

10/23/2023

## Letter to DLGF 2023

Dear DLGF Staff:

Below are my written comments. Besides the comments contained herein, I reserve the right to submit additional evidence until the date that the DLGF makes its Final Determination.

\*In the prior Land Order, the Lake County Assessor and Township Assessors submitted Sales Data to support the base rates contained in that Land Order. All of the Sales Data in most cases, and nearly all in certain other cases, was from sales that took place in 2020 and 2021.

\*In the 2023 land Order which I am objecting to now, the Sales Data that is being used to support the base rates submitted by the Lake County assessor and other Township Assessors, is from 2021 and 2022. As you all know, the DLGF per its Final Determination of the prior Land Order, found no fault whatsoever in these Assessors' submissions and gave them approval for each and every component of the previous Land Order submitted in 2022.

\*It would therefore seem to be somewhat mathematically impossible for these newly submitted base rates with their meteoric increases, to be justified. That is to say, if there was nothing in the 2021 Sales Data to justify any marked change in last year's Land Order, then that would mean that the skyrocketing base rates would have to be supported by sales that took place only in 2022. And if there was some unexplained phenomenon that supported a tremendous interest in properties in Calumet Township that experienced these wild increases, it would have to have been so dramatic that when averaging out 2022 sales with 2021 sales, that it would be so dramatic that it could overcome 2021 sales which were known to be relatively flat by virtue of the data submitted in the previous Land Order in 2022. And even if there were some data to support these incredible increases, it would have been required to be averaged out with 2021 sales. This would mean that 2022 was sure one heckuva year for Gary property!

It is simply impossible. There were not enough sales in 2022 to overcome this and justify the outrageous increases in base rates contained within the Land Order now currently under DLGF review.

It is common practice when analyzing data sets, to throw out the highs and lows so as not to skew the group. This does not appear to have been done. To the contrary, it appears that the opposite was done. The highs were preserved. The bulk was thrown out. And the highs were extrapolated over the group. Hence the insane results the Assessors are trying to get the DLGF stamp of approval for.

\*2023 Land Order submitted late. It should have been submitted by January 1<sup>st</sup>, of 2023 (That is if in fact it is the Land Order for the Quadrennial Cycle beginning in 2023. However, by my count of years, the first Land Order should have been for the years 2014-2017. The second one for the years 2018-2021. The following one for 2022-2025. As such, this one, purportedly for 2023-2026, is still late—by any measure!

\*The method by which the Lake County Assessor (under information and belief, under the advice of its contractor, Nexus) derived base rates was improper. According to Ms. Spearman herself, I was told that her office, under the advice of her office's contractor, used a formula of 20% land to improvement ratio to determine land values. They had to do this since there were nowhere near enough sales of land only to make a determination. This is not a proper means to determine land values. The proper way to determine land values is by analyzing land sales.

The method used by the Lake County Assessor to derive land values was arbitrary and capricious. Worse yet, it has led to what will surely become, catastrophic consequences for many property owners in Lake County; particularly homeowners in the Miller area.

\*In the case of many properties in the Miller area, the Lake County Assessor as well as the Calumet Township Assessor, have stated that they are allowed to use properties up to a half mile away from a subject property as comps. This improper method alone may be the cause of some of the stratospheric increases found in this Land Order. Lakefront properties should not be used as comps when determining base rates for properties well off of the lake, as much as a half mile away according to assessing officials.

\*Per an independent study of local real estate values of lakefront properties, it has been determined that properties in Ogden Dunes and Dune Acres have significantly lower per front foot base rates for lakefront properties than the new values submitted in this Land Order. Both of these communities are known to be rather posh communities, at least one them being a gated lakefront community.

