



COUNTY OF PRINCE WILLIAM

4379 Ridgewood Center Drive, Prince William, Virginia 22192-5308
Real Estate Assessments Office (703) 792-6780 Metro 631-1703 Ext. 6780
FAX: (703) 792-6775 <http://www.pwcgov.org/realestate>

FINANCE
DEPARTMENT

Christopher E. Martino
Director of Finance

March 17, 2009

TO: Christopher E. Martino
Director of Finance

FROM: Allison Lindner
Real Estate Assessments Division Chief

RE: 2009 Real Estate Assessments

I. Background:

- A. Annual Reassessment - The County has been performing an annual reassessment since 1979 in conformance with §58.1-3261, VA Code, Ann.
- B. Notice of Assessment - Taxpayers receive annual notices of change in assessment in accordance with the §58.1-3330, VA Code, Ann.

II. Current situation:

- A. Reassessment Complete - The 2009 reassessment is complete.
- B. Notification - Approximately 132,000 notices of assessment will be mailed to property owners beginning March 23, 2009.
- C. Assessment Changes - Total taxable assessed value for all property types declined 24.7% from \$52.9 billion in 2008 to \$39.8 billion in 2009. A net increase of 1.3% is attributable to growth and a net decrease of 26.1% is attributable to market depreciation (Table 1). Residential properties including apartments declined 27.8% in 2009 compared to a decrease of 11.9% in 2008 and an increase of 0.08% in 2007. Commercial and industrial properties including public service properties declined 9.8% in 2009 compared to increases of 12.6% in 2008 and 13.4% in 2007 (Table 2).
 - 1. Residential – All residential assessments (including vacant land but excluding rental apartment communities) decreased approximately 28.8%

overall (Table 1). The average assessment of existing single family, townhouse, and condominium properties (excluding new construction) decreased from \$354,333 to \$247,650 or 30.1% overall from 2008 to 2009 (Table 5) while the average assessed value of all residential (including new construction and excluding partially built homes) decreased from \$354,375 to \$248,955 (Table 6).

- a) Growth - Growth from construction of new homes and newly created lots added approximately \$397 million to the residential tax base (Table 1). This includes 1,795 new homes that were completed during calendar year 2008 (Table 3). The average assessed value of a new home as of January 1, 2009 was \$331,015 compared to \$300,450 in 2008. Average assessments of 50.7% of new homes exceeded \$300,000 (Table 3) in 2009 compared to 36.3% in 2008. Average new single-family sale prices within each zip code range from \$393,707 to \$877,588 (Figure 1). New townhouse average sale prices by zip code range from \$309,962 to \$485,000 (Figure 2).
 - b) Reassessment - Reassessment of existing residential properties subtracted 29.8% or over \$12.4 billion from the residential tax base (Table 1). Single family homes depreciated on average 28.1% while townhouse and condominium homes depreciated at average rates of 36.3% and 32.4% respectively (Table 5). Assessment changes by zip code are shown in Figure 3.
2. Apartments - Apartment property assessed values decreased 5.5% overall. While there is ongoing development of new apartment units, no new units were added during 2008. Apartments, nationwide, were the least volatile asset class due to their continued desirability. (Table 1).
 3. Commercial/Industrial - Locally assessed commercial and industrial property values declined 10.9% for 2009 (Table 1). These are properties other than utility, pipeline, and railroad properties that are included in the non-locally assessed public service classification. Locally assessed commercial and industrial properties make up 16.8% of the 2009 tax base compared to 14.2% in 2008 (Figure 4).
 - a) Growth - Commercial new construction and new lots added \$296.9 million or approximately 4% to the tax base (Table 1). Approximately 2.8 million square feet of commercial space was completed during 2008 (Table 4). Roughly 87% of the new commercial square footage was built within the retail and industrial sectors. Several new office buildings and condominiums were completed, adding a total of 276,813 square feet within the office sector during 2008. A new hotel was

completed and added 56,013 square feet. There were also several other properties such as recreational facilities completed during 2008, adding over 30,000 square feet.

