



# **Valuation & Taxation Of Affordable Dwelling Units**

Loudoun County Office of the Commissioner of the Revenue &  
Department of Housing





# 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

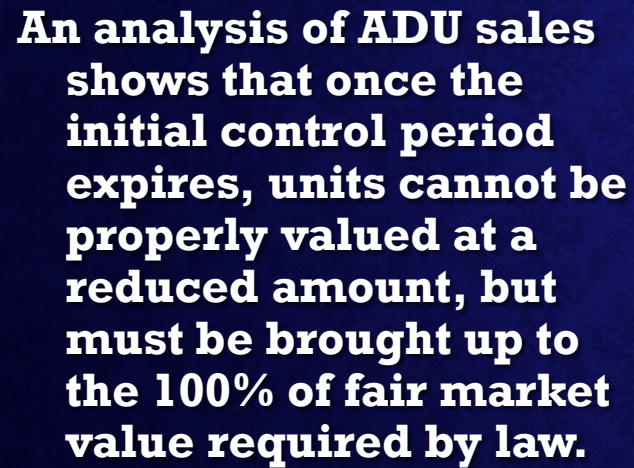




# WHY ARE ASSESSMENTS CHANGING?

- 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





Parcel ID	ADU Purchase Price	ADU Purchase Date	2017 Assessment	Sales Price (Market Value)	Sale Date	% Difference	Subdivision
028369174000	\$132,658	6/18/2003	\$159,500	\$366,000	3/16/2017	129%	JEFFERSON VILLAGE
147207398000	\$128,735	4/30/2002	\$174,290	\$338,000	4/18/2017	94%	NORTHLAKE
165308250000	\$122,944	7/26/2000	\$172,470	\$385,000	5/16/2017	123%	SOUTH RIDING
148381985000	\$175,498	5/7/2002	\$211,010	\$401,000	6/13/2017	90%	SPRING LAKES
128359899007	\$73,803	1/29/1997	\$110,910	\$250,000	7/7/2017	125%	SOUTH RIDING
031391104000	\$104,734	5/22/2001	\$144,060	\$326,300	7/10/2017	127%	TALL OAKS
128358598002	\$81,752	5/3/2001	\$111,590	\$234,000	7/28/2017	110%	LAKESIDE AT SOUTH RIDING
032455305000	\$109,352	6/1/2000	\$153,400	\$330,000	8/2/2017	115%	TRAILSIDE
031273408000	\$111,130	9/28/1999	\$161,060	\$370,000	8/28/2017	130%	PEACE PLANTATION I
031277989000	\$112,622	7/25/2000	\$157,990	\$325,000	9/29/2017	106%	PEACE PLANTATION I
031258128010	\$70,704	4/3/2001	\$96,510	\$260,000	11/7/2017	169%	DOMINION STATION
031385435000	\$132,420	9/4/2001	\$143,080	\$311,000	12/6/2017	117%	TALL OAKS
013265815000	\$109,083	3/31/2000	\$153,020	\$345,000	12/21/2017	125%	WESTERLEY
028264089000	\$110,430	5/30/2000	\$154,910	\$330,000	12/27/2017	113%	JEFFERSON VILLAGE
031255227007	\$67,990	1/24/2000	\$95,380	\$245,000	12/28/2017	157%	DOMINION STATION
					Minimum	90%	
					Maximum	169%	
					Average	122%	





## 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%)

$\$103,990 \times .032 = \$3,327.68$

$\$3,327.68 + \$106,560$  (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)*





# TAX YEAR 2018 ADU TO FAIR MARKET VALUE STATISTICS

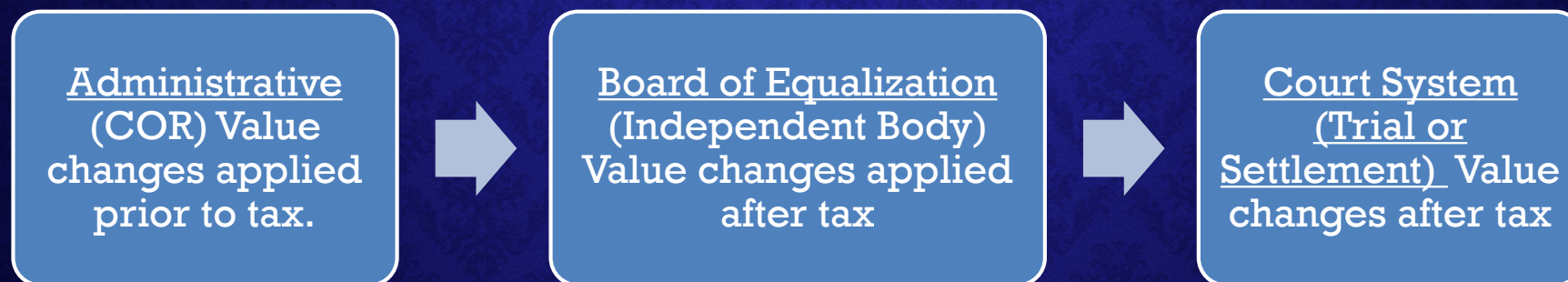
ADUs Involved	Average 2017 Assessment	Average 2018 Assessment	Average % Increase
390	\$157,346	\$321,925	105%





# THE REVIEW/APPEAL PROCESS

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







# IMPORTANT DATES FOR TAX YEAR 2019

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](http://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/adu](http://www.loudoun.gov/adu) or by calling (703) 777-0353