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An Overview of Monroe County's 2018 Annual Trending

The following steps were taken to conduct the 2018annual trending in Monroe County:

General Overview:

The Monroe County housing market experienced a greater number of sales during the 2018 assessment year as well as an overall increased value in the housing pricing. Actual percentages varied by neighborhood. Major commercial projects also continue to be developed. Primarily apartment/retail mix projects. Monroe County is the home to Indiana University. Enrollment within the university continues to grow each year, resulting in an increased demand for housing, whether it is owner occupied or rental properties. For the entire trending process sales from 1/1/2017 through 12/31/2017 were used. There was no time adjustment of any sales. The Indiana Housing Market Report for the timeframe of year 2017 indicates +6.5% increase in median home sale prices. As stated above specific areas within Monroe County continue to show growth not only in sales, but new construction, while other areas have remained flat.

The county updated the year from which improvements are depreciated from as well as implemented the new cost table updates. The county's Location Code Multiplier (LCM) did not change, as directed by the DLGF. Every residential neighborhood was analyzed. Sales were the primary base for any market factor changes. Additional information such as appealed properties and the net result of the depreciation change was also taken into consideration when determining neighborhood factor adjustments.

Cyclical Reassessment:

Reassessment activity took place in Bean Blossom, Indian Creek, Salt Creek as well as selected properties in Benton, Bloomington, Perry, and Richland

Land Values:

Land base rates were reviewed and as a whole were basically left unchanged. Minor revisions were made to various neighborhoods where dictated by the market, as well as establishing minimum homesite and excess residential rates throughout the county.

Market Adjustment Factors (Residential):

Monroe County has approximately 1060 residential neighborhoods defined. As a result of the updated depreciated year and cost table changes all improved residential properties were affected in some manner. As a result of these changes, newly created factors were implemented when necessary As stated above, Monroe County experienced a greater number of sales as well as experienced an increase in the median home price. The percentage of change that occurred varied depending on the actual neighborhood. New neighborhoods are continually being developed and new updated sales information in these newly developed areas has led to some of these changes.

Sales Reconciliation

The DLGF provided a sales reconciliation file identifying a total of 2250 sales that occurred during the 2017 timeframe as needing an explanation as to why they were not used if they are not contained within the ratio study. The 2250 sales identified by the DLGF was done without review and therefore identifies several that are "invalid sales".
From this list of 2250 parcels it was determined that 119 of the sales were sales of various "invalid sales" nature. For example (59 = bank/sheriff/Hud, auction, estate, etc.; 29 = sold again later in 2017; 7 = contains AG land, 18 = non-dwelling.; 6 = partial interest owner, etc., etc.). There were several others with similar "invalid reasons".

IAAO Ratio Study standards indicate that "outlier ratios" can result from any of the following:
1. An erroneous sale price
2. A nonmarket sale
3. Unusual market variability
4. A mismatch between the property sold and the property appraised
5. An error in the appraisal of an individual parcel
6. An error in the appraisal of a subgroup of parcels
7. Any of a variety of transcription or data handling errors in preparing any ratio study

Outliers should be:
1. Identified
2. Scrutinized to validate the information and correct errors
3. Trimmed if necessary to improve sample representativeness

As a result, there were individual parcels that met these guidelines and were trimmed.

After complete scrutiny from the county Monroe County utilized more than 90% of the parcels that were identified in the DLGF reconciliation sales file, once the file was adjusted, eliminating truly non valid sales.

See the Sales Reconciliation Response file for a complete detail for every parcel not utilized in the study.

A total of 2207 sales were used in the study, of which 86 were multi-parcel sales.

It should be noted that the Indiana Housing market update from the Indiana Association of Realtors reported that a total of 1,822 housing sale closed during the 2017 year. This number is actually less than the number of improved residential sales used in the study.

Monroe County is committed to utilizing as many valid sales as possible. As stated above, sales from January 1, 2017 through December, 31, 2017 were used. Where applicable multiple parcel sales (total of 86) were also used. This year's study contains more sales than what was used in the 2017 study.

