



Legislation Details (With Text)

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Title:	Consideration of the Calendar Year 2024 Real Property Assessments.		
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Attachments:	1. 24-1662_Attachment 1 CY 2024 Real Property Assessment Land Book, 2. 24-1662_Attachment 2 CY 2024 Equalized Assessment Summary, 3. 24-1662_Attachment 3 Historical New Growth (CY 2017 to CY 2024), 4. 24-1662_Attachment 4 Potomac Yard, 5. 24-1662_Attachment 5 Real Estate Tax Base Distribution (CY 2008 to CY 2024), 6. 24-1662_Attachment 6 Distribution of 2024 Assessments by Land Use, 7. 24-1662_Attachment 7 Points of Interest - CY 2024 Residential Assessment Changes, 8. 24-1662_Attachment 8 Average 2024 Real Property Assessment Percent Change Map, 9. 24-1662_Attachment 9 Analysis of the Commercial Market, 10. 24-1662_Attachment 10 Overview of the Assessment Process, 11. 24-1662_Attachment 11 2024 New Construction Projects, 12. 24-1662_Attachment 12 Noteworthy Trends in Alexandria Real Estate, 13. 24-1662_Presentation		

Date	Ver.	Action By	Action	Result
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City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 6, 2024

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: JAMES F. PARAJON, CITY MANAGER /s/

FROM: KENDEL TAYLOR, INTERIM DEPUTY CITY MANAGER

DOCKET TITLE:
Consideration of the Calendar Year 2024 Real Property Assessments.

ISSUE: (1) 2024 Notices of Assessment, which include the previous two calendar years and percentage change in the tax levy when applicable and practicable, will be mailed to property owners on February 14; and (2) staff will present the new real estate values at the February 13 City Council legislative meeting.

RECOMMENDATION: That City Council receives the report.

BACKGROUND: Included in the attached report are the annual changes in real property assessments from CY 2023 to CY 2024 and historical statistics related to assessment appreciation/depreciation, new construction, and residential sales activities.

The CY 2024 real property tax rate applicable to the January 1 assessments is scheduled to be set by the City Council on May 1, 2024.

DISCUSSION:

OVERALL CHANGE IN CY 2024 REAL PROPERTY TAX BASE

The City’s overall assessed real property tax base increased **0.33%**, or \$157.7 million on a year-over-year basis, from \$48.3 billion in CY 2023 to \$48.5 in CY 2024 (Attachment 1, Page 2, Line 73). The overall increase exhibits the continued improvement in the residential market and a substantial decrease of multi-family construction.

The following table shows the year-over-year Land Book changes in grand total taxable real property assessments from CY 2018 to CY 2024. Of the \$522,108,387 in new growth reported as of January 1, 2024, \$284,436,992 (54.48%) is attributable to residential projects, mostly from renovations and additions; \$161,364,356 (30.91%) is attributable to new multifamily rental projects. This development accounted for **85%** of the City’s new growth in CY 2024 and will be discussed in greater detail in **Attachment 12**.

Calendar Year	Grand Total Taxable Real	Change from Prior Year
2018	\$39.90	2.34%
2019	\$40.98	2.71%
2020	\$42.68	4.15%
2021	\$43.83	2.69%
2022	\$46.56	6.24%
2023	\$48.33	3.81%
2024	\$48.49	0.33%

Attachment 2 reflects the tax base from the starting point of the 2023 equalized assessments. The equalized assessment represents the year-ending 2023 total (as of December 31, 2023) that reflects changes that occurred throughout the calendar year including administrative reviews, appeals, Board of Equalization changes, supplemental assessments, subdivisions, consolidations, changes in tax status and demolitions. On this basis, locally and non-locally assessed real property assessments increased **0.15%** (Attachment 2, Page 3, Line 66).

Points of Interest Relating to CY 2024 Land Book and Equalized Assessment Changes:

- **Locally assessed real property assessments increased 0.28%** (which consists of both new construction and appreciation), or \$134 million, from \$47.7 billion in 2023 to \$47.8 billion in 2024 (Attachment 1, Page 1, Line 49).
- **The residential property tax base increased 2.98%**, or \$871.3 million, from \$29.2 billion in 2023 to \$30.1 billion in 2024 (Attachment 1, Page 1, Line 21).

- **The average assessed value for all residential property (including single-family and condominium) as of January 1, 2024, increased 2.78%**, from \$679,914 in CY 2023 to \$698,794 in CY 2024. For 2024, approximately 62% increased, 3% decreased, and 35% remained unchanged.

The average assessed value for a residential single-family home as of January 1, 2024, increased 2.33%, from \$940,375 in CY 2023 to \$962,276 in CY 2024. For 2024, approximately 50% increased in value, 5% decreased, and 45% remained unchanged.

The average assessed value for a residential condominium as of January 1, 2024, increased 3.96%, from \$407,616 in CY 2023 to \$423,765 in CY 2024. For 2024, approximately 74% increased in value, 2% decreased, and 24% remained unchanged.

