

2011 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.

Commercial

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. Applying this trend factor to the improved parcels yielded a yearly increase in most parcels. During the 2010 trending project and the 2009 trending phase, minor land multipliers were applied. However, during 2011 no changes were made to the multipliers. In the remaining taxing districts the number of improved sales was 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. This methodology was employed beginning in the March 1, 2007 trending project.

The cost index was developed from reviewing 4 different time-adjusted indexes in the *Marshall and Swift* manual. Parcels that were indexed were subsequently depreciated based upon the effective age at the time of the valuation date for each assessment year. Prior to 2007, physical depreciation was based on the valuation date of January 1, 1999. The market data available was used to help determine obsolescence depreciation if needed.

As part of the review of commercial property, the county's appraisal vendor has carried out field inspections of 90% of the improved commercial and industrial property within the county either during the ongoing 2012 reassessment or in the year prior to the start of the reassessment. 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.

Commercial Land

Due to the limited amount of raw land sales for commercial and industrial property, the county contracted with a local Realtor/Broker in 2008 to carry out a review of various parcels in both Perry and Halbert townships to help establish land valuations in those

areas. The appraisals carried out were used to supplement and revise the land values established by the county. The primary revisions for 2007 through 2010 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.

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 was also made of all parcels involved in 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 have been relatively flat since late 2007 and have continued to stay that way through 2011. This has necessitated only modest changes in the annual trend factors which has resulted in little movement in the residential valuations. The residential market has slowed in both volume and sales price level, and the number of distressed sales has greatly increased. However, there has not been a dramatic downturn in the market. 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.

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.

As part of the 2009 project additional spreadsheets were added. The first spreadsheet documents all 2008 sales that were considered valid sales, but were deemed unusable for Trending (large tract-Ag sales, sales with personal property mobile homes, etc). During the 2010 project an additional spreadsheet was added summarizing each neighborhood, including the number of parcels and changes to multipliers and land made during 2010. This spreadsheet was expanded in 2010 to show all trend/ land multipliers and updates (* see attached – *2011 trend neighborhood summary*).

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.

An example of this is changing the neighborhood number on all of the Loogootee commercial and industrial parcels from neighborhood number 9080 to the newly created number of 9087.

Ratio Study Combinations

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.

Time Trending Sales and Expansion of Sales Pools

Due to the extremely small size and limited number of sales within the county all sales pools were expanded beyond the 14-month window allotted. The sales pool used for both residential improved and vacant parcels was expanded to included sales from January 1, 2009 through

February 28, 2011. Due to the resulting small number of sales remaining, homogenous townships were grouped to produce an adequate sample size. Time adjustments to sales in the expanded pools are detailed below.

Opinions of change in the market from 2008 through the present were obtained from local Realtors and appraisers in the county and nearby counties. These opinions varied widely but helped to develop a market trend. This was combined with a review of year-over-year sales to arrive at time trend factors. The factors used are nominal multipliers of 1% for land sales occurring during 2009. Raw land sales tended to show somewhat more of an increase than homes.

With home prices being relatively stagnant since the end of 2007 there was no time adjustment made to 2009 residential improved sales. Sale prices for earlier sales were indexed with a multiplier of 1%. All improved commercial sales beyond the 14-month window were indexed with a 1% rate to reflect the average between the growth near Crane contradicted with the lack of activity throughout other commercial sectors.

Reassessment Activity

Data collection and some data entry began at the beginning of 2010 in Center Township and West Shoals which is also located in Center Township. As of June 1, 2011, just over half of the county had been data collected with a smaller percentage data entered. Those areas where data entry has taken place will show more variance between 2010 and 2011 worksheet values