



Marktown Preservation Society

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7 November 2007

Governor Mitch Daniels
Office of the Governor
State House
Indianapolis, Indiana 46204-2797

RE: Trending Reassessment of the Marktown Historic District

Governor Daniels,

Let me begin by congratulating you on the bold steps you have taken to call for a new system to financially support local government. It is long overdue and most unfortunately will come far too late for many Hoosier homeowners here in the Calumet Region and across all of Indiana.

I am writing today specifically about the trending reassessment of the Mark Subdivision in East Chicago commonly known as the Marktown Historic District. Let me say that this is by no means a restored neighborhood known for tourism. While it has that potential the reality of the situation is that if this were not one of the best built neighborhoods from the early twentieth century it would not be standing at all.

In 2002 I received permission from the DLGF to appeal all of this neighborhood at the informal level with the CLT firm that was hired to do that reassessment. I spent three months doing the research and writing the three volume seven hundred page appeal. That appeal was accepted by both CLT and the DLGF and was used as an example in Indianapolis to show that the system of reassessment and the appeals process works well. The result of my appeal was that the properties in this most isolated and endangered of communities were adjusted to the fair market value at that time.

In July 2007 when the Form 11s were released I once again obtained a set of property cards for the entire subdivision. After having spent a month reviewing the cards and comparing them line by line with the final set of cards from the last assessment I found that this reassessment is at least as faulty if not more so than the CLT reassessment of 2002.

In reviewing the documents provided to me by the North Township Assessor (NTA) I have found that there are a number of grievous administrative and clerical errors in both the trending evaluation process and the actual application of the trending ratio to the individual property cards and properties. It should be noted that correct property cards is a key factor in the assessment and reassessment of properties and that the 2002 Real Property Assessment Manual is still fully in affect in Indiana.

The following is a list of general administrative errors that occurred in the reassessment of Marktown:

- The trending spread sheet on which the prior assessed value of the properties sold in 2004/2005 was compared to the sales prices of those properties had six of the thirteen properties improperly reported by staff even though the information was properly reported on the sales disclosure forms for those properties. These mistakes increased the trending ratio by 300% over what it should have been.
- Staff was unable to tell me how the ratio was established or applied to the overall trending of the neighborhood. If they can not explain this to the public, then how can we guarantee its accuracy?
- The North Township Assessor arbitrarily changed all of the condition factors of the homes from very poor (VP), poor (P) and fair (F) to one level factor of POOR. In a 90 year old neighborhood such as this, where we have 25% of the properties that are obviously vacant and uninhabitable at this time, this change was not only inappropriate but indicates negligent on their part for not understanding the dynamics of such neighborhoods.
- The Mark Subdivision consists of 218 homes, the majority of which were built under one design in 1917. An additional 13 homes were constructed in 1944 and the last five homes were constructed in the 1950s. The North Township Assessor arbitrarily changed the effective year on all of the properties to 1990 which changed the normal progression of the actual depreciation of the structures.
- On many but not all of the homes that sold in 2004/2005 they changed the design factor of the home from the properly defined factor of C-1 to E or E-1. The design factor of a property is a key element in establishing the construction cost of the property and hence, the replacement cost and market value. You cannot change a design factor to force the reassessment numbers to your final goal.
- According to the Chief Deputy at the NTA office, staff had been advised to remove a column of factors from the appeal of the last assessment. In reference to this we totally agree. Most unfortunately, staff failed to remove all of the factors from all of the properties. This resulted in yet another imbalance in the trending results of this neighborhood.

In a normal trending reassessment the property values in a given neighborhood should increase or decrease at the same percentage. Due to the clerical errors and inappropriate changes in the property cards in the Marktown Historic District by the staff at the NTA the property values in this particular neighborhood have increase between 350 and 625%. This is contrary to the concepts of fair market evaluation and trending assessment/reassessment as established by state code and the DLGF.

From an overall standpoint the assessment and appeals process is also greatly flawed in the following instances:

- Access to the process had been denied to those whose primary language is Spanish. In any court in this county, if someone is required to appear and does not speak English, a court certified translator is provided. As we went to the poles to vote yesterday in East Chicago if someone who speaks Spanish needed a translator one was provided to them. In a city as ethnically diverse as East Chicago with 51% of the residents being Latino it is incomprehensible to think that the North Township Assessor could not or would not provide the Form 11s in both English and Spanish. Thousands of property owners have been eliminated from the assessment and appeals process all together due to what I consider obvious discriminatory practices.
- If a neighborhood is mass assessed then the appeals must be permitted on a neighborhood by neighborhood basis. In appealing the 2002 and now the 2007 assessments it has become readily apparent that my success in determining the errors in the assessments was due primarily to a review of the entire neighborhood. Had I concentrated only on my own home I never would have found the grievous administrative and clerical errors in the reassessment or the reassessment process. Are we to assume that each and every homeowner in Marktown, North Township, Lake County or anywhere in Indiana have the time, knowledge or ability to do this type of research? No. We do have the right to know that the assessment process is done properly and that the degree of accuracy is at least 99%. Appeals should be reserved for that 1% of error and not every home in a given neighborhood.

