

City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 11, 2003

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: PHILIP SUNDERLAND, CITY MANAGER

FROM: CINDY SMITH-PAGE, DIRECTOR
DEPARTMENT OF REAL ESTATE ASSESSMENTS *Cindy Smith-Page*

SUBJECT: CY 2003 REAL PROPERTY ASSESSMENT INFORMATION

The Department of Real Estate Assessments has completed its annual assessment of all real property for tax year 2003. The following information is presented as an overview of real property assessment changes. Calendar Year (CY) 2003 Notices of Assessment (Attachment 1) will be mailed this Friday, February 14.

New Customer Service Initiatives

This year an insert (Attachment 2) will be mailed with each Notice of Assessment that gives an overview of assessment changes for different types of properties, as well as how to access information that is available on the City's website, or by telephone. Also included on the reverse side of the insert is information on the Real Estate Tax Relief Program for Elderly and Disabled Persons.

In addition, with the assistance of the Department of Information Technology Services (ITS), the Department of Real Estate Assessments has enhanced the Real Estate website. We have added a Frequently Asked Questions (FAQ) page (Attachment 3) which has answers to questions the Real Estate Assessments Department receives most often from the general public.

An additional feature this year enables members of the public to access sales information for an "assessment neighborhood." This allows one to view the sales that are available for the neighborhood of an identified property. There are two years of sales listed for each of the assessment neighborhoods. It is our hope that this on-line information will allow property owners to learn more about the real estate market in their own neighborhoods. This same information is available in the Department of Real Estate Assessments, which will help those that do not have access to the Internet. The website will be updated with the 2003 assessment information this Friday, February 14, and will be updated every Tuesday throughout the year.

Overall Change in Real Property Tax Base

For CY 2003, the overall assessed value of real property (including both locally-assessed real property and state-assessed public service corporation properties) increased 19.93%, or \$3.22 billion, from \$16.13 billion in 2002 to \$19.35 billion (Attachment 4).¹ Approximately 15.7% of this \$3.22 billion increase, or \$505.8 million, is the result of new construction; the remaining 84.3%, or \$2.71 billion, is the result of appreciation (Attachment 5). The overall increase reflects the continued health of the Alexandria economy, and the high demand for both owner-occupied and rental housing in the City and other urban jurisdictions close to the District of Columbia.

Residential property assessments (consisting of single family homes and condominiums), reflecting both new construction and appreciation, increased \$2.27 billion, or 70.5%, of the total tax base increase. Assessments of commercial (which includes apartments) and public service corporation property (which is assessed by the State), reflecting both new construction and appreciation, increased \$949.2 million, or 29.5%, of the total tax base increase.

Changes in the Residential Real Property Tax Base

The overall value of the City's residential real property tax base increased in 2003 by 25.49%, or \$2.27 billion, from \$8.89 billion in 2002 to \$11.16 billion in 2003. New construction accounted for 4.0%, or \$89.6 million, of this \$2.27 billion increase; appreciation accounted for 96.0%, or \$2.18 billion, of the increase. Residential real property represents 57.7% of the total 2003 real property tax base, up from 54.9% in 2002.

The average assessed value of a residential home (single family and condominium) increased 24.48% from \$248,133 in 2002 to \$308,876 in 2003.

- The average assessed value for a single family home as of January 1, 2003, is \$409,613, increasing 22% from last year.
- The average assessed value for a residential condominium as of January 1, 2003, is \$177,079, increasing 31% from last year.

Attached (as Attachment 6) is a map which shows the residential property appreciation, from 2002 to 2003, for single family and residential condominiums in the 14 areas of the City for which there are Small Area Plans in the City Master Plan. These percentage increases reflect the individual neighborhoods within each such "small area plan" area.

¹ The 2002 assessed value of \$16.13 billion is the "equalized assessment" value, which reflects the adjustments made during 2002 to the January 1, 2002, tax base. See Attachment 4. These adjustments are the result of administrative changes and reviews, and appeals to the Board of Equalization. Adjustments during 2002 reduced the January 1, 2002, tax base of \$16.2 billion by \$74 million.

Changes in the Commercial Real Property Tax Base

The overall value of the City's commercial real property tax base increased in 2003 by 14.13%, or \$930.1 million, from \$6.58 billion in 2002 to \$7.51 billion in 2003. New construction accounted for 44.8%, or \$416.3 million, of this increase; appreciation accounted for 55.2%, or \$513.8 million, of the increase. Most of the new commercial construction is related to the U.S. Patent and Trademark Office project. The commercial tax base represents 38.8% of the total 2003 real property tax base, down from 41.4% in 2002.

Changes in the Public Service Corporation Real Property Tax Base

Overall, the non-locally assessed real property tax base increased in 2003 by 2.89%, or \$19.1 million, from \$662.4 million in 2002 to \$681.6 million in 2003. The non-locally assessed property accounts for 3.5% of the total real property tax base, down from 3.7% in 2002.

Additional Information

We will have more detailed information regarding the performance of the real estate market in the City in 2002 as part of the first packet of FY 2004 budget materials (i.e., Budget Memorandum #1). In the meantime, if you have any questions regarding the assessments, please give Mark Jinks or me a call.

Attachments:

- Attachment 1 - Sample 2003 Notice of Assessment
- Attachment 2 - Insert of General Information sent with the 2003 Notices of Assessment
- Attachment 3 - Frequently Asked Questions (FAQ) found on Real Estate Website
- Attachment 4 - CY 2003 Real Property Assessment Summary
- Attachment 5 - CY 2003 Assessment Appreciation for Existing Properties
- Attachment 6 - Map of Single Family & Residential Condominium Appreciation



DEPARTMENT OF REAL ESTATE ASSESSMENTS
 301 KING STREET, CITY HALL, ROOM 2600
 ALEXANDRIA, VIRGINIA 22314

NOTICE OF 2003 ASSESSMENT
THIS IS NOT YOUR TAX BILL

NAME OF
 OWNER
 GUARDIAN
 OR
 TRUSTEE

WEBSITE:
<http://ci.alexandria.va.us/city/reasearch>

GENERAL INFORMATION:
 703/838-4646

REVIEW AND APPEAL FORM REQUEST:
 703/838-4576

MAP NO.	BLOCK	LOT	STUDY GROUP	LAND AREA	ASSESSED RATIO	DATE
					100%	
PROPERTY ADDRESS					DATABANK	CLASS CODE

DESCRIPTION

2002 ASSESSED VALUE		
LAND	BUILDING	TOTAL
2003 ASSESSED VALUE		
LAND	BUILDING	TOTAL

Dear Property Owner:

Your real property assessment has been revised to the figures indicated for the current year. By law, the assessed value is required to be 100% of the estimated fair market value as of January 1 of the tax year. To ensure the accuracy and equity of assessments, property records have been updated to reflect any new buildings, additions, remodeling, land divisions, etc. If you no longer own the subject property, please send this notice to the owner's last known mailing address immediately or return the notice to the Department of Real Estate Assessments.

