Frequently Asked Questions

Q. How do I get a rental deduction?

A. In Indiana, there is not a "rental deduction." Real estate in Indiana is valued based on "market-in-use." Rental properties are typically purchased with the intent of investment, not as a primary residence, therefore, investors typically will purchase for a lower price. An income property owner will need to complete a rental questionnaire and supply a copy of the current lease with the Harrison Township Assessor's office. When this information is filed, we are able to value the property based on sales of other residential rentals through the use of a gross rent multiplier, usually, though not always, resulting in a lower assessed value. This is simply using another approach to value, not an actual deduction or exemption.

Q. What is a "GRM"?

A. A GRM is a Gross Rent Multiplier, or a ratio of sale price to rent.

Gross Rent Multiplier: Sale Price / Rent = GRM.

Rent * GRM = Assessed Value

An example would be: 521 Market St. sold for $35,000 in 2011 and currently rents for a market rent of $500. The annual GRM for this property would be $35,000 / 500 = 70 or a monthly GRM of: ($35,000/500)/12=5.83.
*Although this is ultimately how it is figured, we use a program that figures the GRM and then applies it to the property to determine a value.

Q. Why do I need to provide my income information?

A. In order to accurately and uniformly assess income properties, we need this data to establish what actual market rents in a particular area are and determine any trends as time goes by. Per IC 6-1.1-35-9, any information pertaining to income and expenses is

constitutionally protected and will remain confidential. In order to maintain accurate property information, we will be unable to price any new rental properties with the income approach without signed verification from the owner or a copy of the current lease.

Q. **I feel the value is too high. What can I do?**

A. If you disagree with the assessed value, please contact our office to discuss your concerns. If we are able, we will handle any corrections immediately. If this is not possible, the owner has the right to appeal any assessed value up to 45 days after the date a Form 11 Notice of Assessment Change is mailed, or, if no notice was mailed, up to 45 days after the date of the first tax bill. The appeals process is very straightforward and taxpayer-friendly, providing you with the opportunity to have your questions answered according to a statutory procedure. If, in the appeal process, you are not able to resolve the issue with the County/Twp representative, you will have the ability to present your concerns to the Property Tax Assessment Board of Appeals (PTABOA). From there, you also have the option of appealing to the Indiana Board of Tax Review.

Q. **I purchased a property for a family member to live in. They do not pay rent. Does my property qualify?**

A. If the family member is not on the deed and is living in the property as a tenant, not qualifying for the homestead exemption, then, yes, the property can be valued with the income approach. In situations where below or above market rent is charged, we will use the estimated rent for the area. This ensures uniform assessments for all income properties in the area.

Q. **I'm renting my property as "Rent to Own." Why doesn't this qualify?**

A. Rental properties are valued using the Income Approach for properties that have been purchased as income investments with no intent to sell to the tenant. Rent-to-Own is basically an unrecorded contract to sell the property if the tenant is responsible for

paying the real estate taxes. If the contract to sell is recorded, then the tenant would be able to apply for various exemptions, including the homestead.

Q. Why are there different GRM's throughout the county?

A. GRM's, (Gross Rent Multipliers), are calculated based on actual sales and reported rents of residential rental properties for each area. These can indicate the investment potential of a specific area. Areas with a low GRM likely indicate a short term investment, usually accompanied by higher vacancy rates and maintenance costs. A higher GRM typically indicates an area where an investor expects a longer term investment with lower vacancy rates and maintenance costs. The annual GRM indicates how many months it would take for the investor to recoup their initial investment in a property, not including taxes, interest, etc and the monthly GRM indicates how many years.

Q. I purchased my property through the Tax Sale. Why aren't tax sales used when assessing income properties, especially if they are the predominant sales?

A. A property is entered into the Tax Sale after the owner has not paid three consecutive tax bills. The value is based on the taxes owed, not the actual market value of the property. Therefore, these sales are not included in any studies. These properties may also be purchased with the intention of income based on likelihood of redemption by the owner and subsequent interest payments to the purchaser.