

An Overview of Clark County's 2007 Annual Trending June, 2008

The following steps were taken to conduct the 2007 annual trending in Clark County:

Step 1: Re-Numbering of Neighborhoods

New neighborhood numbers were assigned to existing neighborhoods for the entire county in an effort to easily delineate townships from one another and to delineate residential from commercial properties. Corrections were made on those parcels assigned to the wrong neighborhood (i.e. commercial properties in residential neighborhoods). Also, new neighborhoods were created for several areas around the county, as a result of needing to delineate unique subdivisions and other neighborhoods that did not match surrounding neighborhoods. In some instances, this resulted in the creation of as many as seven different neighborhoods from a single neighborhood in 2006.

Step 2: Calculation of New Land Values

New land values were calculated county wide using a combination of last year's values and 2005 and 2006 sales and appeal information from 2006. In addition to creating new land values, the pricing method was standardized within particular neighborhoods. Previously many parcels were valued using overrides and these too were corrected allowing for annual adjustments during this year and future years. Various market areas or use types warranted influence factors; these properties were reviewed and had factors applied to them accordingly.

Step 3: Calculation of New Residential Factors & Residential Studies

Per 50 IAC 14, a preliminary ratio study was conducted for vacant and improved residential properties at the township level. The study indicated property classes that needed further analysis, which included reassigning parcels to new class codes or stratifying neighborhoods. After final analysis was completed on parcels new neighborhood factors were assigned. Predominately 2005 and 2006 sales were used to determine market adjustment factors. In some instances where sales were lacking, 2007 sales were used. These sales were not time adjusted due to perceived flatness of the housing market. Information taken from 2006 appeal database was also used to help determine factors and values.

Step 4: Updated Commercial & Industrial Improvement Values

New commercial and industrial cost table updates were the starting point for updating commercial and industrial improvement values. The county also changed the year of depreciation from 2005 to 2006. The Nexus Group Construction Cost Index (NCCIsm) was used to update these cost tables. These detailed construction cost models have been constructed by Nexus Group and applied uniformly by property class based on specific usage, wall type and other characteristics. Additionally, specific commercial property types such as convenience markets, fast food, motels/hotels were also reviewed and re-assessed based upon market sales information.

Step 5: Property Class Code Correction

The parcels for the entire county were reviewed based on class code assignment. Upon review, it was seen that several parcels were being assigned to the wrong class code. This was especially evident for parcels that were assigned to a 500 class but contained AG land. These parcels were corrected so that they received a 100 class code. In addition, parcels not associated with AG

land were re-assigned to a 500 class code. Other areas that were corrected were residential properties to commercial and vice versa.

Step 6: Ratio Study

Pursuant to the requirements of 50 IAC 14 and 50 IAC 21, a ratio study on all required property classes was conducted after the application of the various described changes to the relevant parcels. Based on the results, some neighborhoods required further adjustment so as to attain compliance to these standards. Outlier sales that were verified and confirmed as valid, arm's length transactions were further adjusted. (Outlier defined as a significant difference between the unadjusted assessment and the verified, valid sales price.) As noted in the ratio study itself, some groupings were made of similar areas / strata due to a lack or non-existence of sales. These were:

- Residential vacant - Bethlehen and Carr townships were combined as were Washington and Wood townships.
- Commercial improved - all townships were grouped together, except for Jeffersonville.
- Commercial vacant - all townships were grouped together.
- Industrial improved - the statistical analysis for commercial improved is being reported due to no valid sales during the study period, or valid sales outside the time period that could have been time-adjusted.
- Industrial vacant - the statistical analysis for commercial vacant is being reported due to no valid sales during the study period, or valid sales outside the time period that could have been time-adjusted