- b) Reassessment - Existing locally assessed commercial properties decreased in value by \$1.1 billion or 14.85% in 2008 (Table 1).
- 4. Public Service - Non-locally assessed commercial and industrial properties include utility, pipeline, and railroad parcels. Public service assessed values are expected to decrease 4% for 2009 (Table 1). We expect a 5% decline in market values while growth will add 1%. The Virginia Department of Taxation and the State Corporation Commission assess these properties and will provide the County with actual 2009 assessments in September 2009.
- 5. Agricultural/Resource Land - The assessed value of agricultural and resource land decreased 21.7% overall (Table 1). The decrease in value in this category is usually attributable to market value changes as well as changes to class code designations and additional properties qualifying for the use value assessment program.
- D. Residential Tax - The estimated average residential real estate tax for existing homes in 2009 is \$3,192 based on a tax rate of \$1.2891 (Table 5). The average estimated 2009 real estate tax on a new home is \$4,267 (Table 3).
- E. Commercial/Industrial Tax Base - Assessed values of commercial and industrial properties (including Public Service) as a percent of the total tax base comprise approximately 20.4% in 2009 compared to 17% in 2008 (Figure 4).

III. Issues in order of importance:

- A. Fiscal Impact - Total real estate revenue should decrease from \$547 million in fiscal year 2009 (at a tax rate of \$1.0322) to approximately \$514 million in fiscal year 2010 (at a tax rate of \$1.2891). Revenue per penny of the tax rate has decreased from approximately \$5.3 million in fiscal year 2009 to \$4 million in fiscal year 2010.
- B. Timing - Real estate assessment notices will be mailed to Prince William County property owners beginning March 23, 2009.
- C. Service Level/Policy Impact - A sample assessment notice is attached. Taxpayers have until July 1, 2009 to appeal their assessment to the Real Estate Assessments Office and August 3, 2009 to appeal their assessment to the Board of Equalization. Assessment information is available on the County's web page at www.pwcgov.org/realestate

D. Legal - Prince William County is in compliance with the requirements of §58.1-3330, VA Code, Ann.

IV. Alternatives: For information only.

V. Recommendation: No action required.

Attachments:

Table 1. Growth and Appreciation

Table 2. Annual Assessment Changes

Table 3. Residential New Construction

Table 4. Commercial New Construction

Table 5. Average Residential Assessed Value

Table 6. Residential Assessment History

Figure 1. 2008 Single Family New Home Sales

Figure 2. 2008 Townhouse New Home Sales

Figure 3. 2009 Average Residential Appreciation

Figure 4. History of Tax Base Components

Attachment 1: Sample Assessment Notice – Front

Attachment 2: Sample Assessment Notice - Back

**Table 1. GROWTH AND APPRECIATION
2009 Landbook Estimate**

Category	2008 Assessed Value	2009 Appreciation	Change	2009 Growth	Change	2009 Assessed Value	Total Change
Residential	\$41,806,019,900	(12,453,874,100)	-29.79%	396,578,300	0.95%	\$29,748,724,100	-28.84%
Apartments	\$1,904,867,400	(104,096,900)	-5.46%	0	0.00%	\$1,800,770,500	-5.46%
Total Residential	\$43,710,887,300	(12,557,971,000)	-28.73%	396,578,300	0.91%	\$31,549,494,600	-27.82%
Commercial/Industrial	\$7,523,842,000	(1,117,472,000)	-14.85%	296,936,700	3.95%	\$6,703,306,700	-10.91%
Public Service	\$1,471,669,059	(73,583,453)	-5.00%	14,716,690	1.00%	\$1,412,802,296	-4.00%
Total Commercial/Industrial	\$8,995,511,059	(1,191,055,453)	-13.24%	311,653,390	3.46%	\$8,116,108,996	-9.78%
Agricultural/Resource Land	\$271,391,300	(54,182,900)	-19.96%	(4,749,500)	-1.75%	\$212,458,900	-21.71%
Total Real Estate	\$52,977,789,659	(13,803,209,353)	-26.05%	703,482,190	1.33%	\$39,878,062,496	-24.73%
Total Assessment - Local	\$51,506,120,600	(13,729,625,900)	-26.66%	688,765,500	1.34%	\$38,465,260,200	-25.32%
Total Assessment - Non-Local	\$1,471,669,059	(73,583,453)	-5.00%	\$14,716,690	1.00%	\$1,412,802,296	-4.00%
Total Real Estate	\$52,977,789,659	(13,803,209,353)	-26.05%	\$703,482,190	1.33%	\$39,878,062,496	-24.73%

