



INDIANA  
ASSOCIATION  
OF REALTORS®

# INDIANA PROPERTY ASSESSMENTS

## Homestead Property Assessments in Indiana: The Basics

Across Indiana, homeowners are receiving their pay-2024 property tax bills (based on 2023 property assessments); bills are paid in two installments, due by May 10<sup>th</sup> and November 12<sup>th</sup>, 2024.

April also brings many residential taxpayers a **Notice of Assessment (Form 11)** from their county assessors, establishing their 2024 assessed property value for next year's (pay-2025) bills. (In some counties, 2024 assessments and pay-2024 tax bills are sent in a combined form, with the assessment included in the tax comparison statement portion of the bill.)

Indiana property taxes are **market-based** and **paid in arrears**: Assessments are supposed to reflect market value in use in January of the assessment year.

Tax bills, in turn, are based on the previous year's assessment; this year's bills (pay-2024) are determined by 2023 property assessments – bills are capped at 1% percent of the homestead's gross assessed value according to the Indiana Constitution, with the exception of additional taxes added through school referenda and other voter-approved projects.

This is sometimes confusing but gives homeowners the chance to pursue an appeal an assessment before the resulting bills are calculated.

## How are market value property assessments determined?

Assessed values must be tied to "objective measures of market value." For homestead residences, this means property assessments should generally be in line with a home's potential sale price. Homeowners who don't follow the real estate market are often surprised by assessments that go up even though they've made no renovations or improvements.

But if the system is working as the law dictates, residential assessments should move with the previous year's market:

- The median sale price of an existing home in Indiana in 2022 was \$235,000; this statewide sale price rose 4% to a \$242,000 statewide median in 2023.
- This means that for a truly typical Indiana home with no major improvements, assessed values would be expected to rise about 4% from January 2023 to January 2024.
- With the lag between assessments and billing, this 4% increase in the 2024 property assessment would show up in pay-2025 tax bills.

But we know there's no such thing as an "average" home, and that housing prices vary dramatically from county to county, even block to block; how do assessments reflect local market conditions from year to year?

## Annual adjustments – trending assessments:

Local assessors use annual adjustments, or trending, to help residential assessments reflect the housing market based on the previous year's sales activity – here's how it works, using 2024 property assessments:

- The county (or township) assessor research home sales from 2023 in a particular “neighborhood” area (drawn by local officials based on state guidelines).
- The assessor compares the final sales price of those homes to their 2023 assessed value (which was set in January 2023, actually reflecting the 2022 market).
- Let's say the assessor identifies five home sales in the area through 2023, and their sale prices average 5% higher than their 2023 assessed value (A/V):

|  | 2023 A/V  | 2023 Sale Price | Difference |
|--|-----------|-----------------|------------|
| Sale 1   | \$256,000 | \$271,500       | 6%         |
| Sale 2   | \$234,000 | \$245,000       | 5%         |
| Sale 3   | \$300,000 | \$325,000       | 8%         |
| Sale 4   | \$270,000 | \$275,000       | 2%         |
| Sale 5   | \$262,000 | \$272,500       | 4%         |
| Average difference between 2023 A/V and sale price |           |                 | <b>5%</b>  |

- **The annual adjustment factor for that neighborhood is therefore 5% for 2024 assessments;** the assessor can assume 5% market appreciation of homes in that area.

A certain number of homes in a county are physically inspected each year; all residential properties should be assessed in person every four years as part of a cyclical reassessment plan.

But using the example neighborhood above – if a home wasn't inspected and didn't change hands in 2023, the annual adjustment (5%) would be the primary factor impacting the 2024 A/V: A home with a 2023 A/V of \$240,000 would be assessed at \$252,000 for 2024.

But what if this doesn't seem right to the homeowner?

## What's in a neighborhood?

Assessors can use broad guidelines in defining 'neighborhoods' with comparable properties; according to Indiana's [Real Property Assessment Guidelines](#), neighborhoods should be created using factors like:

1. Common development characteristics;
2. the average age of the majority of improvements;
3. the size of lots or tracts;
4. subdivision plats and zoning maps; *(continued on next page)*

5. school and other taxing district boundaries;
6. distinctive geographic boundaries;
7. any manmade improvements that significantly disrupt the cohesion of adjacent properties;
8. sales statistics; and
9. other characteristics deemed appropriate to assure equitable determinations.

