

Real Estate Assessment and Tax Burden Resolution

Revenues & Expenditures Committee Presentation

April 12, 2022

Proposed FY 2023 Budget

TOTAL BUDGET

\$1.47 billion

5.5% increase (\$77 million) from FY 2022

Spending per person in FY 2023:

- Arlington = \$6,276.7**
- Fairfax = \$4,145.3**
- Alexandria = \$5,265.4**

Real Estate Tax Payment for Average Single-Family Homes* — Calendar Year (Tax Year) 2013–2021

<u>TAX YEAR</u>	<u>SINGLE-FAMILY RESIDENCE VALUE*</u>	<u>% CHANGE</u>	<u>BASE TAX RATE</u>	<u>TAX PAYMENT</u>	<u>\$ CHANGE</u>
2013	524,700	1.0%	0.993	\$5,211	\$234
2014	552,700	5.3%	0.983	\$5,434	\$223
2015	587,100	6.2%	0.983	\$5,772	\$338
2016	603,500	2.8%	0.978	\$5,903	\$131
2017	617,200	2.3%	0.993	\$6,130	\$227
2018	640,900	3.8%	0.993	\$6,365	\$235
2019	658,600	2.8%	1.013	\$6,673	\$307
2020	686,300	4.2%	1.013	\$6,952	\$279
2021	724,400	5.6%	1.013	\$7,338	\$386
2022 (Proposed)	762,700	5.3%	1.013	\$7,726	\$388

*Single-family residence is based on all residential property including single family detached, semi-detached dwellings, condominiums, cooperatives, and townhouse residences. Avg. CY2012=\$4,977.

RE tax bill (not including other taxes or fees) ↑ \$2,361 since CY 2012.

Tax & Fee Burden for Average Household

Calendar Year 2019 thru Calendar Year 2021

	CY 2019	CY 2020	CY 2021	CY 2022	\$ Change '21 to '22	% Change '21 to '22
Real Estate Tax (excludes sanitary district tax)	\$6,672	\$6,952	\$7,338	\$7,726	\$388	5%
Sanitary District Tax	86	89	123	130	\$7	5%
Personal Property	994	1,049	1,004	1,094	\$90	9%
Vehicle License Fee	66	66	66	66	\$0	-
Refuse Fee	306	319	319	308	(\$11)	-3%
Water / Sewer Service	662	682	711	742	\$31	4%
Residential Utility Tax	72	72	72	72	\$0	-
Total	\$8,858	\$9,229	\$9,633	\$10,138	\$505	5%

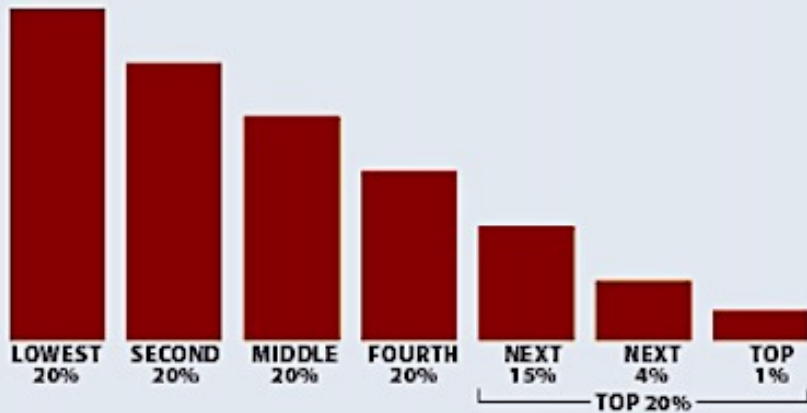
FY2023 Proposed, Lowered & Effective Tax Rates*

- **Proposed Tax Rate*** = \$1.013 per \$100 of assessed value (same rate as for calendar year 2021)
- **Lowered Tax Rate*** = \$0.99 per \$100 of assessed value (a \$0.023 reduction to fully offset the impact of higher assessments)
- **Effective Tax Rate*** = \$1.036 per \$100 of assessed value (the actual rate we pay taking into account higher assessments)

Even at the “lowered” tax rate, the county would still receive **\$30 million more** in additional revenue in 2022 than it received in 2021.

*Rates do not include stormwater or transportation surcharges

Why Are Residential Property Tax Rates Regressive?



A REGRESSIVE TAX

A regressive tax requires the poor and middle-income to pay a larger share of their incomes in taxes than the rich.

