

Affordability

The City's 2015 Strategic Plan contains a number of goals including financial sustainability for future generations and delivering an affordable package of services is a component of maintaining affordability for residents. This section presents an eight year study of costs associated with City services. The information will be used by the City to help inform future policymaking.

Methodology

Measuring affordability is a difficult process due to the subjectivity of what can be considered affordable. In order to quantify affordability in River Falls, national studies were researched but few studies defined what affordable living is considered to be.

One study by Fisher, Sheehan, and Colton, "Home Energy Affordability Gap," stated that utility costs are affordable if they are less than six percent of gross household income. This standard has been used for the analysis of costs in River Falls.

Property tax affordability is especially hard to determine as each state's average property tax is different. This study compares the local (City only) tax rate to 190 cities in Wisconsin based on equalized values. Tax rate information was exported from the Wisconsin Taxpayers Alliance website and sorted to only include cities. Tax rates were sorted from low to high and the tax rate in River Falls was compared to the rest of the group.

City service costs included in this study include property taxes levied by the City for City services, utility services, and a sample set of recreation programs. A sample of recreation programs including youth baseball and swimming passes were used to represent a typical bundle of programs that families purchase.

Median household income in River Falls was last reported in 2010 in the U.S. Census. A trend line was created using known Census values of the median household income in 2000 and 2010. The trend line was extended beyond 2010 and used to establish the median household income for each year between 2007 and 2014. The Federal poverty threshold was used to assess affordability for residents living at the poverty level.

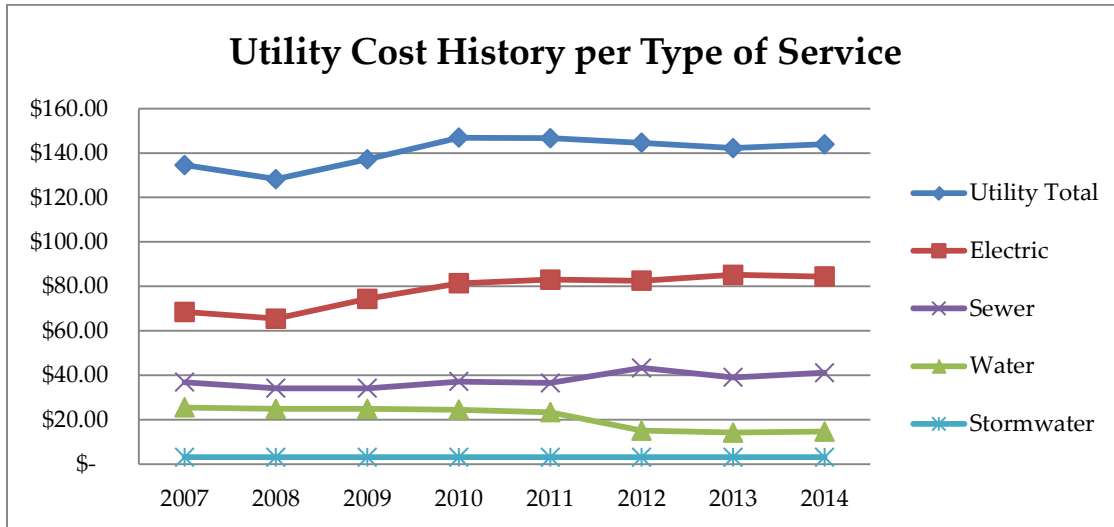
Median house values from 2007 – 2014 were obtained from a report prepared by Associated Appraisal Consultants, Inc. The median house values are comprised of both land and improvement values.

Average household utility consumption and rates were gathered from Wisconsin Public Service Commission annual reports. The utility rates were applied to average monthly household consumption to determine average monthly household utility costs.