Groupings

Within the residential improved study Polk and Salt Creek Township were combined due to lack of sales. These two townships border each other and are rural in nature.

Within the residential vacant study, Indian Creek and Van Buren were combined as there were only 2 sales for Indian Creek. These two townships border each other.

The township of Polk was given the statistical results for Salt Creek Township as Polk had zero sales. Salt Creek had only 4 sales for 2017, thus 6 sales from 2016 were utilized. There was no time adjustment of these sales as there wasn't a big enough sample size or any paired sales to accurately compute.

Within the Commercial Vacant studies, there was only a total of five (5) sales from the 2017 timeframe. As a result, six (6) sales from the 2016 timeframe were also utilized. There was no time adjustment of these sales as there wasn't a big enough sample size or any paired sales to accurately compute.

Within the commercial improved study, the township of Bean Blossom was combined with Richland. These two townships are contiguous and share the same school corporation. Bloomington and Perry township were independent studies. All other townships were combined and statistical data was reported, where there were more than 24 parcels associated with the township.

Within the Industrial Vacant study all townships were grouped together. There was only one sale from the 2017 time frame, thus sales three (3) sales from the 2016 and three sales from 2014 were also used. There were no sales occurring in the 2015 timeframe. No sale outside the 2017 timeframe was time adjusted due to the limited amount of activity.

Within the Industrial Improved study, all townships were grouped together due to lack of sales. There was only five (5) sales from the 2017 timeframe, thus six (6) sales from the 2016 timeframe were also utilized. Once again, no sales outside of the 2017 timeframe were time adjusted due to the limited amount of activity.

Neighborhood Comparison

The following neighborhoods were grouped together for comparison purposes when calculating trending factors.

53009036 & 53009037

53009050 & 53009051

53009109 & 53009110

53009075, 53009076,

53011024 & 53011025

53011028 & 53011029

53011034, 53011035 & 53011037

53011041 & 53011043

53013011 & 53013012

53013037 & 53013038

53015024 & 53015025

53015040 & 53015042

53015049 & 53015050

SPECIAL NOTE: When conducting your analysis, all property class code 419 (other commercial housing) – which are rental homes should be compared with 510 and 511 class codes within the given neighborhood as they are assigned to the residential neighborhoods and trended accordingly.

Percentage Change

The following township groupings had changes greater than 10% (increase/decrease):

Residential Vacant:

Bean Blossom: This township experience greater than a 10% increase. This occurred due to nine (9) properties were either switched from AG to residential or had homesites applied. The change for these 9 parcels accounted for 52% of the increase. There was a total of sixty-three (63) parcels that had their excess residential rates adjusted. These 63 parcels had an average increase of $4100 in their land value. These 63 parcels accounted for 51% of the increase.

Richland: This township was near a 10% increase due to thirty-one (31) parcels being created this year. The combined total for these 31 parcels was $810,900 or 34% of the total increase. Another 25 parcels were removed from a developer's discount as new development got underway. These 25 parcels total $1,000,300 or 42% of the total increase. These two factors account for more than 75% of the total increase amount.

Van Buren: This township experienced greater than a 10% increase due thirteen (13) parcels didn't exist last year. These 12 parcels total $1,336,800 or 56% of the total increase. Another twenty-eight (28) parcels were removed from developers discount as new development got underway. These 31 parcels accounted for $755,200 or 31% of the total increase. These two factors account for more than 87% of the total increase.

Residential Improved:

Polk: This township experienced greater than a 10% increase. This occurred due to four (4) parcels did not exist last year and their increase of $428,900 accounted for 26% of the increase. Another six (6) parcels had new construction and their combined increase of $705,100 accounted for 43% of the increase. It should also be noted that this township was reassessed this cycle.

Commercial Improved:

Polk: This township experienced a near 10% increase as six (6) parcels had a combined increase of $256,400. This combined total accounted for more than 99% of the total increase. This township was assessed during this cycle.

COD's:

COD's of less than 5% occurred in the Commercial Vacant, Industrial Vacant and Industrial Improved studies. This was the result of very number of limited sales and those sales that were used were from prior studies. As a result, the COD's are reflective of prior year studies.