■ During the 2002 appeal of the CLT assessment of Marktown I obtained a copy of the 2002 Real Property Assessment Manual. During this appeal I asked for a copy or references to the manual or guidelines that are specific to trending. I was provided with a three page outline on how trending works and why we are upgrading the values of the homes. What all but the DLGF in Indianapolis failed to tell me is that the DLGF had instructed all of the assessors in Indiana to utilize a specific set of standards in this process.

The DLGF Assessment Division - Assessor's Operations Manual requires that local assessors utilize the 1999 International Association of Assessing Officers (IAAO) Standard on Ratio Studies. This document was not mentioned by local assessors who subsequently denied that any such document existed or was required to be utilized in this process. The Assessors Operating Manual 2006 should also be available online at the DLGF website so that those interested can review the manual at no charge.

■ In 2006 NTA staff reestablished the boundaries of many of the trending neighborhoods in East Chicago. To this date they have been unable or unwilling to provide public access to a map that would show property owners exactly what the trending boundaries are for their particular home. How can anyone be expected to make a well informed appeal of their reassessment if they are not permitted to know exactly which properties their home is being compared to?

■ On two occasions I asked staff at both the NTA and the Lake County Assessor's Office to provide me with both the 2005 and 2007 property cards for particular properties. On both occasions I was told that all of the information from the 2005 cards is on the 2007 cards. This quite simply is not true. The only way that I was able to find the mistakes and faults in the 2007 reassessment of my neighborhood was by comparing the new cards to the prior cards which I already had on file at my home. After pressing the matter at Lake County I was able to obtain additional 2005 cards from other neighborhoods.

■ During one of my initial meetings with the Chief of Staff of NTA I asked for and received a photo copy of the trending spreadsheet of the Mark Subdivision. It was through the close examination of this document (enclosed) that I realized: 1) the trending ratio was invalid due to clerical errors by NTA staff, 2) that staff had been directed in writing to change the design factors of homes sold during this time period, and 3) that staff had been given written instructions to change all condition factors to POOR.

Realizing that this was a key factor in making a successful appeal to the reassessment I advised two colleague in East Chicago to request the same documentation for their neighborhoods. The NTA, realizing that this could cause major problems for their office has denied access to those records under the pretense that they are work product and not subject to disclosure under the Freedom of Information Act.

In conclusion: I fully agree that the reassessment process and the way in which we fund local government is greatly flawed and needs to be revised in the next year. But that does not resolve the problem at had: a flawed if not fraudulent reassessment of the entire Marktown Historic District if not all of North Township.

I have taken the liberty of enclosing five pages of photo that show quite graphically what has happened as a result of the NTA's trending of the Marktown Historic District. Please note, that this past month the Marktown Preservation Society, Inc. sponsored a town hall meeting at the Marktown Community Center for the purpose of explaining the reassessment to the property owners and residents of this neighborhood. It was standing room only in the community center that evening and the residents are outraged at the obvious injustices rendered upon them by this reassessment.

The question is: How do we resolve the problems before people lose their homes due to this most inaccurate, inappropriate and obviously flawed reassessment?

Most respectfully,

Paul A. Myers



This is a four room duplex on School Street. The house on the left is totally uninhabitable while the house on the right is very totally liveable. The house on the left had been assessed at \$6,100 while the house on the right was assessed for \$10,300.

According to the North Township Assessor the house on the left should be assessed at \$30,700 while the house on the right should be assessed at \$35,300.



This is the same floor plan and design as the house above with the exception of the roof elevation. Neither side has been resided in for a number of years and neither side is habitable at the present time. The house on the left had been assessed at \$5,300 and the house on the right at \$6,000.

According to the North Township Assessor the house on the left has decrease in value to \$5,300 while the house on the right has increase in value to \$29,400.



The left (yellow) side of this six room duplex had been assessed at \$6,400 while the right side had been assessed at \$10,600. The left side, with an additional back lot sold for \$10,000 in 2004. Now the left side is assessed at \$16,300 while the right side has increased to \$35,000.

How did they do this? They changed the design code on the left property from C-1 to E. Design codes should NEVER be used to balance an assessment.



