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Atlanta Fends Off Wealthy Enclave's Effort to Leave the City.

- **Buckhead movement collapses amid opposition, logistic hurdles**
- **Secession would have dealt deep blow to capital's finances**

Atlanta has fended off — for now — a push by a wealthy enclave to break off from the Georgia capital after opposition from the city, business community and school leaders alike.

Republican state leaders essentially nixed the idea of allowing residents in the district known as Buckhead, an upper-crust area home to about 20% of the city population, to vote on deannexation later this year. House Speaker David Ralston told reporters on Friday that the legislation wouldn't be considered this session after Lieutenant Governor Geoff Duncan, who leads the state senate, voiced opposition to it.

The collapse in support saves Atlanta from a potentially devastating blow to its finances, with one pro-cityhood estimate showing that losing Buckhead would cost the capital approximately 40% of its tax revenue. A split also would have essentially segregated the wealthy, White area from the mostly-Black city of Atlanta.

The effort ultimately couldn't overcome logistical hurdles, such as failing to provide detailed plans for Buckhead's students, a new police force, or its stated proposal to share the burden of repaying Atlanta's outstanding debt.

Still, the push went further than many thought possible, and proponents are indicating they'll try again. The effort had been led by Bill White, a fundraiser for Donald Trump and chief executive officer of the Buckhead City Committee, who had seized on violent crime in the area to argue for creating a new city with better services. He couldn't be reached for comment Friday.

"Common sense is prevailing," said Michael Handelman, a Buckhead resident who co-founded a neighbors' group that advocated against deannexation. He said that cityhood doesn't offer a "rational" path to addressing public policy challenges facing Atlanta and other cities.

"It's the equivalent of burning your house down because you don't like the kitchen sink," he said.

The GOP leaders' announcement will give Atlanta Mayor Andre Dickens, who took office in January, more time to address Buckhead residents' concerns with crime and other issues. "They have given me and my administration the runway we need to take off, and we will continue in our work to move Atlanta forward," he said in a statement on Friday.

Duncan raised the logistical concerns on Thursday in an interview with the Atlanta Journal-Constitution.

"What is the strategy to stem crime? What is the strategy to deal with Atlanta public schools in the city's footprint? What are the finance ideas around the bond package?" he told the paper. "Those questions haven't been answered."

Supporters of deannexation may look to continue their effort, possibly through new and more detailed legislative proposals.

Christian Zimm, the vice president of communications for the BCC who is running for election to Georgia's Atlanta-based 5th Congressional District, said the movement is "far from over."

"We'll see what happens in the rest of the session," he said, speaking in his capacity as a candidate for Congress. "We've made a lot of progress this year getting two bills into the legislature, and people thought it would never get this far."

Indeed, GOP leaders left open the possibility that the legislation could be on the table again next year. Ralston, the House speaker, told reporters Friday that he would be watching to see how city leaders address crime.

"We'll be back next year if things haven't changed a lot," he said.

The secession of Buckhead would strike at the power of the city's Black political class. Atlanta as a whole is 51% Black, according to 2019 census data. An analysis by the Atlanta Journal-Constitution found that the new Buckhead City would be roughly three-quarters White.

Black residents have been involved in a 50-year project to accrue power in the city, beginning with the election of the first Black mayor, Maynard Jackson, in 1973. Today, a mostly Black cast of elected officials is in charge of the largest city in the South, which has one of the highest concentrations of Fortune 500 company headquarters in the nation.

Financial Realities

Businesses in Buckhead urged lawmakers this month to table legislation to create Buckhead City, saying that it would be costly to create a new city from scratch. Some officials expressed concern that deannexation would threaten the Atlanta's ability to attract companies and continue to develop its economy.

Losing Buckhead would potentially leave Atlanta to manage its debt load with a dramatically reduced revenue base. The city had about \$274 million of general-obligation bonds outstanding in fiscal 2020, according to its financial report.

Lobbying groups and grassroots organizations had made the case to state lawmakers that deannexation would threaten Atlanta's standing in the bond market, raising the risk of rating downgrades and an attendant rise in its cost to borrow.

The Buckhead cityhood movement claims that the new city would simply cover its pro-rata share of Atlanta's debt, or around 40%. But opponents of deannexation cast doubt on their ability to do so without legislation authorizing that step — and even then, there would likely be legal challenges, they said.

Recent history elsewhere in Georgia demonstrated the messy financial implications of deannexation. In 2018, the wealthy neighborhood of Eagle's Landing sought to deannex from the mostly-Black city of Stockbridge. The move was challenged by a lending arm of Capital One Financial Corp., which held nearly \$12 million in Stockbridge bonds and filed a lawsuit claiming a move to deannex would violate the contracts clauses of the U.S. constitution.

Capital One's complaint detailed how deannexation would cost Stockbridge about half of the tax base backing the debt, "substantially impairing and eliminating a significant portion" of the security

backing the bonds. Voters ultimately voted down the proposed new city.

The Georgia Municipal Association cited the Stockbridge example to lawmakers to indicate what is at stake with the Buckhead deannexation, said Tom Gehl, director of governmental relations for the group, which is against the effort.

Gehl said the moment brought to mind the Phoenix that's depicted on the city's seal.

A downtown sculpture called Atlanta from the Ashes, known as the Phoenix, represents its rise to a major Southern powerhouse after the destruction wrought by the Civil War.

"‘Die out’ doesn't mean that they don't have a chance of rising again like the Phoenix," he said. For that reason, he said his group was going to watch for any "trickery" in the legislature surrounding deannexation.

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By Amanda Albright and Eliza Ronalds-Hannon

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— *With assistance by Brett Pulley*

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