

# COUNTY - PORTER

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Mr. Barry Wood, Assessment Director  
Indiana Department of Local Government Finance  
100 N. Senate Ave. Room N1058  
Indianapolis, IN 46204  
**Re: 2012 Annual Ratio Study Narrative**

Dear Mr. Wood,

I would like to respectfully submit the 2012 Porter County annual ratio study for your review and approval. This document summarizes the method and procedures used to complete the 2012 annual adjustment for Porter County.

## OVERVIEW

This document provides a reasonable explanation as to how this task was completed. Each sale in this study has been scrutinized for validity using information derived from sales disclosures, MLS, and verification letters. Each sale meets the 5 criteria for a good sale. Invalid sales are listed on the *ResImp* tab at the bottom of the spreadsheet.

There were two predominant drivers of valuation change during this period. One was the completion of the 2012 general reassessment and subsequent re-design of the cost manual.

The other was the implementation of a new commercial land order, which was mandated by the general reassessment and first in place for the 2012 pay 2013 tax year. The data review encompassed sales from multiple years - calendar years 2006 thru 2010 in the case of commercial and industrial, and 2008 thru 2010 for residential. This review included both vacant land sales, as well as values from improved sales abstracted out using the appropriate land-to-building ratio for each neighborhood and class of property.

## IMPROVED RESIDENTIAL

Sales were utilized in this study that were deemed invalid last year due to significant changes on the parcel. For 2012, these parcels have been completely reassessed based on the new characteristics and as such are now considered valid (sales that have changed validity since last

year are highlighted in yellow.) We also have some sales that were considered valid last year, but are now outliers; these are now marked “not representative of the neighborhood”.

As in prior years, we have found that the sales after the foreclosure are generally invalid. These were checked and marked valid or invalid individually, as circumstances warrant. Because of lack of sales in certain areas, Porter County staff consolidated neighborhoods based on general characteristics, location, tax district, and average assessed value.

For this class of property, Pine Township increased by 12.3%. This increase was due to multiple factors, including increases in the number of real property improvements added during reassessment, the removal of negative influence factors that could not be verified and justified in an ongoing manner, and an increase in the base land rates as required by the review and adjustment of land base rates per state statute.

## VACANT RESIDENTIAL

These were evaluated at the county level. Because of developer discounts and multi-parcel sales, the majority of the residential vacant sales were invalid for use in the ratio study - only 18 valid vacant residential sales were identified for all of Porter County. No trending factor was applied to these parcels.

For this class of property, every township except Boone and Morgan experienced increases of over 10%. The reason for these increases were due to the removal of negative influence factors that could not be verified and justified in an ongoing manner and an increase in the base land rates as required by the review and adjustment of land base rates per state statute.

## IMPROVED COMMERCIAL & INDUSTRIAL

Due to a lack of sales of industrial properties, commercial and industrial properties were grouped for analysis. Commercial and industrial sales were reviewed on a countywide basis. Twenty-six valid sales were identified. There were two sales initially identified as valid and subsequently discarded, and two that were initially considered invalid that were later added into the study.

Properties that were designated as invalid were deemed as such either because they were multi-parcel, or for foreclosure-related reasons. There was sufficient data to trend commercial properties in the more highly developed townships of Center, Portage, Washington, and Westchester. Smaller townships did not have enough sales data to warrant adjustment.

For improved commercial properties, the townships of Jackson, Liberty, Pine, Porter, Washington, and Westchester experienced increases of greater than 10%. These increases were due to multiple factors, including: increases in the number of real property improvements added during reassessment; the removal of negative influence factors that could not be verified and justified in an ongoing manner; and an increase in the base land rates as required by the review and adjustment of land base rates per state statute.

For industrial properties, our research shows that there is no change in the market to justify trending. Jackson Township experienced an increase of 24.1%; Jackson, however, is a predominantly rural and suburban area, with only two improved industrial parcels – both on the

same property - in the entire township. The total raw increase in dollars was only \$6,800, which was almost entirely due to an increase in land base rate.

## VACANT COMMERCIAL & INDUSTRIAL

These property classes were evaluated at the county level. Because of developer discounts and multi parcel sales, the majority of the commercial and industrial vacant sales were invalid for use in the ratio study - only 13 valid vacant commercial sales were identified for all of Porter County within the review window, and no industrial parcels were recorded as valid within that time frame. No trending factor was applied to these parcels.

For vacant commercial property, the townships of Boone, Pine, Pleasant, Portage, Washington, and Westchester experienced increases of over 10%. The reason for these increases were due to the removal of negative influence factors that could not be verified and justified in an ongoing manner and an increase in the base land rates as required by the review and adjustment of land base rates per state statute.

For vacant improved property, the townships of Boone, Morgan, and Washington experienced increases of over 10%. Two of these townships – Morgan and Boone – are predominantly rural in nature and have very few industrial parcels, and as such the raw increases in land value (\$12,600 for Morgan, \$55,900 for Boone) are not very meaningful. The change in Washington Township is due almost entirely to the change in classification, and subsequent land value increase, of one individual parcel.

Thank you for your timely review of this study. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Jon M. Snyder  
Porter County Assessor