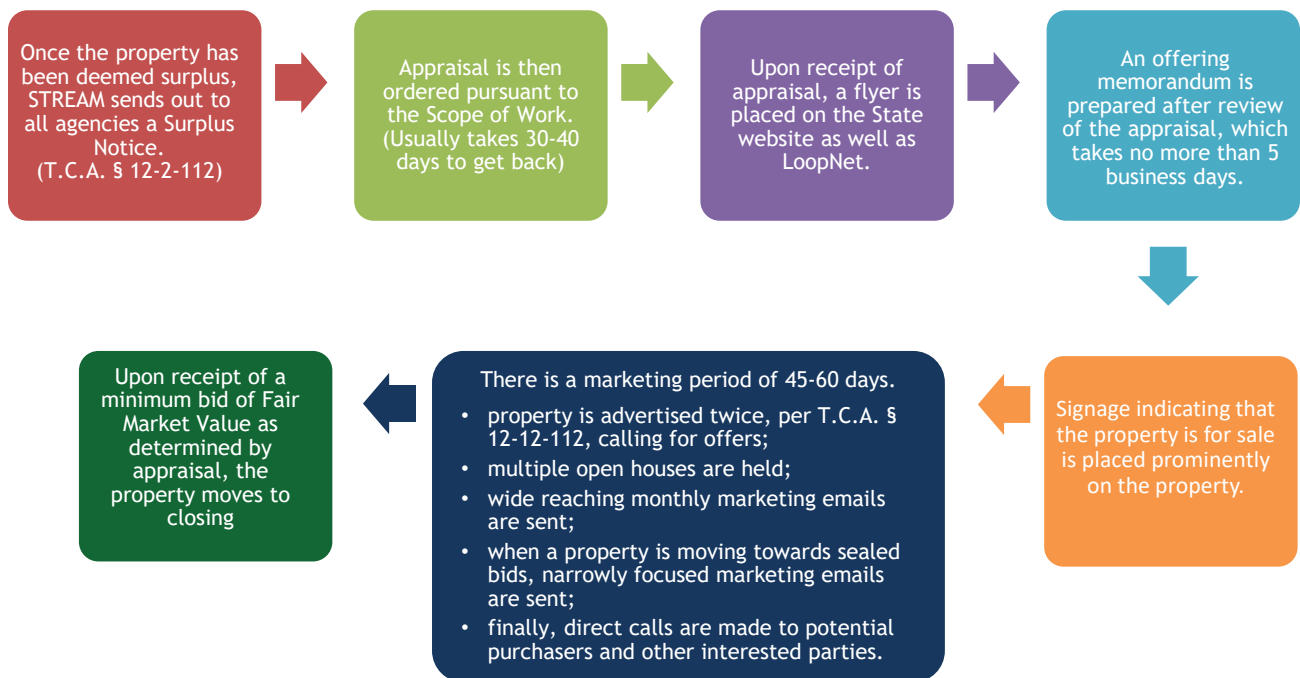
⁵⁸ Tennessee Code Annotated, Section 12-2-112(b).

- 5) property is submitted to the Executive Subcommittee of the State Building Commission (SBC)⁵⁹ for the SBC’s review and approval of the property as surplus.

Although not required, STREAM staff typically notifies local government officials of the potential surplus property prior to any agreement of sale or conveyance of state-owned real property, as well.⁶⁰

STREAM guides the process, but the SBC has ultimate approval authority to sell state-owned property. Once the SBC has approved state-owned property to be sold as surplus, the process for disposing of it is illustrated in figure 1.⁶¹

Figure 1: State Real Property Management Process



Source: Bruce Nelson, Director of Special Projects, Acquisitions and Dispositions, State of Tennessee Real Estate Asset Management Division, Tennessee Department of General Services. Email correspondence, November 6, 2018. For properties where no marketing is required, the DGS Land Transaction Office will complete the disposal process.

⁵⁹ State Building Commission of Tennessee 2018. Under Item 1, Article V-1, there are seven members of the SBC Commission—the Governor, Secretary of State, State Comptroller, State Treasurer, the Commissioner of Finance and Administration, Speaker of the Senate, and the Speaker of the House of Representatives. Article V-2 delegates much of the Commission’s authority to its four-member Executive Sub-Committee (ESC) that includes the Secretary of State, State Comptroller, State Treasurer, and the Commissioner of Finance and Administration.

⁶⁰ Bruce Nelson, Director of Special Projects, Acquisitions and Dispositions, State of Tennessee Real Estate Asset Management Division, Tennessee Department of General Services. Interview with TACIR staff, October 8, 2018.

⁶¹ Tennessee Code Annotated, Section 4-15-101 et seq. established the State Building Commission, exercises approval authority over all state property acquisitions (except TDOT rights-of-way) and disposal of surplus real property described in Tennessee Code Annotated, Section 12-2-112.

The SBC requires quarterly status updates from DGS and higher-education institutions regarding capital projects, leases, and land transactions it has approved.⁶² Some approval authority—like the preliminary approval of capital improvements under \$100,000—is further delegated jointly to the State Architect and the Commissioner of Finance and Administration. But all of these delegated approvals are reported at the next SBC meeting or the next meeting of the SBC’s Executive Subcommittee.⁶³

TDOT ROW is managed and disposed of separately from other state property. TDOT does not actively designate unneeded ROW as “excess” and market it for sale. Instead, it responds to requests from interested parties, who must contact one of four regional excess land office coordinators. The regional coordinator contacts other TDOT staff to determine whether the property meets the department’s criteria for declaring it as excess. These criteria, listed in the department’s Right-of-Way Manual, require that

- the land will not be needed for highway purposes in the foreseeable future;
- the right-of-way being retained is adequate for the present-day standards of the facility involved;
- the release of the lands will not adversely affect the highway facility or the traffic thereon;
- the lands to be disposed of are not suitable for retention in order to restore, preserve or improve the scenic beauty and/or environmental quality adjacent to the facility; and
- there are either no indications that the area should be considered as having potential use for park, conservation, recreational or other similar purpose; or if the potential exists, that the property was made available to appropriate agencies and no interest was generated.

If the TDOT ROW property is determined to be excess, a report is submitted to the central excess land office for further review. Requests accepted by the excess land manager are placed on the agenda for the next meeting of the department’s Excess Land Committee.⁶⁴ A flow chart illustrating the complete excess land process is included as appendix D.

⁶² State Building Commission of Tennessee 2018. See items 2.03 and 2.04.

⁶³ Ibid. Item 2.04.

⁶⁴ Tennessee Department of Transportation 2015. According to email correspondence with Brian Dickerson, Excess Land Office Manager, Tennessee Department of Transportation, April 5, 2018, the Excess Land Committee consists of the TDOT Assistant Chief Engineer of Design, Assistant Chief Engineer of Operations, Director of Roadway Design, Director of Strategic Transportation Investments, and the directors of the ROW Division, Environmental Division, Maintenance Division, Civil Rights Division, and Traffic Operations.

Tennessee’s State Building Commission has ultimate approval authority to sell state-owned property.

Transportation right-of-way is managed and disposed of separately from other state property.

The Tennessee Department of Transportation has taken some steps in recent years to improve right-of-way management.

TDOT maintains an inventory of “uneconomic remnants” acquired in the ROW process.⁶⁵ An uneconomic remnant is a “parcel of the real property in which the owner is left with an interest after the partial acquisition of the owner’s property, and which the acquiring agency has determined has little or no value or utility to the owner.”⁶⁶ If the acquisition of only a portion of property would leave the owner with an uneconomic remnant, the acquiring agency shall offer to acquire the uneconomic remnant along with the portion of the property needed for the project. While the acquiring agency is required to make an offer for the remnant, the property owner is under no obligation to sell the remnant to the acquiring agency.⁶⁷

For ROW properties with fair market values no greater than \$75,000, TDOT may sell the property to the

- owner from whom the property was acquired,
- owners of adjoining properties, or
- another government body, if the property is to be used for a public purpose.⁶⁸

The owner from whom the property was acquired has a right of first refusal, which expires after ten years and is not transferable. If the surplus ROW does not meet these criteria, then it must be disposed of through the general surplus real property disposal procedure described above, which is subject to approval by the SBC.⁶⁹

TDOT has taken some steps in recent years to improve ROW management. For example, in 2004 TDOT retained Barge Waggoner Sumner and Cannon, Inc. (BWSC) to examine and assess excess ROW that could be used by local governments for public purposes.⁷⁰ The report recommended that TDOT continue to improve its computerized inventory system and integrate GIS capabilities to improve ROW management.⁷¹ A 2011 report from the National Cooperative Highway Research Program (NCHRP) also found that it is vital to include spatial and visual capabilities in the management of real property. Having information on ROW and excess property in a GIS enabled database facilitates easier public access to meaningful information for the potential public purchase of surplus ROW.⁷²

⁶⁵ Tennessee Department of Transportation 2015.

⁶⁶ Code of Federal Regulations, Title 49, Section 24.2.

⁶⁷ Tennessee Department of Transportation 2015.

⁶⁸ Ibid.

⁶⁹ If ROW was acquired using some federal funds and then sold, the revenue from the sale will be used to reimburse the federal government. Rather than transferring funds back to US Department of Transportation, Federal Highway Administration (FHWA), the next federal distribution of transportation funds to Tennessee is reduced by the amount of the revenue from the sale that was due to the federal government.

⁷⁰ BWSC 2004.

⁷¹ Ibid.

⁷² National Academies of Sciences, Engineering, and Medicine 2011.

A 2011 performance audit by the Tennessee Comptroller of the Treasury found that TDOT still lacked a fully functional and readily accessible ROW inventory.⁷³ In 2012, TDOT reviewed its ROW management processes and noted that staffing turnover and staffing shortages resulted in ineffective control and management of ROW in accordance with TDOT’s Right-of-Way Manual.⁷⁴

In 2015, TDOT’s Right-of-Way Division implemented a custom, web-based application—Integrated ROW Information System (IRIS)—to better manage TDOT’s ROW.⁷⁵ TDOT staff said that although they are working to identify any excess ROW, they lack the dedicated staff resources it would take to prioritize the completion of a comprehensive inventory.⁷⁶ However, most of the excess ROW that is potential surplus is primarily from older roadway projects. According to TDOT, this was the case with the East Ridge Bass Pro Shop project in Hamilton County. TDOT staff say that they currently work with STREAM when identifying properties that might be sold as surplus to determine marketability.⁷⁷

Most State Departments of Transportation Take a More Active Approach to Right-Of-Way Management

Twenty-six states—Arizona, California, Colorado, Florida, Georgia, Idaho, Illinois, Kansas, Kentucky, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New York, Ohio, Oregon, North Carolina, South Carolina, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin—have departments of transportation that actively inventory their ROW. The DOTs in these states identify and market surplus property and normally manage this process separately from general government surplus property. For example, the South Carolina Department of Transportation (SCDOT) Property Management section of the Right of Way Office is responsible for the sale and disposition of SCDOT’s surplus real property. This includes maintaining an inventory of surplus property and records of surplus property dispositions. SCDOT listings include “Economic Parcels”—parcels large enough to be developed, are free standing, have access, have monetary value, and comply with local zoning ordinances.⁷⁸ According to California’s Chief of Asset Management, their department of transportation (Caltrans) “identifies surplus properties and sells [them] on a website that they maintain . . . separate from the surplus property sold by the general government.” This arrangement is best, he explained, “because their right-of-way agents know their properties better

In 2015, the Tennessee Department of Transportation’s Right-of-Way Division implemented a custom, web-based application to better manage its right-of-way property.

