

Challenging Trends Facing Housing in La Crosse



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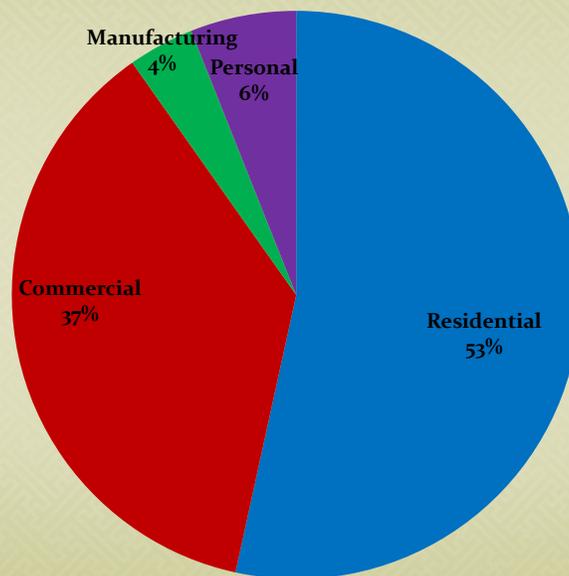
This presentation will review:

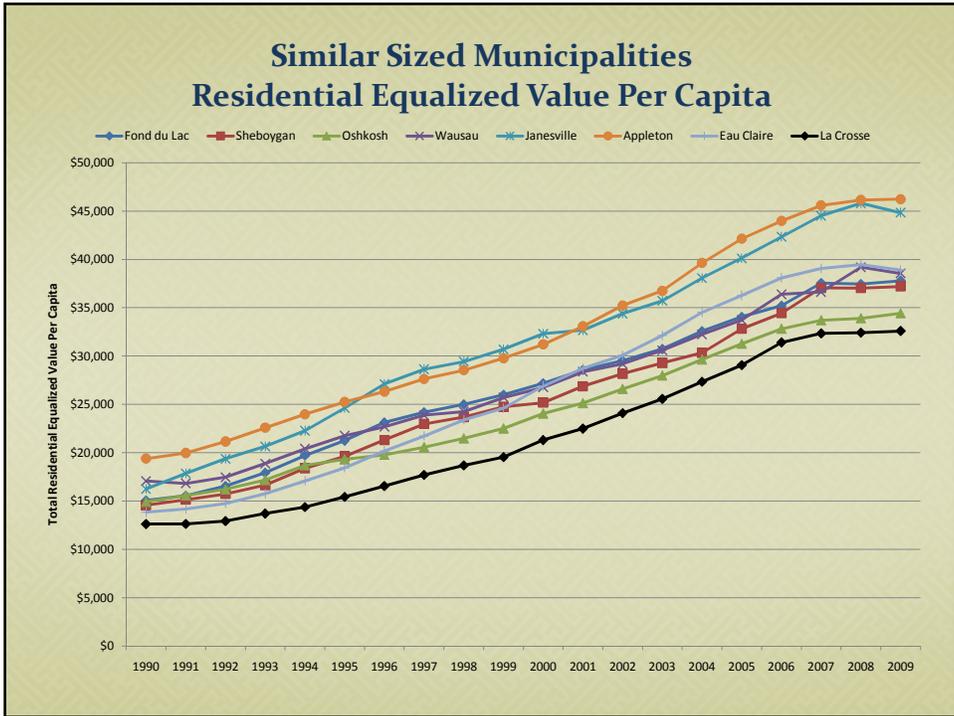
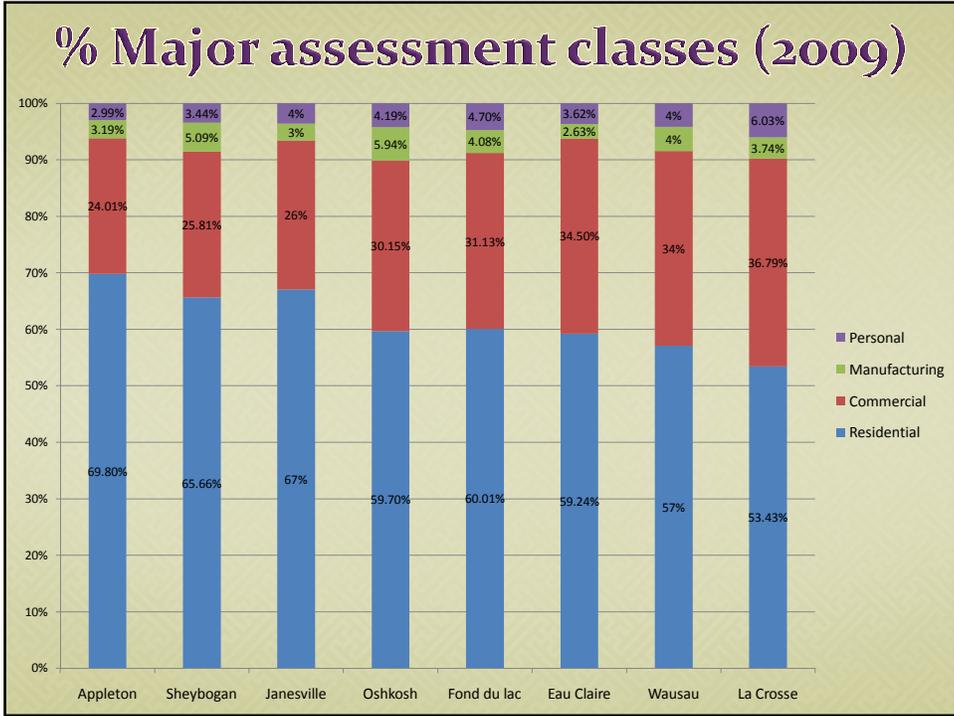
- La Crosse's four main tax base components
- City of La Crosse's tax base compared to similar sized cities in Wisconsin
- City of La Crosse's tax base compared to neighboring communities in Wisconsin
- Graphs comparing housing values in La Crosse to neighboring municipalities
- Statistics & GIS maps illustrating City of La Crosse local housing assessments

