

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**TO:** Assessing Officials  
**FROM:** Barry Wood, Assessment Division Director *JBW*  
**RE:** Location Cost Multipliers  
**DATE:** January 27, 2012

As part of the release of the 2012 General Reassessment Guidelines, the Department of Local Government Finance (the "Department") published Location Cost Multiplier information (see [http://www.in.gov/dlgf/files/LOCATION\\_COST\\_MULTIPLIER.DOC](http://www.in.gov/dlgf/files/LOCATION_COST_MULTIPLIER.DOC); [http://www.in.gov/dlgf/files/Final - Residential Location Cost Multiplier.pdf](http://www.in.gov/dlgf/files/Final_-_Residential_Location_Cost_Multiplier.pdf); and [http://www.in.gov/dlgf/files/FINAL - Commercial and Industrial Location Cost Multiplier.pdf](http://www.in.gov/dlgf/files/FINAL_-_Commercial_and_Industrial_Location_Cost_Multiplier.pdf)). The Department's Location Cost Multipliers were derived, in part, from the *National Cost Estimator* published by Craftsman Book Company.

The cost schedules used in the 2012 Reassessment Guidelines are based on building costs for the Indianapolis metropolitan area. Since construction costs vary over time from one jurisdiction to another, assessors may desire to apply a location cost multiplier to the costs provided. Location cost multipliers can be determined in one of two ways. The first and most accurate method is for the county assessor to develop a location cost multiplier for his or her county by using techniques such as surveying residential contractors to determine actual construction costs or by comparing the cost of residential structures recently built and sold to the costs provided in the guideline. The county assessor may use any acceptable technique of estimating a location cost multiplier and must submit the technique and resultant multiplier to the Department in writing for review and approval prior to its application in the county. The use of other cost reporting services, such as Marshall & Swift, are not permissible because the data, information, and assumptions to support the costs can be very different from the Craftsman information.

The second method, which is an alternative to the preferred method described above, is to use the location cost multipliers developed and provided in the Guidelines. Please remember that Indiana's assessment standard is market value-in-use, which means that final assessed values must be determined through analysis of the local market in each county. Therefore, no matter what cost approach value is initially calculated, it must be adjusted to the final assessed value by applying the factors that have been determined through market analysis. Hence, use of a location cost multiplier may be unnecessary.

Requests to change the location multiplier must be made by March 1, 2012 to Barry Wood at [Bwood@dlgf.in.gov](mailto:Bwood@dlgf.in.gov). If a county does not believe it can meet the March 1, 2012 deadline, the

county should request an extension of time and include a proposed work plan and timeframe to calculate an alternative multiplier.

Questions or comments may be directed to Barry Wood, the Department's Assessment Division Director, at 317.232.3762 or [Bwood@dlgf.in.gov](mailto:Bwood@dlgf.in.gov).