

Near South Side Area Market Study

Prepared for HNTB and the City of Milwaukee

By the Center for Neighborhood Technology 

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Executive Summary

Overview: Community Market Identity and Challenges

The Near South Side (NSS) of Milwaukee has been a successful residential community for more than 100 years. It is a place through which several generations of immigrants have passed: working hard and living economically to gain prosperity, sinking roots and integrating into American life. The NSS has been and remains today:

- A source of labor for Milwaukee area industries,
- A community that can support a broad variety of retail and service businesses,
- An affordable community, where households can enjoy a lower cost of living than in many other parts of the region,
- One of Milwaukee's leading communities in attracting investment and business growth.

The NSS is challenged by shifts in the national economy that are felt here as strongly as anywhere in the country:

- Transformations in the industrial sector that include: reductions in the number of laborer jobs, higher skill requirements for new jobs, and the relocation of many industrial businesses to outlying suburbs,
- The movement of general merchandise retailing from neighborhood to regional shopping centers and the clustering of neighborhood retail in distinctive districts rather than alignments along the length of arterial streets.
- The redevelopment of central city neighborhoods into homes for professional workers, often accompanied by financial pressures that displace the earlier working class residents.

These changes could undermine the viability of the NSS as a community that meets the needs of its residents. But with effective planning and decisive action supported by the City of Milwaukee, the NSS can reposition itself as an economically and ethnically integrated community that will work well for its current and future residents.

Demographic Characteristics

With a Year 2000 population of 82,170 residents and 25,314 households the NSS is a substantial community that has grown while the populations of many communities in the city of Milwaukee have declined. The NSS population is diverse and diversifying further with the following estimated breakdown by ethnic group in 2007:

- 56% in a growing Hispanic population,
- 25% in a declining White non-Hispanic segment,
- 19% as the total of growing Black, Asian, Native American, and multi-racial groups.

This is also a young population with over a third of the population below the age of 20 and over half younger than 30.

The NSS population is densely settled, ranging from 5 to 15 households/acre in different sections of the community, a population density sufficient to support light rail service.

With population density the NSS possesses substantial aggregate buying power. In the Year 2000, the median household income for the NSS was \$27,489, compared to \$46,132 for the Milwaukee metropolitan area. However, the aggregate income per acre in the NSS in the Year 2000 was \$605,110 per acre, which was higher than the per acre income of some of Milwaukee's affluent suburbs.

The workforce of the NSS has a lower level of educational attainment than the overall workforce of the city of Milwaukee or Milwaukee County. In the NSS more than 75% of the workforce 25 years of age or older has a high school education or less, while for the city or the county 75% has a high school diploma or more. Compared to the overall workforce of the city or the county, NSS workers are much more frequently employed in manufacturing, transportation, or construction work and much less likely to work in any field of professional service. The NSS has an unemployment rate (as of 2000) of 12.9% compared to 9.4% for the city and 6.9% for the county. NSS-area employers interviewed for this study consistently reported that local residents have a strong work ethic; they are pleased to hire NSS workers as laborers, but for skilled trade and professional positions they must generally look to a broader geography for employees.

In summary, the NSS population possesses many of the positive and problematic characteristics commonly associated with communities that include many immigrant families: ethnic diversity, youth, energy, a lack of education that limits work opportunities, below average household income but strong aggregate buying power in densely settled urban neighborhoods. Of course, this picture is a generalization; the NSS also contains neighborhoods where the majority of the residents are white, professional, and from families that have lived in America for generations.

Land Use, Housing and Business Location Patterns

In 2006, land in the NSS was allocated for the following uses:

<u>Category</u>	<u>Acres</u>	<u>%</u>
Residential	1,295	45.74
Public or Non-Profit (parks, churches, schools, etc)	854	30.17
Commercial	225	7.95
Mixed Commercial & Residential	100	3.53
Industrial	218	7.70
Transportation	99	3.50
Vacant	<u>40</u>	<u>1.41</u>
Totals	2,832	100.00

The NSS is a predominantly residential community. More than 85% of the land is devoted to housing or to public or non-profit uses that serve the residential population. Approximately half of the residential properties are single family homes; half are multi-family, mostly duplexes and small apartment buildings. Approximately 58% of the community's housing units are renter

occupied; however, a high percentage of landlords live in their buildings, so it is likely that most buildings receive the care of a resident owner. Approximately 95% of NSS buildings were built before 1930, nearly a third during the 19th Century; the community's building stock is solid but requires intensive maintenance.

Today only 7.7% of NSS land is used for industrial purposes. In the past industrial uses were more prevalent, but as industrial businesses have closed or relocated their properties have been converted to other functions. Industrial districts are thriving just outside of the NSS, in the Menomonee Valley to the north and along Miller Parkway to the west. But most of the 39.2% of the NSS workforce who are employed in industrial or logistics businesses must travel much farther to their jobs, and the community's unemployed workers with limited educations must also try to access industrial jobs in distant suburbs.

The nearly 8% of NSS land in exclusively commercial use lies in strips all along the arterial streets of the community. To some extent the retail and service businesses that occupy this land are clustered in the five neighborhood shopping districts of the NSS (the Cesar Chavez and Historic Mitchell business improvement districts (BID), the Lincoln Village and Silver City Main Street districts, and the emerging Walker Point area). The 3.5% of NSS land in mixed (commercial and housing) use is concentrated in these business districts.

With less than 2% of the NSS' land area vacant, virtually any new development must replace a previously developed use.

Retail Demand and Spending Patterns

In the area that lies within a 1.9 mile radius of the NSS' geographic center (the smallest circular area that encompasses the entire NSS) residents spend approximately \$364 million per year more than all the retail and service businesses of the NSS market area realize in sales. In other words, NSS market area residents leave their community to purchase approximately \$364 million more in goods and services than they and all visitors buy in NSS market area businesses, a "gap" in spending that averages \$3,400 for every NSS market area resident.

The large bulk of this retail gap is for products that people typically buy in department stores, warehouse club stores, or specialty "big box" stores (including portions of their purchases of clothing, household furnishings, building materials, electronics and appliances). Today these types of stores are usually located in regional shopping centers, as opposed to individual buildings on commercial streets or neighborhood shopping centers. The NSS currently does not contain a true regional shopping center, and we see the purchases of community residents siphoned away to venues such as the shopping centers on the western side of Miller Parkway immediately west of the NSS.

Other portions of the retail gap are experienced for types of stores found in neighborhood shopping districts, mingled with some types of business for which the NSS' local shopping districts reveal strengths and even surpluses. For example:

- The NSS has a \$38 million gap in clothing store sales, but it shows a surplus for specialty clothing and accessories (\$5.1 million) probably generated by the clothing stores associated with Latino and Asian culture in several NSS shopping districts.
- The NSS shows a \$28 million gap in grocery store sales; however, nationally urban neighborhoods with similar income levels often experience much larger grocery store gaps. So the NSS gap suggests relative strength in its culturally associated grocery stores. The NSS also shows a small surplus for convenience store sales.
- A \$13 million gap is reported for full-service restaurants. As in the case of grocery stores, gaps for this type of restaurant are often larger in economically comparable communities, indicating strength for the culturally associated restaurants of the NSS. The NSS also records a modest surplus (\$1.2 million) for specialty food services, which include culturally associated bakeries.
- NSS shopping districts display interesting surpluses for music and musical instrument stores (\$3.4 million) probably associated with the community's Latino music shops and a surplus for books and news dealers (\$2.8 million), which may reflect the distribution of non-English books and newspapers.

So while the neighborhood shopping centers of the NSS have room to grow, they are competitive in categories in which neighborhood shopping districts can compete, and they display areas of strength apparently linked with their cultural identity.

Travel and “Housing + Transportation” Cost

In light of the employment, land use, and retail patterns of the NSS, daily travel is a challenge for many community residents. Most NSS workers must commute outside of the community, frequently to distant suburbs. And the retail gap shows that residents need to make many shopping trips to other areas. Yet residents manage to meet these challenges with transportation costs lower than the regional average.

Most NSS workers spend longer than 20 minutes each way in their daily commutes. They are more likely than workers in the city overall to commute by carpool, bus, or other means that do not involve driving a private car. In at least two cases, confirmed in our interviews, private companies in outlying suburbs hire their own buses to bring NSS workers to and from their job sites each day – an arrangement that may be good for the environment but may indicate limited options for workers and the seriousness of business needs for NSS labor. These limited worker options and business needs are demonstrated in a compelling way by the presence of 17 temporary labor offices in the NSS.

NSS residents frequently meet their transportation needs without owning a car. Per the most recent census 27.1% of NSS households do not own a car, while only 21.4% of city households and 16.3% of Milwaukee County households do not own a car. Since the average amortized cost of owning, insuring, maintaining and fueling a car is over \$7,000 per year and rising rapidly, lower car ownership is a substantial economic advantage for NSS households compared to most Milwaukee area residents. Many NSS households can realize this advantage because the combination of public transportation, informal car sharing arrangements, and shopping districts and other amenities within walking distance allow them to spend less on car transportation.

For most American households the two largest budget items are housing (32% of income for the average household in the Midwest) and transportation (17% of income in the Midwest). The cost of these combined necessary expenses is 49% for the average Midwestern household, and for lower income communities, the combined percentage cost is frequently much higher. In the NSS the housing plus transportation cost is approximately 54.0% of income or approximately \$14,844 per year for the median household (with reference to Year 2000 household income data), which may be compared to a housing plus transportation cost of 46.5% of income or approximately \$21,451 per year for the median household in the Milwaukee metropolitan area (again referring to Year 2000 income data). The difference of approximately \$6,600 per year in the housing plus transportation cost represents savings that the typical NSS household realizes by living in this community.

Crime Rates

Between 2005 and 2007 rates of personal and property crimes in the NSS were nearly identical to rates in the city of Milwaukee overall. These data do not preclude the possibility that crime may be worse than the city level in some hot spots. Interviewed stakeholders held widely different perceptions of crime in the community, some feeling that crime was a serious problem, others thinking it no worse than in any urban area. Implications for development that can be drawn from this information are that:

- Efforts should be made to combat a perception of widespread crime that is apparently worse than the reality.
- Planning for specific sensitive areas (such as neighborhood shopping centers) should incorporate design, high-contact policing, and neighborhood/merchant engagement techniques to discourage crime and ensure public safety.

Property and Business Development Patterns

In the years leading up to 2006 (the last year for which complete data was available at the time of this analysis) the NSS consistently showed signs of robust investment, business, and property value growth, illustrated by the following points:

- Between 2002 and 2006, sales price per building square foot in the NSS increased each year and rose from \$39 to \$61.
- Between 1999 and 2006, the annual number of construction permits issued for NSS properties increased in most years, rising from 236 to 424 per year, and averaging 373 per year. (Most of these permits were for building renovations and additions.)
- Also between 1999 and 2006, the annual value of all construction investments increased in most years, rose from \$37.8 million to \$124.1 million and averaged \$56.3 million.
- Again between 1999 and 2006, the annual number of occupancy permits issued for NSS locations (usually for new or expanded businesses to take occupancy after a renovation or construction project) increased in most years and rose from 268 in 1999 to 410 in 2006.
- The value of land per square foot in the NSS (for residential, commercial, mixed, and industrial use) grew at a gradually accelerating pace between 1995 and 2006. Between 2001 and 2006 the NSS rate of growth in every land use category exceeded that for the

city of Milwaukee as a whole. By 2006 the absolute square foot value of land in the NSS exceeded the average for the city in most land use categories.

- While rates of growth in land value were extraordinary in the Walkers Point area between 2001 and 2006, growth in all of the NSS' Business Improvement District (BID), Targeted Investment Neighborhood (TIN), and Main Street market areas were steady and generally exceeded the rate of growth for the city overall.

Certainly the national real estate recession of 2007-2008 is causing a severe downturn in the types of growth that the NSS recorded through 2006. However, given the broad and sustained nature of the property and business investment growth that the NSS has demonstrated in the last decade, it is likely that the recession will have less impact on the NSS than most areas of the nation and the Milwaukee region, and that the NSS will help to lead the region out of the recession.

The impressive property and business development of the NSS has been achieved without net change in the developed acreage, since the community is fully built out. Some properties have been developed more intensively; others have changed uses. Properties in purely commercial use have declined in building space (20%) and acreage (10%). Comparable increases have occurred for mixed commercial and residential properties in building space (20%) and in acreage (5%). Most of the commercial buildings that closed entirely were on arterial streets away from concentrated shopping districts. Other properties that were solely in commercial use have become mixed, especially in the established neighborhood shopping districts, where such properties are concentrated. These changes reflect a national trend for neighborhood retail stores to cluster in places where they can compliment each other in customer attraction and hopefully create a sense of place in which customers will find value.

In order to identify the places in the NSS that have the strongest opportunity to develop as neighborhood shopping districts, we performed a "Retail Opportunity Cluster Analysis" in which we considered the combination of characteristics such as traffic counts, aggregate buying power, business counts, sales levels, and land available for development in the areas surrounding 115 intersections in the NSS. Not surprisingly, the highest opportunity intersections were located in the existing BID areas (Cesar Chavez and Historic Mitchell) and Main Street market areas (Lincoln Village and Silver City) as well as 5th Street intersecting National.

A second Retail Cluster Opportunity analysis was conducted to identify NSS sites with sufficient available land and highway access to qualify as potential regional shopping center sites. Several possible locations in the Walkers Point area were identified by these criteria.

Issues and Recommendations

The market information in this summary points to three basic issues in the economic development of the NSS. We believe that by addressing these issues with the recommendations outlined below the City and community leaders will position the NSS for growth that will benefit all of its residents. As developers and other investors participate in the implementation of these recommendations, we believe that they will achieve strong, long-term rates of return.

- (1) *Enable more NSS workers to meet the current demands of industrial employment through a program that integrates worker training, transportation, and placement, including shifts from temporary to permanent employment.*

An initiative to implement this recommendation would benefit from the experience of the not-for-profit organization Suburban Job Link, recently renamed Harborquest, of Chicago (SJL/H). Over more than 30 years, SJL/H has developed a holistic and integrated approach to employment training, temporary and permanent placement, transportation, and ongoing worker support. SJL/H provides or coordinates training along a broad continuum of need from basic literacy and English language instruction to associate degree programs. SJL/H places workers in temporary and permanent jobs, as an alternative to private companies that perform these functions. Unlike private contractors that typically penalize employers for hiring temporary workers on a permanent basis, SJL/H encourages and supports this transition. SJL/H also coordinates bus route and van pool transportation to worksites in cooperation with public transit agencies; SJL/H can provide such coordination effectively because the workers it places ensure a base ridership for bus or van service. Along with the programs of SJL/H, an initiative for industrial employment should consider how a number of cities have increased the utilization of employment training programs by placing a technical college satellite campus in a neighborhood shopping district of a community that particularly needs its services, such as the NSS.

To carry out this recommended initiative NSS community leaders would need to form a standing coalition that would strive to enhance existing community-based programs for worker development and act as the community's advocate in integrating the application of regional worker training, placement, and transportation services to the NSS. This coalition would need to determine whether it could achieve its objectives entirely through advocacy and the coordination of existing programs, or if it needed to form a new organization to implement elements of an effective initiative for industrial workers.

- (2) *Develop each of five neighborhood commercial districts to their full potential & plan a regional shopping center to meet the market needs and opportunities of the NSS.*

Per the information summarized above, the Cesar Chavez and Historic Mitchell BIDs, the Lincoln Avenue and Silver City Main Street Districts, and 5th Street crossing National should be developed as the neighborhood shopping districts of the NSS. While each of these districts has unique features, we recommend that all of these districts should be developed with some common principles, which are demonstrated by the 26th Street commercial district of the Little Village community of Chicago. Little Village is a predominantly Mexican-American community of more than 90,000 residents; its 26th Street business district includes about 900 businesses and generates more than \$1 billion per year in sales. NSS business districts are advised to follow these practices that have made 26th Street & Little Village highly successful:

- By serving the daily shopping needs of the local population, authentically preserve and present a cultural identity that will affirm residents' sense of place and help to attract thousands of visitors. Proclaim the district's identity in its plaza, gateway, and façade architecture, and in public art, and festivals.

- If necessary secure city, regional, state, or federal funds to pay for streetscape or public area improvements that are beyond the means of local merchant contributions.
- In early stages of development aggressively identify and rehabilitate or replace substandard buildings, if necessary through public receivership or purchase. (In later development stages market forces will enforce these standards.)
- Ensure a retail mix that meets the convenience needs of the surrounding neighborhood, if necessary through aggressive recruitment and public incentives.
- Build shared parking to conserve space and encourage walking through the district.
- Ensure public transit service to and through the district.
- Make multi-story, mixed use buildings the standard for district construction, in order to contribute to necessary intensity of use.

To pursue the market and site opportunities for a regional shopping center identified in this analysis, the City is advised to study, plan for, and (if research so indicates) foster the development of a regional shopping center in the northeast portion of the NSS.

(3) Preserve and develop dense market rate and affordable housing in residential areas surrounding neighborhood retail & service districts.

The development of such housing is a necessary element in the effort to establish viable neighborhood retail districts. It is also necessary to meet growing housing needs in the NSS and to shield current residents from displacement through gentrification. In addition to the use of low-income housing tax credits and other mechanisms to establish affordable units, new owners and renters should be counseled by Neighborhood Housing Services of Milwaukee so that they can better manage the financing and maintenance of their homes. It should also be noted that the location of all these homes, within walking distance of a healthy neighborhood retail district, will help to lower the owners' combined housing and transportation costs and so make all the homes more affordable.

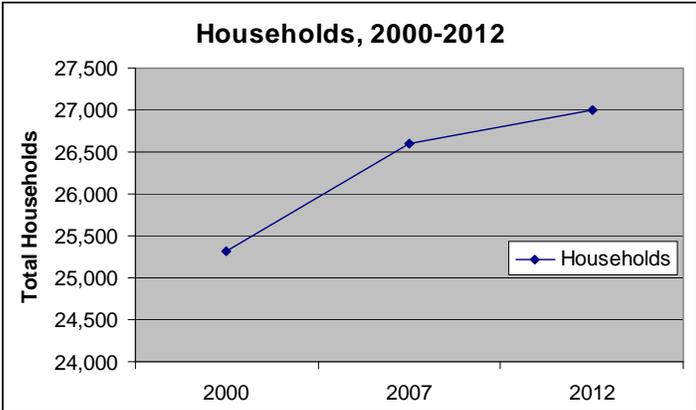
To further protect residents from gentrification, community leaders and the City are encouraged to establish a Community Land Trust (CLT) in the NSS. A CLT owns property and makes it available on a very long term lease (typically 99 years) to residents who will effectively own the property subject to certain restrictions. These restrictions include a cap on the level of appreciation that may realized when ownership is transferred, a measure that effectively reserves a property as an affordable home permanently. The NSS can look to CLT operations in more than twenty cities, including a highly successful program in Madison, Wisconsin, as guides.

Demographic Characteristics

Basic Demographics

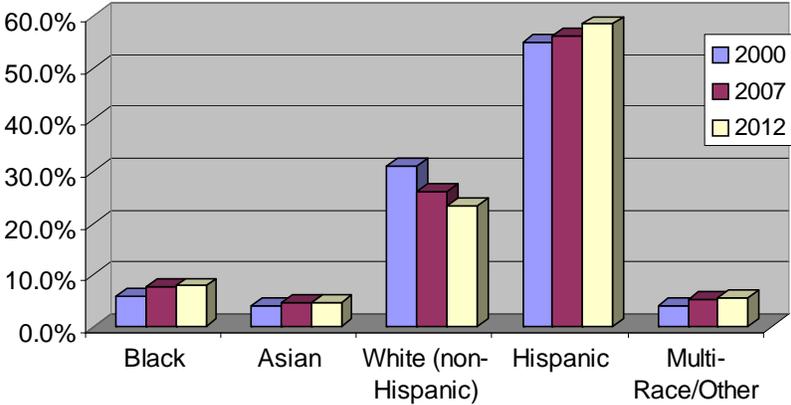
In the year 2000 the population of the Near South Side (NSS) community was 82,170 residents, living in 25,314 households. According to the projections of a major commercial demographics data provider, the NSS population and number of households has been growing steadily over the last seven years and is expected to continue growing, though at a somewhat slower pace, through 2012.¹

Figure 1



The NSS population is diverse and diversifying. The Hispanic population is growing faster than the rest of the population. In 2007 Hispanics were estimated to account for 56% of the area’s population. This growth is expected to continue, but slow between 2007 and 2012. Black, Native American, and Multiracial residents make up small but growing percentages in the NSS population. The non-Hispanic White population is steadily declining.²

Figure 2: Race/National Origin, 2000-2012

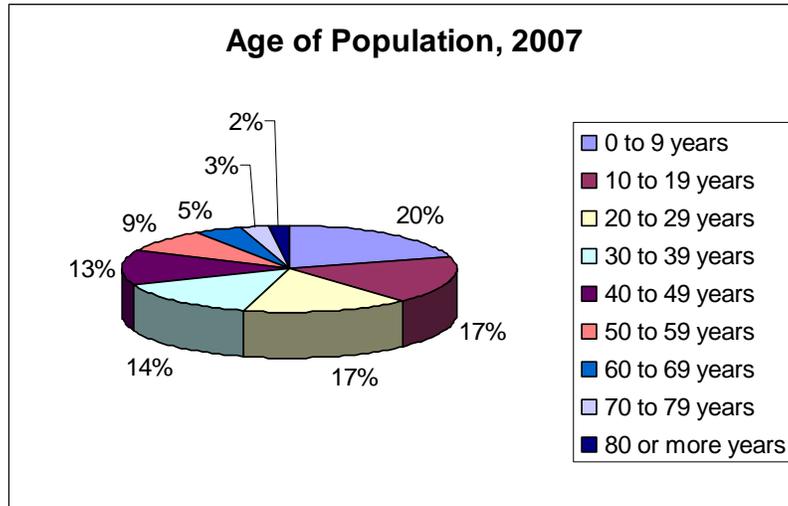


¹ 2000 data: U.S. Bureau of the Census, *2000 Decennial Census*, accessed via American FactFinder. <http://factfinder.census.gov> 2007 and 2012 data: GeoLytics Incorporated, *2007 Estimates and 2012 Projections* (East Brunswick, NJ: GeoLytics, Inc., 2007).

² Due to the methods used to determine the 2007 and 2012 data, the Black, Asian, Other, and Multi-Racial groups may count some Hispanic individuals. These percentages are likely quite small and the overall trends should be accurate.

The NSS population is young and will continue to be predominantly young in the near future. Over one third of the population is under the age of twenty, and over one half is under the age of thirty. This is expected to be true in 2012, despite a slight aging of the population as a whole. Persons over 50 will account for nearly 20% of the population by 2012.

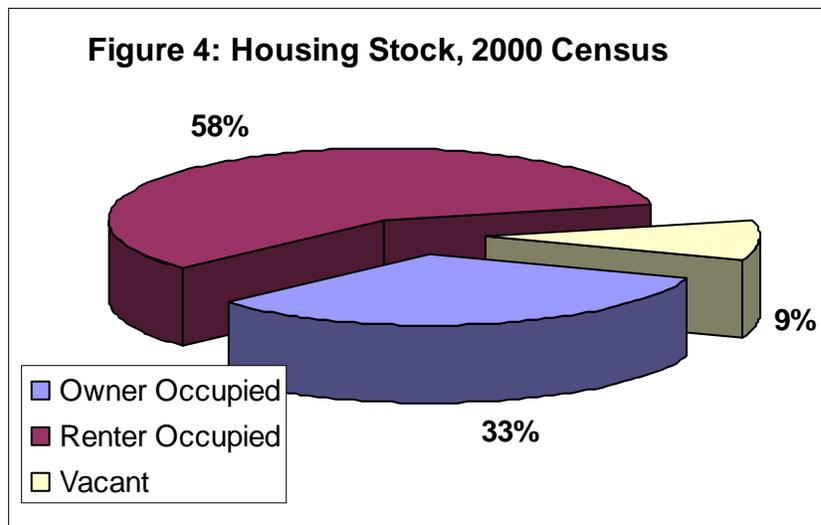
Figure 3:



Neighborhood Housing Characteristics

As of the 2000 Census, 58% the neighborhood’s housing units were renter-occupied. 2006 property data from the City of Milwaukee indicates about 80% of single family homes are owner-occupied. Additionally, over 60% of duplexes have the owner living in one of the units; it is likely that in most of these duplexes the resident owners are renting out their second units. If that is the case, such dwellings would account for nearly a quarter of all the renter-occupied units in the neighborhood.

The community’s housing units may potentially receive the attention of a resident owner, even though the majority of units are not owner-occupied.

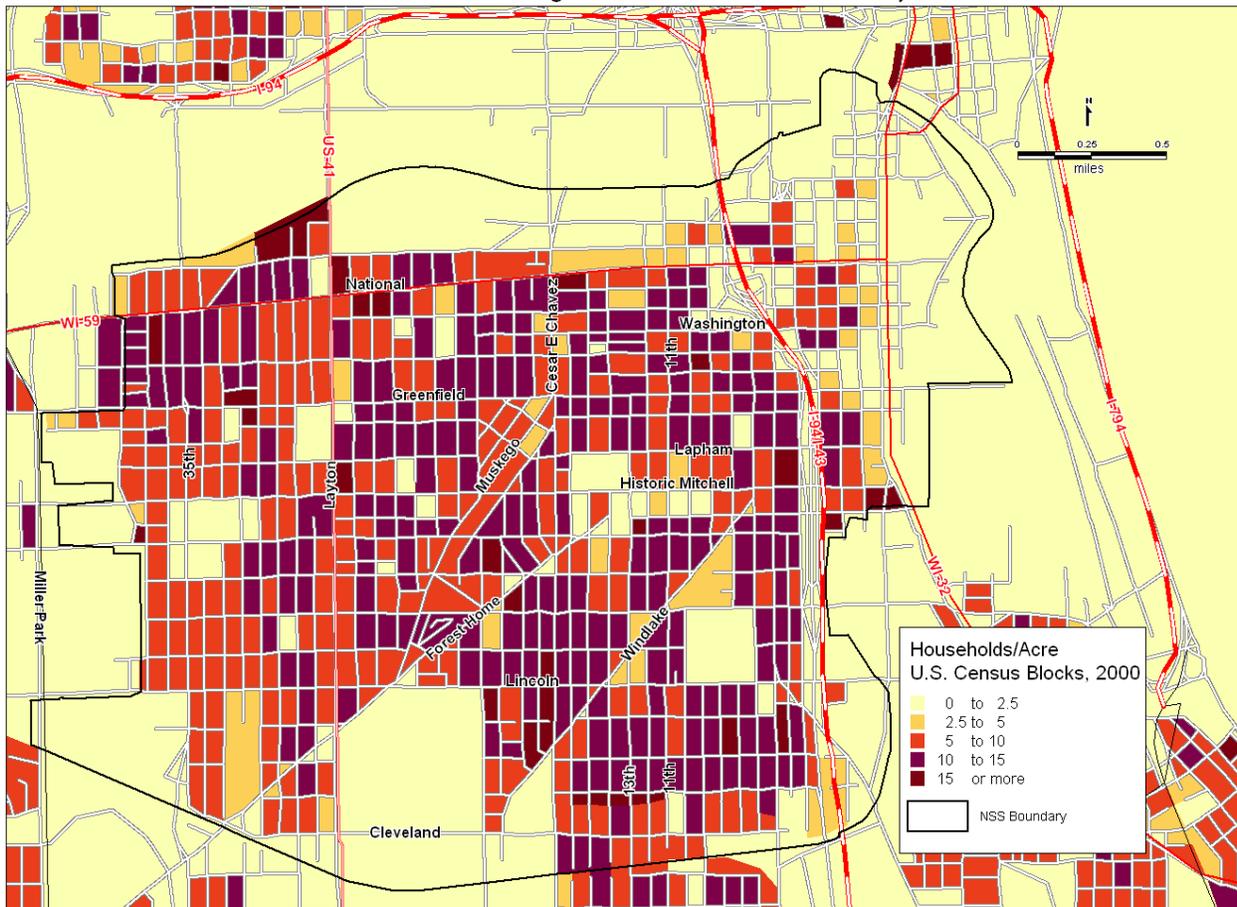


Household Density

The Near South Side is a dense neighborhood, as illustrated in the map below showing households per acre for the NSS. The average household in the neighborhood had 3.2 persons in 2000. Almost the entire NSS has more than 5 households per acre and many areas have upwards of 15 households/acre. These densities are considered high enough to support light rail service.³

Figure 4: Household Density Map

Near South Side Neighborhood: Household Density



Aggregate Income

Average household income in the NSS is below the City of Milwaukee average. As of 2000, the NSS average household income is \$27,489, compared an average of \$46,132 for the Milwaukee metropolitan region. However, the dense population of the NSS gives the community substantial buying power. The average per residential acre aggregate income of the NSS is \$605,110 as compared to an average aggregate income of approximately \$461,061 per acre for Wauwatosa.⁴

³ Hank Dittmar and Gloria Ohland, eds., *The New Transit Town* (Washington, DC: Island Press, 2004), 38, table 2.3.