Notes: 1) Residential totals include improved, vacant, and other (e.g. parcels with multiple houses) categories. For the average change to existing improved residential assessment, see Table 5. 2) All properties are locally assessed except Public Service properties, which are assessed by the Virginia Department of Taxation and the State Corporation Commission. Public Service assessed values for 2009 are estimates; actual assessed values will be published in September 2009.

**Table 2. ANNUAL ASSESSMENT CHANGES
2005 Landbook to 2009 Landbook**

	2005	2006	2007	2008	2009
Residential (Improved, Vacant and Other)	31.20%	34.96%	-0.28%	-12.63%	-28.84%
Apartments	12.08%	19.51%	10.96%	8.64%	-5.46%
Total Residential	30.40%	34.42%	0.08%	-11.88%	-27.82%
Commercial/Industrial	21.06%	20.75%	16.33%	15.18%	-10.91%
Public Service	1.00%	1.00%	1.00%	1.00%	-4.00%
Total Commercial/Industrial	16.13%	16.56%	13.36%	12.61%	-9.78%
Agricultural/Resource Land	6.02%	54.65%	-28.84%	-10.63%	-21.71%
Total Real Estate	28.05%	32.09%	1.49%	-8.50%	-24.73%

**Table 3. RESIDENTIAL NEW CONSTRUCTION
2009 Assessed Values**

	Number of New Units Over \$300,000	Average Assessed Value Over \$300,000	Number of New Units Under \$300,000	Average Assessed Value Under \$300,000	Total Number of New Units	Overall Average Assessed Value
Single Family	873	\$412,739	188	\$271,748	1,061	\$387,757
Townhouses	24	324,025	254	252,710	278	258,867
Condominiums	13	538,584	443	234,301	456	242,976
Total Residential	910	\$412,198	885	\$247,540	1,795	\$331,015
Average Residential Real Estate Tax for New Homes						\$4,267

Note: Includes residential properties completed during 2008 at a tax rate of \$1.2891. Properties partially built as of January 1, 2009 have been excluded.

**Table 4. COMMERCIAL NEW CONSTRUCTION
2008 Completed Square Feet**

Property Type	Square Feet Completed	Percent of Total Square Feet
Hotel	56,013	2%
Office	276,813	10%
Retail	1,295,731	46%
Industrial	1,175,139	41%
Miscellaneous (includes golf course improvements, taxable schools, etc.)	<u>30,262</u>	1%
Total Commercial	2,833,958	100%

Note: All categories include properties completed during 2008 and exclude properties partially built as of January 1, 2009.

**Table 5. AVERAGE RESIDENTIAL ASSESSED VALUE
2008 Compared to 2009 Existing Residential**

	2008 All Residential	2009 Existing Residential	Percent Change
Single Family Detached	\$402,105	\$289,045	-28.12%
Townhouse	270,937	172,474	-36.34%
Condominium	232,760	157,258	-32.44%
All Residential	\$354,333	\$247,650	-30.11%
Average Residential Tax Bill	\$3,657	\$3,192	-12.71%