⁷³ Tennessee Comptroller of the Treasury 2011.

⁷⁴ Tennessee Department of Transportation 2012.

⁷⁵ Tennessee Department of Transportation 2017.

⁷⁶ Jeff Hoge, Director, Right-of-Way Division, Tennessee Department of Transportation. Interview with TACIR staff, July 19, 2018.

⁷⁷ Ibid.

⁷⁸ South Carolina Department of Transportation “Property Management.”

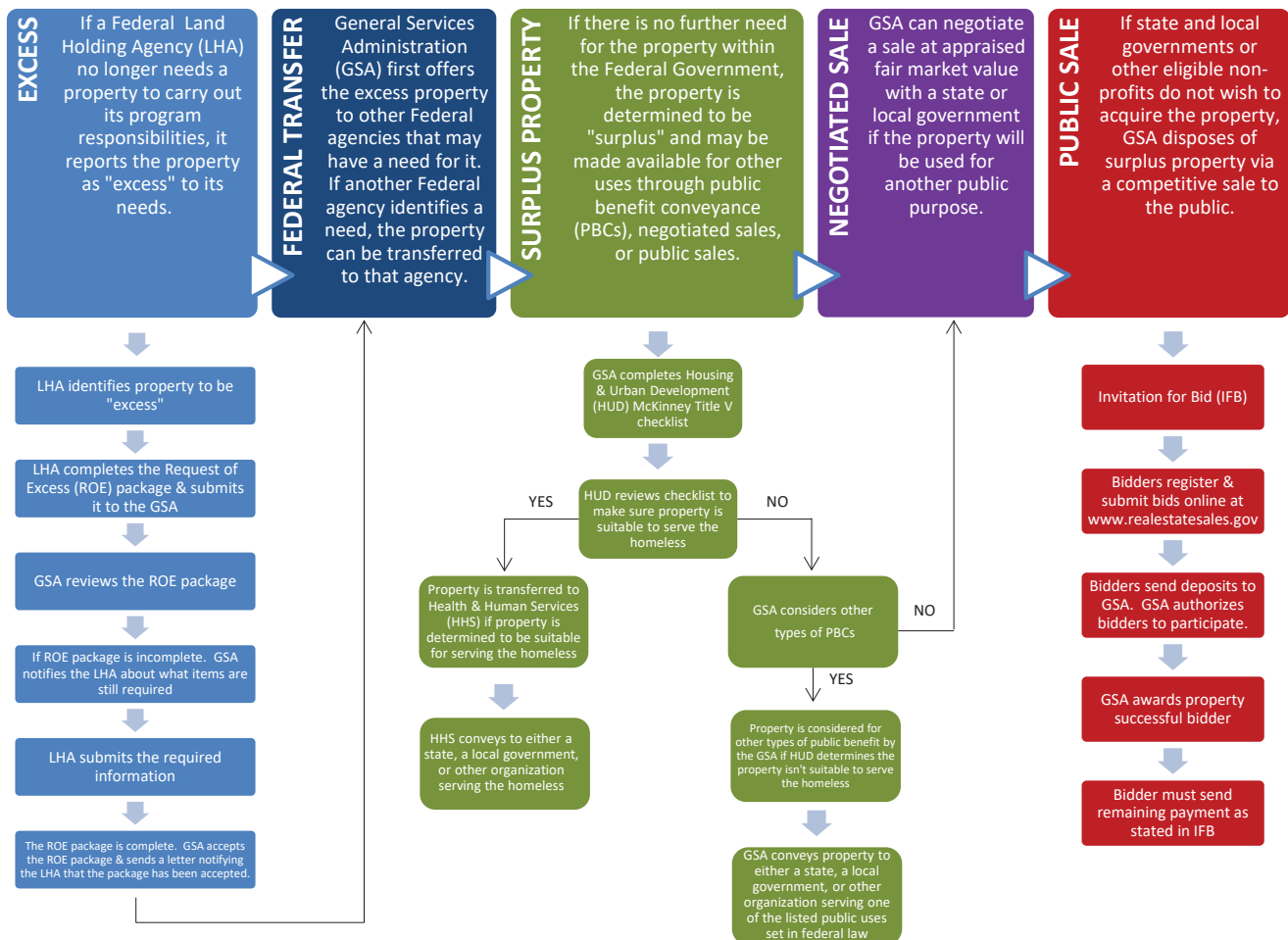
[than General Services staff], and they have a better idea how [surplus ROW] could be used.”⁷⁹

Connecticut also actively manages its state-owned ROW properties but markets its surplus ROW through its equivalent of STREAM.

Surplus Federal Property and Methods for Its Disposal

The US government also has a process for the disposal of government-owned real property (see figure 2). Although federal land holding agencies (LHA) can have their own disposal authorities, many choose to work with the GSA Office of Real Property Utilization and Disposal (RPUD) to assist with developing strategies to address real property disposition.⁸⁰ Regardless of whether LHAs rely on their own disposal authorities or

Figure 2: Federal Real Property Management Process



Source: US General Services Administration *Real Property, Real Solutions*.

⁷⁹ Jim Martone, Branch Chief, California Department of General Services, Real Estate Services Division, Asset Management Branch. Phone interview, November 13, 2018.

⁸⁰ US General Services Administration *Real Property, Real Solutions*.

work with the RPUD to dispose of their unneeded properties, they must follow the process outlined in figure 2.⁸¹

Once the building, structure, or piece of land has been classified as excess, it is offered to other federal agencies that may need it. If another federal agency identifies a need, the property is then transferred to that agency. If there is no further need for the property within the federal government, the real property is determined to be surplus and is then made available to state and local governments as well as eligible non-profits serving the public. Based on the property's location, the governor of the state or territory and any local or regional officials that may be concerned with the property's ultimate use are notified.⁸²

If no state government, local government, or eligible non-profit applies to acquire the property, surplus real property is disposed of via a competitive sale to the public. An invitation for bid is created, and bidders register and submit bids online.

How Local Governments in Tennessee Manage Real Property

City and county governments in Tennessee have broad powers to buy and sell real property, acting through their legislative bodies and guided by their form of charter. All local governments are permitted to transfer real property to other public entities, for public purposes, without sale or competitive bidding,⁸³ and are authorized to negotiate direct private sales of property to nonprofit historic preservation organizations.⁸⁴

The purchasing process for cities varies depending on the type of city charter, according to the Tennessee Municipal Technical Advisory Service (MTAS).⁸⁵ Cities governed by a Mayor-Aldermanic Charter or City Manager-Commission Charter are specifically authorized by general law to purchase, hold, manage and sell real property,⁸⁶ and home rule and private act charters all contain some version of the same basic corporate powers. Cities in Tennessee can be incorporated under one of five kinds of municipal charter. Most were chartered by private act, 14 have home rule charters, and the others have adopted one of three types of general law charters: Mayor-Aldermanic charter, Manager-Commission charter, or Modified City Manager-Council charter.⁸⁷

City and county governments in Tennessee have broad powers to buy and sell real property, acting through their legislative bodies and guided by their form of charter.

⁸¹ United States Code, Title 40, Section 102(3).

⁸² US General Services Administration "What We Do."

⁸³ Tennessee Code Annotated, Section 12-9-110.

⁸⁴ Tennessee Code Annotated, Section 12-2-501.

⁸⁵ MTAS "Purchasing Procedures."

⁸⁶ Tennessee Code Annotated, Sections 6-2-201(11) and 6-19-101(a)(8).

⁸⁷ MTAS "Charters by Type."

Although there are several different forms of local government, the disposal process is fundamentally the same for all.

County Real Property Management and Disposal

Under Tennessee law, the county mayor and county staff may determine when the property is no longer needed,⁸⁸ but the county legislative body has the final approval.⁸⁹ Although there are several different forms of local government, the disposal process is fundamentally the same for all; unless something specific has been written into the government's charter, or a county has adopted one of the specific purchasing and financial management laws in statute, the legislative body determines the method of disposal.⁹⁰

In counties operating under the County Financial Management System of 1981, the director of finance has statutory responsibility for "the public sale of all surplus materials, equipment, buildings and land." These counties also have the option to create a purchasing department and separate purchasing director, who would then be the one responsible.⁹¹ In counties operating under the County Purchasing Law of 1957, surplus property must be disposed of: 1) by the county purchasing agent, and 2) specifically by sale at auction or by competitive bid.⁹²

To comply with requirements of the Governmental Accounting Standards Board (GASB) Statement 34, counties are required to capitalize their assets and report this information in their financial statement annually.⁹³ That is how they maintain an inventory of fixed assets. However, these financial statements are only for accounting purposes, designed to report capital assets and infrastructure at their historical cost and not a detailed property inventory reported at the current market or appraised value. CTAS has developed a model Capital Asset Policy for all counties to meet GASB-34 requirements.⁹⁴

Surveying Local Governments to Understand Their Process for Managing Real Property

In response to a 2018 Commission survey of all local governments in Tennessee, local officials were asked how much and what types of real property their local governments owned and how their local governments approach property management and disposal. See appendix E for a copy of the survey questions and appendix F for full results and analysis. Because of a low online survey response, staff conducted follow-up telephone interviews with a sample of cities and counties across the state.

⁸⁸ Tennessee Code Annotated, Section 5-6-108.

⁸⁹ Tennessee Code Annotated, Section 5-5-121.

⁹⁰ State of Tennessee, Office of the Attorney General and Reporter, Opinion 03-131 (2003) and 13-84 (2013).

⁹¹ Tennessee Code Annotated, Section 5-21-118.

⁹² Tennessee Code Annotated, Section 5-14-108(o).

⁹³ CTAS "GASB-34."

⁹⁴ CTAS "Sample County, Tennessee, Capital Assets Policies and Procedures."

Table 4 and figure 3 in appendix F show the distribution of respondent cities and counties by the regions of Tennessee. Seventeen percent (17%) of the respondent counties and 33% of the respondent cities were from East Tennessee, 61% of the respondent counties and 42% of the respondent cities were from Middle Tennessee, and 22% of the respondent counties and 24% of the respondent cities were from West Tennessee.

Survey analysis shows that approximately 47.3% of the total number of respondent counties and 51.7% of the total number of respondent cities report no surplus property in their jurisdictions. See table 5 in appendix F. The table also shows the distribution of responses from the 52.6% of respondent counties and 48.3% of respondent cities that reported some number of surplus parcels.

Some of the local jurisdictions provided additional details on the number and type of surplus properties they own. The survey analysis (table 6 in appendix F) shows that around 56.3% of the respondent counties and, 38.1% of the respondent cities described their surplus properties as tax-delinquent properties. Twelve percent (12.5%) of the respondent counties described their surplus properties as formerly used for law enforcement purposes (e.g., jail site and former sheriff headquarters) or are located in floodplains. Thirty-three percent (33.3%) of the respondent cities described their surplus as an abandoned cemetery, flat parcels in residential areas, ROW purchases, community development block improvement areas, and floodplain properties.

