

## **Orange County 2020 Trending Supplemental Narrative**

### **General**

Orange County is one of the smaller counties in the state. The county is made up of ten townships with a total parcel count of just under 20,500 total parcels. The real estate market had been relatively slow for several years until developments during 2005 and 2006 involving the new casino and modernization of French Lick and West Baden hotels. This led to a dramatic increase in the value of commercial properties near the hotels and casino and a large amount of new development in that area.

Beginning in 2008 and continuing into early 2017 the housing sector had been relatively slow throughout the county, since that time there has been a modest increase in sales volume and sales prices. The French Lick area had seen significant increases in commercial property values following the work done to the hotels and the addition of the casino, but prices in this area have also now stabilized. New residential developments have been limited to a few large-tract rural subdivisions scattered around the county with only a small number of new homes in those areas.

### **Commercial**

The hotel and casino developments in West Baden and French Lick have been the driving force of commercial activity in the county since 2005. While there has been some limited continued new growth following the hotel and casino developments, the pace of new construction and renovation has slowed considerably. Since 2008 the area has seen the addition of an indoor water park with attached hotel, the construction of another motel, the conversion of a factory into a modern indoor go-cart facility, the completion of the PGA quality Pete Dye golf course, the addition of a mini-golf/ laser tag venue, and the construction of various smaller entities. Conversely, there are multiple vacant commercial and industrial facilities that have been on the market for several months now and others that have had a high rate of turnover with tenants.

During 2019 the French Lick Hotel and Casino added a high-end addition to the hotel expanding the number of available hotel units.

Between 2006 and 2010 the Assessor's appraisal vendor carried out a complete field inspection and reassessment of about 90% of the commercial parcels throughout the county, including yearly inspections of most larger facilities including the hotels and casino. During the 2010 through 2018 reassessment period all commercial and industrial parcels were re-inspected in the field.

Industrial and Commercial activity and development has been mixed during 2013 through 2018. Two new Dollar General Stores, a new branch bank and new motel have been added. The French Lick Casino and Resort has added a new conference center. Conversely, the former Essex Wire Plant, which at one time was one of the largest employers in the county closed and most of the

plant sits idle. At the end of 2017, operations at Paoli Chair, the largest industrial facility ceased. The facility was sold to another furniture manufacturer and as of 1/1/19 new production lines were in operation. As of 1/1/20 this facility has added more process capacity and is being used as a distribution center.

## **Residential**

All sales disclosures for residential properties are initially verified and validated by the county assessor's office. During the trending projects from 2004 through 2010, field inspections were made of any parcels where the sale price and assessed value differed by more than 15% . During the 2011 through 2019 projects all sold parcels were reviewed in the field, including several non-valid sales.

A large number of these inspections often result in finding renovated, omitted or removed improvements. Discussion with the owners onsite yielded new information about the financing or family relationships which do not always appear on the disclosures.

Sale prices throughout the county during 2009 and early 2010 tended to vary from slight decreases in incorporated areas to relatively flat prices in the rural areas. This pattern has continued through the remainder of 2010 through 2016 with no precipitous drops but no real increases, with the exception of Jackson and Orleans Townships which exhibited stronger residential sales than the remainder of the county. Residential sale prices rose modestly beginning in 2017 county-wide. The number of foreclosures, distressed sales, and sales following repossessions rose significantly in 2009 and has continued at a steady rate into 2019.

## **Income Producing Properties**

Orange County has a limited number of multi-family housing apartments. Most of the multi-family developments are either low-income or elderly housing. The county has obtained income and expense data from the majority of those properties. Almost all of the multi-family apartments were appealed during the 2002 reassessment and/ or following the 2006 through 2011 trending projects, and the 2012 reassessment. The process of comparing the capitalized net income to the assessed valuations has been an ongoing activity since the 2002 reassessment. The county has also gathered rental data from residential rentals to develop GRM's and then compared the GRM derived values against the current assessed values.

## **Other data Sources**

The data base for properties available through the MLS has improved in the past few years. The county has utilized what data is available, which is primarily on-line listing fact sheets, as comparison of value and also to obtain construction data on both residential and commercial property. The MLS data is still relatively limited compared to MLS data available in most larger counties. What data is available has been incorporated into the 2020 valuation process and has

been utilized for prior years also.

As part of the ongoing assessment support process the county also has a tax attorney on retainer. The county utilizes her services on various appeals each year and she has provided appraisers to help support the county's assessed values. The county also retains the services of independent appraisers when necessary to support assessed values during the appeal process.

