



MEMORANDUM

“...meeting community needs...enhancing quality of life.”

TO: Community & Economic Development Committee
FROM: Matt Rehbein, Economic Development Specialist
DATE: March 8, 2018
RE: 2017 Growth Report Summary

Each year, the Community and Economic Development Department prepares an Annual Growth Report (Report). The purpose of the Report is to analyze growth figures over a period of ten years to determine if Appleton is capturing its historically proportionate share of growth.

OVERALL GROWTH

The City uses three primary measures of growth for the purpose of the Annual Growth Report. 1) building permits, 2) equalized value, and 3) net new construction. A description and summary of each measure is listed below.

PERMITS

- In 2017, Appleton issued a total of 407 construction permits, below the 10-year average number which is 515. Much of this decrease is due to reductions in commercial and multi-family permits.
- The City of Appleton saw an increase in the number and dollar value of construction permits in 2017. Total dollar value of permitted construction of \$115,948,406 in 2017 is well above the 10-year average of \$83,846,201.
- The City of Appleton ranked third in dollar value of residential construction for the region based on permits in 2017 with \$16.8 million. Leading the dollar value of single-family permits was Grand Chute (\$21.4M), followed by Greenville (\$17.2M). Appleton ranked 5th in the number of permits issued, behind Grand Chute (82 permits), Kaukauna (63 permits), Greenville (63 permits), and Harrison (57 permits). The City of Appleton issued 49 single-family residential permits in 2017.

EQUALIZED VALUE

- The equalized value is the estimated value of all taxable real and personal property in each taxation district, by class of property, as of January 1, and certified by Department of Revenue (DOR) on August 15 of each year (Definition: Wisconsin Dept. of Revenue). Equalized value allows for comparison across communities because it is standardized by the DOR, rather than assessed value which can vary by community.
- All communities in the Fox Cities increased in equalized value in 2017. On average, values increased by 5.95%. By comparison, the City of Appleton's equalized value increased by 5.75%. 5% of this adjustment is attributable to the changes made to the assessment ratio as set by the State Department of Revenue.

NET NEW CONSTRUCTION

- Appleton saw net new construction of \$72 million (an increase of 1.39%) in 2017 accounting for 23% of the total net new construction in the Fox Cities. The average net new construction increase across the Fox Cities averaged 1.71%, and Appleton represents 28% of Fox Cities Equalized Value. This is significant because municipalities use the percentage increase of net new construction as a valuation factor in determining the allowable tax levy for the City.

OTHER CONSIDERATIONS

While the hard numbers related to growth are important to measure, we also take a look at other factors that impact investment in our community for the purpose of the Growth Report. Of note are the following statistics.

EMPLOYMENT & UNEMPLOYMENT

- The City of Appleton had an annual average unemployment rate in 2017 of 3.1%, a decrease from the annual unemployment rate of 3.9% for 2016. This is significant as businesses from all sectors are experiencing a shortage of workers. When considering whether to stay, expand, or relocate, the availability of labor is always a considerable factor.
- Within the Appleton MSA, the employment sector of manufacturing continues to lead in terms of employment numbers providing 22,869 jobs with average annual earnings of \$4,790 per month. It is worthy of note that 3 of the top 4 employment sectors by number of jobs provide earnings less than the average across all 10 employment categories.

TAX INCREMENTAL FINANCING DISTRICTS

- Overall, the City realized an increase in value across all six TIF Districts of 7.17%. This is not surprising due to the 2017 adjustment to the Citywide assessment ratio as set by the State of Wisconsin Department of Revenue. This adjustment by the State resulted in an approximately 5.0% increase in value before taking into consideration any new property values. Specific performance across all TIF Districts is further explained in the report.

SUMMARY

Looking at the three measures of growth referenced at the beginning of this report (permits, equalized value, and net new construction), the City of Appleton captured 24.89% of the total dollar value of permits in the Fox Cities, 27.33% of the increase in equalized value, and 23% of net new construction for the region.

All of these measures are slightly below the City's percentage of equalized value throughout the Fox Cities of 28%. We will have to continue to be proactive in creating a location where businesses, developers and individuals wish to invest their resources if we wish to maintain our proportionate share of growth.