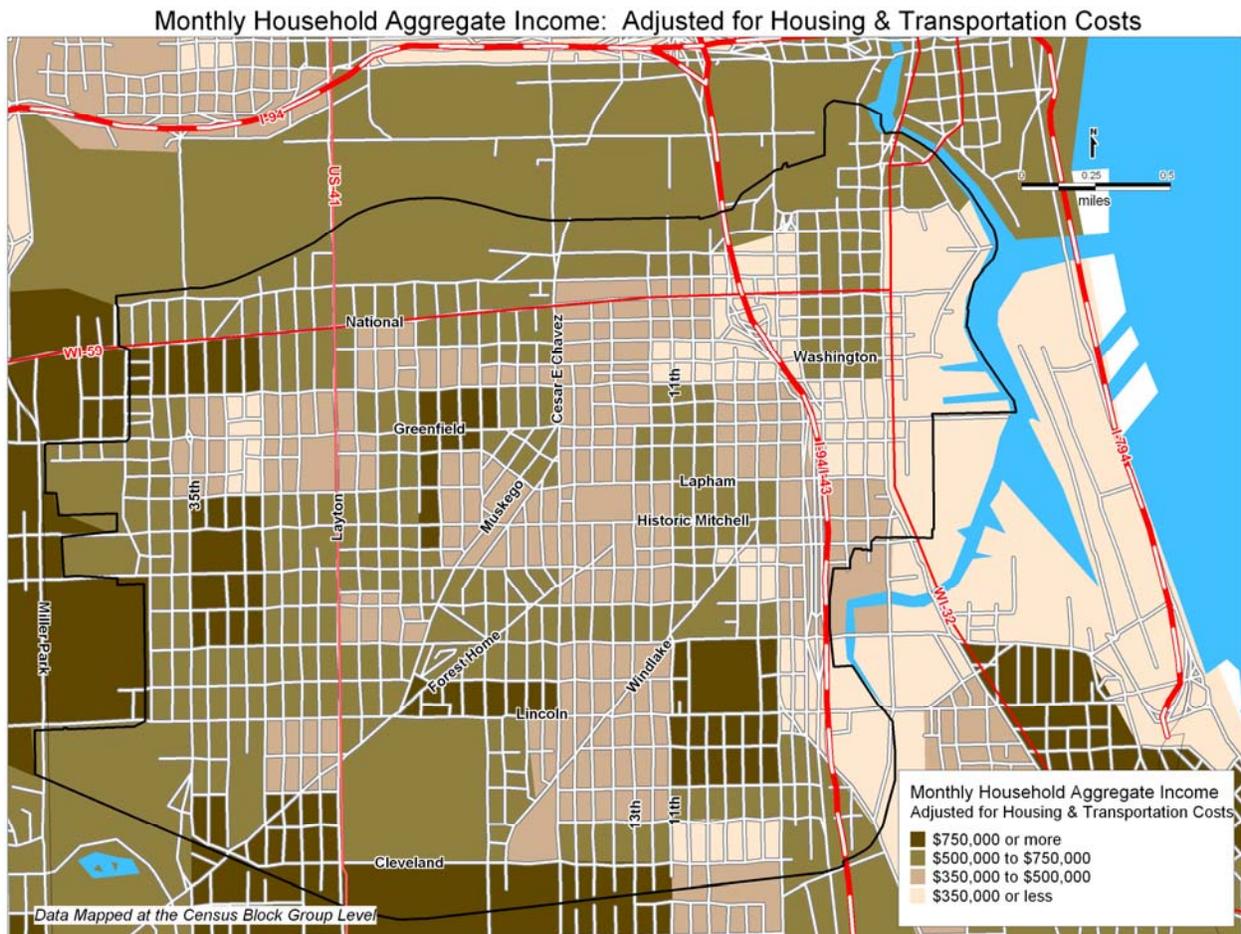
⁴ Income data from the 2000 Decennial Census; residential acreage is 1995 land use data provided by the South Eastern Wisconsin Regional Planning Commission (SEWRPC). Wauwatosa is used for comparison as it is generally perceived to be an affluent suburb with an image that contrasts widely held public perceptions of the Near South Side

Figure 5: Aggregate income in NSS and Wauwatosa, 2000

	NSS	Wauwatosa
Households	25,314	20,388
Residential Acres	1,427	2,934
Median Household Income	\$27,489	\$54,519
Aggregate Household Income	\$863,414,646	\$1,352,870,100
Average Aggregate Household Income per Residential Acre	\$605,111	\$461,062

For purposes of estimating market demand (or market opportunity), aggregate disposable income should also be considered, i.e., the household income that remains after subtracting basic necessities that are not purchased in local businesses. The accompanying map shows the per acre distribution of aggregate income in the NSS after the subtraction of housing and transportation expenditures. This distribution of aggregate disposable income closely reflects the distribution of household density illustrated earlier.

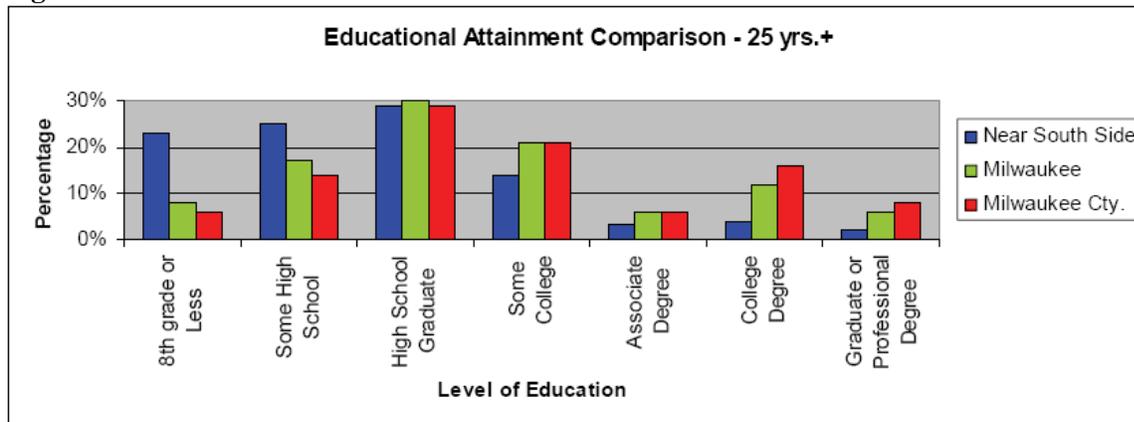
Figure 6



Community Workforce

The levels of educational attainment are generally quite low in the community, with nearly three-quarters of the population aged 25 years and older having a high school degree or less. As the chart below shows, compared to the city and county, the NSS has particularly high percentages of people without a high school degree and correspondingly low percentages with post-secondary education.

Figure 7:



Census 2000 data

Improving the levels of educational attainment is the best long-term strategy for the community as an investment in the community's social capital and will provide benefits beyond just raising employment prospects for residents. For current residents, however, work opportunities in manual and industrial trades afford the highest salaries for these levels of educational attainment. Many NSS residents are employed in the manufacturing, transportation, and communication industries, and at much higher rates than workers in the city and county as a whole. Similarly, lower percentages are found in professions requiring higher levels of education. The NSS is disproportionately *not* in retail trade, despite the fact that education levels would not be a barrier for many positions in this field.

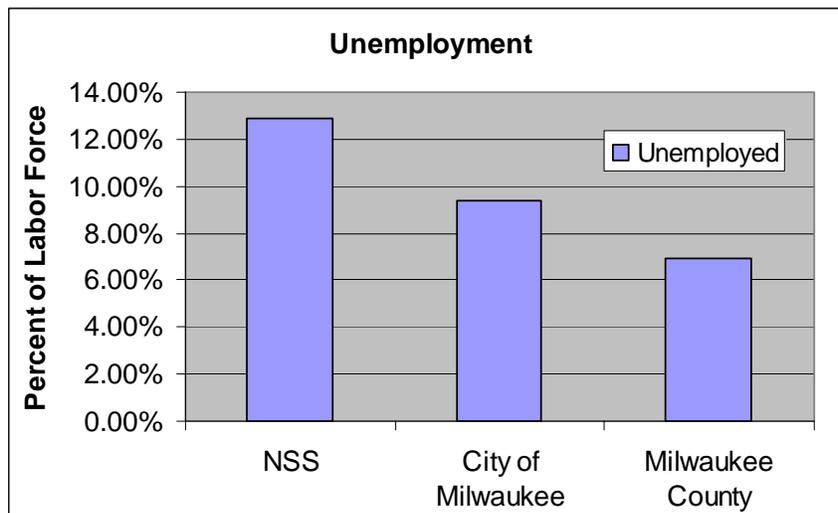
Figure 8: Workers by Industry - Place of Work, 2000

Industry	Near South Side		City of Milwaukee		Milwaukee County	
	Total Workers	Percent	Total Workers	Percent	Total Workers	Percent
Manufacturing	7,885	27.2%	47,396	18.5%	81,820	17.6%
Educational, health and social services	5,245	18.1%	59,869	23.3%	109,997	23.7%
Transportation, warehousing, utilities	3,484	12.0%	13,152	5.1%	27,438	5.9%
Entertainment, accommodations, food services	2,209	7.6%	21,980	8.6%	31,738	6.8%
Professional, management, administrative services	2,170	7.5%	22,679	8.8%	44,086	9.5%

Construction	1,862	6.4%	9,518	3.7%	18,609	4.0%
Retail trade	1,656	5.7%	25,394	9.9%	45,807	9.9%
Wholesale trade	1,232	4.3%	7,521	2.9%	27,438	5.9%
Other service (except public)	1,231	4.2%	10,981	4.3%	19,406	4.2%
Finance, insurance, real estate	833	2.9%	17,902	7.0%	16,780	3.6%
Public administration	779	2.7%	11,622	4.5%	16,780	3.6%
Information	309	1.1%	7,282	2.8%	14,399	3.1%
Agriculture, forestry, mining	60	0.2%	948	0.4%	1,117	0.2%
Armed forces	10	0.0%	529	0.2%	568	0.1%
Total, Industry	28,965	100.0%	256,773	100.0%	463,924	100.0%

The NSS has an unemployment rate of 12.9% for persons aged 16 and older, a rate higher than that of both the city (9.4%) and county (6.9%). The area's low educational attainment level certainly contributes to this situation as there are fewer employment opportunities, particularly ones that pay a living wage. Furthermore, many industries that employ NSS workers are not located in the study area, creating additional challenges for residents to access jobs.

Figure 9

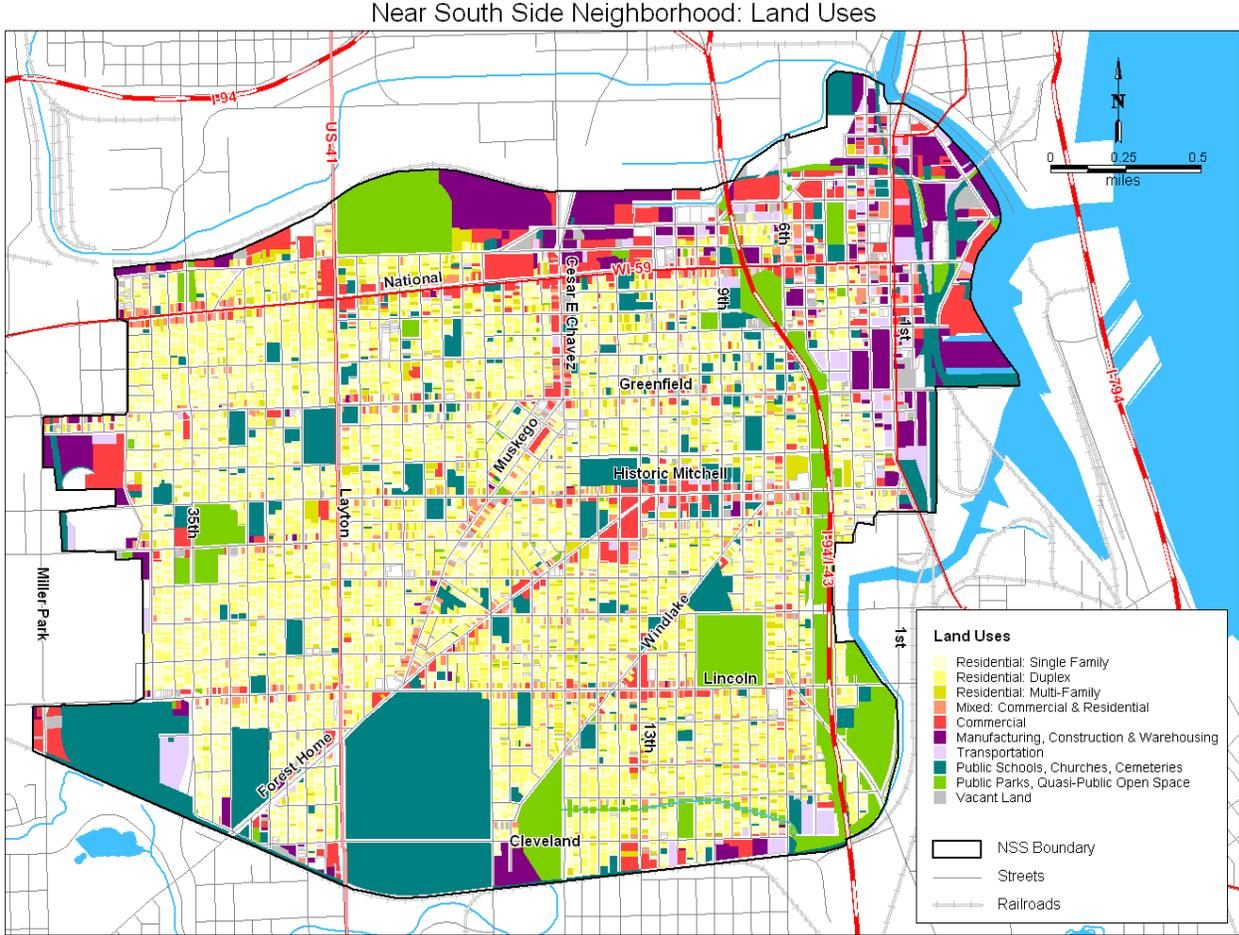


Census 2000 data

Land Use & Business Patterns

Land Use Patterns

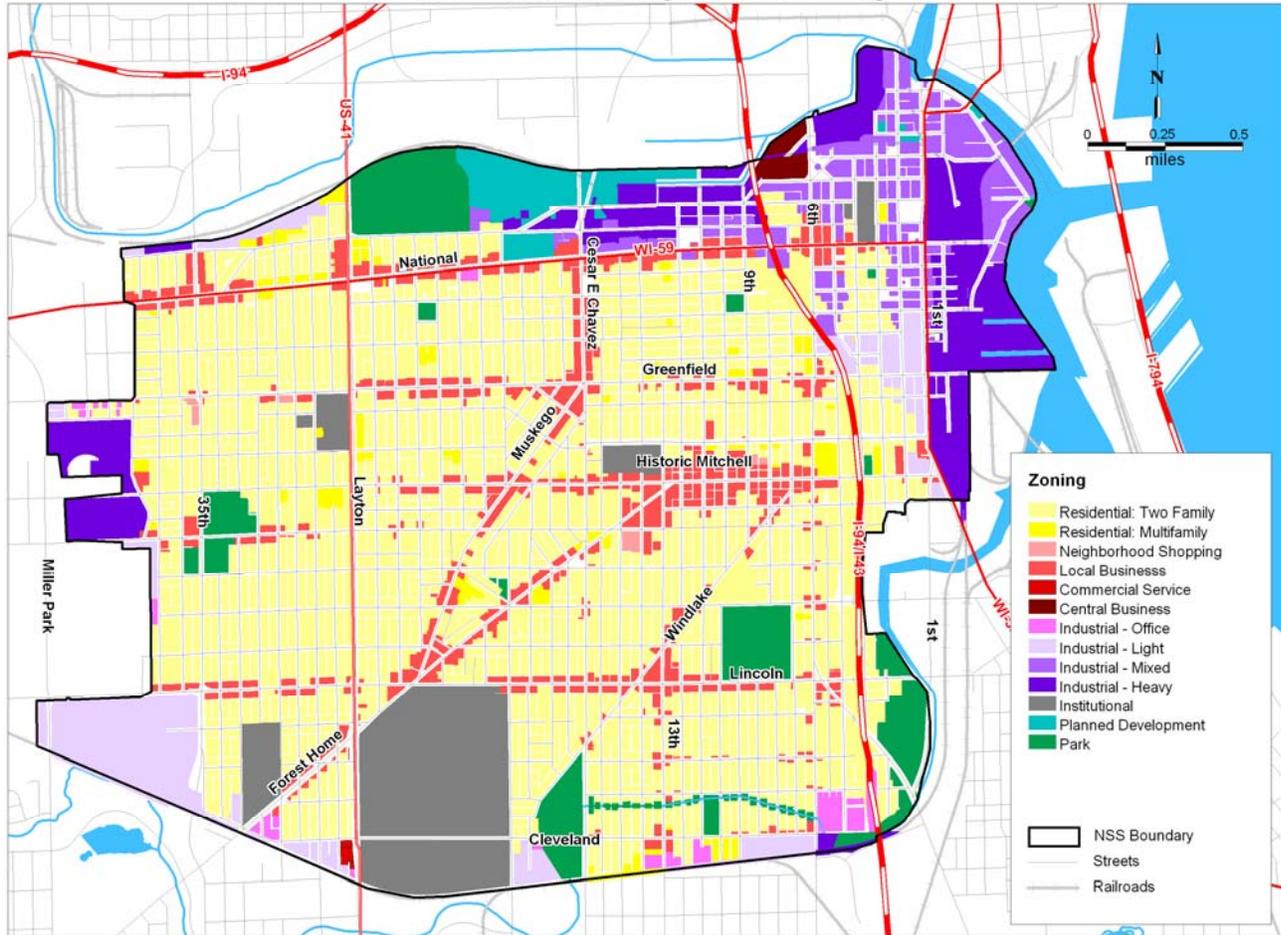
Figure 10



The Near South Side (NSS) is a predominantly residential neighborhood, as illustrated with the predominance of yellow shades in the above land use map. Approximately half of the residential land (lightest yellow) is single family while the other half is largely duplexes (medium yellow) and some multi-family housing (gold). The red (commercial) and orange (mixed commercial and residential) shades line the main commercial corridors of the neighborhood and clusters in the Walker’s Point area. Industrial uses (dark purple) are found around the edges of the NSS as are many transportation-related uses (such as parking lots, truck terminals, etc.). Almost a third of the neighborhood’s land area is used for public or quasi-public uses, such as parks, schools, churches and cemeteries (greens). Most of the park and open space is concentrated in large parcels found closer to the edges of the neighborhood. There is very little vacant land (gray) and almost no sizable parcels of vacant land.

Figure 11

Near South Side Neighborhood: Zoning

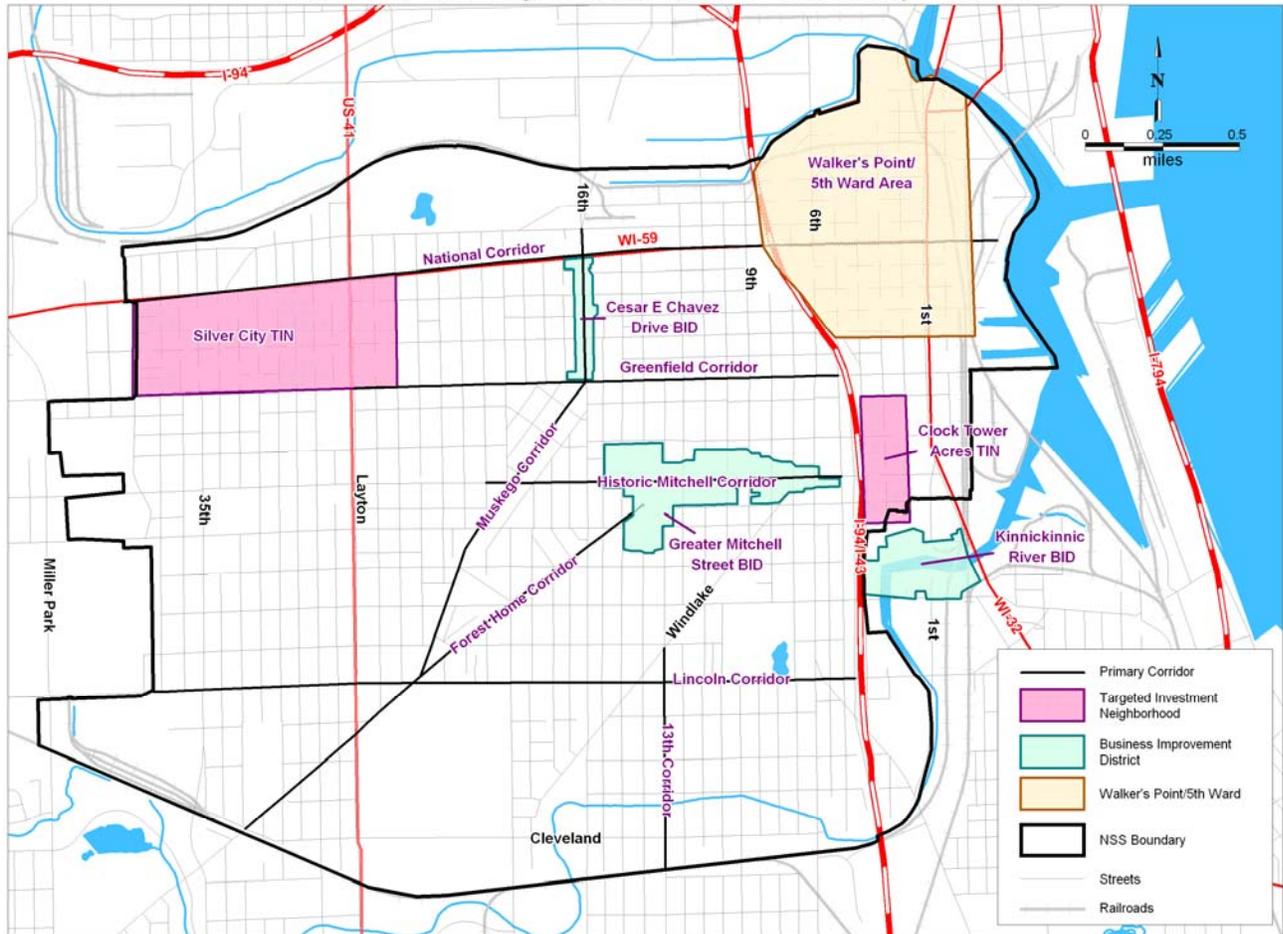


The zoning map largely mirrors the land use map. All residential zoning allows for at least two families per parcel of land. The “industrial – mixed” category permits previously industrial land to transition into commercial or residential uses, which is what is currently happening in the Walker’s Point area.

To help focus our analysis, we used the land use and zoning maps to identify certain commercial corridors of particular interest for a market analysis of the NSS (shown in black on the map below). In addition to these “primary corridors” we looked at the special districts in the neighborhood, both Business Improvement Districts (BID) and Targeted Investment Neighborhoods (TIN) which work to improve business and housing, respectively. We also considered a broadly defined Walker’s Point/Historic 5th Ward district in the northeast. These districts and corridors will be discussed throughout the following sections.

Figure 12

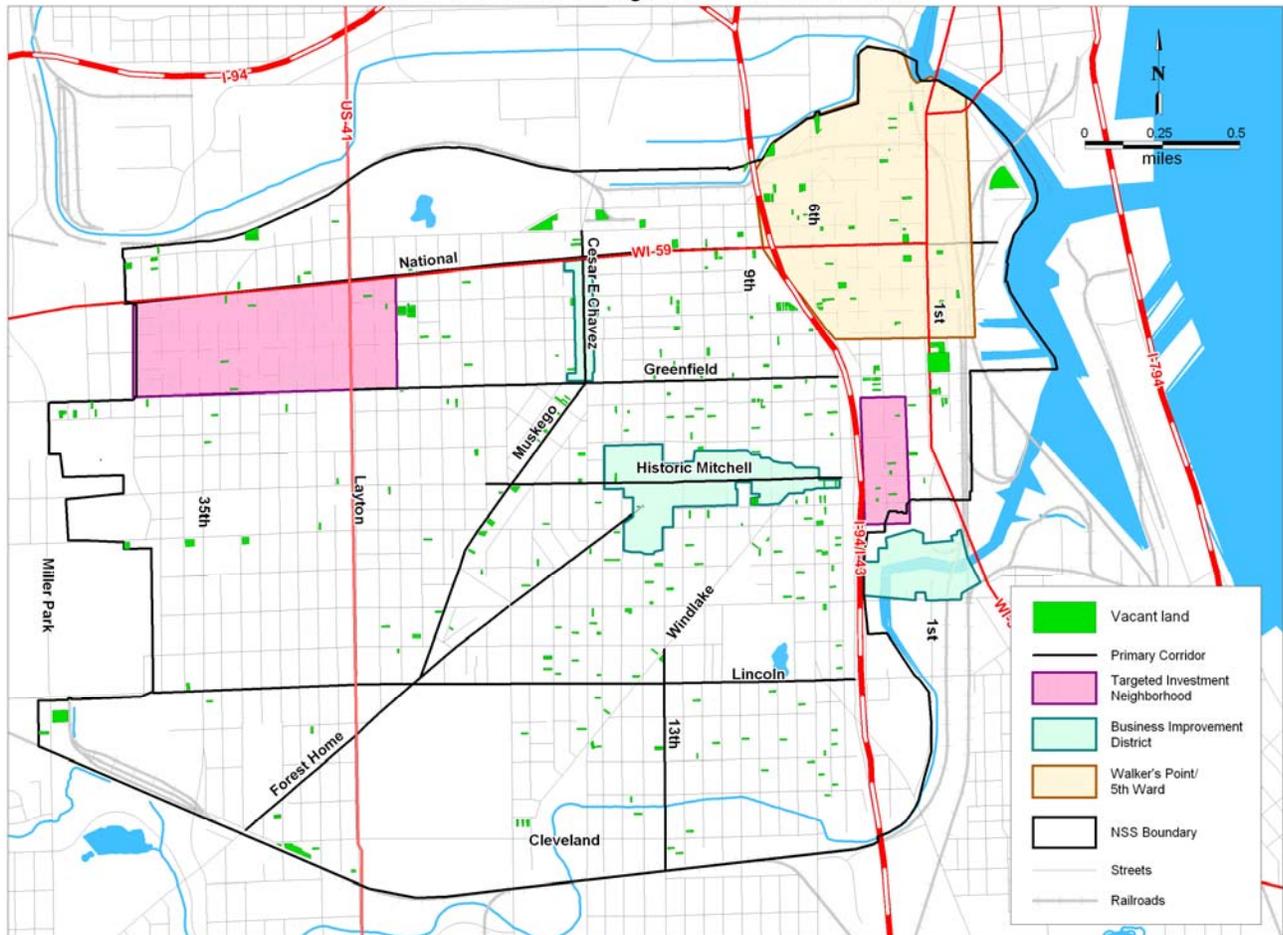
Near South Side Neighborhood: Districts and Primary Corridors



Approximately 95% of the buildings in the neighborhood were built before 1930, and nearly a third were built before the turn of the last century. There is also very little un-built land. As the map below shows, vacant parcels are generally small and scattered throughout the neighborhood. Very little of the vacant land is found along the primary corridors or in the districts, except for Walker's Point. As a result, opportunities for new developments are often limited to rehabbing older structures or tearing down an existing building to get land for new construction.

