



ATLANTA
NEIGHBORHOOD
DEVELOPMENT
PARTNERSHIP, INC.

Responding to the Foreclosure Crisis

Analysis of the Tax Savings
Impact of Policy Changes on
Lower Income Homeowners in
Fulton County and the City of Atlanta

RELEASED JULY 2010

RCLCO

Research Conducted by

ROBERT CHARLES LESSER & CO.

Analysis of the Tax Savings Impact of Policy Changes on Lower Income Homeowners in Fulton County and the City of Atlanta

Commissioned by Atlanta Neighborhood Development Partnership, Inc.
Research Conducted by RCLCO (Robert Charles Lesser & Co.)

ANDP | 235 Peachtree Street NE, Suite 2000 | Atlanta, GA 30303 | www.andpi.org

The mission of Atlanta Neighborhood Development Partnership, Inc. (ANDP) is to promote, create and preserve mixed income communities through direct development, lending, policy research and advocacy that result in the equitable distribution of affordable housing throughout the metropolitan Atlanta region. The organization has shifted its primary focus to addressing the impact of the foreclosure crisis on neighborhoods and their residents.

RCLCO | 1168 Howell Mill Road | Suite F | Atlanta, GA 30318 | www.rclco.com

RCLCO (Robert Charles Lesser & Co.) is the nation's leading independent real estate advisory firm, providing market and financial analysis and strategic planning for a broad spectrum of clients. RCLCO is recognized in the industry as having the ability to address specific project situations as well as overall long-term strategic needs. With unsurpassed experience in market and feasibility analysis and strategic programming, RCLCO's client base includes developers, major investors, lenders, non-profits and government agencies.

Previous Reports on Property Tax Assessments:

Analysis of Home Sales Prices and Appraised Home Values in High Foreclosure Rate Neighborhoods.

Released March 2010.

Download at www.andpi.org/taxreport4.pdf

Analysis of Changes in Property Tax Values from 2008 to 2009 in High Foreclosure Rate Neighborhoods.

Released February 2010

Download at www.andpi.org/taxreport3.pdf

Updated Analysis of Home Sales Prices and Appraised Home Values in High Foreclosure Rate Neighborhoods.

Released April 2009.

Download at www.andpi.org/updatedtaxreport.pdf

Analysis of Home Sales Prices and Appraised Home Values in High Foreclosure Rate Neighborhoods

Released October 2008.

Download at www.andpi.org/taxreport.pdf

All reports commissioned by
Atlanta Neighborhood Development Partnership, Inc. and prepared by RCLCO.

Keeping Atlantans In Their Homes

Analysis of the Tax Savings Impact of Policy Changes on Lower Income Homeowners in Fulton County and the City of Atlanta.

Atlanta Neighborhood Development Partnership: *Responding to the Foreclosure Crisis*



In late 2007, as the foreclosure crisis exploded in Atlanta, ANDP shifted its primary focus to addressing the impact of the crisis on neighborhoods and their residents.

Atlanta Neighborhood Development Partnership (ANDP) is a 19-year housing nonprofit operating under a mission to promote, create and preserve mixed income communities through direct development, lending, policy research and advocacy that result in an equitable distribution of affordable housing throughout Metro Atlanta.

In late 2007, as the foreclosure crisis exploded in Atlanta, ANDP shifted its primary focus to addressing the impact of the crisis on neighborhoods and their residents.

Georgia has consistently ranked in the top ten states for foreclosure. In fact, in 2009, Georgia had the seventh highest foreclosure filing rate in the country with 1 in every 37 homes receiving foreclosure notices. And, Metro Atlanta accounts for 81 percent of the state's foreclosure filings. **Atlanta ranks third nationally, behind only Las Vegas and Detroit, in the number of vacant housing units.** Foreclosures debilitate neighborhoods, lead to increased crime rates (for every 1% increase in foreclosure, the violent crime rate increases by 2.5%), and leave a scar of blighted, abandoned homes.

