

Narrative

General Information

County Name: Allen

Person Performing Ratio Study: Allen County (in house)

Contact Information: 260-449-7123 (main line)

Vendor Name (If Applicable): n/a

Additional Contacts (For purposes of the ratio study) Gayle Miller (260) 449-3418
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Sales Window (e.g. 1/1/18 to 12/31/18): 1/1/2018 to 12/31/2018

If more than one year of sales were used, was a time adjustment applied? If no, please explain why not. If yes, please explain the method used to calculate the adjustment.

No sales outside of 1/1/2018 and 12/31/2018 were used in the ratio study.

Groupings

In the space below, please provide a list of township and/or major class groupings (if any). Additionally, please provide information detailing how the townships and/or major classes are similar in market.

- 1) **Industrial Vacant** – Split between incorporated areas and unincorporated areas. There were not enough sales to conduct a study for the industrial rural (unincorporated) areas, so a study was not completed, per prior years’ guidance from the State.
- 2) **Industrial Improved** – Split between incorporated areas and unincorporated areas. There were not enough sales to conduct a study for the industrial rural (unincorporated) areas, so a study was not completed, per prior years’ guidance from the State.
- 3) **Commercial Vacant** – Split between incorporated areas and unincorporated areas. There were not enough sales to conduct a study for the commercial rural (unincorporated) areas, so a study was not completed, per prior years’ guidance from the State.
- 4) **Commercial Improved** –Aboite Township and Washington Township were run individually since there was an abundance of sales. St Joe and Perry townships were run together due to their areas having the most recent commercial development activity outside of downtown. Wayne

and Adams Townships combined together because of their adjoining depressed economic areas in the southeast. There were not enough sales to conduct a study for the commercial rural (unincorporated) areas, so a study was not completed, per prior years' guidance from the State.

- 5) **Residential Vacant** –Eel River, Springfield, Scipio, Milan, Maumee, Jefferson, Jackson, Monroe, Madison, Marion, Pleasant, Lafayette, and Lake were combined due to lack of sales and due to similarities in markets. Adams and Wayne Townships were combined for the same reasons. The remaining townships were run individually due to the abundance of sales.

- 6) **Residential Improved** –Jackson and Jefferson Townships were combined due to lack of sales and similarities in the market. Scipio and Springfield Townships were combined for the same reasons. All other townships were run individually due to an abundance of sales. Other items for consideration for residential improved properties in Allen County for 2018: median percentage change increased in every township in Allen County from 2018 to 2019.

AV Increases/Decreases

If applicable, please list any townships within the major property classes that either increased or decreased by more than 10% in total AV from the previous year. Additionally, please provide a reason why this occurred.

Property Type	Township	Explanation
Commercial Improved	Milan	This increase is due to a large addition to a church that has not filed for exempt status.
Commercial Improved	Perry	This increase is due to several large new construction projects like Bonterra Apartment Complex and Parkview's new Cancer Center.
Commercial Improved	Springfield	This increase is due to new construction of a bank.
Commercial Vacant	Jefferson	This increase is due to Land rates being reviewed for Reassessment and adjusted
Commercial Vacant	Madison	This decrease is due to Land size being corrected with Reassessment review
Commercial Vacant	Maumee	This decrease is due Land influence being adjusted as part of Reassessment review
Commercial Vacant	Milan	This decrease is due to a Split part of parcel and class changed from Commercial Vacant to Commercial Improved
Commercial Vacant	Perry	This is decrease is due to High AV parcels built on and class changed from Commercial Vacant to Commercial Improved
Industrial Improved	Marion	This decrease is due to Quarry Land Rates being reduced based on Countywide study of Quarries
Industrial Vacant	Jefferson	This decrease is due to Property class change from Industrial Vacant to Ag

Industrial Vacant	Lafayette	This increase is due to Property class change from Ag to Industrial Vacant
Industrial Vacant	Madison	This decrease is due to Property class change from Industrial Vacant to Industrial Improved
Industrial Vacant	Perry	This increase is due to Property class change from Industrial Improved to Industrial Vacant
Industrial Vacant	St Joe	This increase is due to Property Class change from Commercial Vacant to Industrial Vacant
Industrial Vacant	Wayne	This increase is due to Property class change from Ag to Industrial Vacant
Residential Improved	Adams	This increase is due to trending. A significant portion of Adams Township was depressed in previous years due to the number of foreclosures. These have worked through the system and we are seeing a significant increase in sales volume and sale prices in these areas.
Residential Improved	Eel River	This increase is due to a combination of trending, reassessment changes, new construction, and property class changes from Ag to Res
Residential Improved	Lafayette	This increase is due to a combination of trending and new construction in new subdivisions.
Residential Improved	Maumee	This increase is due to trending.
Residential Improved	Scipio	This increase is due to trending and reassessment changes.
Residential Improved	Springfield	This increase is due to a combination of trending, reassessment changes, and property class changes from Ag to Res
Residential Vacant	Cedar Creek	This increase is due to a combination of land base rate changes and influence factor model change from a land study, property class change from Ag to Res, and new subdivisions.
Residential Vacant	Eel River	This increase is due to a combination of land base rate changes and influence factor model change from a land study, property class change from Ag to Res, and new subdivisions.
Residential Vacant	Lafayette	This increase is due to new subdivisions being platted
Residential Vacant	Milan	This increase is due to influence model change per a land study, and property class change from Ag to Res
Residential Vacant	Perry	This increase is due to a combination of land base rate changes and influence factor model change from a land study, property class change from Ag to Res, and new subdivisions.

