

# Marion County Assessor



or

July 1, 2014

Mr. Micah Vincent, Commissioner  
Indiana Department of Local Government Finance  
200 N Senate Ave Ste N1058(B)  
Indianapolis, IN 46204

## **RE: 2014 (payable in 2015) Annual Adjustment Process for Marion County, IN**

Dear Commissioner Vincent:

This letter is to serve as our narrative explanation for the Annual Adjustment process for the 2014 (payable in 2015) assessments in Marion County.

### **Appeals**

To date we have finalized 79,096 for the assessment years 2006 payable 2007 through 2013 payable 2014.

### **Field Work: annual permit work for March 1, 2014**

As a result of our personnel assigned to performing field inspections, Marion County processed 4162 (1691 commercial and 2471 residential) site inspections in response to building permits issued.

### **Review and Validation of the Sales Database**

We used sales from January 1, 2013 through February 28, 2014 in the annual adjustment process. To ensure the accuracy of the sales used, we individually reviewed all of the paper copies of sales disclosures submitted during that period to confirm that they were accurately data-entered in our electronic file. The sales were audited by a dedicated staff of sales disclosure auditors reviewing on MIBOR and aerial photography before being submitted to the field personnel to perform inspections within 60 days of the sales date, per statute.

For those sales that were deemed invalid for trending purposes, an explanation can be found in the sales disclosure file. Where a sale was subsequently excluded during the trending process, we have provided a spreadsheet with an explanation showing why the sale was inappropriate for use.

Our definitions for some commonly used sales invalidation reasons:

Corporate Sale – This is a sale that may only have a name change between corporations or some other action that does not really constitute a sale.

Investment Sale – These are properties that are purchased in distress situations where the buyer is putting minimal resources into the property with the goal of selling the property for a significant profit.

Bank Sale – These are sales that are in a foreclosure stage where the bank is selling them to reduce their inventory.

### **Review of Income Producing Properties**

Our commercial assessment team has developed an income capitalization model to be used for multi-family residential properties. As part of processing hundreds of appeals for these apartments, this model was used to arrive at a settlement. Any information gleaned in the appeals process was then used to develop market assumptions we used for the 2013 (payable in 2014) assessments. Market data resources were also consulted to confirm our income approach information. All multi-unit apartments were reviewed using all three assessment approaches, and the lowest value was applied in accordance with IND. CODE § 6-1.1-4-29.

### **General Data Cleanup**

Our GIS team has been working diligently to revise our base map to make our parcel delineations more accurate. Data errors and inconsistencies in our assessment data continue to be identified and corrected. We continued to revise improperly identified use codes. We have encouraged taxpayers to combine contiguous parcels to take advantage of the supplemental homestead deduction, thus eliminating unnecessary parcel delineations. More than 1000 parcels have been combined and priced for the 2013 pay 2014 tax year.

### **Calculation of New Neighborhood Factors**

We used our PVD computer system to perform initial ratio studies at the neighborhood and township levels. This initial calculation identified areas where neighborhood delineations needed to be reviewed. Where a review of a parcel's physical characteristics was warranted, aerial photography, Pictometry, or Metropolitan Indianapolis Board of Realtors (MIBOR) listing information were reviewed to be certain physical data was correct. Where that information was inconclusive, field inspections were conducted. After these changes were made, we performed the ratio studies again. In many neighborhoods, there were an inadequate number of sales to rely on for proper trending. In these cases, we turned to other market trend sources, such as MIBOR analyses, CoStar's sale and lease data, and our own analysis of trends in Marion County's sales, to determine whether a change in the trending factor was appropriate. The ratio studies were again performed after all the changes outlined above had been made. The results of the final ratio studies achieved statistical measures within the IAAO limits.

### **Vacant Industrial**

After reviewing our vacant industrial sales only three were deemed valid, an insufficient number to complete a ratio study. For this reason we have left this classification out of our 2014 payable 2015 study.

