

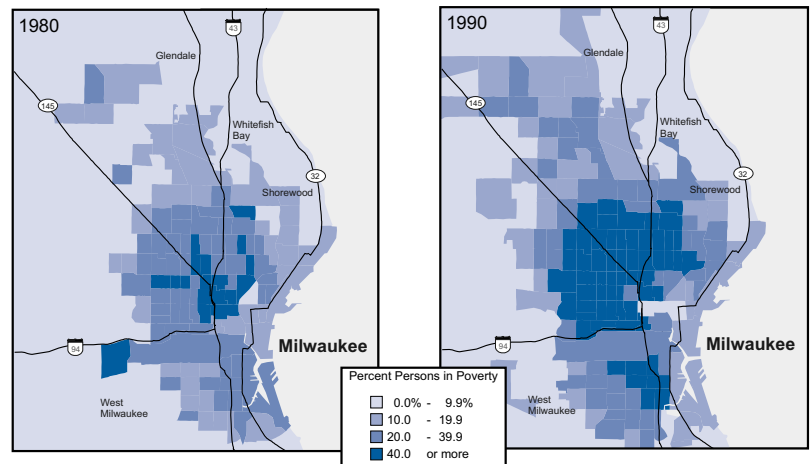
# Milwaukee Metropatterns

## *Sprawl and Social Separation in Metro Milwaukee*

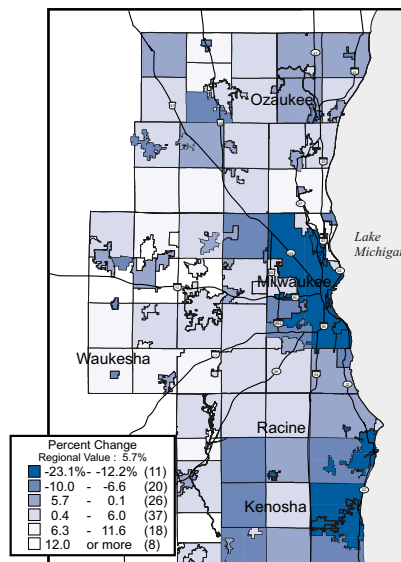
*A Report of the Center on Wisconsin Strategy and the Metropolitan Area Research Corporation*

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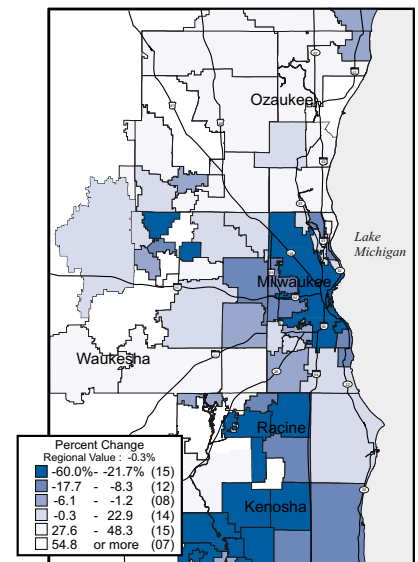
Percent of People Living in Poverty



Percent Change of Median Household Income by Municipality, 1979 - 89



Percent Change in Total Property Value per Student by School District, 1986 - 96



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The following is an abridged version of the complete Milwaukee Metropatterns report, available from the Center on Wisconsin Strategy (COWS).

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# Introduction

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**W**isconsinites have a love/hate relationship with Milwaukee. Regardless of where one falls on that spectrum, all would do well to recognize that Milwaukee is a great city that sets Wisconsin apart from the rest of the Midwest. It is a city rich in history and traditions falling at the very core of American values – hard work, innovation, community-mindedness. However, as a city, Milwaukee is also imbued with less celebratory characteristics of late twentieth century urban America.

The City of Milwaukee does not stand alone, however. The Milwaukee metropolitan area (Milwaukee City and its immediately surrounding counties) is Wisconsin's principal source, as a state, of financial and manufacturing might, as well as our major population center – and of course the home of some of our greatest problems with falling wages and rising inequality. It is time to repair the Milwaukee region's problems and chart a secure future – through innovative public policies and strategic regional cooperation that calls upon the region's nearly two million residents, its businesses, labor and community-based organizations, elected officials, and public institutions to do now what has failed before.

Metropolitan regional reform is not a new idea. In Milwaukee, as elsewhere, well-intended, public-spirited efforts to address urban and metropolitan development issues dot the political and cultural landscape of the past sixty-five years. Some such regional efforts have been very successful, including several of recent origin – from the Wisconsin Regional Training Partnership to the Greater Milwaukee Committee's Regional Cooperation Task Force, Southeastern Municipal Executives to redevelopment of the Menomonee River Valley. The lessons drawn from these efforts, and those from years past, reveal a present moment of opportunity. This report is not the prescription, but rather the blueprint for a sustained community-driven campaign aimed at making the Milwaukee metropolitan region a model for intelligent cooperation, efficient governance, sustainable development, and continued economic prosperity.

Our neighbor state of Minnesota has shown, faced with urban dynamics in Minneapolis and St. Paul similar to those in Milwaukee, that it is possible to repeal the so-called "iron law of urban decay." Through more thoughtful targeting of transit monies, tax base sharing, the restoration of brownfields sites in urban areas, and fair housing policies, we could again harness the historic strengths of the Milwaukee metropolitan region while dramatically reducing inequality within it. Doing so is especially important to us, as a state, if we are to reclaim our manufacturing advantage on the nation (and all the economic prosperity and opportunities that brings), and reduce the hideous levels of poverty that are damaging a generation of central city children.

