

RE Assessments Rise with FY2026 Tax-Rate Increase Likely

By Suzanne Sundburg, R&E Committee's Point of Contact

The fiscal year (FY) 2026 budget begins on July 1, 2025. On January 1, 2025, homeowners' assessments rose 3.7%, year over year. From ARLnow:

Residential property assessments are up 3.7% year over year, while commercial property values are largely flat....

[Last year](#), residential property assessments rose 3.2% and commercial properties rose 1.6%.

The [residential assessment](#) growth is likely to mean a higher property tax bill for homeowners. Arlington County is [facing a \\$30-40 million budget gap](#) for Fiscal Year 2026, which starts July 1, and is contemplating both tax rate hikes and budget cuts.[1]

In a single year (2024–2025), homeowners' assessments will have soared nearly 7%, further inflating tax bills and driving up the cost of housing. The term "residential property" includes not only single-family detached homes but also attached single-family dwellings (e.g., duplexes and townhouses) in addition to condominiums.

Please note that the average increase for residential property owners, including last year's real estate tax increase (a 2-cent increase), assessment increase and fee increases from FY2024 to FY2025, totaled a 5.1% (or \$541) increase for residential homeowners in one year.[2] Until we see the County Manager's proposed budget in late February, we won't know what the increased tax and fee burden will be for residential property owners in FY2026 (calendar year 2025).

The burden to residents of successive assessment, tax-rate and fee increases is cumulative:

Tax/Calendar Year	Average "Single-Family" Homeowner's Year-Over-Year Increase in Taxes & Fees*
2015	\$354
2016	\$212
2017	\$274
2018	\$297
2019	\$281
2020	\$376
2021	\$382
2022	\$505
2023	\$435
2024	\$541
TOTAL	\$3,657

*NOTE: Table figures have been pulled from multiple county budget sources. Arlington County budget staff switched from calculating the year-over-year increase for the tax or calendar year to the fiscal year in FY2024. These increases are averages, with some homeowners paying less and some more. "Single Family" comprises all homeowners—single-family attached and detached as well as condos. The inclusion of condo owners in these figures tends to reduce the average-increase figure, as condo owners tend to pay less in taxes. The average tax and fee increase on a rental unit in calendar year 2024 (FY2025 adopted budget) was \$233, per the County Manager's FY2025 Adopted Budget Summary.

What would happen if the tax rate stayed the same in FY2026 (calendar year 2025)?

Because there is an overall 2% increase in assessments (both commercial and residential), even without a tax-rate increase, Arlington County would still generate more revenue in calendar year 2025 than it did in 2024.

In April 2022, Arlington County Civic Federation (ACCF) members voted overwhelmingly to approve a resolution asking the County Board to

include a provision in its annual budget guidance to the County Manager requiring the manager to take into account the impact of the effective tax rate increase (i.e., increased assessment plus the nominal/base tax rate) on county residents—especially vulnerable populations—and businesses in order to balance new spending with reasonable mitigation of the growing tax burden.[3]

Understanding the “Effective Rate Increase”

Under Virginia law (§58.1-3321. Effect on rate when assessment results in tax increase; public hearings; referendum):

When any annual assessment, biennial assessment, or general reassessment of real property by a county, city, or town would result in an increase of one percent or more in the total real property tax levied, such county, city, or town shall reduce its rate of levy for the forthcoming tax year so as to cause such rate of levy to produce no more than 101 percent of the previous year's real property tax levies, unless subsection B is complied with....[4]

Subsection B of the Virginia Code requires localities to advertise any proposed tax-rate increase (or decrease), including public notice of the effective rate increase, as defined by state statute, which expresses the tax rate after taking into account both assessment and rate changes.

For example in March 2024, Arlington County notified the public that it would have to lower the existing tax rate of \$1.013 per \$100 of assessed value down to \$1.005 per \$100 of assessed value in FY2025 to offset the impact of assessment increases in calendar year 2024. Instead, Arlington County proposed raising the tax rate a maximum of 2.5 cents, increasing the existing tax rate of \$1.013 per \$100 of assessed value up to \$1.038. The difference between those two figures \$1.005 (the lowered rate) and \$1.038 (proposed tax rate) results in an effective tax-rate increase of \$0.033 per \$100, or an increase of 3.3 cents per \$100 of assessed value.[5].

County Board's Budget Guidance, or Parameters, Set for the County Manager

Not only did the County Board's FY2026 guidance to the County Manager fail to include a provision requiring the County Manager to take into account the effective rate increase (tax rate + assessment increases) on residential properties, the Board authorized the Manager to propose a tax-rate increase on top of increased assessments.[6]

The County Board's guidance to the County Manager is also silent on potential reductions in force (layoffs/terminations) at the federal level, the higher cost of living that reduces the spending power of Arlingtonians' household income, and residents' financial ability to continue paying more and more of their income to fund local government.

More FY2026 budget information is found here:

<https://www.arlingtonva.us/Government/Programs/Budget-Finance/FY-2026-Budget>

End Notes

[1] **JUST IN: Residential property values up 3.7%, county announces** (January 17, 2025):

<https://www.arlnow.com/2025/01/17/just-in-residential-property-values-up-3-7-county-announces/>

[2] **FY2025 Adopted Budget Summary:** (slide 3)

<https://www.arlingtonva.us/files/sharedassets/public/v/1/budget/documents/fy-2025/fy-2025-adopted/fy-2025-adopted-budget-summary.pdf>

[3] **Approved ACCF Real Estate Assessment and Tax Burden Resolution April 2022:**

[https://www.civfed.org/newContent/2022-04/2022-](https://www.civfed.org/newContent/2022-04/2022-04%20ACCF%20Rev%26ExpComm%20Res%20FY23%20Assessment%20and%20Tax%20Burden%20APPROVED.pdf)

[04%20ACCF%20Rev%26ExpComm%20Res%20FY23%20Assessment%20and%20Tax%20Burden%20APPROVED.pdf](https://www.civfed.org/newContent/2022-04/2022-04%20ACCF%20Rev%26ExpComm%20Res%20FY23%20Assessment%20and%20Tax%20Burden%20APPROVED.pdf)

[4] **§58.1-3321. Effect on rate when assessment results in tax increase; public hearings; referendum** (includes definition of “effective rate increase”): <https://law.lis.virginia.gov/vacode/title58.1/chapter32/section58.1-3321/>

[5] **PUBLIC NOTICE: Proposed Real Property Tax Increase** (for FY2025, dated 03/21/2024 12:00 PM EDT):

<https://content.govdelivery.com/accounts/VAARLINGTON/bulletins/39169be>

[6] **Direction to the County Manager for Preparation of the FY 2026 Budget:**

<https://meetings.arlingtonva.us/CountyBoard/Documents/DownloadFileBytes/2%20-%20Item%20Attachment%20->

[%20BUDGET%20GUIDANCE%20-%2028278678.pdf?documentType=1&meetingId=2477&itemId=54125&publishId=58774&isSection=False&isAttachm
ent=True&_gl=1*uhw0mt*_ga*MTMxODM2MDcwNi4xNzM3OTkzMTQx*_ga_BSNCGMV709*MTczNzk5MzE0MS4xLj
AuMTczNzk5MzE0My41OC4wLjcwMjI1MjQ0MQ](#)