Who is paying the levy?

- Tax levy represents ~47% of total revenue for La Crosse (largest single revenue source)
- Mill rate =
$$\frac{\text{Levy}}{\text{Total Assessed Value}}$$
- In a city, the four main tax classifications are:
 - Residential
 - Commercial
 - Manufacturing
 - Personal Property
- The total value of these four categories = Total Assessed Value

City of La Crosse 2009
Tax Assessment Classes

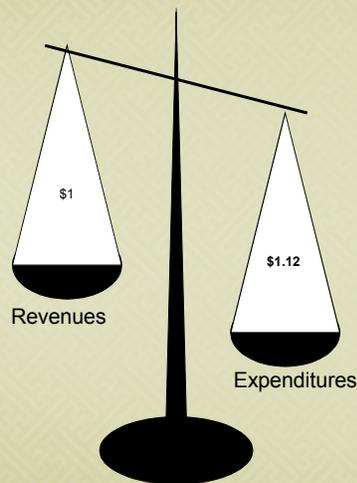




So why are La Crosse's residential housing values so low?

- Inner metropolitan area
- Not large relative volume of new residential construction
- Residential redevelopment in the City typically carries extra costs not part of "green field" development costs
- Strong rental market in City of La Crosse, which creates a price floor
- Neighborhood Dilapidation – losing fabric of community
- Flood plain issues
 - 13% of La Crosse's total residential properties are in the floodplain
 - Flood plain creates anchor on property, as ownership and mortgaging require additional insurance policy (expense).

What are the expenditures and revenues for each taxation class



- Typically, residential development creates the highest demand for services (expenditures)
- If average housing values are low – this creates greater impact on the municipal mill rate

City of La Crosse Fire Calls

<u>ImpVal Range</u>	<u># Parcels*</u>	<u># Structure Fire Calls**</u>	<u># Civilian Fire Deaths***</u>
Under 10,000	522	0	3
10,000 - 50,000	983	5	1
50,001 - 60,000	944	6	0
60,001 - 70,000	1392	13	2
70,001 - 80,000	1603	5	0
80,001 - 90,000	1561	7	2
90,001 - 100,000	1396	12	1
100,001 - 120,000	1919	12	2
120,001 +	2614	9	1
Total (G1 Parcels):	12934	69	12