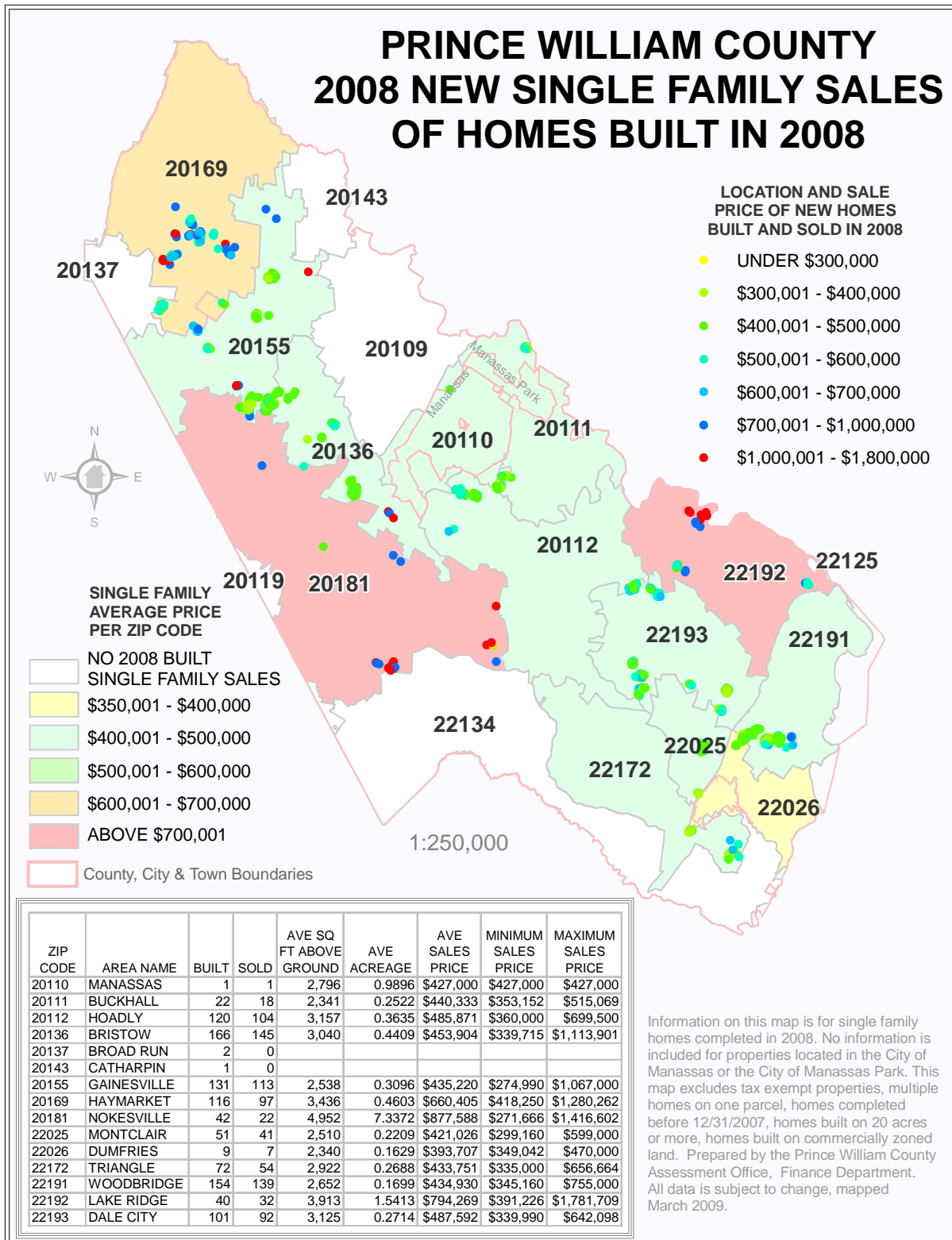
Note: Average real estate tax is based on tax rate of \$1.0322 in 2008 and \$1.2891 in 2009. Average assessments do not include tax exempt properties, partially built properties, vacant land or homes built on commercially zoned land. Existing residential includes homes built prior to January 1, 2008.

