PIKE 2018 TRENDING ACTIVITY SUMMARY

A summary of activities is listed below that were used during the 2018 trending project.   Also an overview of the activities during the transition phase from 2006 throughout 2009, and those 2010-2018 trending and reassessment activities which have a bearing on the 2018 trending analysis.

 Pike County has one of the smallest populations in the entire state with one high school serving the entire county. The primary industry is coal mining and electricity production.   Beyond the coal mines and the two power plants located in the county there is a very limited industrial base.   There are no manufacturing facilities within the county. The commercial sector is very limited with little growth in several years. Between 2010-2018 new construction was limited to a new CVS store, a convenience store, 3 coal mine buildings, a branch bank, a new rock yard, a Section 42 affordable housing project, and a new Dollar General Store.   The residential sector is primarily rural with a handful of subdivisions in Washington Township that were started in the 70's and 80's.

While there has been some limited new commercial development the county's economy was affected by closings in 2014. Vectren abruptly shut down their Prosperity Underground Mine in the summer of 2014. This was one of the largest mines in Indiana. There are no plans to resume mining activity. The mine is considered permanently closed. In December 2014, Hoosier Energy shut down one of its power generating units due to EPA regulations. On April 15, 2015 unit 2 was shut down and the plant ceased operations. Hoosier razed the power plant, coal handling facilities, and other buildings in 2017 which will have a large impact on the county's real and distributable assessments.

In a move that would have greatly affected future property buyers, voters defeated a school referendum that was on the May 2015 ballot. The referendum was to eliminate debt accrued from budget deficits. As a result, the school corporation is closing one of the 3 grade schools located in the country.

During 2011 construction began on the section of Interstate 69 which bisects the northern part of the county. As a result a gravel yard and asphalt batch plant were added to service the construction. As of January 2018 there has been no commercial construction along the I-69 exit in the county; however a new commercial-industrial park is being developed.

(1) Neighborhood Review. The boundaries of each neighborhood were reviewed and *significant* changes were made involving the makeup of various neighborhood during the 2012 reassessment.
When neighborhood delineation's were finalized during the 2002 general reassessment the neighborhood boundaries tended to follow the lines of newer subdivisions or older platted areas. This facilitated the process of setting land values, and simplified data collection and data entry procedures. However, the net result has been an *over-stratification* of neighborhoods. In prior years the county had a very large number of small neighborhoods, primarily in incorporated areas.

Between 2008 and 2017 many of the smaller neighborhoods were combined with nearby smaller neighborhoods that had similar characteristics and multipliers, to produce larger neighborhoods. By combining neighborhoods a larger pool of sales per neighborhood was available versus having a handful of sales to use in the smaller neighborhoods. A total of **39** neighborhoods were combined and inactivated.

(2) Use of MLS Data. Due to the small size of the county, and the limited number of real estate offices, the amount of MLS data is extremely limited. Until recently much of the data available online was obtained from agencies from adjacent counties that had parcels from Pike County listed.   Relevant MLS data has been incorporated into the 2008 through 2018 trending projects.

(3) On-Site Inspections. Most commercial and industrial parcels were rechecked in the field during the 2006

re-trending process, and also during the 2007-2011 trending projects.   The rechecks involved verification of data on the property cards, checking current and previous occupancy/use, condition and verification of measurements. Between 2009 and 2018 all commercial, industrial and utility parcels have been checked on-site.

A substantial number of residential parcels were also rechecked during the trending process. The appraisal vendor hired by the county was required to conduct a field review of any residential parcels where the assessed value and sales price differed by at least 20% during the 2006-2010 trending projects. During on-site interviews the differences were often due to family or forced sales, however dozens of changes were made to property cards due to remodeling, removals, additions and other changes found in the field. This same procedure was used during the 2011-2018 trending projects, but the number of parcels/sales inspected was expanded to include almost **all** sold parcels.

(4) Disclosure Validation and Verification. The initial verification and validation of sales disclosures is carried out by the assessor's office staff. The primary method used is by phone verification of sales data to both the sellers and buyers. Follow-up calls to the closing agent are used when the data provided conflicts between buyer and seller, or the Assessor is unable to contact the parties.

(5) Revised Land Values. Land values for each class of property within each neighborhood were reviewed during this trending phase and also during prior trend years. Various land values were deemed to be too low and have been changed during the process. This was carried out by either changing the land rate pages within the county's software system or by applying a trending factor to the land. The method used was determined by which would be most appropriate (e.g. if all the land within a subdivided neighborhood was too low then it was adjusted with a trend factor. If only the excess acreage in a neighborhood was deemed too low then it was adjusted through changing rates on the land control page).

Land rates for all classes of property are reviewed annually and revisions applied as part of the 2015-2018 Cyclical Reassessment.

(6) Incorporation of GIS Data. In 2008 the county obtained a GIS package and has frequently used this new tool as part of the trending process and more frequently during the general reassessment. The county has also obtained new aerial photographs which were utilized during the reassessment.   These new tools have been an asset for reassessment, especially in identifying coal mine sites and finding omitted or new recreational cabins built in secluded areas.

(7) Income Data. During the trending process the county assessor obtained rental data on all of the privately-owned apartment complexes in the county. That data was incorporated into the review and resulted in limited economic obsolescence adjustments. The number of leased office-retail establishments is extremely low and no rental data was gathered on those properties. In late spring of 2015 a Section 42 affordable housing complex was built in Petersburg. I/E data from this complex became available for the 2017 and 2018 valuations.

