
Clayton values crash, homeowners get no tax break

AJC investigation: Widest gap among 5 largest metro counties exists here
Part 2 of 8

By Michelle E. Shaw

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Clayton County is in the middle of a real estate depression and property owners know it. Builders know it. Realtors know it. But the county's tax valuations don't reflect what is so obvious to everyone else.

Home sales in Clayton have been steady, but sale prices are abysmal, thanks to foreclosure auctions and short sales. According to an exhaustive study by The Atlanta Journal-Constitution of tax valuations vs. sales values, the median decline in sale prices has hit 43 percent in Clayton, while the median decline in tax values was just 5 percent.

When Clayton reappraised property in the spring, it did lower valuations on more than 72,000 properties — 87 percent of all residential parcels in the county. That was a greater effort than was made by the four other large metro counties, but it didn't bring homeowners much relief. The yawning gap between sales values and tax values continues to force thousands of homeowners to pay taxes on values their properties no longer hold.

C. Wesley Meadows said that as the economy has worsened, home sale prices have dropped in his subdivision, which sits in the part of College Park that dips into Clayton. He also has seen a lot of neighbors leave the 3-year-old community and be replaced by renters. Meadows said he doesn't think the deterioration of his neighborhood and the state of the housing market are considered by county appraisers.

"I do want the county to run efficiently, but not at my expense and not at the expense of other property owners," he said. "Saving a few hundred dollars in property tax does matter to my finances."

An analysis of property records by the Journal-Constitution showed that Clayton had the greatest disparity between what the county said a house was worth and what the house could actually sell for. Such disparities are common in all the counties the paper studied but are most pronounced in Clayton.

In some cases, houses sold for less than half what the county tax appraisal said they were worth:

In Forest Park, a home that sold for \$42,000 in May 2008 was valued at nearly \$100,000 by the county, down 9 percent from the 2008 value of more than \$110,000.

- Near Jonesboro in ZIP code 30238, a home on Darien Court sold last year for \$34,000. This year Clayton County lowered the value to \$82,497 from \$93,106 — still more than double what the house sold for.

- In ZIP code 30274 near Riverdale, Clayton assessors lowered the tax value on a home on Roxbury Drive from \$126,198 to \$121,357. That same property sold last year for just \$30,000.

Residents who wanted to challenge their taxable value had to file their objections by April 1, before they got the county's revised valuation. Clayton County's more than 8,300 filings (called property tax returns) in 2009 approached the total number of such applications in metro Atlanta's five major counties in 2008.

By law, appraisers must determine a property's "fair market value," which is supposed to approximate the amount an owner could sell the house for. Many Clayton residents want to see a realistic value listed on their tax bill, especially these days. But that's not exactly the function of the assessed value, said Rodney McDaniel, chief appraiser for Clayton County.

"There are just some sales that are going to be below any acceptable standards or market value," he said. "You have situations where some sales are basically 20 cents on the dollar, and hitting that value is going to be virtually impossible."

McDaniel said there is an effort to make adjustments based on market activity, but by neighborhood, not house by house.

"If you've got a cumulative effect, with, say, 10 homes out of 50 in a particular neighborhood that are in that lower half of sales, we would try to make wholesale adjustments in coming downward on our values," he said. "But to sit here and tell you that we're gonna hit that \$20,000 sale, well, that may not be realistic."

Meadows, a criminal defense attorney who has lived in College Park for more than 20 years, said he's sure those adjustments didn't go far enough.

He appreciates the reduction but thinks the value should have been reduced by thousands more. The median decline for his ZIP code was about 20 percent. With that break, Meadows' value would have dropped another \$14,000.

"I know there are homes around me that have sold for a little more than \$100,000 and some that have sold for a lot less," he said. "But I don't see paying taxes on an amount I know I can't get for my house."

Meadows, who didn't dispute his tax bill, will have to pay the assessed tax.

Other parts of Clayton show similar patterns.

The Journal-Constitution gathered revaluation data from all parcels changed in 2009 in Cobb, Clayton, DeKalb, Fulton and Gwinnett counties. The study includes all properties changed — a total of about 450,000 parcels — plus property tax returns filed; sales figures gathered by each government and by SmartNumbers, a private research firm; and foreclosure rates.

The newspaper grouped the data by ZIP code to create a first-ever look at not only what happened to individual properties, but also to entire neighborhoods and beyond — both in tax appraisals and sales. The AJC's examination found wide disparities between median sales prices and median assessments in numerous areas, even when assessors lowered values.

Edward Whiddon was still flying planes for Eastern Airlines in the 1980s when he decided to secure his future with real estate. Over the years he bought 11 properties in Clayton, which he rented and managed. He expected the homes to provide financial stability, but since an accident put him in a wheelchair in the 1990s, many of the homes have fallen into disrepair.