874 N. Greenbrier Street

Land = 7,262 sq ft/\$693,700 av

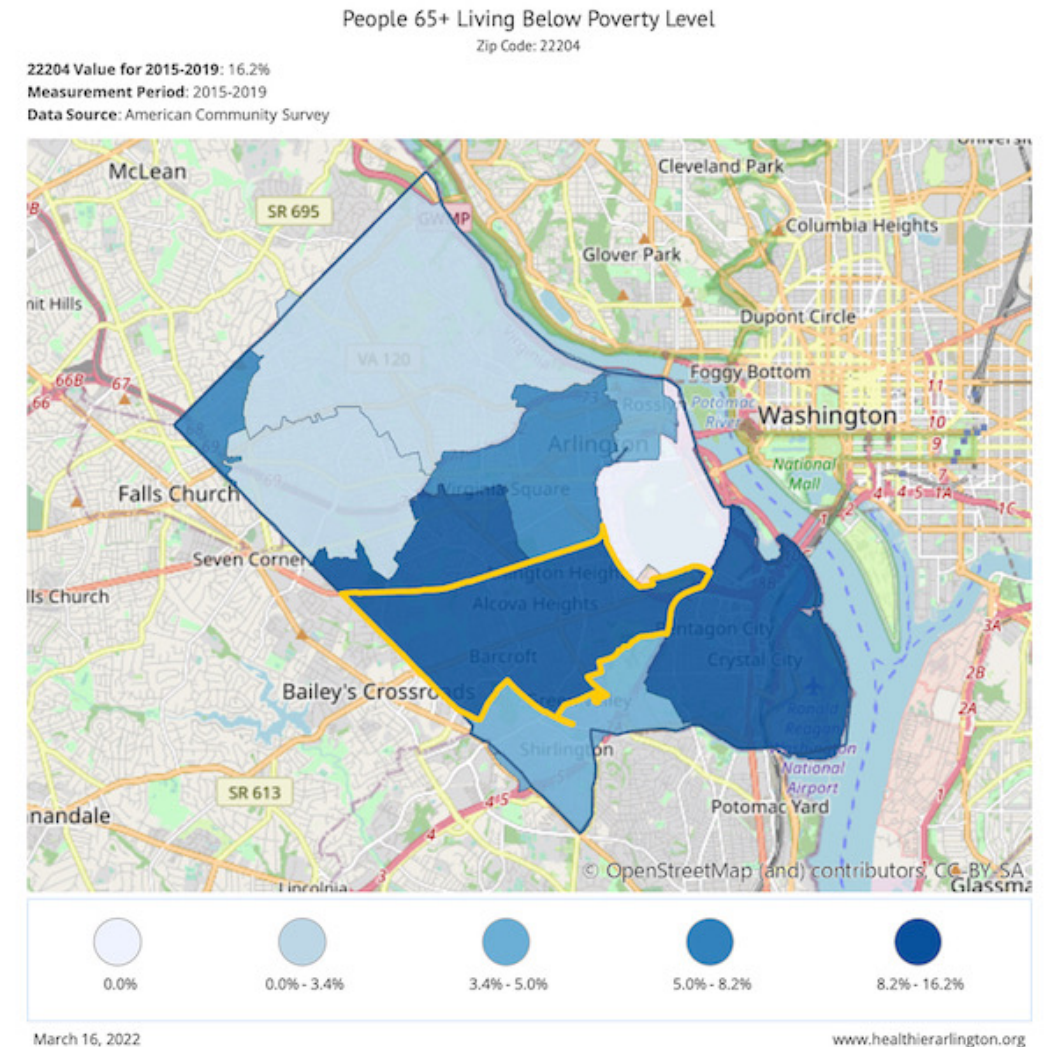
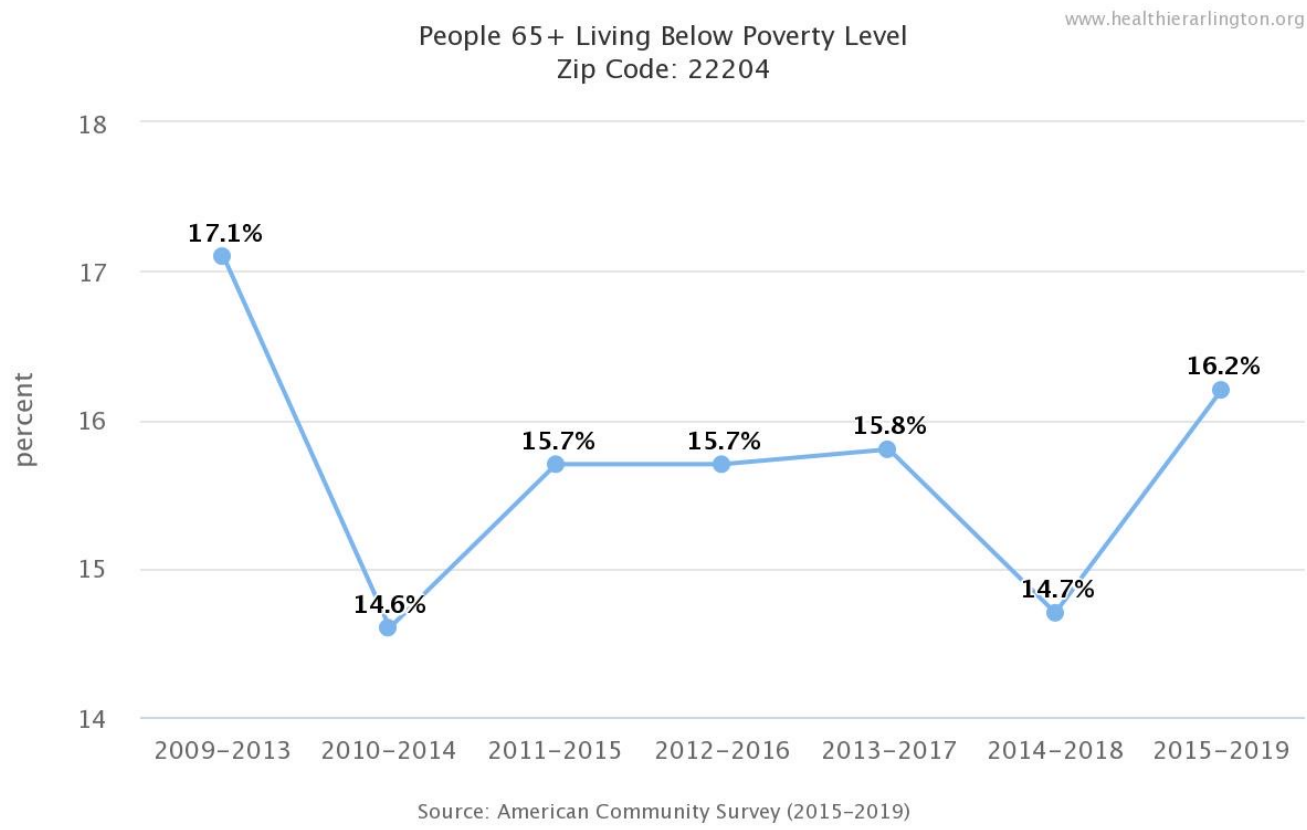
Assessed Value = **\$95.5 per sq ft**