You may visit the Department of Real Estate Assessments by stopping at the service counter at 301 King Street, Room 2600, Alexandria, Virginia, between 8:00 A.M. and 5:00 P.M., Monday through Friday, when City Hall is open for normal business activities. Appraisers will be available to discuss the assessed value of your property, describe the assessment process or explain the review and appeal process. Alternatively, you may send correspondence to the Department of Real Estate Assessments, 301 King Street, Room 2600, Alexandria, Virginia 22314; telephone the department at 703-838-4646; fax the department at 703-706-3979; or e-mail us at realestate@ci.alexandria.va.us. For your convenience, real estate assessments, property information, and sales information are available on our website at <http://ci.alexandria.va.us/city/reasearch>.

(Please See Reverse)

It is Important that You Review Your Assessment Immediately

If you feel your property is assessed above market value as of January 1, 2003, or that your assessment is not equitable with surrounding properties, or is otherwise erroneous, you may wish to have the Department of Real Estate Assessments review the assessment or file an appeal with the Alexandria Board of Equalization.

Requests for Departmental Review Must be Filed by April 15

To have the Department of Real Estate Assessments review the assessment, please file a *Request for Review of Real Estate Assessment* form no later than **April 15**. It is not a requirement that you first request a review of your assessment before you file an appeal with the Board of Equalization. However, the Board prefers that property owners first try to resolve differences with the Department before filing an appeal. Forms can also be printed from the City's web site at <http://ci.alexandria.va.us>, by going to the City Services tab and clicking on Real Estate Assessments and then clicking on Real Estate Assessment Review and Appeal.

Appeals to the Board of Equalization Must be Filed by July 15

To file an appeal with the Board of Equalization you need to submit an *Appeal of Real Estate Assessment* form. Only those forms postmarked by the United States Postal Service no later than **July 15** will be accepted. The five member Board of Equalization is appointed by the Alexandria Circuit Court (three members) and City Council (two members). The City Council does not hear appeals of real estate assessments.

Please call **703/838-4646** for general information related to the review and appeal process, or **703/838-4576** to have forms sent to you. Forms can also be printed from the City's web site at <http://ci.alexandria.va.us>, by going to the City Services tab and clicking on Real Estate Assessments and then clicking on Real Estate Assessment Review and Appeal. **Please be advised that all data that supports a request for review or appeal must be submitted when the form is filed.**

Real Estate Taxes

A uniform tax rate for all real property is set each year by the Alexandria City Council in late April or early May. Until City Council sets the real estate tax rate for 2003, the amount of taxes to be levied for the year cannot be determined. Real Estate taxes are billed by the City's Department of Finance in two installments due **June 16** and **November 17**. A pending review by the Department or appeal to the Board of Equalization does not change the due date for real estate taxes.

Real Estate Tax Relief Program

The City of Alexandria has a Real Estate Tax Relief Program for senior citizens age 65 or older or permanently and totally disabled, whose household income does not exceed \$12,800 for full exemption, \$35,000 for partial exemption, and \$40,000 for deferral of taxes, and whose net combined financial worth (excluding the dwelling unit in question and up to one acre of land upon which it is situated) does not exceed \$195,000. If you are interested in applying for this program, please contact the Tax Service and Enforcement Branch, Department of Finance, City Hall, 301 King Street, Room 1700, Alexandria, Virginia 22314, telephone number is 703/838-4570. Deadline for filing is **April 10, 2003**. General information about the program is available on the City's web site <http://ci.alexandria.va.us>, by going to the City Services tab and clicking on Real Estate Assessments and then clicking on Real Estate Tax Relief for the Elderly and Handicapped.

Cynthia A. Smith-Page, ASA, Director
Department of Real Estate Assessments



City of Alexandria, Virginia 2003 Real Property Assessment Information

Cynthia A. Smith-Page, Director
David Gee, Deputy Director

Contact Information:

Real Estate Assessments
703-838-4646 voice
703-706-3979 fax
email: realestate@ci.alexandria.va.us

Web Site:

www.ci.alexandria.va.us/city/realestate/

Information on FAQs

Search for Assessment Information:
www.ci.alexandria.va.us/city/reasearch/

Office Location

301 King Street, Rm 2600
City Hall
Alexandria, Virginia 22314
Monday to Friday
8:00 a.m. to 5:00 p.m.

DEADLINES

Request for Review:
April 15, 2003

Appeal of Assessment:
Board of Equalization
July 15, 2003

The City of Alexandria continues to be one of the best choices for those seeking quality of life and a good place to live and work. Residential property sales were very strong during calendar year 2002, and the real property assessments as of January 1, 2003, reflect this market activity. The City's real estate tax base increased 19% since last year. Most residential property owners for 2003 experienced double-digit increases in the assessed value of their property due to the lowest mortgage interest rates in several decades and the continued high demand for housing in the City. The most significant rise in value occurred in the condominium markets, where the average condominium assessment increased 31% for 2003. Single-family properties did not escape the demand, and they too experienced significant value increases on the average of 22%.

The slowed demand for some types of commercial property limited the increase in commercial property values during the past year to 8%. The City's ideal close-in location helps to insulate its commercial property base from the dramatic swings in value seen by some neighboring jurisdictions. Even with a weak economy, the commercial base increased in value although not at the higher rates seen in the residential market. The new commercial projects that are now under construction provided the City a significant addition to its tax base, with over \$415 million added this past year.

The enclosed Notice of Assessment Change is sent to all property owners as part of the City of Alexandria's annual assessment program. By assessing all properties annually at their fair market values, property tax burdens are calculated to be fairly distributed among all property owners. All property owners are encouraged to review their assessments carefully to ensure the data about their property is correct, and further that the assessed value is in line with sales for comparable properties. For the 2003 assessment, the Department of Real Estate Assessments has placed a link on its web site to the most recent comparable sales information. The sales information is available by visiting <http://ci.alexandria.va.us/city/reasearch>.

Information about the City's Real Estate Tax Relief Program for low-income elderly and disabled homeowners is detailed on the reverse side of this page, and a list of Frequently Asked Questions (FAQs) is posted on our web site. These FAQs have been taken from the most often asked telephone inquiries to the Department. However, if you are unable to find an answer to your question, and you would like to speak with a staff member, please call 703-838-4646. You may also address your questions to staff via email at realestate@ci.alexandria.va.us.