Figure 13

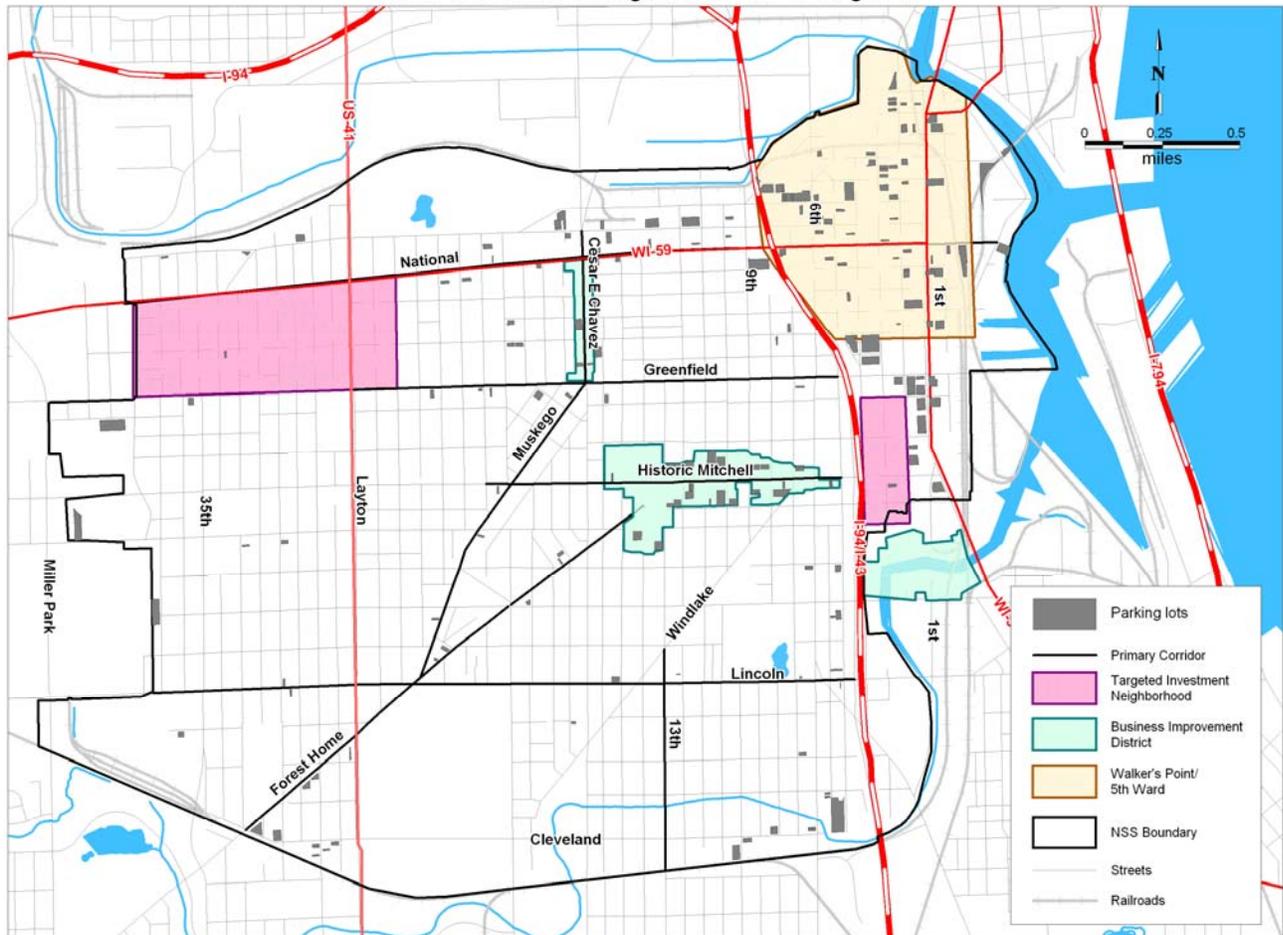
Near South Side Neighborhood: Vacant Land



In the face of such limited vacant land on which to expand, parking lots are often another source of land to consider. As the following map shows, areas like Historic Mitchell Street that lack vacant land, are well supplied with parking lots. While this parking is certainly necessary to accommodate the needs of shoppers, surface parking lots could be used for new developments, provided that needed parking would be replaced. Alternatives for addressing such development needs are discussed in the concluding section of this report.

Figure 14

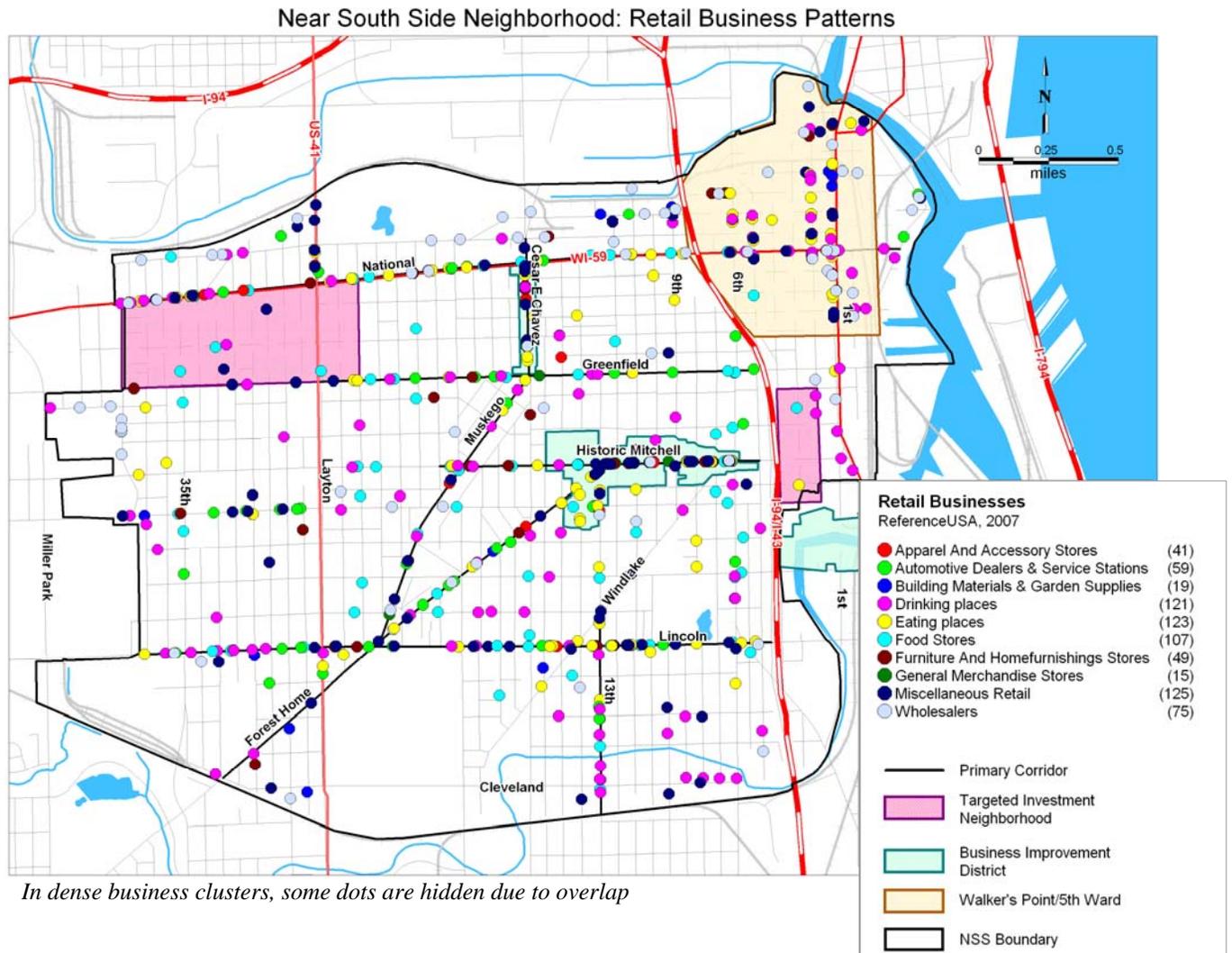
Near South Side Neighborhood: Parking Lots



Business Patterns

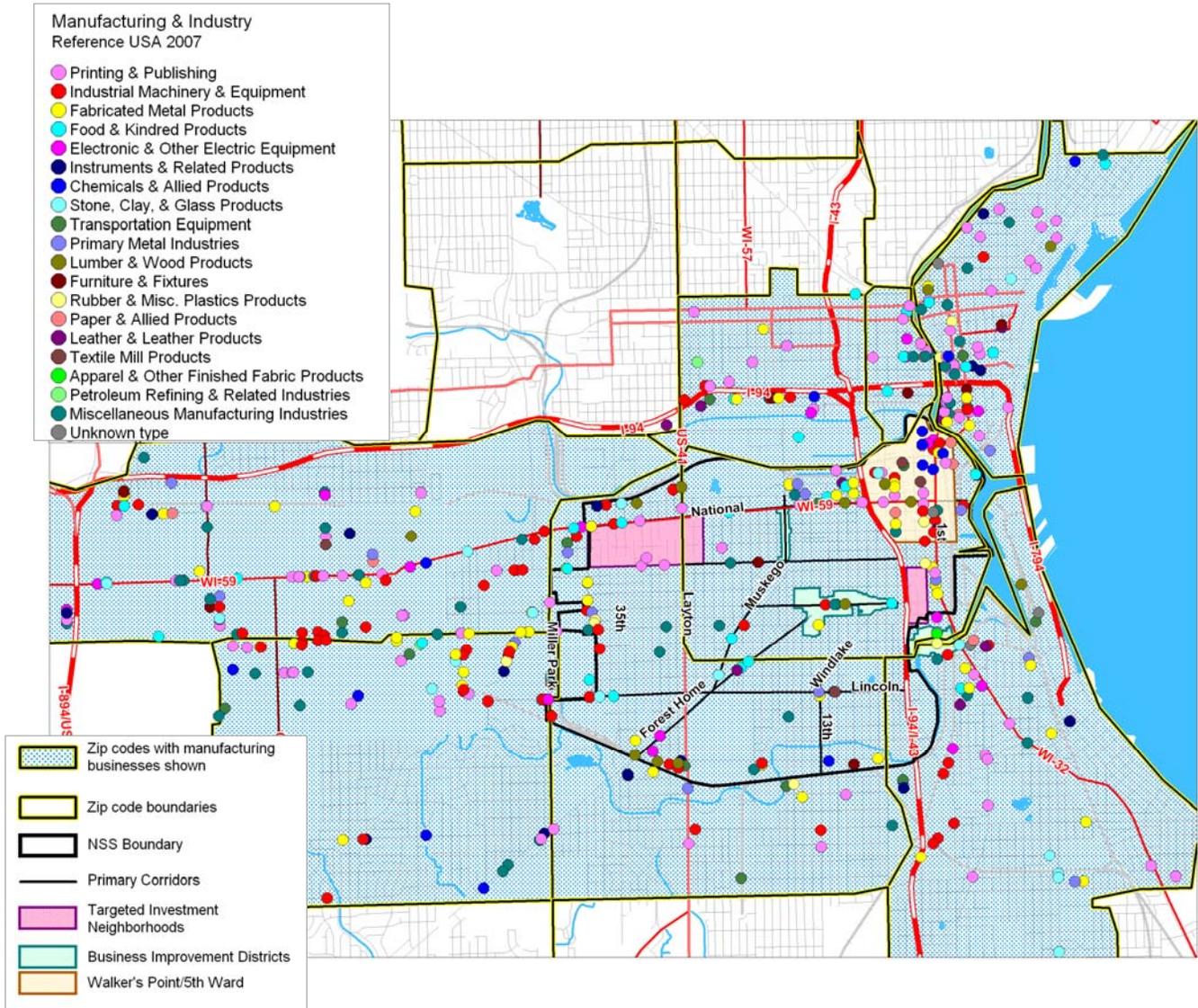
The dominant commercial uses in the NSS are restaurants, bars and food stores. The other large category, “miscellaneous” businesses, are generally specialty shops such as jewelers, gift shops, and craft stores. With the exception of food stores and bars, most of the retail is concentrated along the primary corridors in a largely linear pattern. There are also a number of wholesale retail businesses within the NSS, mostly found around the edges of the neighborhood.

Figure 15



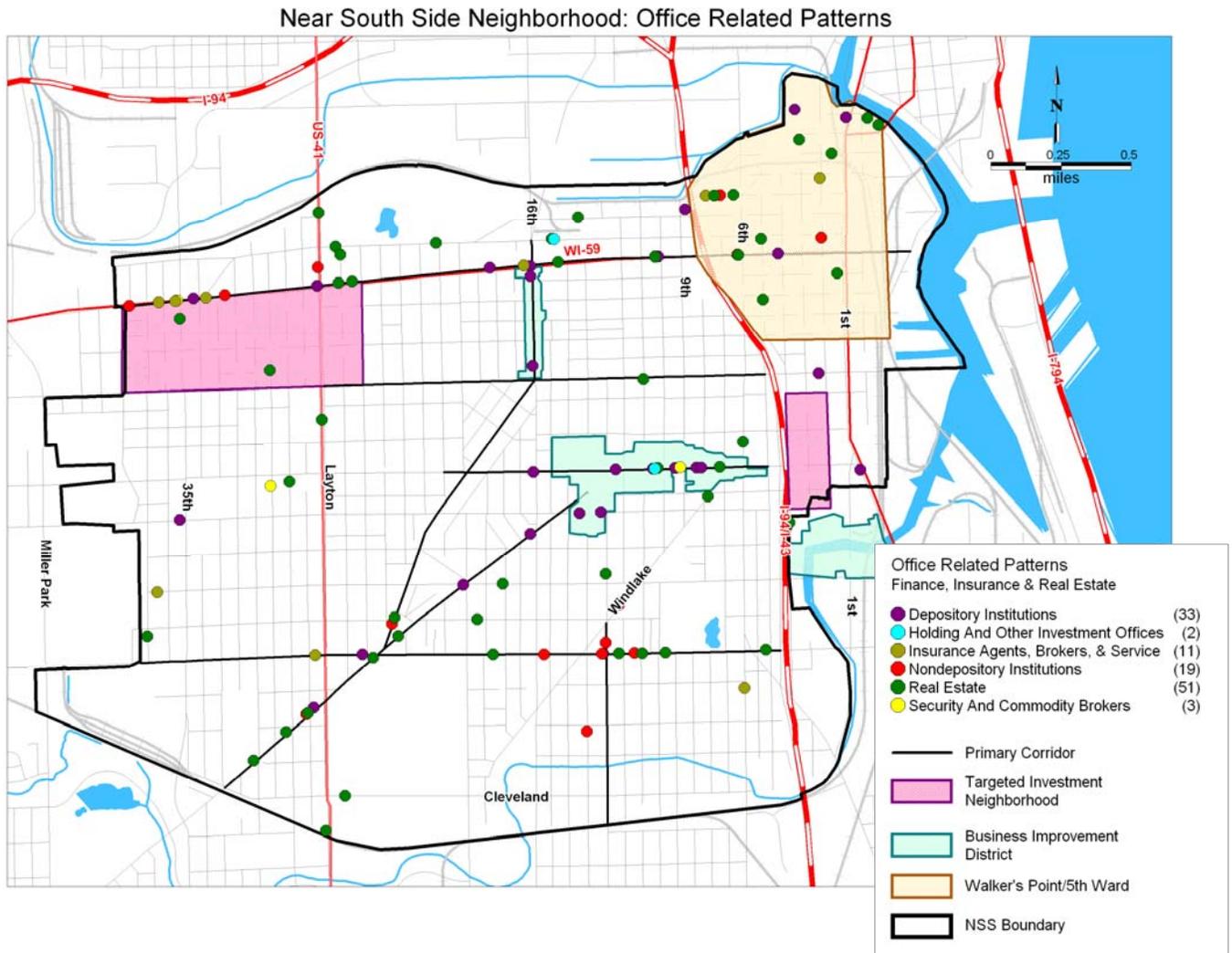
Manufacturing and industrial businesses are a major source of employment for community residents but are mostly absent from this largely residential area. Many more industrial businesses are located to the west and northeast of the NSS. Within the NSS, printing and publishing, industrial machinery and equipment and fabricated metal products are the main industries. Heading into the downtown area and historic 3rd Ward, printing and publishing businesses are in the majority. More diverse industries are located to the west. For residents, access to even these nearby industries requires a trip of several miles.

Figure 16: Manufacturing & Industry



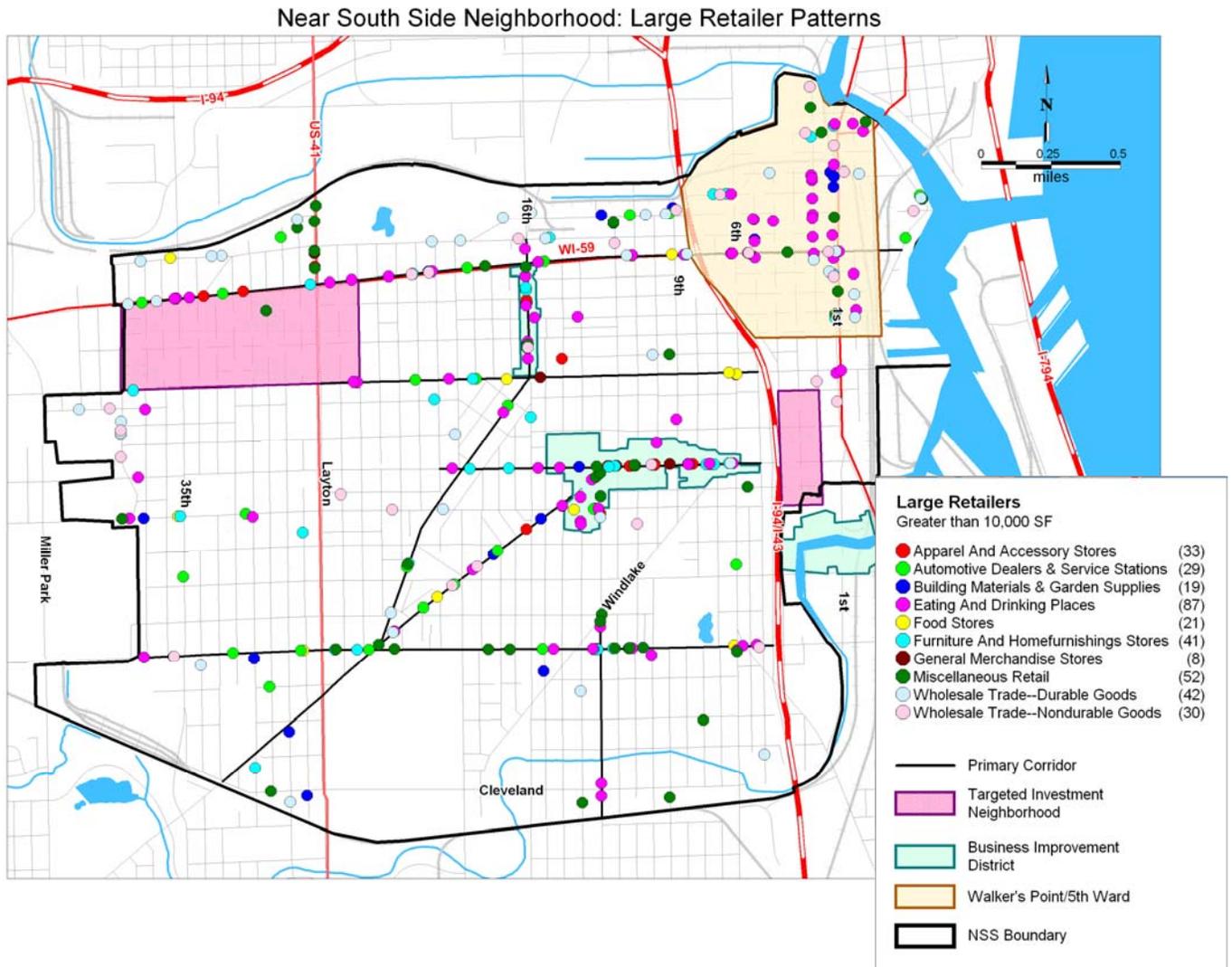
Office-related businesses are not very prevalent within the NSS. Despite the community's proximity and easy access to downtown, most of the office businesses in the NSS are small and likely serve local residents. Banks and real estate offices are in the majority, with smaller numbers of mortgage brokers and insurance businesses.

Figure 17



Large retailers, defined as having greater than 10,000 square feet of space, are found primarily along the major retail corridors identified in Figure 19. Many of these are large restaurants, particularly in the Walker's Point area. Almost all wholesale trade businesses fit into this category and some are found along the major retail corridors.

Figure 18



Retail Gap Analysis

The Concept of Retail Gap Analysis

A Retail Gap Analysis is performed to indicate whether or not market opportunities exist that establish certain types of retail businesses in a community. The basic formula used in a Gap Analysis is as follows:

$$\begin{array}{rcl}
 \text{Demand} & - & \text{Supply} & = & \text{Opportunity} \\
 \text{(Buying Power)} & & \text{(Retail Sales)} & & \text{(Gap/Suplus)}
 \end{array}$$

In this equation:

- *Demand (Buying Power)* means the likely total purchases in a given area of the types of products or services under consideration.
- *Supply (Retail Sales)* means estimates of the total sales of the types of goods or services under consideration that are made by all the businesses that trade in these goods or services in a given area.
- *Opportunity (Gap/Surplus)* is the difference between demand and supply. If demand exceeds supply for a type of retail business, a gap exists. This indicates that residents are shopping outside of the study area to account for the gap amount of a given purchase type. If supply exceeds demand, a surplus exists. This indicates that customers are coming into the community from outside to make up for the surplus amount of these purchases.⁵

In general, a retail gap indicates a market need and an opportunity to build more stores of that type in the study area. A retail surplus indicates that the local market need for a certain type of business is already filled. However, a broader context must be considered in making decisions about opportunities based on gap analyses. For example, an apparent gap might be filled by businesses adjacent to or close to the study area and linked by a major transportation artery. A surplus might also indicate that the study area has a distinctive advantage as a location for this type of business, and a development strategy might build on this strength to attract even more customers to the study area.

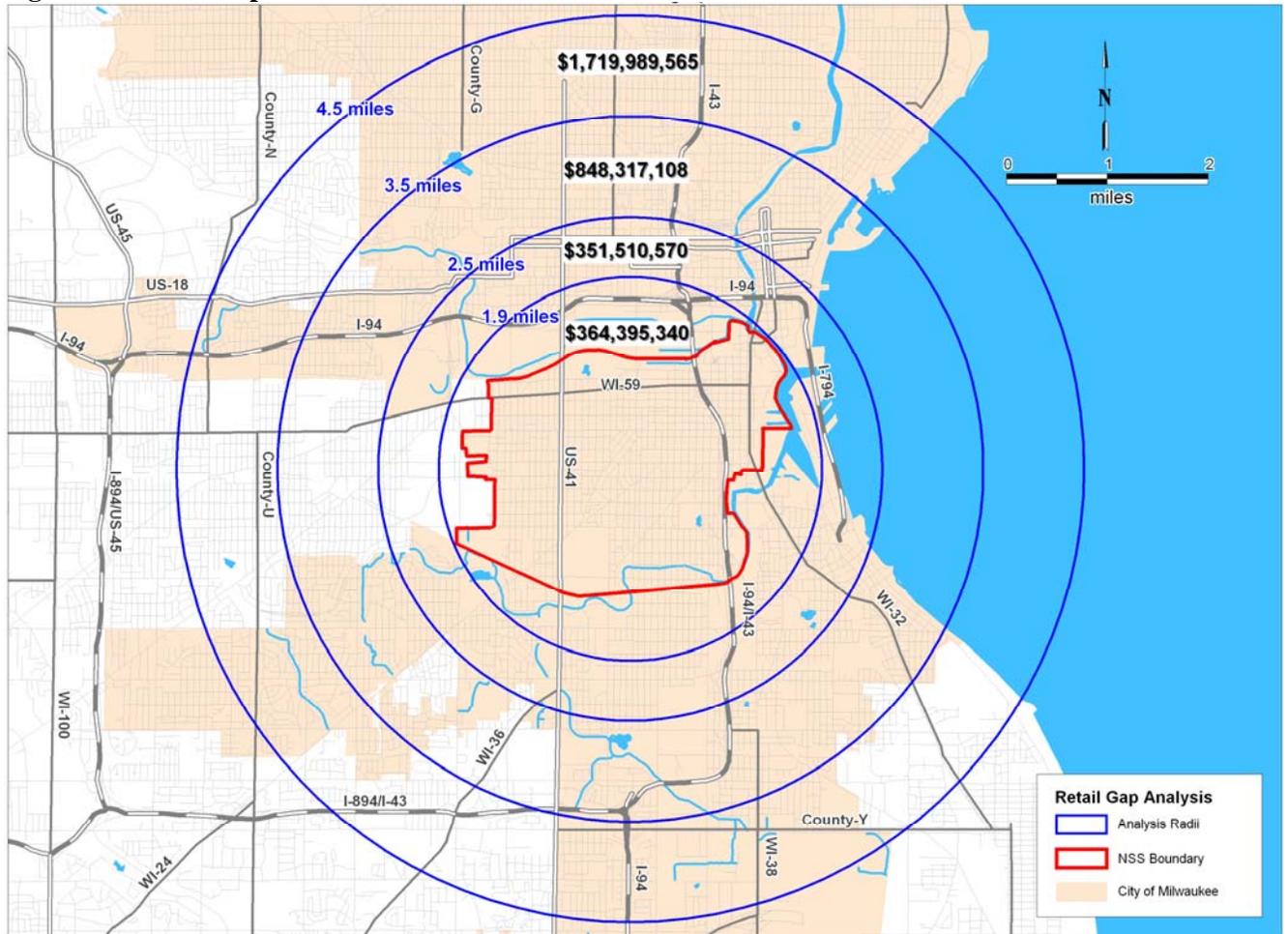
The Scale of the Retail Gap for the Near South Side (NSS)

The map on the accompanying page shows concentric rings around the NSS community and the amount of the estimated retail gap for the area inside each ring. The innermost of these ringed areas encompasses a radius of 1.9 miles around a central intersection of the NSS and is about the

⁵ Estimates by commercial data vendors of retail demand are based on data gathered by agencies of the federal government including population census data, the Census of Retail Trade, and the Bureau of Labor Statistics' data on expenditures by households of different types in various regions of the country. Estimates by commercial data vendors of retail supply are based on sales tax records and/or on databases that record the type and size of businesses that trade in the products under consideration in the study area, coupled with data from trade associations about the sales per square foot or per employee typically realized by businesses of this type in the part of the county under consideration. In this analysis for the NSS, data was purchased from Claritas, one of the most commonly used vendors of commercial data for market analysis.

smallest circular space that includes the entire community. Within this area a total retail gap of approximately \$364.4 million per year exists.⁶ This is a very substantial gap for a community the size of the NSS.

Figure 19: Retail Gap at Selected Radii



The following points may help to illustrate the significance of a retail gap of this scale:

- The NSS retail gap equals an average annual expenditure of over \$4,500 for every resident of the NSS.
- If the NSS retail gap could be captured in sales within the community, these sales would support over 1.627 million square feet of new retail space, or about 800 typical neighborhood retail stores.⁷
- If the NSS retail gap could be captured in sales within the community, these sales would support approximately 3,300 new jobs in retail businesses.⁸

⁶ Retail gap analysis data purchased from Claritas, August, 2007.