As foreclosure threatened to obliterate important affordable housing gains achieved over the organization's history, ANDP crafted a multi-pronged response plan to stabilize distressed neighborhoods. The plan included specific strategies within each of our three business lines:

- (1) Development --- stabilize neighborhoods by acquiring and repairing homes made vacant as a result of foreclosure – and reoccupy those homes with buyers and renters to prevent further neighborhood decline;
- (2) Lending --- secure additional investment for our CDFI loan fund to ensure our neighborhood developers have continued access to capital to address the foreclosure crisis and related rental needs in their communities;
- (3) Policy – focus on keeping people in their homes and repopulating vacant homes by reducing inflated and unfair property taxes in high-foreclosure neighborhoods.

The following summarizes and quantifies the impact of our property tax policy work to date on the lower-income families we serve.

“Voters in Fulton and Atlanta also appeared ready to raise their homestead exemptions, enthusiastically supporting ballot measures that will shift the tax burden from Fulton’s poorest residents over the next three years.”

Atlanta Journal-Constitution
November 5, 2008



ANDP’s Tax Policy Work Saves City of Atlanta/Fulton County’s Lower-Income Families \$36.2 Million Annually

With a long history of leadership in affordable housing policy, ANDP was well-positioned to advocate for property tax equity for high-foreclosure, low-income neighborhoods. We identified tax policy ----- (1) increasing the homestead exemption and (2) reducing inflated tax assessments ---- as the most effective and efficient way to return desperately-needed dollars to family budgets to help Atlantans keep their homes.

ANDP has been working to return local tax policies to historic norms and standards of practice where homes are assessed at current market value --- as tax assessors are legally bound to do --- and lower-income families are protected by the homestead exemption, a policy that dates back to the Great Depression.

To date, our work has realized significant savings for families of modest means.

According to an analysis by Robert Charles Lesser and Company (RCLCO), a national real estate advisory firm, ANDP’s tax policy efforts thus far will save lower-income families (at 80 percent or below of area median income) in City of Atlanta/Fulton County a minimum of **\$36.2 million for an average annual savings of \$1,013 per household by 2011.**

We fully understand the major budget challenges facing local governments and the demand for resources to provide critically-needed services. But, in order to build a healthier and ultimately more sustainable digest, tax assessors must first ensure that assessments reflect current market values and are equitable across the digest. Millage rate adjustments may later be necessary to meet very important local service needs.

Homestead Exemption

ANDP, working with key state legislators, led a successful campaign to increase the homestead exemption for the City of Atlanta/Fulton County. Since the 1930s, local governments have offered homestead exemptions to ensure homeownership opportunities and to help lower-income families remain in their homes by reducing their property taxes, particularly during periods of economic hardship. The guiding principle was that the typical owner of a modest home should not have to pay local property taxes.

Atlanta’s homestead exemption, however, had not kept pace with rising home prices. In fact, the homestead exemption had not been updated since 1993. Since then, home prices had risen by 130 percent. Over the past 15 years, the true value of the homestead exemption shrunk in relation to escalating home values.

ANDP’s “Keep Atlantans Home” campaign provided important impetus to the Georgia General Assembly’s Atlanta-Fulton County delegation’s effort to double the homestead exemption from \$15,000 to \$30,000 over a three-year phase-in period. The measure, which received broad bipartisan support in the General Assembly, won final approval by ballot referendum in November, 2008 with the *Atlanta Journal-Constitution* reporting “voters in Fulton and Atlanta also appeared ready to raise their homestead exemptions, enthusiastically supporting ballot measures that will shift the tax burden from Fulton’s poorest residents over the next three years” (AJC, 11/5/08).