875 N. Greenbrier Street

Land = 5,500 sq ft/\$662,000 av

Assessed Value = **\$120.4 per sq ft**

Low-Income Seniors Concentrated in 22204, 22203 and 22202



Yes, Renters DO Pay Real Estate Taxes!

What Renters Pay

Rent isn't an arbitrary number. To determine how much to charge for monthly rent, landlords/property managers usually consider these costs:

- Maintenance supplies and salaries
- Landlord insurance
- Cost of utilities for shared spaces
- HOA fees (if apartment is a condo being rented out)
- Local property taxes

The amount of property taxes a landlord pays depends on the home's or apartment's assessed value and the local tax rate. **In cities where home values are rising, rent is increasing, too!** (Source: Apartment Search CORT)

New Spending Using (Largely) New Residential Real Estate Tax Revenue

- 115.5 Full-Time Equivalent (FTE) Positions To Be Added in FY2023 (31.99 new FTEs in FY2022, 55 new FTEs added in FY2021, 16 new FTEs added in FY2020)
- Midpoint Average Salary for Arlington County Government Employees = \$90,328
- Salary Costs for 115.5 FTEs = \geq \$10 million, \geq \$16.7 million (with benefits)
- Labor Costs (salary + benefits) “can account for as much as 70% of total business costs.” State and local governments’ compensation costs tend to exceed those of private industry.

Over 400 Vacant EXISTING Positions — About 10% of the Total County Workforce

Examples: Existing Vacant Positions in FY/CY2022

Organization	Position Name	Vacancy Started	Days Vacant
CPHD Code	Compliance Construction Codes Inspector 1	3-Apr-21	330
CPHD Code	Compliance Construction Codes Inspector I	15-Apr-20	693
CPHD Code	Compliance Construction Codes Inspector III	05-Dec-20	459
CPHD Develop.	Community Codes Inspector III	15-Apr-17	1,789
CPHD Permits	Permit Processing Specialist II	26-Feb-22	11
DES Transp.	Planner, Principal	16-Jan-22	52
Library	Librarian (Central)	05-Jun-21	277
Library	Librarian (Columbia Pike)	22-Jun-20	625
Library	Librarian Supervisor (Glen Carlyn)	20-Jan-21	413
Library	Librarian Supervisor (Westover)	07-Jul-21	245
Library	Librarian (Westover)	01-Jan-22	67

Examples of New Positions for FY 2023 — Similar to Existing Vacant Positions

<u>Organization</u>	<u>Position Name</u>
CPHD Development Fund	Permanent Code Enforcement Inspector (1.0 FTE)
CPHD Development Fund	Temporary Code Enforcement Inspector (1.0 FTE)
CPHD Development Fund	Permanent Building Inspector (1.0 FTE)
DES	Permit Processing Specialist I (1.0 FTE)
DES/Transport. Capital	Principal Planner-project scoping & prioritization (1.0 FTE)
Library	Senior Librarian at Central (1.0 FTE)
Library	Children's Librarian at Bozman Library (1.0 FTE)
DHS	Human Services Clinician-Adult Protective (1.0 FTE)

Ask the County Board To Consider Changing Its Budget Guidance to the County Manager

Therefore be it resolved that the Arlington County Civic Federation (ACCF) urges the Arlington 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.