

Narrative KOSCIUSKO 2020 RATIO STUDY

General Information

County Name: Kosciusko

Person's Performing Ratio Study and their contact Information:

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Trending Department's

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Sales Window

Industrial Vacant – 01/01/2015 to 12/31/2019: Due to a lack of recent sales, we included prior year sales to have a larger sample size for greater reliability. Older sales were time adjusted using the CPI (Consumer Price Index).

Industrial Improved - 01/01/2015 to 12/31/2019: Due to a lack of recent sales, we included prior year sales to have a larger sample size for greater reliability. Older sales were time adjusted using the CPI (Consumer Price Index).

Commercial Vacant - 01/01/2016 to 12/31/2019: Due to a lack of recent sales, we included prior year sales to have a larger sample size for greater reliability. Older sales were time adjusted using the CPI (Consumer Price Index).

Commercial Improved - 01/01/2015 to 12/31/2019: Due to a lack of recent sales, we included prior year sales to have a larger sample size for greater reliability. Older sales were time adjusted using the CPI (Consumer Price Index).

Residential Vacant – 01/01/2019 to 12/31/19:

Residential Improved – 01/01/2019 to 12/31/2019: with the exception of the following:

Residential Condominium Units – 01/01/2017 to 12/31/2019

Due to lack of recent sales in some Condominium Neighborhoods, we had to include 2017 sales to have a larger sample size. We time adjusted the 2017 sales using the CPI (Consumer Price Index). After analyzing the sales between 2018 and 2019, we decided not to time adjust the 2018 sales. There were slight increases as well as decreases in the same neighborhoods.

Towns of Leesburg (2200100-018) and Oswego (2900100-016)

Due to a lack of recent sales in these small towns, we included 2018 sales to increase the sample size. We did not time adjust the 2018 sales. In these two neighborhoods there have been very few residential properties that have re-sold over the last few years and all these properties were substantially updated prior to the second sale. These are small towns with too few sales to reliably establish if residential values are appreciating or depreciating so we chose not to time adjust the 2018 sales.

Eagle Crest Subdivision (420900-032)

Eagle Crest is a newer subdivision where most of the sales over the past 3 years have been spec home sales. There have been just a few previously owned homes sold. While the re-sales indicated a slight increase in value from one sale to the next, it was unclear whether the increase in value was due to appreciation or the fact that many of these homes had been updated. We included 2018 sales and did not time adjust their sale prices since there was no definitive evidence justifying a time adjustment. This conclusion was supported by market indications of nearby competing subdivisions.

North Park Subdivision (2001035 & 2701035)

North Park is a newer subdivision where most of the sales over the past 3 years have been spec home sales. There have been just a few previously owned homes sold. As was the case in Eagle Crest, the re-sales indicated a slight increase in value from one sale to the next. However, it was unclear whether the increase in value was due to appreciation or the fact that many of these homes had been updated. We included 2018 sales and did not time adjust their sale prices since there was no definitive evidence justifying a time adjustment. This conclusion was supported by market indications of nearby competing subdivisions.

Groupings

In the space below, please provide a list of township and/or major class groupings (if any). Additionally, please provide information detailing how the townships and/or major classes are similar in market.

Industrial Vacant: There were six sales from 2015 to 2019 in the entire county. After time adjusting the older sales, we had to group them together due to sample size.

Industrial Improved: There were only six sales in 2019 and only three were located in the same township. For better representation, we grouped them together and time adjusted the older sales.

Commercial Vacant: There were nine sales in 2019 and out of these sales only four townships were represented; Turkey Creek, Plain, Wayne, and Jackson. We grouped these sales together first to get a better representative sample. Wayne did not have enough sales to stand alone. We added Washington and Van Buren, because they are heavily influenced by US 30 and State Road 15. We then added in older sales from other townships for an improved sample size. We made sure to time adjust older sales using the CPI (Consumer Price Index).

Commercial Improved: Due to the influences of US 30 and State Road 15, we grouped Wayne and Plain townships together. Van Buren Township, located just north of Plain, is also influenced by State Road 15 and the traffic between Warsaw and Goshen, IN. For this reason, we grouped Wayne, Plain, and Van Buren together. Turkey Creek and Tippecanoe had sufficient sales to trend on their own. The twelve remaining townships were grouped together because they make up the smaller communities in Kosciusko County and therefore have less commercial presence. Together they are more characteristic of what is happening in the market.