Recent talk of urban revival, investor "discovery" of untapped inner city markets and aggregate buying power, "new urbanism" and "smart growth" attests to the growing attention paid to our urban centers. What is most needed now, however, is a comprehensive application of good practices at all

levels, coordinating public and private investment to generate far greater returns than those brought by recent fits and starts. Despite some good news, America's urban centers are still far from thriving—unemployment, concentrated poverty, and wasted infrastructure continue. Current population and investment flows favor sprawl and wasteful growth on the edges of our metropolitan areas. And the resulting fiscal and other strains long registered in central cities have now spread to the “first suburbs” that comprise their inner ring.

Public policy plays a key role encouraging the kind of desirable growth we seek — growth that makes better use of existing infrastructure (roads, utilities) instead of extending them at public cost to what was previously valuable open space. At the federal level, spending on transportation and other physical infrastructure, modernization funds, training, and other economic development support continue to be dedicated to compounding sprawl and strongly favor exurban development. Not only does this hurt cities in investment that avoids them, it adds significantly to the future infrastructure maintenance costs — twice as many roads to maintain, twice as many utilities, etc. The burden on the public sector increases over time, while the existing infrastructure at the urban core goes underutilized. The resulting strain for our cities also occurs in the context of widespread devolution, forcing metro areas (including both county and municipal governments) to assume more responsibility for social and economic policies and programs.

Add to all this the impact on natural systems — run off into streams and rivers, increased flooding from those newly paved and built areas, the loss of the rural lifestyle under pressures to develop, the decrease in air quality with the increased car travel — and it becomes clear how our investments hurt the region as a whole, making it far less efficient and less competitive, eroding the overall quality of life.

Even recognizing all this, however, many conclude that our urban problems are inevitable — the result of an Iron Law of Urban Decay whose workings dictate that even successful cities must decline. As incomes rise, workers move to suburbia; when suburbs mature, they resist paying taxes to support the metro core; as the tax base declines and services deteriorate (or tax rates rise, or both), the middle-class and business flee, leading to further erosion; poverty concentrates among those left behind, and they become “different” — disconnected from labor markets, without role models for advancement, lacking the human or financial capital even for bootstrap-pulling. In this context, we are told, the best that can be hoped from central cities is peace, or at least a segregation of the violence. The best that can be hoped for suburbia is . . . more suburbia.

But further sprawl only erodes the tax base of inner-ring suburbs, wedging their residents between the spreading deterioration of the urban core and the new roads, sewers, and schools for their increasingly distant suburban “neighbors” on the edge. For their problems, angered inner-ring suburbanites tend to blame their more proximate neighbors in the central cities — overwhelmingly, of course, people poorer and darker than themselves. The wealthy meanwhile seek to insulate themselves, taking refuge in luxury urban high-rises, cloistered suburban communities, or exclusionist “favored quarters” of exurban development. Thus the familiar ugliness of American urban politics.

This is not simply political narrative, but rather the reality of development patterns in the Milwaukee metro region. These patterns of regional polarization, present in some form in all the nation's regions, can be divided into two pieces: the push of concentrated need and the pull of concentrated resources.

Regional polarization begins as poverty concentrates in certain central city neighborhoods. Increasing urban poverty has many causes, including the flight of economic opportunity from central cities, and many effects, including strains on local government resources, increased crime, and destabilized schools. In the city of Milwaukee, between 1980-1990, the number of census tracts in extreme poverty increased 210 percent. Unemployment remains stubbornly high in Milwaukee, while job openings exceed the number of available workers in Waukesha, Ozaukee and Washington counties. Forty-one percent of all Milwaukee children under five in 1990 lived in poverty; a 15.5 percent increase from 1980.

Contrary to popular impression, socioeconomic instability does not stop neatly at central city borders. As it crosses into inner suburbs, particularly into suburbs that were once adjacent to blue-collar and middle-class communities, it frequently intensifies and accelerates. Inner suburbs, lacking the central city's central business district and elite neighborhood tax base, its social and police infrastructure, and its network of organized political activity, often decline far more rapidly than central city neighborhoods. The number of jobs per 100 persons in West Milwaukee and Cudahy dropped 49.3 percent and 18.5 percent respectively from 1986-1996. Sturtevant and West Milwaukee lost significant tax base between 1986-1996, with property value per household declining 11.7 percent and 24.4 percent respectively. The region as a whole, however, witnessed a 15.4 percent overall gain. Many school districts with high percentages of students on reduced cost lunch programs are located in older inner-ring suburbs.

At the edges of metro regions, communities engage in as low-density and restrictive a pattern of land use practice as their present economic circumstances will bear. The pull of concentrated resources manifests itself as inefficient sprawled development. These communities strive to keep out "undesirable" residents and to build a broad rich tax base that will keep services high and taxes relatively low. Some urban fringe communities succeed; others do not. Those that do not succeed may develop without sufficient resources to adequately support public services, expanding patterns of need that further tilt the region out of balance.

In the Milwaukee region, job growth over the last two-decades has concentrated in suburban and exurban areas. Very recently, suburban Waukesha, Ozaukee and Washington counties have experienced pronounced shortages of workers. But, these communities also represent restrictive housing markets, priced well beyond the region's median income and offering few affordable options. Transportation investments heavily favor roads to accommodate population shifts, rather than transit options for those seeking economic opportunity. Infrastructure investments, as measured by road construction costs, concentrate in rapidly developing suburban counties.