This is another six room duplex on the same block as the one above. The left house had been assessed at \$12,300 while the house on the right was \$11,900. Because the house on the right sold for \$15,000 it is now assessed for \$16,600 while the exact same house on the left is assessed for \$37,100. Is this fair?

How did they do this? Again, they changed the design code on the left property from C-1 to E. Design codes should NEVER be used to balance an assessment.



This is another six room duplex on the same block as the two previous homes. Both homes had been assessed at \$9,000. Because the house on the left sold for \$29,000 with two back lots and a garage, it is now assessed \$23,700 while the house on the left is assessed at \$36,200.

Again, they changed the design code on the left property from C-1 to E. Design codes should NEVER be used to balance an assessment.



This six room duplex has not been in liveable condition for more than 20 years. While it is totally restorable, plans to do so have not moved forward. Each side had been assessed at \$9,100.

The most recent assessment has the left side at \$22,400 while the right side is at \$32,100. How did this happen? Clerical errors by staff at the office of the North Township Assessor.



Appearances are deceiving. Neither side of this six room duplex are habitable. Due to roof damage and flooding both will require total rehab and restoration before either side can be made useful again. Each side had been assessed at \$9,600. The home on the left sold for \$10,000.

The home on the left is now assessed for \$13,800 while the identical home in the exact same condition is assessed for \$37,700. Again, they changed the design code on one house.



Again appearances are deceiving. This seven room supervisor home had been assessed at \$12,500. 30 years ago someone removed a bearing wall between the kitchen and dining room. The house is slowly collapsing upon itself and the deflection is readily apparent on three sides of the building. It also lacks central heat.

The new assessed value is \$57,900. The people who bought the home do not have clear title. They cannot get a homestead exemption nor do they have the legal right to appeal the reassessment.



On opposite ends of the same block, these two six room single cottages are examples of the clerical errors in the reassessment of the Marktown Historic District. The house on the left had been assessed at \$11,700 while the house on the right was \$10,100.

The one on the left is now assessed at \$23,800 while the identical house on the right is assessed at \$36,400.



These two homes are opposite ends of the exact same building. The building is a four unit quad with a four room home on each end of a pair of five room homes set between them. The last assessment had each home valued at \$9,000.

Following the release of the Form 11s in July we found that the house on the left is now assessed for \$30,700 while the house on the right is \$11,100. What caused this? Clerical errors once again!



The 400 block of Park Street has a series of eleven six room cottages. Each are relatively identical by design. The last assessment listed the assessed values at \$10,000 (plus or minus 10%).

The most recent assessment lists the house on the left at \$36,000 while the house on the right is listed at \$14,300. No, neither side has sold in years. What caused the problem? Clerical errors on the part of staff. But wait, that's not all!



All of the homes from 402 to 410 Park street are assessed at about \$15,000 while those from 412 to 422 Park Street are assessed at \$36,000. They, as well as all of the homes in the Marktown Historic District are in the exact same trending district. There are no neighborhood boundaries that can define the problems in the reassessment.

All of the Marktown Historic District has suffered these types of reassessment abuse. The assessment of this neighborhood is not just egregious clerical errors, it is by all means a fraudulent reassessment.

Marktown Preservation Society, Inc.
Town Hall Meeting on the Reassessment
Thursday, October 18, 2007



On the following page is the November 20, 2007 letter from the Department of Local Government Finance. It is in response to the initial correspondence to Governor Daniels. On Wednesday, December 5, 2007 the field representative from the DLGF met at the home of Paul Myers in Marktown for three hours to discuss the problems detailed in the letter to Governor Daniels.

Also available on this web page is a PDF of three pages of documentation provided to the investigator in reference to the complaint. Please note that the spreadsheet at the top of each page is the trending spreadsheet provided to Mr. Myers by the North Township Assessor. Since the release of this to him in the summer of 2007, the NTA has REFUSED to provide similar information to anyone else in North Township. This, along with their refusal to provide property owners with their 2005 property cards shows that the NTA does not want his work product reviewed by the general public or individual property owners.

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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November 20, 2007

Mr. Paul A. Myers, Executive Director
Marktown Preservation Society
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East Chicago, IN 46312

Dear Mr. Myers,

I'm writing in response to your letter regarding your concerns about property tax assessments in the Marktown Historic District in East Chicago. Thank you for including the information you compiled with photographs.

I appreciate your efforts in informing us of the need for review of assessments in this area. As a result, we are sending one of our field representatives to investigate the situation and will keep you informed as to the status of our review.

Thank you again for the information enclosed with your letter. In the meantime, if you have additional thoughts or concerns, please do not hesitate to share those with me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Cheryl A. W. Musgrave".

Cheryl A. W. Musgrave
Commissioner