The majority of the survey respondent counties and cities reported that the amount of real property owned by the local government has remained stable overall. Approximately 70% of the respondent counties reported they do have some real estate management policy, compared with only 27% of respondent cities (table 8 in appendix F). Further, many of the local government respondents reported they had not purchased or received any state-owned property in the past and have no interest in acquiring state-owned property (table 9 and 10 of appendix F).

When asked about tax-delinquent, abandoned, or condemned properties, 53.3% of respondent counties reported that they do not have problems, but 46.7% said they do. Most cities responding to the survey said that they do not face significant challenges in dealing with tax-delinquent, abandoned, or condemned properties. Table 7 in appendix F shows the reported change in the real estate holding of the survey respondent jurisdictions.

Land banks can help local governments dispose of tax-delinquent properties.

Although not a problem for all jurisdictions, disposing of tax-delinquent, abandoned, or condemned properties can be quite challenging for some. In

About half of the counties and cities that responded to a Commission survey reported no surplus property in their jurisdictions.

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Although not a problem for all jurisdictions, disposing of tax-delinquent, abandoned, or condemned properties can be quite challenging for some.

survey responses and in testimony before the Commission, representatives of several local governments reported that most of their surplus property was acquired as tax-delinquent property and that it can be difficult to sell these properties because of the time and money needed to establish clear title for potential buyers and developers.

According to the Center for Community Progress, a nonprofit organization focused on revitalizing vacant properties in communities, land banks “are public or community-owned entities created for a single purpose: to acquire, manage, maintain, and repurpose vacant, abandoned, and foreclosed properties—the worst abandoned houses, forgotten buildings, and empty lots.”⁹⁵ Land banks have been used in some states for more than twenty years. The enabling legislation for Tennessee’s Local Land Bank Pilot Program declared an “overriding public need to confront the problems caused by vacant, abandoned and tax-delinquent properties through the creation of new tools to be available to communities throughout the state” and that “[l]and banks are one of the tools that can be utilized by communities to facilitate the return of vacant, abandoned and tax-delinquent properties to productive use.”⁹⁶ Under the law, a corporation created to operate a land bank “is declared to be performing a public function on behalf of the local government with respect to which the corporation is created and organized and to be a public instrumentality of such local government.”⁹⁷

Tennessee’s land bank program, which was created in 2012 as a pilot, was initially limited to Oak Ridge. TACIR published a report that same year, which recommended that after the Tennessee Comptroller completed its duty to monitor the pilot program, “extending this authority to other jurisdictions is an option that should be considered.”⁹⁸ In fact, the General

⁹⁵ Kildee and Hovey 2010. See also US Department of Housing and Urban Development “NSP Land Banking Toolkit.”

⁹⁶ Tennessee Code Annotated, Section 13-30-102.

⁹⁷ Tennessee Code Annotated, Section 13-30-104.

⁹⁸ Tennessee Advisory Commission on Intergovernmental Relations 2012.

Assembly has since passed legislation extending the authority to establish a land bank to a few other cities and counties, including

- home rule cities (Chattanooga, Clinton, East Ridge, Etowah, Johnson City, Knoxville, Lenoir City, Memphis, Mt. Juliet, Oak Ridge, Red Bank, Sevierville, Sweetwater, and Whitwell);
- the three consolidated metropolitan counties (Hartsville—Trousdale County, Lynchburg—Moore County, and Nashville—Davidson County); and
- other local governments based on population (Blount County, Sevier County, Hardeman County, and the cities of Kingsport and Cleveland).⁹⁹

Although not required under current law, Tennessee Code Annotated, Section 13-30-111(e), encourages local governments that establish land banks to prioritize properties in the land bank for

- purely public spaces and places;
- affordable housing;
- retail, commercial and industrial activities; or
- wildlife conservation areas and such other uses and in such hierarchical order as determined.¹⁰⁰

Tax sales require a cash transaction, but subsequent buyers have difficulties obtaining financing for the purchase because of the difficulty of getting title insurance. The Shelby County Land Bank says land banks are able to get quiet titles from courts and market tax-delinquent properties more effectively than most local governments.¹⁰¹ Representatives of title insurance companies interviewed by TACIR staff said that land banks are part of the solution to selling tax-delinquent properties. These companies do not want to risk insuring the title on tax-sale properties because of the potential that the sale could be challenged in court.¹⁰² Tennessee's land bank program provides a clear legal process for land banks to notify interested parties and quiet potential challenges to the title and for land banks to combine many properties in a single suit to quiet title.¹⁰³

One of the main reasons normal market forces do not reach vacant, abandoned, and tax-delinquent properties is that there are numerous problems with the title to these properties. If title to the property is not

Tennessee's land bank program provides a clear legal process for land banks to notify interested parties and quiet potential challenges to the title.

⁹⁹ Tennessee Code Annotated, Section 13-30-103.

¹⁰⁰ Tennessee Code Annotated, Section 13-30-111(e).

¹⁰¹ Phone interview with Dawn Kinard, Shelby County Land Bank administrator. October 18, 2018.

¹⁰² Eugene McCullough, Esq., Partner, Title Experts and Management Services. Phone interview, October 1, 2018.

¹⁰³ Tennessee Code Annotated, Section 13-30-117.

Discussions with local government officials indicate a commitment to maintaining local decision-making control when it comes to government-owned property.

free from the threat of litigation,¹⁰⁴ the title is usually uninsurable, and if uninsurable, the property has little, if any, value to prospective owners.¹⁰⁵ A 2016 article in the University of Memphis Law Review highlighted the importance of clear titles, saying that “this ability to clear any cloud on the title is essential to making the property an attractive target once placed back onto the open market and ensuring its future vitality.”¹⁰⁶

Georgia’s director of the State Property Commission told TACIR staff that their land bank program works well. According to Georgia’s Land Bank Act,¹⁰⁷ “[l]and banks are one of the tools that can be utilized by communities to facilitate the return of dilapidated, abandoned, and tax-delinquent properties to productive use.” The act¹⁰⁸ also states that “[a]ny county, municipal corporation, or consolidated government may elect to create a land bank.”

State Assistance for Local Governments: Marketing, Communication, and Training

Through the online survey and telephone interviews, local government officials shared various suggestions on the role of the state government in helping cities and counties manage their surplus real properties, including that

- the state government should give local government more autonomy and interfere less with their real estate management;
- local government should be consulted before the passing of new laws;
- state government should closely coordinate with local governments, including notifying local governments of state-owned surplus properties in their jurisdictions;
- local governments must have the first right to refusal for state-owned surplus properties;
- state government should make disposal of surplus property an easy and speedy process; legislation should allow clear titles to properties defaulted to a governmental entity via tax sales; and
- state government should streamline the sale of properties by providing a website, best practices guidelines, marketing assistance, and removing administrative barriers.

¹⁰⁴ Cornell Law School “Marketable Title.”

¹⁰⁵ Alexander 2015.

¹⁰⁶ Shah 2016.

¹⁰⁷ Official Code of Georgia Annotated, Section 48-4-101.

¹⁰⁸ Official Code of Georgia Annotated, Section 48-4-103.

While TACIR staff discussions with local government officials indicate a commitment to maintaining local decision-making control when it comes to government-owned property, there are aspects of property management and surplus disposal that could be improved with state help. Aside from the challenges local governments have with returning unwanted property acquired after-tax sales, interviewees also said that some local governments may have a limited audience to whom they can market all types of surplus property. State laws require governments to advertise available property in local newspapers, whether for sale by sealed bid or public auction, and allow disposal by online auction as well. But not all local governments have websites where they could advertise the surplus property.

The city administrator in Sparta¹⁰⁹ said that local governments could use assistance from the state when selling properties, helping local governments with marketing, and streamlining the way they sell properties. Officials from McKenzie also said they would find it useful for the state to help them with marketing.¹¹⁰ And, as STREAM staff shared in testimony before the Commission, there is no prohibition or legal barrier that would prevent the state from allowing local governments to advertise surplus properties through the state’s website.

Intergovernmental communication promotes a more comprehensive approach to the management of government-owned properties.

In response to the 2018 survey, a few local government officials said they would like for their government to acquire state-owned surplus property but think they may not be fully informed regarding the potential surplus property the state has in their area. A few states—California, Connecticut, Louisiana, and Washington—have statutory requirements to notify local governments when state surplus property is available in their jurisdiction.

Tennessee Code Annotated, Section 12-2-112(b), requires the Commissioner of General Services to “notify the house of representatives and senate member or members from the district in which the property to be sold or conveyed is located, and the notification shall be at least twenty (20) days prior to the agreement of sale or conveyance.” STREAM is not required to notify local officials about surplus property, but they do so voluntarily. Other states require additional notifications for local officials. California’s Chief of Asset Management told TACIR staff, “we always notify local governments about state surplus property in their jurisdiction,” and that, “local governments have priority . . . but they must use it for a public

Tennessee Code Annotated, Section 12-2-112(b), requires the Commissioner of General Services to “notify the house of representatives and senate member or members from the district in which the property to be sold or conveyed is located in, and the notification shall be a least twenty (20) days prior to the agreement of sale or conveyance.” The Department of General Services is not required to notify local officials about surplus property, but they do so voluntarily.

¹⁰⁹ Chris Dorsey, City Administrator, Sparta, Tennessee. Phone interview, October 25, 2018.

¹¹⁰ Jennifer Waldrup, City Recorder, McKenzie, Tennessee. Phone interview, October 26, 2018.

purpose and must pay the appraised value.”¹¹¹ Similarly, in Connecticut the state has a statutory mandate to notify local municipalities when surplus real property is available.¹¹² Under Louisiana law,

the state or any of its boards, commissions, departments or agencies, prior to disposing of any real property held by it, except buildings, shall give notice to the governing authority of the parish and/or municipality in which the property is located. The notice shall be in writing and shall advise such authority of the intention to dispose of the property and shall include a description of the property, the manner in which such property shall be disposed of, and the terms and conditions upon which such disposition is proposed to be made.¹¹³

Washington state law requires that the state provide a 60-day notice to local governments if surplus state property is available in their jurisdiction.¹¹⁴

Georgia’s law is similar to Tennessee’s, in that the Georgia State Properties Commission is required to notify members of its General Assembly when property in their district is declared surplus, but not local officials.¹¹⁵ When the commission posts invitations to bid on property to its website, however, it also sends automatic e-mail notifications to any interested bidders—which could include local officials—who subscribe to its notification service.¹¹⁶

On its website, the Virginia Division of Real Estate and Facilities Management says that, if no state department, agency or institution has a need for a surplus property, the county and municipality where the property is located are given 30 days to purchase it at its fair market value for public use.¹¹⁷ But, like STREAM in Tennessee, this is an informal policy and not required by law.

¹¹¹ Jim Martone, Branch Chief, California Department of General Services, Real Estate Services Division, Asset Management Branch. Phone interview, November 13, 2018. California Government Code, Section 11011.1, says that surplus property “shall be offered to any local agency [meaning county, city, or school district] and then to nonprofit affordable housing sponsors prior to being offered for sale to private entities or individuals.” An interested entity has 90 days from the time the state posts the available property on its website to notify the state of its intent to purchase.

¹¹² Connecticut General Statutes, Section 4b-21(b): “Any state agency . . . shall inform the Secretary of the Office of Policy and Management and the municipality where the land is located, in writing, not less than six months before the date when the agency, department or institution anticipates such land, improvement or interest or any part thereof is not needed by the agency, department or institution.