## Quadrants for Center, Washington, and Wayne Township Improved Residential

Per IC 6-1.1-14-12 and your Department’s request, we broke Center, Washington, and Wayne Townships into quadrants for the purposes of the Improved Residential Ratio Study. Since the 3 townships in question are for the most part rectangles, we first looked for major streets and/or natural barriers (ex. rivers) that are close to the centerlines of the basic outline of the township. We then compared the number of residential improved parcels in each quadrant and adjusted the quadrant boundaries to come as close to an even 25% breakdown in each quadrant as possible while keeping the boundaries on major streets or other natural barriers. For simplicity, we named the quadrants, Northeast, Northwest, Southeast, and Southwest. Appendix A shows the boundaries of each of the quadrants and the number of Improved Residential parcels in each quadrant. In our ratio study spreadsheet, we broke each of the quadrants into their own study while also doing a study at the township level. In the workbook, we added a column to indicate quadrant, this added column is only filled in for the residential improved parcels.

## Groupings Used for Commercial and Industrial Classes

For the Commercial Improved Study, we combined Decatur and Franklin townships. These townships are in the southern most third of the county and have significantly fewer parcels than the other townships. Furthermore these two townships are both primarily residential townships with commercial parcels only accounting for 2% of the parcels in each of these townships.

For the Commercial Vacant Study, we combined Pike, Washington, and Center townships into one group and Lawrence, Warren, Perry, and Franklin into another. We tried to group the townships in a way that would make sense geographically while keeping the number of sales as equal as possible. Please see the diagram below for the geographic layout of the townships (Marion County is for the most part a square geographically; each township is also roughly a square as well. Number of valid sales is shown in parenthesis)

Pike (4)	Washington (1)	Lawrence (2)
Wayne (0)	Center (5)	Warren (3)
Decatur (0)	Perry (1)	Franklin (2)

Perry Township is more like Franklin Township than Center Township (the parcel makeup of the township), so we kept them together, but this combination only has 3 valid sales, so we decided that Warren Township is most like this combination. Pike and Washington due to geography are a natural combination in this scenario.

For the Industrial Improved Study, we combined Pike, Washington, and Lawrence townships into one grouping, Wayne, Center, and Warren into a second grouping, and Decatur, Perry, and Franklin into a third grouping. We chose to group the townships into North, Central, and South because generally, the three central townships (Wayne, Center, and Warren) contain the majority of the Industrial parcels in the county (71.7% of the Industrial parcels are in these 3 townships, while only 46% of all parcels). After we broke the 3 center townships out, the northern 3 and southern 3 were natural combinations.

Pike	Washington	Lawrence
Wayne	Center	Warren
Decatur	Perry	Franklin

### **AV Comparison**

The total AV for Decatur Commercial Vacant decreased over 10% due to correcting an error on a parcel that should have been developer discount.

The total AV for Perry Commercial Vacant increased over 28% due to Parcels 5044185 & 5044187 being split off of an Agricultural parcel to become a commercial development.

The total AV for Decatur Industrial Vacant increased over 162% because a couple of parcels that are the result of agricultural land being developed (around the new airport) into industrial properties and the assessments going from agricultural pricing to industrial pricing.

The total AV for Franklin Industrial Vacant decreased over 17% because Parcel 3012342 had its assessment decreased by \$184,600 as a result of a field check due to an appeal.

The total AV for Perry Industrial Vacant decreased over 13% because of a Split done on a parcel and the split off piece is now classified as a 447, resulting in a decrease of over one million dollars on the vacant parcel, but an overall increase in assessed value due to the new construction.

The total AV for Franklin Residential Vacant increased over 52% due to the improving economic conditions, resulting in vacant land being developed, we changed 107 parcels from developer discount resulting in an increase of almost \$3.2 million.

The ratio studies and the Marion County workbook have been made available to you on an FTP site. We will let you know the Login and password by separate letter.