Analyzing the Property Tax Inequity Risk in Metro's Highest Foreclosure Neighborhoods

ANDP made a strategic decision in late 2008 to build on its successful homestead exemption work and turn its attention to the growing disparity between current tax assessments and real property values in the metro neighborhoods with the highest foreclosure rates. The organization retained RCLCO to analyze current home sales prices and current tax appraised values in the 15 metro zip codes (three for each of the five core counties) with the highest foreclosure rates to determine the risk for property tax overpayment. As part of an ongoing series of reports, RCLCO completed the first analysis in October 2008 with home sales from the first half of the year and a second analysis in April, 2009 with home sales from the second half of the year. The April, 2009 report revealed that homeowners in the areas with the highest rate of foreclosure would risk overpaying their property taxes by more than \$118 million (an increase of 66 percent from the initial analysis performed in October, 2008). The report also found that homes in the 15 highest-foreclosure zip codes were overvalued by an average 43 percent while Metro homes outside of those zip codes were overvalued by 12 percent.

A demographic analysis of the 15 studied zip codes revealed a striking correlation among race, poverty, high rates of foreclosure, and overvalued property tax assessments. The 15 studied zip codes tend to have higher concentrations of minorities, lower-income and unemployed residents. In fact, the six zip codes analyzed in Fulton and DeKalb, the most populous counties in Metro Atlanta, were 91 percent and 90 percent minority respectively. In future reports, we plan to focus on demonstrating the connections between race and property taxes.

ANDP's wide release of the reports to metro assessors and their boards, local elected officials, media and the general public helped to inform legislation passed by the Georgia General Assembly and signed into law by Governor Purdue in April, 2009 to require tax assessors to include foreclosed and bank-owned sales in the property valuation process. The new law appeared to have an impact. In May, 2009, the AJC reported that more than 350,000 properties in Metro Atlanta's five core counties had their assessments reduced to reflect current market conditions.

To understand where - and by how much - values were adjusted, ANDP directed RCLCO to analyze the changes in property tax values from 2008 to 2009 in the 15 highest-foreclosure zip codes. This third report, released in February, 2010, found that the highest-foreclosure zip codes saw an average decline in tax appraised value of 10 percent, compared to an overall average decline of 7 percent for the corresponding five counties. Although the larger drop in the harder-hit neighborhoods is a positive step in reconciling the vast difference between recent sale prices and county appraised value, the research revealed that in all instances, foreclosure impacted neighborhoods in the analysis still exhibit a large overpayment of property taxes. Homeowners in the 15 highest-foreclosure zip codes overpaid their taxes by \$82.2 million, accounting for more than 40 percent of the overall metro payment of \$200.2 million in 2009.

In late March, 2010, ANDP released the fourth RCLCO report in the ongoing series. This most recent report estimates the 2010 property tax overpayment risk for the Metro's 15 highest foreclosure zip codes and for the five lowest-foreclosure, more stable zip codes if values are not adjusted. The report revealed that the escalating foreclosure crisis in late 2009 resulted in an even wider gap between current market value and tax appraised values. Metro homeowners are at risk to overpay their 2010 property taxes by 81 percent (or \$429.7 million), more than double the 2009 overpayment of \$200.2 million. Homeowners in the 15 highest-foreclosure zip codes will pay \$129.7 million of that total if values are not reduced.

A demographic analysis of the 15 studied zip codes revealed a striking correlation among race, poverty, high rates of foreclosure, and overvalued property tax assessments.



It's just not fair!

Chenee Joseph is proud of her home in Southwest Atlanta's Adair Park neighborhood. She purchased the foreclosed three-bedroom bungalow at an affordable \$51,000 in August, 2009. But, Fulton County Assessors have valued her home for 2010 taxes at \$106,000, more than double her purchase price. "I couldn't believe how high my assessment was," said Joseph. "Homes are selling in my neighborhood for \$30,000 and \$40,000 but I'm assessed at more than \$100,000. It's not fair and it means higher monthly payments for me and for many of my neighbors." Joseph is concerned that inflated taxes will deter prospective home buyers from purchasing in her neighborhood, leaving homes vacant and untended.