City of Alexandria Real Estate Tax Relief Program for Elderly and Disabled Persons

Tax Year 2003



Residents of the City of Alexandria who are 65 years of age or older, or permanently and totally disabled, by January 1 each year, may be eligible for the City's Real Estate Tax Relief Program for Elderly and Disabled Persons.

The following limits are currently in effect:

- To qualify for tax exemption in 2002, a household's gross combined income may not have exceeded \$35,000 a year.
- To qualify for tax deferral, a household's gross combined income may not have exceeded \$62,000 a year. Gross combined income includes the income of both spouses as well as any income in excess of \$6,500 per year of other relatives living in the home.
- The assets of the household may not exceed \$195,000 (excluding the house and one acre of adjoining property).

For 2003, income ceilings and benefits may be increased. After March 1, 2003, any of the agencies listed to the right can provide information on any income and benefit changes.

Applications for this program may be obtained by calling one of the agencies listed below. Applications should be filed with the City of Alexandria Tax Services and Enforcement Branch by **April 10** each year, but applications will be accepted until June 1.

**Tax Services and
Enforcement Branch**
City Hall

301 King Street
Alexandria, VA 22314
(703) 838-4572

Office of Adult Services
2525 Mt. Vernon Avenue
Alexandria, VA 22301
(703) 838-0920

**Senior Citizens Employment
and Services**

121 N. St. Asaph Street
Alexandria, VA 22314
(703) 836-4414

REAL ESTATE ASSESSMENTS

Frequently Asked Questions

The following are questions commonly asked about real estate assessments in the City of Alexandria and other Northern Virginia jurisdictions. Specific questions not answered below may be emailed to realestate@ci.alexandria.va.us or you may direct your question to the Department of Real Estate Assessments at 301 King Street Room 2600, Alexandria, VA 22314. Office hours are Monday through Friday 8:00 a.m. to 5:00 p.m. You may reach us by telephone at (703)838-4646.

1. What is my assessed value intended to reflect? Is it the sales price or some percentage of a sales price in my study group?
2. How do trends in real estate effect assessments?
3. What effect does the economy have on my assessment?
4. How does the percentage change in my assessment compare to other properties?
5. How does Alexandria compare to other parts of the state or to other Northern Virginia jurisdictions?
6. Is there a state law that prevents assessments from changing more than a certain amount each year?
7. How will I know if my assessment is correct? How do I find recent sales in my neighborhood(study group)?
8. Should my assessment change be the same as what has been published in the newspaper for my zip code area in the recent past?
9. If I find incorrect data on the website for my property, how do I ensure that this data is corrected?

1. Q.

What is my assessed value intended to reflect? Is it the sales price or some percentage of a sales price in my study group?

A.

Your total assessed value is intended to reflect 100% of fair market value of your property as of January 1st. Alexandria utilizes mass appraisal methods in determining the fair market value of your property. There is an allocation on your assessment notice to reflect a land value (as if vacant) and an improvement value, however the total value as it appears on your notice is intended to be the fair market value. It is the "total" fair market value on which your tax burden is based.

Assessments are based on large numbers of sales which are analyzed to determine values for large groups of properties. An individual sales price is the actual price a buyer pays for a particular property. While this sales price is one indicator of market value, there are numerous additional sales that are relied on to determine your assessment. On your assessment notice you will find a "study group" number. This is a group of properties that we have analyzed to help you define the market value of your property and others within your same study group (i.e., assessment neighborhood).

2. Q.

How do trends in real estate effect assessments?

A.

While general trends in property values are often discussed and written about, Alexandria not only relies on general trends in the region or in the city as a whole, but we rely on sales of properties similar to the group of properties that were are valuing. As such, residential properties are all placed into study groups, and while the first two digits of the study group define the Small Area Plan in which your property is located, the last two digits are much more unique and more closely define comparable properties to your own property. It is these sales that affect the final value of your property.

Commercial properties are more complex in nature and there are trends in the national marketplace and regionally that do affect certain classes of commercial properties. Once again after consideration of all information regarding the trends we primarily rely on data and transactions of buyers and sellers in the Northern Virginia marketplace as well as Alexandria.

3. Q.

What effect does the economy have on my assessment?

A.

Many sectors of the economy have declined over the past year, however, the residential real estate market has been one of the strongest markets in decades. Low interest rates and the demand for housing located in close-in communities such as Alexandria have seen an extraordinary rise in values of homes of all price ranges. The condominium market has increased at a rate that is unprecedented.

The national economic picture has had more of an impact on the larger commercial property than on any other commercial property class. There is hesitancy in the market for large investors and while the future is promising for these property types, there is still caution seen in the sales transactions of these properties.

4. Q.

How does the percentage change in my assessment compare to other properties?

A.

The percentage change in your assessment is generally close to the assessment change of other properties located in your study group. There are exceptions which include if any of the properties you are comparing have had physical work done to the property over the past year which would cause the assessment to change at a different percentage rate. Also, staff appraisers physically inspect a number of neighborhoods each year and sometimes will make adjustments to data which they observe when they are inspecting the properties.

5. Q.

How does Alexandria compare to other parts of the state or to other Northern Virginia jurisdictions?

A.

Assessment changes in Alexandria as of January 1, 2003 are comparable to assessment increases in the neighboring jurisdictions of Northern Virginia. Assessments in these jurisdictions are rising to reflect increases in sales prices seen in the real estate market during calendar year 2002.

6. Q.

Is there a state law that prevents assessments from changing more than a certain amount each year?

A.

The Constitution of Virginia requires real estate assessments to represent fair market value. There is no provision to limit the amount of change from year to year.

7. Q.

How will I know if my assessment is correct? How do I find recent sales in my neighborhood(study group)?

A.

First you should view the physical characteristics of your property on Real Estate Assessment Information Search. After you have reviewed the information on your property you should View Sales in your Study Group. This will provide a list of recent sales within your assessment neighborhood. You should find the sales of properties that are most similar to your property(i.e., style, location, age, condition). Once you have located sales data you believe to be most comparable, compare the sales price and the assessed value of those properties to your own. You should see very similar value conclusions. The more alike the comparable the more likely the assessed values will be closely related.

8. Q.

Should my assessment change be the same as what has been published in the newspaper for my zip code area in the recent past?

A.

