

Ratio Study Narrative 2024

General Information	
County Name	Marion

Person Performing Ratio Study			
Name	Phone Number	Email	Vendor Name (if applicable)
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Sales Window	1/1/2023 to 12/31/2023
If more than one year of sales were used, was a time adjustment applied?	If no, please explain why not.
	If yes, please explain the method used to calculate the adjustment.

Groupings

Please provide a list of townships 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****

Perry, Franklin and Decatur Townships were combined to create a commercial improved study. These townships make up the southern 1/3 of the county. Most commercial sales activity in the 3 townships are in areas of consistent development with similar types of commercial properties. Along Kentucky avenue in Decatur, US 31 in Perry and in the Emerson and Countyline are for both Perry and Franklin.

We ran one ratio study for the commercial land in the county. Most of our valid sales were located in areas of current development with similar proximity to interstate access as well similar types or surrounding commercial properties.

We also ran one countywide study for our industrial improved class. Generally our industrial areas have similar markets and the sales were mostly small to midsized industrial shops/warehouses.

We have no vacant industrial sales.

Cyclical Reassessment

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

Our work on the phase of cyclical reassessment did not stray from our overall cyclical plan. We performed a reassessment in the following areas:

Residentially we looked at our South District, which encompasses all of Perry and Franklin Townships. It also gets into part of Center and Warren Townships.

For Commercial and Industrial we were in our North District. This spans all of Washington Township as well as some of Center, Lawrence, and Pike Townships.

Land Order

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

No portion of the land order was completed this cycle. A land order for the entire county, including all property classes will be completed and submitted to our PTABOA on or before December 31, 2026.

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.

Appeals

With the exception petitions requiring an IBTR or PTABOA hearing, or those for which we are awaiting further taxpayer correspondence, we are working 2023 payable 2024 appeals. We have closed over 17,000 appeals over the last three calendar years.

Field Work: annual permit work for January 1, 2024

As a result of our personnel assigned to performing field inspections, Marion County processed 6977 (2962 commercial and 4015 residential) site inspections in response to building permits issued.

Review and Validation of the Sales Database

We used sales from January 1, 2023, through December 31, 2023, in the annual adjustment process. To ensure the accuracy of the sales used, we individually reviewed all of the paper copies of sales disclosures submitted during that period to confirm that they were accurately data-entered in our electronic file. The sales were audited by a dedicated staff of sales disclosure auditors reviewing on MIBOR and aerial photography before being submitted to the field personnel to perform inspections within 60 days of the sales date, per statute.

For those sales that were deemed invalid for trending purposes, an explanation can be found in the sales disclosure file. Where a sale was subsequently excluded during the trending process, we have provided a spreadsheet with an explanation showing why the sale was inappropriate for use.

Remodeled Home Effective Age Guidelines

Appendix B of the Real Property Assessment Guidelines states “There is probably no issue that is less understood than the application of depreciation in the valuation of a structure...” and yet “The appropriate calculation of depreciation remains as one of the single most important parts of arriving at a fair and equitable valuation...”

In Marion County we utilize Effective Age under the Market Value in Use standard as a critical tool to help determine a remodeled/rehabilitated residential property’s remaining economic life. Since the housing market recovery began home renovators have remodeled or rehabbed thousands of homes in Marion County to earn a significant profit, and many neighborhoods in Marion County have undergone some level of gentrification. Effective Age is a critical tool to help reflect the impact of those renovations on the market value in use of a given property.

Common remodels that often show impact in the market include kitchen remodels, bath remodels, flooring updates and complete “gut to the studs” remodels. Understanding that the various potentially remodeled components comprise the whole, Marion County developed an effective age model utilizing an adaptation of the existing percentage of completion guidelines from the real property assessment manual to derive a percentage of the whole that was remodeled. That percentage was then applied to the existing effective age in a manner similar to calculating effective age by room addition, allowing us to derive an accurate effective age based upon the remodel. As an attachment, along with the narrative we are providing an example effective age calculation sheet.

To ensure we capture as much rehab activity as possible we rely on our County’s robust permitting system, boots on the ground field work and desktop review which includes aerial photography and the MLS. As mentioned in an earlier section of this narrative, we receive details on many thousands of permits every year which trigger a review of properties for which permits have been pulled. During this review, we check to see if other homes in the neighborhood have undergone rehab/updating for which no permit was pulled. It is worth noting that many internal remodels take place without permitting, thus are only discovered when the conditions of sale are reviewed. Additionally, while full gut to the studs remodels typically involve permits, such remodels also involve highly skilled and motivated investors who rapidly finish the job and resell the home.

Review of Income Producing Properties

Our commercial assessment team has developed an income capitalization model to be used for multi-family residential properties. As part of processing hundreds of appeals for these apartments, this model was used to arrive at a settlement. Any information gleaned in the appeals process was then used to develop market assumptions we used for the 2024 (payable in 2025) assessments. Market data resources were also consulted to confirm our income approach information. All multi-unit apartments were reviewed using all three assessment approaches, and the lowest value was applied in accordance with IND. CODE § 6-1.1-4-29.

General Data Cleanup

Our GIS team has been working diligently to revise our base map to make our parcel delineations more accurate. Data errors and inconsistencies in our assessment data continue to be identified and corrected. We continued to revise improperly identified use codes. We have encouraged taxpayers to combine contiguous parcels to take advantage of the supplemental homestead deduction, thus eliminating unnecessary parcel delineations. More than 700 parcels have been combined and priced for the 2024 pay 2025 tax year.

Calculation of New Neighborhood Factors

We used our PVD computer system to perform initial ratio studies at the neighborhood and township levels. This initial calculation identified areas where neighborhood delineations needed to be reviewed. Where a review of a parcel's physical characteristics was warranted, aerial photography, Pictometry, or Metropolitan Indianapolis Board of Realtors (MIBOR) listing information were reviewed to be certain physical data was correct. Where that information was inconclusive, field inspections were conducted. After these changes were made, we performed the ratio studies again. In many neighborhoods, there were an inadequate number of sales to rely on for proper trending. In these cases, we turned to other market trend sources, such as MIBOR analyses, CoStar's sale and lease data, and our own analysis of trends in Marion County's sales, to determine whether a change in the trending factor was appropriate. The ratio studies were again performed after all the changes outlined above had been made. The results of the final ratio studies achieved statistical measures within the IAAO limits.

Quadrants for Center, Washington, and Wayne Township Improved Residential

Per IC 6-1.1-14-12 and your department's request, we broke Center, Washington, and Wayne Townships into quadrants for the purposes of the Improved Residential Ratio Study. Since the 3 townships in question are for the most part rectangles, we first looked for major streets and/or natural barriers (ex. rivers) that are close to the centerlines of the basic outline of the township. We then compared the number of residential improved parcels in each quadrant and adjusted the quadrant boundaries to come as close to an even 25% breakdown in each quadrant as possible while keeping the boundaries on major streets or other natural barriers. For simplicity, we named the quadrants, Northeast, Northwest, Southeast, and Southwest. In our ratio study spreadsheet, we broke each of the quadrants into their own study while also doing a study at the township level. In the workbook, we added a column to indicate quadrant, this added column is only filled in for the residential improved parcels.

The ratio studies and the Marion County workbook have been made available to you on Microsoft Teams.

I hope these results meet with your approval. If there are any problems, or if you have any questions about our process, please let me know.