We believe the "Iron Law of Urban Decay" is not made of iron but of political choice. It consists in a set of policies that can be changed. A "metro" strategy would seek to do so on a regional basis: fitting governance to the actual boundaries of the economy, equalizing the terms of development (and opportunity) within that economy, and harnessing the economy's collective strength to promote high-road practices of sustainable development.

The prescription for metropolitan Milwaukee should be generalized to a statewide correction of residential, commercial, and industrial sprawl. We want, as a state, to discourage such sprawl. To do so means far more than joining the current "smart growth" bandwagon. It means examining multiple policy devices and political strategies that concentrate housing and production, that end the perverse regime of public subsidies for wasteful and inefficient development, and that reflect the reality of metropolitan regions as functionally integrated economic units.





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# Metro Strategies

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**V**irtually all who study urban problems recognize that metro strategies — a series of regionally-applied changes in existing tax, housing, land use, and other laws; changes in labor market administration and economic development policies; and changes in the visibility and accountability of regional planning authorities — are key to their solution. What is widely doubted, however, is whether such a regional agenda is politically feasible. There are many sources of such doubt, from the intensely federated character of American government, to despair about the politics of race, to concern that the issues of metro governance are too simply too technical and boring to excite mass interest.

The calls for metro-regional strategies come from every corner of the United States (not to mention Canada and countries of the European Union), typically without reference to ideology or mainstream political affiliation. The metro-regional emphasis has emerged, rather, from frank assessments of the limitations inherent in the fragmented nature of local government, on the one hand, and the stark reality that central cities, inner suburbs and exurban areas are linked in multiple functional and dysfunctional ways. “It is clear from urban settlement patterns in the late 20<sup>th</sup> century that reference to cities is anachronistic, a holdover from the period when the core city was home to most of the productive capacity in the metropolitan area. Today, as industry spreads throughout the metro region, it is the metropolitan area as a whole, not just the core, that is the functioning economic unit.”<sup>1</sup>

The phenomenon of residential and commercial sprawl – certainly not new to the American social and physical landscape – and the myriad problems thrown up in its wake has recently amplified the regionalism discussion. Lifting the rug of sprawl reveals an elaborate web of interconnections affecting environmental quality, transportation, housing, inner-city economies and governmental representation. As cities and metropolitan areas across the country take aim at the problem of sprawl, they necessarily turn to regional approaches. The regional orientation has emerged, as well, in efforts to address fiscal disparities between local governments, water quality and water resource management, and labor-market administration, to name but a few.

As noted recently by the Greater Milwaukee Committee (GMC), the Milwaukee metropolitan “region cannot boast a history of cross-jurisdictional cooperation. Our ‘Sewer Wars’ and other instances of conflict are legendary.”<sup>2</sup> Despite the conclusions to which failed past efforts might lead, we share the GMC’s recent enthusiasm. “We believe that now, more than ever, such cooperation is both possible and needed. The sewer wars have finally ended and a number of regional problems ... are generally viewed

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<sup>1</sup> U.S. Congress, Office of Technology Assessment, *The Technological Reshaping of Metropolitan America*, OTA-ETI-643 (Washington, DC: U.S. Government Printing Office, September 1995).

<sup>2</sup> Greater Milwaukee Committee Regional Cooperation Task Force, *Toward A Regional Strategy for Workforce Development* (Milwaukee, WI: 1998).

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as urgent and requiring a regional solution. Now is the time to renew this regional conversation on how solutions to those problems might be found.”<sup>3</sup>

The agenda for Milwaukee regional reform must be framed by the unique natural, demographic, political, and market characteristics of Milwaukee and Wisconsin. This agenda must encourage public- and private-sector strategies that promote reinvestment and reuse over sprawl, equity and fairness over division, high-road economic development over low-road paths of least resistance, and access to opportunities over barriers to mobility. The strength of the regional approach is that it may allow for the creation of lasting alliances focused on shifting power. To do so, a regional approach must avoid the myopia of fragmented local governance, but also must give communities a way to maintain control of their cultural and political institutions, while sharing regional resources and balanced regional decision-making.

Metro-regional solutions have taken hold in response to various social and economic phenomena. For the Twin Cities, inner-city poverty and urban decline were the core precipitating factors. In Portland, OR, the desire to limit growth and urban sprawl coupled with watershed management issues have consistently fueled metro-regionalism. Indianapolis, IN, Dayton, OH and Atlanta, GA tell other stories, framed in their unique contexts.

In the Milwaukee region, labor market coordination and workforce development issues may provide the best in-roads for metro-regional approaches, with long-term improvements in the regional economy and living standards the direct results. Closely linked to workforce development are transportation and the need for coordinated regional transportation infrastructure. As noted in a recent study by the Institute for Wisconsin’s Future, “[b]etween 1975 and 1993 the number of business establishments grew in Milwaukee County from 19,072 to 22,145; an increase of 3,073 or 16%. In the three remaining counties in the metropolitan area [Waukesha, Washington, and Ozaukee] the number of establishments grew from 7,399 to 15,865; an increase of 8,466 or 114 percent.”<sup>4</sup> Creating transportation systems to link central city workers to jobs in outlying areas – without abandoning the central city in the process – would have far reaching consequences. As well, redevelopment of portions of Milwaukee’s Menomonee River Valley to create high-paying skilled jobs in an urban “smart park” would link economic and environmental issues to workforce development strategies.