Residential Vacant: Plain, Turkey Creek, Tippecanoe and Wayne Townships are the Primary Residential Townships in our county. Each of these was originally trended separately. The remaining 13 Townships did not have enough sales to trend on their own so they were paired up as follows. Prairie, Scott, Jefferson, Etna, Van Buren and Harrison were included with Plain (**Northwest 7**). They are the 7 Townships that make up the northwest section of our County and their land values are influenced by having similar soil types, but also influenced by a certain segment of our Counties population. The remaining 7 Townships (**Southern 7**) - Clay, Franklin, Jackson, Lake, Monroe, Seward and Washington make up the southern portion of our County. Some of these townships share towns, lakes, and/or school systems.

Residential Improved: Similar to Residential Vacant our groupings were primarily "location" driven. However, with the improved properties we have more sales to work with and so the groupings in Improved were divided up more. The groupings are neighboring Townships that share towns, lakes and/or school systems.

AV Increases/Decreases

If applicable, please list any townships within the major property classes that either increased or decreased by more than 10% in total AV from the previous year. Additionally, please provide a reason why this occurred.

Property Type	Townships Impacted	Explanation
Commercial Improved	Prairie, Scott, Jackson, Franklin	Prairie: New Construction Scott: 1. New Construction 2. Ag Land was changed to Commercial Improved 3. Industrial Land was changed to Commercial Improved. Jackson: 1. Changed parcel to Residential Improved Franklin: 1. Parcel added after split from an improved parcel. 2. New Construction after a combine.
Commercial Vacant	Clay, Van Buren, Prairie, Jackson	Clay: Sales showed a land value change was needed. Van Buren: Lots in a commercial subdivision sold, combined, and changed to improved. Prairie: New Construction Jackson: Exempt property sold and changed to a commercial vacant property class.
Industrial Improved	None	
Industrial Vacant	Clay, Prairie	Clay: The only vacant parcel changed to residential. Prairie: The only 2 parcels changed to commercial improved. New construction on large vacant parcel.
Residential Improved	Clay, Jackson, Monroe	Clay: 1. One exempt property changed use to Residential Improved. 2. New Construction Jackson: New Construction Monroe: New Construction
Residential Vacant	Clay, Jackson, Monroe, Scott	Clay: Acquired 6 vacant parcels. Jackson: Acquired 8 vacant parcels. Monroe: 1. Two high valued parcels became improved. 2. Seven lower valued parcels were added. Scott: One high valued parcel became an improved residential parcel

Cyclical Reassessment

The following were a part of the current phase (Phase 2) of the cyclical reassessment.

<u>Township</u>	<u>Property Class Group</u>
Clay	Ag, Exempt, Utility/Mineral
Etna	Remainder of Ag parcels not reassessed in 2019
Franklin	Exempt, Utility/Mineral
Jackson	Ag
Lake	Ag
Monroe	Remainder of Ag parcels not reassessed in 2019, Exempt, Utility/Mineral
Scott	Utility/Mineral
Wayne:	Res (less 6 subdivisions), 250 ag parcels, Com/Ind (795 parcels), Exempt (430 parcels), Utility/Mineral (17 parcels).

Land order was **NOT** completed for the current cyclical reassessment phase.

Land order to be completed for cyclical reassessment Phase 3 – 05/01/20 through 12/31/20.

Comments

Leesburg – 2200100-018

The residential neighborhood of the town of Leesburg, Neighborhood #2200100-018, consists primarily of multi-story and single-story homes built in the early part of the 20th Century. The majority of these homes, if not all of them, have been remodeled or renovated since their original build date. The updates range from the typical home maintenance, reroofing, insulating, updating plumbing and heating, to extensive renovations where the structure was stripped to the studs and nearly all the home's components updated. Even minor updates to a home increase its economic life which essentially reduces its effective age. Extensive renovations, which replace most or all a home's short-lived components, and leave its long-lived components (foundation, frame), greatly increases the home's economic life and reduces its effective age.

During a review of the neighborhood it was apparent that several of the homes had been renovated but the changes had not been accounted for on the property record cards. Some of these updated homes were current sales that were used in the 2020 pay 2021 trending but most were not. In order to maintain consistency in the assessment of the neighborhood, adjustments were made to the homes that had been renovated but whose effective age had not been properly adjusted. In some situations, grade changes were also made to better maintain consistency throughout the neighborhood. These changes, along with any physical changes, were made to the properties used in the 2019 pay 2020 Trending and those that were not. The partial reassessment of the Town was necessary to improve the accuracy of the property records which in turn helps to improve the accuracy of the trending. Adjusting for changes in the market cannot be done accurately if the record of a property does not accurately reflect the property as it was at the time of the sale.

