



MEMORANDUM

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

TO: Community & Economic Development Committee
FROM: Matt Rehbein, Economic Development Specialist
DATE: April 21, 2016
RE: 2015 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 2015, Appleton issued a total of 524 construction permits, slightly below the ten-year average number which is 572.
- While the number of permits is slightly down from the average, the total dollar value of permits is up significantly from \$66 million in 2014 to \$140 million in 2015. Approximately \$102 million of this is due to commercial construction. Significant contributors to this are two new cancer centers in the City of Appleton in 2015 which added \$57 million.
- The City of Appleton led in the dollar value of residential construction for the region based on permits in 2015 with \$19.4 million despite ranking 5th in the number of permits issued behind Greenville (83 permits), Grand Chute (73 permits), Harrison (64 permits), Neenah (59 permits), and Appleton (58 permits).

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 2015. On average, values increased by 2.48%. By comparison, the City of Appleton's equalized value increased by 2.56%.

NET NEW CONSTRUCTION

- Appleton's saw net new construction of \$51 million (an increase of 1.10%) in 2015 accounting for 23% of the total net new construction in the Fox Cities. 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 Appleton Metropolitan Statistical Area (MSA) defined by the Office of Management and Budget (OMB) as Outagamie and Calumet Counties had an annual unemployment rate in 2015 of 3.6%, a decrease of 1.4% from the annual unemployment rate of 5.0% for 2014. 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 significant factor.
- The City of Appleton employment sectors of manufacturing, healthcare and social assistance lead the Appleton MSA as the top two employment sectors. The monthly pay for these sectors are \$4,605 and \$4,783 per month respectively.

TAX INCREMENTAL FINANCING DISTRICTS

- Overall, the City realized a decrease in value across all six TIF Districts of 1.31%. This is not surprising due to the 2015 adjustment to the citywide assessment ratio from 101.5% to 100% as set by the State of Wisconsin Department of Revenue. This adjustment by the State resulted in a 1.5% decrease 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 25.7% of the total dollar value of permits in the Fox Cities, 28.4% of the increase in equalized value and 23% of net new construction for the region.

With more than 100 acres of fully improved industrial sites in the Southpoint Commerce Park, and as redevelopment continues downtown, in the TIF Districts, on the riverfront with Riverheath, Eagle Flats, and the Former Foremost Farms property, Appleton is well positioned to continue to grow and remain a leader in the Fox Cities.