## ***Why the Moment Is Right***

Regionalism, as we have said, is not particularly new, nor are its benefits particularly contested among experts as desirable policy. And yet very few such policies are widely implemented, and nowhere are they implemented comprehensively. Why do we believe these political facts can be changed? What is different about this moment?

Without pretending to completeness in our answer, we’d say several things:

- ❖ *New Appreciation of the Economic Importance of Cities:* The competitive and other advantages of cities, and their centrality to restoring national economic health, are much more widely recognized now than 20 years ago. Indeed, the notion that cities generate positive externalities for the nation — from environmental improvement to a more secure infrastructure for high-wage production, not

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<sup>3</sup> GMC, 1998.

<sup>4</sup> Gregory D. Squires, Sally O’Connor, and Michael Grover, *Housing Affordability in the Milwaukee Metropolitan Area: A Matter of Income, Race, and Policy*, (Milwaukee, WI: Institute for Wisconsin’s Future, 1998).

to mention new ideas and production techniques generated through the interaction of their residents and communicated outward — has become central to mainstream economics.

- ❖ *New Appreciation of the Fact of Wage Stagnation & Inequality:* The fact that something has fundamentally changed, for the worse, in American labor markets is now generally accepted. Never in our history have we had as long an economic expansion as the current one with such anemic wage improvement; never have we gone a generation with such stagnation in living standards; never have we experienced such a gigantic and regressive redistribution of income and wealth. If the importance of cities to our economy is newly appreciated, a strategy to improve their operation, and thus the operation of the broader economy, will find a very broad audience.
- ❖ *Broad Disappointment with Previous Reform Efforts:* Hundreds of billions have been spent, since the 1960s, on myriad program of urban “renewal” and assistance. Private foundation efforts alone must accounts for several billions. This is not the place for a careful review of these varied efforts. They have surely done much good, and things would almost certainly be worse in our central cities and metro areas had they not been made. When all is said and done, however, the continued and on many measures growing crisis of our cities testifies to their broad failure — at least as measured against the (perhaps unfair, but we think most clearly relevant) standard of achieving equal opportunity, sustaining incomes, and health and safety for all the residents of our metro areas. The most fundamental reason for this, we believe, is that virtually all previous interventions have been, to one degree or another, “place based” and not policy-directed. As a strategy, this is like seeking to cool a skillet by pouring water on it, rather than turning down the flame.
- ❖ *Emerging Political Coalitions Among Former Enemies:* If the economics and policy of a metro strategy are increasingly evident, so too are the political alliances needed to drive it. The current scene pits labor against community, the employed against environmentalists, and central cities against the inner-ring, while letting the wealthy exurbs off too cheap. But many of the mutual antagonists in this old politics are beginning to see an interest in alliance. White-dominated labor increasingly recognizes that its declining city membership no longer suffices to protect it against low-wage privatization and the destruction of regional labor market standards; it needs the voting support of central city Black, Latino, and Asian populations. Those populations need private sector investment and jobs within their communities, and access to jobs without, and they need those jobs to pay a living wage. Just as unions have found that they can only defend member interests by getting involved in business decisions, environmentalists recognize that moving from pollution abatement to source-reduction requires a presence inside the firm. Inner-ring suburbs, in many cases losing employment at faster rates than the central cities, are learning that the same low-wage sprawl that has almost destroyed the central cities is now destroying them. And both central city and inner-ring recognize their common interest in getting the rich suburbs to carry their share of regional burdens. Finally, metro business itself, at least that part of it that cannot easily flee, is interested in kicking out the crutches under the low-riders now taking away their orders.

Political pundits and scholars assert that metropolitan reforms are no longer possible because the suburbs have taken over American politics.<sup>5</sup> Representing over 50 percent of the American population and over 65 percent of the Milwaukee region, clearly “the suburbs” do have great political power. In

<sup>5</sup> Anthony Downs, in his book *New Visions for Metropolitan America* (Washington, D.C.: Brookings Institution, 1994), repeatedly outlines the necessity of sweeping metropolitan reform and then dismisses the possibility of political success because of the monolithic opposition of the suburbs.

fact, legislators from Milwaukee's growing suburban areas are Speaker of the Assembly, Senate Minority Leader, and chair a number of key legislative committees.

However, the pundits and reformers assume that the suburbs are monolithic, with common social experiences and political needs. Nothing could be further from the truth. The experiences and needs of suburban communities are almost as diverse as the nation itself.

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# The Metro Framework

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## Sectoral Development of American Metropolitan Areas

**A**nalysts of American metropolitan housing markets have demonstrated that American metropolitan areas develop in socioeconomic sectors, or wedges, that reach out from central city neighborhoods deep into suburbia.<sup>6</sup> As cities come into being, neighborhoods segment along class lines in sectors surrounding a growing central business district. The working class settles within walking distance of industrial sites. The middle class forms neighborhoods “upwind (or at least not downwind)”<sup>7</sup> from heavy transport and manufacturing areas on sites close to white-collar, downtown jobs. The upper class settles in neighborhoods removed from the other two groups, often on land with attractive topographical features. Over time, these three distinct neighborhoods grow in pie-shaped wedges into the expanding city. The most rapid turnover in home-ownership occurs in middle-class housing markets as promotions and pay increases allow owners to continually move up into newer and better housing. Thus, middle-class sectors appear as asymmetrical bulges in housing market construction at the region’s periphery. The upper- and working-class housing markets have less mobility and growth. The upper-class market is small and has high amenity levels. Working-class wages peak early, and a major goal in such communities is simply home ownership. In both cases, there is less need for move-up housing.

