



## Project Summary

### **“Broken From The Start: An Analysis of Atlanta’s Tax Allocation Districts and Their Impacts on Communities of Color”**

Property taxes are collected by state and local governments to support communities through the provision of necessary services and public goods. Everything from local law enforcement to local schools is supported through property tax payments to help ensure necessary quality services are equitably provided to local communities. However, these dollars can be used for more than community services, as proven by property tax abatements. These economic development incentives have become a popular tool used by elected officials and practitioners to promote community revitalization, particularly in low-wealth neighborhoods, through private development.

Property tax abatements (including, for these purposes, exemptions, and reductions) are defined by **Good Jobs First** as a type of subsidy that lowers the cost of owning real and business personal property by reducing or eliminating the taxes a company pays on it. When a company receives a property tax exemption, it pays no taxes at all for the length of the deal. When a company receives a property tax abatement, its taxes are abated (reduced) by a certain percentage for however long the deal lasts (Good Jobs First). In Fulton County this process is facilitated by its two major economic development authorities, Invest Atlanta for the City of Atlanta, and the Development Authority of Fulton County (DAFC). While the practice sounds beneficial, there has been ongoing debate among economic developers regarding the utility of property tax incentives to spur private development. Supporters see it as a creative use of government resources to fight blight and attract additional investment. Those in opposition believe that the opportunity cost of foregone tax revenue is too steep and emblematic of the way private businesses and corporate interests have been prioritized over resident needs.

To explore these concerns and the use of these tools for addressing economic disparities, the Partnership for Southern Equity (PSE) sought out to better understand Atlanta’s Tax Allocation Districts (“TADs”, also known as Tax Increment Finance, or “TIF” nationwide). The goal of this research was to first ask whether the abatement met its primary technical goal of increasing property values. Subsequently, PSE investigated the impact that the TADs had across the City of Atlanta to answer the question of whether they caused “harm”, defined as the lack of change in the overall environment measured against the opportunity cost (or cost of investing those resources in some other community intervention) of the incentive to impacted communities. Lastly, PSE analyzed demographic trends to see how the use of this tool has contributed to, and exacerbates socioeconomic disparities and gentrification, leading to poor communities to subsidize their own displacement. To explore this impact, PSE examined Census Block Groups and Tax Allocation Districts (TADs) within Fulton County (GA) between 2016–2021 to explore what impact these abatements have had on communities within the city of Atlanta.

Over the study period, it was determined that very few Census Block Groups within Fulton County had any significant impact as measured by changes in property value and several of these fell outside of the designed TAD areas. Similarly, we found that the only TAD with any correlation with an outlier Block Group was the Atlanta BeltLine TAD. In answering the question of harm, it was concluded that TADs across Fulton County harmed minority communities in two ways. First, by failing to produce the significant impact for which they were designed and the increased property values that correlated with positive TAD impact leading to significant change in community demographics. To state it simply, either the TAD was ineffective, or it accelerated the displacement of vulnerable residents.

This research report explores the history of economic and land use discrimination, the culture of economic development, resident perspectives on the lack of mobility produced and how this practice undermines the work for economic mobility in the City of Atlanta. Additionally, recommendations for improved implementation of this tool which can better support economic equity is uplifted.