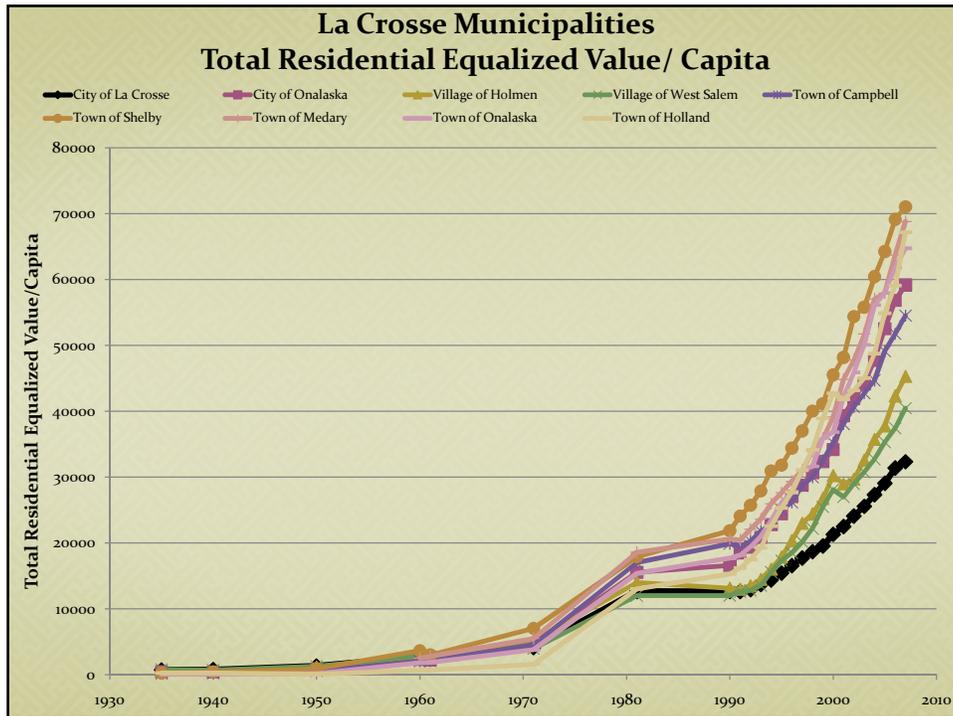
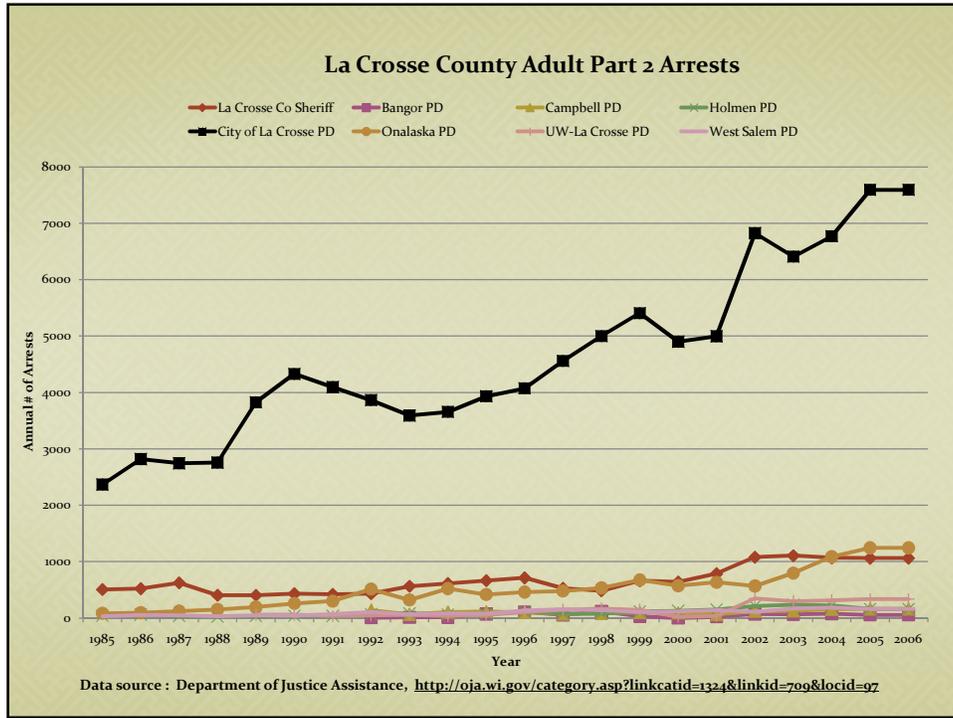
* As of Feb 1, 2011

