



## Legislation Details (With Text)

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<b>Title:</b>	Consideration of the Calendar Year 2022 Real Property Assessments.		
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<b>Indexes:</b>			
<b>Code sections:</b>			
<b>Attachments:</b>	1. 22-0538_Attachment 1 CY 2022 Real Property Assessment Land Book, 2. 22-0538_Attachment 2 CY 2022 Equalized Assessment Summary, 3. 22-0538_Attachment 3 Historical New Growth (CY 2015 to CY 2022), 4. 22-0538_Attachment 4 Potomac Yard, 5. 22-0538_Attachment 5 Real Estate Tax Base Distribution (CY 2006 to CY 2022), 6. 22-0538_Attachment 6 Distribution of 2022 Assessments by Land Use, 7. 22-0538_Attachment 7 Points of Interest - CY 2022 Residential Assessment Changes, 8. 22-0538_Attachment 8 Average 2022 Real Property Assessment Percentage Change Map, 9. 22-0538_Attachment 9 Analysis of the Commercial Market, 10. 22-0538_Attachment 10 Overview of the Assessment Process, 11. 22-0538_Attachment 11 New Construction Projects, 12. 22-0538_Attachment 12 Noteworthy Trends in Alexandria Real Estate, 13. 22-0538_Attachment 13 Staff presentation V3		

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

### MEMORANDUM

**DATE:** FEBRUARY 1, 2022

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** JAMES F. PARAJON, CITY MANAGER /s/

**DOCKET TITLE:**

Consideration of the Calendar Year 2022 Real Property Assessments.

**ISSUE:** Calendar Year (CY) 2022 Notices of Assessment will be mailed to property owners on February 9.

**RECOMMENDATION:** That City Council receives this report on calendar year 2022 Real Property Assessments.

**BACKGROUND:** Discussed in the following report are the changes in real property assessments from CY 2021 to CY 2022 and historical statistics related to assessment appreciation/depreciation, new construction, and

residential sales activities.

The 2022 real property tax rate applicable to the January 1 assessments is scheduled to be set by the City Council on May 4, 2022.

## **DISCUSSION:**

### **OVERALL CHANGE IN CY 2022 REAL PROPERTY TAX BASE**

The City's overall assessed real property tax base increased **6.24%**, or \$2.73 billion on a year-over-year basis, from \$43.8 billion in CY 2021 to \$46.6 billion in CY 2022 (Attachment 1, Page 2, Line 73). The overall increase marks the continued improvement in the residential market and substantial growth in the multi-family sectors that began in CY2020 and delivered in CY 2021. The following table shows the year-over-year Land Book changes in grand total taxable real property assessments from CY 2016 to CY 2022. Of the \$857.4 million in new growth reported as of January 1, 2022, \$398.6 million (**46.5%**) was attributable to multifamily rental projects. Another \$201.5 million (**23.5%**) was attributable to residential condominiums. This positive development accounted for **70%** of the City's new growth in CY 2022. More details are included in **Attachment 12**.

<b>Calendar Year</b>	<b>Grand Total Taxable Real</b>	<b>Change from Prior Year</b>
2016	\$38.20	2.82%
2017	\$38.99	2.07%
2018	\$39.90	2.34%
2019	\$40.98	2.71%
2020	\$42.68	4.15%
2021	\$43.83	2.69%
<b>2022</b>	<b>\$46.56</b>	<b>6.24%</b>

**Attachment 2** reflects the tax base from the starting point of the 2021 equalized assessments. The equalized assessment represents the year-ending 2021 assessments (as of December 31, 2021) and 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 **6.71%** (Attachment 2, Page 3, Line 66).

### **Points of Interest Relating to CY 2022 Land Book and Equalized Assessment Changes:**

- **Locally assessed real property assessments increased 6.29%** (which consists of both new construction and appreciation), or \$2.7 billion, from \$43.2 billion in 2021 to \$45.9 billion in 2022 (Attachment 1, Page 1, Line 49).
- The **residential property tax base increased 6.91%**, or \$1.8 billion, from \$26.0 billion in 2021 to \$27.8 billion in 2022 (Attachment 1, Page 1, Line 21). This is the largest percentage increase to the residential Land Book property tax base since 2006.