As these sectors filled out city boundaries, working-class neighborhoods extended into working-class first- and second-tier suburbs, middle-class neighborhoods into middle-class suburbs, and upper-class neighborhoods into upper-class suburbs. These patterns followed streetcar lines and radial access roads beyond the city into the first-tier suburbs. However, as circumferential highways became the shaping force of metropolitan development, the influence of sectoral patterns began to wane in suburbs beyond the beltways.

When a household moves to a new unit at the periphery, it creates a vacancy at its old address which is filled by another household, which leaves a vacancy at its old address and so on. The building

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<sup>6</sup> John S. Adams, “Housing Submarkets in an American Metropolis,” in *Our Changing Cities*, ed. John Fraser, (Baltimore: Johns Hopkins University Press, 1991), 108-26; Homer Hoyt, *The Structure and Growth of Residential Neighborhoods in American Cities* (Washington D.C.: US Government Printing Office, 1939) reprinted in 1966 with analysis of the 1960 census data; Ronald F. Abler and John S. Adams, *A Comparative Atlas of America’s Great Cities: Twenty Metropolitan Regions* (University of Minnesota Press: Association of American Geographers, 1976); John Adams, *Housing America in the 1980s* (New York: Russell Sage Foundation, 1987); John S. Adams, “The Sectoral Dynamic of Housing Markets within Midwestern Cities of the United States,” in *The Geographic Evolution of the United States Urban System*, ed. John Adams.

<sup>7</sup> Adams, “Sectoral Dynamic.”

of new housing at the periphery sets in motion vacancy chains reaching far back into the central core. Thus, the more rapid peripheral growth of middle-class sectors early on creates low demand at the center of its vacancy chain. As demand declines, so does price, which in turn leads to opportunities for the region's poor. In such a way, core middle-class neighborhoods are the first to become impoverished and ultimately ghettoized. As these neighborhoods become poorer, social and economic decline accelerates and pushes the middle class out at the same time the vacancy chain is pulling them. Working- and upper-class neighborhoods, because of less growth and turnover, tend to remain stable longer than middle-class sectors. However, when they decline, they do so rapidly. Ironically, as the various classes move up and/or flee from central city areas, all the social and economic changes that occur in the core of their sectoral housing markets eventually follow them through the vacancy chains into the suburbs.

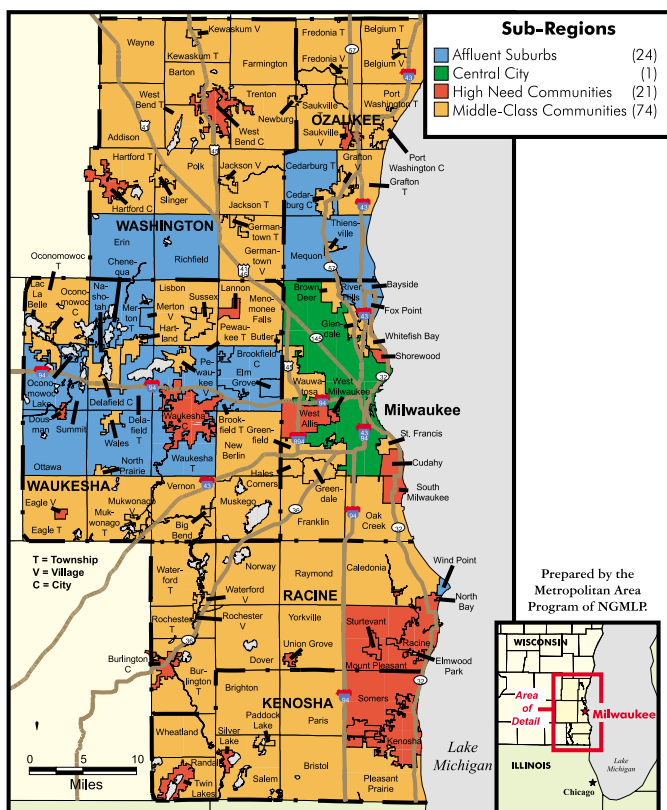
## Milwaukee's Metropolitan Sub-Regions

The Milwaukee metropolitan region consists of six counties—Kenosha, Milwaukee, Ozaukee, Racine, Washington, and Waukesha. These six counties contain 119 suburban municipalities (cities, townships, and villages). We have divided all of these suburban municipalities into three distinct types of communities: (1) Affluent Suburbs; (2) Middle-class Communities; and (3) High Need Communities (Figure 1).

Milwaukee area suburbs were categorized into these sub-regions based on their 1990 median household income, percentage of children under five in poverty, and percentage of female-headed households, and their 1996 property tax base per household. Table 1 shows statistics for each suburban category and the central city.

Figure 1

### Milwaukee Sub-Regions



Source: Metropolitan Area Program of NGMLP.