¹¹³ Louisiana Revised Statutes, Section 41:139.

¹¹⁴ Revised Code of Washington, Section 43.17.400.

¹¹⁵ Official Code of Georgia Annotated, Section 50-16-39.

¹¹⁶ Georgia State Properties Commission “Policies.” See in particular “SPC 11 – Land Management: Conveyance of Surplus Real Property.”

¹¹⁷ Virginia Department of General Services 2019.

Training on best practices for real property management for county and city officials could promote the highest and best use of property owned by local governments.

Representatives of the Tennessee Economic Development Council (TEDC) said that local governments must be prepared to compete in the marketplace if they want to sell surplus properties. The liaison to the council from the Tennessee Department of Economic and Community Development said that, “to be marketable, [local government sites] need to be ‘shovel-ready,’ with access and utilities and no mitigation or permitting issues.”¹¹⁸ Private real estate developers interviewed also said that they expect to have a short time line—less than six months between site selection and groundbreaking—when investing in a new real estate project. According to a global location manager with KPMG Developers, “the government must make the properties ready for the market. Evaluate the property before putting it out on the market and not start the process when a party approaches them or shows interest in the property.”¹¹⁹

However, representatives for local governments surveyed—including Trousdale, Cannon, Jackson, Lincoln, and Dyer counties and the cities of Huntsville, Kingsport, Alcoa, Sparta, Paris, and Watertown—reported that they do not have any formal planning or management process for real property.

The University of Tennessee’s County Technical Assistance Service (CTAS) and Municipal Technical Advisory Service (MTAS), which provide technical support and assistance to local governments, have researched best practices and provided training programs for local government officials in many subject areas for decades, including some aspects of real property management. In interviews with TACIR staff, representatives for CTAS and MTAS expressed willingness to develop additional training on issues related to real property management.¹²⁰

The federal government has implemented a training program on best practices for real estate management to ensure that personnel have the tools and knowledge needed to effectively manage federal real property. The US General Services Administration developed the program for federal agencies to help them understand how to manage their underutilized properties better and dispose of unneeded real property assets. The federal training is a three-day program that covers real estate laws, asset

The federal government has implemented a training program on best practices for real estate management personnel.

¹¹⁸ Jamie Stitt, Assistant Commissioner of Business and Workforce Development, Tennessee Department of Economic and Community Development. Interview with TACIR staff, May 21, 2018.

¹¹⁹ Brad Maul, Manager, Global Location and Expansion Services, KPMG, LLP. Phone interview, August 2, 2018.

¹²⁰ Robin Roberts, Executive Director, CTAS. Email correspondence, November 16, 2018. Abner Oglesby, MTAS. Email correspondence, November 30, 2018.

management strategies, reporting requirements, disposal process, and regulations related to environmental and historic preservation compliance. Training participants have said that the training provided them with the information needed to manage federal properties effectively.¹²¹

¹²¹ US General Services Administration 2017.

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PERSONS INTERVIEWED

Thom Amdur, Executive Director
Tennessee Developers Council

Allen Arender, Partner and Executive Vice-
President – Development
Holladay Properties, LLC. Nashville

Melissa Ashburn, Legal Consultant
University of Tennessee Municipal Technical
Advisory Service

Bill Avant, GIS and Land Acquisition Manager
Tennessee Department of Environment and
Conservation

W.T. Bailey, Budgets and Accounts Director
Tipton County, Tennessee

Teb Batey, Trustee
Rutherford County, Tennessee

Dan Bauchiero, Principal
Eakin Partners, LLC

Mike Berry, Real Property Agent
Tennessee Department of General Services

Steve Berry, Director of Public Property
Metropolitan Government of Nashville and
Davidson County, Tennessee

David L. Blackstone, Executive Director
Ohio Geographically Referenced Information
Program

Doug Bodary, County Government Consultant
University of Tennessee County Technical
Assistance Service

Ernest Burgess, Former Mayor
Rutherford County, Tennessee

Brooxie Carlton, Deputy Assistant Commissioner
of Rural Development Tennessee Department of
Economic and Community Development

John Carr, Assistant Commissioner
Tennessee Department of General Services

Mike Carter, Representative
District 29, Tennessee

Jimmy Clary, Jr., Chief Deputy of Operations
Assessor of Property, Metropolitan Government of
Nashville and Davidson County, Tennessee

Chris Coneeney, Acting Director
Real Property Division, US General Services
Administration

David Connor, Executive Director
Tennessee County Services Association

Ralph Conner, Director
Public Building Service, US General Services
Administration

Leanne Cox, Site Development Director
Tennessee Department of Economic and
Community Development

Jason Davidson, Asset Management and
Compliance Manager
Washington State Department of Commerce

Will Denami, Executive Director
Tennessee Association of Assessing Officers

Brian Dickerson, Excess Land Office Manager
Right-of-Way Division, Tennessee Department of
Transportation

Chris Dorsey, City Administrator
Sparta, Tennessee

Ryan Duggin, State Valuation Manager
Tennessee Comptroller of the Treasury Division of
Property Assessments

Kim Foster, City Manager
Paris, Tennessee

Scot Friedman, GIS Director
Texas General Land Office

Brent Greer, Mayor
Henry County, Tennessee

Joe Griffin, Property Assessment Consultant
University of Tennessee County Technical
Assistance Service

Mary Hickman, Rural Development Specialist
US Department of Agriculture

Matthew Hill, Manager
Tennessee Comptroller of the Treasury Office of
Local Government

Paul Hinsch, Director
Connecticut Bureau of Assets Management

Jeff Hoge, Director
Right-of-Way Division, Tennessee Department of
Transportation

Anthony Hopson, Director
University of Tennessee Real Property and Space
Administration

Flake Hudson II, Real Estate Coordinator
Metropolitan Government of Nashville and
Davidson County, Tennessee

Jeff Huffman, County Executive
Tipton County, Tennessee

Bradley Jackson, President and CEO
Tennessee Chamber of Commerce and Industry

Dawn Kinard, Administrator
Shelby County Land Bank, Tennessee

Stephanie Klodzen, Realtor
Real Property Policy Division, US General Services
Administration

Betsy Knotts, Executive Secretary
State Board of Equalization, Tennessee Comptroller
of the Treasury

David Jung-Hwi Lee, Assistant Director
Long Range Planning Division, Tennessee
Department of Transportation

Melody Lewis, City Recorder
Town of White Bluff

Matthew Marshall, City Manager
Norris, Tennessee

Jim Martone, Branch Chief
California Department of General Services, Real
Estate Services Division, Asset Management
Branch

Brad Maul, Manager, Global Location and
Expansion Services
KPMG, LLP

Eugene McCullough, Esq., NTP, TNLTP, CIPP-US
Partner, Title Experts and Management Services,
Knoxville, TN

Ann McGauran, State Architect
Tennessee Office of the State Architect

Ken Morrell, Special Projects Manager
Tennessee Comptroller of the Treasury Division of
Property Assessments

Phillip Murphy, Assistant Director of Strategy
State of Tennessee Real Estate Asset Management
Division, Tennessee Department of General
Services

TJ Muzorewa, GIS Manager
Tennessee Comptroller of the Treasury Office of
Local Government

Tom Needham, Director
Public Works Division, Shelby County, Tennessee

Bruce Nelson, Director of Special Projects,
Acquisitions and Dispositions State of Tennessee
Real Estate Asset Management Division, Tennessee
Department of General Services

Lisa Nolen, Finance Director
Rutherford County, Tennessee

Dennis Pedersen, Director of STS-GIS Services
Tennessee Department of Finance and
Administration

Laura Perry, National Title Professional
Homeland Title Company

Brad Pigue, IT Manager
Assessor of Property, Metropolitan Government of
Nashville and Davidson County, Tennessee

Robin Pope, General Counsel
Tennessee Comptroller of the Treasury State Board
of Equalization

Paul Potamianos, Executive Budget Officer
Connecticut Office of Policy and Management,
Budget and Financial Management Division

Mandy Rafool, Tax Specialist
National Conference of State Legislatures

Jonathan Robillard, OSL Administrator
Office of State Lands, Louisiana Division of
Administration

Denny Wayne Robinson, County Executive
White County, Tennessee

Shaun Seale, Manager of Inventory and Sovereign
Dispositions
Asset Management, Texas General Land Office

Kay Senter, Vice Mayor
Morristown, Tennessee

Chloe Shafer, Director of Compliance
Tennessee Office of the State Architect

Frank Smith, Deputy Executive Director
Georgia State Properties Commission

Jamie Stitt, Assistant Commissioner of Business
and Workforce Development
Tennessee Department of Economic and
Community Development

John Waddell, Deputy Legislative Director
Legislative Division, Tennessee Department of
Transportation

Jennifer Waldrup, City Recorder
McKenzie, Tennessee

Suzanne White, GIS Specialist
STS-GIS Services, Tennessee Department of
Finance and Administration

Rick Whitehead, Assistant Director
University of Tennessee Municipal Technical
Advisory Service

Rob Whitfield, Attorney
Henry County, Tennessee

Vivian Wilhoite, Property Assessor
Metropolitan Government of Nashville and
Davidson County, Tennessee

Tony Wilkerson, Water Superintendent
Norris, Tennessee

APPENDIX A: PUBLIC CHAPTER 693, ACTS OF 2018



State of Tennessee

PUBLIC CHAPTER NO. 693

HOUSE BILL NO. 1735

By Representatives Carter, Hardaway

Substituted for: Senate Bill No. 2650

By Senator Watson

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 5, to direct the Tennessee advisory commission on intergovernmental relations to conduct a study on governmental property.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. The Tennessee advisory commission on intergovernmental relations (TACIR) is directed to perform a study of, and determine the amounts of, nontax-producing properties held by state and local governments. This study must be conducted from TACIR's existing resources. On or before March 1, 2019, TACIR shall report its findings and recommendations to the finance, ways and means committees of the senate and the house of representatives, the fiscal review committee of the general assembly, and the office of legislative budget analysis. The report shall include recommendations as to the highest and best uses of the properties and ways for making the properties productive.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