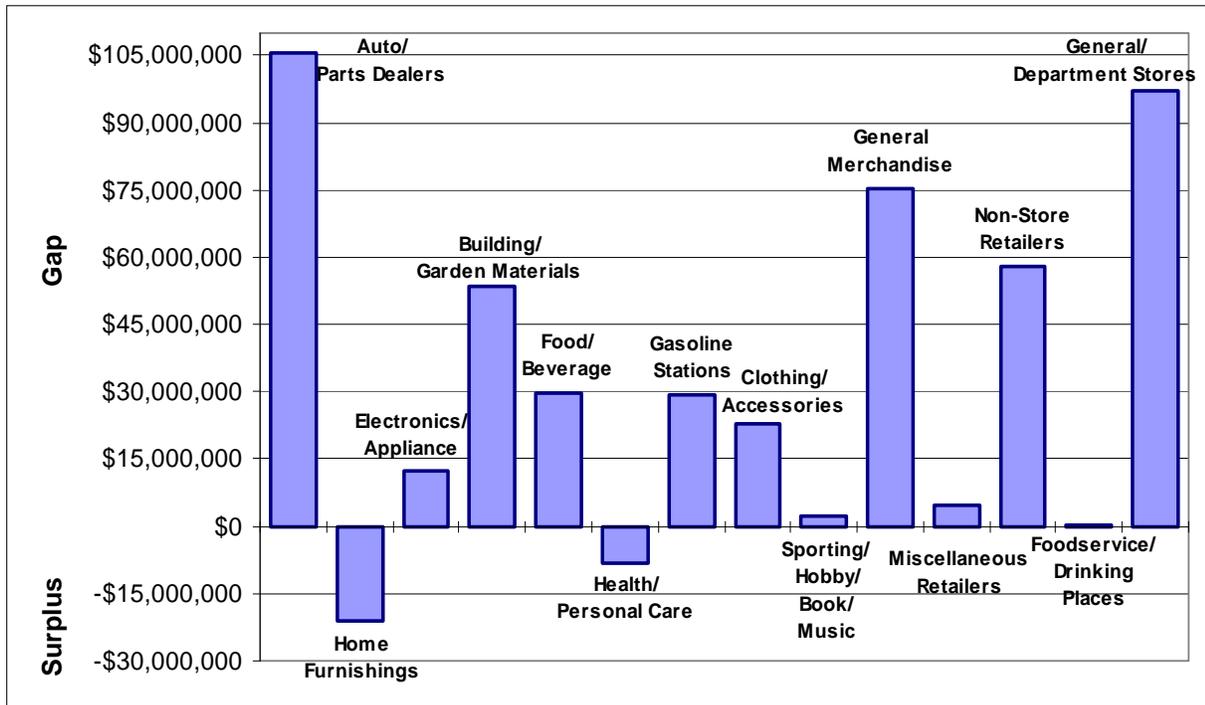
⁷ This estimate considers that the median sales for neighborhood and convenience retail stores in the Midwest is \$224 per square foot, according to *Dollars and Cents of Shopping Centers 2007*, published by the Urban Land Institute. This sales per square foot number was divided into the total retail gap to yield an estimate of 1.627 million square feet. A typical neighborhood store is assumed to contain approximately 2,000 square feet.

Portions of the NSS gap are distributed over more than 20 major fields of retail business. The industry-by-industry gaps, and some surpluses, shown by this analysis are listed in Appendix B. The following charts and paragraphs show the significance of these gaps and surpluses for individual types of businesses in the NSS.

Implications of the NSS Retail Gap for Large Retail Stores

The following bar graph illustrates the relative scale of gaps and surpluses in the NSS for some major fields of retail business.

Figure 20: Retail Gaps and Surpluses

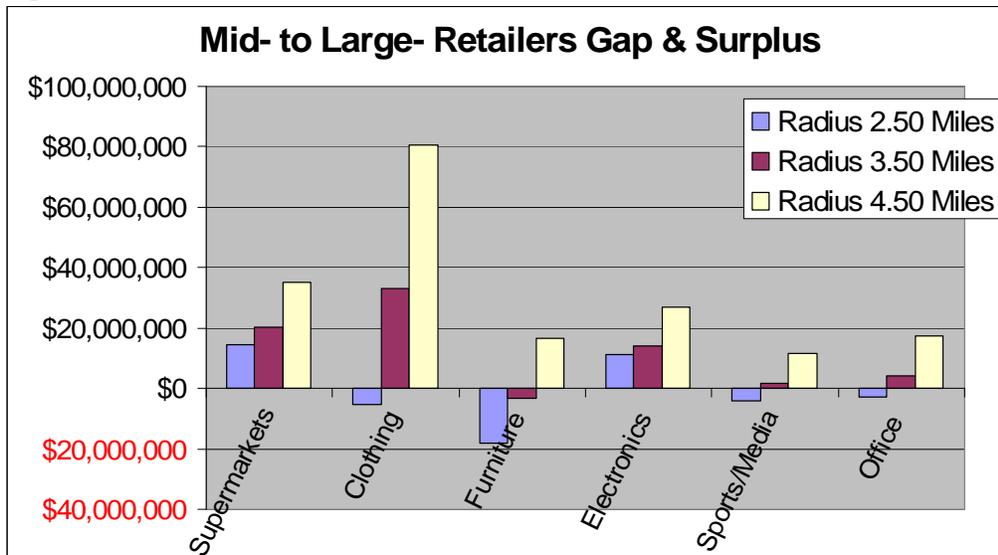


Some of the largest gaps in NSS retailing are for cars and auto parts, general merchandise, and items purchased in department stores. Establishing businesses that can meet any of these needs in the modern competitive retail environment requires sites of more than 10 contiguous acres and big box stores with market areas larger than the NSS. The established retail corridors of the NSS were built out decades ago and do not contain units of appropriate scale for leading big box general merchandise stores or sites where such stores could be built without replacing many existing structures. To assess the potential to establish big box stores anywhere in the NSS the

⁸ This estimate was derived by taking the estimated retail area that would be built to accommodate the NSS retail gap (per the preceding footnote) and dividing it by the average number of square feet per supermarket employee which is 488 square feet (“Supermarket Facts, Industry Overview 2006”, Food Marketing Institute). Supermarkets are considered to be a case of medium intensity of labor per floor area between neighborhood convenience stores (most labor intensive) and big box retail stores (least labor intensive).

preceding map of gap analysis market areas should be considered and the following graph which looks at the categories of goods within general merchandise stores in more detail.

Figure 21



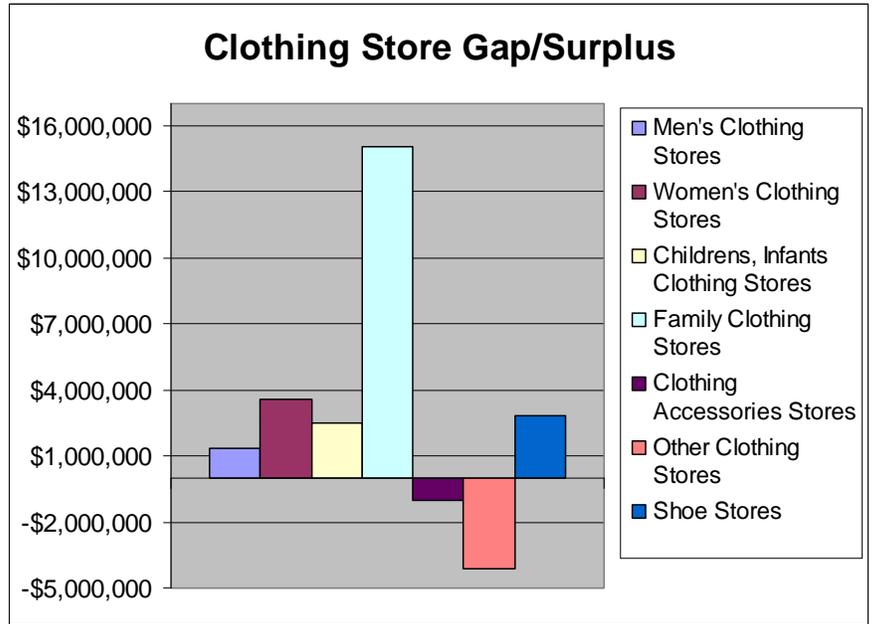
For the area within the second ring of the gap analysis, a 2.5 mile radius around the community’s central point, the scale of the overall retail gap declines. It declines particularly and even turns into surpluses for a number of the merchandise categories that make up general merchandise including clothing, sporting goods and office supplies. The apparent major reasons for these gap reductions and surpluses are the shopping complexes along and west of Miller Parkway that fall within the 2.5 mile ring. However, further out to 3.5 mile and 4.5 mile rings around the community’s center, the gap for general merchandise and overall retail gap again rise steeply. This pattern indicates that central Milwaukee overall has large needs for the types of goods and services available in big box stores. The NSS could help to meet these needs, while increasing its retail space and employment beyond the levels noted for the community alone, if suitable sites for big box development can be located within the community. Potential locations for these sites are discussed in this report’s chapter on cluster analysis.

Implications of the NSS Retail Gap for Neighborhood Scale Shopping Districts

Gap and surplus patterns for a number of industries point to development opportunities at the level of the NSS’ neighborhood shopping districts. These opportunities are indicated by the general retail gaps and surpluses (Figure 21) and by the following charts that illustrate some of the community’s market gap and /surplus conditions in greater detail.

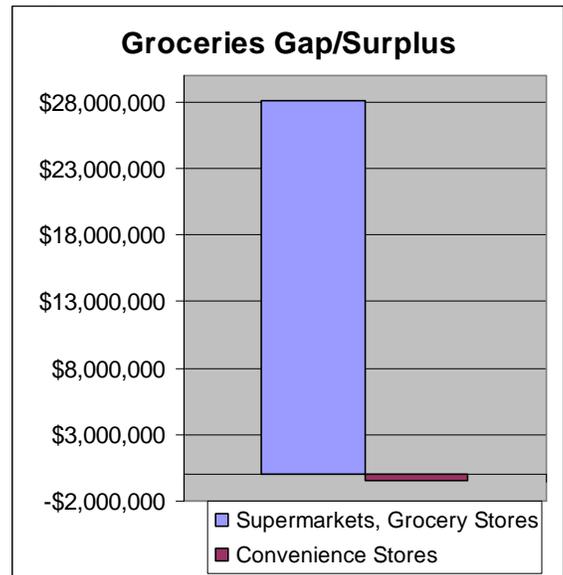
For example, in regard to *clothing stores*, the most substantial gap is for retailers of “Family Clothing”, stores large enough to sell a variety of children’s clothing and clothes for all family members. This need is consistent with the demographic information that the NSS contains a younger population and larger average family size than the city of Milwaukee or the Milwaukee area overall. The NSS also contains a surplus of clothing accessory and “other” specialized clothing stores, which include the western clothing shops that are a feature of the NSS’ distinctively Latino retail corridors.

Figure 22



Examining *food stores* we see that the NSS has a \$28 million gap for supermarket sales. Although this figure represents a substantial community need, it is much smaller than the supermarket gap experienced by many urban neighborhoods with demographic and land use patterns similar to those of the NSS.⁹ El Rey supermarkets may be largely responsible for containing the supermarket gap in the NSS. The existing gap could be captured by an additional supermarket of moderate conventional scale. Alternatively, “express” grocery stores featuring fresh products in a smaller store format and supported by a larger chain are becoming prevalent in US markets and could provide high value additions to several of the NSS’ neighborhood retail clusters.¹⁰ Data also indicate that the NSS has a surplus of convenience stores, a finding that is reinforced by a walk down several of the community’s commercial streets.

Figure 23:

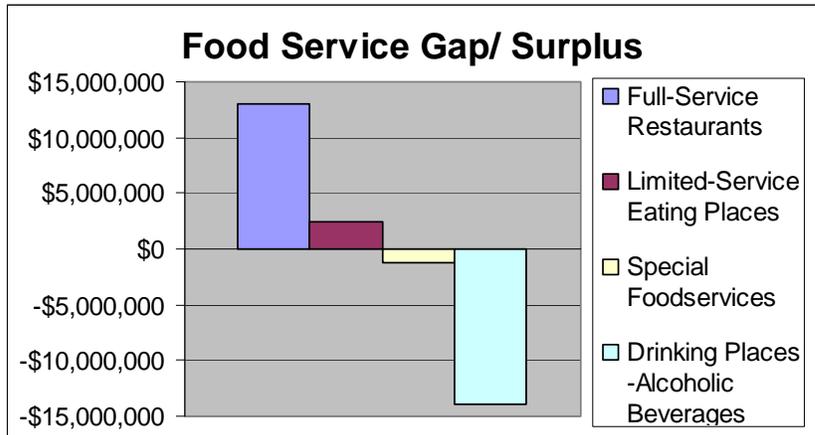


⁹ An introduction to the literature on the shortage supermarkets in many American urban communities is provided at www.fooddeserts.org.

¹⁰ For example, the international grocery chain the Tesco Group has announced that it will invest \$400 million per year to establish its “Fresh and Easy” chain of neighborhood groceries averaging 10,000 square ft in the US. (“Wal-Mart, Kroger, Safeway, better watch out. The British Are Coming!” Parija Bhatnagar, CNNMoney.com, February 26, 2006). Wal-Mart, which launched a chain of 35,000 sq. ft. supermarkets, “Neighborhood Market” stores in the 1990s is responding to Tesco’s market entry by prototyping a new chain of 20,000 sq ft grocery stores called “Marketside”. (“Wal-Mart to Open Small-Format Grocery Stores”, *The Financial Times*, January 15, 2008).

In regard to *food service* (sales of prepared meals or snacks) we see a contrast in retail gap/surplus by type of outlet. The community has a \$13 million surplus of bars that serve food, and a gap of approximately \$13 million for full service restaurants. In a pattern similar to that noted for supermarkets, many urban communities with income levels similar to the NSS have much higher gaps for full service restaurants. NSS' full service restaurant gap is reduced by the amount of Mexican restaurants on Fifth Street and Asian restaurants in the Silver City district that attract clientele from around greater Milwaukee as well as local residents. However, besides meeting market needs, additional full service restaurants would provide valuable assets for upgrading the environment of several neighborhood retail corridors.

Figure 25



A thread that runs through gap analysis data for the NSS is the contribution of businesses that build on the ethnic identities of the community, as previously noted:

- Western clothing stores and soccer sports clothing stores help to built a small surplus for specialty clothes retailing in the NSS;
- Shops that feature Latino music and Asian gifts shrink the gap for specialty retailing to a lower level than would be expected for an urban neighborhood with the NSS' household income distribution;
- El Rey supermarkets and existing Mexican and Asian restaurants reduce the grocery store and quality restaurant gaps to lower percentages than comparable urban communities.

Aside from the Cesar Chavez BID, the NSS conducts little publicly supported cultural identity marketing; yet individual businesses appear to achieve success and attract customers by offering culturally identified products or experiences. This indicates that a development and marketing program featuring the cultural identities of the NSS businesses would be an effective strategy for building sales and employment in NSS neighborhood commercial districts. Suggestions for such a program are given in the conclusions and recommendations of this report.

It is also notable that the NSS shows a surplus for the provision of medical services, to which the 16th Street Community Health Center and the Aurora St. Luke's Medical Center (immediately south of the NSS) certainly make major contributions. The 16th Street Clinic located in the Cesar Chavez BID is a point of destination that draws hundreds of visitors to the BID daily. With this clinic as a model, strategies to close the retail gap in the NSS should consider the placement of other public and philanthropic institutions that regularly draw substantial numbers of people in neighborhood retail clusters.

Transportation and Commute Patterns

When looking at the commute and daily travel patterns, Near South Side (NSS) neighborhood residents leave the neighborhood for 80 percent of their work and other daily trip needs. These trips include shopping, leisure, school and other personal travel. The high percentage of trips outside of the neighborhood supports other facts about the NSS community discussed earlier. This includes the small number of jobs in this predominantly residential neighborhood and shortages of retail space devoted to many of the types of businesses that residents visit regularly.

Transportation and commute pattern results are based on the Southeastern Wisconsin Regional Planning Commission (SEWRPC) Travel Survey. The NSS neighborhood boundary closely matches Zone 32 from the Travel Survey, so that is used as the base to examine travel patterns to and from the NSS neighborhood.

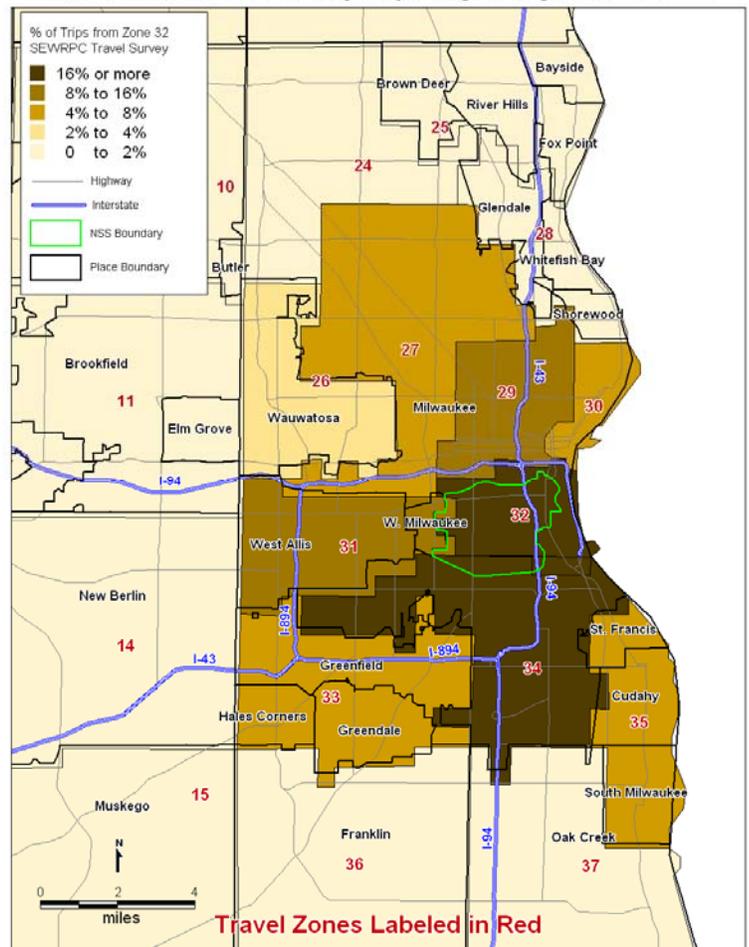
The table and map indicate what travel zones are absorbing the NSS daily trips.

Figure 26: Top 5 Destinations When Leaving NSS

Top 5 Destinations When Leaving NSS		
Zone	Trips	%
34	33,700	24%
31	13,890	10%
29	11,468	8%
33	9,629	7%
27	7,022	5%
Total to top 5 Destinations	75,709	55%
Total NSS Trips (Zone 32)	138,088	100%

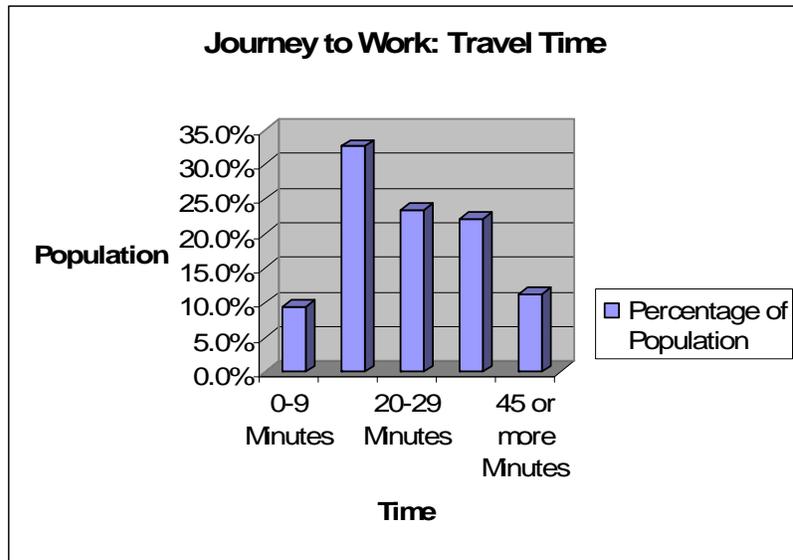
Figure 26 lists the top five travel zones for trips originating from Zone 32. Zone 34 to the south is absorbing the most trips, with 34 percent. This is followed by Zone 31, which covers West Milwaukee and West Allis, with 10 percent of the trips. The Downtown Milwaukee area has nearly 10,000 trips, or 8 percent of the total. The other top two destinations are Zone 27, which covers northwest Milwaukee, and Zone 33, which includes Greenfield, Hales Corners and Greendale. The daily trips to these other travel zones account for 55 percent of the total travel originating outside of the NSS neighborhood.

Figure 27: Percent of Household Daily Trips Originating from Zone 32

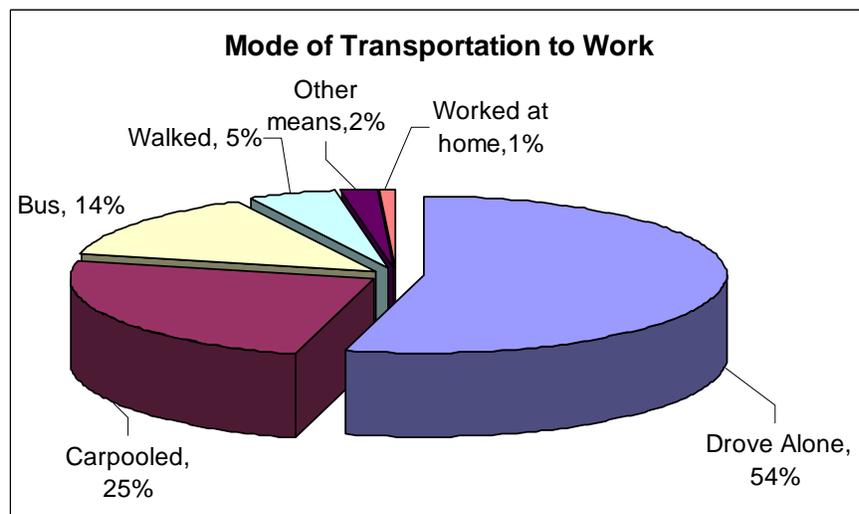


Other important factors when considering commute patterns are travel time and the mode of transportation to work. Travel time statistics are indicative of the travel survey patterns showing NSS neighborhood residents made 80 percent of their trips outside of the neighborhood. Less than 10 percent of the neighborhood residents travel less than 9 minutes to their job. This leaves the remaining residents traveling a minimum of 10 minutes, with many residents traveling more than 30 minutes one-way for employment opportunities.

Figure 28: NSS Journey to Work Patterns, 2000



NSS residents are traveling outside of their neighborhood and a higher than average percentage are relying on public transit and carpooling. 14 percent of the NSS neighborhood residents took public transportation to work, compared to 10 percent for the city as a whole. Likewise, 25 percent of the NSS neighborhood residents carpooled to work, compared to only 14 percent for the city overall.



Along with data showing high travel outside of the area, high travel times, and frequent car pooling, other anecdotal information indicates serious commuting transportation needs particularly for less highly skilled industrial workers from the NSS. The neighborhood contains 17 temporary labor offices. This concentration of temporary labor locations suggests that NSS residents face a number of issues in securing regular employment. Transportation to distant industrial work sites is one of these issues. The Center for Neighborhood Technologies have also confirmed that at least two industrial companies send their own hired buses to the NSS daily to provide transportation for workers to and from their suburban plants. It is a positive sign that some employers and NSS workers have established these mutually helpful arrangements, but the fact that private employers are providing these buses indicates a severe housing-jobs mismatch in which the NSS is the community with housing but few local jobs for workers.

Housing and Transportation Index

Housing and transportation are the two highest expenses for most American households. According to the 2005-2006 Consumer Expenditure Survey for the Midwestern region, housing costs account for 32 percent of the average household’s monthly budget while transportation accounts for an additional 17 percent.¹¹ When combined, these two expenses alone total nearly 50 percent of a household’s monthly budget. While these numbers are high, at a neighborhood and individual household level the average transportation and housing costs often exceed these by a considerable amount. Unfortunately, the numbers reported by the Consumer Expenditure Survey are not specific enough to allow for in-depth comparisons between neighborhoods.

Neighborhood Housing Values

Detailed data on housing costs are readily available from several sources: the US Census, private real estate firms, and federal agencies that collect data according to the Home Mortgage Disclosure Act lending data.

The table to the right is based on 2000 census data and pertains to the housing costs within the Near South Side (NSS). The top table shows that the majority of households with a mortgage are paying anywhere from \$500 to \$1,500 per month on housing costs. The neighborhood looks relatively affordable for the households that are holding a mortgage, when looking at housing cost as a percentage of total income. Approximately 64 percent of the households are paying less than 25 percent for housing. This could be a function of lower valued housing stock in parts of the neighborhood, as well as higher incomes for those households that own a home. According to Census 2000, the NSS neighborhood has a 33 percent owner occupancy rate and 58 percent renter occupancy rate – roughly 9 percent of the housing stock is vacant at any given time within the neighborhood.

Given the high percentage of renters within the neighborhood, it is important to also look at what neighborhood residents are paying for rent. Based on 2000 census data, roughly 60 percent of the households are paying \$500 or less for housing. The numbers follow

Income Spent on Housing	
Rent Prices	2000
<\$400	29.0%
\$400-\$499	29.8%
\$500-\$599	23.0%
\$600-\$999	17.1%
\$1000 or more	1.1%
Gross Rent as % Income	2000
<20%	35.2%
20.0%-29.9%	20.3%
30.0%-50.0%	18.7%
50.0% or more	20.7%
not computed	5.1%

Figure 29:

Income Spent on Housing	
Owners Housing Cost****	2000
\$500-\$599	16.3%
\$600-\$699	15.1%
\$700-\$799	13.8%
\$800-\$899	13.0%
\$900-\$1499	22.7%
\$1500 or more	2.3%
No mortgage	2046
Owner Costs as % Income	2000
<\$200	17.6%
\$200-\$299	48.1%
\$300-\$499	27.1%
\$500 or more	7.3%
With mortgage	4056
Under 15%	26.2%
15%-24.9%	38.2%
25%-49.9%	26.2%
50.0% or more	8.6%
not computed	0.8%
No mortgage	2046
Under 10%	42.1%
10.0-19.9%	30.6%
20.0-29.9%	12.0%
30.0-49.9%	6.9%
50.0% or more	7.0%
not computed	1.4%

¹¹ U.S. Bureau of Labor Statistics, *Selected Midwestern Metropolitan Statistical Areas: Average annual expenditures and characteristics* Table 3013, Consumer Expenditure Survey, 2005-2006.

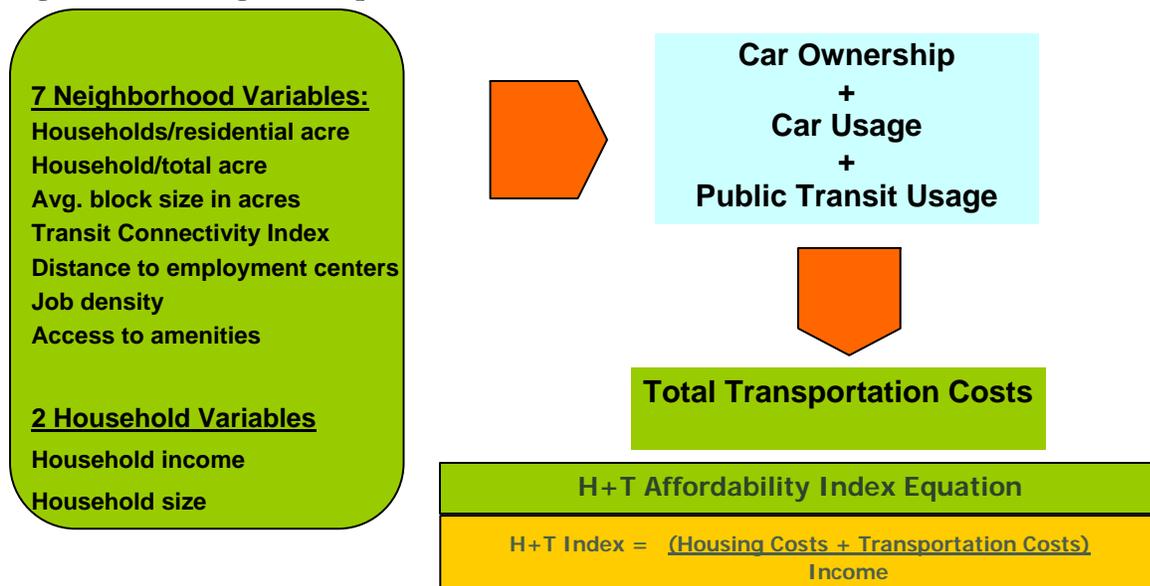
a similar trend when looked at as a percent of income. 55 percent of the households are paying less than 30 percent of their income. However, this still leaves roughly 39 percent of NSS households that are paying in excess of 30 percent of their income for rent. This would indicate that the renter community is facing a tighter housing burden than those households that own a home.

