

Alderman Backes Update

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It's a new year and there's plenty to look forward to here in South Milwaukee! I'm particularly excited about the forthcoming opening of the Bucyrus Commons and a summer full of events in that space, but there's plenty of other things to look forward to.

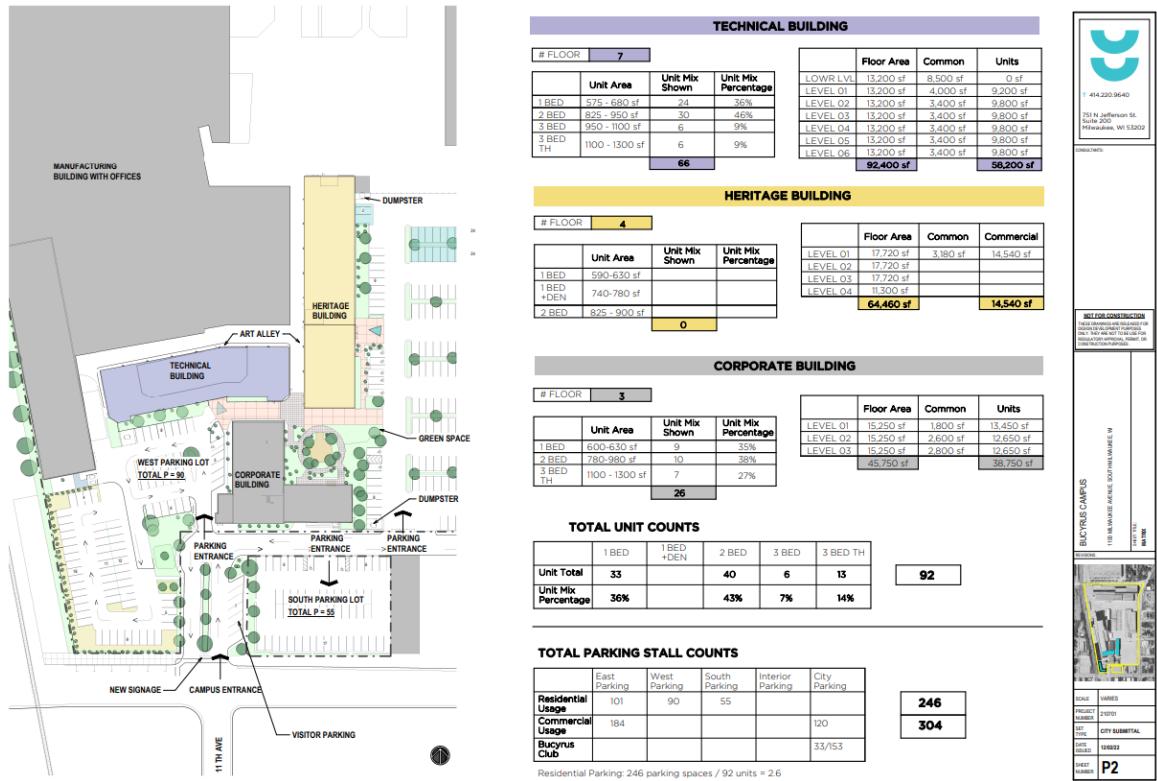
One potential project that has been the subject of quite a bit of discussion lately is the possible redevelopment of a portion of the former Bucyrus campus into a mixed-use development of housing and commercial space.

So, today I want to provide an overview of the plans as provided by the developer J. Jeffers & Company, who is partnering with Scott Crawford, Inc. (which previously had similar plans for this property that were abandoned due to funding issues).

Now, before I go in depth on this project and the issues surrounding it, it is important to note where we stand in terms of progress on this project. The project itself has not been voted on yet; the only issue to come before the city council so far has been whether to approve a zoning change that would allow for residential and commercial use. The council heard a presentation from the developers about this project and passed the zoning change with a unanimous 8-0 vote, after a public hearing. More on that later.

I will also be upfront about the fact that I am predisposed to support this project. I believe it to be a good fit for the city's long-term growth and downtown redevelopment goals and am a big fan of bringing more housing (particularly increased density) into the downtown portion of the city, which has been and will continue to be a focus of the city's development in the years to come.

So having said that, let's take a look at the project. This is gonna be a long update, folks, so strap in! I want to communicate this issue as clearly and effectively as possible, and in this case, that means a lot of writing.



There are three buildings that are part of this project: the Technical Building (in purple), the Heritage Building (in yellow) and the Corporate Building (in gray, to the south).

The corporate building would feature 66 units with a mixture of one bedroom (24 total), two bedroom (30 total), three bedroom (6 total) and three-bedroom townhome (6 total) units. The Heritage building would be entirely commercial, and has already drawn some interest from potential tenants in a variety of industries, according to the developers. The corporate building would have 26 residential units: nine one-bedroom, 10 two-bedroom, and seven three-bedroom townhomes. That's a total of 92 residential units (33 one-bedroom, 40 two-bedroom, six three-bedroom, 13 three-bedroom townhomes).

