

Ratio Study Narrative 2023

General Information	
County Name	Pike

Person Performing Ratio Study			
Name	Phone Number	Email	Vendor Name (if applicable)
Kirk Reller	(812) 205-6330	Reller5@frontier.com	Reller's Southern Indiana Appraisal

Sales Window	<p>For Washington Township Residential Improved an adequate number of sales was available to use a sales window of 1/1/2022 to 12/31/2022.</p> <p>For Patoka Township Residential Improved and the grouping of Lockhart, Marion and Jefferson Townships the time frame was expanded to 1/1/2021 to 12/31/2022.</p> <p>For the Residential Improved grouping of Clay, Logan, Madison and Monroe Townships the time frame was further expanded to 1/1/2020 to 12/31/2022.</p> <p>Res Vacant and Commercial Improved see below.</p>
If more than one year of sales were used, was a time adjustment applied?	<p>If no, please explain why not.</p> <p>Residential Vacant the sales pool was expanded to include sales from January 1, 2020 through December 31, 2022. Due to the limited number of sales and demand for these properties and limited market data no time adjustment was applied.</p> <p>Commercial Improved the sales window was expanded to include sales from January 1, 2019 through December 31, 2022.</p>

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	<p>Demand and market data for these sales was insufficient to determine a time adjustment for pre 2021 sales.</p>
	<p>If yes, please explain the method used to calculate the adjustment.</p>
	<p>Residential Improved the sales window was expanded to include sales from January 1, 2020 through December 31, 2022 for the (Clay-Logan-Madison-Monroe) grouping only to give a broader look with more sales in the pool. An annualized sales adjustment of 6% was applied to the 2020 sales for the first year of the adjustment. Verbal opinions of increases with local Realtors resulted in wide range of opinions of increase. The U.S. Federal Housing Authority showed a yearly increase in the 14.62 percent range for the state of Indiana as a whole, but Pike County lags well behind the state average. CPI was reviewed and there seems to be some correlation with the CPI (approximately 7 percent, 12/2020 through 12/2021) and home prices. The 6% was considered a reasonable increase. ** This was applied to the small number of 2020 sales to time trend them to 1/1/2022.</p> <p>To further adjust the sales above and the other residential improved sales from 1/1/2021 to 12/31/2021 an adjustment of 5% was considered a reasonable adjustment using the same methodology. The yearly CPI through 12/2022 was 6.5%. The US FHA housing index for Indiana in 2022 was 9.5% and Zillow's index for Indiana was 7.1%.</p>

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Groupings
<p>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. **Please note that groupings made for the sole purpose of combining due to a lack of sales with no similarities will not be accepted by the Department**</p>
<p>Residential Improved sales from Patoka Township and Washington Township appear in their own sales study pools. Sales from Clay, Logan, Madison and Monroe Townships are pooled together in another sales study. These townships border Gibson and Warrick counties and are influenced by employment opportunities in those counties. These townships are very similar in their sparse populations and large percentage of coal mined ground. Demand for homes, mix of homes and sales range are similar from township to township.</p> <p>A second pool consists of residential improved properties in Lockhart, Marion and Jefferson Townships. These townships are contiguous and make up the eastern third of the county bordering Dubois County. Sale prices of homes in these three townships are heavily influenced by employment in Dubois County.</p> <p>Residential Vacant sales are pooled countywide. There is little variance in the sale range of these types of properties throughout the county and little difference in demand from township to township. Many of these parcels are purchased for recreational/ hunting / weekend usage.</p> <p>Commercial Improved sales are also pooled countywide. While there are far more commercial properties located in Washington Township, the primary driver of prices is from State Highway sites throughout the county.</p>

AV Increases/Decreases		
<p>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.</p>		
Property Type	Townships Impacted	Explanation
Commercial Improved		
Commercial Vacant		
Industrial Improved		
Industrial Vacant	Lockhart Increased 15.2 %	County response: There are only 4 parcels in this grouping. The bulk of the increase in the assessed value can be attributed to the increase in the Agricultural Base Rate from \$1500/ Acre to \$1900/ Acre.

