

COUNTY STAFF PRESENTATION TO THE BOARD OF SUPERVISORS



Budget Workshop

REAL ESTATE ASSESSMENT PROCESS

March 8, 2008

Article X, §2, Va. Constitution-
**“All assessments of real estate...shall be at
their fair market value”**

*This requirement speaks to the TOTAL
property value.*

After the total property assessment has been determined, DTA is required by statute to split the total between land and building

- ◆ *The allocation between land and building does not affect the owner's tax burden.*
- ◆ *The split is done to comply with state law for display on notices.*

Appraisal theory says use of vacant land sales is the preferred method for allocating value to land for residentially improved properties

Vacant land sales suggest our residentially improved land allocations should be higher

<i>Jurisdiction</i>	<i>2007 Land-to-Total Value Ratio</i>	<i>2008 Land-to-Total Value Ratio</i>
<i>Alexandria</i>	<i>50 %</i>	<i>55 %</i>
<i>Arlington</i>	<i>71 %</i>	<i>72 %</i>
<i>Fairfax City</i>	<i>35 %</i>	<i>38 %</i>
<i>Falls Church</i>	<i>66 %</i>	<i>64 %</i>
<i>Fairfax County</i>	<i>37 %</i>	<i>54 %</i>

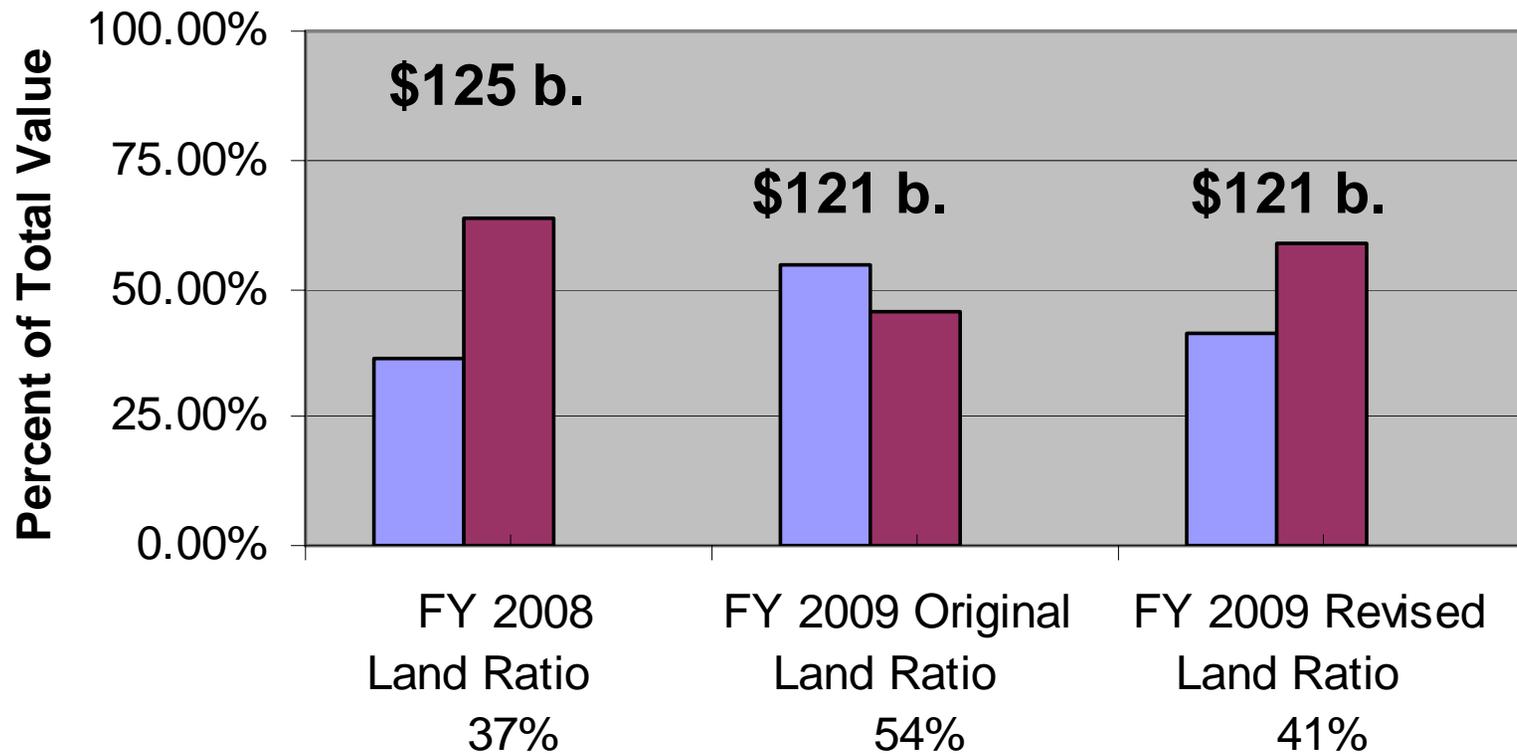
(Informal Phone Survey)

Why take a second look at land allocations for single family homes?

- *Too much, too quickly (phase-in?)*
- *Insufficient communication*
- *No impact on overall tax burden*
- *Other alternatives for allocation*
- *Desire to study issue further*
- *“Assessment of property is not an exact science”*

(Va. Supreme Court)

Land-to-Building Assessment Reallocation Single Family Improved Properties



(Approximate County-wide average; FY09 = Calendar Year 2008 assessments.)

Land
 Building

Next Steps-

- *DTA working on reallocations for most single-family improved residential parcels for 2008 (total assessment unchanged)*
- *Letters providing reallocated assessments and explanation to be mailed over next few weeks*
- *Continue to study allocation during 2008 (consult with independent industry experts)*
- *Consider possible legislative change to eliminate need to display assessment allocation on notices for residentially improved properties. Eliminates taxpayer confusion and allows focus to be on the total assessment- which is the basis for the true tax burden*

Total assessment is correct!

High confidence level supported by strong professional statistical measures.

Administrative Appeal Deadline Extended to

April 18, 2008

By law, assessments are driven by the market, not by budgetary needs.