Neighborhood Transportation Costs

While housing costs are readily available, household transportation costs at the neighborhood level are not. To fill this gap with reliable and up to date information on household transportation costs, the Center for Neighborhood Technology developed the Location Efficiency Model. The model looks at 7 neighborhood or urban form characteristics at the block group level (a geography used by the US Census made up of a series of street blocks) and combines the urban form data with additional data on household income and size characteristics for the same area.

The modeled transportation costs are then combined with local housing costs to create the Housing and Transportation Affordability Index. The chart below illustrates the model inputs and how they combine to model car ownership, car usage and public transit usage to determine household transportation costs.

Figure 30: Housing + Transportation Model



In general, we found that neighborhoods that are compact, walkable, and have access to amenities and job centers have lower transportation costs because residents can reduce their overall driving and can often rely on a single vehicle or live without a car altogether.¹² In other

¹² For a more detailed description of the Location Efficiency model please see

1) Barbara J. Lipman, *A Heavy Load: Housing and Transportation Costs Burdens for Working Families in 28 Metros* (Washington, D.C.: Center for Housing Policy, 2006).

2) Center for Transit Oriented Development and Center for Neighborhood Technology, *The Housing and Transportation Affordability Index*, (Washington, D.C.: Brookings Institution Urban Markets Initiative, 2006).

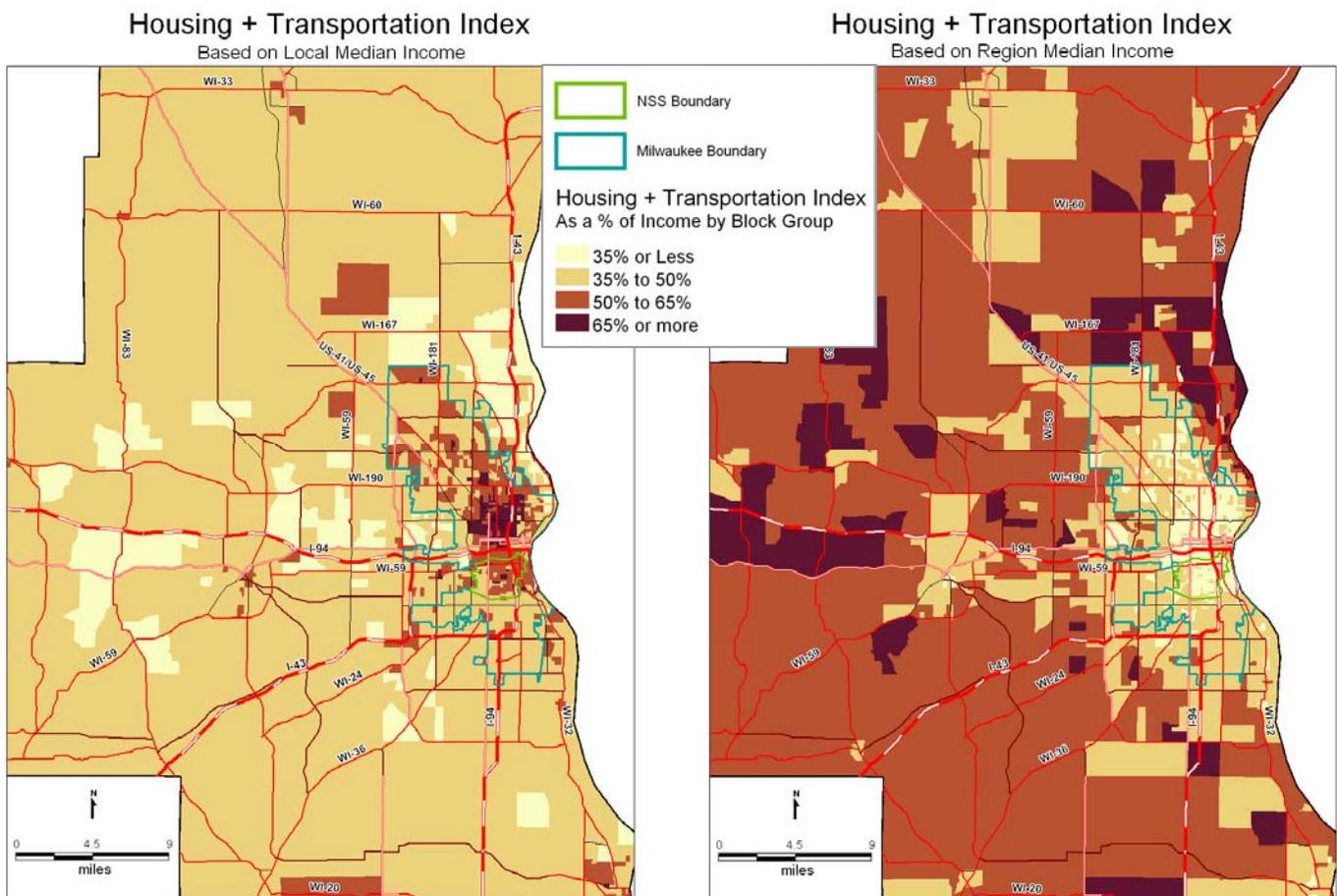
words, where you live and the characteristics of that place will impact how many vehicles you need and how much you will have to drive. This is contrary to the traditional way of thinking that auto ownership and driving is solely a function of income.

In the NSS, per the most recent census, 27.1% of households do not own a vehicle, and 41.6% owned only one vehicle. These are low levels of vehicle ownership compared to most American communities. Such low rates of vehicle ownership exist in the NSS along with high numbers of vehicles per acre because the community is densely populated. Often, life is not easy for NSS households that do not own a car or a car for every adult. But systems of public transportation, and ride sharing, with some retail stores and other amenities within walking distance make life with a limited income possible here and in the city of Milwaukee generally.

NSS Housing + Transportation

The Location Efficiency model was used in Milwaukee to measure the transportation costs at a regional level – with special emphasis on the transportation costs for the NSS neighborhood. As the Location Efficiency Model allows for comparison at different income and household types – the household transportation costs were measured for the income and household types at a local level and then again based on the regional income and household type.

Figure 31: Housing + Transportation Index Maps



The local characteristics show the housing and transportation affordability of an area based on who is currently living there (see map above, on left). The map demonstrates that much of the city of Milwaukee, including the NSS neighborhood, are experiencing a high housing and transportation cost burden, with costs often in excess of 50 percent of the household income. The higher percentage costs in Milwaukee reflect the relatively low median incomes of households in city neighborhoods.

The regional map (above, right), on the other hand, shows what the combined housing and transportation costs would be for a household earning the Milwaukee metropolitan median income of \$46,132 with a household size of 2.5. In this scenario, much of the city becomes much more affordable given the more compact urban form and access to employment and amenities.

Housing + Transportation Index Implications for the NSS

The relationships revealed by the Housing + Transportation Index have several major implications for understanding the market and development opportunities in the NSS. First, to the extent that public or cooperative transportation services can be improved, particularly for transportation to work, the community overall will improve. Residents will be able to connect with better jobs, while avoiding investments in rapidly deteriorating assets (cars). They will be able to spend or invest more in home ownership, education, and neighborhood businesses, building on the community's advantage of transportation alternatives.

Second, to the extent that the community can develop a wider array of amenities it can improve the quality of life of its residents, many of whom lack the ready capacity to drive out of the neighborhood for recreation, services, or goods. More neighborhood development will permit residents to keep more of their trips, transactions, and circulating dollars within the community. Earlier we noted that NSS residents make 80% of their total trips outside of the community and that the community experiences hundreds of millions of dollars per year in leakage (its residents spending more beyond the community than visitors bring in). That retail leakage and the percentages of extra-neighborhood trips are so high when so many residents do not own cars is a strong indication that neighborhood commercial districts are not meeting important local needs.

Perhaps the leaders of all communities seek convenient transportation for their residents and encourage residents to shop locally, but for the NSS these are especially important issues. The community exists as a vital place because it offers at least minimal public transportation and local shopping, along with relatively low housing costs, to make life here at least possible for its residents. If the community can make public or shared transportation more efficient and develop a richer variety of local amenities, while maintaining affordable housing, it will achieve optimal development.

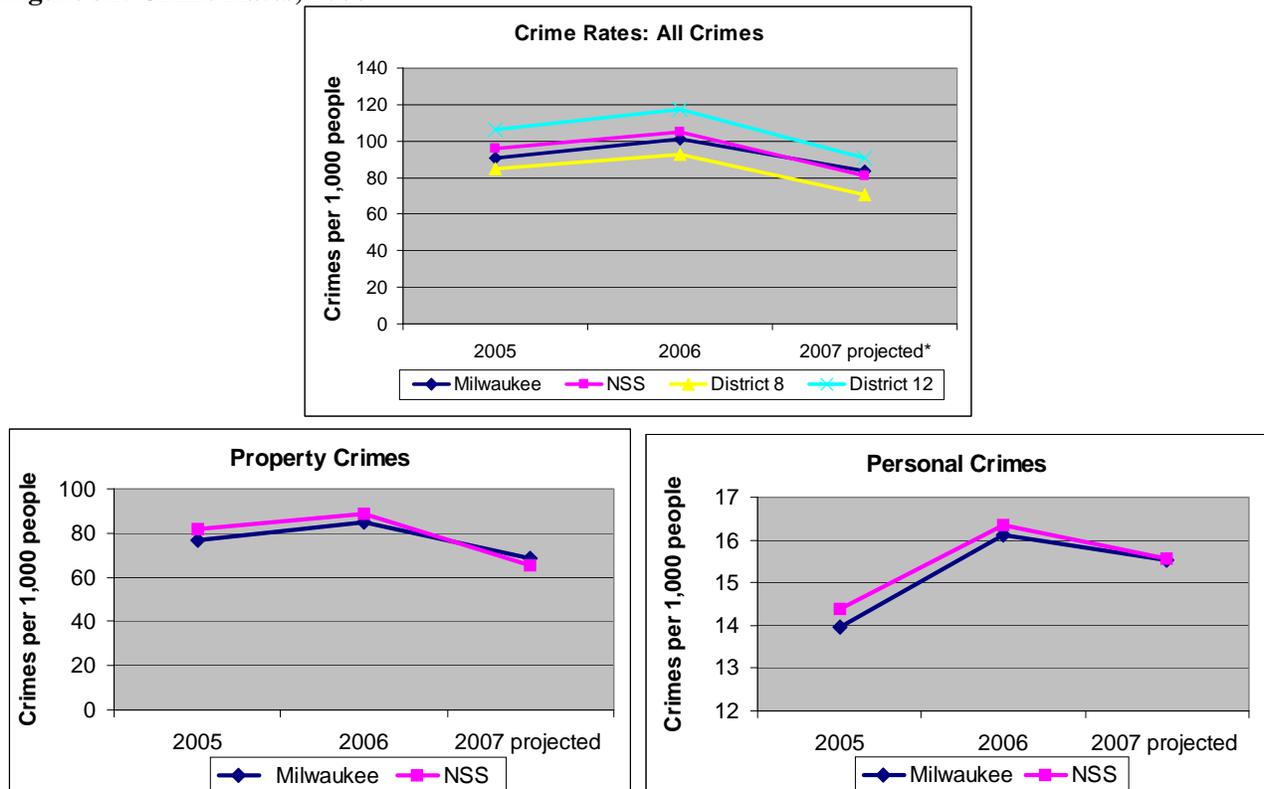
Crime Rates

Crime data in Milwaukee is reported at the aldermanic district level. Of the two aldermanic districts in the Near South Side (NSS) in 2006, District 12 (the eastern portion of the NSS) had a slightly higher level of crime than the city of Milwaukee as a whole; in District 8 (the western portion) the overall crime rate is slightly lower than the city's.¹³

Levels and patterns of crime in the NSS closely track those of the city as a whole:

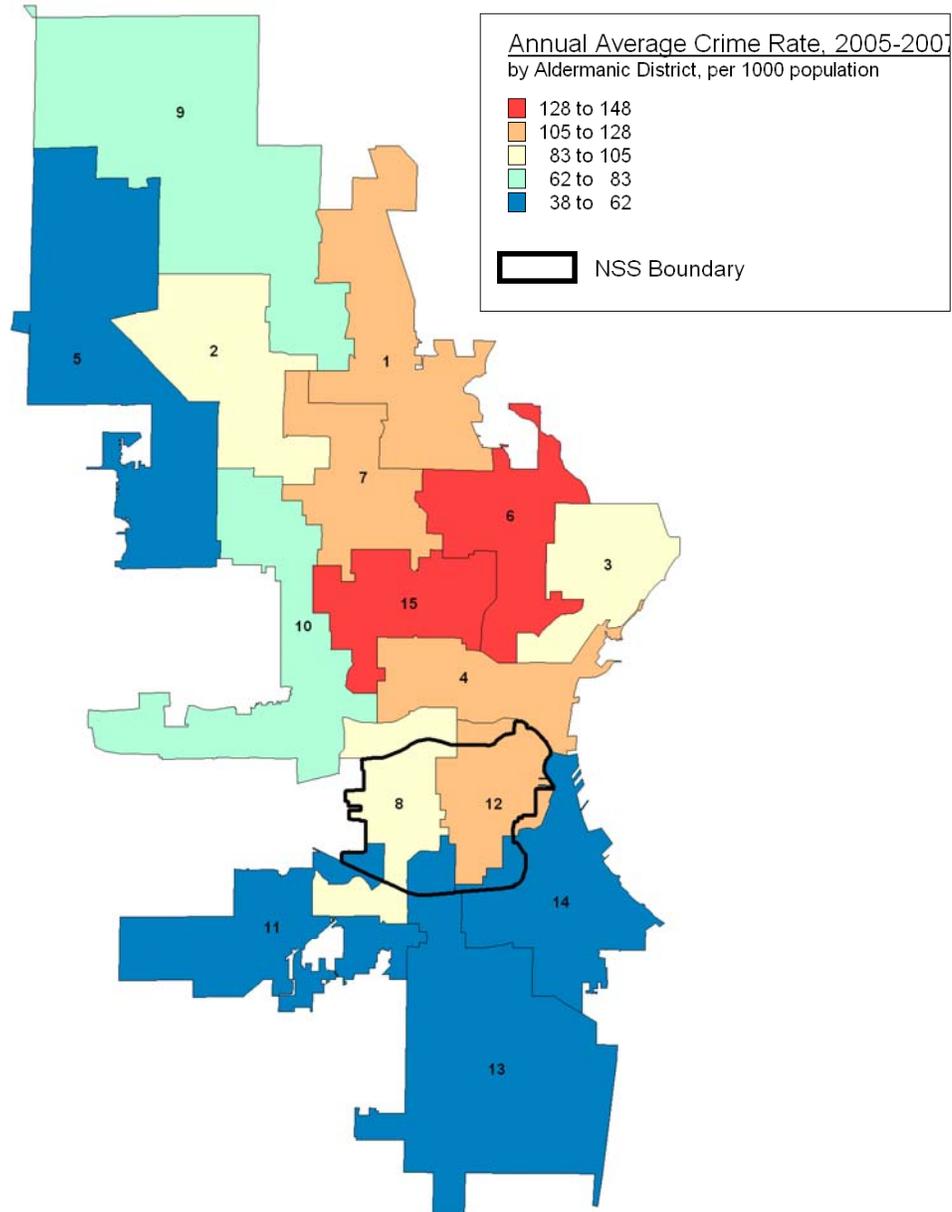
- Between 2005 and 2006, the rate of personal crimes rose from approximately 14.0 to 16.0 per thousand residents in Milwaukee and from approximately 14.2 to 16.1 per thousand residents in the NSS. When we project the difference between 2006 and 2007 (based on data for the first three quarters of 2007), personal crimes fall from 16.0 to 15.6 per thousand residents in Milwaukee as a whole and from 16.1 to 15.6 per thousand residents in the NSS.
- Between 2005 and 2006, the rate of property crimes went up from approximately 79 to 82 per thousand residents in the entire city and from 81 to 83 per thousand residents in the NSS. Projections based on data from the first three quarters of 2007 indicate that property crimes will decline from 82 to 63 per thousand residents between 2006 and 2007 in Milwaukee and from 83 to 62 in the NSS.

Figure 32: Crime Rates, 2006



¹³ City of Milwaukee, *Wisconsin Incident Based Report Group A Offenses*, January 1, 2005–October 15, 2007 (Retrieved October 23 via City of Milwaukee “Query and Download”) http://itmdapps.ci.mil.wi.us/publicApplication_QD/queryDownload/aldermanicDistfm.jsp

Figure 32: Annual Average Crime Rates in Milwaukee Aldermanic Districts



Source: City of Milwaukee, Wisconsin Incident Based Report (WIBR) for group A offenses

Focus groups indicated mixed perceptions of crime in the area. Business owners and merchants felt that crime, both real and perceived, limits the neighborhood in marketing itself to consumers from other areas. Property development and finance professionals did not identify crime as a major problem.

Stakeholder interviews revealed mixed perceptions about crime in the neighborhood. Some feel that crime inhibits economic growth by deterring consumers from visiting the area. Interviewees identified panhandling, drug dealing, shoplifting, gang activity, prostitution, and violent crimes

in particular. Others did not identify crime as a limiting factor to the area's economic development. Interviewees noted that beat police significantly reduce the amount of crime in a commercial corridor, but only during the hours that an officer is actually present.

Taken together these items of statistical and qualitative information suggest that the NSS is an average Milwaukee community in regard to the incidence of crime; so that investors are unlikely to be repelled from or attracted to the area because of its crime rate. However, the aldermanic districts for which crime data are reported are large areas, and it is likely that some neighborhoods and shopping districts face serious crime problems despite comforting district-wide statistics. Accordingly, development strategies at the corridor and commercial street level should include measures to discourage crime, as discussed in the recommendations of this study.

Property Sales and Business Development

Property Sales

Property sales within the Near South Side (NSS) show a steady increase in average sale price from 2002 to 2007. Considering all property types together, the average sale price per building square foot has increased from \$39 in 2002 to \$62 in 2007. However, in terms of number of sales the market appears to have peaked in 2005 with nearly 1,500 properties sold in the NSS. And while data from 2007 is incomplete, if property sales continue at the pace of the first half of the year, 2007 will continue this slowing trend in the real estate market.

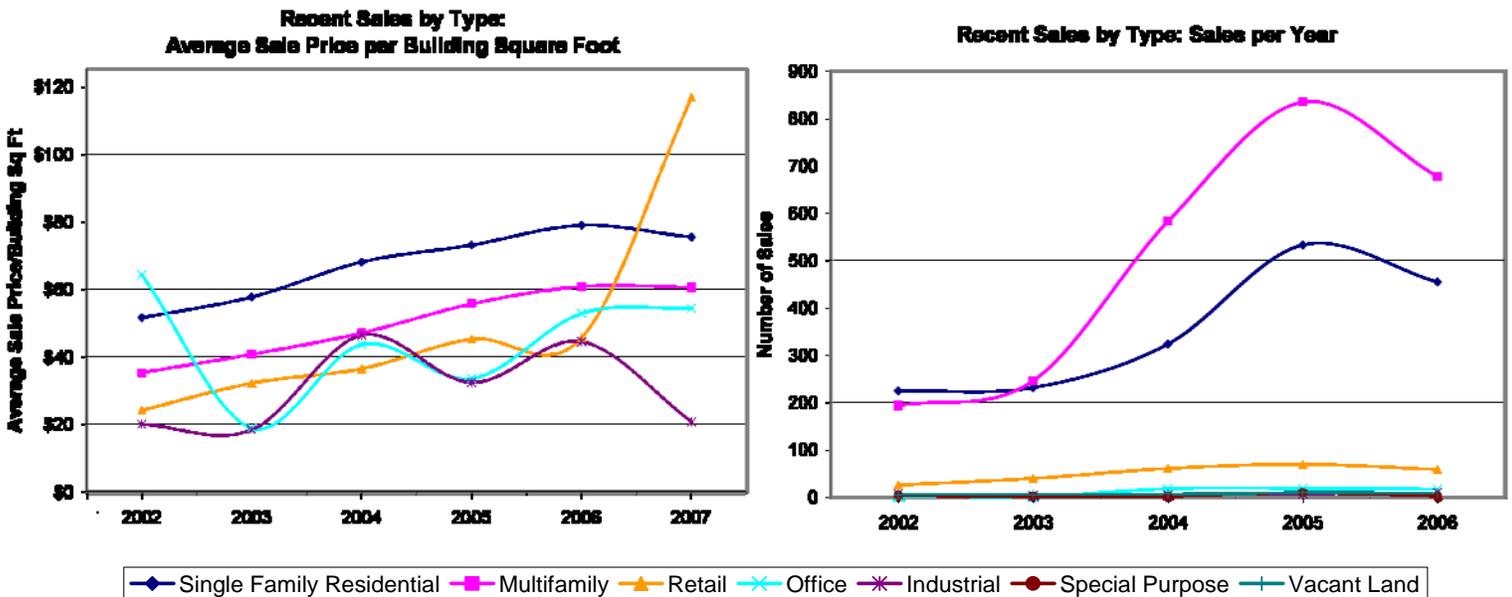
Figure 33: Recent Property Sales¹⁴

Year	# of Sales	Aggregate Sale Price	Average Sale Price	Aggregate Building Sq Ft	Average Sale Price /Sq Ft
2002	459	\$ 38,203,143	\$ 83,231	977,549	\$ 39
2003	526	\$ 44,180,739	\$ 83,994	1,021,449	\$ 43
2004	994	\$101,988,105	\$102,604	2,035,521	\$ 50
2005	1,477	\$161,808,812	\$109,552	2,798,255	\$ 58
2006	1,225	\$154,220,933	\$125,895	2,513,586	\$ 61
2007*	368	\$ 63,735,049	\$173,193	1,023,198	\$ 62

*2007 data is for the year to date, as of August 2007

If we look at recent property sales by type, a more varied trend emerges. In this mostly residential area, the vast majority of the sales are of residential properties – either single family

Figure 35



¹⁴ This data comes from the City of Milwaukee Assessor’s Office, covering the years 2002-2007YTD (<http://assessments.milwaukee.gov/mainsales.html>) and LoopNet, a commercial real estate information service, for

homes or multifamily buildings (duplexes, apartment buildings, condominiums). It is not surprising then that the overall neighborhood increase in sale prices is reflected in these properties' values. Retail, the third largest use category, also generally follows this trend. The 2007 spike in average retail sale price breaks the pattern but it is also somewhat misleading as there may have been a few particularly large sales in 2007 that had disproportionate influence on the overall average sale price due to the small number of sales thus far in the year (only 22 compared with 58 in 2006). The fluctuation in average price for office and industrial properties is similarly due to the small number of sales (less than 20 per year) each year. Nonetheless, the spikes in average sale prices for industrial and office do indicate that these properties have a range of values and there are some with relatively high values in the NSS.

The dynamism of the NSS seen in the volume of property sales can also be observed by looking at the construction and occupancy permits issued for properties in the neighborhood. Permits for additions and alterations of existing buildings and for new construction have been consistently strong in the past 5 years or so. There is no clear trend in the average value of construction stated on the permits, but the numbers do indicate a significant investment in the neighborhood. The NSS is well built out and building stock is quite old so it is not surprising that only about one-third of the permits are for new construction. Most of the construction and investment in the community is therefore going to the upkeep and rehabilitation of existing structures.

Figure 34: Construction and Occupancy Permits

Year	Additions		Alteration		Alteration – Units		New Construction		Occupancy	
	Count	Average Construction Value	Count	Average Construction Value	Count	Average Construction Value	Count	Average Construction Value	Count	Average Construction Value
1999	13	\$ 140,714	154	\$ 30,632	4	\$ 81	65	\$ 482,093	268	\$ -
2000	16	\$ 157,788	141	\$ 71,066	9	\$ 5,669	62	\$ 54,174	240	\$ -
2001	18	\$ 69,600	160	\$ 97,542	10	\$ 5,651	66	\$ 822,222	286	\$ -
2002	25	\$ 115,156	204	\$ 83,441	18	\$ 252,428	69	\$ 286,175	374	\$ -
2003	17	\$ 260,491	253	\$ 17,780	14	\$ 3,893	97	\$ 84,182	381	\$ -
2004	19	\$ 744,837	262	\$ 51,776	20	\$ 8,934	100	\$ 137,372	365	\$ -
2005	19	\$ 602,341	229	\$ 30,887	26	\$ 6,344	100	\$ 235,774	415	\$ -
2006	18	\$ 1,717,884	247	\$ 40,424	22	\$ 271,163	137	\$ 563,632	410	\$ -
2007*	7	\$ 14,868	88	\$ 29,545	13	\$ 3,779	25	\$ 372,464	193	\$ -

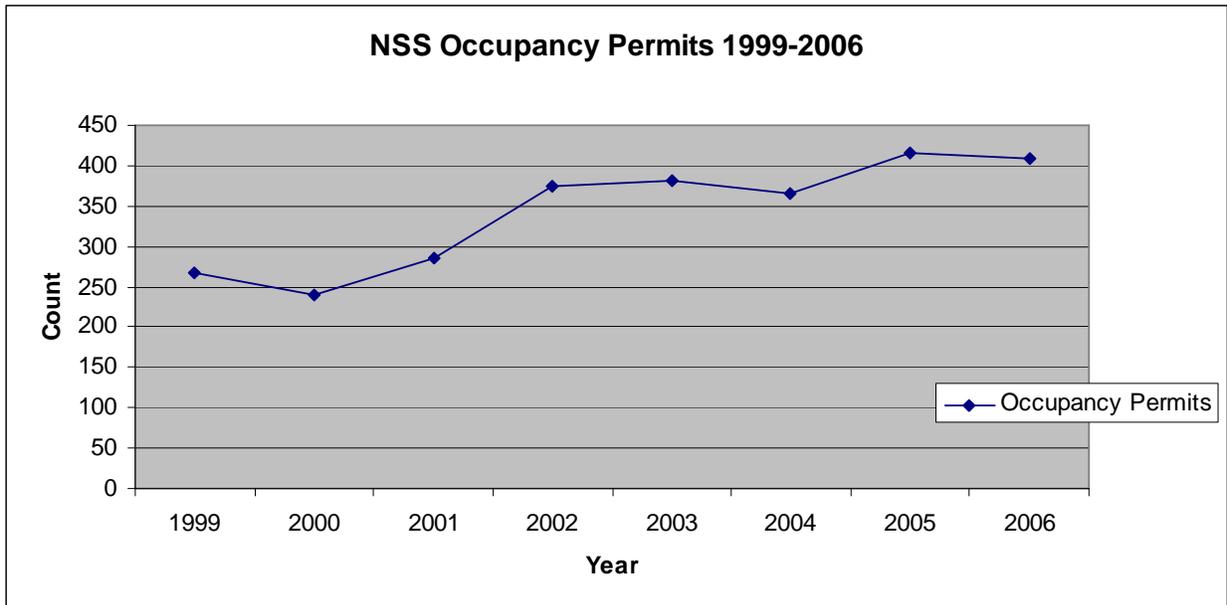
* 2007 year to date

With regard to the business development, it is of interest to look at the occupancy permits issued for the neighborhood. These permits are issued by the City for new businesses, buildings that have changed uses or buildings that have been vacant for some time and are again in use.¹⁵ Though residential properties are issued occupancy permits, the vast majority of the permits are for commercial and industrial uses. Thus we can see from the chart below that the NSS has seen a steady influx of new businesses or expansion of existing businesses over the past 7 years.

the years 2004-2007YTD (www.loopnet.com). The data for 2004 and forward is therefore more complete, and the numbers for 2002 and 2003 could be depressed by as much as 10-15%.

¹⁵ Department of Neighborhood Services, "Occupancy Permits," City of Milwaukee, <http://www.city.milwaukee.gov/OccupancyPermits1563.htm> (accessed December 12, 2007).