HOUSE BILL NO. 1735

PASSED: March 19, 2018

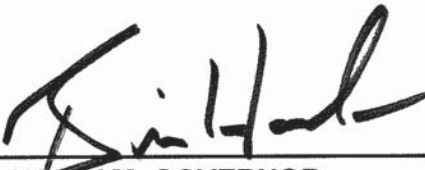


BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES



RANDY MCNALLY
SPEAKER OF THE SENATE

APPROVED this 9th day of April 2018



BILL HASLAM, GOVERNOR

APPENDIX B: COUNTY PROFILES

Government-Owned Property by County and Level of Government

County	Total Land Acres in the County (1)	Percentage of Land Owned by All Governments	Acres Owned by the Federal Government	Percent of Total, Federal	Acres Owned by the State Government (2)	Percent of Total, State	Acres Owned by the County Government	Percent of Total, County	Acres Owned by City Governments	Percent of Total, Cities	Source Notes
Anderson	215,810	22.9%	17,868	8.3%	24,023	11.1%	1,189	0.6%	6,246	2.9%	a
Bedford	303,129	1.8%	651	0.2%	2,626	0.9%	710	0.2%	1,497	0.5%	a
Benton	252,356	3.5%	58	0.0%	6,700	2.7%	1,512	0.6%	668	0.3%	a
Bledsoe	260,112	6.2%	14	0.0%	15,778	6.1%	146	0.1%	307	0.1%	a
Blount	357,638	32.1%	98,025	27.4%	12,668	3.5%	2,435	0.7%	1,534	0.4%	a
Bradley	210,407	3.5%	237	0.1%	3,483	1.7%	2,054	1.0%	1,672	0.8%	b
Campbell	307,304	36.6%	7,447	2.4%	101,751	33.1%	1,529	0.5%	1,873	0.6%	a
Cannon	170,006	1.6%	0	0.0%	2,438	1.4%	84	0.0%	150	0.1%	a
Carroll	382,500	9.3%	12,175	3.2%	19,933	5.2%	1,886	0.5%	1,469	0.4%	a
Carter	218,405	6.8%	9,468	4.3%	3,412	1.6%	766	0.4%	1,112	0.5%	a
Cheatham	193,580	11.9%	45	0.0%	21,656	11.2%	977	0.5%	396	0.2%	a
Chester	182,871	5.8%	19	0.0%	9,760	5.3%	393	0.2%	389	0.2%	c
Claiborne	278,144	3.3%	3,275	1.2%	4,963	1.8%	685	0.2%	208	0.1%	a
Clay	151,383	1.1%	134	0.1%	1,329	0.9%	236	0.2%	19	0.0%	a
Cocke	278,092	27.9%	70,363	25.3%	5,507	2.0%	1,540	0.6%	248	0.1%	a
Coffee	274,537	15.8%	30,144	11.0%	10,177	3.7%	1,292	0.5%	1,863	0.7%	a
Crockett	169,951	2.5%	724	0.4%	2,878	1.7%	298	0.2%	280	0.2%	a
Cumberland	435,856	16.8%	1,468	0.3%	64,037	14.7%	3,842	0.9%	3,925	0.9%	a
Davidson	322,236	17.9%	17,514	5.4%	15,751	4.9%	24,495	7.6%	81	0.0%	d
Decatur	213,681	2.2%	1,442	0.7%	2,266	1.1%	750	0.4%	286	0.1%	a
DeKalb	194,806	12.3%	20,007	10.3%	3,074	1.6%	585	0.3%	254	0.1%	a
Dickson	313,533	2.6%	79	0.0%	5,894	1.9%	1,494	0.5%	824	0.3%	a
Dyer	327,894	9.4%	863	0.3%	26,167	8.0%	1,537	0.5%	2,226	0.7%	a
Fayette	451,055	3.7%	19	0.0%	15,316	3.4%	963	0.2%	563	0.1%	a
Fentress	319,111	13.7%	24,115	7.6%	18,090	5.7%	1,052	0.3%	341	0.1%	a
Franklin	354,870	14.9%	15,328	4.3%	34,521	9.7%	1,907	0.5%	967	0.3%	a
Gibson	385,757	6.2%	12,650	3.3%	7,494	1.9%	1,215	0.3%	2,554	0.7%	a
Giles	390,995	1.4%	51	0.0%	3,243	0.8%	1,376	0.4%	868	0.2%	a
Grainger	179,575	1.5%	176	0.1%	1,576	0.9%	722	0.4%	171	0.1%	a
Greene	398,187	12.9%	41,955	10.5%	7,273	1.8%	990	0.2%	1,065	0.3%	a
Grundy	230,684	10.3%	33	0.0%	20,917	9.1%	1,072	0.5%	1,791	0.8%	a
Hamblen	103,151	7.3%	2,180	2.1%	2,719	2.6%	706	0.7%	1,875	1.8%	a
Hamilton	347,129	13.8%	9,015	2.6%	27,406	7.9%	5,422	1.6%	5,968	1.7%	e
Hancock	142,287	1.2%	0	0.0%	1,373	1.0%	287	0.2%	54	0.0%	a
Hardeman	427,355	4.4%	4,163	1.0%	12,652	3.0%	1,158	0.3%	970	0.2%	a
Hardin	369,487	5.3%	7,313	2.0%	10,715	2.9%	571	0.2%	818	0.2%	a
Hawkins	311,714	6.3%	14,214	4.6%	2,364	0.8%	903	0.3%	2,187	0.7%	a
Haywood	341,188	6.2%	11,669	3.4%	7,809	2.3%	717	0.2%	1,068	0.3%	a
Henderson	332,805	9.5%	187	0.1%	28,833	8.7%	1,021	0.3%	1,476	0.4%	a
Henry	359,577	11.4%	31,251	8.7%	7,787	2.2%	880	0.2%	985	0.3%	a
Hickman	391,989	1.8%	59	0.0%	6,007	1.5%	525	0.1%	551	0.1%	f
Houston	128,188	0.9%	34	0.0%	492	0.4%	561	0.4%	85	0.1%	a
Humphreys	339,688	6.7%	16,825	5.0%	4,559	1.3%	1,015	0.3%	277	0.1%	a
Jackson	197,528	1.3%	38	0.0%	2,059	1.0%	417	0.2%	18	0.0%	a
Jefferson	175,952	3.4%	1,433	0.8%	3,037	1.7%	820	0.5%	714	0.4%	a
Johnson	191,001	34.2%	53,067	27.8%	11,503	6.0%	610	0.3%	127	0.1%	a
Knox	325,332	7.0%	916	0.3%	12,279	3.8%	5,856	1.8%	3,763	1.2%	g
Lake	106,102	24.5%	1,445	1.4%	23,544	22.2%	497	0.5%	549	0.5%	a
Lauderdale	302,058	20.5%	29,073	9.6%	31,160	10.3%	577	0.2%	1,214	0.4%	a

Improving Management of Government-Owned Real Property in Tennessee

County	Total Land Acres in the County (1)	Percentage of Land Owned by All Governments	Acres Owned by the Federal Government	Percent of Total, Federal	Acres Owned by the State Government (2)	Percent of Total, State	Acres Owned by the County Government	Percent of Total, County	Acres Owned by City Governments	Percent of Total, Cities	Source Notes
Lawrence	394,960	5.4%	1	0.0%	19,225	4.9%	811	0.2%	1,190	0.3%	a
Lewis	180,537	5.5%	862	0.5%	5,242	2.9%	2,218	1.2%	1,620	0.9%	a
Lincoln	365,018	1.5%	41	0.0%	3,177	0.9%	737	0.2%	1,407	0.4%	a
Loudon	146,721	9.7%	8,819	6.0%	3,282	2.2%	1,121	0.8%	1,028	0.7%	a
McMinn	275,277	3.7%	3,744	1.4%	3,344	1.2%	2,041	0.7%	1,102	0.4%	a
McNairy	360,218	2.5%	19	0.0%	6,688	1.9%	1,413	0.4%	706	0.2%	a
Macon	196,572	1.0%	37	0.0%	1,015	0.5%	163	0.1%	758	0.4%	a
Madison	356,548	4.5%	558	0.2%	9,241	2.6%	1,619	0.5%	4,644	1.3%	a
Marion	318,819	17.7%	15,130	4.7%	39,461	12.4%	1,018	0.3%	668	0.2%	a
Marshall	240,295	2.5%	33	0.0%	4,159	1.7%	563	0.2%	1,260	0.5%	a
Maury	392,408	6.9%	143	0.0%	19,788	5.0%	5,332	1.4%	1,846	0.5%	a
Meigs	124,886	6.0%	5,043	4.0%	2,172	1.7%	255	0.2%	37	0.0%	a
Monroe	406,825	3.9%	8,951	2.2%	3,919	1.0%	1,528	0.4%	1,505	0.4%	a
Montgomery	345,065	17.0%	43,276	12.5%	6,783	2.0%	7,174	2.1%	1,505	0.4%	h
Moore	82,702	2.4%	1,250	1.5%	532	0.6%	162	0.2%	77	0.1%	a
Morgan	334,195	21.9%	4,702	1.4%	61,498	18.4%	6,774	2.0%	295	0.1%	a
Obion	348,705	10.8%	441	0.1%	34,051	9.8%	1,705	0.5%	1,466	0.4%	a
Overton	277,430	4.8%	1,586	0.6%	11,058	4.0%	336	0.1%	377	0.1%	a
Perry	265,437	4.3%	490	0.2%	2,765	1.0%	8,234	3.1%	56	0.0%	a
Pickett	104,306	24.9%	10,935	10.5%	14,777	14.2%	216	0.2%	19	0.0%	a
Polk	278,146	56.7%	152,771	54.9%	2,000	0.7%	2,656	1.0%	403	0.1%	a
Putnam	256,708	3.8%	1,489	0.6%	4,942	1.9%	1,599	0.6%	1,798	0.7%	a
Rhea	201,845	11.0%	6,980	3.5%	13,138	6.5%	743	0.4%	1,301	0.6%	a
Roane	230,866	17.1%	27,839	12.1%	8,348	3.6%	1,625	0.7%	1,599	0.7%	a
Robertson	304,841	3.3%	23	0.0%	7,033	2.3%	1,345	0.4%	1,706	0.6%	a
Rutherford	396,398	8.6%	16,748	4.2%	8,312	2.1%	4,768	1.2%	4,150	1.0%	i
Scott	340,673	28.3%	52,451	15.4%	42,195	12.4%	934	0.3%	752	0.2%	a
Sequatchie	170,144	2.2%	24	0.0%	3,466	2.0%	139	0.1%	145	0.1%	a
Sevier	379,192	34.2%	120,250	31.7%	2,304	0.6%	3,952	1.0%	3,079	0.8%	a
Shelby	488,709	17.4%	2,859	0.6%	28,448	5.8%	29,199	6.0%	24,672	5.0%	j
Smith	201,149	6.3%	5,479	2.7%	2,375	1.2%	4,706	2.3%	70	0.0%	a
Stewart	293,978	38.5%	107,419	36.5%	5,435	1.8%	331	0.1%	56	0.0%	a
Sullivan	264,583	20.4%	38,469	14.5%	6,004	2.3%	2,557	1.0%	6,935	2.6%	a
Sumner	338,798	3.2%	1,338	0.4%	4,588	1.4%	2,128	0.6%	2,788	0.8%	k
Tipton	293,380	3.4%	4,449	1.5%	2,519	0.9%	1,271	0.4%	1,726	0.6%	a
Trousdale	73,179	2.9%	778	1.1%	691	0.9%	160	0.2%	470	0.6%	a
Unicoi	119,081	57.4%	61,313	51.5%	6,213	5.2%	19	0.0%	786	0.7%	a
Union	143,087	22.5%	6,508	4.5%	25,209	17.6%	437	0.3%	64	0.0%	a
Van Buren	174,986	15.2%	14	0.0%	26,186	15.0%	394	0.2%	80	0.0%	a
Warren	276,911	2.0%	367	0.1%	2,789	1.0%	2,073	0.7%	417	0.2%	a
Washington	208,953	13.0%	17,836	8.5%	4,670	2.2%	1,302	0.6%	3,336	1.6%	a
Wayne	469,829	0.8%	271	0.1%	2,580	0.5%	419	0.1%	466	0.1%	a
Weakley	371,425	3.6%	307	0.1%	11,592	3.1%	484	0.1%	1,168	0.3%	a
White	241,074	8.5%	1,659	0.7%	17,414	7.2%	1,224	0.5%	166	0.1%	a
Williamson	373,033	3.1%	128	0.0%	4,653	1.2%	3,467	0.9%	3,420	0.9%	l
Wilson	365,498	4.5%	247	0.1%	12,874	3.5%	2,426	0.7%	1,002	0.3%	a
TOTAL	26,390,386	10.7%	1,303,303	4.9%	1,179,155	4.5%	196,052	0.7%	142,662	0.5%	