Table 1

## Social and Economic Statistics for Milwaukee and its Sub-Regions

	Region	Affluent Suburbs	Middle-Class Suburbs	High Need Communities	Milwaukee
Persons, 1990	1,735,325	142,951	532,494	431,792	628,088
% of Region's Total Population	100%	8.2%	30.7%	24.9%	36.2%
Households, 1990	648,969	47,895	193,211	166,901	240,962
Estimated Households, 1996	674,839	52,031	209,690	175,112	238,066
Median Household Income, 1989	\$32,399	\$57,403	\$41,043	\$30,720	\$23,627
Percent Change in Real Median Household Income, 1979-1989	-5.7%	5.5%	-1.2%	-8.4%	-13.7%
Percent of Children under 5 in Poverty, 1990	22.0%	1.1%	3.1%	17.1%	41.5%
Change in % Points, Children Under 5 in Poverty, 1980-90	7.4	-1.8	-1.2	6.1	15.5
Female-Headed Households with Children as Percentage of Total Households with Children, 1990	22.8%	4.6%	9.2%	20.7%	40.8%
Change in Percentage Points Female-Headed Households with Children, 1980-90	5.0	-0.6	1.6	4.7	9.3
Property Tax Base per Household, 1996	\$112,271	\$259,553	\$151,497	\$94,689	\$58,450
Percent Change in Real Property Tax Base per Household, 1986-96	15.4%	28.3%	18.3%	10.6%	-2.7%

## Milwaukee Sub-Region Demographics

In this section we present the data that was used to determine the above sub-regions, as well as a number of other types of data to help illustrate what is happening socio-economically across the region.

### Median Household Income

In 1989 the median household income in the Milwaukee region was \$32,399. Both the city of Milwaukee and the high need communities had median household incomes below the region's median, \$23,627 and \$30,720 respectively. The other two subregions were well above the region's median: \$41,043 in the middle-class communities and \$57,403 in the affluent suburbs.

Eight communities outside Milwaukee had median household incomes under \$30,000, including suburban St. Francis (\$29,200) and the region's two additional urban centers, Kenosha (\$26,540), and Racine (\$25,395). At the other end of the spectrum, all of the affluent suburbs had median household incomes over \$46,000 and all but four were over \$50,000. Among the highest median household incomes in the region were Elm

Table 2

### Median Household Income, 1989

Region	Affluent Suburbs	Middle-Class Suburbs	High Need Communities	Milwaukee
\$32,399	\$57,403	\$41,043	\$30,720	\$23,627

Table 3

### Percent Change in Median Household Income, 1979 -89

Region	Affluent Suburbs	Middle-Class Suburbs	High Need Communities	Milwaukee
	-5.7	5.5	-1.3	-8.4
				-13.7

Grove (\$66,852), Bayside (\$68,049), Wind Point (\$78,558), and River Hills (\$110,712).

Over the decade, the median household income for the region as a whole, adjusted for inflation, decreased by 5.7 percent—from \$34,346 in 1979 to \$32,399 in 1989.

Between 1979 and 1989, twelve communities decreased in median household income by more than 10 percent—including six that decreased at a faster

rate than the central city of Milwaukee. Most of the cities that saw the greatest decrease in median household income over the decade were in Racine and Kenosha Counties: Kenosha went from \$32,327 to \$27,770 (-14.1 percent), Racine went from \$31,490 to \$26,540 (-15.7 percent), Somers went from \$39,182 to \$32,972 (-15.8 percent), and Union Grove—which declined more than any other city in the region—went from \$38,355 to \$29,491 (-23.1 percent). On the other hand, most of the biggest

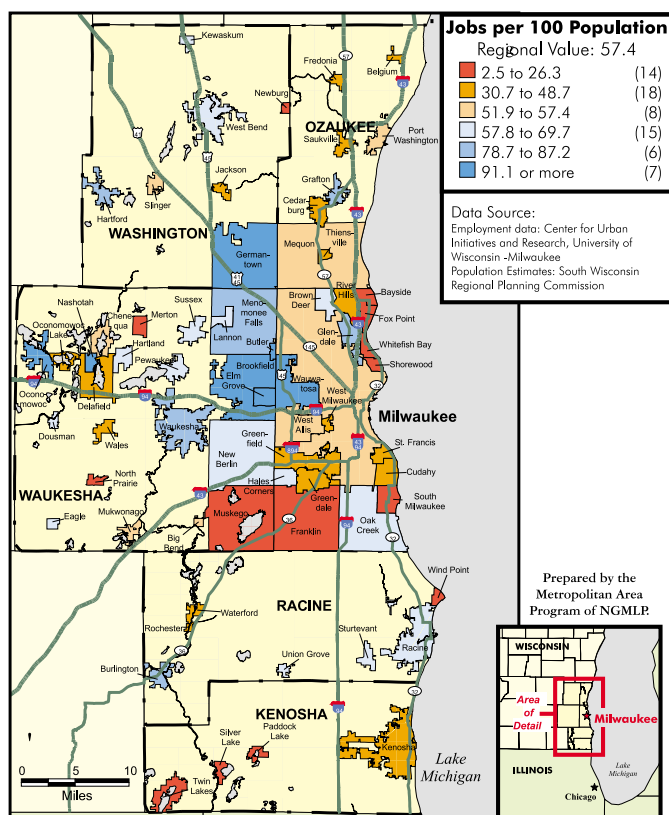
income gainers were located in western Waukesha County, for example: Delafield Township went from \$46,767 to \$53,686 (14.6 percent) and Chenaqua—which increased more than any other city in the region—went from \$78,283 to \$112,457 (43.7 percent).

