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**2018 Lawrence County Trending Project**

Activity Summary

**General**

Lawrence County is made up of 9 townships, including the two largest which are Marion and Shawswick. Like most of the state the residential real estate market slowed in most areas of the county beginning in mid-2007 and continued to slow throughout 2008 and 2009. Prices had remained relatively flat since the recession, however beginning in 2014 volume increased and home prices were slightly higher. In 2017 both sales volume and sales price increased at levels not seen since 2005 or 2006. While the number of distressed sales remains high compared to pre-recession levels the market seems stable, and there was never a dramatic downturn in the market as evident in other parts of the country. Prior to 2009 most of the growth in the county was seen in the northern part of the county, in Marshall and Perry Townships, where new development has been influenced by the close proximity to Bloomington. During 2009 growth in these two townships slowed and continued to be slow between 2011 through 2015. However, since that time there has been an uptick in sales volume and prices for houses at the upper end of the market in these 2 townships.

The commercial sector has seen mixed results with some new development on the north side of Bedford near the new Wal-Mart shopping center. This tapered off in 2008 and early 2009. Beyond the north side of Bedford there has been little new commercial activity other than scattered sites in Marion and Marshall Townships along Highway 37. The number of commercial buildings permits fell sharply during both 2008 and 2009, but has since leveled off between 2011 through early 2018.

The Industrial sector has been relatively static but has seen some growth. During 2011 and 2012 a new manufacturing facility was added in Mitchell and General Motors Powertrain made a substantial expansion to their Bedford plant, however they mothballed the older sections of the plant. Some smaller shops have also been added during the past few years and some new areas have been purchased for quarry sites. However, the larger quarries have been hurt by the downturn in the construction industry. The Ford Visteon Plant shut its doors and laid off its entire workforce following the downturn in the automotive industry. The Visteon plant was sold in 2008 and has now been converted to a multi-tenant shop and warehousing facility. Most of the converted space is leased to contractors that supply products to the Crane Naval Weapons Center.

**Commercial**

In the three years leading up to the 2012 reassessment (2007-2009), the county's appraisal

vendor carried out field inspections and complete reassessments of over 95% of the improved commercial and industrial property in both Bedford and Mitchell. During this same period about 25% of the improved commercial and industrial parcels outside of Bedford and Mitchell were also inspected in the field and reassessed. During the 2012 reassessment all commercial and industrial parcels were rechecked in the field and re-priced with the new 2012 cost tables. The 2015 through 2018 cyclical reassessment phases (1-4) have been completed utilizing on-site physical inspections of commercial parcels.

### **Residential Sales Validation**

All sales disclosures for residential properties are initially verified and validated by the county assessor's office. During the period between 2005 and 2010, those parcels where the sale price and assessed value differed by more than 15% a field inspection was carried out by the county's appraisal vendor. These inspections often result in finding renovated, omitted or removed improvements. Discussions with the owners onsite often yields new information about the financing or family relationships which do not always appear on the disclosures. During the period between 2005 and 2010 approximately 1,000 parcels were field checked to determine reasons for deviations between sale prices and assessed values. During the 2011 through 2018 trending projects a majority of sales, including distressed sales, have been field checked.

The number of foreclosures increased during the 2008 and 2009 trending project and jumped again during the 2010 trending project. During the 2011 through 2018 projects the number of distressed sales seemed to level off, but still remained high compared to pre-2007 levels. The resulting number of distressed sales has created additional work during the verification process. The number of contract sales has jumped as buyers are less likely to find conventional financing.

### **Income Producing Properties**

Lawrence County has a relatively large number of multi-family housing apartments. Most of the multi-family developments are either low-income or elderly housing. These apartments include type 515 rural housing and section 42 tax credit apartments. The county has obtained income and expense data from the majority of those properties. Almost all of the multi-family apartments were appealed during the 2002 reassessment and/or following the 2006 through the 2011 trending projects. Several of these complexes were again appealed following the 2012 reassessment. The process of comparing the capitalized net income to the assessed valuations has been an ongoing activity since the 2002 reval. The county has also gathered rental data from a significant number of residential rentals to develop GRM's and compared the GRM derived values against the current assessed values. The county has also obtained gross rent multipliers from area appraisers that is used in valuing rental property in the county.

### **Other Data Sources**

The county has very actively utilized any data that can be obtained from MLS data. The data is primarily on-line listing fact sheets as comparison of value and also to obtain construction data on both residential and commercial property. Between 2006 and 2018 several hundred parcels were adjusted as a result of information gathered from MLS data. The county uses this data in

an ongoing basis and the data is not limited just to trending.

