



Date of Council Meeting: June 10, 2013

**TOWN OF LEESBURG
TOWN COUNCIL WORK SESSION**

Subject: Impact of Annexation on Homeowners

Staff Contact: Betsy Fields, Research & Communications Manager

Recommendation: None - information only.

Issue: How will annexation affect the homeowners in annexed areas?

Background: The Council requested that staff estimate the financial impact of annexation on homeowners in Annexation Area 2. Annexation Area 2 includes the neighborhoods of River Creek, Potomac Station, Spring Lakes, Lakes at Red Rock and Cooke's Crossing, plus a section of Lansdowne on the Potomac.

At the work session on May 13, 2013, staff presented a preliminary analysis. Council members had the following requests for revision:

1. Include trash collection as a Town-provided service in River Creek. Staff had not included it because River Creek is a gated community with private streets.
2. Include the estimated savings in Virginia state income tax resulting from deducting Town real estate taxes.
3. Adjust the Town real estate tax rate to account for the excess revenue generated by annexation, as demonstrated in the Fiscal Impact Analysis completed by TischlerBise in April 2013.
4. Change the water consumption assumptions to reflect the actual average household consumption within Zone 6 of the Town's Utility Service Area.
5. Add resident and non-residents rates for season passes to the A.V. Symington Aquatic Center to the notes.
6. Note the number of each type of housing unit in each neighborhood.
7. Add a similar analysis for current Town homeowners.

The original and revised analyses for Annexation Area 2 and the new analysis for Town homeowners is attached.

Homeowner Impact of Annexation

June 10, 2013

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Attachments:

1. Estimated Impact of Town Annexation/Average Household, 6-4-13
2. Estimated Impact of Town Annexation/Average Household, 5-13-13
3. Estimate Impact of Annexation on Current Town Household

ESTIMATED IMPACT OF TOWN ANNEXATION PER AVERAGE HOUSEHOLD (Area 2)

	Potomac Station		Spring Lake		Red Rock		River Creek ⁴	
	Single Family - \$64	Townhome - \$82	Single Family - \$90	Townhome - \$98	Single Family - \$103	Townhome - \$120	Single Family - \$160	Townhome - \$166
1 Administration	23% \$ 14.72	23% \$ 18.86	23% \$ 20.70	23% \$ 22.54	23% \$ 23.69	23% \$ 27.60	23% \$ 36.80	23% \$ 38.18
2 Snow ¹	0% \$ -	13% \$ 10.66	0% \$ -	13% \$ 12.74	0% \$ -	13% \$ 15.60	13% \$ 20.80	13% \$ 21.58
3 Trash	27% \$ 17.28	21% \$ 17.22	19% \$ 17.10	18% \$ 17.64	17% \$ 17.51	15% \$ 18.00	11% \$ 17.60	11% \$ 18.26
4 Common	20% \$ 12.80	30% \$ 24.60	28% \$ 25.20	33% \$ 32.34	30% \$ 30.90	36% \$ 43.20	23% \$ 36.80	40% \$ 66.40
5 Other	30% \$ 19.20	13% \$ 10.66	30% \$ 27.00	13% \$ 12.74	30% \$ 30.90	13% \$ 15.60	30% \$ 48.00	13% \$ 21.58
6 Total	100% \$ 64.00	100% \$ 82.00	100% \$ 90.00	100% \$ 98.00	100% \$ 103.00	100% \$ 120.00	100% \$ 160.00	100% \$ 166.00
7 Annual HOA Fee (est.)	\$ 768.00	\$ 984.00	\$ 1,080.00	\$ 1,176.00	\$ 1,236.00	\$ 1,440.00	\$ 1,920.00	\$ 1,992.00
8 Annual HOA Fee less Trash (7-3)	\$ 560.64	\$ 777.36	\$ 874.80	\$ 964.32	\$ 1,025.88	\$ 1,224.00	NA	NA
9 Water/Sewer (Out of Town)	\$ 2,049.12	\$ 1,551.24	\$ 2,049.12	\$ 1,551.24	\$ 2,049.12	\$ 1,551.24	\$ 2,049.12	\$ 1,551.24
10 Real Estate Assessment (Avg)	\$ 484,971	\$ 321,228	\$ 573,835	\$ 310,816	\$ 550,185	\$ 365,088	\$ 818,368	\$ 581,926
11 Town Tax (19.2¢ per \$100)	\$ 931.14	\$ 616.76	\$ 1,101.76	\$ 596.77	\$ 1,056.36	\$ 700.97	\$ 1,571.27	\$ 1,117.30
12 Federal Tax Savings (est.) ²	\$ 260.72	\$ 154.19	\$ 308.49	\$ 149.19	\$ 295.78	\$ 175.24	\$ 439.95	\$ 279.32
13 Net Real Estate Taxes (est.)	\$ 670.42	\$ 462.57	\$ 793.27	\$ 447.58	\$ 760.58	\$ 525.73	\$ 1,131.31	\$ 837.97
14 Water/Sewer (In Town) ³	\$ 1,552.32	\$ 1,161.36	\$ 1,552.32	\$ 1,161.36	\$ 1,552.32	\$ 1,161.36	\$ 1,552.32	\$ 1,161.36
15 Net Water Savings	\$ 496.80	\$ 389.88	\$ 496.80	\$ 389.88	\$ 496.80	\$ 389.88	\$ 496.80	\$ 389.88
16 Current Total (7+9)	\$ 2,817.12	\$ 2,535.24	\$ 3,129.12	\$ 2,727.24	\$ 3,285.12	\$ 2,991.24	\$ 3,969.12	\$ 3,543.24
17 Total, If In Town (8+13+14)	\$ 2,783.38	\$ 2,401.29	\$ 3,220.39	\$ 2,573.26	\$ 3,338.78	\$ 2,911.09	\$ 4,603.63	\$ 3,991.33
18 Net Annual Savings/(Cost)	\$ 33.74	\$ 133.95	\$ (91.27)	\$ 153.98	\$ (53.66)	\$ 80.15	\$ (634.51)	\$ (448.09)
19 Net Monthly Savings/(Cost)	\$ 2.81	\$ 11.16	\$ (7.61)	\$ 12.83	\$ (4.47)	\$ 6.68	\$ (52.88)	\$ (37.34)

