

PIKE 2012 TRENDING ACTIVITY SUMMARY

A summary of activities is listed below that were used during the 2012 trending project. Also a summary of the activities during the transition phase from 2006 throughout 2009, and those 2010, 2011 and 2012 reassessment activities which have a bearing on the 2012 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. In 2010, 2011 and 2012 new construction was limited to a new CVS store, a convenience store, 3 coal mine buildings, and a new rock yard. The residential sector is primarily rural with a handful of subdivisions in Washington Township that were started in the 70's and 80's.

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. The other impact of the project has been the use change in about 600 parcels from residential or agricultural to exempt, primarily in Logan and Washington Townships.

(1) Correcting Property Class Codes. During the 2006 trending process the property class codes of all parcels (commercial, industrial) involved in the re-trend were rechecked for accuracy. There were multiple utility parcels that were incorrectly listed as industrial vacant parcels. There were also multiple exempt parcels including churches that were miscoded as commercial. Those codes were changed to match the corresponding exempt classification.

Following the revision of the commercial and industrial class codes, the Assessor's office began reviewing the class codes of residential and agricultural class codes. The process is still ongoing, but a very large number of class codes have been changes to date, primarily those involving platted vs. non-platted legal descriptions and improved versus vacant agricultural parcels. As trending, and now the 2012 reassessment progresses, continued *revision of the codes Should improve the accuracy of any reports that are ran using class codes as the search indicator.*

(2) Neighborhood Review. The boundaries of each neighborhood were reviewed and *significant* changes were made involving the makeup of various neighborhoods.

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 has had a very large number of small neighborhoods, primarily in incorporated areas.

During 2008 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. In 2008, a total of 15 neighborhoods were combined and inactivated.

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During 2009 additional neighborhoods were combined to further reduce over-stratification: In Lockhart Township 3 neighborhoods were combined and inactivated; 2 neighborhoods in Patoka Township were eliminated; One neighborhood in Spurgeon (Monroe) was eliminated; 6 neighborhoods in Washington Township were combined into neighborhood number 1107.

Additional Neighborhood Combinations for March 1, 2011

As part of the 2011 trending project further neighborhoods were combined:

Lockhart Township #9302, #9304 and #9313 combined into #9301 (Lockhart Platted);
Logan Township #9402 combined into #9401;
Winslow/ Patoka Township commercial were in 2 neighborhoods, combined into 1.

Neighborhood combinations for March 1, 2012

In Washington Township, neighborhoods 1101, 1104, 1109 and 1102 have all been added into the larger neighborhood 1107. In Jefferson Township, neighborhood number 9213 was added to 9215.

At the conclusion of the 2012 reassessment there will be at least 50% fewer neighborhoods than at the conclusion of the 2002 reassessment.

(3) 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 2012 trending projects.

(4) 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 2012 all commercial, industrial and utility parcels were 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 and 2012 trending project, but the number of parcels/sales inspected was expanded to include almost all sold parcels.

(5) 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 mailing questionnaires concerning the sales to both the sellers and buyers. Follow-up calls are used when no data is returned or when the data on the forms conflicts between buyer and seller

(6) 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). In 2011 the county determined and adopted new land rates for the entire county. Those new rates have been applied as part of the 2012 valuation process.

(7) 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.

(8) Broker/ Appraiser Data. Due to the limited amount of sales of commercial and industrial property the county contracted with a local Real Estate Broker in 2007 to obtain written opinions of value of commercial property along Main Street in Petersburg and of potential industrial sites along Illinois Street in Petersburg/ Washington Township. The county also obtained a narrative from one of the most experienced broker/ appraisers in the county detailing the market conditions found in the Town of Winslow and Patoka Township. These appraisal opinions have helped supplement the valuation of industrial and commercial land within the county.

(9) 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.

(10) Updating Cost Tables/ Revising Depreciation. During the 2006 re-trending process the cost tables and depreciation were revised on all commercial, industrial and utility parcels in the county.

For the 2006 trending four different cost indexes contained in the Marshall Valuation Service were reviewed, and it was determined that an index or factor of 1.27 (127%) should be applied to the cost tables to update the January 1, 1999 costs to bring them to January 1, 2005 levels. These factors were loaded into the control pages of the county's Proval computer system and each c/i neighborhood was recalculated. 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.

(12) Format Revisions. During the 2007 project some general changes were made to the previous ratio study format. The format was again modified in 2008 to incorporate the county's new 18-digit numbering system and the study was combined into one comprehensive file including statistical summary pages. During the 2010 project the columns were "rearranged" to more closely mirror the format employed for generating "workbook" reports. The structure of the ratio study was again changed to meet requirements for the inclusion of sale ID numbers, and the incorporation of the 'Format' and "Multi-Parcel" tabs.

(13) 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 were 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.

(14) Reassessment Work. The 2012 reassessment in Pike County has taken place over a four-year span. The initial fieldwork and data entry began in Lockhart Township and the Towns of Winslow (Patoka Township) during 2009. This was followed by data collection and data entry of parcels in 2010 in the Town of Spurgeon (Monroe Township), Marion Township and Monroe township.

In 2011 work started in Patoka Township and Logan Township. Many of the updates to the property records were completed for March 1, 2011 in these two taxing units. During the later part of 2011 work began in the remaining areas of the county: Clay Township, Jefferson Township, Madison Township, Washington Township and the City of Petersburg (Washington Township).

The 2012 Reassessment was conducted as a “walk around” reassessment with a significant part of the county actually being a complete remeasure.

(15) 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 include sales that are up-to 5-years old for commercial and industrial properties. Sales from 2009 and newer have been used for residential vacant analysis, and improved sales from 2010 through March 1, 2012 have been used.

Developing time adjustment factors to adjust those sales outside of the January 1, 2011 through March 1, 2012 window involved two 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 market in the county has flattened in both volume and price. 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 nominal time trend factor of 1% was used throughout the county and applied to all property classes for 2007-2008 sales. Sales from 2009 and 2010 were not time trended. Various real estate professionals described the market as “flat” since 2008, beyond sales for the I-69 right of way.

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.

(16) 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.

(17) Combining of Parcels. During the past two 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. This will alter the parcel counts in those areas and also result in larger than normal increases or decreases in assessed values due to the combination of multiple assessments.

(18) Impact of I-69 Project. During late 2009, and throughout all of 2010, work began on acquiring

property in the north part of the county for the Interstate 69 route which will pass just south of Petersburg in Washington Township. This has had an effect on trending in multiple ways. The biggest impact has been the large number of sales disclosures that the Assessor has received as a result of the State of Indiana purchasing properties for the right-of-way. Other changes will be evident in the workbook report for both March 1, 2011 and March 1, 2012 as the number of exempt properties will increase, while the numbers of residential/ agricultural improved and vacant parcels will drop. With the location finalized and work started there has also been a limited amount of speculator activity to acquire sites near the new interstate.

(19) 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 and Patoka Township were grouped together. These are similar and contiguous townships. Sales from Jefferson, Lockhart, Marion and Washington were combined to produce a second grouping. Monroe Township had a large enough sample to be left by itself.