Figure 35



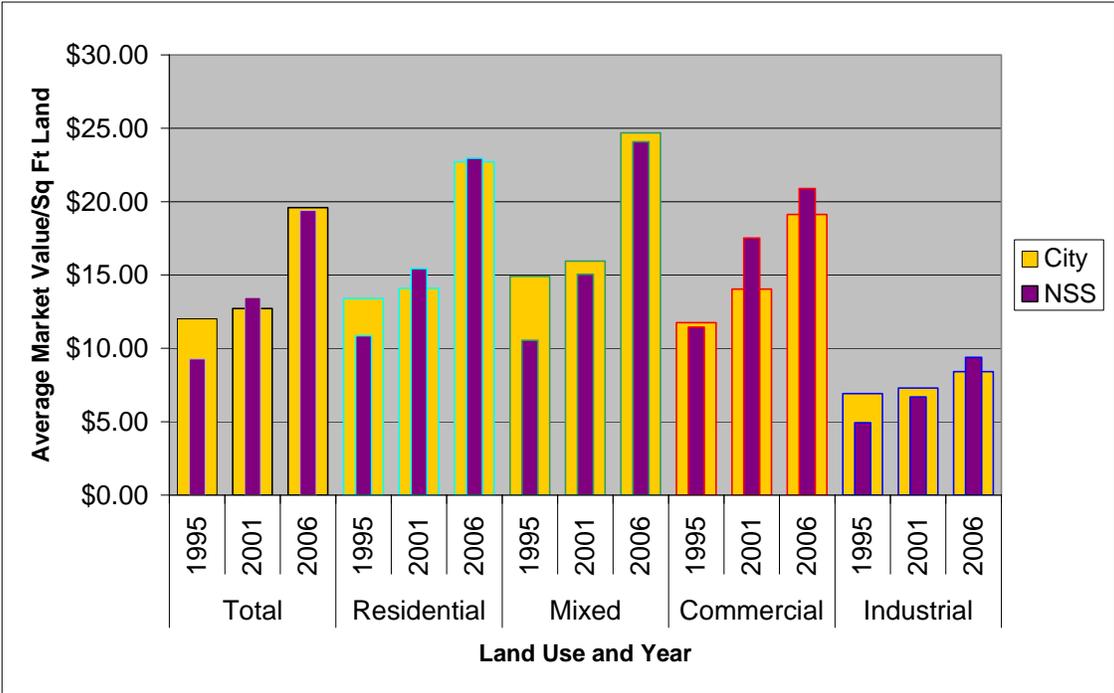
This data, however, cannot show us which businesses have closed shop as these permits are not renewed. We deal with this issue from a different angle in a later discussion of changes in land use. With that data we still cannot tell which business have closed but we do know where commercial uses are expanding or contracting.

Property Market Values and Absorption

Property Values

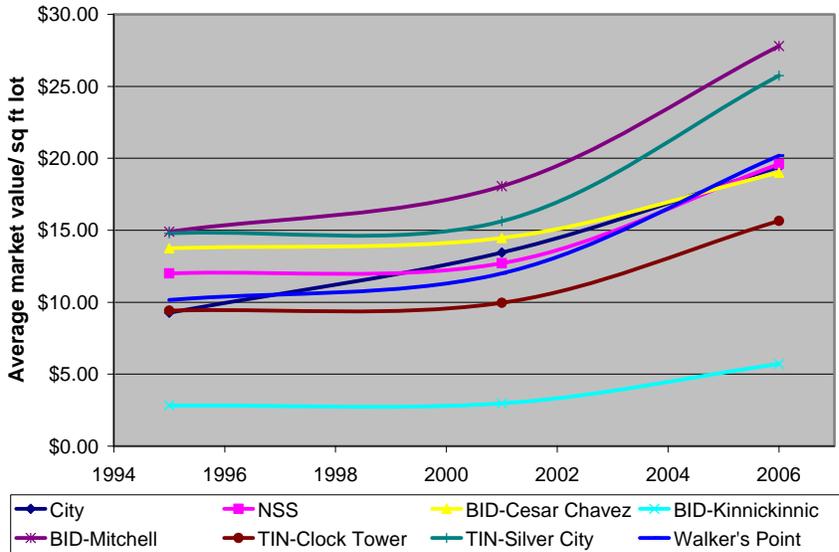
Property values in the Near South Side (NSS) neighborhood have been increasing for the past 13 years or more, and particularly between 2001 and 2006. The neighborhood’s rate of growth in average property value per square foot (of both land and improvements) lagged that of the city for the period 1995 to 2001 but exceeded that of the city as a whole between 2001 and 2006. By 2006 the absolute square foot value of land in the NSS exceeded the average for the city in most land use categories. As of 2006, all non-exempt property in the Near South Side had a market value of approximately \$1.6 billion, compared to a city-wide total of \$24.5 billion.

Figure 36: Average Market Values



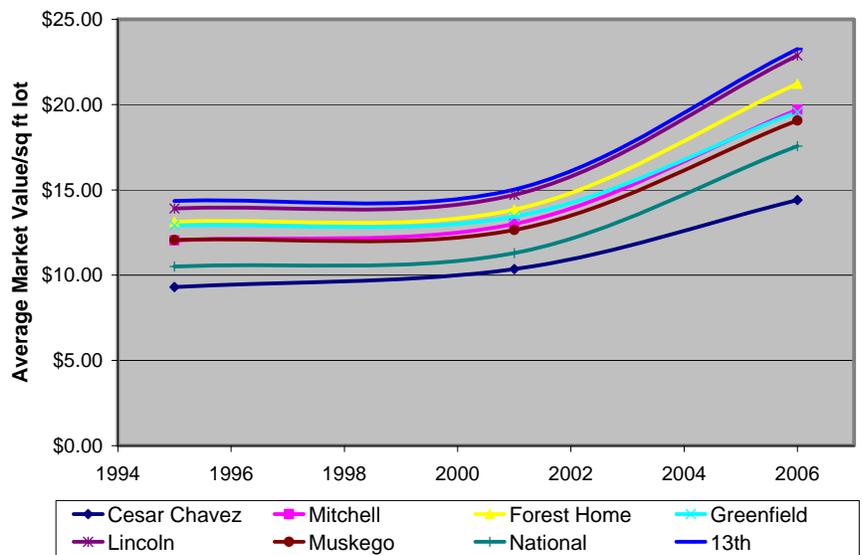
Within the neighborhood the corridors, business improvement districts (BIDs) and targeted investment neighborhoods (TINs) have shown similar increases in values over time. This trend is shown in the two charts at right, which compare the average market value (per square foot of total lot area) for the corridors and the special geographies.

Figure 39:
Average Market Values, per total lot square footage



The total city and NSS neighborhood values are included on the first chart and we can see that while growth was slower in the earlier period, the neighborhood actually started with stronger average values than the city as a whole. The Mitchell Street BID and the Silver City TIN are currently the strongest overall with average values over \$25 per square foot of land, but the Lincoln and 13th corridors are also doing quite well at about \$23 per square foot of land.¹⁶

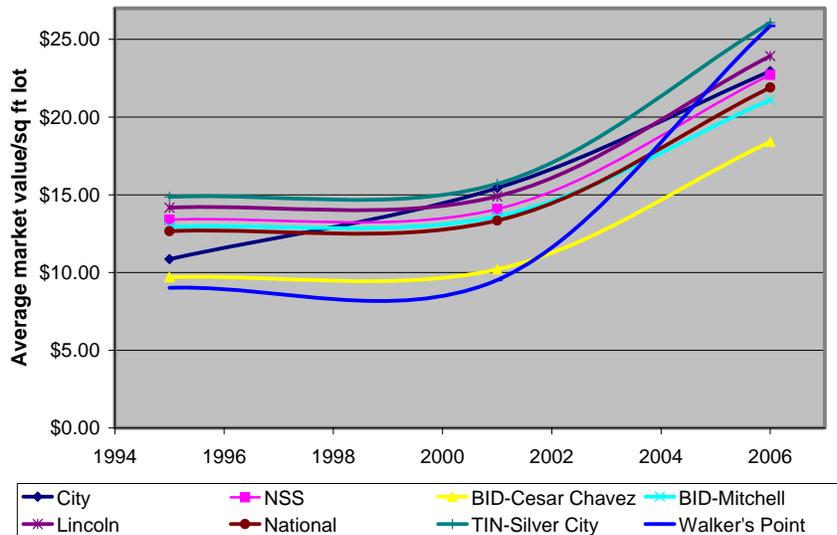
Figure 40:
Average Corridor Market Values, per total lot square footage



¹⁶ For the purposes of this analysis, we considered the ¼-mile buffer on either side of the corridor streets and the exact geography of the BIDs, TINs, and Walker's Point area. See Figure 13: Districts and Primary Corridors Map, page 19

Considering the major land uses individually, some notable trends emerge in the corridors and special geographies of the NSS neighborhood. For residential properties, the values in the Silver City TIN are on average the strongest. Both the Silver City TIN and the Lincoln Corridor have consistently outperformed the neighborhood and are part of a larger trend of higher average values in the west and south of the neighborhood. Also of note is the massive increase in average value in Walker's Point. Values there have gone from among the lowest in the neighborhood to one of the highest in the past 5 years, likely as a result of the growing condominium market in the area.

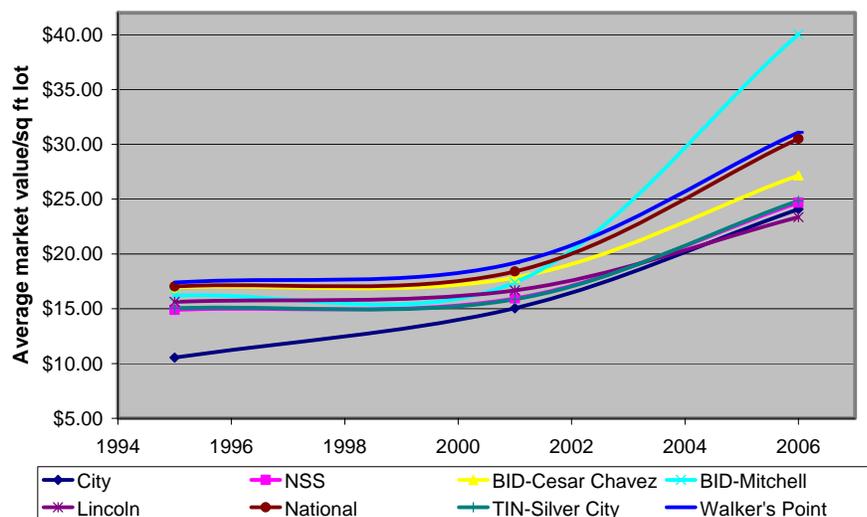
Figure 41: Average Market Values: Residential Properties



For properties that have both commercial and residential uses, the Mitchell Street BID shows an impressive increase in value. In general, the corridors have done better than the city as a whole for this type of property. This reflects the building stock in the neighborhood's commercial corridors, which was often built to be commercial on the ground floor and residential on the levels above.

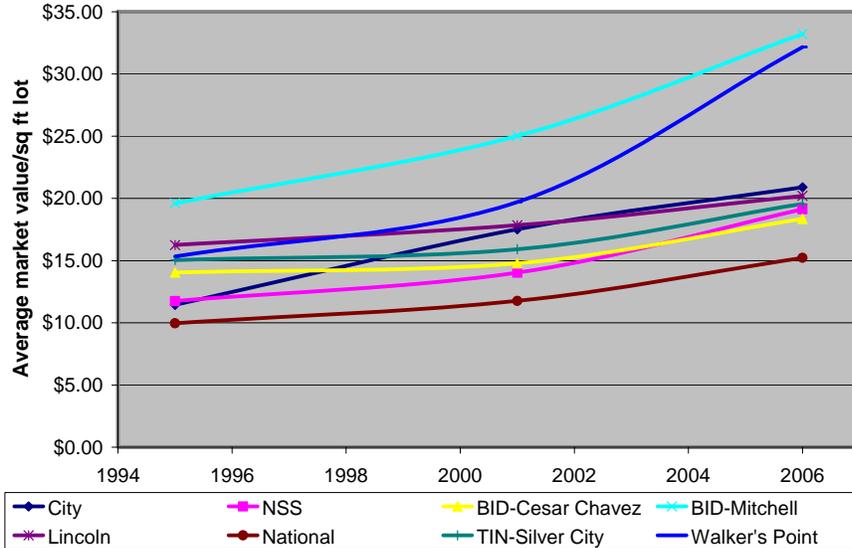
Figure 42:

Average Market Values: Mixed Residential & Commercial Properties



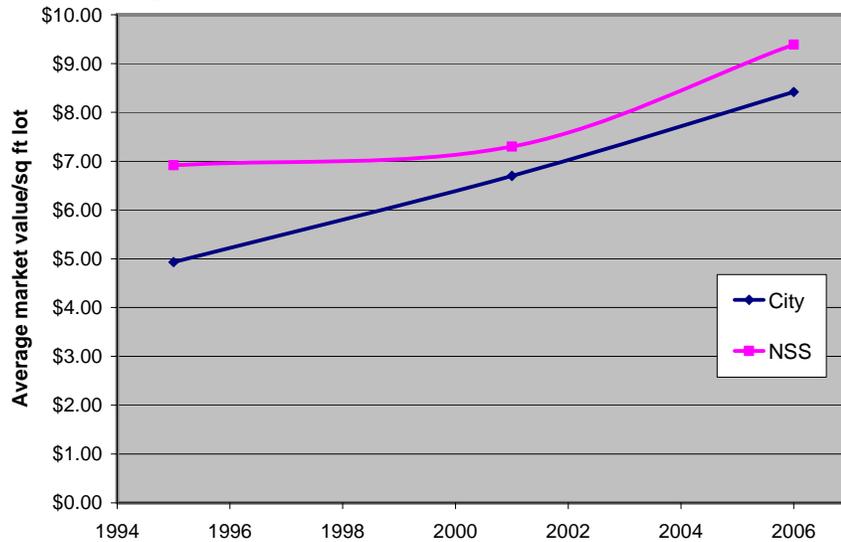
Turning to commercial use only properties, the Mitchell Street BID once again shines as the strongest corridor in the neighborhood. Walker's Point also shows a striking increase in the last 5 years, which may reflect a general increase in investment into the area.

Figure 43: Average Market Values: Commercial Properties



A final consideration is the value of industrial land. The corridors considered thus far do not generally contain much industrial land, so it is of more value to compare the neighborhood and the city. As the chart below shows, the neighborhood has generally had better property values for industrial land.

Figure 44: Average Market Values: Industrial



Absorption

While the property values of the Near South Side have been increasing, the actual built area of the neighborhood has been nearly stable. This is a mature, built-out area with little vacant land on which to expand, so stability is not unexpected. The dominant land use is residential, consistently accounting for almost half the neighborhood's land area. Except for public and quasi-public uses (churches, schools, parks, cemeteries), all other land uses are each less than

10% of the neighborhoods land area, and their proportion of the total land area is mostly unchanged in the time period under consideration.

Despite this stability, there has been significant change in some land uses, as seen in the table below that compares building and land area for each land use.

Figure 45: Change in NSS Building and Land Area per Land Use

Land Use Category	Building Sq Ft, 2006	Acreage, 2006	Percent Change, 1995-2006	
			Building Sq Ft	Acreage
Residential	24,581,086	1,295	3%	0%
Mixed Commercial & Residential	3,854,585	100	20%	5%
Commercial	5,813,820	225	-20%	-10%
Industrial	7,255,834	218	-8%	-5%
Transportation & Utilities	1,209,655	99	11%	-54%
Public / Quasi-Public	713,900	854	5%	18%
Vacant	201,280	40	337%	47%
Total	43,630,160	2,832	-1%	0%

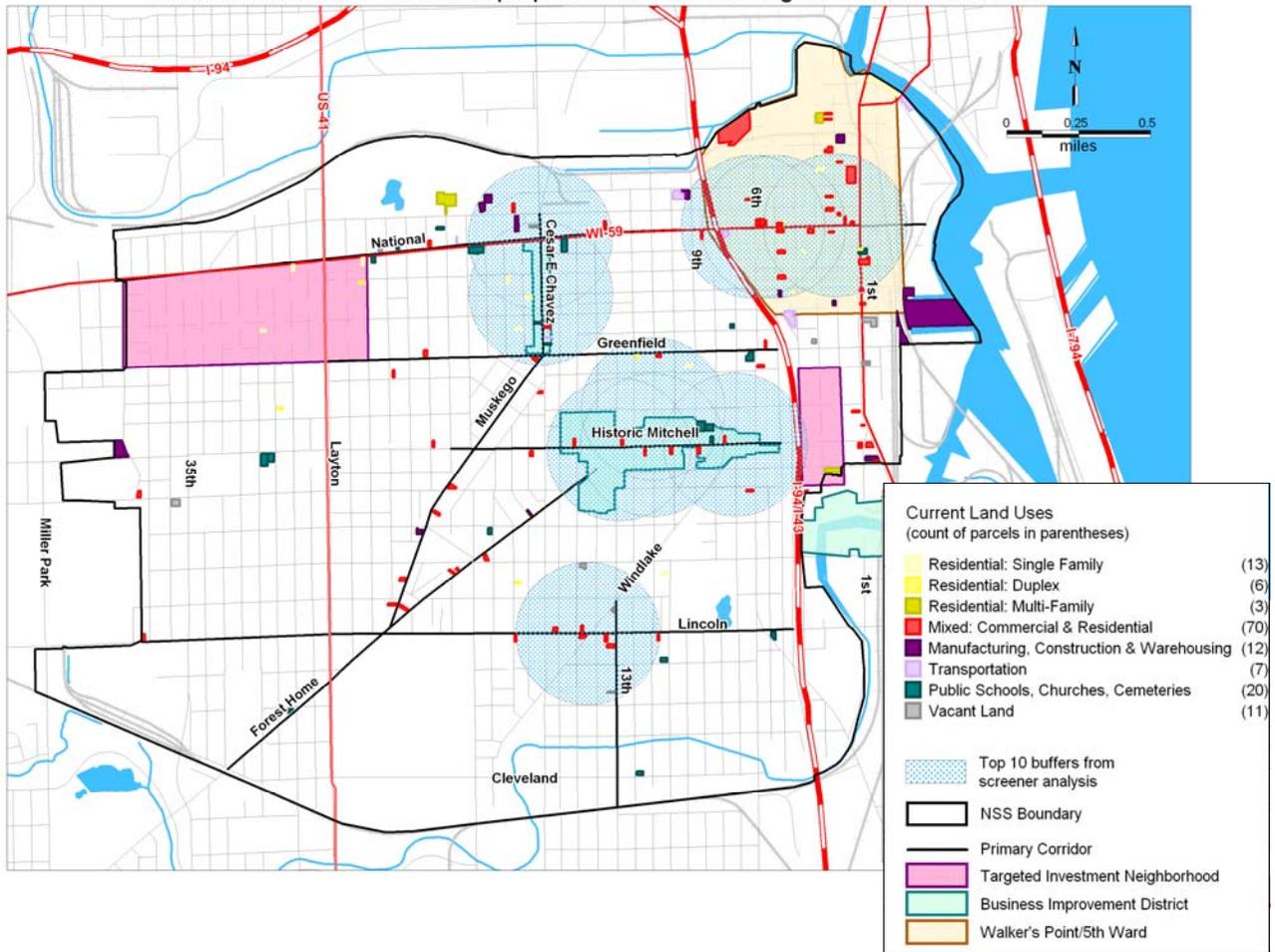
While residential land area has remained unchanged, there has been an increase in its building area. This indicates that densities are increasing to allow this built out neighborhood to increase its population. More of the population increase is also being absorbed by properties that are mixed commercial and residential. That type of property has increased in land area and more dramatically in building area. Some of this increase is likely due to the upper stories of older commercial buildings being returned to their originally intended active residential use.

The largest decrease in land area is in transportation and utilities uses, but this loss is due largely to the reclassification of some of that land as public or quasi-public and so the actual use of the land has not changed. There has been some decrease in industrial land and building area, but it is overall one of the more stable uses in the area. The most sizable increase is in vacant land area, but in 2006 vacant land still accounted for less than 2% of the total land area of the neighborhood.

Of particular note is that commercial land uses in the neighborhood have been decreasing: since 1995, 20% of commercial building square footage and 10% of commercial land area has changed usage. Of those properties that changed from commercial use in 1995 to some other use in 2006, most of them are located outside our main commercial corridors. The following map illustrates this shift by showing the current land use of properties that were previously in wholly commercial use. The light blue circles are our commercial focus areas that are current retail nodes and show potential for future development. (These focus areas will be discussed in more depth in the following sections.) The properties within those circles that change use shift predominantly to be mixed residential and commercial properties – shown in red on the map – so the commercial function of the land has not necessarily been lost. The transition away from commercial uses outside the main commercial areas can be seen as a positive trend that is helping to concentrate retail development to where it can best thrive.

Figure 46

Near South Side: Commercial properties that have changed land use since 1995



Opportunity Cluster Analysis

In preceding sections of this report:

- Analyses of demographic, workforce, and employment characteristics demonstrate a major mismatch between where Near South Side (NSS) community residents live and where they work (usually outside of and often far from the boundaries of the community). The lack of jobs in the community contributes to the NSS' unemployment rate, which is higher than the general unemployment rate for the city. These characteristics also indicated that NSS residents have a lower percentage of workers employed in retail businesses than Milwaukee as a whole. This finding is somewhat surprising since the qualification threshold level for most retail jobs is low, and retail jobs could be filled by NSS residents.
- The Retail Gap Analysis indicates that there is large unmet demand within the neighborhood for retail goods and services. This demand covers a wide range of retail products and services and includes both neighborhood based and mid to large size retailers.
- Discussions of Transportation and the Housing + Transportation Index reinforce the Gap Analysis by revealing that NSS residents make 80% of their regular trips, including many routine shopping trips, outside of the neighborhood. The NSS is a viable home for many of its residents because it offers better opportunities for reaching work and necessary shopping without a car than many Milwaukee area communities; yet for these benefits to become more significant, the NSS must add jobs and amenities close to concentrations of the residential population.
- Analyses of land use, property value, and business absorption patterns demonstrate that the NSS has gradually increased the intensity with which land is used over the last ten years. We see growth in population, property values and the number of occupancy permits issued to businesses at rates that equal or exceed those of Milwaukee as a whole. We also see a shift in retail locations and land use. Properties where retail businesses have closed tend to be removed from concentrations of other retail businesses. Within retail clusters some properties have turned to mixed-use (with ground floor retail and upper story offices or apartments) reverting to the usage patterns for which the buildings were built 50 to 100 years ago.

All of these findings point to opportunities to increase retail business in two types of clusters:

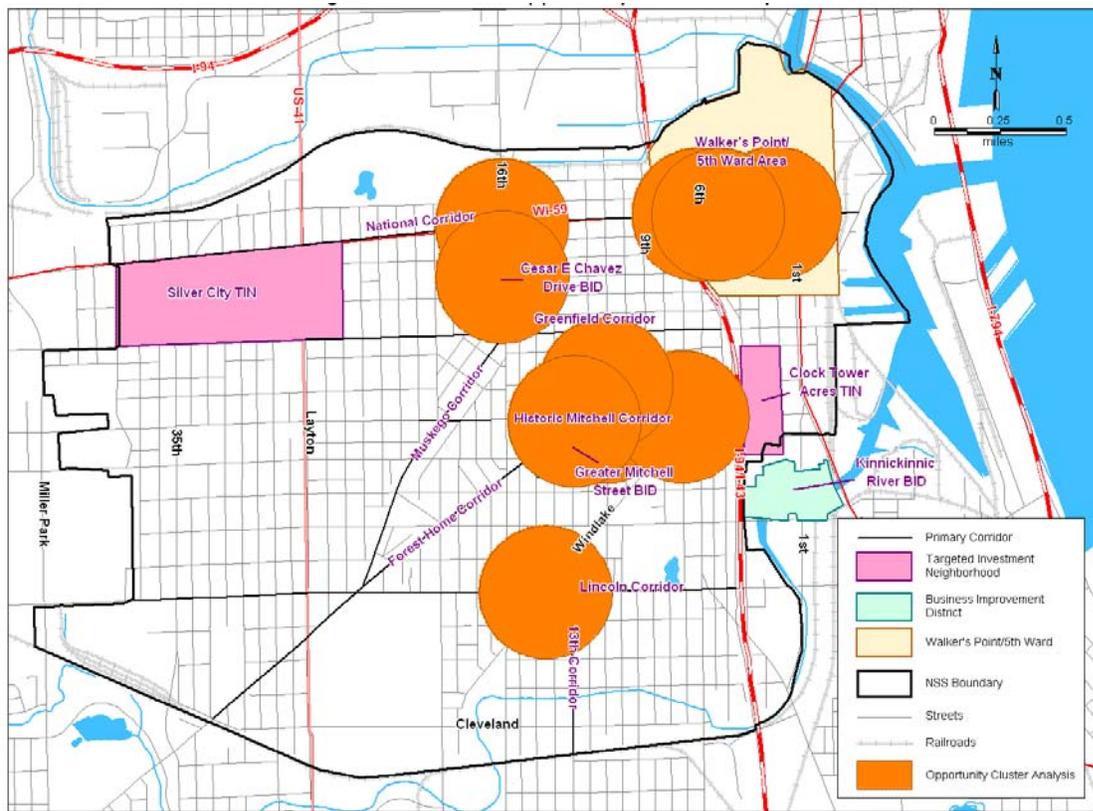
- Neighborhood retail clusters, a strengthening of the central portions of existing retail corridors, with a greater variety of businesses, improved commercial building quality, stepped up security, streetscape and district design improvements so that these clusters become more useful for local residents and more attractive to visitors seeking distinctive dining or shopping experiences;
- Regional shopping centers that can contain the big box stores which offer competitive pricing for many types of clothing and household goods in the current state of retailing and will attract bargain-oriented shoppers from miles beyond the NSS.

A Retail opportunity cluster analysis was performed to identify the best sites within the NSS for these two types of retail activity.

The Opportunity Cluster Analysis is a GIS based tool that allows for the input of different variables and a subsequent ranking of those variables to find the best site that matches a set of user defined criteria. Data were collected at a quarter mile radius for 115 potential sites within the neighborhood. The sites selected met one of two criteria. They were either located at a major intersection and/or had average daily traffic counts above 10,000.

For the neighborhood based retail a desirable site was one that was built at a walkable scale, had high assessed property values, had an established retail and business sector that also had a high volume of sales, had a high number of households and subsequent aggregate income, as well as a high number of vacant acres to allow for additional growth. This analysis yielded 26 potential sites that could serve as hubs for neighborhood based retail activity.

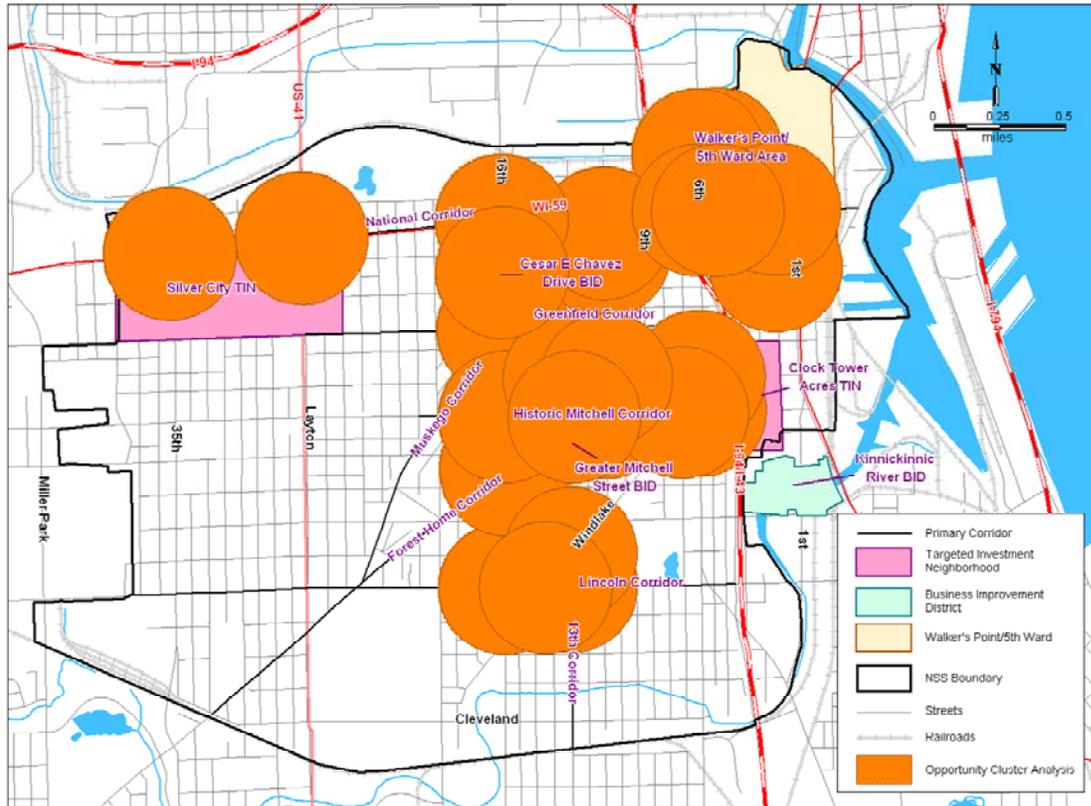
Figure 47: Neighborhood Retail Opportunity Cluster Analysis - Top 10 Sites



The map above illustrates the top 10 potential sites. These sites are located along the Cesar Chavez corridor, the Historic Mitchell Corridor, the Lincoln Corridor and along National in the 5th Ward. These sites all have an existing retail base that could benefit both the community and the corridor itself if neighborhood based retail were to concentrate rather than be diffused throughout the neighborhood. Such retail centers would increase their appeal and draw more potential shoppers. Similarly, when the initial top 10 ranking for potential neighborhood based retail are expanded to include the top 26 sites the importance of concentrating neighborhood retail within the specific corridors is further strengthened. The top 26 sites include the initial corridors but have expanded slightly, which indicates the viability of these areas for retail

growth. Also included in this expanded selection are the intersections of Layton and National and 35th and National, the “Silver City” retail district.