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	<p>Patoka Increased 12.4%</p>	<p>Parcel 63-11-22-300-008.000-003 is a 28.54 Acre coal mine parcel. This parcel is mixed use with 2 acres industrial and 26.54 acres of land priced as Ag ground. The increase in value is coming from the 26.6% increase in the Ag base rate.</p> <p>Parcel 63-11-21-100-009.000-003 is also a coal mine parcel with mixed use. It is a 35 acre parcel with only 1 acre priced as industrial and 34 acres priced as Ag ground. The increase in value is coming from the 26.6% increase in the AG base rate.</p> <p>County response: There are only 5 parcels in this group. Like Lockhart, the bulk of the increase in assessed value is also due to the increase in the Agricultural Base Rate from \$1500 to \$1900/Acre. Parcel 63-11-16-300-006.000-009 is a coal mine parcel with mixed use. The parcel is 73 acres with 1 acre priced as industrial and the remainder as Ag ground. The increase is coming from the 26.6 % increase in the Ag base rate applied to the other 72 acres of this parcel.</p>
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Residential Improved	Marion Increased 10.8%	<p>County response: The majority of this increase is due to an increase in the Market Factor for Neighborhood 9601-006 which comprises most of the Township. In order to trend the sales to acceptable assessment ratio levels the Market Factor was raised from 1.13 to 1.26 (and 11.5% increase).</p> <p>To a lesser degree there was some increase due to new construction (new house on 63-07-24-300-035.001-006 for example). There were also 3 new split parcels that added an additional \$352,000 to the 2023 total.</p>
Residential Vacant		

Cyclical Reassessment

Please explain which townships were reviewed as part of the current phase of the cyclical reassessment.

All of Lockhart Township and Monroe Township (Including the Town of Spurgeon) were reviewed. To reach the 25 percent threshold part of Patoka Township was also reviewed.

Was the land order completed for the current cyclical reassessment phase? If not, please explain when the land order is planned to be completed.

The Land Order was completed during 2021 for Phase 4 of the prior Cyclical Reassessment and then reviewed and revised in 2022 for Phase 1 of the current Cyclical Reassessment.

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Comments

In this space, please provide any additional information you would like to provide the Department in order to help facilitate the approval of the ratio study. Such items could be standard operating procedures for certain assessment practices (e.g. effective age changes), a timeline of changes made by the assessor's office, or any other information deemed pertinent.

For Effective Age changes there is not a rigid guideline that works the same for each house since each house is different. A more generalized methodology based on the weighted contributory value of components is used. For example, the most visible and common change that affects Effective Age is roof replacement, often with a standing seam metal roof. An average roof replacement will run around \$15,000. Generally 70 percent of that cost could be realized as a potential appreciation in the value of the home. On average a roof replacement would add \$10,000 to \$12,000 to the resale value of a home and the Effective Age would be adjusted to account for the increased value.

Other visible exterior updates that can increase the value of a home and require Effective Age changes include new Vinyl Siding and Replacement Windows. Home owners could expect Returns on Investment in the 65 percent range. A \$15,000 investment would yield roughly a \$10,000 increase in the potential value of a home. Again the Effective Age would need to be adjusted to account for this increase in value.

Interior updates can also significantly increase the potential resale value of a home. The most common of these improvements are painting, kitchen remodeling, and installation of laminate flooring. Interior update information is not as readily available. Some information could be obtained from MLS listings or discussions with homeowners during the review process. As with the exterior components the potential increase in value would be in large part arrived at from the expenditure and the Return on Investment of the cost of the new improvements. Changes to the Effective Age would be carried out in the same manner, but would be harder to quantify.

Pike County has long relied on Coal Mining and Coal Fired Electric Generating plants for the primary sources of employment within the county and the cornerstones to the tax base in the county.

In 2015 Hoosier Energy shut down one of the two units at its power generating station in the county. In 2017 the entire generating station and all coal handling facilities were razed. This resulted in large losses of both real and distributable assessments totaling tens of millions of dollars.

In 2019 Indianapolis Power and Light announced a 12-year phase out of their Petersburg Generating Station. Combined with the utility's distributable property assessment, this facility represents roughly 35 percent of the county's tax base.

In 2014, Vectren shut down their Prosperity Underground Mine. This was one of the largest coal mines in Indiana. In the years since there have been multiple mine closings and mine bankruptcies. The latest mine closing occurred in December of 2020. Combined real and distributable and personal property assessments from these multiple closures has resulted in a drop of over \$100 million in assessed value.

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Residential Anomaly. Most of Pike County is typical compared to small rural counties. One exception is Lake Helmerich in Lockhart Township. This is a larger development started in the mid 1970's that straddles the Pike-Dubois line. Prices within this area tend to run higher on average than most of the county. Demand for lake-front lots is quite strong. However, a very larger number of off-lake lots remain vacant. There is no established market price for these lots. Many of these lots end up selling on tax sale or go back to the association for failure to pay annual association dues. Many of these lots are excluded from the ratio study due to the pricing volatility.