Notes:

¹Snow rates are variable based upon hourly contract service rates, street types, and size of plow.

²Estimates based on average Loudoun County family income of \$146,607

2012 Married Filing Joint, 28% Marginal Tax Rate SF, 25% Marginal Tax Rate TH

³Assumes rate increase to cover additional costs associated with added service areas

⁴Trash services not available on private streets

Water Assumptions:

5/8" meter for \$14.40 per quarter fixed fee

No water usage charge at the high usage surcharge rate.

Single Family: 4 occupants using 100 gallons per day per person for 36,000 gallons per quarter

Townhouse: 3 occupants using 100 gallons per day per person for 27,000 gallons per quarter

In Town rates assumes annexation subject to Council approval.

Out of Town rates effective July 1, 2013

Additional Town Services, included in Town Taxes

Brush Collection	weekly throughout year
Yard Waste Collection	weekly throughout year; 2x/wk seasonally
Bulk Leaf Collection	seasonally
Christmas Tree Collection	seasonally
Bulky Item Collection	weekly throughout year

Annual Ida Lee Membership In Town - \$429; Out of Town - \$571

ESTIMATED IMPACT OF TOWN ANNEXATION PER AVERAGE HOUSEHOLD (Area 2)

	Potomac Station		Spring Lakes		Lakes at Red Rock		River Creek	
	530 SFD	292 TH	120 SFD	268 TH	234 SFD	140 TH	514 SFD	618 TH
	\$64	\$82	\$90	\$98	\$103	\$120	\$160	\$166
	\$484,971	\$321,228	\$573,835	\$310,816	\$550,185	\$365,088	\$818,368	\$581,926
1 Type & # of Units								
2 Monthly HOA Fee								
3 Avg Real Estate Assessment								
4 Administration	23% \$ 14.72	23% \$ 18.86	23% \$ 20.70	23% \$ 22.54	23% \$ 23.69	23% \$ 27.60	23% \$ 36.80	23% \$ 38.18
5 Snow ¹	0% \$ -	13% \$ 10.66	0% \$ -	13% \$ 12.74	0% \$ -	13% \$ 15.60	13% \$ 20.80	13% \$ 21.58
6 Trash	27% \$ 17.28	21% \$ 17.22	19% \$ 17.10	18% \$ 17.64	17% \$ 17.51	15% \$ 18.00	11% \$ 17.60	11% \$ 18.26
7 Common	20% \$ 12.80	30% \$ 24.60	28% \$ 25.20	33% \$ 32.34	30% \$ 30.90	36% \$ 43.20	23% \$ 36.80	40% \$ 66.40
8 Other	30% \$ 19.20	13% \$ 10.66	30% \$ 27.00	13% \$ 12.74	30% \$ 30.90	13% \$ 15.60	30% \$ 48.00	13% \$ 21.58
9 Total	100% \$ 64.00	100% \$ 82.00	100% \$ 90.00	100% \$ 98.00	100% \$ 103.00	100% \$ 120.00	100% \$ 160.00	100% \$ 166.00
10 Annual HOA Fee (est.)	\$ 768.00	\$ 984.00	\$ 1,080.00	\$ 1,176.00	\$ 1,236.00	\$ 1,440.00	\$ 1,920.00	\$ 1,992.00
11 Annual HOA Fee less Trash ((9-5)x12)	\$ 560.64	\$ 777.36	\$ 874.80	\$ 964.32	\$ 1,025.88	\$ 1,224.00	\$ 1,708.80	\$ 1,772.88
12 Water/Sewer (Out of Town)	\$ 1,829.64	\$ 795.70	\$ 1,829.64	\$ 795.70	\$ 1,829.64	\$ 795.70	\$ 1,829.64	\$ 795.70
13 Town Tax (16.2¢ per \$100)	\$ 785.65	\$ 520.39	\$ 929.61	\$ 503.52	\$ 891.30	\$ 591.44	\$ 1,325.76	\$ 942.72
14 Federal Tax Savings (est.) ²	\$ 219.98	\$ 130.10	\$ 260.29	\$ 125.88	\$ 249.56	\$ 147.86	\$ 371.21	\$ 235.68
15 State Tax Savings (est.) ³	\$ 45.18	\$ 29.92	\$ 53.45	\$ 28.95	\$ 51.25	\$ 34.01	\$ 76.23	\$ 54.21
16 Net Real Estate Taxes (est.)	\$ 520.50	\$ 360.37	\$ 615.87	\$ 348.69	\$ 590.49	\$ 409.57	\$ 878.31	\$ 652.83
17 Water/Sewer (In Town) ⁴	\$ 1,425.32	\$ 628.58	\$ 1,425.32	\$ 628.58	\$ 1,425.32	\$ 628.58	\$ 1,425.32	\$ 628.58
18 Net Water Savings	\$ 404.32	\$ 167.12	\$ 404.32	\$ 167.12	\$ 404.32	\$ 167.12	\$ 404.32	\$ 167.12
19 Current Total (10+12)	\$ 2,597.64	\$ 1,779.70	\$ 2,909.64	\$ 1,971.70	\$ 3,065.64	\$ 2,235.70	\$ 3,749.64	\$ 2,787.70
20 Total, If In Town (11+16+17)	\$ 2,506.46	\$ 1,766.31	\$ 2,915.99	\$ 1,941.59	\$ 3,041.69	\$ 2,262.15	\$ 4,012.43	\$ 3,054.29
21 Net Annual Savings/(Cost)	\$ 91.18	\$ 13.39	\$ (6.35)	\$ 30.11	\$ 23.95	\$ (26.45)	\$ (262.79)	\$ (266.59)
22 Net Monthly Savings/(Cost)	\$ 7.60	\$ 1.12	\$ (0.53)	\$ 2.51	\$ 2.00	\$ (2.20)	\$ (21.90)	\$ (22.22)

