
Cobb reappraises relatively few homes

AJC investigation: Property tax meltdown

Part 3 of 8

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In the face of an historic real estate collapse that lowered home values across metro Atlanta, Cobb County's tax assessors this year revalued just 12 percent of the county's residential properties.

But an analysis by The Atlanta Journal-Constitution shows that actual home prices in Cobb County went down in 20 of Cobb's 23 Zip codes, with double-digit percentage declines in half of them. The findings indicate that property tax valuations for thousands of homes are now greater than what the homes are actually worth, and that homeowners are paying too much in taxes.

East Cobb homeowner David Millard sees it that way. Millard, 59, has lived in the Fox Hollow swim-tennis subdivision for 14 years. He thinks his house has lost 15 percent of its value and asked Cobb County this year to lower his valuation accordingly, but the county stuck by its number.

"I don't think you should be taxed on an artificially high value," Millard said.

Where Cobb appraisers revalued 12 percent of residential properties, Gwinnett County reappraised 28 percent; DeKalb County 47 percent; Fulton County 56 percent; and Clayton County 87 percent.

Cobb's chief appraiser, Phil Hogsed, said the county's appraisal practices can't properly be measured against others in the metro area. He says that Cobb's valuations for 2009 are correct.

David Millard and some of his neighbors are among the approximately 9,300 homeowners who filed a little-known document called a property tax return with Cobb County this year, asking for a lower appraisal on their homes. The number of returns in Cobb for 2009 is greater than the total number of returns filed in all five of the largest metro counties in 2008.

Millard's 30068 Zip code lies between Lower Roswell Road and Roswell Road east of I-75. The AJC's research found that homes there sold for a median price of \$329,900 in 2008, yet the median tax appraisal in 2009 was more than 29 percent greater at \$424,750.

"As the normal economy turns down, the government economy should turn down," Millard said. "They're trying to keep their income up."

In his property tax return this year -- the first he has ever filed -- Millard told the county his house was worth \$300,050. That's \$53,010 less than the appraised value of \$353,060.

But when he lost, he gave up.

"There's nothing you can do. It's like fighting city hall," Millard said. "Once the government ratchets up, the government never ratchets down. You suck it up and pay."

Residential real estate appraiser David Baldwin with Georgia Home Appraisers Inc. said governments are in a tough spot because counties and school boards depend on property taxes to function. With real estate values tumbling across the Atlanta metro area, lower appraisals would mean less tax money.

"They don't want to take them down any lower than they have to because it's all about the money," Baldwin said.

Cobb's residential parcels are valued at \$20 billion. Together with the \$7.8 billion in commercial property, Cobb County real estate generated \$637 million in taxes this year for the county, state, school board and community improvement districts, according to Cobb County Tax Commissioner Gail Downing. The largest portion of property taxes in Cobb County, or \$397 million, goes to the school board. The next largest, \$224 million, goes to county government.

Many Cobb homeowners think Cobb County should have lowered values on more homes.

So did a group of Republican legislators who sent a letter in June to the state revenue commissioner, asking him not to certify Cobb's tax digest until "a full review" had taken place to assure that Cobb's tax digest is accurate.

"We believe if this digest is certified, the taxpayers of Cobb County will be paying property taxes in excess of what they should owe based upon Fair Market Value," the letter said.

"I've seen houses go for a lot less than what they were appraised for," said state Sen. John Wiles (R-Kennesaw), who signed the letter. He is chairman of the Cobb legislative delegation. "There must be a mistake," he said of the tax digest.

Nevertheless, the state Revenue Department said in August that Cobb was in compliance with the law and its tax digest was approved.

On average Cobb County adjusts the appraised value of between 70,000 to 80,000 existing residential properties each year. That works out to about a third of the approximately 229,000 homes in the county. While it might appear that Cobb reappraised a small number of homes this year, at about 27,780, that number is not unusual, said Phil Hogsed, the county's chief appraiser.

The county analyzes the 3,000 to 4,000 subdivisions in Cobb each year and determines which are most out of whack with market value and reappraises them. If a home is in line with market value, it's not reappraised.

"We don't raise values and we don't hold values to try to generate tax," Hogsed said. "That's not our purpose."

Last year Cobb County did not raise the market value of one existing property, even though other counties continued to raise values, Hogsed said. But he argued that Cobb's real estate market is different from other counties'.

"If you look at south Fulton and Clayton County, they were hit pretty hard," he said. "Cobb is fortunate in that we did not experience that kind of decline. The housing in Cobb didn't do as badly," Hogsted said.

Before the downturn, Cobb County had about 16,000 arms length sales per year, according to Hogsted. "Arms length" means the homeowner advertised the price on the open market and another person -- not a relative or friend -- bought the home for a negotiated price.

In 2008, Cobb County had just 7,000 such sales -- far below normal. In addition, the county had many more foreclosures, bank and short sales, for a total of about 5,770.

In the past, foreclosures in Cobb were "minute," Hogsted said, and they did not figure much into his calculations.

But in this market even new homes are in foreclosure, and a new state law passed this year requires tax appraisers to take foreclosures into consideration.

Hogsted was faced with a very different market.

"We don't have the same fact pattern or statistics," he said. "If the arms-length sales are pointing up, and the foreclosures and bank sales are pointing down, what do you do?"

He said he expects more appraisals to decline in 2010.

That's welcome news to Diane Taylor, 47, who lives on Brookcrest Drive in east Cobb, a residential street with brick and frame homes and tall pine trees.

She filed a return this year, asking the county to lower the appraised value from \$315,790 to \$268,900 on her three-bedroom, 2.5-bath home with pool.

"Our concern is that due to the economy and seeing other homes in the neighborhood sitting there for sale, obviously market value has gone down," Taylor said.

"I think it's unfair, in that they're right there to assess you and increase it when the home is sold, or you've done something to improve it. But when the economy is going in the tank, they're not going to reduce it," she said.

Jonathan Tucker, 31, lives down the street from Millard in the Fox Hollow subdivision, where Christmas wreaths with red bows decorate the two-story brick homes. In Tucker's front yard, pansies and rhododendrons grow. He contested his property appraisal of \$457,210, but did not prevail.

"A house up the street sold for \$261,000. How can market value be driving our taxes up?" said his wife Jennifer Tucker, referring to a foreclosure on the street this year. "It doesn't add up."

"One foreclosure doesn't make a market," said Hogsted. Other homes on the street sold for above appraised value, he said.

Jonathan Tucker still thinks he's paying more than he should.

"They throw out these stimulus packages and they spend money on roads they don't really need to right now, but there are small ways to help out everybody," Tucker said.