Newspapers often publish sales data in a summary format for larger areas such as zip code areas or for entire cities or countries. This information generally can show trends in the market, however, it should not be compared to the percentage change in your January 1 assessed value. One reason for this is that the time period can fluctuate for the reporting of the data. The assessment office relies on sales during the past calendar year for more precise areas and for properties that are more similar in nature to your property.

9. Q.

If I find incorrect data on the website for my property, how do I ensure that this data is corrected?

A.

The Department of Real Estate Assessments prides itself on maintaining accurate real estate data for the basis of the assessments for all property owners and for use by the public. Please notify us immediately should you note an error in your property information by sending an email to realestate@ci.alexandria.va.us, or by calling (703)838-4646.

Real Estate Assessments Home



To send mail to City Council, other elected city officials and individual City departments, click here.
General City Mail: CityMail@ci.alexandria.va.us
Use the Site Feedback form for technical questions or comments regarding this web site.

Last Modified: Monday, 03-Feb-2003

City of Alexandria, Virginia
CY 2003 REAL PROPERTY ASSESSMENT SUMMARY
Comparison of Equalized Assessments (December 31, 2002) to January 1, 2003

Real Property Classification	Number of 2003 Parcels	2002 Assessments	2002 Equalized Assessments	2003 Assessments	Amount of Change	% Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Locally Assessed Real Property						
Residential Real Property						
1 Residential Single Family						
2 Detached	9,119	\$3,561,211,300	\$3,557,383,100	\$4,351,358,800	\$793,975,700	22.32
3 Semi-Detached	5,279	1,485,500,100	1,487,660,600	1,864,698,100	377,037,500	25.34
4 Row House	6,072	1,746,833,700	1,746,051,800	2,168,713,800	422,662,000	24.21
5						
6 Total Single Family	20,470	\$6,793,545,100	\$6,791,095,500	\$8,384,770,700	\$1,593,675,200	23.47
7						
8 Residential Condominium						
9 Garden	7,538	\$996,903,900	968,862,900	\$1,304,859,400	\$335,996,500	34.68
10 High-rise	7,172	895,922,800	895,600,700	1,173,407,200	277,806,500	31.02
11 Residential Cooperative	18	10,020,400	10,020,400	10,994,600	974,200	9.72
12 Townhouse	918	197,170,800	223,709,800	281,315,900	57,606,100	25.75
13						
14 Total Residential Condominium	15,646	\$2,100,017,900	\$2,098,193,800	\$2,770,577,100	\$672,383,300	32.05
15						
16 Total Residential Real Property	36,116	\$8,893,563,000	\$8,889,289,300	\$11,155,347,800	\$2,266,058,500	25.49

City of Alexandria, Virginia
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Comparison of Equalized Assessments (December 31, 2002) to January 1, 2003

Real Property Classification	Number of 2003 Parcels	2002 Assessments	2002 Equalized Assessments	2003 Assessments	Amount of Change	% Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Locally Assessed Real Property						
Commercial Real Property						
Commercial Multi-Family Rental						
Garden	220	\$961,810,800	\$953,723,700	\$1,066,286,800	\$112,563,100	11.80
Mid-Rise	18	394,650,500	388,048,000	504,522,700	116,474,700	30.02
High-rise	27	663,370,000	662,768,300	749,376,000	86,607,700	13.07
Total Multi-Family Rental	265	\$2,019,831,300	\$2,004,540,000	\$2,320,185,500	\$315,645,500	15.75
Commercial Office, Retail, and Service						
General Commercial	709	\$727,360,100	662,204,700	\$754,399,700	\$92,195,000	13.92
Office	561	2,142,391,400	2,196,752,800	2,517,194,400	320,441,600	14.59
Office or Retail Condominium	455	164,694,200	164,277,000	172,161,300	7,884,300	4.80
Shopping Center	45	383,984,300	374,667,500	390,851,400	16,183,900	4.32
Warehouse	187	415,732,700	413,078,400	464,501,500	51,423,100	12.45
Hotel/Motel and Extended Stay	27	355,363,700	344,528,300	384,003,800	39,475,500	11.46
Total Commercial Office, Retail, and Service	1,984	\$4,189,526,400	\$4,155,508,700	\$4,683,112,100	\$527,603,400	12.70
Other Commercial Property						
Vacant Residential Land	625	\$102,408,300	101,581,700	\$124,364,600	\$22,782,900	22.43
Vacant Commercial and Industrial Land	438	400,896,000	319,638,200	383,685,100	64,046,900	20.04
Total Other Commercial Property	1,063	\$503,304,300	\$421,219,900	\$508,049,700	\$86,829,800	20.61
Total Commercial Real Property	3,312	\$6,712,662,000	\$6,581,268,600	\$7,511,347,300	\$930,078,700	14.13
Total Locally Assessed Real Property	39,428	\$15,606,225,000	\$15,470,557,900	\$18,666,695,100	\$3,196,137,200	20.66

City of Alexandria, Virginia
CY 2003 REAL PROPERTY ASSESSMENT SUMMARY
Comparison of Equalized Assessments (December 31, 2002) to January 1, 2003

Real Property Classification	Number of 2003 Parcels	2002 Assessments	2002 Equalized Assessments	2003 Assessments	Amount of Change	% Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Locally Assessed Real Property						
45 Non-Locally Assessed Real Property						
46						
47 Assessed by State Corporation Commission (SCC)						
48 Gas & Pipeline Distribution Corporation		\$26,367,100	26,367,100	\$27,005,300	\$638,200	2.42
49 Light & Power Corporation		311,385,500	373,151,000	383,356,600	10,205,600	2.73
50 Telecommunication Company		133,227,400	133,227,400	153,864,900	20,637,500	15.49
51 Water Corporation		29,338,100	29,338,100	30,149,600	811,500	2.77
52						
53 Total SCC Assessed Property		\$500,318,100	\$562,083,600	\$594,376,400	\$32,292,800	5.75
54						
55 Assessed by Virginia Department of Taxation (VDT)						
56 Interstate Pipeline Transmission		\$435,400	\$435,400	\$366,800	(\$68,600)	(15.76)
57 Operating Railroad						
58 Richmond, Fredericksburg & Potomac Railway Co.		\$45,617,300	\$45,617,300	\$45,708,000	\$90,700	0.20
59 Norfolk Southern Railway Co.		54,254,400	54,254,400	41,065,600	(13,188,800)	(24.31)
60 CSX Transportation, Inc.		38,900	38,900	38,500	(400)	(1.03)
61						
62 Total Operating Railroads		\$99,910,600	\$99,910,600	\$86,812,100	(\$13,098,500)	(13.11)
63						
64 Total VDT Assessed Property		\$100,346,000	\$100,346,000	\$87,178,900	(\$13,167,100)	(13.12)
65						
66 Total Non-Locally Assessed Real Property		\$600,664,100	\$662,429,600	\$681,555,300	\$19,125,700	2.89
67						
68 Grand Total Real Property Assessments		\$16,206,889,100	\$16,132,987,500	\$19,348,250,400	\$3,215,262,900	19.93