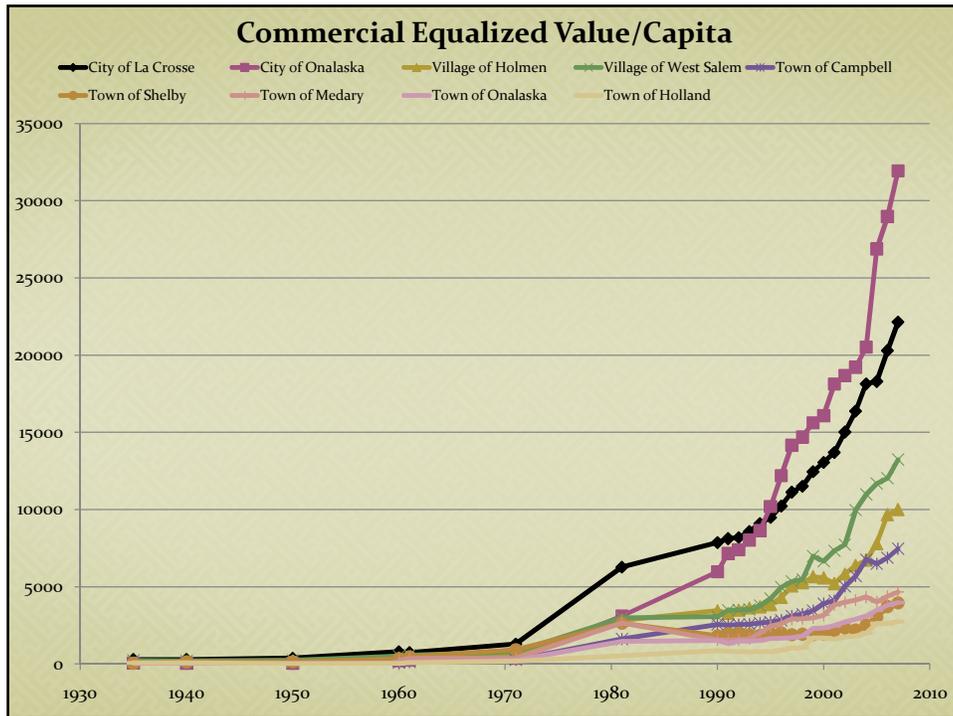
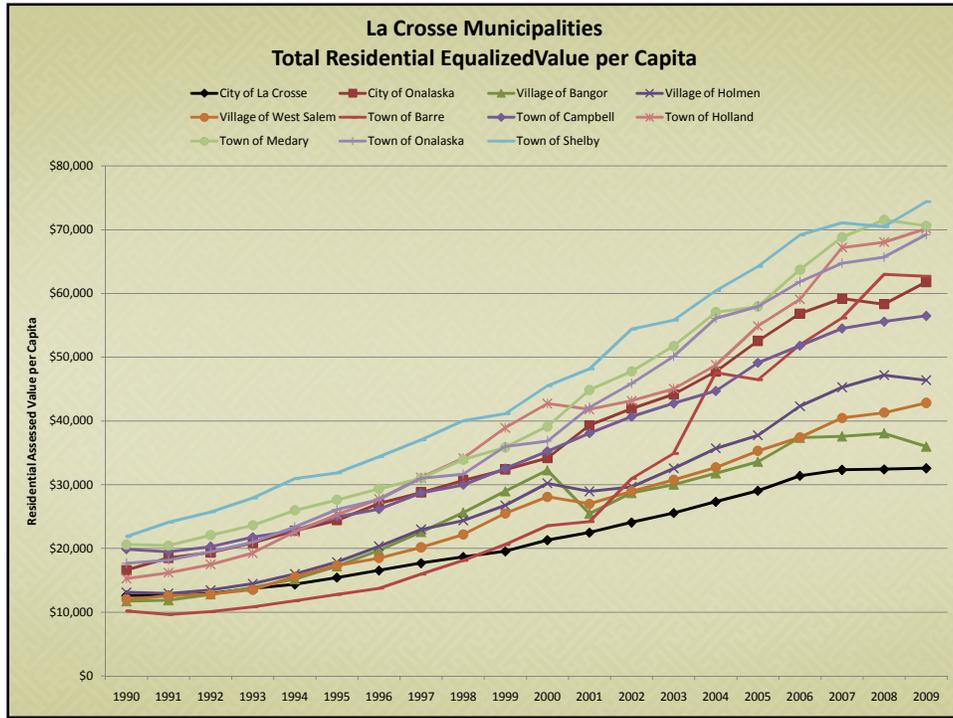
** Structure Fire Data for 2008 to 2010 For G1 Coded Parcels

*** Civilian Death Data for 1988 to Present For G1 Coded Parcels

Changing consumer trends

- A national Realtors® study indicated the following leading issues for homebuyers
 - Perceptions of crime
 - Perceptions of school district
 - Affordability of home/value
- Bigger homes w/ greater dependence on electrical use
- Homeowners own more vehicles (parking demands)





What is the impact of La Crosse's low housing values?