The Town of Leesburg does not require a homeowner to apply for a permit to make changes to their property – be it adding to, removing and/or remodeling the interior/exterior. Therefore, we are unaware of any changes made to a parcel unless we find the information through MLS and or Internet information when listed for sale – or – when it is found in our check of sold properties.

Mentone–Harrison (1401151-035) and Mentone-Franklin (1601010-036)

The residential neighborhood of the town of Mentone is split between two Townships (Harrison and Franklin). Mentone consists primarily of multi-story and single-story homes built in the early part of the 20th Century. The majority of these homes, if not all of them, have been remodeled or renovated since their original build date. The updates range from the typical home maintenance, reroofing, insulating, updating plumbing and heating, to extensive renovations where the structure was stripped to the studs and nearly all the home's components have been updated. Even minor updates to a home increase its economic life which essentially reduces its effective age. Extensive renovations, which replace most or all a home's short-lived components, and leave its long-lived components (foundation, frame), greatly increases the home's economic life and reduces its effective age.

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The Town of Mentone does not require a homeowner to apply for a permit to make changes to their property unless they are adding to / or / removing a portion of the existing structure. Homeowners are not required to obtain a permit for remodeling, renovating to the interior/exterior of the property. Therefore, we are unaware of any changes made to a parcel unless we find the information through MLS and or Internet information when listed for sale – or – when it is found in our check of sold properties.

Effective Age Adjustments

Estimating the effective age of a property is based on ten major components of a home and their contribution, as a percent, to the home's total value. The components include; Foundation, Frame, Siding, Roof, Windows, Plumbing/Electrical, Heating/Cooling, Kitchen, Flooring, Interior Paint/Trim. We have developed a formula that will produce an effective age when the original date of construction and the renovation date of each of the above items are imported. By having all our County's assessors use this formula we have achieved greater uniformity in estimating a property's effective age. Information about the updates are obtained from several places: building permits (which are not required in all municipalities when making improvements), Multiple Listing Services, internet searches, Homeowner, and visual inspections of all homes in a subdivision when out on sales disclosures. This method is applied to sold and unsold parcels equally as they are found. Our assessing staff routinely keeps an eye out for updated properties while in the field and any neighborhood that is undergoing regentrification.

Trending of manufactured homes in Kosciusko County

In 2014, the trending department for the Kosciusko County Assessor's office, recognized there needed to be a change in how manufactured properties were trended, as there was a difference in conventionally framed and manufactured home market values.

We created two Market Models and placed all "non-farmed" residential properties that contained a manufactured home as its main living structure into one of these market models. This "did not" include single wide mobile homes nor any conventionally framed homes. It only included manufactured homes. This move then replaced any "obsolescence" that had been placed on a property because the home was "manufactured" and these were to have been removed.

Each year we have two factors that need to be looked at: The Neighborhood Factor and the Market Model Factor.

Trending manufactured homes is then a "2 step" process.

Step 1: We look at the sales (excluding manufactured and mobile homes) in a Neighborhood to see how their Assessed Values compare to their sale prices. We then apply the indicated factor to the Neighborhood as a whole – including the manufactured and mobile homes in the neighborhood.

Step 2: We then looked at the sales of only Manufactured Homes in the two market models. The indicated market model factor is then applied to "all" manufactured (no mobile homes) properties in the appropriate market model.

At the end of the process two factors will have been applied to the manufactured improvements on a parcel. The Neighborhood Factor and the Market Model Factor, causing their percent of change to be different than the "non-manufactured" homes in the same neighborhood.

Duplicates on the formatted Tab

43-08-34-100-007.000-023:

sold twice – in 2018 and in 2015

43-10-01-200-206.000-031:

sold twice – 07/25/2019 as part of a two-parcel sale to a builder, and then on 08/23/19 as a single lot sale to a homeowner.

43-11-23-400-322.000-033:

sold twice – 03/14/2019 as part of a four-parcel sale to a builder, and then on 12/27/19 as a single lot sale to a homeowner.

43-04-05-300-515.000-026:

sold twice – 08/22/19 and 11/22/19 - both were arms-length transactions so included both sales in ratio study.

43-04-08-400-055.000-026:

sold twice – 10/26/18 and 10/04/19 – both were arms-length transactions and several years of sales were used in this neighborhood.

43-04-25-400-033.000-025:

sold twice – 04/24/18 and 08/21/19 - both were arms-length transactions and several years of sales were used in this neighborhood.

43-11-23-300-010.000-031:

sold twice – 08/28/19 and 10/11/19 - both were arms-length transactions so included both sales in ratio study.