As part of the ongoing assessment support process the county also has a tax attorney on retainer. The county utilizes her services on various appeals each year, for questions relating to exemptions, and interpretation of Indiana Code and directives. She has also coordinated appraisers and expert witnesses for tax appeal hearings.

The Bloomington appraisal firm that has assisted the county with commercial land valuations has also assisted the county with a variety of other projects during the past few years including the appraisal of multiple residential and commercial properties throughout the county and a review of capitalized income and expense data. The county has also utilized the services of an Evansville appraisal group with assistance on larger industrial facilities.

### **Neighborhood Revisions**

During the 2008 trending project an extensive review of neighborhoods was conducted. As part of that review various subdivisions within the Bedford City limits were removed from one neighborhood and placed in more appropriate surrounding neighborhoods. While the placement of these subdivisions in their respective neighborhoods seemed appropriate during the 2002 revaluation, sales over subsequent years indicated they should be moved to neighborhoods with different multipliers to bring their assessed values more in line with the market.

Between 2008 and 2012, twenty-five (25) small neighborhoods were made inactive and the parcels within those neighborhoods added to adjacent areas with very similar attributes. While these neighborhoods were combined because of "overstratification" a few additional neighborhoods were created to address the problem of having commercial and industrial parcels included in the same neighborhood as residential and ag parcels.

During the 2013-2017 trending projects the county combined 16 additional neighborhoods into larger homogenous neighborhoods. This includes creating a comprehensive neighborhood of newer subdivisions within Shawsick Township.

Neighborhood review is an ongoing process with a review of relative values and boundaries each year.

### **Time Trending of Sales Outside the 2017 Sales Period**

Due to the limited number of commercial and industrial sales the number of available sales from Jan 1, 2017 to Dec 31, 2017 was not sufficient to produce an adequate sample pool of sales. The sale range was expanded to include sales from 2016 for commercial improved sales. There were less than 5 usable valid industrial improved, industrial vacant, and commercial vacant sales to provide an adequate sample set even when going back 5 years.

The number of 2017 sales available for residential improved was sufficient to just use those sales from Jan 1, 2017 through Dec 31, 2017. For residential vacant sales the window was expanded

to include 2016 sales.

There was little measurable change when comparing year-over-year sales or market trends and commercial improved sales so no time adjustment was made for 2016 sales. Due to the lack of demand for land for new construction, there is no adjustment needed for older vacant residential sales.

### **Grouping of Sales Files**

Due to the limited number of commercial sales within the county, all commercial vacant and commercial improved sales have been combined into spreadsheets that cover sales from all townships.

For the residential improved category, sales from Bono, Guthrie and Pleasant Run Townships have been combined into one grouping (GUTHPRBONO). These townships constitute the eastern third of the county and are very similar in their rolling, heavily wooded topography. Sales from Indian Creek and Spice Valley have also been combined in a second grouping (ICSPV). These 2 townships make up the southwest quarter of the county.

For the residential vacant category, Shawswick township was left as an individual township for analysis, while sales of residential vacant parcels from all the remaining townships were grouped into one study group.

### **Review of Specific Home Types**

During the annual trending and reassessment projects, two types of homes have been identified as showing more deviation from sale prices than other types of dwellings – manufactured homes and log homes. Manufactured homes have varied more in price than other home categories and a very larger number of parcels containing sectional/ double-wide homes have been foreclosed or have sold through distressed sales. Due to this somewhat volatile sales pattern, the assessments on all manufactured homes are being looked at closely.

The assessments on traditional log homes tended to be too low relative to the market. Most log homes have shown a discounted assessed value relative to market sale prices. During trending and the reassessment process all log-type dwellings were looked at closely and to date, the grades have been raised roughly 5 to 10% to bring the assessments more in line with the market.

### **Cyclical Reassessment Activity**

The 2012 Reassessment was a complete, ‘traditional’, reassessment involving on-site inspections of all parcels and verification of measurements on the vast majority of improvements.

The county’s cyclical reassessment plan calls for 25 % of each property class in each taxing district to be reviewed in each of the 4 one-year phases. The 2015 through 2018 cyclical reassessment phases were completed utilizing a complete, onsite, “walk-around” data

verification process.

### **Sales Reconciliation File Issues**

In late November of 2015 the Assessor's CAMA software was converted from Proval to XSoft. Along with the CAMA conversion the county also began loading sales data into the XSoft sales disclosure program. As a result a large number of sales were loaded into the sales data base utilizing both their existing disclosure software and new XSoft sales program.

This has created a very large redundancy of sales. There are a large number of sales that appear on the reconciliation that are duplicates or triplicates. While unrelated there are a large number of sales that were not utilized since they were first sales following foreclosures.