High Taxes

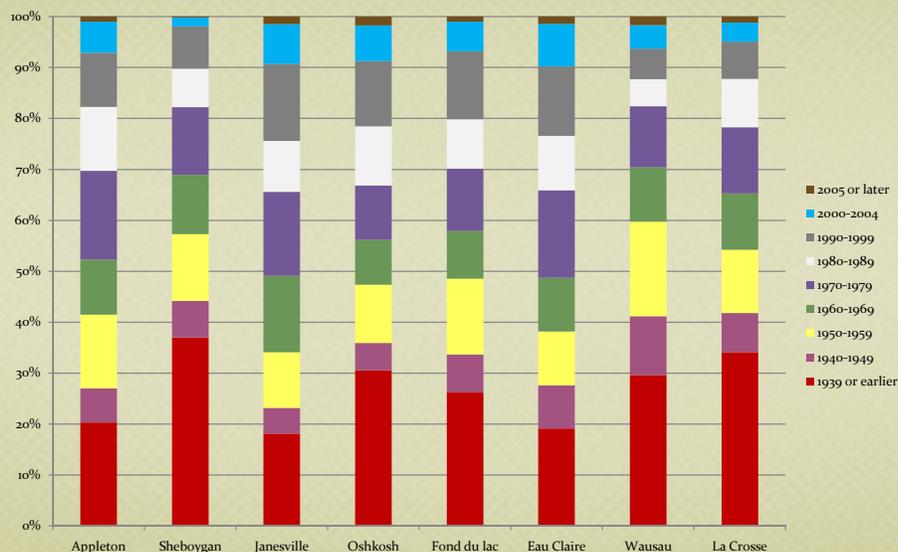
Why?

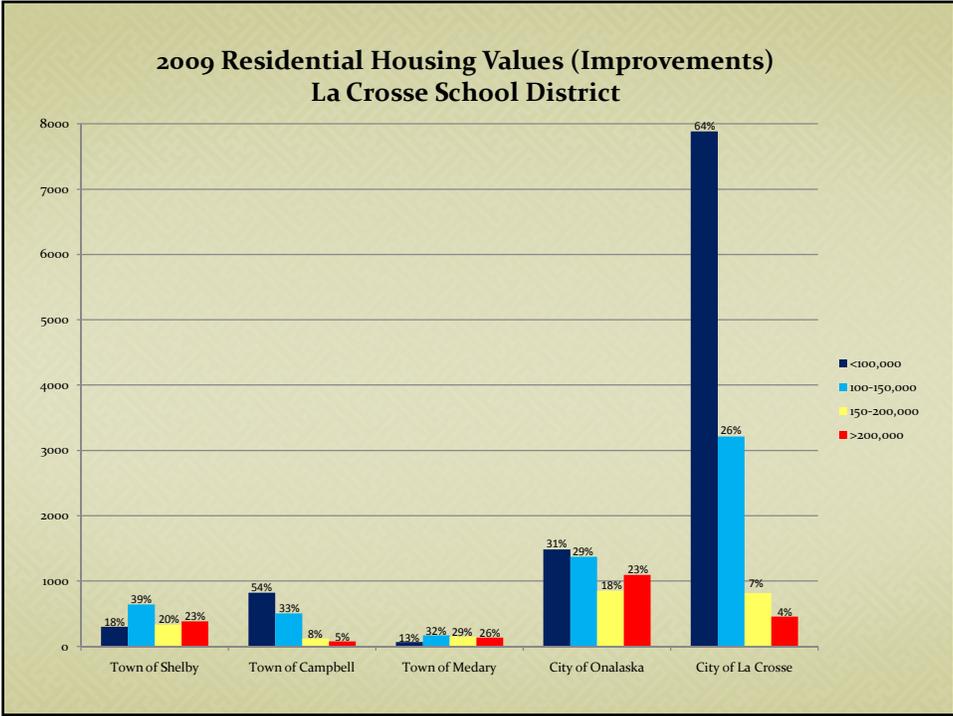
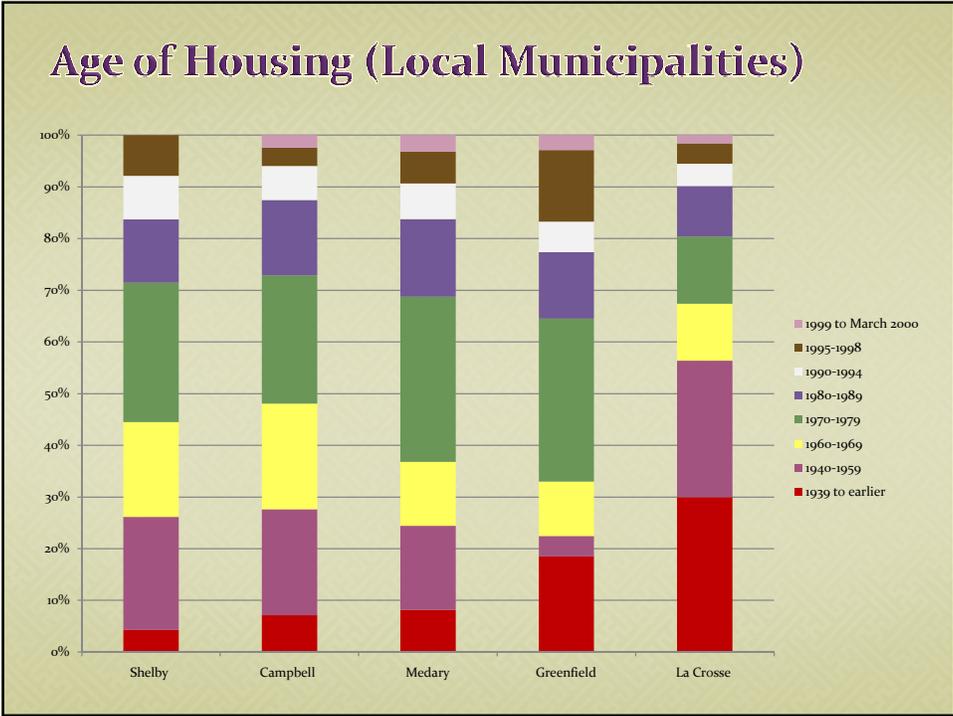
- Regardless of property value residential housing creates a certain demand for services
 - Police
 - Fire
 - Capital improvements
 - Solid waste
 - Roads/Levees
 - Debt service
 - Parks
 - Etc.