By contrast, the low-foreclosure zip codes had a significantly lower risk of property tax overpayment with an average overpayment of \$228 compared to the more distressed, high-foreclosure communities with an average of \$753. In fact, some of the Metro's lowest-foreclosure zip codes could actually underpay their 2010 taxes by as much as \$473 in Fulton's 30306 (Northeast Atlanta).

Quantifying the Impact of ANDP's Tax Policy Efforts on Fulton County's Lower-Income Homeowners

As noted previously, ANDP retained RCLCO to quantify the fiscal impact of their advocacy work to (1) increase the homestead exemption from \$15,000 to \$30,000 over the course of 2009 to 2011 and (2) encourage the resetting of appraised values in high-foreclosure neighborhoods to accurately reflect market realities. ANDP wanted to better understand the level of impact each of these efforts has had on distressed neighborhoods and what these changes in policy translate to in tax savings for a typical lower-income Atlanta family. RCLCO's analysis reveals that these two policy initiatives combined have and will continue to contribute to significant savings for lower-income families, particularly when you consider the aggregate savings from 2009 through 2011.

To simplify the analysis, RCLCO only studied Fulton County and the City of Atlanta and defined "lower-income households" as those housing units that could be afforded by a household income of 80% AMI or less (which for metro Atlanta is a home worth approximately \$175,000).

• *Homestead Exemption Impacts*

Each year, from 2009 to 2011, the primary homestead exemption for Fulton County, City of Atlanta, and Atlanta Public Schools will increase by \$5,000. By 2011, the exemption will have doubled from \$15,000 to \$30,000 for each taxing entity. Over the course of the three year homestead exemption expansion, lower-income households will see a cumulative savings of \$6.70 million in Fulton County, or \$145, on average, annually per household (see Table 1).

Residents in the City of Atlanta will see even greater savings because City of Atlanta residents can receive additional homestead exemption savings from the increase of the City exemption as well as the Atlanta Public Schools exemption on top of the Fulton County exemption increases (with the exception of those residents of the City that do not live in Fulton County). The average lower-income homeowner in Atlanta will see a total annual savings of \$591 over the three year period from 2009-2011. This is an aggregate savings of \$12.5 million annually for Atlantans.

Taking the Fulton County and City of Atlanta impact together, the cumulative impact of the homestead exemption increases from 2009 to 2011 will be \$16.3 million annually.

When the tax savings from the higher homestead exemption are added to the savings from lower property appraisals, the cumulative impact to Fulton County and City of Atlanta residents swells to \$36.2 million annually by 2011.

-RCLCO
(Robert Charles Lesser & Co)

•Impact of Adjustment of Appraised Values

As outlined in RCLCO's third report examining the changes in tax value from 2008 to 2009, the resetting of appraisals in high-foreclosure neighborhoods has seen some success most notably in Fulton and DeKalb Counties. Homeowners across metro Atlanta saw their property assessments drop from in 2009, providing much needed tax relief to struggling homeowners. After years of exaggerated assessments, lower-income households finally began to see their share of the tax burden decrease as most assessors lowered values more in high-foreclosure neighborhoods. Overall, the 15 zip codes with the highest foreclosure rates saw an average decline in appraised value of 11%, compared to an overall average decline of 7% for all five counties. Furthermore, the five zip codes with the lowest rates of foreclosure saw an average drop in appraised value of only 1%.

Taking Fulton County as an example, the tax savings because of the adjustment of property appraisals to lower-income households is significant. The aggregate savings for lower-income households in Fulton County in 2009 due to the reduction in appraised values by the Fulton County Tax Assessor was \$19.8 million, or \$346 per occupied housing unit (see Table 2).

