



MODIFIED AD VALOREM ASSESSMENT POLICY

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IS RA'S CURRENT ASSESSMENT FORMULA RIGHT FOR RESTON?

- Since its inception, the Association has had a flat Assessment rate where most all residential owners pay the same rate regardless of home value
- RA's peers in the community association industry do not assess on a flat rate
- Is it appropriate for RA to continue with a flat rate Assessment formula?

Community	Assessment/Tax Rate System
Columbia Association	Ad Valorem
Brambleton	Tiered System
Towns of Vienna/Herndon	Ad Valorem
Montgomery Village	Tiered System
South Riding	Tiered System

CURRENT POLICY

Reston Deed Section V.7 sets a **flat rate**, with a certain of exceptions for reduction:

- ✓ Qualifying for real estate tax reduction by Fairfax County Ordinance
- ✓ Units subsidized by federal or state government
- ✓ Units designed and used primarily for elderly congregate care of assisted living facilities and occupied by low or moderate income residents
- ✓ Property value percentage cap (assessment not greater than 0.5% of property value)

RA Board Resolution offers a 50% assessment reduction for these properties/individuals. Approximately 3.1% of homeowners pay this reduced amount.

CRITERIA FOR ANY NEW POLICY

Any new policy should:

- ✓ Be revenue-neutral.
- ✓ Not negatively impact those currently on tax relief/percentage cap.
- ✓ Adhere to Reston's time honored principle to be fair and equitable to all Members.

PROPOSED MODIFIED AD VALOREM ASSESSMENT POLICY

	% of Units	# of Units	Property Value Range	Assessment Rate	Assessment Total per Tier	Assessment % per Tier	
OPTION A	Category 1	15%	2,623	\$611K - +	\$1,056	\$2,769,782	23%
	Category 2	70%	12,240	\$229K - \$611K	\$704	\$8,617,101	70%
	Category 3	15%	2,623	\$87K - \$229K	\$352	\$923,261	8%
OPTION B	Category 1	20%	3,497	\$578K - +	\$1,056	\$3,693,043	30%
	Category 2	60%	10,492	\$253K - \$578K	\$704	\$7,386,086	60%
	Category 3	20%	3,497	\$87K - \$253K	\$352	\$1,231,014	10%
OPTION C	Category 1	25%	4,372	\$550K - +	\$1,056	\$4,616,304	38%
	Category 2	50%	8,743	\$275K - \$550K	\$704	\$6,155,072	50%
	Category 3	25%	4,372	\$87K - \$275K	\$352	\$1,538,768	13%

Notes & Assumptions for Modified Ad Valorem Proposal:

- 2016 data used for calculation.
- Adds back \$1,000,000 Surplus Cash subsidy to get \$704 "actual" assessment.
- Excludes apartments.
- Total reconciles to the amount paid by non-apartment units in 2016 (\$12.3M).

- Formula:
 - Category 1 pays 150% of average assessment.
 - Category 2 pays the average assessment.
 - Category 3 pays 50% of average assessment.

NOTES & ASSUMPTIONS FOR TIERED POLICY PROPOSAL

- 2016 data used for calculation.
- Adds back \$1,000,000 Surplus Cash subsidy to get \$704 “actual” assessment.
- Formula:
 - Category 1 pays 150% of average assessment.
 - Category 2 pays the average assessment.
 - Category 3 pays 50% of average assessment.
- Excludes apartments.
- Total reconciles to the amount paid by non-apartment units in 2016 (\$12.3M).

NO IMPACT ON TAX RELIEF/PERCENTAGE CAP

- Proposed Policy for Tax Relief:
Recipients of Fairfax County Tax Relief will fall into the Category 3 assessment rate (50% of average assessment), regardless of property value.
- Policy for Percentage Cap:
No change is needed for the percentage cap policy, as those eligible under the former assessment structure would be in Category 3.

CHANGING THE RESTON DEED

Material Amendments to the Reston Deed require:

1. The approval of the Board of Directors; and,
2. At least 30% participation of residential property owners must cast a ballot; and,
3. More than a two-thirds positive vote (67%) of such owners in a referendum.

(Reston Deed Section VIII.2)