
Gwinnett: Tax breaks fail to ease sting of depreciation

AJC special investigation: Property tax meltdown

Part 5 of 8

By Shane Blatt

The Atlanta Journal-Constitution

5:32 a.m. Thursday, December 10, 2009

This is not the real estate market Adrian Finks planned for when he bought a house in the exclusive Sugarloaf Country Club near Duluth.

In 2005, Finks paid \$900,000 for the four-bedroom house, a sanctuary where he, his wife and their three young children could live in comfort near great schools and plenty of kid-friendly activities.

But he also saw the property as an investment: Finks expected, in a few years, to leverage equity in the home to help offset the cost of his kids' college educations.

The Finks family's plan collided with the deepest recession in 80 years and a housing collapse of historic proportions. Earlier this year, Finks asked the county to reappraise his home for \$750,000 after watching homes in the area drop in value.

His house was among more than 76,700 parcels that Gwinnett County reappraised. In all, the county revised its figures for more than a quarter of the county's residences, wiping out hundreds of millions of dollars in appraised value countywide.

Finks welcomes the tax break, but now he's worried about the future.

"You may think I'm crazy, but I would prefer to pay more taxes and have my home increase in value than to decrease in value and pay less taxes," said Finks, 38. "If it's declining, and I'm paying less taxes, in my situation, I think it will hurt our economy. It hurts our chances of selling our house."

An Atlanta Journal-Constitution investigation of property values and tax appraisals in the region's five largest counties found that the appraised value of pricey homes took a greater hit in Gwinnett than elsewhere. Look at the greatest home appraisal changes among 10 metro-area ZIPs with median sale prices higher than \$200,000, and the trend is clear: Six were in Gwinnett.

"It's not appreciating, it's depreciating, and you could be upside down" in the value of a house, Finks said. "That is really upsetting."

"There are houses in this subdivision that two years ago you couldn't get for less than \$800,000," said Finks, a custom-home builder. "Now you have houses selling for \$500,000."

Certainly his neighbors recognize the losses — 159 homeowners in the ZIP code filed property tax returns asking the county to lower their valuations by a median of 24 percent. The county responded by granting a median reduction of about 13 percent.

In Finks' 30097 ZIP code, which encompasses Duluth and parts of Johns Creek, the county lowered the appraised value of residential parcels by 12 percent.

To examine how property and assessment values changed in Gwinnett and the metro area's four other large counties — Cobb, Clayton, DeKalb and Fulton — the Journal-Constitution examined all properties changed, about 450,000 parcels. The AJC also studied property tax returns filed; residential sales figures gathered by each government and by SmartNumbers, a private research firm; and foreclosure filing rates.

The newspaper grouped the data by ZIP code to create a first-ever look not only at 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 tax valuations in the more than 120 ZIP codes studied.

Sharon Whipple worries about her largest investment: her 8,000-square-foot Sugarloaf home. She and her husband bought the six-bedroom home in 2002 for a little more than a million dollars, drawn by its proximity to his business, cul-de-sac location and strong school district for their son. They spent tens of thousands of dollars to upgrade the property. Then, three years ago, her husband died within 30 days of being diagnosed with an inoperable brain tumor.

Last May, feeling overwhelmed by a house too big for her, and too costly to maintain, Whipple put the property on the market. But, she says, prospective buyers were lured away by nearby home prices as much as \$300,000 lower than her asking price of \$1.3 million. So Whipple pulled her house off the market. Now she feels stuck.

"I can't take this kind of hit," the 55-year-old said. "Duluth luxury real estate is really going down. There's a lot of inventory to be bought up and not a lot of million-dollar buyers."

Nonetheless, Whipple is considering taking advantage of the market downturn to lower the amount of property tax she pays to Gwinnett, where county commissioners recently approved a 21 percent property tax increase. When it comes to her tax bill, she's willing to see the value of her home shrink from the \$857,500 appraisal the county gave the house in 2004.

"I'm not going to just sit here and have them tax me," she said.

Gwinnett reappraised 28 percent of its residential properties this year. Appraisers lowered home values by 10 percent countywide, and by as much as 14 percent in some high-end ZIPs.

Gwinnett's chief appraiser Steve Pruitt said the county's reappraisal effort took local real estate woes into account: "We were watching the market."

Countywide, Gwinnett wiped out \$395 million in appraised value. That's a big hit for a county that relies on property taxes to fund 70 percent of its general fund of \$438 million and 41 percent of its school board budget of \$1.3 billion.

Kristy Hilburn, another resident of 30097, led a movement among her neighbors to challenge appraisals in her Riverview Estates subdivision, a community of 149 residences along the banks of the Chattahoochee River. Hilburn, a Realtor, says she got a deal on her house and did not appeal the county's appraised value of \$549,800.

But, she says, for most homeowners, Gwinnett's lower appraisals are out of whack with sale prices. In her 30097 ZIP, prices have been pushed down by a foreclosure rate of 4 percent. The county's overall foreclosure rate is about 6 percent.