1/ \$174,194,400 of the Light and Power Corporation 2002 assessment was locally assessed and billed as personal property.
Department of Real Estate Assessments, January 30, 2003
File: j:\123\richard\CM301151a.123 Tab 1

**City of Alexandria, Virginia
CY 2003 Real Property Assessment Report**

ASSESSMENT APPRECIATION FOR EXISTING PROPERTIES

Real Property Classification	CY 2000 to 2001		CY 2001 to 2002		CY 2002 to 2003	
	Appreciation Amount	% Change	Appreciation Amount	% Change	Appreciation Amount	% Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Residential Real Property						
1 Residential Single Family						
2 Detached	\$294,110,300	10.57	\$425,211,300	13.65	\$774,996,300	21.79
3 Semi-Detached	115,614,000	10.66	203,861,100	16.32	354,645,300	23.84
4 Row House	132,574,200	10.65	231,949,100	15.85	394,301,500	22.58
5						
6 Total Single Family	----- \$542,298,500	10.61	----- \$861,021,500	14.78	----- \$1,523,943,100	22.44
7						
8 Residential Condominium						
9 Garden	\$43,646,800	6.13	\$145,531,300	18.46	\$316,176,500	32.63
10 High-rise	28,882,000	4.07	122,309,200	16.74	277,806,500	31.02
11 Residential Cooperative	1,105,400	13.60	789,600	8.55	974,200	9.72
12 Townhouse	11,158,100	6.87	24,242,000	14.02	57,606,100	25.75
13						
14 Total Residential Condominium	----- \$84,792,300	5.32	----- \$292,872,100	17.22	----- \$652,563,300	31.1
15						
16 Total Residential Real Property	----- \$627,090,800	9.35	----- \$1,153,893,600	15.33	----- \$2,176,506,400	24.48

**City of Alexandria, Virginia
CY 2003 Real Property Assessment Report**

ASSESSMENT APPRECIATION FOR EXISTING PROPERTIES

Real Property Classification	CY 2000 to 2001		CY 2001 to 2002		CY 2002 to 2003	
	Appreciation Amount	% Change	Appreciation Amount	% Change	Appreciation Amount	% Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commercial Real Property						
Commercial Multi-Family Rental						
Garden	\$35,317,800	4.56	\$96,323,700	11.63	\$102,577,600	10.76
Mid-Rise	6,399,600	2.68	30,548,000	11.62	19,760,300	5.09
High-rise	20,871,100	3.79	60,925,200	10.53	70,031,700	10.57
Total Multi-Family Rental	----- \$62,588,500	4.00	----- \$187,796,900	11.25	----- \$192,369,600	9.60
Commercial Office, Retail, and Service						
General Commercial	\$45,941,200	7.23	\$23,504,000	3.44	\$84,754,700	12.80
Office	76,934,800	4.19	65,369,800	3.23	81,776,900	3.72
Office or Retail Condominium	(508,200)	(0.35)	7,546,800	4.81	7,565,300	4.61
Shopping Center	(1,623,800)	(0.43)	(4,491,900)	(1.19)	12,009,500	3.21
Warehouse	30,121,200	8.18	12,656,000	3.14	53,802,100	13.02
Hotel, Motel and Extended Stay	8,234,700	2.23	(40,816,100)	(10.64)	26,944,700	7.82
Total Commercial Office, Retail, and Service	----- \$159,099,900	4.26	----- \$63,768,600	1.58	----- 266,853,200.00	6.42
Other Commercial Property						
Vacant Residential Land	13,915,800	12.33	(10,243,600)	(15.70)	27,768,400	27.34
Vacant Commercial & Industrial Land	33,028,600	8.63	(21,650,900)	(5.20)	26,830,200	8.39
Total Other Commercial Property	----- \$46,944,400	9.47	----- (\$31,894,500)	(6.62)	----- \$54,598,600	12.96
Total Commercial Real Property	----- \$268,632,800	4.64	----- \$219,671,000	3.55	----- \$513,821,400	7.81
Total Locally Assessed Real Property	----- \$895,723,600	7.17	----- \$1,373,564,600	10.02	----- \$2,690,327,800	17.39