\*The only market factor that is out of the ordinary is an interest in purchasing residential properties for business purposes in Gary's Miller Beach area. Many of the properties recently sold in the Miller area are purchased for the sole purpose of turning them into AirBNB rentals. When people purchase properties for this reason, they are in some cases willing to pay way over market value. They can do so because they are NOT buying it to live in. They are buying it to be a de facto hotel. And as a de facto hotel, they are able to charge high rates for this temporary occupancy. Then, in receiving this income stream from the rentals, they are able to overpay in comparison to what a normal homeowner can pay for a residence. Their purchase price is now based upon an income vs. purchase cost formula.

It is not fair or proper to base sales of homes purchased to be used in the Air BNB trade, to be used as a basis to ratchet up all other normal homeowners' properties. These Air BNB-type sales are skewing the sales data and the results are harming families that purchased their

homes to live in and raise their families. Using sales of residences to be used as rental businesses to inform base rates for regular homeowners is arbitrary and capricious.

\*It has been well documented that there was a pent-up demand for real estate following the Covid-19 pandemic. If this is at all responsible for any out-of-the-ordinary sales, the Assessors should have taken the phenomenon resultant from the pandemic into consideration when reviewing 2021 and 2022 Sales Data; particularly 2022 sales, because 2021 Sales data submitted along with the 2022 Land Order was known to be relatively flat overall.

\*In the past review of the Land Order submitted in 2022, I made numerous references to neighborhoods that were across the street from one another or across the alley from one another and had identical characteristics. Neighborhoods 2536 and 2539 are good examples of this. 2536 was at \$169.00 PFF in 2022. Neighborhood 2539 was at \$74.00 PFF in 2022. But now, they are suddenly both at \$160.00 PFF.

I guess this should be filed under the category of be careful what you wish for. However, neither neighborhood have had enough sales to support land base rates of even the lower \$74.00 PFF. Both of these neighborhoods are plagued with stagnant sales and are cursed with abandonment. There is certainly nothing to support the 116% increase in Neighborhood 2539.

Actual sales, or the lack thereof in these neighborhoods, would have supported a reduction in the base rates of Neighborhood 2536. Conversely, there were clearly not enough actual sales to support any increase in the base rates for Neighborhood 2539.

The Assessors seemed to take an arbitrary and capricious action that had no supporting documentation and took the lazy route and increased the value of 2539 to comport with the base rate of 2536.

\*The DLGF should take note that base rates are the same in Neighborhood 2539 for vacant lots as they are for the lot with an occupied home built on it. This is in violation of the procedures in the Real Property Assessment Manual. The Manual describes costs which should be added to the base land value if it has utilities, including, but not limited to, sewer and water. So, a lot with these utilities and with an occupied home built on it should obviously have a higher land-only value than a vacant lot without any utilities on it. However, I find that not to be the case in Neighborhood 2539. A vacant lot without any utilities has the same value as the land-only portion of an assessment for a lot with an occupied home built on it. This method of assessing the land for lots in this neighborhood is not in compliance with procedures for doing so in the DLGF Real Property Assessment Manual, and should be called into question by the DLGF.

\*The DLGF must constantly bear in mind throughout their review that these two Land Orders were submitted back-to-back. The DLGF should also note that properties throughout Lake County are annually subjected to trending adjustments. There should never be seismic shifts like we see in the Land Order that was submitted by the Lake County Assessor in 2023. Contrary to the Lake County Assessor's silly assertion that she can opt to submit the Land Orders any

time she wants, common sense and logic say otherwise. Moreover, what we are now forced to go through, having to object to a Land Order in the very next year, speaks volumes at a high decibel level about why they should only be submitted in 4-year intervals, and why they should never be submitted in back-to-back years.

\*Since the Lake County Assessor made such a big stink about properties nearby the Hard Rock Casino, I find it surprising that she didn't notice that a property in the actual footprint of the Hard Rock Casino that sold for \$823,000.00 for approximately 2 acres, is still assessed at only \$6500.00 (not a typo). Even more shocking than that is that the Lake County Assessor, in this Land Order submitted in 2023, actually lowered the acreage base rate in this neighborhood from \$43,560.00 per acre, down to \$18,000.00 per acre. The subject parcel is in Neighborhood 2552-003.

