

Item 23-0213: 2022 Growth Report for the City of Appleton

Community & Economic Development Committee

Wed, Mar 22, 2023 4:30PM

Aldersperson Kristin Alfheim (District 11) 07:45

Moving on to information items. 23-0213 2022 growth report for the city of Appleton. Ready to hear what you have. Number six, it is.

Matt Rehbein (Economic Development Specialist) 08:02

Thank you chair.

Aldersperson Kristin Alfheim (District 11) 08:03

Welcome.

Matt Rehbein (Economic Development Specialist) 08:04

So, our annual growth report. As many of you recall, I put this together once a year, just to take a look at a summary of data for the past year. And you know, the stated purpose of the growth report is to ensure that Appleton is capturing its historically proportionate share of growth.

Matt Rehbein (Economic Development Specialist) 08:27

So, there are a few ways that we can measure growth in the world of economic development. One is taking a look at permit data, which is in the report here. We generally don't highlight that a whole lot just because it's not necessarily—it's not comparing apples to apples as we go across communities. So, take for example, the Zuehlke Building. One community may call that a multifamily project, another may call it a commercial project, and another may call it a remodel. And so, when we compare those permits across municipalities, it doesn't really give us an accurate look at that. Also, sometimes there's some double counting of permits when each of the trades are pulled out separately versus one general contractor taking that out. So, I'm not going to dwell too much on the permit data.

Matt Rehbein (Economic Development Specialist) 09:21

I think that the measures that are more telling for our community are the equalized value. The benefit of looking at equalized value is that allows for a comparison across communities. It's standardized by the Department of Revenue. And so, they take a look at that across the state.

Matt Rehbein (Economic Development Specialist) 09:39

Statewide equalized values went up about 13.8% last year. In the city of Appleton, we went up 12.3%. That that's reasonably close. I think that that's not a number that I would consider to be a cause for concern.

Matt Rehbein (Economic Development Specialist) 10:00

Another number that we take a look at is the net new construction. Obviously, net new construction is something that we're mindful of, because that's what limits our tax levy. We can only increase our tax levy by the amount of net new construction. And what that captures is the value change due to higher land utility, and then also higher land value or changes in land value due to new construction. And so, when we take a look at our net new construction, last year, it was 1.89%. That compares to 1.25% in 2021. So, it's up a little bit.

Matt Rehbein (Economic Development Specialist) 10:39

I think one thing that that's worthy of note, and I know that we've talked about it before, and it's certainly called out in the report too. You know, while we measure by new construction, it's really hard for us to impact that number. You know, when you look at the percentage of our total equalized value of the city, it's hard to move that. And so, while we do everything that we can, in terms of bringing new development and attracting new business and building the tax base, you know, it takes a lot to impact that number. And as you know, these projects are talked about one year, they're approved another year, they start construction the following year, and they may not be fully assessed for another year. And so, you know, that's a long, gradual process. And we're starting to see the results of that. I think that's why we see some of this net new construction going up from some of the activity we've seen in Southpoint, as well as a lot of these projects downtown that are now hitting the tax rolls. And I think that we'll continue to see that.

Matt Rehbein (Economic Development Specialist) 11:38

Another challenge for a city like Appleton is we're a mature city. We've got defined borders to our east and our west and our south. And when you have a mature city like that, it's hard to compete with greenfield sites when there's still development happening in those areas. And so when we take a look at growing that net new construction number, you know, while we do compare, you know, as our proportionate share of growth, you know, it's important to keep in mind that if we're looking at a redevelopment site in our downtown, there's a lot smaller pool of developers who are savvy enough and who have the wherewithal and are willing to take the risk to take on one of those sites versus a greenfield site somewhere in the outskirts.

Matt Rehbein (Economic Development Specialist) 12:25

So, I think that the 1.89 is an improvement from last year. I think that's a good indicator. I think that with the projects that we have in the queue, and the things that are underway or already approved, we're sitting in a good position. But I do want to point out that, you know, as we compare ourselves across other communities in the Fox Cities, you know, I would not expect that to be the highest number among the municipalities.

