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An Overview of Monroe County's 2016 Annual Trending

The following steps were taken to conduct the 2016 annual trending in Monroe County:

General Overview:

Overall the Monroe County market housing market has not changed dramatically from prior years. Monroe County never experienced the housing downturn as other parts of Indiana or even the county had. Throughout the county some neighborhoods/areas remain flat where others have seen growth and some have shown a slight decrease. Since there isn't any defined pattern and with whatever minimal appreciation or depreciation that has taken place over the year, there was no time adjustments made to any sales. New construction continues to take place within the county. The majority is within the residential classification, and is neighborhood specific. 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 1/1/2015 through 12/31/2015 were used. There was no time adjustment of any sales. The Indiana Housing Market Report for the time period of year 2015 indicates +4.4% 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 experienced some decreases.

The updated depreciation year and updated Location Code Multiplier (LCM) provided by the state was implemented for all real property parcels. 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 year and the LCM change was also taken into consideration when determining the appropriate neighborhood/market adjustment factor.

Land Values:

Land base rates were reviewed and as a whole were basically left unchanged. Minor revisions were made to various neighborhoods that had land base rates for land type 91 and 92 that were below the current agricultural land base rate. Lots receiving a developers discount were also reviewed as these had not been adjusted over the last few years and the values had drop below that of agricultural pricing.

Additionally, land type 14 (undeveloped/unusable) was also adjusted upward as it too had not been adjusted over the last several years and had fallen well below the agricultural base rate. As a result of making these very minor changes in these base rates, it resulted in various townships showing greater than a 10% increase for vacant residential groupings. Those affected are explained in detail below in the section titled “**Percent Change**”.

Three residential neighborhoods (53009032, 53009046 & 53009055) had their land rates modified significantly due to non-uniformity to surrounding neighborhoods. The trending factor was adjusted as well to compensate for the increased land value.

Market Adjustment Factors (Residential):

Monroe County has approximately 1060 residential neighborhoods defined. As a result of the updated depreciated year and LCM change all residential property was affected in some manner. As a result of these changes, newly created factors were implemented when necessary. As stated above, Monroe County remains stable as a whole, but certain areas within the county is experiencing growth and certain areas has seen some downward trend. The change is not constant throughout the entire county. New neighborhoods are continually being developed and new updated sales information in these newly developed areas has led to some of these changes.

Use of Sales information

Monroe County is committed to utilizing as many valid sales as possible. As stated above, sales from January 1, 2015 through December, 31, 2015 were used. Where applicable multiple parcel sales (total of 55) were also used. This year’s study contains 1977 sales used. A detailed file titled, “**Monroe Ratio Study Sales Reconciliation**”, has been submitted with this year’s ratio study. This file contains two worksheets; 1. “**dlgf trimmed sales**” – list of 26 sales that were trimmed (with explanation) from the received reconciliation report submitted by the DLGF, dated 2-23-16, 2. “**used sales not on dlgf report**” – listing of sales that were deemed valid by the county but not listed on the DLGF reconciliation report, dated 2-23-16 that was received. The list contains 62 sales, of which 61 were deemed valid by the county and are good sales. There is one sale that was deemed invalid by the county in error and was used.

COD’s

Within various groupings, the county recognizes that some COD’s are on the low side. However, it should be noted that Monroe County has a long history of having COD’s on the low side. This is a result of the effort that has taken place over the last several years in proper delineation of neighborhoods and reassessment work. It should be noted when a residential sale occurs, more than 60% of the time it will be within 5% of its current AV. This is a very high percentage for a mass appraising process.

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, Polk and Salt Creek Township were combined due to lack of sales. These two townships border each other and are rural in nature. Bean Blossom and Richland Township were also combined due to lack of sales. These two townships were combined due to they are the only two townships that are part of the school corporation for the area.

Within the Commercial Improved and Commercial Vacant studies, those townships that did not have the minimum number of sales, were all grouped together in a county wide analysis.

