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City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 7, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO # 24: RESIDENTIAL LAND ASSESSMENTS

Over the past week the Washington Post has reported the concerns raised by homeowners in Fairfax County regarding drastic increases in 2008 in residential land assessments, and in many cases reductions in building values. (For example, a \$500,000 house that previously had a \$200,000 land assessment and \$300,000 building assessment was changed to \$400,000 in land value with the building value dropping to \$100,000). The Code of Virginia requires the assessment notice to reflect the “new appraised value of land, the new appraised value of improvements, and the new assessed value...” As part of the valuation process, assessment officials determine the value of the land “as if vacant” as well as the total fair market value of the property. The allocation between the land and improvement is reflected on all notices sent to property owners throughout Virginia (including condominiums).

In Alexandria, we have seen land values rise significantly over the past 7 years, and we have continuously, but incrementally been increasing land values on residential land, both improved and vacant, over this same time frame. For 2008, residential land typically increased between 5 to 10 percent for single-family properties. Land values are determined by considering sales of vacant lots in the City, as well as reviewing sales of lots that were improved with a home at the time of sale which was subsequently demolished or gutted. While we always have some questions from citizens regarding land value changes, we are comfortable with our methodology and land value conclusions. The increases have been on-going, consistent and in keeping with the changes we have seen in the market.

Assessment changes are always challenging to explain, especially in a market such as the current one, however, public confidence is imperative in the process. We will continue to address any questions that arise regarding land values in the City, and we are confident in our valuations of land as well as total fair market values.

STAFF: Cindy Smith-Page, Director, DREA