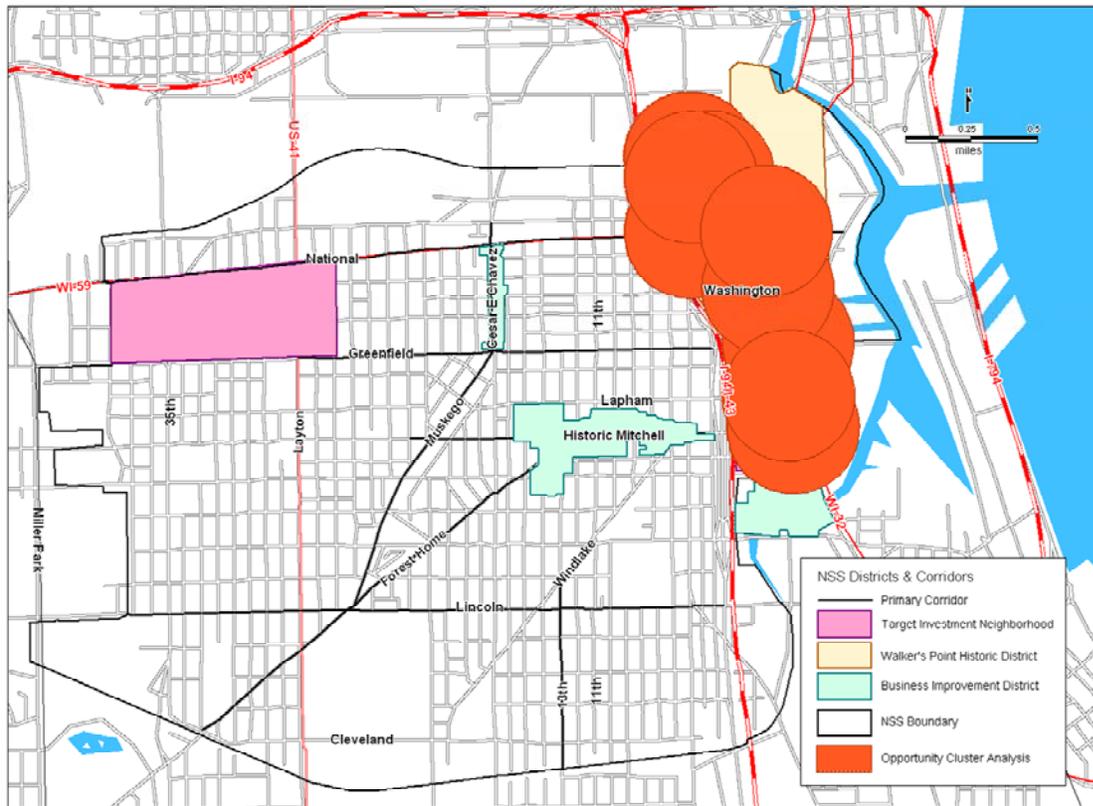
Figure 48: Neighborhood Retail Opportunity Cluster Analysis – Top 26 Sites



Apparently the Silver City district did not rank more highly in the original cluster analysis because a larger portion of land close to this corridor is given to industrial use and to less dense housing use than in other NSS retail corridors. However, besides serving residential neighborhood needs, Silver City appears to function as a valuable retail and service business center for the day time population of industrial workers within a radius of at least one mile from its principal intersections.

Following the results of the neighborhood retail gap analysis – a similar analysis was done to identify potential development opportunities for mid to large scale retailers. The input criteria for this opportunity cluster analysis were adjusted to identify larger blocks that could support a larger development, as well as identify areas that had a high number of vacant acres and parking. Both the parking and the vacant acres could be rethought to add to the potential developable land to more efficient and higher demand uses. This analysis yielded 10 sites that could serve as mid to large retail centers, which meet along 1st Avenue to form a new development corridor.

Figure 49: Mid to Large Retail Opportunity Cluster Analysis



The analysis indicates that 1st Avenue, just north of National running south to Lapham Boulevard held opportunity for larger scale development. In addition to the higher number of vacant land and parking that hold potential for development – the 1st Avenue corridor is easily accessible from I-94 – which would be necessary as such a development would draw from a larger population than the neighborhood alone. The City of Milwaukee is currently missing out on important tax revenue from larger scale developments that have popped up at the city’s edge along Miller Parkway. The fact that these sites also have some crossover between the neighborhood based retail sites would indicate that they also hold opportunity for mixed-use development that would combine both a larger and smaller retail base.

Recommendations

Overview of Recommendations

This market analysis for the Near South Side (NSS) community concludes with recommendations for economic development of the community that will benefit current residents and the city of Milwaukee as a whole, through three integrally related initiatives:

- Improve opportunities for the employment, training, and transportation of industrial workers.
- Consolidate retail & service business development in districts that will be aggressively upgraded and marketed, following basically different strategies for neighborhood and regional retail districts.
- Preserve and develop dense market rate and affordable housing in residential areas surrounding neighborhood retail & service districts.

In the following pages a section on each initiative offers:

- a. A capsule statement of the basic recommendations for that initiative;
- b. A rationale explaining why these recommendations are considered useful and feasible in light of the information presented in the market analysis;
- c. Program recommendations, which offer more detailed discussions of what the recommendations entail and how they might be implemented. These program recommendations are illustrated by brief descriptions of comparable projects in other cities, which may serve as models or at least starting points for NSS leaders and public officials to consider as they plan to build the community within its constraints and capture its opportunities.

1. Industrial Employment:

Improve opportunities for the employment, training and transportation of NSS resident industrial workers.

a) Basic Recommendations

- Recognize that the NSS’s concentrated, quality workforce is a major community asset.
- Enhance the efforts of NSS community organizations and Milwaukee area institutions to train and place NSS workers in well-paid industrial jobs and ensure their transportation to work, particularly through the interface of temporary and permanent employment.
- Focus the attention of institutions with a mission of workforce training and placement on the NSS, if possible by locating facilities in the community.
- Establish a standing coalition of community and civic organizations to carry out the recommendations of an industrial workforce initiative in cooperation with City officials; possibly establish a new program or organization to act as the implementation arm of this coalition.

b) Rationale

Information from the preceding market analysis indicates that achieving better job training, placement, and transportation for industrial workers from the Near South Side community is crucial to the community's economic advancement for a number of reasons:

Employment Opportunities Concentrated in Industrial & Logistics/Distribution Work

- Approximately 43.5% of NSS workers are involved in industrial or logistics/distribution occupations. These industries offer relatively well-paid entry level salaries and advancement opportunities to workers without college degrees who are able and willing to do manual labor and learn on the job. Most NSS residents have lower levels of educational attainment than other Milwaukee area residents, so for most members of the current generation of NSS workers, industrial and logistics companies offer their best opportunities for jobs that can comfortably support families.
- Five industrial employers that were interviewed for this study all reported that they were pleased with the work ethic and performance of NSS workers, although they generally looked to other communities to fill skilled labor and professional positions. NSS workers apparently have the character to succeed in industrial or logistics employment if they can gain entry to jobs and training opportunities to advance.

Jobs-Housing Mismatch and the Commuting Challenge

- Industrial land makes up less than 10% of the community's land area, and virtually no additional land is available for industrial development. The NSS suffers from a jobs-residence mismatch in which most community residents must travel outside, and often far outside, the community to find jobs for which they are qualified.
- Substantial industrial parks exist in the Menomonee Valley and along Miller Parkway, just beyond the boundaries of the community, although many NSS residents must travel to outlying counties to find industrial employment. Transportation to even relatively nearby locations can be challenging for residents who do not have a reliable car for every adult in the household. Approximately 27% of NSS households do not own a car, and 42% have only 1 car per household, although the median household has 3.2 adults. So it is not surprising that, per the latest census data, 57% of NSS workers commuted 20 minutes or more each way.
- It is also not surprising, though in some respects encouraging, that while only 10% of Milwaukee area workers commute by public transportation, 14% of NSS workers take public transportation to work; and that while only 16% of Milwaukee area workers carpool to work, 31% of NSS workers cooperate in this way. We have also confirmed that in at least two cases companies pay for private bus transportation for workers between the NSS and their plants in distant suburbs. These examples show that many NSS workers are ready to use alternatives to driving alone to work, whenever practical alternatives are available.

Unemployment and Marginal Employment

- Despite the work ethic, flexibility, and cooperativeness of NSS workers, the combination of low educational attainment and the difficulties of finding jobs and sustaining

commutes in distant work places is too much for many of them. Per the most recent official unemployment data, approximately 6% of the Milwaukee area workforce was unemployed, compared to 7.5% of the NSS's officially counted workforce.¹⁷

- Another strong indication of the obstacles to adequate employment faced by NSS workers is that the community contains at least 17 temporary labor offices.

The Whole Community's Issue

- While unemployment or underemployment are primary problems for only a minority of the NSS households, these problems are also the most important braking influences of the community's overall economic progress. Much of the economy that exists within the borders of the NSS consists of retail, personal and professional service businesses that address immediate neighborhood needs. The Land Use section of this analysis demonstrated that the NSS has high purchasing power per acre, but this purchasing power derives from relatively high population density. The median NSS household income is substantially below that of the county or city of Milwaukee. To the extent that the income of industrial and logistics workers, including workers now employed by temporary labor agencies, can be raised, the community economy will flourish.
- Poverty as a direct result of unemployment and marginal employment is certainly a contributing cause to the deteriorated condition of some buildings and streets, to the emotional stress of neighbors, and to crime – the conditions that detract from the attractiveness of commercial districts and neighborhoods, and the quality of life in the NSS.

c) Program Recommendations

- Recognize that the NSS's concentrated, quality workforce is a major community asset.* To some extent, private industry has recognized the value of the NSS workforce as an asset. This is why some industrial companies are sending their own chartered buses into the community to transport workers and why 17 temporary labor offices are located here. NSS leaders working with the City should also recognize that their concentrated, quality workforce gives them an asset with which to approach prospective employers and a demonstrated need/opportunity to which they can point in seeking public resources.
- Enhance the efforts of NSS community organizations and Milwaukee area institutions to train and place NSS workers in well-paid industrial jobs and ensure their transportation to work, particularly through the interface of temporary and permanent employment.* In interviews we learned that some industrial employers have mutually beneficial informal job referral relationships with NSS community organizations. Some NSS community organizations, such as Esperanza Unida, are highly aware of the need to train and place community residents in jobs that pay a living wage and have developed unique programs to achieve these objectives. These NSS community organizations work with the Milwaukee Area Workforce Investment Board and the Private Industry Council of Milwaukee County to achieve better connections among job seekers, private employers, and the public institutions that train and place workers. Still the challenges for the NSS

¹⁷ Census 2000 data, calculation for the NSS provided by the City of Milwaukee.

noted in the preceding rationale remain. An area of particular concern is the strong presence of the temporary labor industry in the NSS which simultaneously indicates: the presence of the labor force that is needed in other parts of the metropolitan area, the extent to which thousands of NSS workers are not on a career path but simply surviving from one temporary assignment to another, the seriousness of the jobs-residence mismatch and the difficulties that many lower-income NSS residents face in commuting, and the work that community organizations and public institutions still have to do in order to match willing NSS workers with career opportunities.

- (1) *The Suburban Job-Link/Harborquest (SJL/H) Experience* A model that NSS leaders and the Milwaukee area's workforce institutions might consider as they work to facilitate the employment of community workers is the not-for-profit organization Suburban Job-Link/Harborquest. The predecessor organization to Suburban Job-Link (SJL) was founded in 1970 with two objectives: (1) To create a staffing agency that offered equitable treatment to temporary workers and (2) To address a jobs-residence mismatch between Chicago's inner-city communities and suburbs that is very similar to current jobs-residence relationship between the NSS and a number of Milwaukee area suburbs. Over the years SJL has maintained and improved a program that encompasses training, temporary and permanent job placement, and transportation as the three-legged stool of issues that need to be addressed to employ significant numbers of workers from a disadvantaged urban neighborhood in the industrial economy of a modern metropolis. In 2003 SJL merged with an employment training program (Chicago Employment Service) in order to gain economies of scale in this field and changed its name to Harborquest, Inc. in 2005.
- (2) *Worker Training, Retention, and Placement Services* SJL/H orients all of its workers through an intensive work readiness program that continues with counseling, training in technical skills, job placement (which may include temporary or trial placement en route to permanent employment), as well as continuing job support and career education after placement. From the perspective of a client company, SJL/H provides a complete staffing service for entry level workers, meeting temporary and permanent labor needs with a motivated, trained, and supported workforce. While conventional temporary staffing services charge a fee to transfer a worker from temporary to permanent employment, SJL/H charges no such fee. Instead SJL/H offers employers a program for retaining workers through a trial period to encourage transitions to permanent employment.

Several programs currently operating in the NSS have objectives and methods that are similar to those of SJL/H. For example, Esperanza Unida, through its "Training and Job Placement Model" operates twelve businesses for the specific purpose of training community residents in work skills that are in demand in the Milwaukee labor market. The Workforce Investment Board through its engagement with the Private Industry Council and its evolving Workforce Development Board seeks to understand the labor needs of Milwaukee area businesses. Through the activity of its Career Centers, the Workforce Board identifies and trains Milwaukee area workers who can meet business needs. And through its funding of on the job training programs, the Workforce Board

encourages employers to develop entry-level workers. These efforts would be complimented by a program modeled on SJL/H, which would recognize the importance that temporary labor has in the labor needs of many Milwaukee area businesses and the labor force of the NSS, and used temporary labor as an avenue to worker training and permanent placement.

(3) *Transportation*

- (a) *SJL/H Transportation Programs, Subscription Bus Routes* SJL/H has always recognized that enabling its workers to travel to and from their work place within reasonable periods of time was one of the essential tasks it had to perform in order to place entry level workers successfully. From the 1970s into the 1990s, SJL/H maintained its own fleet of vans and buses and provided transportation for its temporary or recently placed workers to and from their jobs. After using a variety of models SJL/H concluded that virtually no service that depended on paid drivers to perform worker commutes could pay for itself. However, SJL/H has had success in solving the worker transportation problem with two types of programs that operate in cooperation with Chicago area transit agencies: subscription bus route services and vanpools. With subscription bus route services operated with the Chicago Transit Authority (CTA), SJL/H plans bus routes with the transit agency, providing transportation to industrial areas with its heaviest concentrations of clients. These are public buses that are available to anyone who wants to ride for the standard fare. However, SJL/H guarantees the transit agency that its ridership will not fall below a certain level, which is sufficient to meet the transit agency's "fare box recovery ratio" of 50% of operating costs. The subscription route service does a serviceable job of meeting workers' transportation needs, and the transit agency is pleased with this program and eager to maintain and expand it.

In Milwaukee the Menomonee Valley Partners organization (a not-for-profit organization that facilitates industrial development in the Menomonee Valley Industrial Corridor) and the City have sponsored a worker bus route project generally comparable to SJL/H subscription route service, using a federal grant to cover part of the service costs. Ridership levels in the Milwaukee program have not been as high as anticipated. A factor that might account for higher ridership in the SJL/H program is route planning by an organization that places workers in jobs as part of its core mission and that looks to the bus route as a means of helping a known group of recently placed workers reach and retain their jobs.

- (b) *Assisted Vanpools and Carpools* In cooperation with the Chicago area's suburban transit agency, Pace, SJL/H has helped to establish units of Pace's assisted vanpool program. In this program, Pace supplies a van which is kept and used by a designated driver. This driver delivers himself/herself and 5 to 15 regular passengers between their neighborhood and their places of employment (which are close to each other) and makes the return trip daily. Under the Pace program the transit agency provides the vehicle, insures it and maintains it on a warranty basis. The designated driver and passengers pay for

gas and some maintenance. An assisted vanpool program provides greater flexibility in routing and scheduling than a bus service, yet it allows a transit agency to provide service within its mandated cost ratios. SJL/H also facilitates carpooling among its worker trainees and placement clients, an alternative with still greater flexibility, though perhaps less long-term reliability than vanpooling.

In metropolitan Milwaukee the Wisconsin Employment Transportation Assistance Program (WETAP), of which Esperanza Unida is a partner, and the Milwaukee Area Job Ride Collaborative (MAJRC) seek to make solid connections between Milwaukee city neighborhoods and distant job opportunities. These programs rely heavily on vanpools and carpools to make the desired transportation connections. The vanpool program is managed by the Milwaukee County Transportation System (MCTS). The MCTS' vanpool operates in essentially the same way as the Chicago area program used by SJL/H; however, the MCTS program has two limitations that may restrict its usefulness. First, the MCTS is promoted as a program for employees of the same company. While such concentration of employment provides optimal simplicity, the SJL/H programs in Illinois and vanpool programs in other parts of Wisconsin allow workers of nearby employers to share in vanpools. Such sharing may make the difference between some neighborhood-based vanpools being practical or impractical. Second, the MCTS vanpool is not available for places of employment that are on a bus route. But being on a bus route does not necessarily make a place of employment practically accessible from all parts of the NSS (particularly if the servicing bus route does not pass through the NSS). In light of the recognized importance of WETAP and MAJRC, a community-based program may be able to discuss these issues with the MCTS and achieve greater flexibility. We have noted that carpooling or vanpooling is now the mode of commuting for 31% of NSS workers, compared to 16% for the city of Milwaukee overall. Current computer-based carpooling facilitation by the Wisconsin Department of Transportation or private services may contribute to NSS carpooling, although these services would not explain the dramatically higher level of car or vanpooling in the NSS. The fact that the NSS has achieved this level of transportation sharing with only limited and recent local programmatic effort indicates that the potential to mitigate the commuting problems of NSS workers through more systematic support of van- or car-pooling is substantial.

- iii. *Focus the attention of institutions with a mission of workforce training and placement on the NSS, if possible by locating facilities in the community.*

As part of its ongoing counseling to its workers, SJL/H has encouraged them to build their job skills, frequently by taking courses at a community college and preferably earning an associate degree, which is usually a certification of competence in a technical field. Similarly in Milwaukee, the role of training to a level of technical competence often falls to the Milwaukee Area Technical College (MATC) system. Two campuses of MATC (at 700 W. State in Milwaukee and in New Allis) are within 20 minutes drive of most parts of the NSS. However, travel times to campus for workers using public

transportation are much longer, particularly during evening hours when most working students attend community college classes.

In cities that include Joliet, Illinois; Norfolk, Virginia; and Mt. Holly, New Jersey community colleges have substantially improved their accessibility to some of their primary constituencies by opening satellite campuses in neighborhoods with dense concentrations of unemployed or under-employed workers seeking career paths, such as the eastern portion of the NSS.¹⁸ We recommend that NSS community leaders and public officials explore the establishment of a satellite campus in the NSS, optimally in the Cesar Chavez or Mitchell BID, where it would be convenient to the largest number of residents who need intensive career training. A satellite campus in one of these locations should not claim a large footprint but should operate on the upper floors of a multi-story building or adjacent buildings. Besides addressing the primary need for access to education for employment, such an urban campus would bring multiple benefits to the commercial district. It would build traffic counts with a significant point of destination, a destination that would attract desirable visitors as well as concentrating the travel and spending of many NSS residents within the community. A satellite campus for a technical college would compliment the recommendations of this market analysis for neighborhood commercial district development in a powerful way.

- iv. *Establish a standing coalition of community and civic organizations to carry out the recommendations of an industrial workforce initiative in cooperation with City officials; possibly establish a new program or organization to act as the implementation arm of this coalition.*

In summary we have recommended that the employment opportunities for industrial workers in the NSS should be enhanced by:

- Establishing a program based on the model of Suburban Job Link/Harborquest, a not-for-profit staffing program that would develop permanent jobs by meeting training, immediate job placement, transportation, and career development needs of NSS workers; while meeting employer needs for a reliable temporary and permanent entry level workforce.
- Achieving greater flexibility in existing bus and vanpool programs for facilitating worker commutes, along with higher awareness and utilization of these programs.
- Seeking the location of a satellite campus of the Milwaukee Area Technical College (MATC) within the Cesar Chavez or Mitchell Street BID.

The proposed employment program might be created by a new not-for-profit organization or as a program of an existing not-for-profit in the NSS that has a core commitment to improving employment opportunities. In either case, the program should be developed with the direction and support of a broad coalition of community leaders who understand its goals and will help promote it to community residents and employers. All of these recommendations are functionally related and complimentary. Their implementation will also require the support if not the active participation of elected representatives. Accordingly, we suggest that the implementation of

¹⁸ Ana Siwolop, "Community Colleges Help In Downtown Renewals," *New York Times*, April 20, 2005, late edition (East Coast).

"Burlington County College's New Mt. Holly Center helps Revitalize County Seat's Business District," *COMBASE Collaborator*, Winter 2005.

these recommendations should be led by a coalition of NSS community organizations that will meet with City officials to develop a shared view of the workforce needs of the NSS and shared strategies for meeting these needs.

2. Commercial District Development

Consolidate retail & service business development in districts that will be aggressively upgraded and marketed, following basically different strategies for neighborhood and regional retail districts.

a) Basic Recommendations

i. *Regarding neighborhood commercial districts*

- Work with market trends to encourage commercial activities to phase out along some blocks of arterial streets and to grow in increasingly dense district clusters.
- Capitalize on the fact that each viable neighborhood shopping district in the Near South Side (NSS) has two major functions and commercial identities: first, as a convenience shopping center for local residents; second, as a point of destination for visitors who want to experience that neighborhood.
- With Business Improvement District (BID) and community leadership, clarify the market identity of each of the 5 major neighborhood retail districts in the NSS, based on the district's cultural identity, current leading businesses and institutions, geographic position in the community and the city, current building stock, and built environment:
 - Cesar Chavez: heart of greater Milwaukee's Mexican-American community;
 - 5th Street: Gateway between the Mexican-American community and downtown Milwaukee's expanding urban professional neighborhood;
 - Historic Mitchell: urban neighborhood and marketplace – a cultural melting pot and eclectic gathering place of business and artistic enterprises
 - Lincoln Village: shopping district on a park, retail/service center for the extensive Lincoln Ave residential community;
 - Silver City: Asian-American village and retail/service district for employment centers and an extensive residential neighborhood.
- With Business Improvement District (BID) and community leadership of each district and substantial City resources, create and implement an improvement plan for each district, including:
 - Renovation or replacement of substandard buildings
 - Upgrading of retail mix and tailoring to market identity
 - Creation and use of a capital fund for small business investment
 - Security enhancement including foot/bicycle/mounted police patrols and neighborhood watch
 - Streetscape, greenery, and public art investments
 - Façade improvement and consistency
- Plan and execute intensive housing development in the surrounding neighborhood, per Market Analysis Recommendation 3.

ii. *Regarding regional commercial districts*

Focusing on the northeast portion of the NSS, particularly the areas surrounding key intersections identified in the analysis of this study, the City is advised to:

- Commission a market analysis for a regional shopping center anchored by businesses that would serve a market area of five miles radius or further, in this dense city market.
- Conduct a study of alternative land assembly strategies for amassing a site that would accommodate and provide an advantageous location for a regional shopping center.
- Determine a set of actions the City would be prepared to take and incentives it would be prepared to offer to attract a developer to a favorable site for a regional shopping center. Acquire any land consistent with the City's position in fostering a regional shopping center development.
- Issue an RFQ for a master developer qualified to act with the City in the development of a regional shopping center. Issue an RFP to qualified development candidates.
- Select a master developer and seal an agreement with this development partner.
- Support the execution of the development agreement.
- Confer with representative leaders of the NSS at each step of the regional shopping center development process.

b) Rationale

Major Retail Development Opportunities

- Last year NSS residents spent approximately \$364 million more for retail goods and services than stores and service providers in the community took in, meaning these dollars were spent outside of the NSS. These \$364 million leaving the community would support about 1.6 million square feet of neighborhood retail space, the amount of space that would be occupied by 800 typical neighborhood retail stores.
- The retail dollars leaving the NSS were spread over more than 20 fields of business. The largest categories of these expenditures were for cars and auto parts, general merchandise, clothing, and other items that are usually purchased in large stores found in regional shopping centers. But substantial dollars also left the community for groceries, food eaten away from home, and other goods and retail services frequently purchased on a convenience basis in neighborhood stores.

Neighborhood Commercial Districts

Concentration of Purchasing Power

- Population and per acre purchasing power in the NSS is concentrated in the eastern portion of the NSS, and most densely around existing neighborhood shopping districts, particularly the Cesar Chavez and Historic Mitchell Street Business Improvement Districts (BID).

Clustering of Businesses

- In recent years, the retail and service business communities of the NSS have generally been expanding and growing in value. The number of occupancy permits that the City issues for new or substantially renovated commercial premises has risen from less than 300 per year in 1999 – 2001 to over 400 per year in 2005 – 2007. The value of property in commercial districts has risen at a rate even with or exceeded the rate of property values of Milwaukee as a whole.
- However, patterns of commercial land use have shifted between 1995 and 2006. The amount of space in single-use commercial buildings declined by 20% and the acreage devoted solely to commercial use declined by 10%. But during the same period NSS properties in mixed-use (residential and retail) increased their building space by 20% and their acreage by 5%. A mapping of properties that have changed land use in the last ten years shows that most of these conversions to mixed-use have occurred in the existing BIDs of Historic Mitchell and Lincoln Village and along 5th Street and 1st Street in the northeast section of the community (the Walkers Point area).

Clustering of Opportunity

- A further analysis was carried out to identify locations within the NSS that have the highest potential for success as neighborhood retail districts, as described in the “Opportunity Cluster Analysis” section of this report. This analysis demonstrated that the 10 highest potential locations were clustered in the existing BIDs of Cesar Chavez, Historic Mitchell, and Lincoln Village, as well as locations on 5th Street and 1st Street in Walkers Point. After consideration of additional patronage from workers just outside of the community boundaries, the Silver City BID was added to this list of high-opportunity retail and service business clusters.
- Suggestions for optimizing the development of each of these districts, in the context of an overall community development plan, are presented with the Program Recommendations in the following section.

Regional Commercial Center

Unmet Market Demand for a Regional Shopping Center

- The NSS’s \$364 million “retail gap”, i.e., dollars leaving the area, declines if the area under analysis is extended by a .6 mile radius from a central point in the NSS (from a 1.9 mile radius that just captures the entire NSS to 2.5 miles). In particular, there is a decline in unmet demand for general merchandise, household goods, and appliances, the types of goods generally sold in big box stores in regional shopping centers. Apparently, a half mile extension of market area picks up the large stores that line the western side of Miller Parkway immediately west of the NSS.
- However, if the market area is extended to a 3.5 mile and a 4.5 mile radius from the center of the NSS, the size of the retail gap again expands, not only in scale but as a percentage of total retail expenditures. The increased gap is again for the types of goods commonly sold in the big box stores of regional shopping centers, and it is offset by a substantial surplus in restaurant sales. The implication of this pattern of market demand is that the need and market opportunity for a regional shopping center are greater in the eastern portions of the area surrounding the NSS, in the City of Milwaukee rather than in outlying suburbs.