"I just closed on one [home sale] last week where the tax appraisal was in the \$400,000s," said Hilburn, 39. "It just sold for \$275,000. Many people are being overly taxed because the appraisal value is so high. I feel like the county needs the money, so they're not just going to voluntarily drop your taxes."

To Donald Strohmeier of Duluth, county assessments are a joke. In 2001, he bought his 7,000-square-foot Sugarloaf home as an investment property.

In 2006, the 74-year-old retired executive shelled out \$10,108.39 in property taxes. This year, despite the unprecedented decline in real estate values, his property tax assessment was only 33 cents lower.

"To say there's been no change in the assessed value is kind of ridiculous," he said. "They are just going to eat up whatever they can. They're going to build stadiums for the Braves and monuments to their own stupidity. There's really nothing you can do."

Staff writers D.L. Bennett and Mary Lou Pickel and database specialist John Perry contributed to this article.

About the series

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

Tough break for tony Gwinnett communities

Analysis of the greatest appraisal changes among metro Atlanta ZIP codes with median home sale prices higher than \$200,000 shows Gwinnett's high-priced neighborhoods took the greatest hit.

Median '08 Median appraisal

County | ZIP code | sale price | Sale change | change

Cobb | 30157 | \$263,925 | 41.1% | 19.8%

Cobb | 30339 | \$277,450 | 26.3% | 14.9%

Gwinnett | 30092 | \$254,000 | 4.2% | 14.0%

Gwinnett | 30097 | \$317,201 | 3.9% | 12.5%

Gwinnett | 30011 | \$210,268 | 12.5% | 11.8%

Gwinnett | 30084 | \$204,450 | 6.0% | 10.1%

Gwinnett | 30019 | \$220,000 | 6.3% | 10.0%

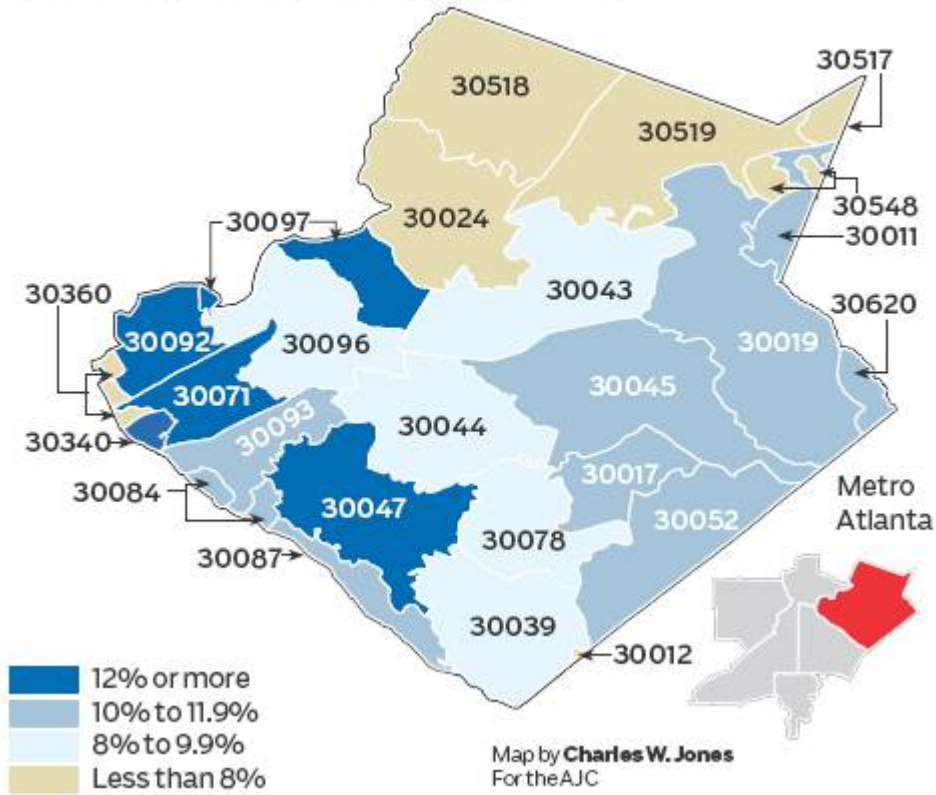
Gwinnett | 30017 | \$206,795 | 17.3% | 10.0%

DeKalb | 30002 | \$270,000 | 0.2% | 9.9%

Cobb | 30082 | \$230,000 | 9.8% | 9.8%

Drop in taxable value

Some of Gwinnett's highest priced ZIP codes saw the greatest changes in appraised values. **How your county compares, A6**





Sharon Whipple and her puppy, Sugar, have plenty of room at Whipple's Sugarloaf Country Club home. Too much room, in fact. Whipple tried to sell. Now she seeks a tax reduction. Jason Getz jgetz@ajc.com