



# Hamilton County 2023-2026 Land Order

## 2024 Land Order Update

## **PTABOA Land Value Guidelines**

These guidelines are intended to create uniformity within Hamilton County. Modifications may be made if deemed necessary to achieve equitability.

Indiana Code requires a county Land Order to evaluate and update the land portion of the assessment, typically every four years. Going forward, the Hamilton County Land Order will be conducted on a rotating basis that is consistent with the approved four-year Reassessment Cycle that is conducted by the Assessor's office. In other words, neighborhoods that are being included in Reassessment will also receive an updated Land Order for that year.

The Land Order involves a detailed analysis of the prior two years sales data. With the exception of agricultural land, residential and commercial land base rates are typically derived for each neighborhood using one or more of the three established land valuation approaches. These approaches are:

- 1) Sales comparison - by using vacant lot or land sales (if available),
- 2) Allocation - by allocating a percentage of total sale value to land (land to building percentage) in existing developed neighborhoods, or
- 3) Abstraction - using a residual land method where the land value is extrapolated from sales prices of existing homes. The residual land value is determined by subtracting the replacement cost new less depreciation value of a house and other structures (RCNLD value) from the sale price.

Vacant lot sales provide the most reliable data for land valuation. Vacant lot sales can also be used to develop an appropriate or reasonable Allocation percentage that can then be applied to existing home sales to determine land rates for a neighborhood. Allocation percentages may vary depending on a neighborhood's lot sizes, the size of structures, or possibly the age of the structures on the property. Allocation percentages will typically range from 15% to 30% of sale value.

The third method, Abstraction, is considered the least reliable method, but Hamilton County will typically develop this method as a means of testing for reasonableness in the development of the final land base rate.

For Residential neighborhoods, land rates are primarily developed on a Per Acre rate basis. However, land base rates could be developed on a Front Foot basis or a Lump Sum per Lot basis.

### **Land Order Changes During Assigned Reassessment Times**

Land base rates shall be reviewed and adjusted for each neighborhood accordingly during their Reassessment Cycle period as assigned and approved by the DLGF. The land base

rates will be based on market sales in the neighborhood within the approved time frame. The Land Order must be submitted and approved by the PTABOA. Per new Indiana Code (IC 6-1.1-4-13.6), once approved, Land Order must be submitted to DLGF.

### **Land Order Changes Outside of the Assigned Reassessment Time**

If the Assessor determines that there is an issue or error with a neighborhood base rate that needs to be addressed, the land base rate may be reviewed and changed. Any changes must be submitted for approval for change by the PTABOA and should also be submitted to DLGF.

### **Developers Discount**

#### **Residential:**

All residential platted lots that qualify for Developers Discount will be priced at a flat value of \$600 per lot. According to IC 6-1.1-4-12, land purchased for development is to continue being valued as it was prior to development which in most cases in as agricultural land (Developer Discount). Land remains at this rate for lots as long as a land developer continues to own such land or lot. Code defines “land developer” as a person that holds land for sale in the ordinary course of the person’s trade or business. Lots remain at this rate until parcel is transferred to individual(s) or until building occurs. The \$600 per lot rate stems from the pricing of a typical vacant lot at the agricultural rate.

#### **Commercial:**

All commercial parcels that are held by a developer should keep the same land classification breakdowns despite sale price or intended future use. These breakdowns should be maintained even if a land split should occur as long as it remains in developer’s name. Land rate are maintained unless a building permit is issued or construction has begun on the parcel. The land classification base rates are subject to change based upon annual trending or ag rate updates from the DLGF.

### **Rural Residential & Agricultural Homesites**

Rural residential acreage tracts less than one acre that have a residential improvement on it shall be assessed using the Acreage Depth table included in the 2021 Real Property Assessment Guideline. Rural Residential acreage tracts over an acre that have a residential improvement on it shall be priced using the applicable neighborhood Homesite Rate for the first acre and the Excess Acreage Rate for each additional acre provided that the land doesn’t fall under I.C. 6-1.1-4-13 (Agricultural Land).

Contiguous parcels that are owned by the same property owner shall be treated as if they were combined, and if necessary, the acreage factor should be calculated based upon total acreage of all parcels associated with a property. To adjust the individual parcel to the new calculated value, an influence factor may be applied to bring the individual parcels to the correct value.

Agricultural parcels shall be priced using the applicable neighborhood Homesite Rate for the first acre that has a residential improvement on it and the Excess Acreage Rate for any land classified as Type 92 (Agricultural Excess Acreage) provided that the land doesn't fall under I.C. 6-1.1-4-13 (Agricultural Land). Any additional acreage that is normally priced at the Agricultural Acreage Rate shall be priced using the DLGF's Agricultural Rate and adjusted with the soil productivity method as explained in the 2021 Real Property Assessment Guideline. I.C. 6-1.1-4-13 sets precedence for what land qualifies for the Agricultural Acreage Rate. I.C. 6-1.1-15-17.1 (Burden of Proof) states that any changes from the Agricultural Land requires the county to bear the burden of proof that the land should be changed.