**City of Alexandria, Virginia
CY 2003 Real Property Assessment Report**

ASSESSMENT APPRECIATION FOR EXISTING PROPERTIES

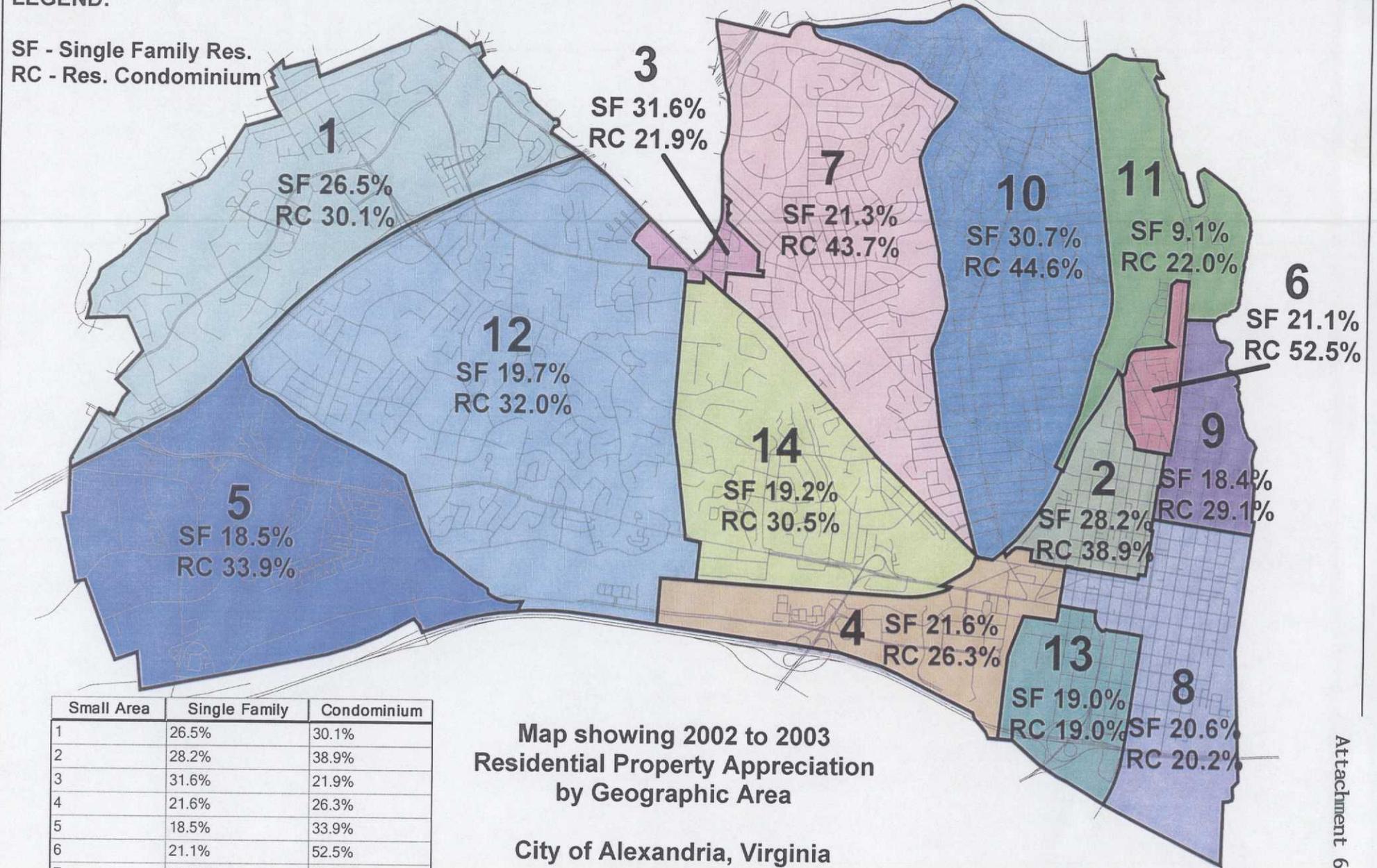
Real Property Classification	CY 2000 to 2001		CY 2001 to 2002		CY 2002 to 2003	
	Appreciation Amount	% Change	Appreciation Amount	% Change	Appreciation Amount	% Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)
45 Non-Locally Assessed Real Property						
46						
47 Assessed by State Corporation Commission (SCC)						
48 Gas & Pipeline Distribution Corporation					\$638,200	2.42
49 Light & Power Corporation					10,205,600	2.73
50 Telecommunication Company					20,637,500	15.49
51 Water Corporation					811,500	2.77
52						
53 Total SCC Assessed Property					----- \$32,292,800	5.75
54						
55 Assessed by Virginia Department of Taxation (VDT)						
56 Interstate Pipeline Transmission						
57 Operating Railroad					(\$68,600)	(15.76)
58 Richmond, Fredericksburg & Potomac Railway Co.					\$90,700	0.20
59 Norfolk Southern Railway Co.					(13,188,800)	(24.31)
60 CSX Transportation, Inc.					(400)	(1.03)
61						
62 Total Operating Railroads					----- (\$13,098,500)	(13.11)
63						
64 Total VDT Assessed Property					----- (\$13,167,100)	(13.12)
65						
66 Total Non-Locally Assessed Real Property					----- \$19,125,700	2.89
67						
68 Grand Total Real Property Assessments					----- \$2,709,453,500	16.79

Department of Real Estate Assessments, February 11, 2003

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LEGEND:

SF - Single Family Res.
RC - Res. Condominium



Small Area	Single Family	Condominium
1	26.5%	30.1%
2	28.2%	38.9%
3	31.6%	21.9%
4	21.6%	26.3%
5	18.5%	33.9%
6	21.1%	52.5%
7	21.3%	43.7%
8	20.6%	20.2%
9	18.4%	29.1%
10	30.7%	44.6%
11	9.1%	22.0%
12	19.7%	32.0%
13	19.0%	19.0%
14	19.2%	30.5%

**Map showing 2002 to 2003
Residential Property Appreciation
by Geographic Area**

City of Alexandria, Virginia
Department of Real Estate Assessments
February 2003

Map prepared by the GIS Section of
the Department of Planning & Zoning

NOTES:

Numbers encircled designate the geographic areas of the City that approximate the small areas developed for the Master Plan revision. The 2003 Notices of Assessment include the study group number. The first two digits of the study group number will designate the geographic area that corresponds with the map.

CM(a)
2-11-03

ROUGH DRAFT

**CITY COUNCIL OF ALEXANDRIA, VIRGINIA
Regular Meeting — February 11, 2003
Partial Verbatim**

Report from the City Manager (a)

Manager: Okay. I want to give you, if you can give me about --

Mayor: Yeah, right. Just, just go.

Manager: Give me about six minutes here to talk about the assessments. The real estate assessments are going to be mailed this Friday. You will get a memorandum. As soon as I'm done talking, we're going to give you a memorandum summarizing the results of the 2003 assessments with a number of attachments. Let me try to, for you and the benefit of the public, just to give you some highlights of the assessments, and again, everybody will be receiving them anytime from Saturday until next Monday or Tuesday. A couple of things we've done in addition, just to facilitate an understanding of the assessments this year, and you'll see them attached to the memorandum, we have an explanation of the assessments, an overview of the assessments and of the results this year which is included with the assessment that everyone will get at home. That also has, I think, a much more user-friendly and understandable explanation of the real estate tax, the tax relief program for the disabled and the seniors. We also put together on the web page a series of frequently asked questions and the answers to them. So, if you get into the real estate department, hit the button, there will be a whole bunch of questions and answers explaining not only how do assessments come about and why the numbers are what they are, but the process for appealing and so forth. And then we've instituted something fairly, I think, unique this year that you all Friday night can give it a try if you want, to be able on the web page, and of course you know now you can go in and identify a property and get your, get the assessment and other information pertaining to that property. You're also going to be able to identify a property, hit a button or something, a gizmo, next door that says assessment neighborhood and you will bring up two years of sales information within the, and maybe Cindy can help me in terms of what the, how the neighborhood is defined, but within the neighborhood of the identified house. So, if I throw 511 Fontaine, which is where I live, it will pull up sales data in my neighborhood over the last couple of years. So, if people see the assessments going from seven to nine dollars and they're wondering why is that, they're going to be able to go their home, hit a button and get two years of sales information which I think is going to show, you know, the market value of homes and why assessments have gone where they are. Is neighborhood give an idea of what the?