Of the 92 units, 82 would be earmarked for families with annual incomes of \$50,000 or less. Of these affordable units, 19 would rent for \$650 a month. Rents would range anywhere from that \$650 price for affordable one-bedrooms to over \$2000 for market-rate three-bedrooms.

The Milwaukee Business Journal recently reported that the project won a \$2.5 million ARPA fund grant from the county, a pretty substantial boon for the developers. At this point the city has not received an official request for funding for the project, but the fact this is located in a Tax Incremental District (TID) will almost certainly mean there will be a request for TID funding.

These are the unbiased facts about the project. Now we'll start to get into the reeds a bit with my opinions, and some of the public comments I've seen or received.

What people are saying

Any time the city is considering making a zoning change it is required by law to hold a public hearing. At these public hearings, members of the public are allowed to speak about the issue in question, and may be limited to a certain amount of time depending on how many people wish to speak.

By my unofficial “point at all the people I see in the audience and make tallies in my notebook” count there were 28 members of the public present at the meeting. A small handful of them spoke, all of whom were there in opposition to the project.

This I did not find to be surprising in the least; generally when these types of projects come up, the people who oppose are much more likely to show up to voice their opinion. And I greatly appreciate that; it’s a chance to get a feel for what these people take issue with, and also where the city needs to do a better job of communicating.

To me, there certainly were some misunderstandings about the project and about the way city finance works in general. There were also a few decent points made that I simply do not agree with.

I will say, when I talk to people in person, I’ve heard a significant amount of support for the project. This includes everyone from family to business owners to people who simply live here to colleagues of mine. But I’ve also had quite a bit more negative feedback about this issue than I’ve had about any other issue since I’ve been serving on the council, so I thought it would be worth sharing and talking through some of the more common negative comments I’ve seen online or have received via email (or at the public hearing).

The big one: comments about “low-income housing” in the city and the downtown area

This, far and away, is the issue most people take with the project. They don’t want to see what they describe as “low-income housing” in the city. You’re probably familiar with the general argument here. It usually goes something like this: “low-income” housing attracts crime, “low-income” housing attracts people who will not spend money in the city, “low-income” housing depresses property values, “low-income” housing is undesirable, etc.

All of these arguments are categorically false.

In fact, [studies have shown](#) having sufficient available affordable housing actually [lowers crime](#) and [increases property values](#).

With regard to whether people who live in these developments spend money in the community, there is no reason to think they don’t. In fact, in most cases, people who reside in these developments tend to be people who already live in the community (or who would like to) but need affordable, rent-controlled housing. This category of people only continues to swell in size

as housing prices rise. These people are already spending money in the community and, thanks to controls on rent, will have more disposable income to spend as they see fit. As Matthew Desmond writes in his incredible book *Evicted* about housing and evictions in Milwaukee, “the rent eats first.”

Access to quality, affordable housing is critical for people who want to establish themselves financially and eventually become homeowners. These rents are protected under state and federal laws and are not at the whims of landlords and massive market swings.

In fact, the very phrase “low-income” is designed to be disparaging. It is used to provoke a prejudicial and fearful response often associated with proposals for Section 8 housing (which this is not). If I may be frank, I find the phrase “low-income housing” to be little more than a dog whistle that dramatically harms the credibility of those who use it.

Comment: renters do not have “skin in the game” and will not be valuable parts of the community

There were concerns brought forth at the public hearing about the percentage of rental units in the property.

One constituent provided some really solid information in his argument against the project that talked about the amount of owner-occupied housing in the city. South Milwaukee does have a fair amount less owner-occupied housing (59%) than the Wisconsin average (67.2%).

Of course, one could make the argument that South Milwaukee is not exactly comparable to the average Wisconsin small town, given its suburban status. However, it is a fair point to make that this project would only decrease the percentage of owner-occupied housing in the city.

The reason behind making this point is usually to state that people who own their own homes are more likely to keep up the property or become invested in the community. But I really don’t see any evidence to this being the case. I think of some of the communities around the Milwaukee area that have very heavy rates of rentals (Bay View, Riverwest, Walker’s Point, even Shorewood) and think about the thriving communities that have developed there over time from community-buy in and from a wide variety of developments that serve people of all income levels.

I have not seen any empirical evidence to suggest homeowners are, essentially, more invested in their community than renters, partially because this is a pretty difficult claim to prove with any real strength. But that’s what makes it such a powerful argument from an oppositional standpoint: it’s difficult to disprove, because it’s difficult to prove. So, to a person with the right predisposition or perspective, it can sound true, even if there’s not really anything to indicate it is.

As far as things that we *can* know to be true, here's something: South Milwaukee is nearly entirely developed and there are very few opportunities for there to be any new residential development. For the few opportunities that do exist, it will almost certainly come in the form of higher-density apartment units in rehabs of old buildings (we'll see what happens with the Everbrite property).