### **Residential Excess Land Rates**

Residential Excess Land shall be priced based upon looking at sales of non-agriculture parcels with more than one acre. The Residential Excess Land Rates shall be based upon a percentage of the Homesite Rate provided that the land doesn't fall under I.C. 6-1.1-4-13 (Agricultural Land). For larger parcels, an influence factor based upon the Residential Excess's size may be used for the excess acreage land that is not priced as Agricultural.

### **Vacant Residential Acreage Pricing**

Platted vacant residential acreage shall be assessed as follows:

Assuming the parcel doesn't qualify for the Developer's Discount, the first acre shall be priced at the applicable neighborhood Homesite Rate. Remaining acreage shall be priced at the applicable neighborhood Excess Acreage.

I.C. 6-1.1-15-17.1 (Burden of Proof) states that any changes from the Agricultural Land requires the county to bear the burden of proof that the land should be changed.

### **Commercial Land Order**

In Hamilton County, Commercial and Industrial neighborhoods and associated land rates have been developed for each commercial/industrial neighborhood in consideration of the "use" (ex.: office, retail, apartment, etc.) or perhaps the future intended use of the land associated with the sale. Land rates are developed using available sales data throughout the county utilizing both vacant land sales as well as sales of improved properties with existing structures. Land rates are developed using the vacant land sales comparison method, where vacant sales data is available. For improved sales, base rates are developed using the abstraction method.

Neighborhoods are generally defined according to use or building types. Each neighborhood will have a use description to help establish which use type falls within which neighborhood. Property uses are grouped on a county-wide basis rather than being assigned to smaller geographic areas within the use type. The county utilizes the

available sales to establish a range of land base rates that can be used for a particular use type. Base rates are then assigned to localized areas within the neighborhood class for consistency utilizing various ratings to account for different base rates within each classification to account for geographical and locational deviations. For areas where few sales exist, base rates may be revised or generally maintained in consideration of recent or even historical sales data.

The Land Order identifies the Commercial and Industrial base rates that shall be used in each Commercial or Industrial neighborhood. The Land Order specifies the rates consistent with the Commercial/Industrial land categories described in Chapter 2, Pages 62-63, of the 2021 Real Property Assessment Guideline. Hamilton County uses the following guidelines regarding the rates for each category.

- The Primary Rate is the rate established using the available sales data, utilizing both vacant land sales and improved parcel sales utilizing the abstraction method. This land type is assigned to the primary building site, parking areas, and any other areas deemed necessary to business operations on the site. The category includes area that have undergone site improvements necessary in the development of the property.
- The Secondary Rate is equal to 50% of the Primary Base Rate. This land type is generally considered lesser value as it may be considered secondary to the main primary building site or may be being held for future use or expansion.
- The Usable Undeveloped Rate is equal to 90% of the Primary Base Rate. This land type is generally considered raw land that has not undergone any site development.
- The Unusable Undeveloped Rate is \$3000. This land type is for areas generally considered unusable due to restrictions prohibiting it from development or may include areas dedicated to water retention/detention or drainage areas.

Note: Parcels with appreciable Commercial desirability may have a commensurate positive influence factor applied. A negative size adjustment influence may be needed on larger tracts.

### Neighborhood 293420

Neighborhood 293420 is for “Other” Commercial / Industrial property throughout the County. Parcels in this neighborhood are typically in random commercial use areas throughout the county where there is little or no additional commercial or industrial activity occurring.

This neighborhood contains many parcels and different portions of it are assessed in each year of the four-year Reassessment Cycle. The Land Order for this neighborhood was also addressed last year in 2023. The information provided for 2024 is shown as supporting evidence for the continued use of the base rate ranges used in the 2024 Land Order for the 2024 Reassessment.

For parcels in this neighborhood that fall into an otherwise residential setting, or in a situation where commercial property also sets on land that has residential homesite and excess acres associated with the property, use a land base rate that is consistent with the land rates used in the surrounding residential neighborhood as follows:

Commercial Primary Rate is equal to the Homesite Base Rate.

Commercial Secondary Rate equal to 50% of the Homesite Base Rate.

Commercial Usable Undeveloped Rate equal to 90% of the Homesite Base Rate.

Commercial Unusable Undeveloped Rate is \$3000.

### **Pricing of Common Area**

Unimproved Residential Common Area, subdivision ponds and private roadways shall be priced at zero value.

Improved/developed Residential subdivision Common Areas shall be priced at zero value.

### **Future Application of Base Rates**

To establish the base rate for future developments and/or omissions of any neighborhood not specifically identified in this Land Order, the assessing official shall follow one of the following procedures:

1. If market data is available, use the sales disclosures to establish a new land base rate.
2. If no market data is available, identify a comparable neighborhood and apply the base rate indicated by the land order to the area in question.

Any newly platted neighborhoods may be included in the Land Order for that year and may be submitted for approval by the PTABOA. Most newly platted subdivisions in rural areas will need to be delineated as separate neighborhoods per the value shown by the available market data. In some instances, these areas may remain within the rural neighborhood if the available market data substantiates a similar value.