Properties situated closely to the Hard Rock Casino property in Neighborhood 2554-003 also saw a reduction of 41% for acreage, and a small reduction of 4% for PFF values. Residential excess acreage went down 2%.

\*When reviewing base rates for industrial land, I find that USX's acreage values are lower than just about all other base rates for industrial parcels. While the Big Four sometime ago earned the right to self-assess their personal property, I do not think they also earned the right to self-assess their real property at acreage base rates that are lower than everyone else's. Base rates for industrial property should apply to all equally. In all of the cases I looked at for properties owned by the Big Four, it appears they are also immune from Trending. They apparently are not even required to increase the assessments of their properties to keep in line with inflation. Most of their assessed values have remained unchanged for over a decade or more. Some have even gone down over that period.

\*What is really unfair, especially to homeowners in Miller Beach, is that while some of the base rates for lakefront property are now proposed to be as much as \$7100.00 PFF, USX's lakefront property, assessed by the acre at approximately \$19,000.00 per acre, if an acre is around 209 ft square, the PFF for their lakefront property is only \$91.00 PFF. This is 1.28% of the base rate proposed for Miller area lakefront property.

I think we have an equity issue here. I think there will be plenty of others to take up that argument.

\*Besides the underassessed properties that I wrote to Ms. Thuma about last year, there is another property that sold in December of 2021 for over 7-million dollars. It was purchased from the city for \$300,000.00. After purchase, the developers sunk several million into the property. The current assessed value for the property is still \$7400.00 (not a typo). Its annual tax bill is just \$263.58. If it were assessed at its 2021 sale price, its tax bill would be approximately \$250,000.00 per year!

I am only mentioning this now to the DLGF because the local assessors have been notified of this on numerous occasions. It has even been talked about on the radio, yet the assessment remains unchanged and at approximately one-tenth of 1% of its December 2021 sale price.

\*Conduct of hearing: the conduct of the hearing was improper as the DLGF Hearing Letter advised that only signers of the Petition were to be able to speak. It was called a public hearing. Any member of the public is allowed to speak at a public hearing that allows for public comment. The DLGF improperly limiting the ability to speak at the public hearing was discriminatory and prejudicial. It was a due process violation.

\*The notice of the hearing was again improper and insufficient. The notice provided by the DLGF this year failed in comparison with the notice the DLGF provided last year; which was also wholly insufficient.

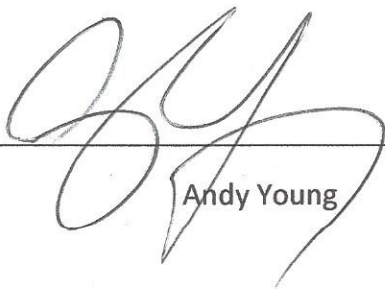
\*To the best of my knowledge, after making numerous requests to DLGF staff to inquire as to when and where the notice of the hearing was published, I am still yet to get a response. Having received no response, I can only conclude that there was no notice published in local newspapers as is required for public hearings.

I also inquired as to whether or not the notice was posted at the Government Center building in Crown Point. I did not get a straight answer. However, when I was at the county Building a few days before the public hearing, I did see a copy of the letter taped to the Covid screen found inside the offices of the Lake County Assessor. No notice was posted on the front entry doors of the building where public notices are normally posted. One would have had to have had business inside the assessor's office before they would see the notice. And it was not a notice of public hearing per se that would have been titled Public Notice in bold type. It was just a copy of the same letter that was sent out to signers of the petition. It had normal letter-size 12-point font. To the best of my knowledge, it was posted just a week or so in advance of the Zoom hearing.

The notice of the public hearing was entirely improper and insufficient. It did not meet minimum standards pursuant to Indiana Law.

\*So DLGF Staff, now you have to decide which Land Order is wrong; this one or the prior one—or both and just get it over with. Because they cannot both be right. It is my contention that they are both wrong for many different reasons. It seems that you have painted yourselves into a corner. What now?

Signed,



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Andy Young