### **Neighborhood Review and Reduction of Over-stratification**

During the 2002 revaluation neighborhood boundaries within incorporated areas tended to follow subdivision lines. While this made the data collection, data entry and land valuation process much easier during the reassessment it created some trending issues. Between 2008 and 2015 multiple smaller neighborhoods were combined to produce larger neighborhoods that are easier to work with. This allows for better stratification, where before the county was over-stratified.

Since 2002 the total number of neighborhoods has been reduced by 99, this has resulted in a dramatically different neighborhood makeup than first utilized in the 2002 reassessment.

### **Reassessment Activity Impact**

Phase I of the 2018-2022 cyclical reassessment was completed utilizing on-site "walk-around" inspections. The areas reviewed during the first phase were Northwest Township, Orangeville Township, Orleans Town, Orleans Township, and Northeast Township.

Phase II of the reassessment included review of parcels in Paoli Town, Paoli Township and Southeast Township.

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

The residential improved sales pools for all townships, with the exception of Greenfield and Jackson Township, are made up of all valid sales from January 1, 2019 through December 31, 2019 window. The sales pool was expanded for Jackson Township and Greenfield Township to include sales from Jan 1, 2018 through December 31, 2019.

Due to the small number of sales available the residential vacant category the sale pool was expanded to include 2017 and 2018 sales. The commercial improved section was expanded to include 2016 and 2017 sales. This allows for having three separate groupings of commercial improved sales as opposed to placing all sales into one grouping.

There have been no significant measurable changes to justify a time adjustment to Commercial Improved or Vacant Residential sales. No time adjustment was made to sales occurring prior to 1-1-2019 for these groups.

For residential improved sales from 2017 (in Jackson and Greenfield Townships) a combination of methods was used to determine a time-trending factor 1) year-over-year sales analysis; 2) the

real estate site “Zillow” showed a 5.5% increase in Indiana home prices for 2018; 3) the US Federal Housing Finance Agency derived a 7.0% increase in median home prices for the same period. Orange County is lagging state average according to FHD Statistics and in-house sales review. An annual factor of 3.0% was derived for the 2 townships with expanded sales pools. This adjustment was applied to net sale prices to trend sale prices to the 1-1-2020 valuation date.

While various indexes could be used to establish a time trend those indexes do not accurately capture what is taking place in the market. For example, an inflation index of building material would show large changes. The material costs would be substantially higher, but that cost is not reflected in prices of existing homes.

### **Sales Groupings**

Commercial Improved sales have been combined into three spreadsheets; French Lick Township, Paoli Township and a grouping of the remaining townships made up primarily of sales from Orleans Township. The smaller townships have been grouped with Orleans Township since they are more typical of the sales range found there as opposed to Paoli or French Lick.

There have been less than five usable valid sales of Industrial Improved and Industrial Vacant, and Commercial Vacant properties in the last 5 years so there is no section for these property types.

Residential vacant parcels have been combined into two groupings. French Lick, Jackson and Northwest Townships have been combined for the first grouping. These townships are adjacent, and make up the western part of the county. They are also in the same school district. Vacant sales in this area are primarily for recreational type properties with the buyers often from out of the county. All 3 townships are heavily wooded and vary little between township as to topography. Sites would have similar appeal to buyers in each of the three townships.

The second grouping of residential vacant parcels is comprised of Greenfield, Northeast, Orangeville, Orleans, Paoli, Southeast, and Stampers Creek Townships. While the topography is hilly like the western part of the county there is also a larger percentage of agricultural properties. Sites are more likely to appeal to local buyers as opposed to non-residents looking for recreational properties.

Residential Improved sales from Northwest Township, Orangeville, Stampers Creek, Southeast and Northeast Townships have been grouped.

These townships that have been grouped are each away from the incorporated areas of French Lick, Orleans, Paoli and West Baden. The topography and terrain is the same in each of these townships with rolling, heavily wooded hills and valleys. Homes and farms are scattered with limited amenities available. There is a high concentration of Amish farms throughout each of the smaller townships. The real estate market is relatively inactive compared to the three larger townships and homes sell within the same general price range in each of these townships.

### **Neighborhood Anomaly**

While most of Orange County is quite similar in the types of homes throughout, there is one area within the county with far more variance. Greenfield Township has neighborhood #9403 which is made up solely of "Wildwood Lake". This is a rural, recreational and hunting development with approximately 500 lots. While some of the parcels are occupied year round, the vast majority are for weekend or seasonal use. Most of the property owners are from out of county and there are a fairly large number of lots that sell each year. There is no consistent pattern to sales in this area. Adjacent lots with similar amenities and topography may easily sell with variances of 50 to 200% in price. Because of the abnormal sales patterns far more sales from this neighborhood have been excluded than from any other area in the county.