Total Acres Owned by all Governments 2,821,171

Government-Owned Property by County and Level of Government - Notes

- (1) Source: U.S. Census Bureau, Geography Division. State of Tennessee Counties - Current/BAS18 - Data as of January 1, 2017. Last Revised: December 1, 2017. https://tigerweb.geo.census.gov/tigerwebmain/Files/bas18/tigerweb_bas18_county_tn.html
- (2) State-owned acreage includes TDOT-estimated ROW as of 6/30/2017, in addition to GIS and other sources listed for each county.
 - (a) Source: Tennessee Comptroller of the Treasury, Office of Local Government. Staff analysis of 2018 statewide GIS parcel layer (TNMAP_DATA_LIBRARY.DBO.LIBRARY_Statewide_Parcel) maintained by OLG and hosted by STS-GIS Services.
 - (b) Source: Federal-, County-, and City-owned acreage derived from staff analysis of Year 2014 GIS data; 2018 GIS data provided by this county to OLG (shared with permission) does not contain property ownership classifications. State-owned acreage reflects inventory maintained by STREAM, data provided to TACIR 9/26/2018.
 - (c) Source: Federal-, County-, and City-owned acreage derived from staff analysis of Year 2016 GIS data; 2018 GIS data provided by this county to OLG (shared with permission) does not contain property ownership classifications. State-owned acreage reflects inventory maintained by STREAM, data provided to TACIR 9/26/2018.
 - (d) Source: State-, City-, and Metro-owned acreage provided by the Metropolitan Nashville & Davidson County Property Assessor, 6/20/2018. Federal acreage as reported by the US Department of the Interior for land subject to payments in lieu of taxes in 2018. See <https://www.doi.gov/pilt> 2018 GIS data provided by this county to OLG (shared with permission) does not contain property ownership classifications.
 - (e) Source: Tennessee Comptroller of the Treasury, Office of Local Government, and Hamilton County. Staff analysis of 2018 GIS parcel layer submitted by Hamilton County to OLG; shared with permission.
 - (f) Source: Federal-, County-, and City-owned acreage derived from staff analysis of Year 2015 GIS data; 2018 GIS data provided by this county to OLG (shared with permission) does not contain property ownership classifications. State-owned acreage reflects inventory maintained by STREAM, data provided to TACIR 9/26/2018.
 - (g) Source: Tennessee Comptroller of the Treasury, Office of Local Government, and Knox County. Staff analysis of 2018 GIS parcel layer submitted by Knox County to OLG; shared with permission.
 - (h) Source: Tennessee Comptroller of the Treasury, Office of Local Government, and Montgomery County. Staff analysis of 2018 GIS parcel layer submitted by Montgomery County to OLG; shared with permission.
 - (i) Source: Tennessee Comptroller of the Treasury, Office of Local Government, and Rutherford County. Staff analysis of 2018 GIS parcel layer submitted by Rutherford County to OLG; shared with permission.
 - (j) Source: Tennessee Comptroller of the Treasury, Office of Local Government, and Shelby County. Staff analysis of 2018 GIS parcel layer submitted by Shelby County to OLG; shared with permission.
 - (k) Source: Tennessee Comptroller of the Treasury, Office of Local Government, and Sumner County. Staff analysis of 2018 GIS parcel layer submitted by Sumner County to OLG; shared with permission.
 - (l) Source: Tennessee Comptroller of the Treasury, Office of Local Government, and Williamson County. Staff analysis of 2018 GIS parcel layer submitted by Williamson County to OLG; shared with permission.

APPENDIX C: REAL ESTATE TRANSACTION REQUEST FORM RPM-1

STATE OF TENNESSEE
 Department of Finance and Administration
 Division of Real Property Management
 Office of Real Estate Management
 15th Floor, Tennessee Tower
 312 8th Avenue North
 Nashville, Tennessee 37243-0299
 Telephone: 615-741-4221

Real Estate Transaction Request Form RPM-1
 (Revised 1994)

REAL ESTATE MANAGEMENT USE ONLY
RPM NO. _____

INSTRUCTIONS: Prepare in triplicate and answer all items in detail.

Name and address of requesting department: _____
 Name of Dept. Contact _____
 Phone: _____ Date: _____
 Date Request Needed: _____
 Not less than 180 days from date of request

1. Action Requested:

<input checked="" type="checkbox"/> Acquisition	<input checked="" type="checkbox"/> Disposal	Special Service	
<input type="checkbox"/> Fee Simple	<input type="checkbox"/> Fee Simple	<input type="checkbox"/> Appraisal	<input type="checkbox"/> Inter-Agency Agreement
<input type="checkbox"/> Leasehold	<input type="checkbox"/> Leasehold	<input type="checkbox"/> Survey	<input type="checkbox"/> Transfer of Jurisdiction
<input type="checkbox"/> Easement ROW	<input type="checkbox"/> Easement ROW	<input type="checkbox"/> Title Service	<input type="checkbox"/> Boundary Lines
<input type="checkbox"/> Gift	<input type="checkbox"/> Gift	<input type="checkbox"/> Other _____	

2. Location of Subject Property: _____ (County)
 _____ (City)
 Property Assessor Map # _____ Parcel # _____

(Attached Supporting Information)

<input type="checkbox"/> Survey	<input type="checkbox"/> Aerial Photo
<input type="checkbox"/> Plat	<input type="checkbox"/> Photo
<input type="checkbox"/> Map	<input type="checkbox"/> Other _____
<input type="checkbox"/> Legal Description	<input type="checkbox"/> Master Plan
<input type="checkbox"/> Site Plan	

Property Assessor Map must accompany this request. If this request adjoins State-owned property so indicate on map.

3. Property Location: _____

 Owners Deed Book _____ Page _____
 Lot Size _____
 Number Acres _____

Improvements enumerated with color photographs attached

_____ House	_____ Warehouse
_____ Office	_____
_____ Barn	_____
_____ Shed	_____

4. Present Owners/Granttee: Including mailing address and phone number and/or agent _____

 Names of Tenants (if any): Including mailing address and phone number _____

 Relocation Assistance Required: YES NO

5. Purpose (Please explain in detail the proposed use and why action is necessary).

6. Estimated Value (Land and Improvements) \$N/A

7. **Source of Funds:**

- a. Are funds for this request included in your agency's budget? YES NO
 b. If yes, please identify the source of funds.

	SOURCES	AMOUNT	FISCAL YEAR	TYPE OF FUNDS
1.	_____	\$ _____	_____	_____
2.	_____	\$ _____	_____	_____

- c. If the source of funding is part of a larger amount included in the budget as a line item, please specify the line item amount (amount, fiscal year and type of funding).

 d. Who is paying the Real Estate Management fee and other costs? _____
 If Agency is paying, please complete the following information:
 ALLOTMENT CODE: _____
 FUND: _____
 COST CENTER: _____
 e. If this request is not in your agency's budget, please explain the proposed funding.

 f. Please identify the source of Federal matching funds, if any.

FOR LAND ACQUISITION ONLY

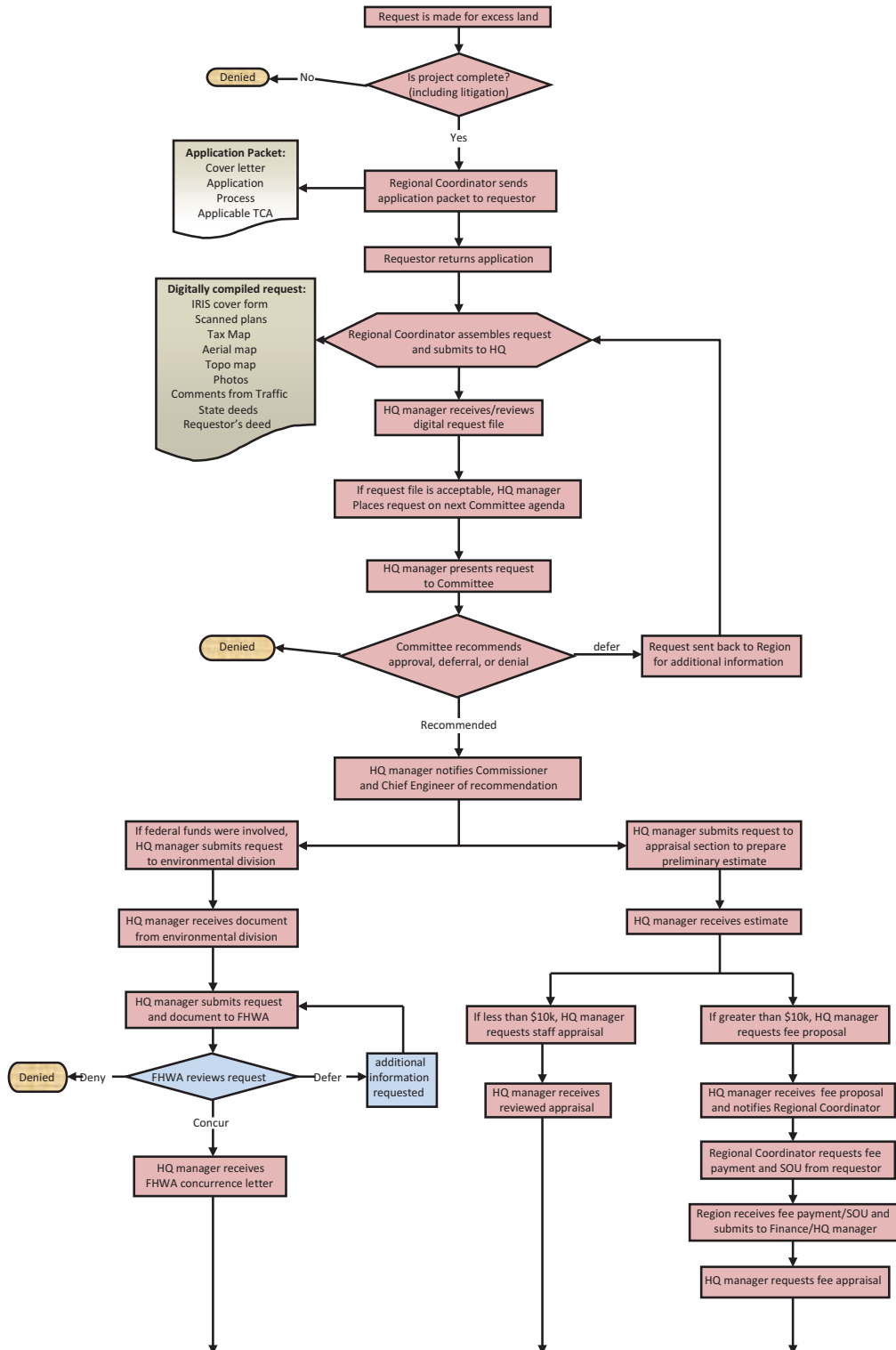
- a. Has a Phase I Environmental Site Assessment been done? (if so, attach copy) YES NO
 b. If not, do you recommend one be done? YES NO
 c. Attach completed Transaction Screen Questionnaire.
 d. Does your agency have a master plan for its department? YES NO
 e. If yes, is this property part of this master plan YES NO
 Please explain: _____
 f. What is the last date the master plan was updated? _____
 g. Is this request a current top priority of your agency? YES NO
 If no, please explain: _____
 h. Are other governmental agencies required to approve this request? YES NO
 i. In the past, has your agency had this request or a similar request addressed by the SBC? YES NO