**Table 6. RESIDENTIAL ASSESSMENT HISTORY
Average Assessed Value**

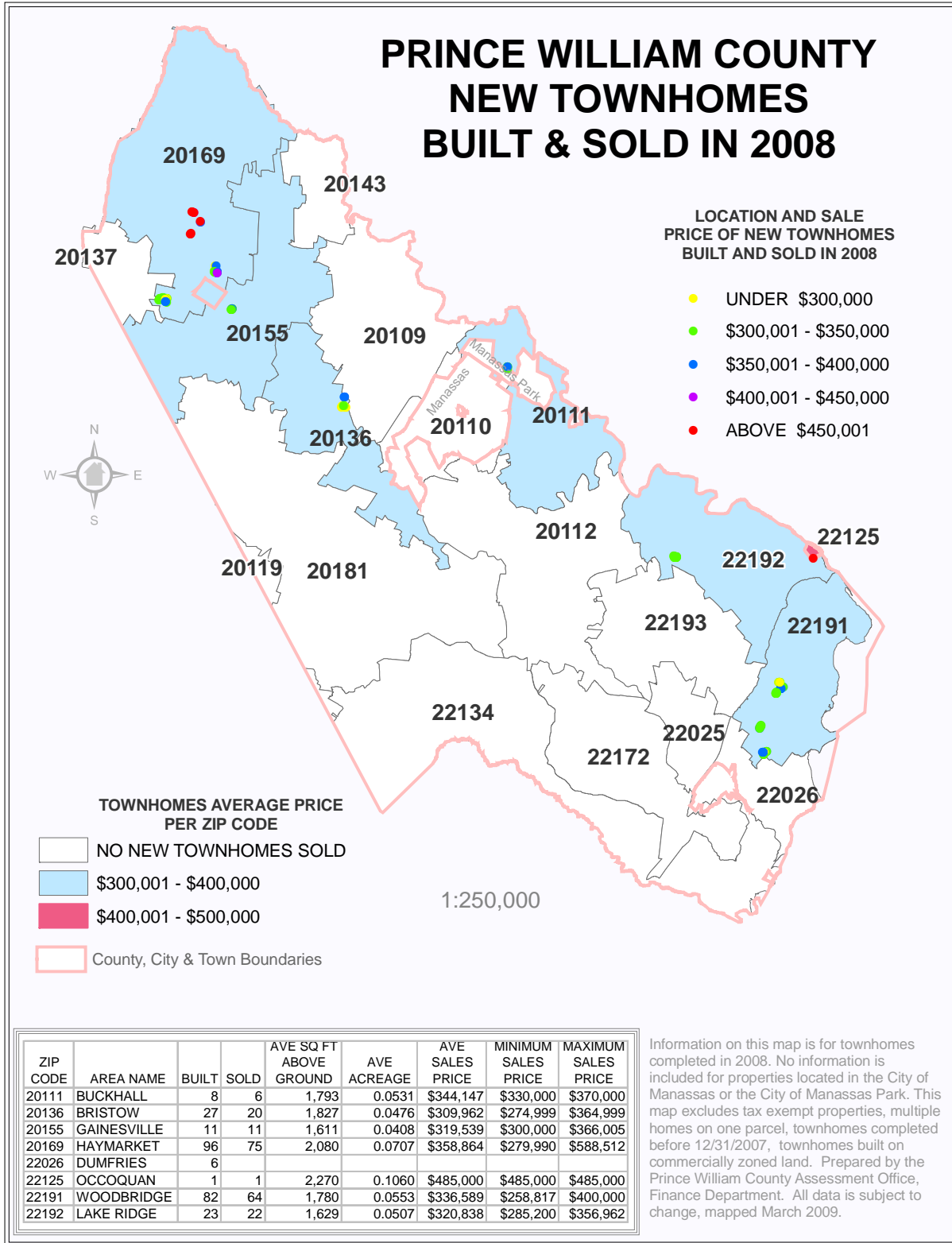
Year	Single Family Detached	Townhouse	Condominium	Total Residential
2009	\$290,447	\$173,170	\$162,247	\$248,955
2008	402,440	270,936	232,760	354,375
2007	468,449	318,980	260,084	413,902
2006	487,320	330,362	257,411	429,790
2005	381,548	251,764	182,287	333,510
2004	309,307	195,017	133,597	266,502
2003	263,961	161,247	110,323	225,149
2002	224,474	133,259	91,495	189,946
2001	189,567	112,962	78,672	160,116
2000	170,719	103,867	74,778	144,979

Note: Includes completed new construction, but does not include tax exempt properties, partially built properties, vacant land, or homes built on commercially zoned land.