Whiddon, a former Henry County commissioner who lives in Stockbridge, says he has no illusions about selling the homes now. He also said he doesn't mind paying property taxes, as long as they're fair.

"If you get an honest valuation, I don't have a problem paying the tax on that. But what they've got going on now isn't an honest valuation," said Whiddon, who has challenged the county's values on his 11 houses.

Clayton's median home value in 2008, according to the county, was \$118,600; it fell in 2009 to \$110,000, a difference of 7 percent. That is vastly different, however, from actual sales figures for Clayton. More than 3,700 homes sold in 2008 with a median price of \$85,300, according to data provided by SmartNumbers.

"The problem is, if the county lowered the values to what they should be, there is no way the revenue would be there," said SmartNumbers President Steve Palm. "If they lowered the values 70 percent, where they likely should be, they'd have to raise the millage rate 300 percent to get the money they need to operate."

In ZIP code 30297, where Whiddon has a number of properties, the median appraisal was more than \$85,600 this year and \$90,100 last year. In 2008, 306 homes sold in that ZIP code with a median price of \$35,000. Of the more than 7,000 parcels appraised in 30297, 545 were disputed. The median value that homeowners asked for in returns was \$58,400, much closer to actual sales prices, the data shows.

In that same ZIP on Ryan Road, one of Whiddon's homes sits between a house that sold in 1999 for \$58,000 and another that sold in 2008 for \$38,000, according to county records. Whiddon's home, county appraisers determined, was worth \$89,400 in 2008 and \$79,400 in 2009. Whiddon doesn't begin to believe that's possible. He filed a return claiming \$50,000, which is still generous, he said.

"I get that the county needs money," he said. "But if that's the case, have the courage to set the millage rate at what it should be and stop taking it out on property owners."

To re-evaluate home values this year, Clayton counted foreclosures in a given area and discounted tax appraisals based on the percentage of distressed sales.

McDaniel, Clayton's chief appraiser, said the county wants to do a better job on valuations next year.

"This year there was a lot of uncertainty about how we were going to deal with foreclosures in general, and I think everybody would agree with that," he said. "Could we have made more adjustments? Well, yeah, I guess we probably could have, but that's hindsight. I think in trying to establish our 2010 values, we're going to look a lot closer at those foreclosures next time."

What property taxes mean to Clayton

Clayton County government and the Clayton school board took in \$249.3 million in property tax revenue in 2008. For 2009, the county government and school board budgets estimate they will gross \$244 million, about 2 percent less.

About the data

A sampling of real estate catastrophes
 These houses illustrate the findings of the Journal-Constitution's study of property values in Clayton County. The paper compared tax valuations with actual sales prices and found yawning gaps in thousands of cases.

		
7405 Ovis Lane Riverdale, 30274	303 Sir Galahad Court, Riverdale, 30274	866 Linda Way, Forest Park, 30297
\$104,567 Appraised value in 2008	\$125,455 Appraised value in 2008	\$56,043 Appraised value in 2008
\$100,516 Appraised value in 2009	\$125,455 Appraised value in 2009	\$53,674 Appraised value in 2009
\$32,364 Sale price in 2008	\$49,000 Sale price in 2008	\$28,000 Sale price in 2008
\$30,000 Homeowner's value estimate	\$80,000 Homeowner's value estimate	\$20,000 Homeowner's value estimate

About the series
 In an unprecedented comparison of actual sales values vs. county tax appraisals, the AJC examined every residential property sale and every change in tax value in Cobb, Clayton, DeKalb, Fulton and Gwinnett counties in 2009 — about 550,000 records.

Property Tax Meltdown will appear in eight consecutive parts. Today is Part 2. [Read Sunday's installment at ajc.com/metro.](#)

Coming Tuesday
Cobb County: Fewer properties were revalued in Cobb than in the other counties: about 12 percent. That compared with 87 percent in Clayton and 56 percent in Fulton.

Metro Atlanta



Gap between appraised value and sales value

- 40% or more
- 20% to 39.9%
- Less than 20%
- Sales price decline greater than appraised value decline.

Inside
 Find how your ZIP code fared. **A4**

Map by **Charles W. Jones**
 For the AJC

Clayton reassessed a higher percentage of properties than other metro counties, but its assessments didn't come close to actual sales values.

The study covered all residential parcels where value changed in 2009, whether up or down. We omitted ZIP codes in predominantly industrial or commercial areas and in residential areas where sales volume was too low to be statistically relevant. Numbers are rounded. The data reflect a new law that prohibits counties from raising the tax value of any property for the next three years unless the property is improved — by renovation or construction, for example. Of roughly 450,000 parcels in the AJC's study, about 93 percent decreased in value.