If you want to increase the population to assist the taxbase, activate local businesses, and potentially throw a few more students into a school district with declining enrollment, this is a project that can help with that. It is not in itself a solution to any of those issues, but it does pose an opportunity to be of some help.

Comment: if the city is struggling with its budget, why shell out tax dollars to support this project?

This is the finance-related question I've been seeing and hearing the most. And I totally get this question—it's true that the city is financially strapped with its general fund and is having a hard time navigating increasing expenses with very limited increases to taxes and absolutely no support at all from the state.

However, this question also showcases a lack of understanding of how city finance works. And I honestly can't fault people for that. Before I took on this position, I really had very little idea about any of this, and I'm still learning something new every week in the role.

Basically, it's important to realize two things:

- TID funding is its own pot that is entirely unrelated to the city's general fund, and thus any financial struggles associated with the general fund are not associated with the TID
- TID funding can be structured in such a way to offer significant protections and benefits to the city.

Now, I'm not the first person you would want to choose to be explaining to you the finer points of how a Tax Incremental District and tax incremental financing (TIF) work. But here's the gist of it:

1. The city creates a TID, which is an area of land that will be associated with development and redevelopment.
2. The city determines the tax base for the TID, which is what the land was worth before the TID began. The value of the land after the property in the TID is improved is referred to as the "increment."
3. Taxes being paid to the city, school district, county, etc. within that TID stay at the same rate throughout the life of the TID. The district then can use the extra tax money that comes in due to the value of the improvements in that district.
 - a. Example: Say you have a property that had a base value of \$200,000 at the time the TID was created. If the improvements make the project worth \$1 million (an "increment" of \$800,000), the city/school/other taxing entities would still be paid

tax as if the property was worth \$200,000. The leftover money gets used to pay off improvements made in the district.

4. When the TID expires, the property owners then pay taxes at the increased value of the property.

The idea is that the benefits of a TID spur development that would not otherwise happen, development that everyone in the community gets to benefit from.

The major risk is that if the development is not paid off in time, there could be a loss of money in the TID. Cities must be good stewards of their TIDs and be careful about the projects they take on.

So far, the city of South Milwaukee has done an excellent job in managing its TIDs, all of which have been profitable. And you can be certain that large redevelopment projects like this do not come along without TID support.

So for people who ask “why spend our tax dollars on this,” the question is inherently flawed. It implies the city is increasing people’s taxes to pay for these projects, or that it’s taking people’s money away from city services or other initiatives. This isn’t true at all. The TID is designed to be self-supporting and self-sustaining, and eventually pays off for the entire community. At least, that’s how it works when TIDs are operated well, which they have been in this city.

Comment: the property will be undesirable for a variety of reasons

Ultimately this one basically comes down to personal opinion. The comment was made that some of the units will receive too little light, or have ugly views, or be too close to manufacturing.

While I can see why some might feel this way, I also know many would take no issue with some of these complaints. My favorite apartment I ever lived in before I became a homeowner was a second-floor apartment that looked across a thin walkway to another apartment building right next to it. The size of the building meant I didn’t get a whole lot of direct sunlight coming into my apartment, and I didn’t exactly have a great view. But the building itself was nice, I loved the walkability of the community and the fact that there was community buy-in, and there was always something going on. Plus, the price was right.

There are always pros and cons to every potential property you wish to rent or own, and so much comes down to personal preference.

Here's the bottom line

So where does this leave us?

As I mentioned earlier, at this point all that's happened is the city has approved a zoning change. No project has been approved. No funding request has been made. We're in the early stages of this thing still.

But people always want to know where their elected officials stand, so here's my opinion based on what I've seen so far.

I'm impressed with the project and the developers. J. Jeffers Co. has an outstanding reputation. They've provided good answers to all the questions we've had so far and have been proactive in seeking commercial tenants.

I'm interested to see how much TID funding is requested. The receipt of the ARPA grant certainly will help, and will reduce the potential load on the TID.

But in general, I love the idea of bringing more housing downtown, where a lot of our focus has been as a city. It provides some natural support for the businesses and events happening there, but it's not like it's flooding the area with a massive influx of new residents either. It's a really sensible re-use of an important set of buildings to the city's history and is very much in keeping with the "proud past, promising future" mantra.

Affordable housing is critical to providing stability for people in need at various points of their life. It also helps to create more diversity within communities. The slight increase in density in that area could help spur additional development and greater walkability, which, as our Downtown Strategies consultants have mentioned in their work with the city, is crucial to success in creating a thriving and vibrant downtown area.

The project itself is not the absolute most creative use of the space. I would like to hear a bit more about how the project will be integrated with other development happening in the area. But overall, I see far more positives than negatives associated with the project.

I will look forward to learning quite a bit more in the weeks and months ahead.

If you're still reading this seven pages later, thank you for sticking with me! Like I said, I know this was a whole lot to get through, but with an issue that's been getting so much attention and feedback from the community, I thought it worthwhile to give in-depth explanations, information and opinions.

See you for my next update! And as always, reach out if you have any questions or concerns or would just like to meet.

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