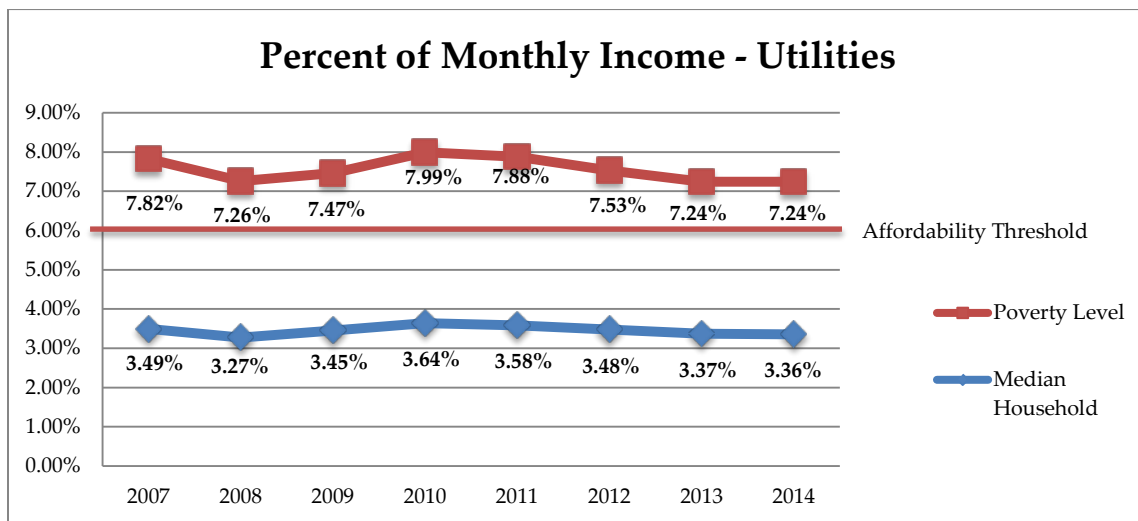
An average household's property tax payment was calculated by applying the City's mill rate to the median house value. The percent of household income allocated to paying for municipal property taxes varies widely across the country. The percentage of a household's income used for City property taxes are compared to other municipalities across Wisconsin.

Utility Services

Utility costs in River Falls include fixed service charges in addition to usage rates for electricity, water, and wastewater. The *Home Energy Affordability Gap* developed by Fisher, Sheehan, and Colton states that utility costs become a financial burden once they exceed six percent of a gross household income. A history of costs for each utility service between 2007 and 2014 are provided below.



Median income households in River Falls have been under the six percent benchmark in each of the past eight years. However, utility costs for households at the poverty level have exceeded the six percent threshold.

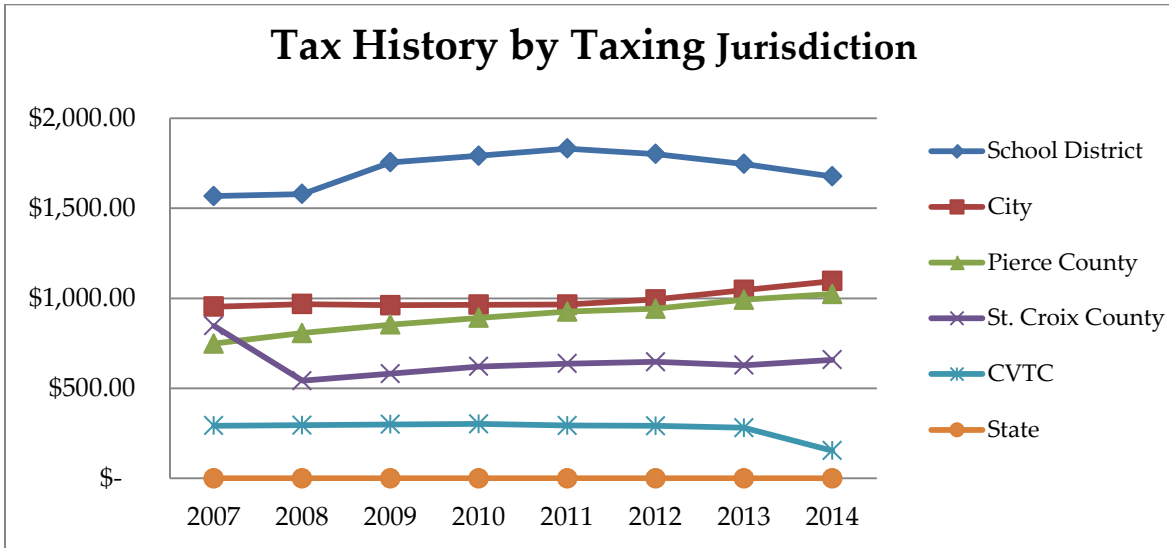


There are programs available to low income families in River Falls to help reduce the burden of utility costs. Using home energy assistance programs can reduce the financial burden for families at the poverty level.