Matt Rehbein (Economic Development Specialist) 12:51

You know, a few of the other considerations. You know, we take a look at employment sectors, unemployment rates. Unemployment continues to be very, very low. 2.6% was the average and 2022. As we kicked off, 2023 we January, it was 2.2%. Any of you who are in the business of hiring people know that, and we feel that too as we go to our favorite coffee shops and restaurants and, you know, look at the services that we're trying to get, and those appointments get scheduled out, or the hours are limited, or, you know, the services are less available. And so, we, you know, we're keeping an eye on that. We're certainly not an anomaly. You know, despite what we're hearing about happening in the world of tech and large layoffs with Google and others out on the West Coast, you know, we're still sitting in that, you know, 2% range for unemployment. So, so it's a challenge out there.

Matt Rehbein (Economic Development Specialist) 13:52

The other things that I wanted to talk about is the increase in single family home lots. So, we've, you know, we've talked a lot in this year about housing, and I think that we're going to have a have another meeting where we talk in greater detail about housing and specifically low-income housing. But certainly, there's a need for housing. You know, we're anticipating a need of about 3000 new residential units across all types and all price points in the next 10 years. On average, we've provided 184 per year. So that's well below the 300 a year benchmark that—or need that we have.

Matt Rehbein (Economic Development Specialist) 14:39

We did approve 209—or we had final plat approval for 209 new single family lots in 2022. That, in conjunction with the new multifamily development downtown, will help us get to that number. But plat approval isn't necessarily a new delivery of a home of course, and I know you realize that. But, you know, that's work that we've been doing to help get us closer to that number.

Matt Rehbein (Economic Development Specialist) 15:07

So short of reading you charts and data, it may be easiest just to field questions that you may have from there. And so, I'll turn it over and answer any questions that you may have.

Aldersperson Kristin Alfheim (District 11) 15:19

Alder Wolff?

Aldersperson Nate Wolff (District 12) 15:21

Thank you. So, one of my questions has to do with our empty lots. I know I asked last year about like, the building next to Planet Fitness, WGNR right? And then of course, Shopko, which I know that the project that was going to go in there was canceled, and some other empty buildings—what are we doing to try to bring in investors into those buildings to build potentially more housing or something like that?

Matt Rehbein (Economic Development Specialist) 15:53

Sure. So out in that area, specifically that you're talking about where WG and R was, is where we've created TIF 10. That's the west end of College Avenue on the north side there. And, you know, that was—part of creating that TIF is so that we can provide incentive. You know, it's certainly something that we talk about when we go out and we're speaking to folks that are looking to whether it's locate a business, locate a retail site, or redevelop a site in the city. You know, that's one of the sites that we do talk about. We have had conversations with the owner over the past couple of years. But we just haven't seen anything that's gotten off the ground. You know, we can create the framework and have the TIF available, and we can certainly promote it. But at the end of the day, it's got to be the private market that's going to come in and, you know, with the vision to do something there.

Aldersperson Vaya Jones (District 10) 16:53

Following up on this one, is there any way you can get the CVS on College, the old building to get in that TIF district?

Matt Rehbein (Economic Development Specialist) 17:00

That one's in the same TIF?

Aldersperson Vaya Jones (District 10) 17:01

Is it in the TIF? Okay.

Matt Rehbein (Economic Development Specialist) 17:02

So Lilas is the western boundary, which is like just past the Taco Bell, the street right past the Taco Bell, and the CVS is the eastern boundary of that TIF. So, the CVS—

Aldersperson Vaya Jones (District 10) 17:02

I didn't realize it went that far.

Matt Rehbein (Economic Development Specialist) 17:10

—is in that TIF.

Alderson Vaya Jones (District 10) 17:15

Okay.

