



Department of Local Government Finance

Determining a Neighborhood Factor Problems and Answers

2023 Level I Tutorials

Level I
Neighborhood Factor
Problem #1

You are developing a neighborhood factor for Neighborhood 10161951. You have gathered the following information:

House #1) Sale price of \$79,900. Land value of \$15,000. The RCN from the property record card is \$87,700 and depreciation of \$3,510.

House #2) Sale price of \$92,500. Land value of \$16,500. The RCN from the property record card is \$117,790 and depreciation of \$30,540.

House #3) Sale price of \$85,000. Land value of \$17,000. The RCN from the property record card is \$95,900 and depreciation of \$21,100.

House #4) Sale price of \$82,500. Land value of \$17,000. The RCN from the property record card is \$107,000 and depreciation of \$27,820.

House #5) Sale price of \$68,000. Land value of \$16,100. The RCN from the property record card is \$67,590 and depreciation of \$17,680.



Level I
Neighborhood Factor
Problem #1

Neighborhood Factor Grid

	A	B	C	D	E	F
House #	Sale Price	Land Value	Imp Sale Price	Replacement Cost New	Depreciation	Imp Value
1						
2						
3						
4						
5						
TOTALS						

NEIGHBORHOOD FACTOR

Total Sales Price of all Improvements

Total AV of all Improvements

Neighborhood Factor

EQUALS

Level I
Neighborhood Factor
Problem #1 Answer

	A	B	C	D	E	F
House #	Sale Price	Land Value	Imp Sale Price	Replacement Cost New	Depreciation	Imp Value
1	\$79,900	\$15,000	\$64,900	\$87,700	\$3,510	\$84,190
2	\$92,500	\$16,500	\$76,000	\$117,790	\$30,540	\$87,250
3	\$85,000	\$17,000	\$68,000	\$95,900	\$21,100	\$74,800
4	\$82,500	\$17,000	\$65,500	\$107,000	\$27,820	\$79,180
5	\$68,000	\$16,100	\$51,900	\$67,590	\$17,680	\$49,910
TOTALS			\$326,300			\$375,330

$$A - B = C \qquad D - E = F$$

NEIGHBORHOOD FACTOR

Total Sales Price of all Improvements

\$326,300 C

Total AV of all Improvements

\$375,330 F

Neighborhood Factor

EQUALS 0.87



Level I
Neighborhood Factor
Problem #2

Develop a Neighborhood Factor using the following information:

Total Sale Price:	\$1,890,600
Total Improvement Sale Price:	\$1,607,000
Total RCN:	\$1,657,300
Total Improvement Value:	\$1,557,900

Round your answer to the nearest hundredth.



Level I
Neighborhood Factor
Problem #2 Answer

Total Sale Price:	\$1,890,600
Total Improvement Sale Price:	\$1,607,000
Total RCN:	\$1,657,300
Total Improvement Value:	\$1,557,900

To develop a Neighborhood Factor, remember to divide the Total Improvement Sale Price by the Total Improvement Value.

Total Imp. SP / Total Imp. Value = Neighborhood Factor

\$1,607,000 / \$1,557,900 =

1.03

OR 103%





Level I Neighborhood Factor

This concludes the neighborhood factor problems and answers packet and is a reminder that should you have questions you can email these questions to the Department.

Please send emails to Level1@dlgf.in.gov