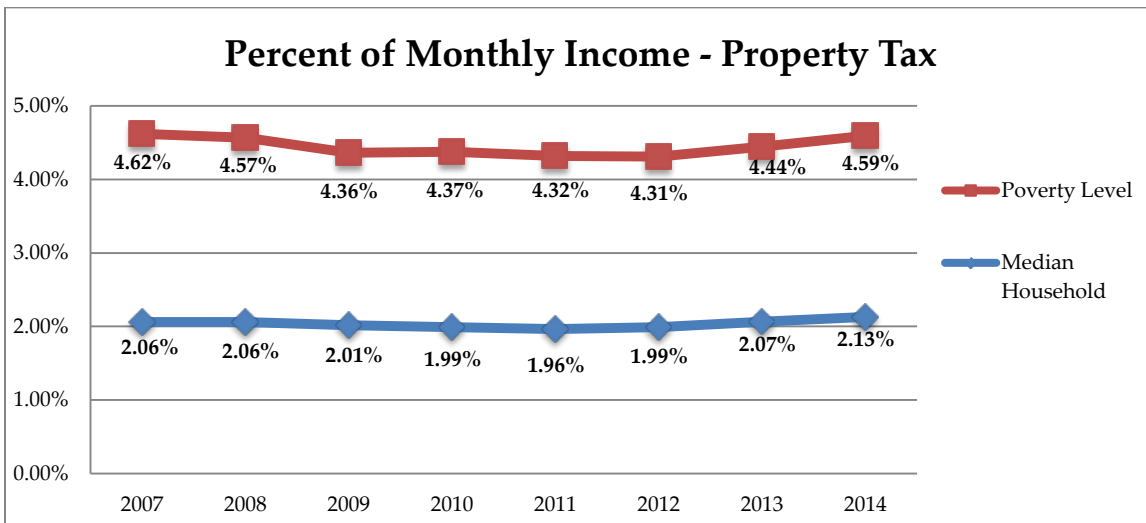
Home Energy Assistance Programs	
Pierce County	Economic Support Unit
Pierce County	Wisconsin Public Service Commission List
St. Croix County	Economic Support

Property Taxes

The City collects property taxes to fund services such as fire and police protection, library services, street maintenance, snow plowing, and others. In 2014, the annual City property tax was approximately \$1,100 for a median home of \$190,000, or roughly \$5.75 per \$1,000 of assessed value. According to the Wisconsin Taxpayers Alliance, in 2014 the City of River Falls assessed a lower equalized value property tax rate than 78 percent of Wisconsin cities. The chart below shows how much money is collected from an average property tax bill by each taxing jurisdiction.

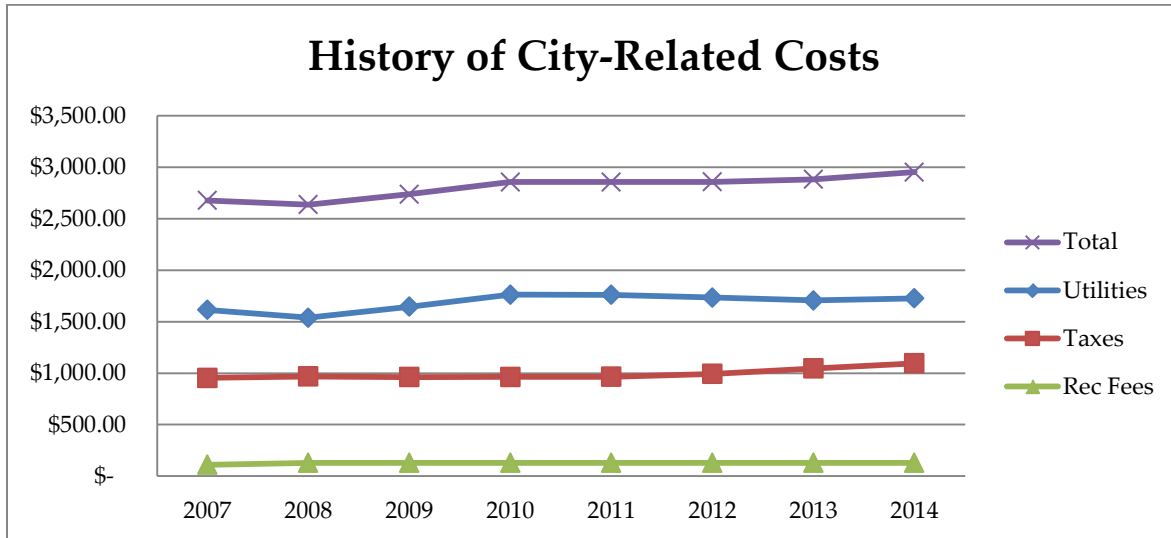


It is difficult to set a standard benchmark for property tax affordability due to the wide variety of services provided by local governments. The charts below detail how much of a household's income is collected for City services from property taxes. A median income household in River Falls paid 2.13 percent of its income to fund City services in 2014. A household in River Falls at the Federal poverty level paid 4.59 percent of its income for City services in 2014.