•Combined Impact of Policy Changes

In terms of cumulative impact, the savings to lower-income homeowners will be substantial over the next three years. When the tax savings from the higher homestead exemption are added to the savings from lower property appraisals, the cumulative impact to Fulton County and City of Atlanta residents swells to \$36.2 million annually by 2011 (see Table 3). Overall, that cumulative impact leads to an average annual savings of \$492 for lower-income families in Fulton County. For those units in the City of Atlanta, the average annual savings jumps to \$1,013. The \$36.2 million in annual savings for City of Atlanta/Fulton is a conservative estimate. The number is likely to be significantly higher if property values are lowered even further in 2010 and 2011.

Taken together, these policy changes amount to big savings for lower-income homeowners in metro Atlanta, and these savings are being felt in some of the hardest hit neighborhoods in Atlanta where just a little relief can go a long way in helping struggling homeowners. In the Pittsburgh neighborhood of Atlanta, for example, a previous RCLCO/ANDP study showed that in the second half of 2008, homes in this neighborhood were only selling for an average of 26% of county appraised value. To respond to this extreme drop in values, the Fulton County Tax Assessor lowered appraisals from 2008 to 2009 by 24% in this zip code, as found by this RCLCO/ANDP study (this compared to an 11% decline found countywide). Due to this decline in value, coupled with the homestead exemption increases, the average lower-income homeowner saved an estimated \$837 in 2009 (Table 2). In a zip code that has a median income of only \$29,000, that is a substantial savings.



Senator Chip Rogers
Georgia Senate Majority Leader

Impacting Reform

“ANDP’s property tax work has been critical to exposing Georgia’s broken property tax system,” said Georgia Senate Majority Leader Chip Rogers. “I was pleased to work with ANDP to ensure passage of property tax reform that makes the process more transparent and more equitable. The new property tax bill approved by the General Assembly is a victory for all homeowners, but it is especially critical for homeowners living in distressed, high-foreclosure neighborhoods.”

Going Forward

While RCLCO’s savings analysis was limited to Fulton County, early signs indicate that the impact of ANDP’s policy efforts on the broader Metro area is continuing to grow.

Due in significant part to ANDP’s research, Georgia Senate Majority Leader Chip Rogers introduced major legislation to reform Georgia’s property tax system. Senate Bill 346, widely viewed as the most sweeping reform measure in more than a decade, passed the Georgia General Assembly in April, 2010. The legislation requires annual assessments; uniform assessment notice dates across all counties; inclusion of an estimate of the current year’s taxes (based on previous year’s millage rate and fair market value contained in the notice); and extension of the taxpayer’s appeal period from 30 days to 45. In addition, it sets the maximum allowable fair market value at a property’s purchase price for one year following the transaction. This provision is of particular benefit to homeowners in lower-income neighborhoods where the majority of REO sales are occurring. The legislation also mandates that assessors actively “apply” – not merely “consider” as is current law – foreclosure, bank-owned or other distressed sales in determining the fair market value.

ANDP plans to continue its efforts to analyze and address property tax disparities impacting high-foreclosure communities. County tax assessors must act independently to set property values to ensure fairness across the digest. After a level playing field is achieved, local government officials must determine the millage rate adjustment required to meet critical local needs. If assessments are not adjusted to market values in vulnerable, high-foreclosure neighborhoods, these neighborhoods will continue to suffer from disinvestment leading to further erosion of the tax base.

TABLE 1
Cumulative Impact on Lower Income Owner Occupied Housing Units
3-Year Analysis on Change in Homestead Exemption

(80% AMI OR BELOW = LOWER INCOME)

	Year 1 (2009) Avg. Cumulative Homestead Savings	Year 2 (2010) Avg. Cumulative Homestead Savings	Year 3 (2011) Avg. Cumulative Homestead Savings	Year 1 (2009) Cumulative Homestead Savings	Year 2 (2010) Cumulative Homestead Savings	Year 3 (2010) Cumulative Homestead Savings
Fulton Co.	\$49	\$98	\$145	\$2,266,998	\$4,495,018	\$6,663,968
City of Atlanta	\$206	\$406	\$591	\$4,364,818	\$8,608,864	\$12,539,733
30310	\$206	\$406	\$591	\$624,052	\$1,230,837	\$1,793,185
TOTAL Fulton County/City of Atlanta Savings				\$5,647,464	\$11,162,414	\$16,343,623