Residential Vacant	Springfield	This increase is due to influence model change per a land study, and property class change from Ag to Res
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Cyclical Reassessment

Please explain in the space below which townships were reviewed as part of the current phase of the cyclical reassessment.

County (excluding Wayne Township)

- **RES/AG** – Cedar Creek, Eel River, Milan, Perry, Scipio, Springfield
- **COMM/IND/EXEMPT/UTL** – Cedar Creek, Eel River, Jackson, Jefferson, Madison, Marion, Maumee, Milan, Monroe, Perry, Scipio, Springfield

Wayne Township

- Phase 1 of cyclical reassessment saw 25% of each property class reassessed in Wayne Township.

Was the land order completed for the current cyclical reassessment phase? If not, please explain when the land order is planned to be completed.

The land order for this phase of cyclical reassessment is prepared and is scheduled to be presented to the PTABOA on March 7th, 2019.

Comments

Allen County performed preliminary ratio studies on all neighborhoods at the township level. Analysis of these statistics helped indicate which areas required the most attention in regard to both sold and unsold properties. Property characteristics were also updated during the sales validation process.

Residential land values were developed for new subdivisions and adjusted where sales indicated. After these steps were taken, neighborhood factors (annual adjustments) were calculated for each neighborhood. These neighborhood factors were applied and the statistics were calculated again. Further analysis was done as required.

For the annual adjustment process, Allen County used sales between 1/1/2018-12/31/2018. All sales were verified within the 60-day timeframe.

As in years past, Allen County used a gross rent multiplier model to value residential rental properties.

No new cost tables were supplied by the DLGF, however the LCM and depreciation year were updated.

After submitting sales data to the State in January, 2019, some sales were further scrutinized and their validity codes have been changed. Other sales originally deemed invalid have also been adjusted. These all can be found in the attached reconciliation spreadsheet with explanations for the changes.

Allen County has a significant number of multi-parcel sales every year. In areas where the sample sizes are sufficient, multi-parcel sales are usually excluded from the annual adjustment process.

A report issued by the Indiana Association of Realtors looking at the number of closed sales from January through December of 2018 shows an increase in the median price for residential homes of 7.6% for Allen County.

Below are notes regarding the Sales Reconciliation attached:

Any sale that was not used in the ratio study, but was deemed valid by the State, was reviewed and is included in the Sales Reconciliation spreadsheet with explanations as to why the sales were excluded. Here are some typical reasons listed in the reconciliation:

- 1) **Auction** – Any sale with this explanation was sold at an auction that was either not well advertised, did not have multiple bidders, or was sold with no reserve under duress. If an Auction is well advertised, has multiple competitive bidders, with the seller having a reserve or right to refuse, and meeting all other qualification of a valid sale, then the sale would then have been deemed valid and used in the ratio study.
- 2) **Contract Sale** – Any sale with this explanation was sold or is being sold on land contract. These sales are using atypical financing and are typically at inflated prices to account for the additional risk to the seller. If a land contract is of short enough duration, is not at an inflated price, and meets all of the other qualifications of a valid sale it would be marked valid and included in the ratio study.
- 3) **Developer to Developer** – Any sale with this explanation was a Developer selling to another Developer. These types of sales are typically not listed on the open market and are between entities that have a business relationship. If the property was listed on the open market, the buyer and seller had no relationship, and meeting all other qualification of a valid sale, then the sale would have been deemed valid and used in the ratio study.
- 4) **Package Sale** – Any sale with this explanation is a sale involving multiple non-contiguous properties whose sale price was negotiated as a whole and not individually. The sales price on the Sales Disclosure may be the total sale price for all the parcels or an allocated price that is determined by some other means than negotiation on the open market. These sales are typically between investors and not listed on the open market.
- 5) **Sale after Foreclosure** – Any sale with this explanation is an REO sale from the result of a foreclosure. These are owned by a bank or financial institution through the foreclosure process and sold back to the public. The sellers in these situations have atypical motivations to sell the property, and typically require buyers to meet extra requirements or take extra steps in the buying process. This results in deflated values due to atypical seller motivation and a shrunken buyer pool.
- 6) **Sale Leaseback** – Any sale with this explanation is a sale where the seller transfers the property to the buyer and then leases it back from them to increase the liquidity of the real estate. The long term lease cash flow is included in the sale (which inflates the value). Used when companies need to access the cash equity invested in an asset for use in the acquisition or operation of other investments, but the original asset is still needed to operate and generate revenue.
- 7) **Short Sale** – Any sale with this explanation is a sale where the seller had to get approval to sell the property from their lending institution. Typically, these sales are under duress due to the seller no longer being able to afford the financial obligations to the property. If the seller was

not under duress and the sale meets all of the qualifications of a valid sale it would have been deemed valid and used in the ratio study.

- 8) **Trade** - Any sale with the explanation is the result of property owners trading properties. The properties typically are not exposed to the open market and the overall prices for the properties are not typically negotiated, only the difference in value. If both properties were exposed to the open market and the sale price of each property was negotiated individually, and the sale meets all of the qualification of a valid sale it would be deemed valid and included in the ratio study.
- 9) **Not Listed on the Open Market** – Any sale that is not listed or advertised on the open market is not considered a sale that reflects market value due to a lack of market exposure. Typically referred to as a private sale, these sale prices are either inflated or deflated due to an atypically motivated buyer or seller. Thus the resulting sale price is not indicative of the current market. If a property was a private sale but was determined to have market exposure similar to competing type properties and met the other qualifications of a valid sale, then the sale would be considered valid.