

CHARLOTTESVILLE CITY COUNCIL
Budget Development Work Session
February 3, 2022 at 5:00 PM
Virtual/electronic meeting via Zoom

The Charlottesville City Council met in an electronic meeting on Thursday, February 3, 2022, in accordance with a local ordinance amended and re-enacted on October 4, 2021, to ensure continuity of government and prevent the spread of disease during the coronavirus State of Emergency. Mayor Lloyd Snook called the meeting to, noting all members present: Mayor Lloyd Snook, Vice Mayor Juandiego Wade, and Councilors Sena Magill, Michael Payne and Brian Pinkston.

Interim City Manager Michael C. Rogers gave the purpose of the meeting, which was a budget development work session, and he introduced presenters.

Charlottesville 2022 Reassessment Overview (For Calendar year 2021)

Jeffrey Davis, City Assessor, provided an overview of city properties assessment. He noted that a strong housing market led to increased residential property assessments. Mr. Davis provided the following City of Charlottesville 2022 Reassessment Overview (For Calendar year 2021):

The Assessor's office is responsible for valuing 13,382 residential and 1782 commercial properties annually. Properties are divided among 55 residential neighborhoods and 21 commercial neighborhoods. The highlights of the 2022 reassessment are outlined below. The overall change in assessment value for 2022 is 10.77%. This includes all value changes throughout the year due to appeals, building permits, and reclassifications. Last year this number was 3.28%.

Existing construction Market totals:

The 7.94% increase is due strictly to the reassessment of existing properties both residential and commercial (does not include the value of new construction).

Residential market:

In the 2021 residential market many properties sold over asking prices, and bidding was not uncommon. This was due mainly to low inventories, high demand, and historically low interest rates. Numerous properties sold in less than 5 days on the market. The total residential increase for 2022 is 11.69%. The increase for the previous year was 4.2%.

Commercial market:

The commercial market contains several different sub-markets, including hospitality, office, retail, and apartments. Apartment rents have increased allowing the apartment market to remain strong, while other sub-markets have not fully recovered from the effects of the pandemic. The overall increase in commercial properties for 2022 is 2.79%. This is compared to a 0.19% decrease the previous year.

Regarding new construction, several large commercial office buildings were completed in 2021. Mr. Davis advised that the Board of Equalization is in the process of holding hearings.

FY 2023 Budget Development Overview and Discussion

Krisy Hammill, Senior Budget and Management Analyst, presented the FY2023 Budget Development Report for the General Fund, including revenue projections, expenditure drivers.

Commissioner of the Revenue Todd Divers provided supplemental information regarding the grocery tax, lodging taxes including homestays, and tax relief programs.

Ms. Hammill provided a Capital Budget Overview and addressed Capital Improvement Program affordability.

Councilors expressed their individual priorities and asked clarifying questions. Several councilors agreed on the importance of investment in schools and investment in city operations (including staffing) and organizational efficiency, collective bargaining, affordable housing, and mental health initiatives. Additional priorities mentioned were fire department medic funding, zoning ordinance, incoming City Manager budget, and personnel to address initiatives that have been on hold such as climate change.

Councilor Payne asked to see specific scenarios for decision points and how they might affect the next decade based on funding needs. He also mentioned engaging the university in a discussion about Payment in Lieu of Taxes (PILOT).

Mr. Rogers suggested using survey mechanisms to get feedback from Council.

Regarding the formula agreement with Schools, City Attorney Lisa Robertson did not find an ordinance or resolution that addresses the arrangement to pay 40% of new real estate and property taxes to Schools. She referenced the annual budget document voted on by City Council annually.

Public Comment

Mayor Snook opened the floor for public comment.

- Annie Suttle, city resident, spoke on behalf of the newly formed group Charlottesville United for Public Education, in support of school renovation and expansion.
- Leah Puryear, city resident, spoke in support of school reconfiguration.

With no additional speakers coming forward, Council further discussed guidance for a potential real estate tax increase and agreed to come to an agreement at the February 7 City Council Meeting so that the potential tax increase could be advertised by the 30-day required notice before the public hearing.

The meeting adjourned at 8:13 p.m.

BY Order of City Council

BY Kyna Thomas, Clerk of Council