Assessor: The neighborhoods are called study group on you assessment notice and what they've done is they've put the assessment notice itself on the web, highlighted the study group so everyone will know what to hit, and when they go into your own property or any property, it will have a little button that says view sales. And when you hit that button, it will automatically go to the sales in your neighborhood. And it will go from the most current sales date all the way down to one that's two years old, and you can then hit on any of those particular properties and it will bring up all the data about that particular property and then you can go back and forth and look at all the sales and, you know, the individual property statistics and specific, you know, number of bathrooms and all the information about each property as you go through the whole list.

Woodson: Mr. Mayor. That's very helpful because that would really make the difference between whether somebody appeals or whether they don't without having to go out and hire an appraiser or anything else. That's excellent.

Manager: Yeah, I think in the past, you know, people would call and either somebody in the office would have to retrieve the information, or people would have to come in and do it, and now you're going to be able to do it within your home, or if you want, you can go four blocks down and hit another property and get a new neighborhood. So, you can surround whatever, you know, as long as you want to. I think it will be helpful. Let's go through a couple of numbers if you will and trends. Okay. Assessments have gone up considerably. Overall, we started the year with a tax base of approximately \$16.13 billion. We have gone up by \$3.22 billion dollars. That's a 19.9 percent increase to 19 billion 350 million dollars. So, we've gone from roughly a little over 16 to 19.35. It's a 3.22 billion dollar increase. Today, this is one of the, kind of one of the trends. If you look at the 2003 assessments now, that 19.35, the residential component is 57.6 percent. The commercial component is 38.8 percent. And remember, commercial, for our purposes includes apartments, so income-producing property all goes over to the commercial side. Last year, residential was 54.9 so residential, you can see, has gone up from 54.9 to 57.6. Last year, commercial was 45.25, going down to 38.8. I'll tell you, in a minute, that commercial has gone up substantially more than it did last year. Last year, if you remember, commercial was not a significant component and residential really took the bulk. Residential's taking a less, lesser of the bulk this year, but I'll get to that in minute. Of the 3.22 billion dollar increase, again, which is 19.9 percent, what's the difference between new and appreciation? A significant number this year. That new is 506 million dollars or about 16 percent, 16.1 percent, 505 million. That's up from 315 million last year so new construction in terms of that increase of 3.22 that the new construction is substantially more than it was last year. Last year about 315; this year about 506 million. The appreciation which of course is everything else other than the new was 84.3 percent and that's a whopping 2.63 billion dollars. So homes that were

on line, if you will, in January 1 of 2002, have, forget the new construction, have gone up by 2.63 billion dollars in the last 12 months.

Mayor: Well, that's just not the homes, but that's –

Manager: No, no, no. If I said homes, I'm wrong—property. Yeah. That's the property across the board, commercial and residential. And, of course, remember we have a third segment of property. We've got residential, commercial, and then we have a small amount of property that's assessed by the state—public corporation property which is only about two or three percent. Of the 3.22, let's see the breakdown, not between new and appreciation, but between residential and commercial. The residential is 70.5 percent of the 3.22, and again, that's new residential and appreciation, but it's residential—a little over 70% commercial is a little bit under 30%, roughly 29% of the increase was commercial. And just to tie this into numbers, that's of the 3.22 billion, 2.27 billion was on the residential side and 930 million on the commercial. Interesting, I'm just going to go down to one other area, and that's really all I'm going to do. If you look at the residential and the commercial and then look within each of new versus appreciation, a little different than last year. Of the residential component of the residential increase which was 2.27, only 2.8 percent was new construction. And the remainder was 2., that's a little bit wrong – 2.8 percent of the 3.22 is new construction, and 68 percent of the 3.22 is appreciation by residential. So, much more, I think, than last year, appreciation rather than new construction, and I think, you know, that's in part Cameron Station being built out and some other projects being built out. The difference this year was on the commercial, and of course it's largely PTO. The commercial breakdown between new and appreciation, this year 416 million dollars of new commercial construction and a good segment of that was from the Patent and Trademark Office, I suspect.

Assessor: About 50 percent of that's from an increase just on the PTO.

Manager: And that's a good increase from years past and the appreciation on the commercial side was 513 million. So you can see that the 930 million, the commercial went up, and it's not exactly 50/50 but the new is probably at a 40 to a 60 ratio between the new and the appreciation on the commercial side. Last year, commercial didn't go up at all. New commercial was very small. Appreciation on commercial was small. So, and let me give you one other figure then come back and try to give you a couple of main points. On the residential unit in the city.— now, that's a single-family and a condominium – the increase was 24.5 percent. That's combining single-family and condominiums, roughly from an average of 247 - 248 thousand last year to 308,800 this year. A little over about 24.5 percent. Single-family, average single-family, in the memo kind of describes this, is now up to over 400,000 dollars for the average single-family

house in the city. Now, single-family, Cindy can help me out, it's your detached, it's your detached, it's your townhouse, it's your –

Assessor: Semi-detached group.

Manager: Semi-detached.

Assessor: Those three components.

Manager: Well, to be distinguished from your condominium. So the single-family went up 23.4 percent; condominiums went up 31 percent. Condominiums went from roughly 135 to 177.

Woodson: Okay, Bev.

Mayor: Bev, are you, do you want us to say that again?

Cleveland: 31 percent.

Manager: Yeah. 31.

Mayor: Well, you think about it for a minute because you know what has, what's been the hot, well, first off you had three years of relatively flat appreciation of condominiums. That was preceded by about three years of depreciation in condominiums where they actually lost value. But think about today's market for a minute. What's been the sort of the hottest rental product has been high-end luxury rental so people are spending a lot for rental property, particularly in apartments. I mean, that's what we've been seeing coming on the market, particularly new construction for multi-family residential has been luxury apartments. Couple that with low interest rates and you know a similar type of housing unit and people say, wait a minute. You know I can buy at today's low interest rates for, you know, potentially less than I'm renting for. What are you going to do? And so increased demand for condominiums which again, that gets translated into appreciation.

Manager: Yeah. And you know the condominium increase is the same in Arlington and, I'm not sure about Fairfax. It's, for the reasons that the Mayor gives and probably others, it's the two warmest pieces of real property, if you're a developer, it's rental, and if you're a buyer, it's the condominium right now. So, you have anything to add of what I've done here?

Assessor: One thing, Mr. Mayor. The interesting, another interesting statistic about the condominium market is 11 percent of the condominiums in the city actually sold

this year so that's an amazing amount of turnover within, you know, normally you're lucky if you see 4 percent or 5 percent sale sample. And in single-family we had almost a 7 percent sale sample from, you know, just single-family transactions this year, so there's a large volume of sales as well.

Mayor: Is the single-family at 7 percent was, how does that compare to the previous year?

Assessor: They're usually right about 4. Last year they might have been 5.

