

## 2018 MARTIN COUNTY TRENDING PROJECT

### Activity Summary

#### **General**

Martin County is one of the smallest counties in the state both geographically and by population. The county is made up of 6 townships with a total parcel count of just under 10,000 parcels. Perry Township contains 35 percent of the total parcels in the county and accounts for 70 percent of the total parcels that have sold.

#### **Commercial/ Industrial**

In the Town of Loogootee a large enough sample of improved commercial sales was available to develop a trending factor for each of the 2007 through 2011 ratio studies. However, the number of sales of commercial and industrial property in the remainder of the county was extremely limited. In those districts a cost index derived from *Marshall and Swift* was loaded into the county's Proval software system and batch recalculations of commercial and industrial properties were carried out each year. This methodology was employed beginning in the March 1, 2007 trending project. The market data available was used to help determine obsolescence depreciation if needed.

As part of the 2012 reassessment these inflation cost multipliers were removed and annual depreciation adjustments were applied upon the installation of the new 2012 cost tables. During the 2012 reassessment, the county's appraisal vendor carried out field inspections of all improved commercial and industrial property within the county. During the field inspection each property was checked for size, occupancy, use type, condition, and for variances that may have occurred since the 2002 revaluation, or from the time of last inspection.

For the March 1, 2013 through January 1, 2017 assessment dates new cost tables and depreciation tables were applied to the commercial parcels. A review was done of those parcels that showed significant changes due to application of the new tables.

The changes for January 1, 2018 were similar to 2017. The new county multiplier was loaded into the cost tables and applied. All improvements were again depreciated based upon their effective age as of the January 1, 2018 assessment date. No additional factors were applied.

#### **Commercial Land**

Raw land sales for commercial and industrial property, are very limited. The primary revisions to commercial land pricing for 2010 through 2018 were the increases in the more desirable sites along the Highway 50-Highway 231 corridor through Loogootee. Beyond this 231 corridor the only other area with some development is near the Crane Naval Weapons Center. Crane has

opened a tri-county industrial park to house military contractors near the base, and various research and development facilities have been constructed there.

## **Residential**

All sales disclosures for residential properties are initially verified and validated by the county assessor's office by phone contact with the parties involved in the sale. Beginning in 2010 a field inspection has been made of all valid sale parcels along with many non-valid sales by the county's appraisal vendor. These inspections often result in finding renovated, omitted or removed improvements. Discussions with the owners onsite yields new information about the financing or family relationships which do not always appear on the disclosures.

Sales throughout the county had been relatively flat between late 2007 through 2013, but began showing modest growth in 2014 through late 2016. Sale prices and sales volume were both up in 2017, primarily in Perry Township while the residential market slowed during the recession in both volume and sales price level, and the number of distressed sales increased, there was not a dramatic downturn in the market as seen in other parts of the state and country. The close proximity to the Crane Naval Weapons Center has helped stabilize the housing market and has encouraged some new construction of homes, primarily in the Perry Township area.

While sales have shown some upward movement overall there has also been an increase in the number of sales at the higher end of the residential market, homes priced \$175,000 and higher. These houses are concentrated in Perry Township.

## **Income Producing Properties**

Martin County has a very limited number of multi-family housing apartments. The county has obtained income and expense data from the majority of those properties which is then used to arrive at income-based valuations based on capitalized net income. The county has also gathered rental data from residential rentals to develop GRM's to assist with valuing residential rental properties.

## **Other Data Sources**

Unlike most counties there is very little data available through the MLS for properties in the county. Most of the data available consists of online listings, of which is primarily from Realtors located in adjacent counties. Beginning in 2007, and continuing through the present, MLS fact sheets are obtained and compared to the county's property cards for accuracy. Adjustments are made to the property cards following this review, if the current data on the cards is inaccurate.

## **Format Adjustment and Other Changes**

As part of DLGF requirements the county has changed the pricing of single-wide mobile homes

and those formerly priced as real property are now priced as personal property. The county has also changed the pricing of double-wide mobile homes and modular homes to “stick-built” dwelling pricing. Sales of properties containing personal property mobile homes are kept off the ratio study. Sales involving double wide or modular homes require closer review due to the volatile price swings seen with these types of homes.

### **Neighborhood Delineation**

During the 2002 reassessment and equalization process neighborhoods were developed that incorporated all classes of property including agricultural, residential, commercial and industrial. While all part of the same neighborhood the multipliers and land values for each class were treated separately.