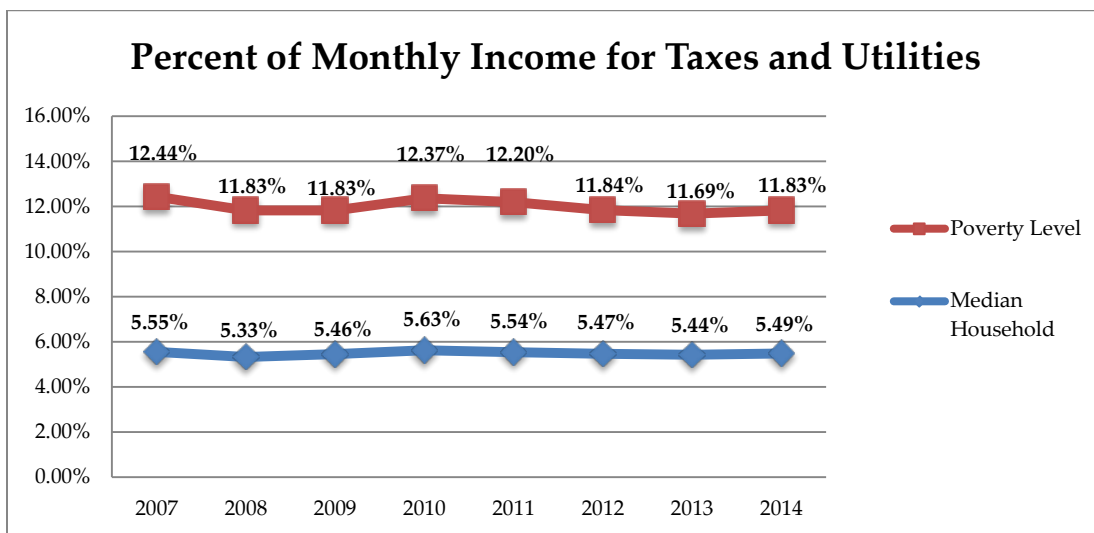


Total Cost Summary

Utilities, property taxes, and recreation fees comprise the City-related costs that have the largest impact on residents' affordability. City-related costs for a median household have remained relatively consistent between \$2,500 and \$3,000 per year over the past eight years. Recreation programming fees have remained unchanged for approximately ten years and represent a marginal cost compared to utilities and property taxes.



Median income households in River Falls benefit from affordable living as measured by the *Home Energy Affordability Gap*. The *Home Energy Affordability Gap* sets the six percent cost benchmark for utilities. A median valued house with median household income in River Falls met the benchmark in each of the past eight years for utilities and City property taxes combined.



River Falls is an affordable city for households at the median income level and above. City staff strives to work with partner organizations to make River Falls affordable for everyone. One such effort is the [St. Croix Valley Habitat Eco Village](#) which provides sustainable, net-zero energy and aims to make housing affordable for all. Council and staff welcome resident feedback and participation to help ensure that the City remains affordable while maintaining its commitment to high quality services into the future.

Appendix

This section presents tables and graphs illustrating the data that was used in the affordability study.

Median Home Values 2007 – 2014							
2007	2008	2009	2010	2011	2012	2013	2014
\$190,000	\$189,600	\$190,100	\$190,000	\$190,100	\$190,150	\$190,000	\$190,000

Recreation Fees in Selected Programs 2007 – 2014								
	2007	2008	2009	2010	2011	2012	2013	2014
Swimming	\$80	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Youth Baseball	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30

Note: The swimming fees provided above are for a four person pass. Youth baseball fees are per participant.

Average Utility Consumption per Month 2007 – 2014								
	2007	2008	2009	2010	2011	2012	2013	2014
Electric	712.1	694.7	665.2	688.3	682.9	668.1	690.7	686.6
Water	4.4	3.9	3.9	3.6	3.5	3.8	3.2	3.5
Sewer	4.4	3.9	3.9	3.6	3.5	3.8	3.2	3.5

Note: Water and sewer data are presented in thousands of gallons. Electricity is presented in kilowatt hours.

Water		
Base Fee	Per 1,000 Gallons	Fire Protection Fee
\$5.25	\$1.40	\$4.46
Sewer		
Base Fee	Per 1,000 Gallons	
\$7.00	\$.0977	
Electric		
Base Fee	Per Kilowatt Hour	PCAC Adjustment
\$7.00	\$.0977	\$10.30