

Valuation & Taxation of Affordable Dwelling Units

Office of the Commissioner of the Revenue &
Loudoun County Department of Family Services

ADU PURCHASE PROGRAM

Ordinance Requirements:

The resale price of ADU homes will be controlled for a period of 15 years after the initial sale of the home purchased under the ADU For Sale Program, as indicated in Chapter 1450 of the Loudoun County Codified Ordinance.

ADU PURCHASE PROGRAM

Resale Requirements (cont.):

- A home may not be resold during the 15-year control period for an amount that exceeds the limits established by the Loudoun County Board of Supervisors, upon recommendation of the Affordable Dwelling Unit Advisory Board (ADUAB).
- During the first 15 years, the resale price is calculated using the original sales price, depreciated value of major home improvements and the change in the Consumer Price Index (CPI-U).

ADU PURCHASE PROGRAM

Resale Requirements (cont.):

- ▶ After the expiration of the 15-year control period, but prior to the expiration of 50 years after the initial sale of the home, the owner of the home may offer it for sale at the fair market value, provided that the difference between the actual sales price and that price allowed for under the provisions of Chapter 1450 of the Loudoun County Codified Ordinance, shall be divided equally between the seller and the Loudoun County Housing Trust Fund.

ADU SALE CALCULATION (After 15 Years)

- ADU Initially Purchased for \$150,000
- 15 Years Later, ADU Control Price is \$200,000
- Seller Sells ADU at Market for \$400,000
- Difference Between Market Sales Price and the ADU Control Price only is split 50/50 between the Seller and the County's Housing Trust Fund
- Example: $\$400,000 - \$200,000 = \$200,000$
 - Seller Gets \$100,000 & County Gets \$100,000
- Seller Also Gets All Equity Put Into the ADU

What is a Control Period?

- Limitations on:
 - How much property may be sold for - Sales Price is restricted for 15 years from date of original sale
 - To whom it may be sold - Property may only be sold to a qualified certificate holder
 - Distribution of profits on sale - Net gain on sale must be shared after the 15 year control period has expired
 - Refinancing – If ADU covenants recorded 2005 or later, principal balance may not exceed the limits established by the BOS and ADUAB

How have ADUs been historically assessed?

- During the initial 15-year control period, the Affordable Dwelling Unit assessment was not based on Market Value, rather it was calculated on the basis of the restricted 'control price' established by the Affordable Dwelling Unit Advisory Board (ADUAB) & adjusted annually by the Consumer Price Index

ADU Assessments after expired control period

- Property has not been removed from the Affordable Dwelling Unit Program as administered by Loudoun County Department of Family Services
- Property will no longer be assessed based on a 'control price'
- Annual assessment will be based on Market transactions

Why are assessments changing?

- Article X of the Constitution of Virginia requires “All assessments of real estate and tangible personal property shall be at their fair market value, to be ascertained as prescribed by law.”
- Affordable Dwelling Units that are beyond the initial 15 year control period are being sold at fair market prices

An analysis of ADUs sales shows that once the initial control period expires, units cannot be properly valued at a reduced amount, but must be brought up to the 100 percent fair market value required by law.

PARID	ADU SALE PRICE	SALE PRICE (MARKET)	SALEDT	SALE % INCREASE	SUBDIVISION
084267101000	\$168,587	\$331,000	9/28/2016	96%	RIDGES AT ASHBURN
086363780000	\$170,310	\$339,000	3/25/2016	99%	ASHBURN MANOR
084168077000	\$149,107	\$324,900	12/5/2016	118%	RIDGES AT ASHBURN
031172920000	\$144,381	\$329,000	4/18/2016	128%	DOMINION STATION
006470470000	\$114,622	\$266,000	5/19/2016	132%	SOUTH BANK
031383547000	\$128,289	\$300,000	12/14/2016	134%	TALL OAKS
130399798000	\$145,910	\$346,000	6/1/2016	137%	SOUTH RIDING
081250710000	\$152,203	\$366,000	10/21/2016	140%	LANSDOWNE ON THE POTOMAC
084158306000	\$128,798	\$312,000	12/1/2016	142%	RIDGES AT ASHBURN
031258128018	\$83,826	\$210,000	9/7/2016	151%	DOMINION STATION
086360975000	\$131,324	\$335,000	9/27/2016	155%	ASHBURN MANOR
165193240000	\$123,747	\$316,000	8/1/2016	155%	SOUTH RIDING
006470481000	\$107,449	\$279,000	7/5/2016	160%	SOUTH BANK
028262172000	\$126,250	\$330,000	7/14/2016	161%	JEFFERSON VILLAGE
090365872000	\$107,953	\$285,000	7/21/2016	164%	LOUDOUN PARKWAY CENTER
084158910000	\$129,656	\$349,500	11/21/2016	170%	RIDGES AT ASHBURN
019186623008	\$99,182	\$267,500	7/21/2016	170%	POTOMAC LAKES
032353999000	\$112,386	\$310,000	11/22/2016	176%	TRAILSIDE
206250847000	\$134,895	\$374,900	7/26/2016	178%	KIRKPATRICK FARMS
031379439000	\$109,848	\$335,000	11/8/2016	205%	DOMINION STATION
031378930000	\$113,848	\$350,000	10/14/2016	207%	DOMINION STATION
031373102000	\$103,935	\$330,000	11/1/2016	218%	DOMINION STATION
128365213000	\$119,266	\$380,000	10/12/2016	219%	SOUTH RIDING
031258128024	\$70,704	\$245,000	6/6/2016	247%	DOMINION STATION
031258128005	\$70,704	\$245,000	7/13/2016	247%	DOMINION STATION
031258128011	\$70,704	\$257,000	8/1/2016	263%	DOMINION STATION
			MIN	96%	
			MAX	263%	
			AVG	168%	