**On an equalized basis, the average assessed value for all residential property (including single-family and condominium) as of January 1, 2022, increased 5.36%**, from \$622,506 in CY 2021 to \$655,901 in CY 2022. For 2022, approximately 82% increased, 3% decreased and

15% remained unchanged.

**The average assessed value for a residential single-family home as of January 1, 2022, increased 6.44%**, from \$841,964 in CY 2021 to \$896,176 in CY 2022. For 2022, approximately 97% increased in value, 1% decreased, and 2% remained unchanged.

**The average assessed value for a residential condominium as of January 1, 2022, increased 2.81%**, from \$387,597 in CY 2020 to \$398,470 in CY 2022. For 2022, approximately 65% increased in value, 6% decreased, and 29% remained unchanged.

- **The commercial property tax base increased by 5.34%**, or \$915.86 million, from \$17.16 billion in 2021 to \$18.07 billion in 2022 (Attachment 1, Page 1, Line 47). This compares to a 1.96% decrease the previous year. For the second year in a row, industrial and self-storage properties led the commercial market increasing **15.4%**. This was followed by multi-family rental properties that increased **10.3%**. The pandemic continues to adversely impact the hospitality and office sectors decreasing **12.2%** and **6.5%**, respectively.
- **State-assessed public service corporation property assessments increased 2.87%**, or \$18.3 million, from \$638.4 million in 2021 to \$656.8 million in 2022 (Attachment 1, Page 2, Line 71). The 2022 state-assessed Public Service Corporation assessments are effective January 1, 2021. 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 in order to accurately reflect these assessment changes.
- **Tax exempt real property assessments increased 1.76%**, or \$91.8 million, from \$5.2 billion in 2021 to \$5.3 billion in 2022 (Attachment 1, Page 2, Line 107).
- **Taxable new construction activity added \$857.64 million for CY 2022.** This compares to CY 2021 when \$227.0 million of growth was added to the City's tax base. Residential construction accounted for \$238.4 million of the new growth, while the commercial sector, which includes multifamily rental, accounted for \$619.2 million. The expansion of the multi-family residential sector accounted for \$398.6 million. Overall, \$2.16 billion in new growth has been added to the tax base from 2018-2022. 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 2020 to the Northern Virginia jurisdictions listed below, as determined by the Virginia Department of Taxation (VDoT). It is noted that this data is considered preliminary and has not been published statewide. Alexandria's 90.93% ratio was in line with the surrounding Northern Virginia localities, showing the City's assessments were close to market value. Median ratio data for CY 2022 will be released in early 2023:

<b>Jurisdiction</b>	<b>Median Ratio</b>
Falls Church	92.61%
<b>Alexandria</b>	<b>90.93%</b>
City of Fairfax	90.46%
Fairfax County	89.09%
Arlington County	88.77%

**Impact of Tax Relief.** Over the last ten years, the Commonwealth of Virginia expanded the eligibility for real estate tax relief for the elderly and disabled to include military veterans who are considered completely and

permanently disabled and spouses of those determined to be killed in action. For FY 2022, the City has budgeted approximately \$5.5 million for these programs.

### **Distribution of Real Property Assessments**

- Real property classified as residential for assessment purposes for CY 2022 represents 59.8% of the total real property taxable base, while properties classified as commercial and public service corporations represents 40.2% of the base. If multifamily housing is excluded, commercial comprises 20.2% of the base. This compares to CY 2021 when 59.4% of the tax base was residential, and property classified as commercial and public service corporations represented 40.6% of the base. If multifamily apartments were excluded, commercial real property would have comprised 21.3% of the CY 2021 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** details the distribution of the CY 2022 assessments in terms of actual dollars and percentages by land use. The land uses represented are residential single-family and 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 2022 Real Property Assessment Land Book  
Attachment 2: CY 2022 Real Property Assessment Including Appreciation and Growth  
Attachment 3: Historical New Growth (CY 2015 to CY 2022)  
Attachment 4: Potomac Yard  
Attachment 5: Real Estate Tax Base Distribution (CY 2006 to CY 2022)  
Attachment 6: Distribution of 2022 Assessments by Land Use  
Attachment 7: Points of Interest - CY 2022 Residential Assessment Changes  
Attachment 8: Average 2022 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: PowerPoint Presentation

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