**Figure 1. 2008 SINGLE FAMILY NEW HOME SALES
Average Sale Price by Zip Code**



**Figure 2. 2008 TOWNHOUSE NEW HOME SALES
Average Sale Price by Zip Code**



**Figure 3. 2009 Average Residential Appreciation
2008 Landbook to 2008 Landbook (estimate)**

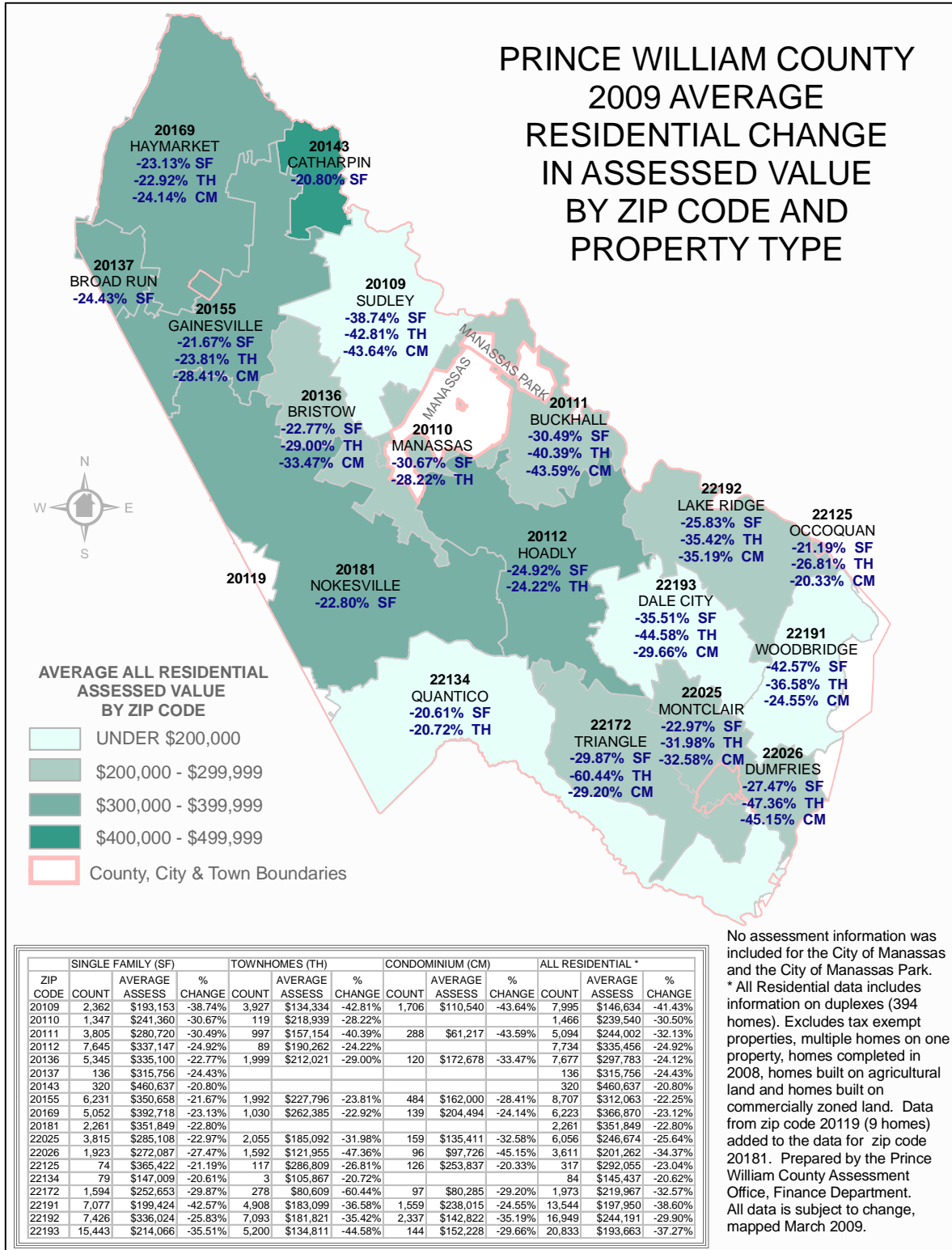
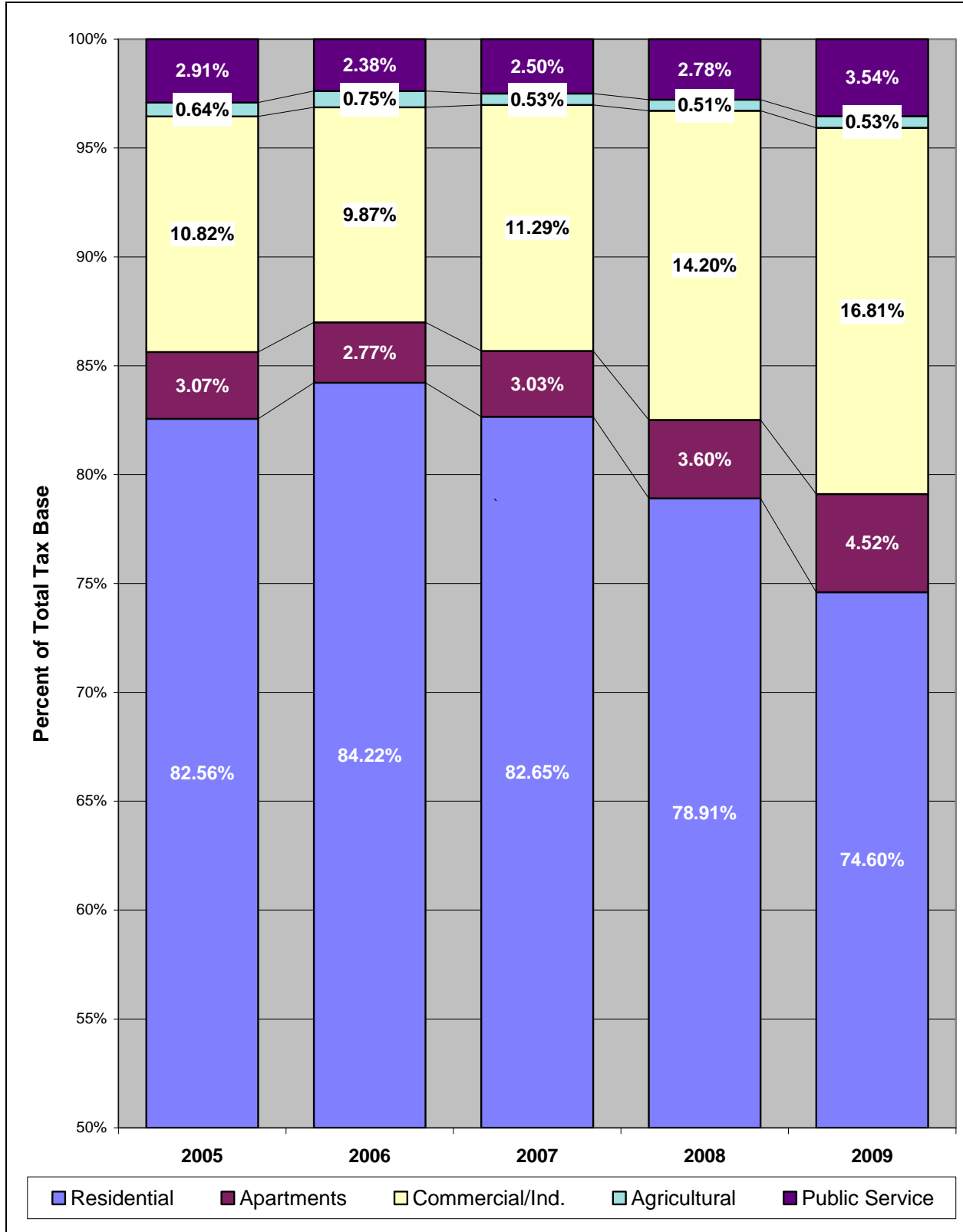