Notes:

¹Snow rates are variable based upon hourly contract service rates, street types, and size of plow.

²Estimates based on average Loudoun County family income of \$146,607

2012 Married Filing Joint, 28% Marginal Tax Rate SF, 25% Marginal Tax Rate TH

³Marginal tax rate 5.75%

⁴Assumes rate increase to cover additional costs associated with added service areas

Water Consumption Assumptions:

5/8" meter for \$14.40 per quarterly fixed fee

Single Family: 118,000 gallons per year, with high usage in 2 quarters

Townhome: 55,000 gallons per year, with no high usage

In Town rates assumes annexation subject to Council approval.

Out of Town rates effective July 1, 2013

Additional Town Services, included in Town Taxes

Brush Collection	weekly throughout year
Yard Waste Collection	weekly throughout year; 2x/wk seasonally
Bulk Leaf Collection	seasonally
Christmas Tree Collection	seasonally
Bulky Item Collection	weekly throughout year

Annual Ida Lee Membership In Town - \$429; Out of Town - \$571
AVSAC 10 Visit Pass (Adult) In Town - \$50; Out of Town - \$80

Summary of Housing Units

Subdivision	SFD	TH
Cooke's Crossing	14	0
Lakes at Red Rock	234	140
Lansdowne on the Potomac	200	0
Potomac Station	530	292
River Creek	514	618
Spring Lakes	120	268
Total	1,612	1,318

ESTIMATED IMPACT OF ANNEXATION PER AVERAGE HOUSEHOLD

	In Town	
	6,601 SFD	4,296 TH
	\$427,973	\$268,307
1 Type & # of Units		
2 Avg Real Estate Assessment		
3 Current Town Taxes (19.2¢ per \$100)	\$ 821.71	\$ 515.15
4 Water/Sewer (Current In-Town Rates)	\$ 777.29	\$ 595.09
5 New Town Taxes (16.2¢ per \$100)	\$ 693.32	\$ 434.66
6 Additional Federal Income Tax	\$ 35.95	\$ 22.54
7 Additional State Income Tax	\$ 7.38	\$ 4.63
8 Net New Town Taxes (Est)	\$ 736.65	\$ 461.82
9 Net Tax Savings/(Cost)	\$ 128.39	\$ 53.33
10 Water/Sewer (New In-Town Rates)	\$ 878.37	\$ 611.61
11 Net Water Savings/(Cost)	\$ (101.08)	\$ (16.52)
12 Current Total (3+4)	\$ 1,599.00	\$ 1,110.24
13 Total, After Annexation (8+10)	\$ 1,615.02	\$ 1,073.43
14 Net Annual Savings/(Cost)	\$ (16.02)	\$ 36.81
15 Net Monthly Savings/(Cost)	\$ (1.34)	\$ 3.07

Water Assumptions:

5/8" meter for \$14.40 per quarter fixed fee

No water usage charge at the high usage surcharge rate.

Single Family: 79,000 gallons per year

Townhome: 59,000 gallons per year

In Town rates assumes annexation subject to Council approval.