## Jobs

In 1996, the Milwaukee region as a whole had 57.4 jobs per 100 persons (Figure 2).<sup>8</sup> Cities with the fewest jobs per capita were primarily inner suburbs of Milwaukee and outlying satellite cities and included Franklin (26 jobs per 100 persons), Muskego (23 jobs per 100 persons), and Twin Lakes (16 jobs per 100 persons). Cities with the most jobs per capita were often high tax base, growing suburbs west of the city, such as Elm Grove (87 jobs per 100 persons), Brookfield (101 jobs per 100 persons), and Nashotah (117 jobs per 100 persons).

Figure 2

### Jobs per 100 Persons, 1996



**Source:** Metropolitan Area Program of NGMLP

<sup>8</sup> Employment data are from the Center for Urban Initiatives and Research, University of Wisconsin-Milwaukee.



Between 1986 and 1996, the region as a whole increased in jobs per 100 persons by 20.3 percent, going from 47.7 to 57.4. During this high job-growth period for the region, even the city of Milwaukee increased in jobs per capita by 5.6 percent (from 52 to 55 jobs per 100 persons). Eleven suburban (mostly middle-class) communities, however, saw decreases in jobs per capita, including Pewaukee (-14.8 percent), which went from 74 to 63 jobs per 100 persons; Cudahy (-18.5 percent), which went from 49 to 40 jobs per 100 persons; and West Milwaukee (-49.3 percent), which went from 81 to 41 jobs per 100 persons. While cities west of Milwaukee, primarily in Waukesha County, continue to lead the rest of the region in number of jobs per 100 persons, the developing northern suburbs (in southern Ozaukee and Washington Counties) gained jobs at the fastest rate. For example, Mequon increased by 124.7 percent (from 23 to 52 jobs per 100 persons) and Germantown increased by 154.8 percent (from 916 to 2,334 jobs per 100 persons).

### ***The Spatial Mismatch Hypothesis***

Twenty-five years ago, John Kain, an economist at Harvard, argued for the existence of a “spatial mismatch” between affordable housing and available jobs.<sup>9</sup> The theory posits that American cities are undergoing transformations from centers of goods and production to centers of information processing. The spatial mismatch theory states that it is not lack of jobs per se that is the problem, since central-city population growth has been as slow as central-city job growth. The problem is that the percentage of central-city jobs with high educational requirements is increasing, while the average education level of central-city residents is dropping.<sup>10</sup> In addition, essentially all of the net growth in jobs with low educational requirements is occurring in the suburbs and exurbs.<sup>11</sup> This low-skilled jobs exodus to the suburbs disproportionately affects central-city poor people, particularly minorities, who often face a more limited choice of housing location in job growth areas and a lack of transit services from the urban core to those suburbs.

More recently, Margaret Pugh has documented the spatial mismatch in metropolitan America, which she describes as “the geographic gap between jobs and people that leads to a lack of economic opportunity in poor neighborhoods.”<sup>12</sup> America’s welfare to work effort has underscored the significant barriers facing low-income workers in American’s metropolitan areas. She describes barriers to work that arise from individual needs (education, training, child care) and those that result from structural conditions (urban deindustrialization, job suburbanization, inadequate public transportation, racial segregation). Focusing on Milwaukee, her study notes:

While not among the largest metropolitan areas in the country... Milwaukee registers high on our scale of mismatch because of the intensity of mismatch-inducing characteristics of the metropolitan area, many of which appear to be products of long-standing political, economic and racial divisions between the central city and the surrounding suburbs. ...

<sup>9</sup> John Kain, “Housing Segregation, Negro Unemployment, and Metropolitan Decentralization,” *Quarterly Journal of Economics* 82 (May 1968): 175-97.

<sup>10</sup> *Ibid.*

<sup>11</sup> *Ibid.*

<sup>12</sup> Margaret Pugh, *Barriers to Work: The Spatial Divide Between Jobs and Welfare Recipients in Metropolitan Areas* (Washington, DC: Brookings Institute, 1998).

Employment in all sectors of Milwaukee's economy has declined in the central city and grown exponentially in the major suburban counties (Washington, Ozaukee and Waukesha). Unlike some large cities, Milwaukee does not have nearly enough entry level job opportunities within the city limits to offset the number of center city residents seeking jobs. The suburban counties have four times as many full-time openings as the poorer city neighborhoods, and three times as many jobs as Milwaukee County as a whole. ...

Mobility in the Milwaukee MSA also suffers because of a highly disjointed public transit system that has only limited coverage in the job-rich suburban counties.<sup>13</sup>

A July, 1999 study released by the University of Wisconsin – Milwaukee's Employment and Training Institute underscores the persistence of the jobs mismatch in the Milwaukee region. As reported in the Milwaukee Journal Sentinel, entry-level job openings predominate in the three WOW counties – Washington, Ozaukee, and Waukesha – of the Milwaukee suburbs.<sup>14</sup> According to the survey, there were more than two job openings for every local job seeker in Washington, Ozaukee and Waukesha counties. In central Milwaukee neighborhoods, there are approximately five people seeking jobs for every available position.

The "absence" of workers – or, more accurately, the geographic and skills mismatches in the Milwaukee regional labor market – could limit continued growth in the region's economy. A representative of the Federal Reserve Board in Chicago said recently that a lack of workers, not tax burdens, was likely to be the most significant limiting factor for Wisconsin's future economy.