(8) Updating Cost Tables/ Revising Depreciation. Beginning during the 2006 re-trending process the cost tables and depreciation were revised on all commercial, industrial and utility parcels in the county. Four different cost indexes contained in the Marshall Valuation Service were reviewed to determine an index or factor that was applied to the cost tables to update the January 1, 1999 costs to bring them to January 1, 2005 levels. Following the recalculation new physical depreciation numbers were applied and the parcels were reviewed to see which warranted additional obsolescence. Obsolescence amounts were changed only if sales of similar parcels indicated the values were too high or too low.

During subsequent assessment years this same procedure of indexing and re-depreciating was followed. For March 1, 2012 all depreciation overrides and cost index multipliers were removed after new cost and depreciation tables were loaded for 2012. For 2013 the County loaded revised cost and depreciation tables which were applied to all real property parcels. In 2014-2018 updates were loaded which included the new county multiplier and a revised depreciation date.

(9) Residential Vacant Anomaly. Most of Pike County is typical compared to other small rural counties. One exception to this is Lake Helmerich in Lockhart Township. This is a large development that started in the mid-70's and has never reached its original potential. Lots on the big lake are in short supply and can reach prices between $10,000 and $20,000. However, very few off-lake lots are improved and the vast majority are still sitting empty. Sales on these lots can vary between $100 and $5,000. There is no established price by the market, and no observable selling pattern. Many of these lots end up on tax sale or go back to the association for failure to pay annual fees. Adding these lots to the ratio study often skews the statistics, and it can also distort studies of percentage value changes over time.

(10)   Reassessment Work.   The 2012 reassessment in Pike County took place over a four-year span.   The 2012 Reassessment was conducted as a "walk around" reassessment with a significant part of the county actually being a complete re-measure.

The 2015, Phase I, of the Cyclical Reassessment was completed utilizing on-site, physical verification of all improvements. Phase I included inspections of all properties in Lockhart Township, Monroe Township, and the Town of Winslow (Patoka Township). In order to achieve the 25% level some commercial and industrial parcels were also reviewed in Washington Township.

The 2016, Phase 2, of the Cyclical Reassessment included review of properties in Marion, Jefferson and Patoka Townships. In order to achieve the 25% level some commercial and industrial properties were reviewed in Washington Township.

The 2017, Phase 3, of the Cyclical Reassessment included review of properties in Jefferson, Logan and Washington Townships.

The 2018, Phase 4, of the Cyclical Reassessment included review of properties in Clay and Washington Townships and the City of Petersburg.

(11) Development of Time Adjustments and Expanding Sales Period.   Due to the small number of parcels and limited sales available in Pike County the sales period has been expanded to beyond the 2017 window. Sales from 2015 and newer have been used for residential vacant analysis, and residential improved sales from January 1, 2016 through December 31, 2017 have been used.

Developing time adjustment factors to adjust those sales outside of the January 1, 2017 through December 31, 2017 window involved three approaches.   The first approach was obtaining opinions of market change from local Realtors and appraisers.   These opinions of change varied widely, as did those from appraisers in nearby counties. The second approach used year-over-year sales.   The current appraisal vendor utilized by the county has been reviewing sales on an annual basis since the practice of using sales disclosures in the mid-1990's. The third approach was reviewing statistical information from Zillow and the U.S. Federal Housing Authority. The US FHA derived a 6.93% increase in median home prices in Indiana. Pike county is lagging well behind this increase.

The market in the county had been flat for some time in both volume and price. In 2017 the market trended somewhat higher and the number of homes selling in the $150,000+ range increased. While some areas have seen a large increase in distressed sales, and a drop in sales volume, most areas have stayed rather stable.   Demand outside of the towns has been stronger than in-town and prices have held up better for the more rural areas and lakefront areas.

Combining all the available data sources, a 2.0% increase was developed. Residential improved sales prior to 1-1-2017 have been adjusted using this 2% rate. Since there does not seem to be any direct correlation between home prices and inflation or cost indexes, no inflation index such as the CPI was considered. Due to the lack of demand for commercial properties and vacant residential sites no adjustment was made to sales earlier than January 1, 2017.

(**12) Pooling Sales for Commercial and Industrial Parcels.** Due to the extremely limited number of commercial and industrial sales within the county, all countywide sales for each of the following classes (industrial vacant, industrial improved, commercial vacant, and commercial improved) have been combined to obtain a better representation. Commercial Improved sales from 2015, 2016 and 2017 were included to provide an adequate sales pool. There have been less than 5 usable commercial vacant, industrial improved or industrial vacant sales in the past 5 years so no study of those classes is included.

(13) Combining of Parcels. During the past five years the Assessor has been actively combining contiguous parcels where one improvement is situated on more than one parcel. A large number of parcels have been combined in Lockhart, Monroe and Patoka Townships. The county has several parcels that still need to be combined, thus the large multi-parcel file for a small county.

(14) Pooling/ Grouping Residential Data. Pike County has four sparsely populated townships – Clay, Logan, Madison and Monroe that have been combined into one grouping for Residential Improved Sales in order to have a viable number of sales to analyze. These townships are contiguous, and are very similar in use with a mix of coal mine property and rural residential/ agricultural sites.

Residential Improved sales from Jefferson, Lockhart and Marion were also grouped to produce a sufficient sales pool. These 3 townships lie on the East side of the county and are contiguous.

For Residential Vacant sales Clay, Logan, Madison, Patoka, and Monroe Township were grouped together. These are similar and contiguous townships. Sales from Jefferson, Lockhart, Marion and Washington were combined to produce a second grouping.

(15) Cama Software. In late summer of 2016 the Assessor switched software from Proval to XSoft. Cleanup work is still continuing following the data conversion.