



# Albemarle County

## Legislation Text

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**File #:** 15-091, **Version:** 1

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**AGENDA DATE:** 6/3/2015

**TITLE:**

Land Use Assessment Program - Revalidation

**SUBJECT/PROPOSAL/REQUEST:** Update 2013-2014 Revalidation and key dates for 2015-2016 Revalidation cycle

**ITEM TYPE:** Regular Information Item

**STAFF CONTACT(S):** Foley, Letteri, Davis, Burrell, and Willingham

**PRESENTER (S):** Bob Willingham, County Assessor

**LEGAL REVIEW:** Yes

**REVIEWED BY:** Thomas C. Foley

**BACKGROUND:** In 1971, the General Assembly enacted a new Article of the Virginia Code to enable localities to provide a special assessment for land preservation. Among the stated purposes of the original legislation (Virginia Code § 58-769.4) were:

- (1) To encourage the preservation and proper use of real estate to assure a readily available source of agricultural, horticultural and forest products and of open space within the reach of concentrations of population;
- (2) To conserve natural resources in forms which will prevent erosion and to protect adequate and safe water supplies;
- (3) To preserve scenic natural beauty and open spaces;
- (4) To promote proper land use planning and the orderly development of real estate for an expanding population; and
- (5) To promote a balanced economy and lessen pressures which force conversion of real estate to more intense uses.

The Virginia Code sets out basic qualifying prerequisites, and assigns responsibility for ensuring uniform standards to the State Land Evaluation Advisory Council (SLEAC). Each year, SLEAC publishes ranges of suggested values. Local assessing officers may use these ranges of value, along with their personal knowledge, to arrive at final use value assessments of qualifying properties. Virginia Code § 58.1-3230 defines four qualifying categories for use value assessment:

- (1) Agriculture - the bona fide production for sale of plants, plant products, animals, animal products useful to man under uniform standards prescribed by the Commissioner of Agriculture and Consumer Services; or devoted to and meeting the requirements for payment or other compensation pursuant to a soil conservation program with an agency of the federal government. While a minimum of five (5) acres in use is currently required to qualify, new state legislation effective July 1 will allow local governing bodies by ordinance to prescribe a minimum acreage of less than five acres for agricultural, aquacultural, and specialty crop uses;
- (2) Horticulture- the bona fide production for sale of fruits and nuts of all kinds; vegetables; nursery and floral

products useful to man under uniform standards prescribed by the Commissioner of Agriculture and Consumer Services; or devoted to and meeting the requirements for payment or other compensation pursuant to a soil conservation program with an agency of the federal government. A minimum of five (5) acres in use is required to qualify;

(3) Forestry - land including the standing timber and trees thereon devoted to tree growth in such quantity, spacing and maintained as to constitute a forest area under standards prescribed the State Forester. A minimum of 20 acres in use is required to qualify; and

(4) Open Space - real estate used, provided or preserved for park or recreational purposes, conservation of land or other natural resources, floodways, historic or scenic purposes, or assisting in the shaping of the character, direction and timing of community development or for public interest consistent with the local land use plan under standards prescribed by the Director of the Department of Conservation and Recreation. A minimum of five (5) acres in use (or greater if established by local ordinance), except under certain circumstances, is required to qualify. Albemarle has established by ordinance a 20-acre minimum.

Albemarle County offers Land Use (LU) assessments resulting in tax deferrals for qualifying property in all four of these uses. The application process for inclusion in the LU program is outlined in County Code §§15-800 - 15-810 and Virginia Code § 58.1-3234.

In 2008, the Board adopted an ordinance requiring owners to revalidate their original applications by documenting a continued qualifying use on a biennial basis. At a recent meeting, the Board requested an update on the status of the current revalidation process, as well as the plans for future revalidations. In the 2015 assessment, there are 4,771 parcels assessed in land use assessment with a deferred assessed value of \$1,958,041,100 and deferred tax of \$16,036,356.61.

**STRATEGIC PLAN:** Rural Areas: Preserve the character of rural life with thriving farms and forests, traditional crossroad communities, and protected scenic areas, historic sites, and biodiversity.

**DISCUSSION:** Virginia Code § 58.1-3234 authorizes the governing body of any county, city, or town to require owners receiving use value assessments to revalidate any previously-approved application. Revalidation requires participating property owners to confirm and provide documentation that the property continues to meet qualifying production standards.

**2014 Revalidation Process** In August 2013, 4,757 revalidations forms were mailed to property owners whose property was in the LU program. Approximately 95% of all revalidation applications were returned completed to the Assessor's Office by the extended October 1, 2013 deadline. The high response rate was due largely to previous information campaigns and appraisal staff's communication with property owners during physical field inspections. Additionally, individual Board members had requested lists of participants who had not filed their revalidation before the deadline in order to make reminder calls.

During the two-year revalidation cycle, the Assessor's Office spends the first year primarily reviewing the submitted paperwork, and performing some field inspections. Most field inspections are performed during the second year, especially during the spring and summer months, the most active period of qualifying activities. Of the 4,757 revalidation submissions for 2014, approximately 40% have been completed to date. The remaining revalidations will be inspected prior to the 2016 Revalidation deadline of September 1, 2015.

Revalidation applications that are incomplete or lack sufficient information are returned to property owners with instructions regarding what information and/or documentation is still required. Revalidations meeting all requirements are approved, and properties with revalidations not meeting all requirements are removed from use value assessment and are issued roll-back taxes for the previous five years. Roll-back taxes are assessed when a property ceases a qualifying use or is rezoned to a more intense use at the request of the owner(s). During the initial phase of improving the LU revalidation process, unqualified properties that were removed from the LU program resulted in approximately \$3M additional revenue. Emphasis on educating property

owners regarding their obligations in order to remain in the program will result in significantly fewer properties being subject to roll-back taxes.

### **2016 Revalidations**

Revalidation forms, instructions, and applications are scheduled to be mailed by July 15, 2015. This mailing will allow participating property owners six weeks to return their completed forms by the September 1, 2015 deadline to avoid any late filing fees. Late filing of revalidation applications may still be made until December 5, 2015, subject to a late fee of \$125 per parcel. No 2016 revalidation applications can be accepted after December 5, 2015. As in prior revalidations:

- 1) Assessment staff will be available during normal business hours to answer questions regarding revalidations.
- 2) Assessment staff will be available to speak to public or civic organizations to explain the revalidation process.
- 3) Press and news releases will be issued to advise/remind the public of filing deadlines for revalidation.

In addition, the following changes will be new to the 2016 revalidation process:

- 1) Additional documentation from applicants will be required; requested documents may include sales receipts, tax forms, and/or other information that can substantiate the property as qualified for the LU program.
- 2) Barter agreements will be required if the property owner does not use the property him/herself, but instead allows another person or entity to use the property for a qualifying use.
- 3) Forestry use will require an updated professional forestry plan or an updated owner's commitment, as required by the State Land Evaluation Advisory Council (SLEAC).

Although the County has the discretion to review applications and revalidations with greater scrutiny, with limited exceptions (like minimum acreage in certain categories), the underlying qualification criteria are set by the state, and cannot be altered at the local level.

**BUDGET IMPACT:** Expenses required for printing and mailing applications are included in the Adopted FY 16 Budget. It is difficult to estimate the amount of roll-back taxes that may be generated by the 2016 revalidation process due to lack of data regarding how many parcels may fail to qualify for the LU program.

### **RECOMMENDATION:**

This executive summary is intended for information purposes and to address the Board's questions. No action by the Board is required.