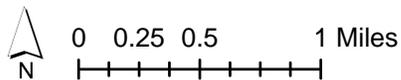
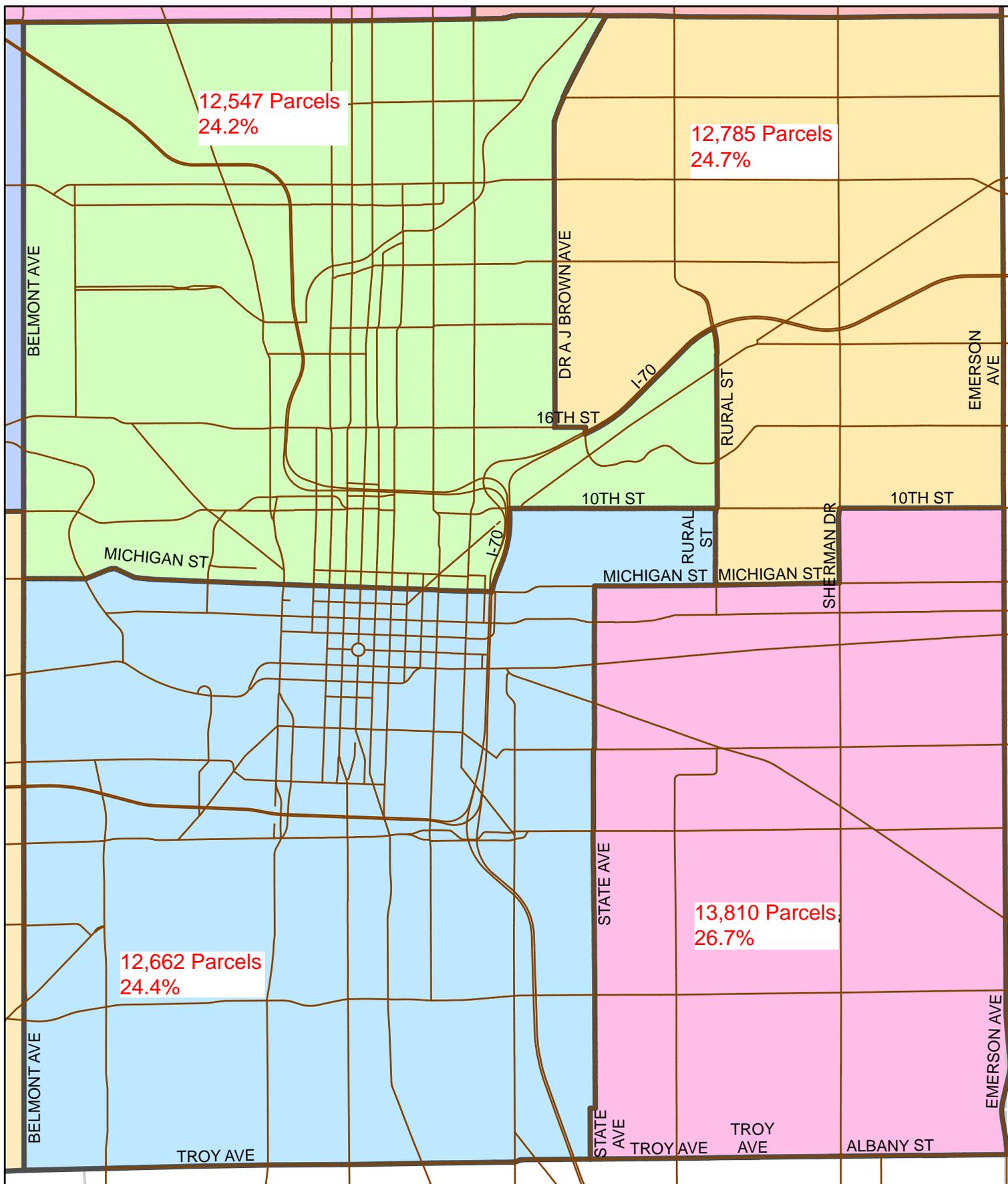
I hope these results meet with your approval. If there are any problems, or if you have any questions about our process, please let me know.