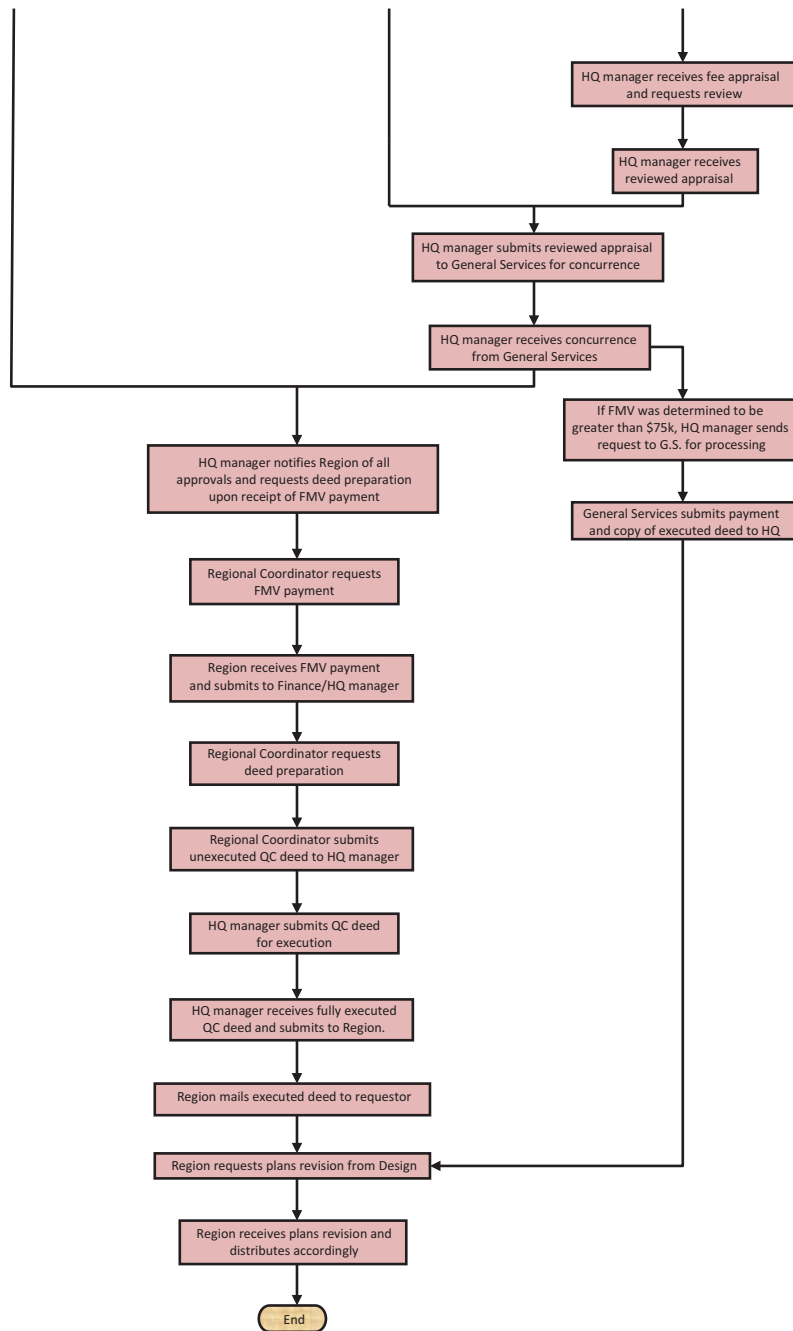
FOR LAND DISPOSAL ONLY

- a. Original Cost to State: \$ _____
 Date State Obtained: _____
 Grantor unto State: _____
 b. Please state the department's use for the property? _____
 c. Why is the department's jurisdiction of this property no longer necessary? _____
 d. Have any other State Departments or Agencies expressed any need or interest in this property? YES NO
 e. Will this disposal hinder the departments future use of remaining property (if any)? YES NO
 f. Would this disposal adversely affect the remaining property values in the future? YES NO
 g. Has an outside buyer, lessee, etc. requested this disposal YES NO
 h. Will the revenue from this sale be returned to the General Fund? YES NO

Requested by: _____ (Agency Head) _____ (Date)

APPENDIX D: TENNESSEE DEPARTMENT OF TRANSPORTATION PROCESS FOR MANAGING REQUESTS FOR DECLARING RIGHT OF WAY AS EXCESS





Source: Brian Dickerson, Transportation Manager, TDOT Right-of-Way Division/Excess Land Office. Email correspondence, December 26, 2018.

APPENDIX E: SURVEY QUESTIONS

TACIR staff prepared an online survey to ask city and county governments about their real property ownership and management practices. The survey was distributed by email from August 16 to October 1, 2018, in partnership with the Tennessee Municipal League (TML) and University of Tennessee County Technical Assistance Service (CTAS). Officials from 15 cities and six counties completed the survey. To supplement the online responses, additional jurisdictions were selected based on population and geographic location and interviewed via telephone.

Question 1:

How much total real property does your government own? Provide as much information as possible.

- Total number of parcels:
- Total number of acres:
- Total value:

Question 2:

Of the total real property, your government owns, how much of this real property is potential surplus property? Provide as much information as possible.

- Total number of parcels:
- Total number of acres:
- Total value:

Please describe the potential surplus property.

Question 3:

Is your local government increasing, decreasing, or maintaining the size of your real estate holdings?

- Increasing (acquiring real property)
- Decreasing (disposing of real property)
- Maintaining (no net change in the amount of real property)

Please explain your choice.

Question 4:

Has your government adopted a formal, written surplus property policy that applies to the sale and disposal of real property?

- Yes
- No
- Other (please specify)

Question 5:

Does your government have an interest in acquiring any real property that is currently owned by the State of Tennessee (or the federal government)?

- Yes
- No

Please explain.

Question 6:

Has your government received real property from the State of Tennessee—by purchase or any other conveyance of title—in the last 10 years (2008 - 2018)?

- Yes
- No
- Unsure

If your government did acquire real property from the State of Tennessee in the last 10 years, please provide as much information about this property as possible.

- Total number of parcels:
- Total number of acres:
- Total value:
- Property description:
- Purpose:

Question 7:

Do you have suggestions regarding the actions that state government should take to improve the overall management of surplus real property held by state and local governments in Tennessee?

Additional Questions asked during Phone Survey

Four additional questions were asked to the local jurisdictions contacted by staff for telephone interviews.

Question 8:

Please describe your process for determining the best use of local government real estate (purchase, management/utilization, and disposal).

Question 9:

Does your government have a written real estate or capital asset management policy (if yes can we get a copy)?

Question 10:

Does your government have challenges dealing with tax-delinquent, abandoned, or condemned properties?

Question 11:

Is there anything that the state or the legislature could do to help your government manage real estate more effectively (e.g., website to advertise, requirements for tax sales, etc.)?

APPENDIX F: SURVEY RESULTS AND ANALYSIS

Table 3. Responses by Survey Type

Method of Survey	Number of Respondent Cities	Number of Respondent Counties
Phone Survey	18	17
Online Survey	15	6
Total	33	23

Table 4. Responses by Grand Division

Grand Division	Number of Respondent Cities	% of Total Respondent Cities	Number of Respondent Counties	% of Total Respondent Counties
East	11	33%	4	17%
Middle	14	42%	14	61%
West	8	24%	5	22%
Total	33	100%	23	100%

Figure 3. Geographic Distribution of Responses from Cities and Counties

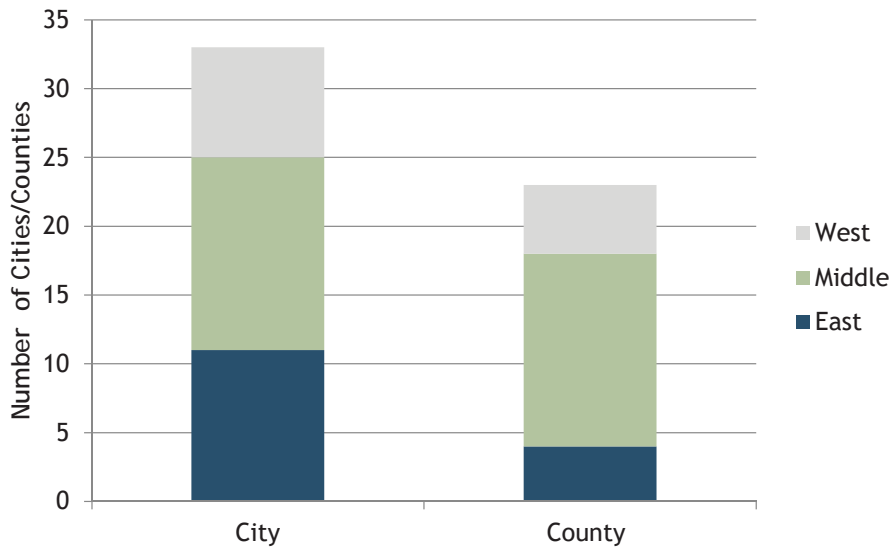


Table 5. Surplus Parcels as a Percentage of Total Government-Owned Parcels

Percentage of Parcels that are Surplus	Number of Respondent Cities	Number of Respondent Counties
0%	15	9
Greater than 0%; less than or equal to 10%	8	4
Greater than 10%; less than or equal to 30%	2	3
Greater than 30%; less than or equal to 50%	3	3
Greater than 50%	1	—
Total	29*	19*
*Four cities and four counties did not respond to this question.		

Based on responses to questions 1 and 2, table 5 shows the surplus property as a percentage of total real estate holdings for the counties and cities that responded to the survey. The results show that nine counties and 15 cities reported zero surplus properties. Four counties and eight cities reported less than 10 percent of their total real estate holding to be surplus. Three counties and two cities reported 10% to 30% of their total real estate holding to be surplus. Three counties and three cities reported 30% to 50% of their total real estate holding to be surplus. The City of Jackson reported its surplus real estate to be more than 50% of its total real estate holding and described it mostly as tax-delinquent properties.

Table 6. Types of Surplus Properties Owned by Local Jurisdictions

Types of Surplus Properties	Number of Respondent Cities	% of Total Respondent Cities	Number of Respondent Counties	% of Total Respondent Counties
Tax-Delinquent	8	38%	9	56%
Others	7	33%	2	13%
No Surplus Property	6	29%	5	31%
Grand Total	21*	100%	16*	100%
*Twelve cities and seven counties did not respond to this question, and some of them had reported in the previous question that they do not have surplus properties.				