During the 2008 project the commercial, industrial and utility parcels were broken out into separate and new neighborhoods. While the boundaries remained unchanged and the impact on assessed value is minimal, the application of factors, recalculations, and tracking have become much simpler and more specific.

In 2012 the neighborhood number 9011 (Lazy Acres) was inactivated and those parcels combined into the larger Center Township #9010. Neighborhood boundaries are reviewed on an annual basis.

### **Ratio Study Combinations/ Groupings**

Due to the very limited number of commercial and industrial properties located within Martin County, the sales of each class of industrial and commercial properties from all townships have been combined onto one ratio study for the entire county.

Beginning with the 2011 ratio study residential vacant sales from Center Township were combined with those from Rutherford Township to produce a more acceptable study sample. These townships are similar, adjacent and both lie west of the White River. Sales for residential vacant were also combined for Halbert, Lost river, and Mitcheltree Townships. These townships lie East of the White River, are adjacent, and make up large sections of the Martin State Forest.

Due to the declining amount of available residential vacant sales all townships outside of Perry have been grouped together for 2015-2018 (Grouped ResVac) while Perry has been left by itself.

The sample size of residential improved properties is large enough in Perry Townships to carry out a separate study. However the remainder of the county’s residential improved have been combined into one grouping (GroupedResImp).

### **Time Trending Sales and Expansion of Sales Pools**

The increased sales activity of residential properties in Perry Township allowed for use of 2017

sales only for the Perry Township residential improved section. However due to the extremely small size and limited number of sales within the remainder of the county all other sales pools were expanded beyond the 12-month window allotted. The sales pool used for residential improved parcels was expanded to include sales from January 1, 2016 through December 31, 2017 in other townships. In order to come up with an adequate number of residential vacant sales a sales window of January 1, 2015 through December 31, 2017 was used. Due to the resulting small number of sales remaining, homogenous townships were grouped to produce an adequate sample size.

For commercial and industrial properties the sales period was expanded to include sales from January 1, 2016 through December 31, 2017. There has not been a significantly measurable change in commercial or industrial sales, or raw land sales within the county to warrant a time adjustment.

The county used a variety of methodologies to arrive at a time trend factor to adjust home sales (residential improved) outside of the 2017 sales pool: (1) Opinions of change in the market were obtained from local Realtors and appraisers; (2) A review of year-over-year sales was done; (3) The real estate site 'Zillow' showed a 5.3% overall increase in Indiana home prices during 2017; (4) The U.S. Federal Housing Authority derived a 6.93% increase in median home prices for the same period; (5) The real estate site 'Trulia' ranks Martin County 84<sup>th</sup> of 92 counties in buyer desirability. Using a composite of these sources an annual factor of 3.0% was applied. A 0.25% adjustment per month was made to net sale prices to trend values to the valuation date of 1-1-2018 for those residential improved parcels outside of Perry Township. These areas lag Perry Township as far as volume and price levels.

### **Reassessment Activity**

The 2012 general reassessment was a "complete" revaluation. All real property parcels were inspected on site during the reassessment with a majority of parcels being reviewed in a 'scratch' re-measure fashion. After the completion of the reassessment the county actively updated records for 2013 and 2014 through a comprehensive "cleanup" review and through the appeal process.

Phase I of the 2015-2018 Cyclical Reassessment was carried out utilizing on-site walk around reviews. Parcels reviewed in Phase I included the town of Crane (Perry Township), the Town of East Shoals (Halbert Township), the Town of West Shoals (Center Township), Mitcheltree Township, Halbert Township, and part of the commercial industrial properties in Loogootee (Perry Township).

Coinciding with the March 1, 2015 valuation date the county switched software providers from ProVal to XSoft. Several months were devoted to 'clean-up' of the converted data.

Phase II of the 2015-2018 Cyclical Reassessment involved review of those parcels in Loogootee (Perry Township)-Neighborhoods 9080 and 9087, and also Halbert Township, Neighborhood 9030.

Phase III of the 2015-2018 Cyclical Reassessment involved review of parcels in Lost River Township, Rutherford Township and part of Perry Township, and commercial/industrial parcels located in Loogootee (9087 Neighborhood).

Phase IV of the 2015-2018 Cyclical Reassessment included review of parcels in Center Township, Rutherford Township, and Perry Township (primarily 9070 neighborhood).