Figure 4. HISTORY OF TAX BASE COMPONENTS
2005 Landbook to 2009 Landbook (estimate)



Attachment 1: Sample Assessment Notice – Front



Finance Department
Real Estate Assessments Office

Commonwealth of Virginia
Prince William County
4379 Ridgewood Center Drive, Suite 203
Prince William, Virginia 22192
(703) 792-6780 Fax (703)792-6775

Hours:
8:00 A.M. to 5:00 P.M.
Monday through Friday

Notice of Reassessment
THIS IS NOT A TAX BILL

March 23, 2009

Notice:
Information concerning your
assessment, appeal procedures, and
tax relief programs is printed on the
back of this form.

Tax Year	2009
RPC/Account No.	
Property Address	
Parcel ID	
Acres	
Legal Description	

Assessed Value	Land	Building	Total
Market Value			
January 1, 2009			
January 1, 2008			
Use Value			
January 1, 2009			
January 1, 2008			

REAL PROPERTY ASSESSMENT INFORMATION

Assessment information for all properties located in Prince William County is available on the Internet at www.pwcgov.org/realestate

PUBLIC HEARING

A public hearing to accept public comments on the proposed Fiscal Plan for Fiscal Year 2010, 2009 Tax Rates, and the Fiscal Year 2009-2015 Capital Improvement Program, will be held by the Prince William Board of County Supervisors on April 6, 2009, at 7:30 p.m. in the Board Chamber of the McCoart Administration Building, 1 County Complex Court, Woodbridge, Virginia and on April 9, 2009 at 7:30 p.m. in the auditorium at Battlefield High School, 15000 Graduation Drive, Haymarket, Virginia.

All interested parties are encouraged to attend and submit testimony. Pre-registration to speak at the public hearing starts at 6:30 p.m. Additional information regarding this public hearing is available from the Clerk to the Board of County Supervisors at 703-792-6600.

Attachment 2: Sample Assessment Notice – Back

GENERAL INFORMATION

The Constitution of Virginia requires that the Real Estate Assessments Office determine the fair market value for all properties each year as of January 1. Assessments are made according to accepted methods, techniques, and standards of the real estate appraisal and assessment professions.

For most residential properties, fair market value is best determined using comparable sales data. Properties that have recently sold are analyzed and adjustments are made for differences such as size, condition, age, location, and interior and exterior amenities. Fair market value of commercial and industrial properties is determined by sales comparison or the income approach whereby the property's income stream is capitalized into an estimate of value. Other approaches such as replacement cost less depreciation are also used in the assessment process of residential, commercial and industrial properties.

The real estate tax is the County's largest single revenue source and for many property owners it is the largest tax paid to the County. Consequently, it is important to both the County and the taxpayer that real estate assessments are administered fairly and equitably. Your 2009 assessed value should reflect fair market value as of January 1, 2009. If you have questions about your assessment you may call, write, or visit the Real Estate Assessments Office to discuss the assessment with a real estate appraiser.

ASSESSMENT APPEALS

If you are not satisfied with your 2009 assessment, you should contact the Real Estate Assessments Office at 703-792-6780 to speak to an appraiser. If the appraiser is not able to satisfy your concerns, you may request a Real Estate Assessments departmental appeal of your assessment. The deadline for filing a departmental appeal is July 1, 2009. You may also appeal the assessment to the Board of Equalization (BOE), an eight-member citizen group appointed by the Board of County Supervisors. The deadline for filing an appeal to the Board of Equalization is August 3, 2009. Please call 703-792-6777 for a BOE application. You may also appeal to the Circuit Court of Prince William County within three years of the assessment. For more information, contact the Clerk of Circuit Court at 703-792-6029.

TAX RELIEF PROGRAM FOR ELDERLY AND DISABLED

If you are 65 years of age or older by December 31, 2009, or totally and permanently disabled, and meet certain criteria, you may be eligible for relief from all or part of your 2009 real estate taxes, the solid waste fee, and the personal property tax and decal fee on one vehicle. For more information or to request an application, please contact the assessments office at 703-792-6780.

TAX SAVINGS FOR REHABILITATING YOUR HOME OR BUSINESS

To encourage renovation and revitalization of aging structures, the County has enacted a tax exemption program that provides a reduction of the tax due on real estate that is substantially repaired, rehabilitated or replaced. To participate, you must apply for the exemption BEFORE you begin construction. For more information or to request an application, please contact the assessments office at 703-792-6780.