Revenues < Expenses

- If the revenues (taxation & fees) of housing stock doesn't cover all expenses, these expenses are passed onto commercial, manufacturing and personal property through a higher mill rate

Age of Housing (Similar sized Municipalities)

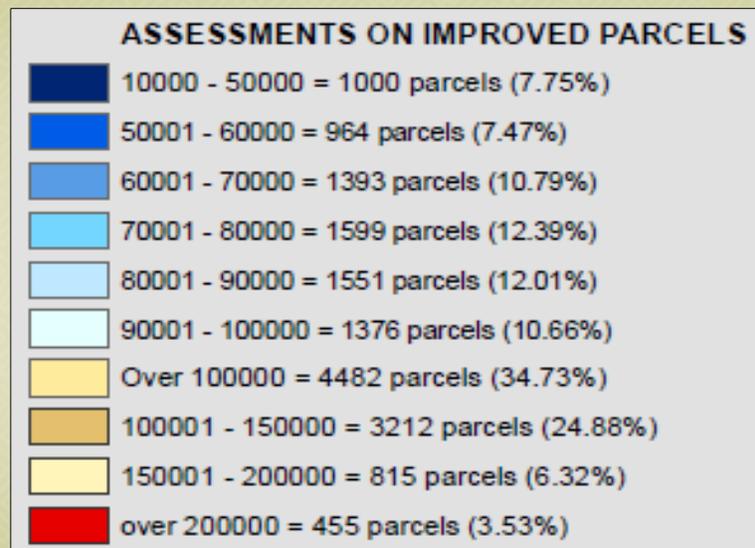




2009 Housing Improvement Values Summary

	Total Improvement Value			
	<100,000	100-150,000	150-200,000	>200,000
Town of Shelby	18%	30%	20%	23%
Town of Campbell	54%	33%	8%	5%
Town of Medary	13%	32%	29%	26%
City of Onalaska	31%	29%	18%	23%
City of La Crosse	64%	26%	7%	4%

City of La Crosse Housing Values



Source: La Crosse County - Local GIS data

What about La Crosse's high percentage of non-taxable land?

