

Narrative

General Information

County Name: Allen

Person Performing Ratio Study: Allen County (Staff)

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Vendor Name (If Applicable): N/A

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Sales Window (e.g. 1/1/19 to 12/31/19): 1/1/2018 to 12/31/2019

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 1/1/2019 and 12/31/2019 were used in any of the Residential or Commercial Ratio Studies. Sales between 1/1/2018 and 12/31/2019 were used in both the Industrial Vacant and Industrial Improved Ratio Studies due to insufficient sales in 2019. In these situations, there was no market evidence supporting time adjustments.

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** – Due to similarities in the market and lack of sales, this study is run County Wide and includes sales from 1/1/2018 to 12/31/2019.
- 2) **Industrial Improved** – Due to similarities in the market and lack of sales, this study is run County Wide and includes sales from 1/1/2018 to 12/31/2019.
- 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** – Washington Township was 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. Aboite Township was run along with the unincorporated areas as it has a similar mixture of property group variation as found in the rural areas, 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 similarities in the market and a lack of sales. 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 similarities in the market and a lack of sales. Scipio and Springfield Townships were combined for the same reasons. All other townships were run individually due to an abundance of sales.

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	Scipio	This decrease is due to the only parcel in this property class changing from Commercial Improved to Commercial Vacant.
Commercial Vacant	Aboite	This increase is due to splits from Commercial Improved parcels to Commercial Vacant parcels.
Commercial Vacant	Cedar Creek	This increase is due to splits from Commercial Improved parcels to Commercial Vacant parcels.
Commercial Vacant	Lafayette	This decrease is due to 2 parcels being combined with Commercial Improved parcels, small parcel count.
Commercial Vacant	Marion	This increase is due to a parcel from the Commercial Improved property class changing to Commercial Vacant.
Commercial Vacant	Monroe	This increase is due to 7 parcels from the Commercial Improved property class changing to Commercial Vacant.
Commercial Vacant	Scipio	This increase is due to a parcel from the Commercial Improved property class changing to Commercial Vacant.
Industrial Improved	Jackson	This increase is due to the construction of a new grain elevator facility, small parcel count.
Industrial Improved	Maumee	This increase is due to the construction of a new cold storage warehouse, small parcel count.
Industrial Vacant	Aboite	This decrease is due to 2 parcels from the Industrial Vacant property class changing to Industrial Improved.

Industrial Vacant	Lafayette	This decrease is due to splits and combinations of various parcels, small parcel count.
Industrial Vacant	Lake	This decrease is due to the only parcel in this property class changing from Industrial Vacant to Industrial Improved.
Industrial Vacant	Madison	This increase is due to an Industrial Improved parcel changing to Industrial Vacant.
Industrial Vacant	Maumee	This increase is due to a split from an Industrial Improved parcel to an Industrial Vacant parcel, small parcel count.
Industrial Vacant	Monroe	This decrease is due to 2 parcels combining with an Industrial Improved parcel, small parcel count.
Industrial Vacant	Perry	This increase is due 1 parcel changing property class from Industrial Improved to Industrial Vacant.
Industrial Vacant	Springfield	This decrease is due to 1 parcel combining with an Industrial Improved parcel, small parcel count.
Residential Improved	Eel River	This increase is due to a combination of trending, new construction, and property class changes from Ag to Res.
Residential Improved	Jackson	This increase is due to a combination of land base rate changes and influence factor model change from a land study and property class change from Ag to Res.
Residential Improved	Scipio	This increase is due to trending.
Residential Improved	Wayne	This increase is due to a combination of 25% reassessment of the township, trending and large scale redevelopment.
Residential Vacant	Aboite	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 property class change from Ag to Res, and new subdivisions.
Residential Vacant	Jefferson	The decrease is due to a combination of property class changes from Res to Ag and Annexation from Jefferson Township to Adams Township.
Residential Vacant	Lafayette	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	Maumee	The decrease is due to a combination of property class changes from Res to Ag and combinations.
Residential Vacant	Monroe	The decrease is due to a combination of property class changes from Res to Ag and combinations.
Residential Vacant	Perry	This increase is due to property class change from Ag to Res, and new subdivisions.
Residential Vacant	Scipio	The decrease is due to a combination with an improved parcel, small parcel count.

Residential Vacant	Washington	This increase is due to property class change from Ag to Res, and new subdivisions.
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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** – Aboite, Jackson, Jefferson, Lafayette, Madison, Marion, Maumee, Monroe, Pleasant
- **COMM/IND/EXEMPT/UTL** – Aboite, Lafayette, Lake, Pleasant

Wayne Township

- Phase 2 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 was presented to the PTABOA on February 20th, 2020.

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 1/1/2019-12/31/2019. 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.

After submitting sales data to the State in January, 2019, some sales were further scrutinized and their validity codes were 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.

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.
- 10) **Foreclosure** – Any sale with this explanation is a property that has been foreclosed on by a bank, mortgage or lending company. These types of sales do not reflect the market, as they are not available to any other buyer; this is a compulsory action taken by the financial institution.
- 11) **Tax Sale** – Any sale with this explanation is a property that was sold during the Allen County Tax Sale. These parcels have a forced sale of the property by the County Auditor’s Office for unpaid taxes by the property owner.