It can obviously be challenging to draw cohesive districts that accommodate all or even most of these factors; home prices can change dramatically over a very short distances, and market trends don't neatly follow the boundaries of taxing districts or political jurisdictions.

In certain neighborhoods, for example, some homes could have lakefront access or be adjacent to popular amenities like parks or greenway trails, with very different market demand and appeal to homebuyers from properties just a block or two away. But these areas must be drawn to a scale sufficient to capture market activity.

### **REALTORS® can guide current and potential clients as market experts:**

REALTORS® are trusted experts who can explain the basics of the property tax system to their clients and help them understand if their assessment truly matches the market, as professionals whose business is knowing local real estate trends. And when it comes to property tax issues, REALTORS® have unique credibility as advocates:

Indiana REALTORS® were the champions of sweeping property tax reforms to protect homeowners after the shift to market-based assessments, including the constitutional caps that limit homestead tax bills to 1% of gross assessed value.

These caps have saved residential taxpayers billions of dollars since 2011 as the foundation of one of the nation's most affordable, pro-homeowner property tax systems – the effective property tax rate for the average homestead has dropped more than 40% since the implementation of the caps (DeBoer, 2021).

One way for homeowners to evaluate their assessment is simply asking, “**Would you list your home for that price today?**” But REALTORS® can offer more insight:

**REALTORS® have access to the latest market data** (sale and listing price data down to the township and zip code levels, and trends at weekly, monthly, three- and twelve-month intervals) at the **Indiana Housing Hub** (<https://data.indianarealtors.com>).

The Indiana Association of REALTORS® has created a new mapping tool showing sale price-per-square-foot change from 2022 to 2023 in half-mile hexagonal ‘blocks’ across the state – **a way to evaluate market value using all available MLS data to compare trending adjustments on 2024 property assessments.**

[Click here](#) or scan the code to the right to learn more and start using the map:

- The map allows homeowners to enter their addresses and see the price-per-square foot change through 2023 among homes that sold in their immediate area.



- If assessments seem out of line with the rate of price appreciation reflected in the mapping tool, taxpayers could take advantage of their right to file an appeal – starting at the local level by filing a **Form 130** (Notice to Initiate an Appeal) with the county assessor.
- Indiana’s Department of Local Government Finance has posted a guide to the process here: <https://www.in.gov/dlgf/appeals-property-tax/>
- REALTORS® can help homeowners through the options – appeal, accept (or even explore a move).

### **A step-by-step overview:**

- Many homeowners receive their tax bills from their county treasurers or are able to check their statements online in March into April (April 15<sup>th</sup> is the last day for treasurers to mail bills).
- If a county doesn’t send a separate notice of assessment (Form 11), the 2024 assessed value will be found with tax bill: This document is known as the TS-1 tax comparison statement.
- To file an appeal, homeowners must contact their local assessor by **June 15 of the assessment year** if there is a Form 11 postmarked by May 1<sup>st</sup>.
- If no Form 11 is mailed (or is mailed after May 1<sup>st</sup>), the appeal deadline is **June 15 of the following year**.
- Homeowners and their REALTORS® can compare the 2023 and 2024 assessed values and read through any notations under the “Reasons for Revision of Assessment” section of the Form 11 (sometimes “Annual Adjustment” will be specified here), or the “Summary of Taxes” on the TS-1 statement.
- **Consider your options:** If the change in assessed value seems unusually high, or is higher than the price per square foot change provided by IAR’s [new property value mapping tool](#), an appeal may be merited.
- Again, the appeals process starts by filing a **Form 130** (Notice to Initiate an Appeal) with the county assessor.
- Appeals are initially evaluated by the local assessor; if this first step is not successful, the appeal is forwarded to the county Property Tax Assessment Board of Appeals (PTABOA) for review.
- If the PTABOA denies the appeal, instructions will be provided on appealing the decision to the [Indiana Board of Tax Review](#) and ultimately the Indiana Tax Court.
- Because of the passage of HEA1454 (2023), taxpayers should be assured that appeals may not result in an increase in assessed value unless there have been substantive unrecorded improvements to the property.

- A property appraisal is not necessary to make an appeal; however, **the passage of HEA1499 (2023) provides that a qualified appraisal secured and presented by the homeowner to the PTABOA is presumed to be correct** – the ‘burden of proof’ shifts to the assessing officials.

Get more information from the [Indiana Department of Local Government Finance](#) (DLGF), including [county-specific information from DLGF](#) at [DLGF.IN.gov](#).

## START USING MARKET VALUE MAP

### For more information

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