TABLE 2
Impact on Lower Income Owner Occupied Housing Units
Year 1 Analysis (2008-2009) - Change in Appraised Value & Change in Homestead Exemption

(80% AMI OR BELOW = LOWER INCOME)

	2008-'09 Avg. Value Savings	2008-2009 Avg. Homestead Savings	Total Average Savings ¹	2008-2009 Aggregate Value Savings	2008-2009 Aggregate Homestead Savings ²	Total Aggregate Savings
Fulton Co.	\$346	\$49	\$396	\$19,841,668	\$2,266,998	\$22,108,666
City of Atlanta	\$422	\$206	\$628	\$11,390,581	\$4,364,818	\$15,755,399
30310	\$631	\$206	\$837	\$3,190,580	\$624,052	\$3,814,632
TOTAL Fulton County/City of Atlanta Savings ³				\$19,841,668	\$5,647,464	\$25,489,132

TABLE 3
Combined Impact of Full 3-Year Homestead Exemption
Increase & Adjustment of Values in 2009

	Average Savings	Aggregate Savings
Fulton Co.	\$492	\$26,505,637
City of Atlanta	\$1,013	\$23,930,315
30310	\$1,222	\$4,983,766
Total Fulton County/City of Atlanta Savings		\$36,185,292

¹ Average lower income owner occupied housing unit savings assuming Homestead Exemption

² Assumes only 80% of owner-occupied housing units claim homestead exemption

³ Includes savings due to lowered values and a \$5,000 increase in the Homestead Exemptions for all of Fulton County, City of Atlanta and Atlanta Public Schools (the latter two only apply to the residents of the City of Atlanta).

Methodology

The following section describes RCLCO's methodology for performing this engagement in detail. The study attempts to quantify the tax savings for lower income homeowners due to the lowering of property values as well as due to the expansion of the homestead exemption. This analysis was performed for Fulton County, the City of Atlanta, and the Pittsburgh neighborhood of Atlanta. Please note that the City of Atlanta lies primarily in Fulton County, however a portion is in DeKalb County. "Lower Income" is defined as those households earning 80% of area median income (AMI) or less. For the purposes of this study, that was translated to those housing units valued at \$175,000 or less.

PHASE 1: CALCULATE SAVINGS FROM APPRAISED VALUE CHANGE

To perform this phase of the study, the average change in county tax assessor appraised values from 2008 to 2009 was calculated for the three geographies. ANDP obtained home sales data from the second half of 2008 from the First Multiple Listing Service (FMLS) for Fulton County to serve as a dataset of properties from which change in appraised value could be calculated. A random sample of 100 homes that sold for less than 80% AMI (\$175,000) and 100 homes that sold for greater than 80% AMI was performed. For each home sale record, the county tax assessor web site was utilized to identify the county appraised values for 2008 and 2009. This was done to analyze the change in appraised value for the three geographies for 2008 and 2009. The change was calculated for each home sale record and an average (mean) of these changes was calculated for the two samples. The average value change was then utilized for each of the three geographies (Fulton County, City of Atlanta, Pittsburgh neighborhood). Ideally, separate samples would have been done for all three geographies, but budget constraints made this unfeasible.

For each of the three geographies, the average millage rate was calculated for 2008 and 2009. The millage rate is effectively the amount of tax charged per \$1,000 of home value, and is a necessary variable needed to calculate taxes.