Sincerely,

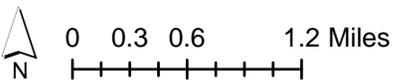
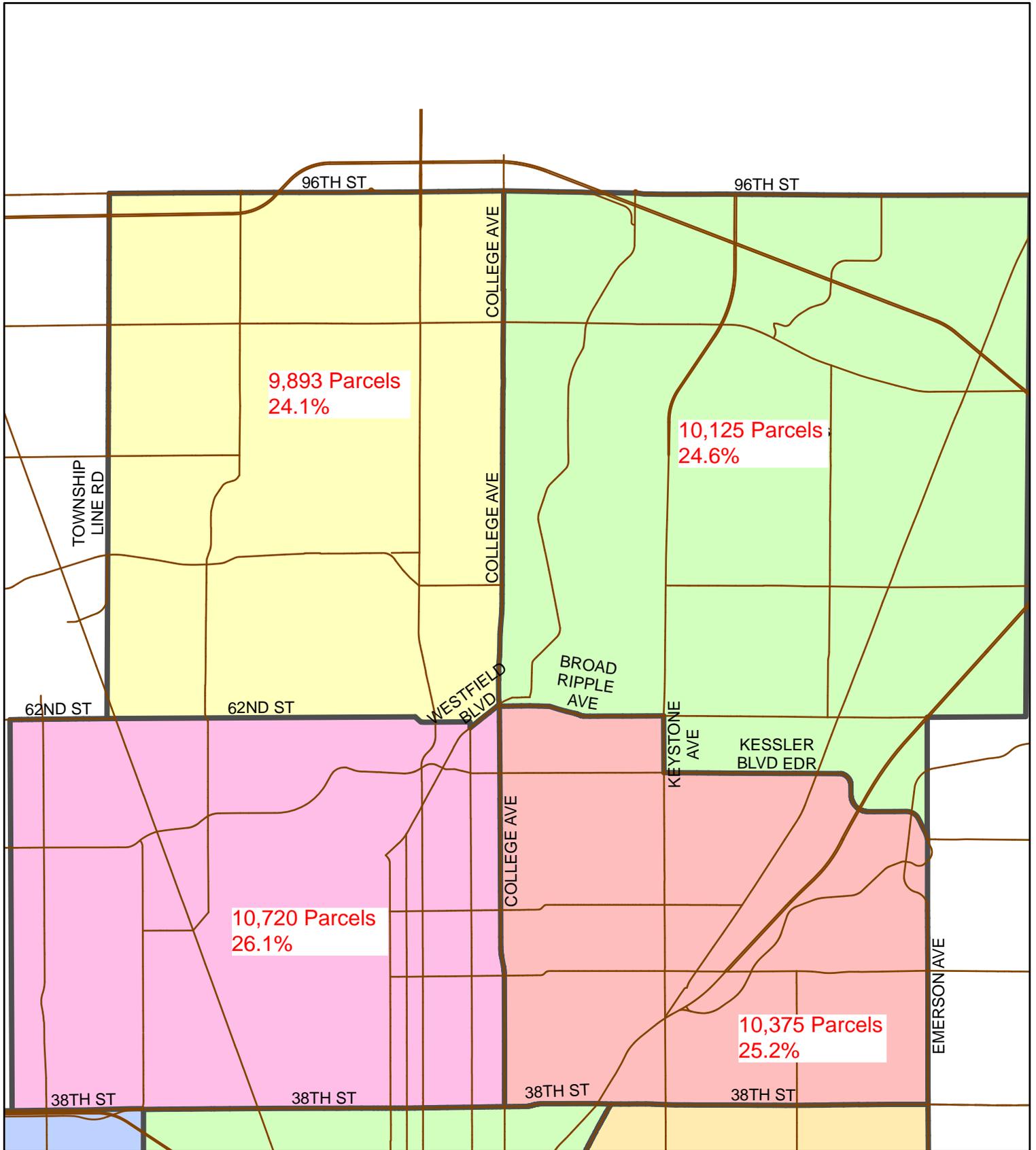
A handwritten signature in black ink, appearing to read "Joe O'Connor". The signature is fluid and cursive, with a large initial "J" and "O".

Joseph P. O'Connor

# Center Township Quadrants used for Improved Residential Ratio Study



# Washington Township Quadrants used for Improved Residential Ratio Study



# Wayne Township Quadrants used for Improved Residential Ratio Study

