
DeKalb's slashing falls short

AJC investigation: Property tax meltdown

Part 4 of 8

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If the real estate market crashed in metro Atlanta last year, it crashed and burned in south DeKalb County.

Neighborhoods around Lithonia and Stone Mountain lost hundreds of millions of dollars in value. DeKalb tax assessors, trying to follow the market as it fell, cut valuations by 20 percent and more in 2009. But an Atlanta Journal-Constitution analysis of tax appraisals vs. actual sales shows that, for tens of thousands of south DeKalb residents, even those reductions may not have been enough.

ZIP code 30032 near Columbia Drive and Glenwood Road, for example, was reappraised downward by a total of \$287 million. The median decline in tax appraisals was 21 percent, but sales data show that the median price fell by nearly half. This suggests that tax valuations could have been cut even more, and that some homeowners are paying tax on values their property no longer holds.

DeKalb's chief appraiser, Calvin C. Hicks Jr., who started in the job last month, said current valuations are where they should be. One of the heaviest drags on value, he said, was the more than 5,700 foreclosures in the county in 2008, the bulk of which occurred in the south.

The AJC's first-ever study of all property reappraisals in the five largest metro counties analyzed sale and appraisal data by ZIP code. Of the 10 ZIPs with the greatest booked losses in residential value, seven were in DeKalb. The county led the region in both total and median residential value decline, the newspaper's analysis showed, recording an aggregate loss in value of \$1.8 billion.

Nowhere in the county — indeed nowhere in metropolitan Atlanta — was the crash more spectacular than in ZIP code 30058 in the Lithonia area. Tax appraisers cut their total valuations in the ZIP by \$310 million, or a median drop of 21 percent — the largest loss in appraised value in the more than 120 metro ZIP codes studied by the AJC. Even so, the median sales price declined even more — by 28 percent, according to data from SmartNumbers, a Marietta real estate research firm.

Homeowners in the Greenridge neighborhood, a luxury enclave built over the past decade, got notices from the county slashing tax values by as much as \$367,000 on a single house. But property owners say previous tax valuations were too high.

"I think they probably dropped it to where it should have been in the beginning," said Renaldo Gillis, whose appraisal fell from \$1 million in 2008 to \$755,300 in 2009. Gillis bought his house in Greenridge in 2005 near the peak of the market for \$912,300. The county then raised the appraised value to \$1 million: Gillis thinks it was inflated so the county could collect more in taxes.

North DeKalb taxes

A CSX rail line bisects DeKalb County from east to west, splitting Decatur, the county seat.

Appraisals south of that line sank like an anchor. Homes north of the CSX line, however, held their taxable value better than much of metro Atlanta. Brookhaven (ZIP code 30319) actually gained more than \$125 million in residential value from construction, additions and renovations. Unlike other areas in DeKalb, sales prices actually improved in Brookhaven, by 1.4 percent. Appraisers tacked on \$63 million to the residential worth of Decatur (30030), where sales prices jumped 10 percent. Dunwoody (30338) picked up \$44 million, where home prices were unchanged.

But north DeKalb's stable property values may be bad news for its homeowners come tax time. With hundreds of millions of dollars in taxable value draining out of the south, the pressure will grow on north DeKalb homeowners to make up some of the difference.

Sheila Butler of Dunwoody believes she's already paying more than her fair share. Her house is currently valued by the county at \$595,200, and her tax bills have gone up at least 40 percent since 2003.

"I can afford to pay my taxes. What bothers me is the principle," she said.

Butler has appealed her value unsuccessfully for two years and says her house is overtaxed because the county assessor used inadequate comparable sales to estimate worth.

"This is the Board of Equalization, and they don't make it equal," she said, referring to a panel of citizens that hears property-appraisal appeals in each county.

A lean budget for 2010

DeKalb's leaders have some tough decisions to make in their 2010 budget. They had to cut \$29 million from the budget this year, and tax revenues will be off even more in 2010.

Property taxes in DeKalb pay for more than half the cost of county government operations and also more than half of the cost of the county school system. This year, property tax revenue for county government was \$324.2 million; for the school system, it was \$481 million.

DeKalb CEO Burrell Ellis will introduce his 2010 budget next week, and he said total revenue could decline by as much as \$50 million.

"We understand the commercial [properties] will take a big hit," Ellis said. "Property values have not rebounded. It makes for some tough choices."

The CEO said he and his finance officials are still discussing whether to rely strictly on spending cuts to make up the gap in next year's budget, or to propose a tax increase.

\$824,100 to \$507,300

The upscale homes of Greenridge sit on one-acre lots, some with basketball or tennis courts. Lawyers, doctors and executives bought there, and so did Bishop Eddie Long, the nationally

prominent religious figure. Most of the homes have tidy landscaping, and on a recent afternoon the neighborhood was abuzz with workers tending to yards and pools.

But there were small signs of the financial distress — weeds pushing through a once-manicured lawn, peeling paint on the dormers of one house, the window in the front door of another covered with duct tape. Twelve houses sold in Greenridge in 2008, and all 12 were foreclosures. When they went back on the market, they fetched anywhere from \$293,000 to \$807,300, records show.

“We went through a long stretch with houses just empty,” said John Tolson, who lives across the street from a house that went into foreclosure in 2007.

The tax appraisal of Tolson’s house is down to \$507,300 this year from a peak of \$824,100 in 2006. People have complained for years in DeKalb that their homes were overtaxed. In Greenridge, some are worried about the wild swing in the other direction. “It’s not a surprise,” Tolson said of the lowered assessor’s value on his house. “I don’t like it, but it’s not a surprise.”

On the next street over, Greenridge Avenue, homeowner Al Bemby was also concerned about the perceived loss in value. He, too, lives across from a foreclosure, a house that the tax assessor said was worth \$794,900 in 2006 and \$415,800 this year (down from \$529,700 last year). A Realtor’s flier in the yard listed that house at \$409,000 recently.

Five years ago, the tax appraisal on Bemby’s house was considerably more than the \$405,000 he paid for it in 2001. Bemby routinely appealed his values, saying the county was taxing him too much. Now, he said, he’s concerned that the government’s diminished appraisal on his home and others in the neighborhood will affect his ability to sell. The taxable value on his house dropped more than \$120,000 this year, and is now down to \$470,800 though Bemby filed no appeal.

“I can live with where I am,” he said. “The only problem I’m dealing with is I can see it going down even further.”

A break for some

Ademona Dada, an immigrant from Nigeria, longed for years to buy into the “crème-de-la-crème” Greenridge neighborhood, but couldn’t afford it. Then the real estate market collapsed, and he got into a foreclosed house on Greenridge Trail last year for \$460,000.

That was 44 percent below the \$820,000 that the house sold for in 2006 and well below the taxable value of \$618,100 last year. He asked the county to reset the value at \$464,000, and the county dropped it to \$482,200.

That is still \$22,200 more than Dada paid, but he said he was satisfied because his tax bill would drop from \$10,000 to \$6,000 this year. “That’s a \$4,000 savings for me,” he said, “so I wasn’t ready to press it.”