- **The commercial property tax base decreased by 4.00%**, or \$736.88 million, from \$18.43 billion in 2023 to \$17.69 billion in 2024 (Attachment 1, Page 1, Line 47). This compares to a 1.97% increase the previous year. The hospitality properties led the commercial market, increasing 4.32%. Multi-family properties decreased overall for the first time since 2010, decreasing by 2.26%. The office sector continued to decrease, losing a further 12.38% of value from 2023.
- **State-assessed public service corporation property assessments increased 3.45%**, or \$23.4 million, from \$677.8 million in 2023 to \$701.1 million in 2023 (Attachment 1, Page 2, Line 71). The 2024 state-assessed Public Service Corporation assessments are effective January 1, 2023. These values are certified by the State Corporation Commission (SCC) and the Virginia Department of Taxation (VDoT) in late September of the effective year of the valuation. The City bills all non-locally assessed properties on a fiscal year basis to accurately reflect these assessment changes.
- **Tax exempt real property assessments increased 5.95%**, or \$324.5 million, from \$5.5 billion in 2023 to \$5.8 billion in 2024 (Attachment 1, Page 2, Line 107). The majority of this increase is attributable to public schools new construction, including Douglas MacArthur Elementary School, Episcopal High School, and the new Washington Metropolitan Area Transit Authority (WMATA).
- **Taxable new construction activity added \$522.1 million for CY 2024.** This compares to CY 2023 when \$577.9 million of growth was added to the City’s tax base. Residential construction accounted for \$284.4 million of the new growth, while the commercial sector, which includes multifamily rental, accounted for \$237.7 million. The multi-family residential sector accounted for \$161.4 million. Overall, \$2.6 billion in new growth has been added to the tax base from 2020-2024. Historical new growth figures are detailed in Attachment 3.

The table below compares the City of Alexandria’s median assessment to sales ratio for tax year CY 2021 to the Northern Virginia jurisdictions listed below, as determined by the Virginia Department of Taxation (TAX). This is the most recent data available. Alexandria’s ratio was in line with the surrounding Northern Virginia localities, showing the City’s assessments were close to market value. The data for Alexandria shows a median ratio in CY 2021 of 92.32%, as assessments increased closer to market value. Median ratio data for CY 2022 will be released in early 2024:

Jurisdiction	Median Ratio
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Arlington County	92.57%
Alexandria	92.32%
City of Fairfax	90.34%
Falls Church	88.28%
Fairfax County	86.26%

Impact of Tax Relief

Eligibility for real estate tax relief for the elderly and disabled also includes military veterans who are considered completely and permanently disabled and spouses of those determined to be killed in action. For FY 2024, the City has budgeted approximately \$6.5 million for these programs, and additional funds are anticipated to be included in the FY 2025 Proposed Budget.

Distribution of Real Property Assessments

- Real property classified as residential for assessment purposes for CY 2024 represents 62.1% of the total real property taxable base, while properties classified as commercial and public service corporations represent 37.9% of the base. If multifamily housing is excluded, commercial assessments are 18% of the base. This compares to CY 2023 when 60.5% of the tax base was residential, and property classified as commercial and public service corporations represented 39.5% of the base. If multifamily housing is excluded, commercial real property comprised 19.1% of the CY 2023 tax base. A historical distribution of the City’s real property tax base allocated between classifications of real property for assessment purposes is detailed in **Attachment 5**.
- **Attachment 6** depicts the distribution of the CY 2024 assessments using actual dollars and percentages by land use. The land uses represented are residential single-family; residential condominium; residential vacant land; commercial multifamily rental; commercial office, retail, and service; commercial and industrial vacant land; and public service corporations.

ATTACHMENTS:

- Attachment 1: CY 2024 Real Property Assessment Land Book
- Attachment 2: CY 2024 Real Property Assessment Summary Including Appreciation and Growth
- Attachment 3: Historical New Growth (CY 2017 to CY 2024)
- Attachment 4: Potomac Yard
- Attachment 5: Real Estate Tax Base Distribution (CY 2008 to CY 2024)
- Attachment 6: Distribution of 2024 Assessments by Land Use
- Attachment 7: Points of Interest - CY 2024 Residential Assessment Changes
- Attachment 8: Average 2024 Real Property Assessment Percentage Change Map
- Attachment 9: Analysis of the Commercial Market
- Attachment 10: Overview of the Assessment Process
- Attachment 11: New Construction Projects
- Attachment 12: Noteworthy Trends in Alexandria Real Estate
- Attachment 13: Staff Presentation

STAFF: Office of Real Estate Assessments

Kendel Taylor, Director of Finance
William Bryan Page SRA, RM, Assistant Director of Finance / Real Estate
Annwyn Milnes, Appraiser Supervisor
Stephanie Branizor, Appraiser Supervisor
Leona Bradford, Senior Appraiser
Madison Blume, Senior Appraiser
Aracelie Hernandez, Senior Appraiser
Jessica Wills-Lipscomb, Appraiser
Eric Braun, Appraiser
Grey lind James, Appraiser
Gregory Richardson, Appraiser
Jasenka Reeves, Real Estate Land Records Manager
George Gray, Management Analyst II
Jonah Mitchell, Administrative Analyst