Example: Historical ADU Assessment Calculation

(not Market Derived)

Original Sale Price \$103,990

Tax Year 2010 (CPI rate is .025 or **2.5%**)

$\$103,990 \times .025 = \$2,599.75$

$\$2,599.75 + \$103,990$ (last sale price plus cumulative appreciation) = **\$106,590 (Rounded)**

Tax Year 2011 (CPI rate is .032 or **3.2%**)

$\$103,990 \times .32 = \$3,327.68$

$\$3,327.68 + \$106,560$ (last sale price plus cumulative appreciation) = **\$109,920 (Rounded)**

Market Value Assessments – Based on Market Influences

Neighborhood Groups – created to value properties that share similar characteristics.

- Location (*Leesburg*)
- Sub-Market (*Greenway Farms or Country Club*)
- Style (Colonial, rambler, split level, townhouse)
- Age (year built)
- Quality (Poor, Average, Good, Excellent)
- Size (Living area, not including basement)
- Condition (Fair, Average, Good, Very Good)

Example: Market Value Assessment Change – ADU Value to Fair Market Value

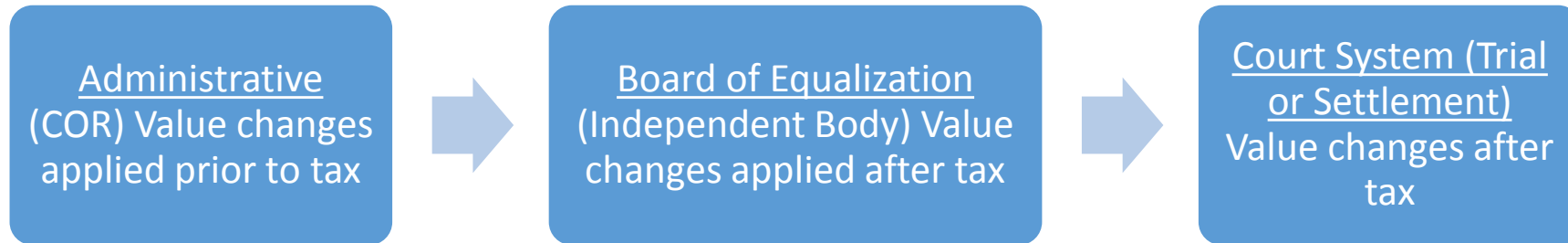
**SUBJECT PROPERTY: 3 STORY, 2,202 SQUARE FOOT
TOWNHOUSE, BUILT 2002.**

**SUBJECT GROUP: 221 PARCELS, BUILT BETWEEN 2001 & 2003,
2,362 AVERAGE SQUARE FOOT**

1/1/2017 Assessment	Average Sale Price	Average Assessment	Potential Assessment	% Change
\$188,130	\$389,914	\$375,316	\$370,000	97%

The Review/Appeal Process

If you believe your real estate assessed value is incorrect, you may request a review.



IMPORTANT DATES FOR TAX YEAR 2018

JANUARY 1 – Real Estate Valuation Date

EARLY FEBRUARY – Assessment notices mailed and Assessments Records Available Online

EARLY MARCH – Assessment Review Application Deadline

EARLY APRIL – Elderly or Disabled Tax Relief Renewal Deadline

JUNE 1 – BOE Appeal Deadline

JUNE 5 – First Half Real Estate Tax Payment Deadline

DECEMBER 5 – Second Half Real Estate Tax Payment Deadline

DECEMBER 31 – Elderly or Disabled Tax Relief Deadline for First-time filers (real estate only)

THANK YOU

Information regarding your assessment is available online at www.loudoun.gov/parceldatabase or by calling (703) 777-0260

Information regarding the administration of your Affordable Dwelling Unit is available online at www.Loudoun.gov/housing or by calling (703) 777-0353

Questions?