Matt Rehbein (Economic Development Specialist) 17:16

When we created TIF 10, the CVS had not reduced much in value from its occupied state. So, I think the assessed value on that is something in the neighborhood of \$1.3 million. So, our base value is pretty high already. And provide TIF incentive, anything has to generate new value, or increase value. So, they would have to overcome that. And then also grow that, but that is part of the TIF so we can provide some support there.

Alderson Vaya Jones (District 10) 17:45

I like that. So, question in regards to the net new construction. So, there's been a couple projects like the—not Park Place, what is it called?—Park Central, where just with lead times and whatnot and construction supply chain, there was no way they were going to finish in December. We gave the extension for six months. Does—do approvals like those or extensions like those affect the net new construction of the year, because if it was done in December, it would have been 2022. Now it's gonna be 2023. Does that have a large effect on the net new construction if it's assessed in a different year?

Matt Rehbein (Economic Development Specialist) 18:28

So, the assessed value is determined January 1 of any given year, and that that's a statutory thing. And that's what our assessor's office does. Whether—now, when we extend a completion date that strictly has to do with our development agreement and the obligations therein. So, our development agreement will state, "We anticipate completion by December 31st of 2023." If we push that out, the assessed value on January 1 of 2024, is still going to be whatever it is, whether we've amended that development agreement or not. So, value is not impacted by our development agreements. It's what we're bound to in terms of TIF support when we amend those dates.

Alderson Vaya Jones (District 10) 19:13

Okay. Thank you.

Matt Rehbein (Economic Development Specialist) 19:14

And what the developer has to provide by a certain date. Does that cover it?

Alderson Vaya Jones (District 10) 19:20

Yep, I think I was misinformed on other information in that. So that's on me. Thank you.

Alderson Kristin Alfheim (District 11) 19:25

Alder Thao?

Alderson Maiyoua Thao (District 7) 19:26

Thank you, Chair. I'm very glad to see this study and this information, give us a very good detail and good information for us to prepare for the future. One question I have is do we had land as—for city or for us, in terms of like, prioritize, that we wanted to get that project done, you know, like a specific area that we are looking at to have develop or, you know, new constructions coming in, or, you know?

Matt Rehbein (Economic Development Specialist) 20:00

So really the only area where we have acquired land for new development is in the industrial parks. And so, we do hold land for industrial parks. With respect to some of that residential development, our Appleton Redevelopment Authority can play a role. Right now, they do not have holdings to promote that. But in terms of what we have currently, it would be primarily the industrial inventory.

Aldersperson Maiyoua Thao (District 7) 20:32

Thank you.

Aldersperson Kristin Alfheim (District 11) 20:33

I think that all of us are looking forward to the presentation that's coming up in the next few weeks about really what our process has been and what our process is moving forward in terms of addressing the housing issues. And there's been a lot of interest on the low income side, specifically, in terms of whether we're really playing offense on attracting those opportunities or not. And I think we're all looking forward to that presentation. Do we have a date for that?

Director Kara Homan (Community And Economic Development) 21:07

We're planning on the first meeting in April.

Aldersperson Kristin Alfheim (District 11) 21:08

First meeting in April. So, make a note on that. Again, I know they have the team has worked hard on gathering the information and is excited to share with us, and I look forward to the information as well.

Aldersperson Nate Wolff (District 12) 21:19

[He sounded like he was trying to work out what the schedule was.]

Aldersperson Kristin Alfheim (District 11) 21:27

Are you good? All right. You do have a question? Go ahead.

Aldersperson Nate Wolff (District 12) 21:33

I saw in Upcoming Opportunities, US Ventures listed once again. Is there anything you can tell us about anything involving US Venture? I know that they have really...

Director Kara Homan (Community And Economic Development) 21:46

Nothing to report at present.

Aldersperson Nate Wolff (District 12) 21:48

Okay. Thank you. I just wanted to ask for the public.

Aldersperson Kristin Alfheim (District 11) 21:54

Once again, nothing to report. All right. Anything else for the team? Thank you so much.