- City of La Crosse has approximately 14,390 acres in municipal boundary
- 6,625 acres are tax exempt (46%)
- 2,130 acres are wetlands/bluffs
 - $2,130 \text{ acres} / 6,625 \text{ acres} = 32\%$ total tax exempt
 - $2,130 \text{ acres} / 14,390 \text{ acres} = 15\%$ total acres
- Need to remember idea of cost of services
- Do all tax-exempt properties generate service requirements?
- Marsh and bluffs do not require many services

Redevelopment vs. new development

- New annexations adds population
 - Increased population increases expenditures
- Replacement of existing housing with higher valued housing
 - Revenues to expenditure ratios is enhanced (greater volume of revenues per capita)

% Increase in Housing Value	0%	10%	25%	50%	75%
Total Full Value Res:	\$ 1,569,773,000.00	\$ 1,726,750,300.00	\$ 1,962,216,250.00	\$ 2,354,659,500.00	\$ 2,747,102,750.00
Total Full Value Comm.	\$ 1,068,006,600.00	\$ 1,068,006,600.00	\$ 1,068,006,600.00	\$ 1,068,006,600.00	\$ 1,068,006,600.00
Total Full Value Manf.	\$ 110,863,600.00	\$ 110,863,600.00	\$ 110,863,600.00	\$ 110,863,600.00	\$ 110,863,600.00
Total Personal Property	\$ 184,653,200.00	\$ 184,653,200.00	\$ 184,653,200.00	\$ 184,653,200.00	\$ 184,653,200.00
Total Municipal Assessed Value	\$ 2,933,296,400.00	\$ 3,090,273,700.00	\$ 3,325,739,650.00	\$ 3,718,182,900.00	\$ 4,110,626,150.00
Projected Mill Rate:	0.012360126	0.011732519	0.010901844	0.009751187	0.008820237

Does valuable residential development really help?

	2009	Levy rate /Capita	Mill Rate (Eq.)	Residential Value/Capita	Total Value/Capita
La Crosse	\$	656.29	11.59	\$ 32,343.00	\$ 60,998.29
Darien	\$	689.18	12	\$ 45,915.00	\$ 69,512.13
Williams Bay	\$	707.18	2.36	\$ 287,355.00	\$ 296,902.86
Verona	\$	708.51	5.94	\$ 86,076.00	\$ 144,599.63
Middleton	\$	709.88	5.21	\$ 88,867.00	\$ 162,651.57
Whitefish Bay	\$	718.19	4.87	\$ 140,098.00	\$ 148,668.64
Waukesha	\$	747.17	8.62	\$ 59,411.00	\$ 89,678.57
Madison	\$	763.39	7.67	\$ 65,617.00	\$ 101,996.98
Delafield	\$	778.37	3.84	\$ 143,144.00	\$ 201,887.37
Lake Geneva	\$	780.88	4.73	\$ 120,611.00	\$ 178,926.08
Mequon	\$	843.51	4.58	\$ 153,992.00	\$ 183,010.93
Brookfield	\$	877.74	5.35	\$ 113,467.00	\$ 165,058.47
Fox Point	\$	970.31	5.81	\$ 151,811.00	\$ 166,431.65
Bayside	\$	1,036.99	6.49	\$ 141,795.00	\$ 159,481.18
Shorewood Hills	\$	1,233.36	4.21	\$ 244,824.00	\$ 294,021.13
River Hills	\$	1,774.18	5.51	\$ 314,737.00	\$ 320,115.48

So what could be done to help?