Within the Industrial Improved study, all townships were grouped together due to lack of sales

Within the Industrial Vacant study all townships were grouped together. There were no sales during the time frame. All of the sales are from the 2014 and 2013 time period and were also used in the 2015 study. There was no time adjustment due to the limited number of activity.

Neighborhood Comparison

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

53005019 & 53005018

53005053, 53005054 & 53005055

53009036 & 53009037

53009050 & 53009051

53009109 & 53009110

53011034 & 53011035

53011044 & 53011045

53011001, 53011002, 53011003, 53011005, 53011008, 53011010, 53011012, 53011013, 53011014, 53011016, 53011019, 53011020, 53011022, & 53011062

53013031, 53013032 & 53013034

53015018 & 53015020

53017012, 53017020, 5307021, 53017022, & 53017033

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%:

Bean Blossom (Vacant Residential): Increase was due to the change in various neighborhoods that had land type 91 and 92 base rates lower than the agricultural base rate. A total of 83 parcels were affected with an average increase of \$5700/per parcel.

Benton (Vacant Commercial): Increase was the result of one parcel increasing by \$300. This is the only parcel assigned to this grouping within the township.

Benton (Vacant Residential): This grouping did not increase by more than 10% but showed an above average increase due to changing the base rate for land type 91 and 92, where the rates were below the agricultural base rate.

Clear Creek (Vacant Commercial): Increase was due to changing the land type 14, which was below the agricultural base rate. The change affected 6 of the 8 parcels with an average increase of \$5600.

Clear Creek (Vacant Residential): Increase was due to the change in various neighborhoods that had land type 91 and 92 base rates lower than the agricultural base rate. Additionally, there were 3 parcels that were not pricing correctly based upon an applied developers discount. Overall 269 parcels were affected with an average increase of \$4300/per parcel.

Indian Creek (Vacant Residential): Increase was due to the change in various neighborhoods that had land type 91 and 92 base rates lower than the agricultural base rate. A total of 46 parcels were affected with an average increase of \$6550/per parcel.

Perry City (Vacant Commercial): Increase was due to 3 parcels were changed from either an agricultural classification or excess residential classification to a commercial classification. All 3 parcels were previously vacant tracts that had been purchased and are now experiencing commercial development. Improvements have not been completed for this period. Once completed, the classification will change to an improved classification code. These 3 parcels accounted for more than the total groupings increase amount.

Polk (Vacant Residential): Increase was due to the change in various neighborhoods that had land type 91 and 92 base rates lower than the agricultural base rate. A total of 47 parcels were affected with an average increase of \$7500/per parcel.

Richland (Vacant Residential): Increase was due to the change in various neighborhoods that had land type 91 and 92 base rates lower than the agricultural base rate. Additionally, this township has a large number of parcels in developer's discount which also was trended upward as it too had fallen below the agricultural base rate. In addition to these two changes, there were an additional large number of parcels created that didn't exist last year due to re-platting and development. A total of 370 parcels were affected by one of these 3 predominate changes, with an average increase of \$4,000/per parcel.

Salt Creek (Vacant Residential): Increase was due to the change in various neighborhoods that had land type 91 and 92 base rates lower than the agricultural base rate. A total of 130 parcels were affected with an average increase of \$8300/per parcel.

Van Buren (Vacant Residential): Increase was due to the change in various neighborhoods that had land type 91 and 92 base rates lower than the agricultural base rate. Additionally, this township has a large number of parcels in developer's discount which also was trended upward as it too had fallen below the agricultural base rate. As a result 227 parcels were affected with an average increase of \$4360/per parcel.

Washington (Vacant Commercial): Increase was the result of 4 parcels having had their land type 14 changed. These 4 parcels increase by an average of \$13,250. These 4 parcels accounted for 97% of the township grouping increase.

Washington (Vacant Residential): increase was due to the change in various neighborhoods that had land type 91 and 92 base rates lower than the agricultural base rate. A total of 154 parcels were affected with an average increase of \$7400/per parcel.