Mayor: So that was up as well?

Assessor: It was up as well. So they're both still up.

Cleveland: All I know is mine didn't turn over.

Euille: Mr. Mayor.

Mayor: Again, I think probably indicative of, you know, increasing prices and increasing demand.

Assessor: Well, the certain neighborhoods we have some neighborhoods that are going to see increases in excess of 50 percent, so they are, you know, I mean it's going to be shocking.

Manager: In the condominium. In the condominium.

Assessor: In the condominium.

Manager: Not single-family, no. Thank you.

Woodson: It's shocking already.

Assessor: There are a couple in single-family but not a lot, but in the single-family and in the condo they're affordable units. It's is as the Mayor was saying, it's the, you know, the affordable price range with low interest rates has enticed people and it's just forced the market to be higher and higher.

Mayor: It's not going to be affordable much longer.

Manager: The final – if I can. The final attachment to the memorandum, a lot of them are just numbers, but the final is a map of the city that divides the city into the 14 small area plan areas and it gives you the average, right? The average increase in assessment for single-family homes and for, and for condominiums.

Assessor: And for condominiums.

Manager: And you'll see that areas do differ, condominiums in particular. Some are remarkably high, some are less high, and the single-family, there are some that are higher than others. It's, the geographic dispersion kind of surprised me a little bit. But you're going to be able to see kind of the city as a whole, how the trend has gone in terms of these increase in assessments.

Assessor: And that map will be on the web site as well.

Manager: Yeah. Yeah.

Mayor: Okay. Mr. Euille.

Euille: This is very enlightening information, not surprising however. But do we, in your, the package of information you're going to provide to us and suspect it's going to be part of a public press release, but are we doing comparative analysis with Fairfax and Arlington and other jurisdictions? Because the question that people, I know I get hit with all the time with anticipation of these assessments coming out and being released, is that we're doing, our assessments are out of whack here in Alexandria, and I keep telling folks, no, it's, you know, when you look at the, how neighboring jurisdictions, namely Arlington and Fairfax, we're all in the same ball park.

Assessor: Mr. Mayor, I believe that, well I know Arlington's assessment information is out and their total was about 17 percent, I believe. I know their condominiums were 31 and their single-family was somewhere in the low 20-percent range. Fairfax so far has not released everything. They have said that their total will be approximately 14 percent on average. Loudoun should release their figures later today. When you receive Budget Memo #1 when the Manager presents his budget, we'll have a definitive answer for all of those breakdowns, but we're fairly confident at this point that we're right in line with everybody else. The other interesting statistic is if you take the amount of new construction that the city manager was talking about with the PTO project and you take that off of the total increase, our total increase is really about 14 to 15 percent without that. So, kind of looking at it normally as you would in other jurisdictions because they don't have a PTO going on right now in their respective jurisdictions, you really are right in line.

Mayor: Okay. Joyce.

Woodson: Mr. Mayor, I think this all just sort of points to the fact that our affordable housing program is not really keeping pace and that perhaps we ought to revisit some of

the recommendations that we made and come up with a formula that represents two things. One, the change in average price for the single-family, townhouse, condominiums, and two, that has some factor to take into consideration the income, because incomes are not going up at the same rate as these prices are going up so as the prices go this way, the income-to-price gap gets bigger even though the income might be going up by a precious little amount, it just is getting so much larger that we can't possibly make any inroads with the monies that we're currently using. I think it's 25 and 35,000 dollars for mib and hap, so –

Manager: On the ownership side, yeah.

Woodson: Yeah, I think we really have to revisit that. I'm sorry, but go ahead.

Euille: Mr. Mayor. I was going to say, Joyce, I wholeheartedly agree with you and as folks from the press and even the community were, have been asking me recently in terms of the anticipated real estate appraisal increase what does this all mean, and you know while there's a positive and a bright side in terms of increased tax revenues and to help you know balance out the projected budget for operating expenses, but the real down side of this is the fact that this will exacerbate some in the efforts for, you know, affordable housing. But I had a meeting with the city manager on Friday to talk about some of the great ideas and comments that you just made relative to the recommendations of the Affordable Housing Task Force and that city council adopted, and we will be, you and I as co-chairs of that task force committee, will be making some recommendations to the manager for council consideration very shortly. Thank you.

Mayor: Okay. Thank you.

Manager: Let me say. We've done this this year a little different. You know in the years past we give you something, the numbers came out. We just wanted to give you a heads-up, give the community a heads-up, and I do think that the information on the web is going to be a much-needed improvement for everyone, and I really encourage everybody watching, when you get your notice, hit the web page.

Mayor: Well. I mean, again. This is not necessarily a surprise because we've been hearing about the sales information over the years when we've been working on various affordable housing initiatives. We've heard and read about the Arlington assessments that are coming in, and I think what we're seeing here is again very typical of what we're going to experience in the market, particularly in this region. And I do think that one of the areas that will ultimately serve us well is going to be some of that new growth that we haven't been experiencing, particularly on the commercial side, that we're now experiencing today because, you know that at least affords us the opportunity to try to achieve a better balance between

commercial and residential, particularly when it comes to tax purposes. Absent that new commercial growth, again, the more the burden falls on the residential taxpayer and that's why we have to have that diversity in our tax base. I mean it's unfortunate that, you know, we have been and still rely so heavily on the real property tax system that we have in the state of Virginia and that we for years have been talking about tax restructuring and tax reform but the four commissions that have previously been appointed, the reports sit gathering dust on the shelves of the general assembly. But again I don't think there's any surprises here other than just the shock at the numbers, but I think we all knew they were coming.

Manager: Let me just say one other thing and this is stating the obvious, but the numbers are significant but it does say something in part about the city and it does say something about the area. The fact is these are where the market numbers are. These are where prices are, and it indicates what people, the people are coming into the city, finding it a desirable place to live and paying a heavy price to live here. So, the numbers from the point of view of real estate taxes if you area payer, they're large, but they have a, they say that the city remains real healthy. I guess that's what I'm trying to say. It is a economically healthy place. That's what I mean.

Mayor: Well, it's economically healthy but, you know, it's an attractive place to live and that's reflected not only in I think the public services, the infrastructure that's here both in terms of, you know, employment opportunities and the like, but economically. I mean, we are a healthy place and the quality of life that our citizens enjoy want to be enjoyed by others and that's one of the reasons why people flock here. But, I mean that's the good news. The bad news is as Del said a minute ago, it's getting awful expensive – been expensive.

Euille: But again, it's market-driven.

Mayor: Okay. Let's move to – thanks, Phil. Let's move to item 17.

* * * * *