Based on responses to question 2, table 6 shows that, of the respondent local governments, nine counties and eight cities reported that most of their surplus properties are tax-delinquent, and two counties and seven cities reported other various types of surplus properties. Counties reported that their other surplus properties were formerly used for law enforcement purposes (e.g., jail site and former sheriff headquarters) or are FEMA properties. Cities described their other surplus properties as an abandoned cemetery, flat parcels in residential areas, ROW purchases, community development block improvement areas, and FEMA properties. Five counties and six cities reported no surplus property.

Table 7. Change in the Amount of Real Estate Owned by Local Jurisdictions

Amount of Real Estate Owned Over time	Number of Respondent Cities	% of Total Respondent Cities	Number of Respondent Counties	% of Total Respondent Counties
Increasing	7	21%	6	26%
Stable	22	67%	15	65%
Decreasing	4	12%	2	9%
Grand Total	33	100%	23	100%

Based on responses to question 3, table 7 and figure 4 show how the respondent local jurisdictions categorized the change in their real estate holdings over time. The results show that of the 23 respondent counties, six counties reported their real estate size to be increasing, 15 counties reported their real estate size to be stable, and two counties reported their real estate size to be decreasing. Hamilton County reported that it, in general, is maintaining current holdings and its board of education is in the process of drawing plans of replacing and combining older school buildings. Williamson County is one of the counties whose real estate holdings are increasing, mostly because of its growing population, acquiring property for its emergency management, parks, and recreation departments. As for 33 respondent cities, the results show seven cities reported their real estate size to be increasing, 22 cities reported their real estate size to be stable, and four cities reported their real estate size to be decreasing. The City of Kingsport is one of the cities that reported it is decreasing its real estate holdings by actively finding ways to turn its non-tax-producing properties into tax-producing and by also developing a land bank for future management of surplus properties.

Figure 4. Change in the Amount of Real Estate Owned by Local Jurisdictions

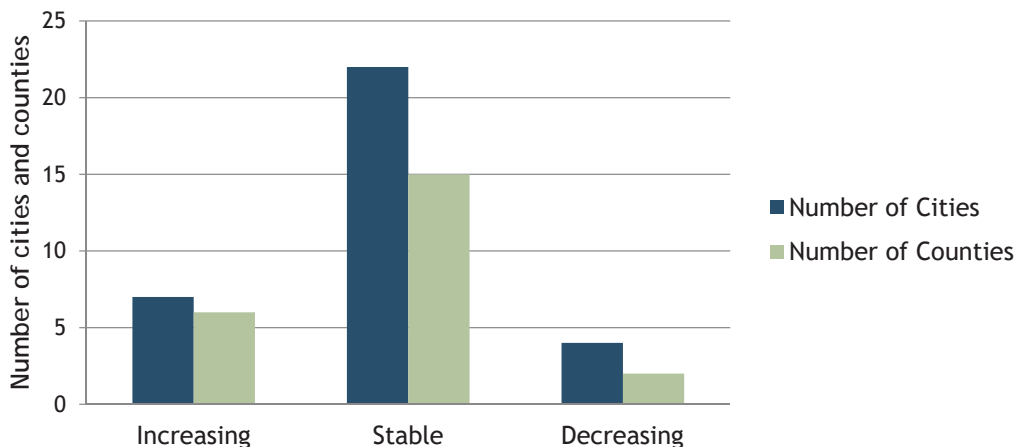


Table 8. Local Jurisdictions and Real Estate Management Policy

Real Estate Management Policy	Number of Respondent Cities	% of Total Respondent Cities	Number of Respondent Counties	% of Total Respondent Counties
Yes	9	27%	16	70%
No	23	70%	5	22%
Unsure	1	3%	2	9%
Grand Total	33	100%	23	100%

Combining responses to question 4 of the online survey and question 9 from telephone interviews, table 8 shows how many local jurisdictions have a formal policy related to real estate and capital assets management. Sixteen respondent counties and nine respondent cities reported they have a real estate management policy. Dyer County, Marshall County, Rutherford County, and the City of Clarksville shared their capital asset management policies, which provided information about the guidelines and regulations local governments have in place to account for their fixed assets. Five respondent counties and 23 respondent cities reported they do not have any real estate management policy. Two respondent counties and one respondent city were unsure if they have any real estate management policy.

Table 9. Interest from Local Jurisdictions in Acquiring State-Owned Property

Does your government have an interest in acquiring any real property currently owned by the State of Tennessee (or the federal government)?	Number of Respondent Cities	% of Total Respondent Cities	Number of Respondent Counties	% of Total Respondent Counties
Yes	4	12%	2	9%
No	27	82%	18	82%
Unsure	2	6%	2	9%
Grand Total	33	100%	22*	100%
*One respondent city did not respond to this question.				

Based on responses to question 5, table 9 shows how many local governments have and how many do not have an interest in acquiring any real property that is currently owned by the State of Tennessee or the federal government. The results show that 18 respondent counties and 27 respondent cities do not want to acquire any property from the state. Lincoln County and the City of Winchester each reported that, although they currently do not have an interest in the state-owned property, they might be interested in the future, depending on their jurisdictional needs. Two respondent counties and four respondent cities are interested in acquiring state-owned property. Two respondent counties and two respondent cities are unsure if they want to acquire any real estate from state government. Figure 5 is a bar chart that presents the results in table 9.

Figure 5. Interest from Local Jurisdictions in Acquiring State-Owned Property

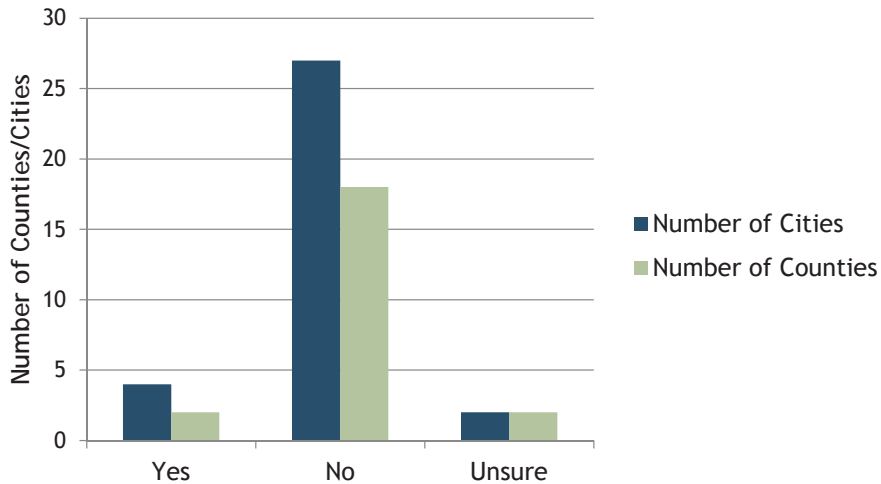
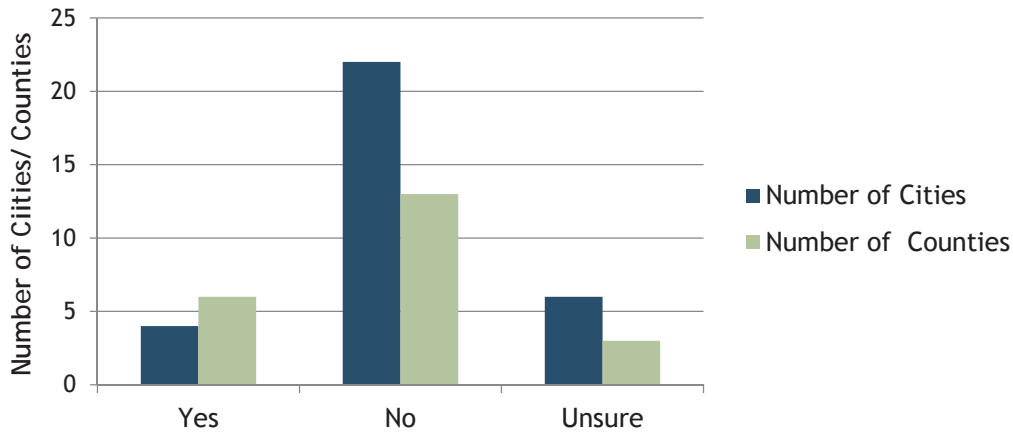


Table 10. Local Jurisdictions Receiving Real Property from the State of Tennessee

Has your government received real property from the State of Tennessee—by purchase or any other conveyance of title—in the last 10 years (2008 - 2018)?	Number of Respondent Cities	% of Total Respondent Cities	Number of Respondent Counties	% of Total Respondent Counties
Yes	4	13%	6	27%
No	22	69%	13	59%
Unsure	6	19%	3	14%
Grand Total	32*	100%	22*	100%
*One respondent city and one respondent county did not respond to this question.				

Based on responses to question 6, table 10 shows whether local governments received real property from the State of Tennessee in the last 10 years. Figure 6 is a bar chart that presents the results in table 10. The results show that six respondent counties and four respondent cities have received real property from the state government. Bedford County, Shelby County, and the City of Jackson reported they received right-of-way (ROW) from the state government. Davidson County shared that it bought a state-owned parking lot to use for the Nashville Sounds baseball stadium, and also bought the Tennessee Preparatory School and turned it into a public charter school. As for Hamilton County, the state government, after completing the construction of TDOT’s new Region 2 headquarters, is now in the process of transferring TDOT’S old Region 2 building and facility to the county. Thirteen respondent cities and 22 respondent counties have not received real property from the state government. Three respondent counties and six respondent cities were unsure if they received any property from the state government.

Figure 6. Local Jurisdictions Receiving Real Property from the State of Tennessee



Responding to question 7, officials from some counties and cities shared suggestions on the role state government can play in helping cities and counties manage their surplus real properties effectively. They suggested that the state government should

- closely coordinate with them;
- notify them of state-owned surplus properties in their jurisdiction;
- give them the first right of refusal;
- make disposal of surplus property an easy and speedy process, and legislation should allow clear titles to properties defaulted to a governmental entity via tax sales; and
- streamline the way to sell properties: remove administrative barriers, and provide a website, best practice guidelines, and marketing assistance.

Responding to question 8, most of the local governments interviewed said that they do not buy a new property until and unless they have a specific need for it. Examples of specific needs are new schools, utilities, and fire stations. Some respondent local jurisdictions also shared that they try to maximize their use of real estate. For example, Wilson County has partnered with its city governments to use real property effectively by using a fire station in Mt. Juliet to house county ambulances.

Table 11. Local Jurisdictions Challenged with Tax-Delinquent Properties

Does your government have challenges dealing with tax-delinquent, abandoned, or condemned properties?	Number of Respondent Cities	% Of Total Respondent Cities	Number of Respondent Counties	% of Total Respondent Counties
Yes	7	39%	7	47%
No	11	61%	8	53%
Grand Total	18	100%	15*	100%
*One respondent county did not respond to this question.				

Based on responses to question 10, table 11 shows whether the respondent local jurisdictions have challenges dealing with tax-delinquent, abandoned, or condemned properties. Seven respondent counties and seven respondent cities reported that tax-delinquent properties are a problem for their government. Eight respondent counties and 11 respondent cities say they do not face challenges with such properties.

Responses to question 11 suggested that the state government should give local governments more autonomy and interfere less with their real estate management. Local governments also want consultations before any new law is passed.