Site Opportunities for a Regional Shopping Center

- A second basic iteration of the “Opportunity Cluster Analysis” considered the necessary criteria for a regional shopping center site as opposed to a neighborhood shopping district. For this selection the availability of contiguous vacant or under-utilized land with close expressway access is the primary consideration. In this analysis the top 10 sites were all in the northeast, Walker’s Point, sector of the NSS, primarily along 1st Street.
- This site opportunity analysis compliments the retail gap analysis in indicating that a viable opportunity exists to locate in the northeast corner of the NSS a regional shopping center that would draw customers from most of the City of Milwaukee.

c) Program Recommendations

Regarding Neighborhood Commercial Districts

- Work with market trends to encourage commercial activities to phase out along some blocks of arterial streets and to grow in increasingly dense district clusters.*
This is a recommendation to flow with, rather than buck, market forces. Implementation should be made incrementally, slightly accelerating the pace of the market. Prospective small business owners should be counseled against opening retail outlets on blocks where their stores would be isolated. The zoning on blocks of arterial streets with withering retail should be changed to multi-family residential, with existing businesses allowed as a non-conforming use. Also, allowance for limited amounts of convenience retail should be retained in multi-family residential areas. Development incentives should be targeted to retail districts, where the market, community plans, and City policy will want retail to go. Incentives should include assistance for business owners to relocate from blocks where their stores have become a nonconforming use to a designated retail cluster.
- Capitalize on the fact that each viable neighborhood shopping district in the Near South Side (NSS) has two major functions and commercial identities: first, as a convenience shopping center for local residents; second, as a point of destination for visitors who want to experience that neighborhood.*

(1) The Little Village Example:

- Demographics, Business and Identity:* Little Village is a community on the southwest side of Chicago, the home of approximately 90,000 people, of whom about 85% are Latino and predominantly Mexican-Americans. Surrounding communities adjacent to Little Village raise the local Latino population to over 200,000. Little Village is also the home of over 1,000 retail or service businesses that generate well over \$1 billion in annual sales. Little Village promotes itself as “the Mexican capital of the Midwest”. The annual Mexican Independence Day parade attracts nearly 1 million spectators.
- 26th Street:* A person can experience some elements of what the bare facts of Little Village mean by walking the length of 26th Street, the commercial core of the community. One enters the street under a gateway arch reminiscent of an adobe walled town or mission in northern Mexico. For two miles a pedestrian walks down 26th Street past an unbroken street wall of active



businesses. Ground floor vacancies hardly exist, and most of the upper floors of the predominantly two or three-story buildings are occupied, frequently by the offices of financial, legal, and medical professionals. The stores encompass a rich variety of products and services: green grocers and butchers, various types of clothing stores with tailors, furniture stores with upholsterers, shoe stores with repair service. Numerous music stores blare out tunes from a range of Latino cultures. Many restaurants

emit the odors of Mexican cooking, while tamale and palette vendors add another rung of commercial activity. A few craft stores and art galleries are scattered along the streets, but the large majority of stores address the everyday needs of families. Most signs are in Spanish and English, and if only one language is used, it is Spanish. Half way down the two-mile walk, Manuel Perez Plaza provides open space, around which more stores are lined.

- (c) *Transportation Assets:* 26th Street is a two-lane, two-way street along which cars drag at almost a walking pace, frequently yielding for pedestrians. The drivers appear to accept the congestion in order to be here. A filled bus runs up and down 26th Street, connecting the district to downtown Chicago, five to seven miles away. An elevated rapid transit train parallels 26th Street three blocks to the north, providing another connection to downtown and to western suburbs. No point in Little Village is within a mile of an expressway.
- (d) *Residential Neighborhoods:* A pedestrian walking off 26th Street onto the surrounding blocks finds well-kept and fully developed residential streets. Most of the buildings are two to three flats high, built as multi-family buildings with porches and steps to the street, flower boxes, and small back yards. On about half the blocks, trees planted sidewalks provide shade. A sprinkling of single family bungalows and four to five-story apartment buildings break up the pattern. Vacant apartments are uncommon, and vacant buildings or lots are rare.
- (e) *Improvements:* Little Village is a largely unplanned community, the unvarnished result of demographic and market forces. Until recently the community's leadership (through the Chamber of Commerce and since 1998 also through the Little Village Community Development Corporation) was primarily focused on bolstering local business and meeting the immediate social needs of residents. Partly for these reasons Little Village is a striving rather than an ideal community in many respects. Its leaders are working to create parks and other open space, improve schools, combat crime, improve commuting to industrial suburbs, and redirect the community's growth to its transit assets. But Little Village is an economically and culturally vibrant community from which the NSS can draw some positive and cautionary lessons.

(2) *Lessons for Building Market Identity*

- (a) *Reality, Pride and Promotion:* Little Village is the opposite of a “Disney community”. It is primarily the home of tens of thousands of people, and its commercial district is the place where these residents make basic daily purchases and where thousands of them work. However, Little Village’s leadership has been keenly aware that their community attracts regular visits from tens of thousands of Mexican-Americans living in more ethnically diverse communities as well as tens of thousand of Chicago area residents from all ethnic backgrounds who enjoy some aspects of Mexican culture, particularly its cooking. Little Village residents value their business district, their ornamental gateway and their plaza, and their annual parade for their own sake. They would probably maintain these institutions if no one from outside the community cared about them. But they also recognize that these elements of their community attract valuable business, so they promote as well as maintain them. They also keep 26th Street clean, free of graffiti, and well patrolled by police, so that it is always ready to receive visitors.
- (b) *Concentration/Clustering:* Initially by chance and recently by design, the small retail business activity of Little Village is concentrated in 26th Street. No other street in Little Village is at all commercially significant compared to 26th Street. Other streets are designed to carry heavy auto and truck traffic. Small retail businesses want to be on 26th Street because of its identity and volume of potential customers. Chicago area residents at all familiar with the region’s Latino community know 26th Street as a household word. Other Mexican-American communities have commercial streets with some of the characteristics of 26th Street but on a smaller scale, and these districts hardly compete with 26th Street for customers from outside of their communities. In the NSS, the Mexican-American community and the businesses that serve it are scattered over several districts. In future development, the culturally significant businesses of the NSS’s should be concentrated in one or two districts that can be branded with the community’s identity.

iii. *With Business Improvement District (BID) and community leadership, clarify the market identity of each of the 5 major neighborhood retail districts in the NSS.*

In keeping with this basic recommendation, the market identity of each major neighborhood retail district in the NSS should be determined by its indigenous leadership. The following points about each district are observations from market information that local leadership might consider in making its determinations.

(1) *Cesar Chavez: Heart of Milwaukee’s Mexican American Community*

If there is a single district that should be branded to carry the Mexican-American market identity of the NSS, it is probably the Cesar Chavez BID. The district’s name is, of course, a valuable step in this direction. It contains the new Mercado El Rey store, one of the NSS’s most significant businesses and certainly a principal traffic builder for the district. Of the 54 businesses listed in the BID’s business directory, 35 explicitly identify themselves as Mexican enterprises. On three sides the Chavez BID corridor is surrounded by a dense, largely Latino (and



Cesar E Chavez Corridor

probably Mexican) population. The Chavez BID also has a position on the street grid that is helpful for a culturally defined market district. Like 26th Street in Little Village, Chavez is not a particularly heavy traffic bearing street with only two lanes of two-way traffic; it can be enhanced as a district friendly to pedestrian movement. However, the District has excellent highway access via National, as well as service from two bus lines.

(2) *5th Street: Gateway to the Mexican-American Community*

This district, which may be defined as a quarter-mile radius around the intersection of 5th and National, has not been established as a BID. It was indicated as a high-potential district by CNT’s “Opportunity Cluster Analysis”. And indications were confirmed by site visit and conversations with NSS residents. The distinctive businesses of this district include at least two high-quality and well known Mexican restaurants. Other service businesses are located in the district along with some art galleries, a factory that has been in operation for many years, recently renovated housing, and some vacant land in an eclectic mix. 5th Street is a place where the Mexican-American community and the expanding urban professional community of downtown Milwaukee meet. Members of these different cultural groups meet literally in the fine restaurants of the district. The district is also on the boundary of a change in the median income and ethnic composition of two neighborhoods; so referring to it as a gateway is descriptively correct. Identifying and developing this district as an entertainment center at the community’s gateway may also be beneficial to the district and the NSS as a whole. A gateway here marks a respectful meeting, with members of the city’s professional class attracted by the quality of Mexican businesses. The more extensive development of an entertainment district here will generate jobs close to home for NSS residents. If a regional shopping center is developed in the Walker’s Point area, customers from throughout the city will be drawn here, and may receive an introduction to the NSS’s Mexican-American community through 5th Street. Also, if measures like those proposed in this report’s third basic recommendation are adopted, the property values in the NSS may rise without major displacement, and 5th Street may continue to be a gateway between communities for decades.



La Perla Restaurant on 5th Street

(3) *Historic Mitchell: Urban Neighborhood and Marketplace*

Mitchell is the largest BID in the NSS, in regard to the number of businesses and the resident population within its boundaries. Its building stock includes a number of buildings over three stories high, so it can support more intensive development than other NSS districts. More than any other NSS district, Mitchell has participated in the trend for properties previously used only for commercial purposes to become mixed-use. Mitchell

has also seen more rapid growth in its property values than other NSS districts or the city as a whole. A pedestrian on Mitchell Street experiences an eclectic mix of enterprises, ranging from ballet schools to temporary labor offices. The mix



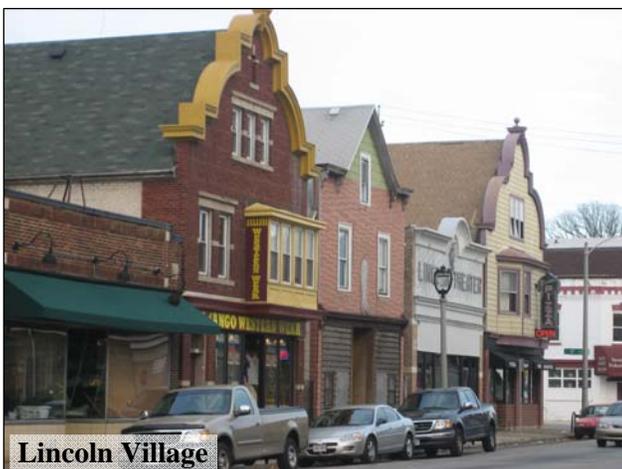
Historic Mitchell Street

includes malls in which floors of old department stores have been turned into rows of entrepreneurial stalls selling goods with a wide range of type, cost, and quality. The population on and surrounding Mitchell is ethnically diverse, and most of its businesses are not identified with a particular ethnic group. Mitchell is certainly a dynamic, changing place that appears to be moving toward prosperity through the reuse and reinvention of its built environment. The branding of the district might focus on its diversity, growth, and dynamism, its appeal to people who want to live and work in a city neighborhood.

(4) *Lincoln Village: Neighborhood Shopping District for the Southern NSS*

The Lincoln Village BID is the convenience retail and service business shopping district for the southern portion of the NSS. Lincoln Avenue west of the BID is one of the areas that have seen the closure over the last ten years of individual

retail businesses that were not part of a business cluster. These closures have reinforced the role of Lincoln Village as the retail district for an extensive area, including the neighborhoods of single family homes, with the highest median household incomes in the NSS, in the southwest part of the community. For a large part of the southern and southwest NSS market population, practical shopping options are the big box stores of Miller Parkway or the neighborhood shopping district of Lincoln Village. While the majority population in the immediate area of the BID (a one-mile radius of 9th & Lincoln) is now Latino, the district's market extends further, encompassing neighborhoods where Latinos are



Lincoln Village

still a minority. While some Lincoln Village businesses identify themselves with the Latino community, the business community, like the population, remains ethnically mixed. To succeed in its market, Lincoln Village needs to continue offering benefits that the big boxes of Miller Parkway cannot: an interesting mix of distinctive businesses that add value to their products in an atmosphere that is attractive, safe, interestingly diverse, and pleasant. The BID's location on Kosciuszko Park is an advantage in establishing this atmosphere. A "village" identity appears to be the market image approach that the BID is taking.

(5) *Silver City: Shopping & Entertainment Center for a Neighborhood & Industrial Area*

The Silver City commercial district (National Avenue from approximately 25th to Miller Parkway) is the closest shopping area for the Layton West residential neighborhood (which enjoys higher disposable income and property values than most of the NSS) and for the employees of industrial businesses to the north and west. Silver City is also the home of Asian restaurants and stores, part of an ethnically diverse surrounding neighborhood. The observations of this market analysis are that Silver City has the opportunity to realize the vision that community stakeholders developed through the Milwaukee Main Street program, a district with:

- a green and pedestrian-friendly streetscape with access to surrounding blocks so that local residents and workers are encouraged to walk through Silver City;
- more quality multi-family housing in the neighborhood north of National Avenue, contributing to neighborhood security and market potential;
- an Asian village identity that gives the district a point of distinction;
- a broader mix of retail and service businesses and thus a more complete center for convenience shopping.

iv. *With Business Improvement District (BID) or Main Street District and community leadership of each district, create and implement an improvement plan for each district.*

The development plans for each neighborhood retail district in the NSS should be formed by local leadership with community input and in light of unique characteristics of that district. However, all neighborhood programs should have several common elements:

(1) *Renovation or replacement of substandard buildings*

Any vacant, decayed, or grossly underutilized building in a neighborhood retail district detracts from the character of the district and the value of every other district building. Such buildings should be aggressively identified, if necessary purchased by an owner determined to realize the property's value or by a public entity, and then rehabilitated or replaced.

(2) *Upgrading the retail mix and tailoring the mix to market identity*

The mix of retail and service businesses in each district should be reviewed from two perspectives: (a) Does the present mix of retail or service businesses meet all of the convenience needs of the population that lives or works within walking distance of the district? (b) Do businesses in the district contribute to its market identity, e.g., as a Latino or Asian-American shopping district? Public resources

should be used to attract new businesses that would contribute to a positive response to one of these two questions.

(3) *Creation and use of a capital fund and technical assistance for small business investment*

The neighborhood business districts of the NSS are arenas for the development of small businesses. Small businesses in the NSS are eligible for the financial services and counseling of the US Small Business Administration, the Small Business Development Center (SBDC) at the University of Wisconsin, Milwaukee, and Hispanic Chamber of Commerce. However, the leadership of the NSS business community and particularly banks that serve the area should consider providing a level of assistance particularly designed to meet the needs and development opportunities of this community by creating a small business loan fund and support program that would:

- Provide loans at below market rates of interest or unusually patient terms,
- Be available only for businesses expanding or entering designated BID or Main Street districts of the NSS and developing businesses called for in the community plans for that district,
- Supply owners & manages with technical assistance from the Hispanic Chamber of Commerce or a technical assistance provider approved by the Chamber,
- Meeting the loan security standards of the sponsoring institution(s).

(4) *Security enhancement including district design coupled with high-contact police patrols and neighborhood watch*

The data reviewed for this market analysis indicated that the level of crime in the NSS is nearly the same as crime levels in the city of Milwaukee as a whole. However, these data were collected at the police district level (with two districts in the NSS); unusually high rates of crime may exist in hot spots in the NSS and may harm the business climate of some retail districts, as some retailers interviewed for this study have reported. To prevent such situations the business and community leadership of each district, along with the City, should implement a crime prevention and safety perception program. Literature suggests that programs which combine safety considerations in the design of lighting, streetscapes, and parking, coupled with the high-contact police patrols on foot or bicycle, and the “community watch” participation of all district businesses are most effective in establishing a real and perceived atmosphere of public safety.

(5) *Retail place creation: streetscape, greenery, facades, public art, and shared parking investments*

To succeed a modern urban neighborhood retail district must be both convenient to its customer base and attractive. It must provide an engaging space, so that neighborhood residents, who have the choice of shopping farther away, and visitors seeking positive shopping or entertainment experiences will return frequently. In all five of the NSS neighborhood retail districts this atmosphere needs to include a streetscape that is pedestrian friendly, encouraging shoppers to stroll through the district and to pause, enjoying greenery, ordered walls of attractive store fronts, and public art. If the space is truly successful it will include

positive landmarks, memorable areas where friends might meet and with which visitors might associate the district in their memories. The creation of such an atmosphere is virtually impossible if each store has its own dedicated parking, with all the usually wasted space that this requires; some parking must be shared, in a secure place close enough to the district businesses that shoppers will content to walk from it.

The costs of the retail district development measures summarized above will probably exceed the Main Street funding or collective BID investment capabilities of the current business owners in any of the NSS retail districts. Accordingly, we suggest that the City of Milwaukee – with support from county, state, and federal governments – consider ways to fund the proposed district improvements, including TIF and bonding alternatives. The justification of such public investment is that raising the quality of the NSS neighborhood shopping districts will provide benefits far beyond those to the districts’ property owners. Residents of the NSS and other district visitors will benefit from additional jobs, better access to amenities, and enjoyment of a higher quality built environment. The entire city along with the NSS will benefit from the capture of more local and visitor sales dollars, community-wide increases in property values, and the reduction of social problems that accompanies community improvements.

Regarding regional commercial districts

- v. *Commission a market analysis and feasibility study for a regional shopping center, to be located in the northeast portion of the NSS, anchored by businesses that would serve a market area of three to five miles radius*

This NSS market analysis found that there is more than sufficient market demand, within a three-to-five mile radius of the northeast NSS, to support a regional retail center anchored by the types of “big box” stores that are generally the lowest price retailers of general merchandise such as clothing, furniture, electronics, sporting goods and office supplies. Our analysis has also found that there are a number of sites in the northeastern NSS with excellent expressway access and sufficient vacant or under-utilized land to contain such a shopping center. However, these findings from our analysis of the NSS community market are far from demonstrating the feasibility and desirableness of a regional shopping center in the NSS. To take the next step in pursuing the regional shopping center opportunity suggested by our study, the City should commission a market analysis and feasibility study that would consider:

- the availability and characteristics of alternative regional shopping center sites in east central Milwaukee,
- the relative scale and nature of market areas surrounding alternative sites, and
- the strengths and weaknesses of existing and planned competitive shopping centers, including existing centers in Milwaukee that might be harmed by this development.

- vi. *Study alternative land assembly strategies and possibly assemble land for an advantageous site for a regional shopping center*

After the City determines an optimal site for a regional shopping center, it might gain control of this site, in order to be in an optimal position to negotiate with a developer regarding the nature of the final development.

vii. *Involve the residential community in the development process*

As early as possible in the development process, without giving rise to land speculation, confer with community leaders of the NSS or other community selected for the regional center. Secure their input into terms for the center's development.

viii. *Determine the incentives the City will offer to attract a developer to its preferred or selected site for a regional shopping center.*

ix. *Issue a request for qualifications (RFQ) for a master developer qualified to act with the City in the development of a regional shopping center. Issue a request for proposals (RFP) to qualified development candidates.*

x. *Select a master developer and seal an agreement with this development partner.*

xi. *Support the execution of the development agreement.*

3. Housing

Preserve and develop dense market rate and affordable housing in residential areas surrounding neighborhood retail & service districts.

a) Basic Recommendations

- Develop the new housing required by neighborhood population growth, in the places where it will have the optimal effect on community development, i.e., on properties within or adjacent to retail centers.
- Protect current residents from gentrification and NSS property value increases, possibly through the mechanism of community land trusts.

b) Rationale

The application of CNT's Housing + Transportation Index to this market analysis has shown that the combination of housing and transportation costs is lower in the NSS and similar central Milwaukee communities than in other parts of the Milwaukee metropolitan area. Since housing and transportation are the two largest items in the budgets of most US and Milwaukee area households and are non-discretionary expenses, this amounts to saying that the NSS and similar central Milwaukee neighborhoods are more affordable than other parts of the region. The NSS is relatively affordable in part because a combination of public transportation, informal car pooling, and amenities within walking distance enables many households to function without a car for every adult. As a result NSS households save hundreds of dollars per month in comparison to households in outlying suburbs where the ownership and maintenance of a car for every adult is a virtual necessity.

Nevertheless, housing and transportation expenses constitute a higher percentage of income for NSS households than for most households in the Milwaukee area. This is essentially because median household income is lower in the NSS than in most Milwaukee area communities.

These basic facts about income, expense, and travel patterns explain why the NSS has *worked* as an immigrant community for generations. While most families have incomes

below the regional average, they live in a community where expenses are below average. If adult family members can work steadily at good jobs, they can save money, become home owners, and advance economically. Neighborhoods densely settled with households that are pursuing this course can support robust local shopping districts, which in turn reduce the cost of living, turning a virtuous micro-economic cycle.

This market analysis has shown that retail business in the NSS is following national patterns. Retailing for many general merchandise items that households do not need to purchase on a daily or weekly basis (including clothing, furniture, and electronics) has moved from the neighborhood to the regional shopping center level. But convenience retailing is clustering in neighborhood shopping districts, which in the NSS have increased in property value and store count, sometimes shifting from purely commercial to mixed use, while we have seen a net loss of relatively isolated businesses on arterial streets. Our essential neighborhood retail recommendation is to go with and accelerate this trend. Our basic housing recommendation is to compliment the convenience retail trend by concentrating housing development in and within walking distance of retail districts. Following this pattern will reinforce the cost of living advantages that have traditionally made the NSS a viable community for immigrants and other upwardly mobile households.

An opportunity and threat for the development of housing patterns that serve current NSS residents is a trend of rapidly rising property values. Before 2007 property values in most neighborhoods of the NSS had been rising steadily for several years, at a pace more rapid than the city of Milwaukee as a whole. This increase was driven in part by a rising population in a community with very little new land available for development. In the Walker's Point area, in the northeast portion of the NSS, property values increased dramatically as some industrial buildings were converted to condominiums. Given the NSS's proximity to downtown Milwaukee, there is a real possibility that after the current housing recession passes the eastern portion of the NSS may face gentrification and the displacement of many current residents. To mitigate such problems linked to rising property values, housing development should consistently be developed for mixed income population, with market rate and affordable components. The affordable character of housing should also be protected by such mechanisms as the creation of a community land trust.

c) Program Recommendations

i. *Housing that compliments neighborhood retail development*

The Milwaukee housing development community includes developers and not-for-profit organizations that are familiar with the mechanisms for working with the City to create mixed-income and affordable housing, including the use of state and federal housing programs and tax credits. Public support for housing development in the NSS should only be provided for developments that include components of affordable housing and, with limited exceptions, create housing within walking distance (approximately four blocks) of one of the neighborhood retail districts discussed in the recommendations for this analysis. The following suggestions are made for the scale, placement, and maintenance of this housing:

- Mixed-use buildings with office or housing above retail should become standard for new or rehabilitated multi-story buildings on the commercial streets of the NSS.

- Newly developed housing within walking distance of retail districts should be a mixture of town homes, duplexes, or 2- to 4- flat apartment buildings. Properties should provide a mixture of resident-owned and rental units.
 - Duplexes in particular are a housing format that seems to have generally served the NSS well over the past several generations. Such housing provides upwardly mobile households with an excellent opportunity to invest and remain in the neighborhood while providing needed rental housing, often to relatives or friends.
- Properties on arterial streets served by bus routes and one to four blocks from the central streets of neighborhood shopping districts may be appropriate sites for relatively tall multi-family buildings, including senior housing.
- The streetscapes and public areas of neighborhoods that surround neighborhood shopping districts should be designed with as much attention as the commercial streets of these districts. Greenery, consistently well-maintained sidewalks and streets, pocket parks or larger parks, landscaping, possibly traffic calming measures, and other mechanisms should create engaging pedestrian ways between neighborhoods and shopping district centers. Parking on neighborhood streets may be limited to residents and may include limited and landscaped lots for parking district customers.

NSS community leaders and the City should work with Neighborhood Housing Services of Milwaukee and other not-for-profit organizations to ensure that programs to assist homeowners and renters are intensively applied in the blocks within walking distance of neighborhood shopping districts. These services should include counseling for first-time home buyers and worried homeowners, assistance in securing fairly priced housing renovation work, and rehabilitation financing. While being available to individual homeowners, these services should be applied systematically improve the maintenance of all the homes in particular blocks.

ii. *Community Land Trust (CLT) Development*

A Community Land Trust (CLT) may be a particularly appropriate tool for ensuring home ownership, maintaining property, and avoiding displacement due to gentrification in the NSS. A CLT is a not-for-profit organization that owns property and makes it available on a very long term lease (typically 99 years) to residents who will effectively own the property subject to certain restrictions. In addition to maintenance requirements a CLT owner will typically have a cap on the level of appreciation he or she may realize when transferring ownership. Such restrictions effectively reserve a property as an affordable home permanently. CLTs may own condominiums or even co-housing residences as well as single family homes. CLTs now operate in more than 20 US cities including Madison, Wisconsin where the award winning Madison Area CLT has developed more than 60 homes. The present housing market conditions may make this an especially appropriate time to develop a CLT that could protect the ownership of a significant number of homes in the NSS. Assistance in organizing a CLT is available from the Institute for Community Economics or the National Association of Community Land Trusts.¹⁹

¹⁹ Institute for Community Economics: <http://www.iceclt.org/>
 National Association of Community Land Trusts: <http://www.smallisbeautiful.org/clts.html>

Sources

Data for geographic analyses conducted by the Center for Neighborhood Technology came primarily from the City of Milwaukee. Additional sources are noted below, as well as any sources cited in the text.

- Demographic data:

2000 data: United States Census Bureau, 2000 *Decennial Census*, accessed via American FactFinder. <http://factfinder.census.gov>

2007 and 2012 data: GeoLytics Incorporated, *2007 Estimates and 2012 Projections* (East Brunswick, NJ: GeoLytics, Inc., 2007).

- Business information:

U.S. Business Database, version 2007.7. ReferenceUSA, Library Division of infoUSA. <http://www.referenceusa.com>

- Retail gap analysis:

Produced by Claritas, Inc. using data derived from the Consumer Expenditure Survey (US Bureau of Labor Statistics) and the Census of Retail Trade (US Census).

- Transportation and commute patterns:

Based on the Southeastern Wisconsin Regional Planning Commission (SEWRPC) Travel Survey and 2000 US Census data.

- Housing and Transportation Index

U.S. Bureau of Labor Statistics, *Selected Midwestern Metropolitan Statistical Areas: Average annual expenditures and characteristics* Table 3013, Consumer Expenditure Survey, 2005-2006.

Center for Transit Oriented Development and Center for Neighborhood Technology, *The Housing and Transportation Affordability Index*, (Washington, D.C.: Brookings Institution Urban Markets Initiative, 2006).

Barbara J. Lipman, *A Heavy Load: Housing and Transportation Costs Burdens for Working Families in 28 Metros* (Washington, D.C.: Center for Housing Policy, 2006).

- Crime data

City of Milwaukee, *Wisconsin Incident Based Report Group A Offenses*, January 1, 2005-October 15, 2007 (Retrieved October 23 via City of Milwaukee “Query and Download”) http://itmdapps.ci.mil.wi.us/publicApplication_QD/queryDownload/aldermanicDistfm.jsp

- Property Sales

City of Milwaukee Assessor’s Office, covering the years 2002-2007YTD (<http://assessments.milwaukee.gov/mainsales.html>)

LoopNet, a commercial real estate information service, for the years 2004-2007YTD (www.loopnet.com)

•Recommendations

Re not-for-profit service for industrial worker job placement and transportation see:

- Harborquest, Inc., www.harborquest.com

Re neighborhood retail clustering and place making see:

- Documents available from the City of Minneapolis: Minneapolis_CompPlan_Chapter_4_Retail.pdf and Minn_Com_Econ_Dev_Fund.pdf
- Michael Beyard, “Rebuilding the Urban Land Ratio”, Urban Land, pgs 40-42, January 2007
- Price Waterhouse Coopers, Emerging Trends in Real Estate 2008, Chapters 3 & 4
- Little Village Community Development Corporation, www.lvcddc.org

Re Community Land Trusts see:

- Institute for Community Economics, www.iceclt.org