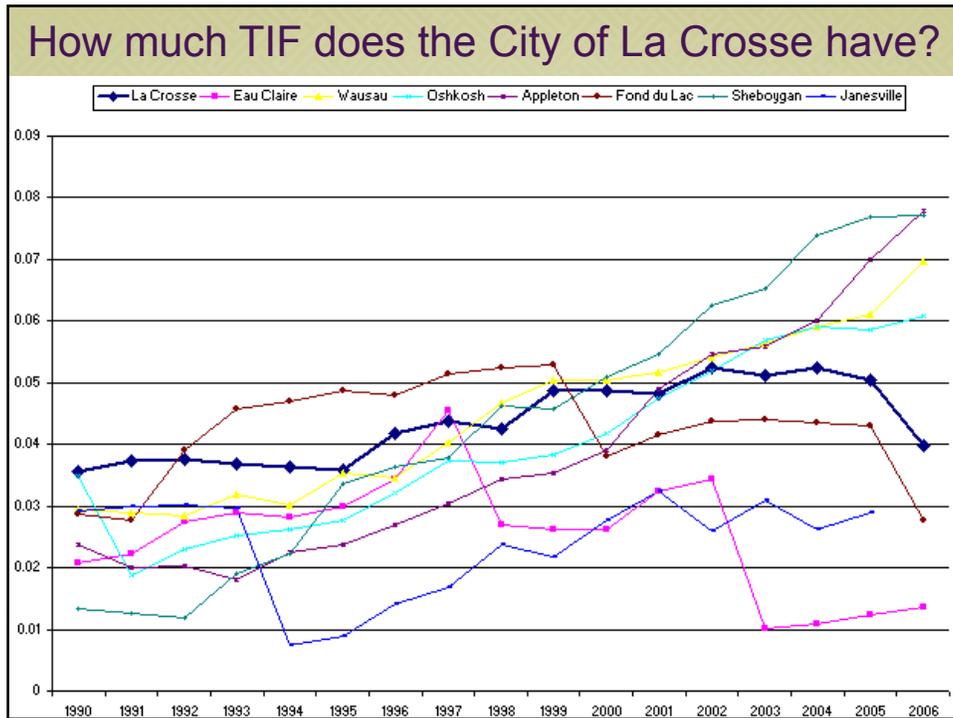
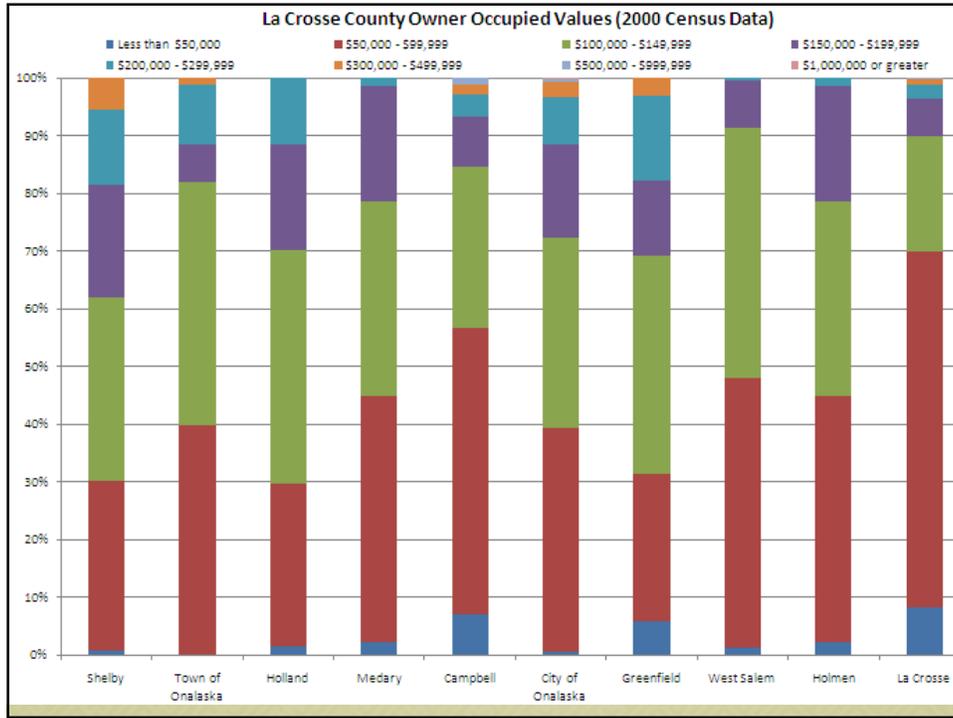
- Focus on Floodplain properties?
 - 13% of all La Crosse residents property touches the floodplain
- Focus on neighborhoods seeing the highest poverty
 - (Hamilton & Roosevelt school districts)
- Develop internal city acreage such as Mobil Oil, Park Plaza, etc.
 - Prime river access
- Consolidated student rental
 - Encouragement of single-family replacement housing in high rental neighborhoods

In summary

- Taxation is our highest form of revenue
- Housing is our largest asset (taxation base)
- The value of our housing is lowest compared locally and with similar-sized cities
- If your largest asset is under-performing...
- Why hasn't the market fixed this?
- Who needs to act to fix this?
- People require services – not land
- If residential municipal expenditures are < revenues, the costs are covered by commercial, manufacturing land uses through a higher mill rate.

Questions?

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- <http://lacrosse.uwex.edu/community-development/>



How does TIF affect City resident's mill rate?

- TIF's are supposed to facilitate development (if not but for the TIF...)
- But for arguments sake – How much difference would the \$188.9 million (8/09) increment make on La Crosse's mill rate, assuming all the TIF assisted development *had* occurred without a TIF?
- \$36.6M would decrease by \$2.6M or 7.1%
- Current mill rate of 12.28 becomes 11.40
- A \$100,000.00 value house would save \$88/year, or \$7.33/month

So why are taxes high in La Crosse?

- High taxes are a product of any of the following:
 - High expenses capita
 - Low value per capita
 - Lack of revenue sources other than property taxes
- In La Crosse we have high expenses per capita
- In La Crosse we have low value per capita