Next, for each of the three geographies, the number of housing units under 80% AMI was analyzed. This was performed using data from the 2008 American Community Survey (a product of the US Census Bureau). For each of the three geographies, the number of occupied housing units, stratified by home value, was obtained (variable B25075). The aggregate value of units as well as the total number of units valued under \$175,000 was calculated for each of the three geographies. From these two figures, and average value of units valued under 80% AMI was calculated.

Finally, it was possible to calculate average tax savings for lower income homeowners. An average tax bill value was calculated for 2008 using the average value of homes valued less than 80% AMI and the respective 2008 millage rate for that geography. The same average tax bill was calculated in 2009 by a similar manner, except this time the average value was reduced by the average Fulton County decline found in the first part of this analysis (under 80% AMI sample), and the 2009 millage was utilized. The 2009 average tax bill was then subtracted from the 2008 average tax bill to find change in average tax bills from 2008 to 2009. The aggregate value savings for each geography was then calculated by multiplying this average difference by the total number of units valued under 80% AMI.

PHASE 2: CALCULATE SAVINGS FROM HOMESTEAD EXEMPTION INCREASES

This phase of the analysis quantified the tax savings from the increases in the homestead exemption. The analysis was performed in one year increments to reflect the \$5,000 annual increase in the homestead exemptions. Three geographies were analyzed: Fulton County, City of Atlanta, and the Pittsburgh neighborhood of Atlanta. For Fulton County, the analysis addressed the impact of the Fulton County homestead exemption increasing. For Atlanta and Pittsburgh, residents who are eligible can claim not only the Fulton County exemption, but also the City of Atlanta and Atlanta Public Schools exemptions (each valued at \$15,000 and increasing to \$30,000 by 2011).

The first step is to calculate the difference in homestead exemption savings in 2009 when the exemption increases from \$15,000 to \$20,000. A previous homestead exemption savings value was calculated by multiplying \$15,000 by the 2009 millage rate for the appropriate taxing entity to yield the taxing amount. The same process was then undertaken for the increased exemption, multiplying \$20,000 by the 2009 millage rate. The \$15,000 exemption savings was then subtracted from the \$20,000 exemption savings to yield the change in savings due to the exemption increase. This change in savings was then multiplied by the total number of lower income, owner-occupied housing units (units valued less than \$175,000) to yield aggregate savings. The data on housing units was obtained from the US Census Bureau's 2008 American Community Survey (data variable B25075). Finally, since not all homes participate in the homestead exemption, a participation factor of 80% was applied to the aggregate savings to yield actual aggregate savings. This 80% participation rate is a figure obtained through conversations with the Fulton County Tax Assessor's office.

This process was then repeated for 2010 and 2011, with the homestead exemption increments changing to \$20,000 and \$25,000 in 2010, followed by \$25,000 and \$30,000 in 2011. After repeating the exercise, the cumulative impact over the three years was calculated.

There are a few important details and assumptions worth noting for this analysis. First, it was assumed that millage rates would stay the same from 2009-2011. Additionally, as the homestead exemption expands, homes of a certain value will "max-out," meaning the homestead exemption will be greater than the assessed value of the home. This was taken into account for the analysis as not to exaggerate the impact of the homestead exemption increases. One final note of importance relates to the fact that roughly 7% of Atlantans live in DeKalb County as opposed to Fulton County. Therefore, the Fulton County exemption only applies to the 93% of units in Atlanta that are within Fulton County. This was taken into account when performing the analysis.

Atlanta Neighborhood Development Partnership, Inc.
235 Peachtree Street NE, Suite 2000 - 20th Floor
Atlanta, Georgia 30303-1405
www.ANDPI.org



ATLANTA
NEIGHBORHOOD
DEVELOPMENT
PARTNERSHIP, INC.

235 PEACHTREE STREET NE
SUITE 2000
ATLANTA, GA 30303
(404)522-2637

RCLCO

ROBERT CHARLES LESSER & CO.

1168 HOWELL MILL ROAD
SUITE F
ATLANTA, GA 30318
(404)365-9501