The spatial mismatch problem is significant, but not intractable. Like many of the regional problems discussed herein, intelligent policy solutions are readily available to those with the political will and capacity to bring about meaningful, regional reform.

## Poverty

In the central city of Milwaukee there is a subset of distressed census tracts with more than 40 percent of their population below the federal poverty line. Surrounding these severely distressed neighborhoods are transitional neighborhoods with 20 to 40 percent of their population in poverty.<sup>15</sup> In the 1970s, extreme poverty tracts and transitional neighborhoods exploded in size and population in the large cities of the Northeast and Midwest.

Between 1980 and 1990 in the city of Milwaukee, many transitional poverty tracts—those

Table 4

### Job Openings

	Job Openings		Unemployed
	Full Time	Part Time	Adults
WOW Counties	9,119	6,098	6,951
Milwaukee County	11,209	7,295	20,048
Central City	1,894	1,145	10,200
			(Plus 4,900 W2 Cases)

\*Under W2, Wisconsin's reformed welfare program, eligibility cases after two years and aid recipients are obligated to find work.

<sup>13</sup> Ibid.

<sup>14</sup> "Study Finds Job Seekers in City, Openings in Suburbs," *Milwaukee Journal Sentinel*, July 21, 1999.

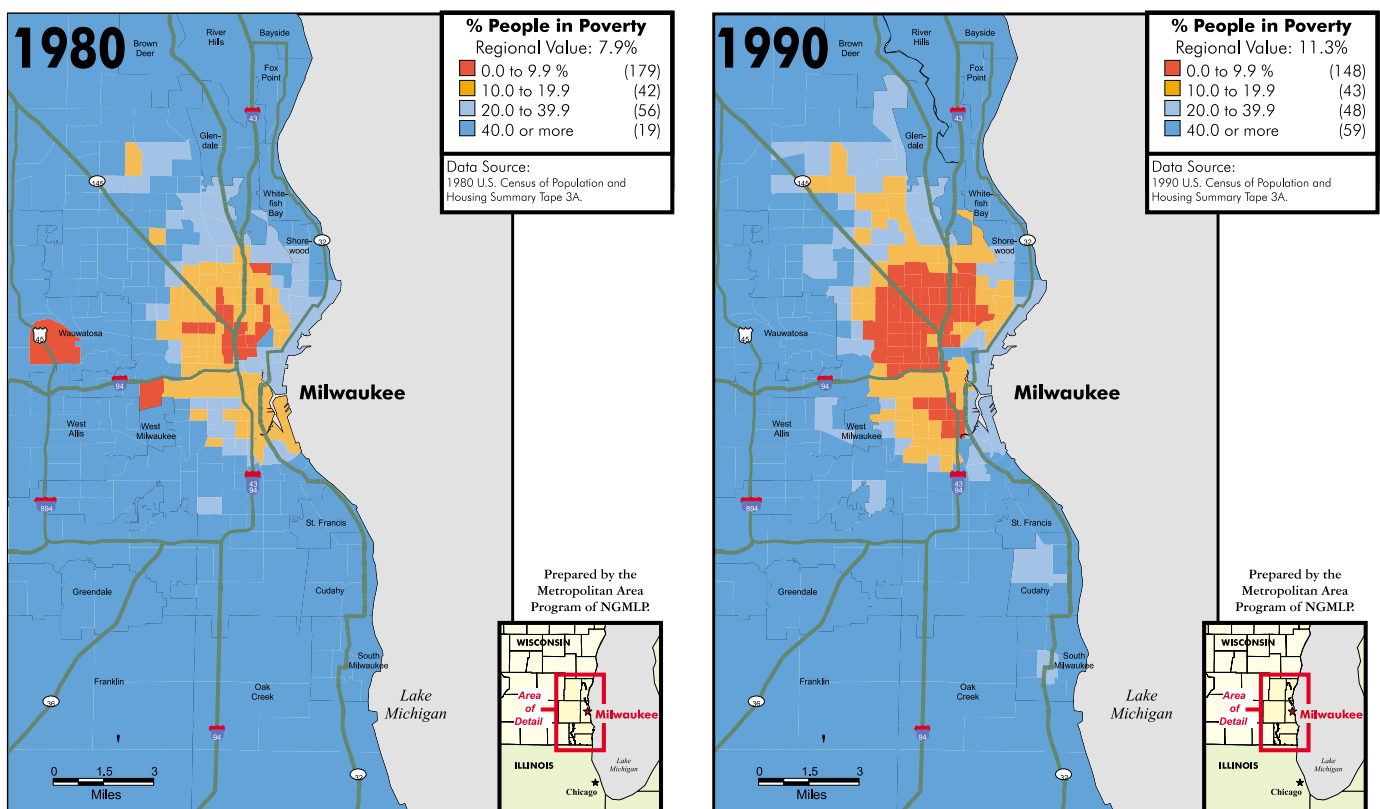
<sup>15</sup> See Paul A. Jargowsky and Mary Jo Bane, "Ghetto Poverty in the United States, 1970 to 1980," in Christopher Jencks and Paul E. Peterson (eds.), *The Urban Underclass* (Washington, DC: The Brookings Institution, 1991), 235-273; John D. Kasarda, "Inner-City Concentrated Poverty and Neighborhood Distress: 1970 to 1990," *Housing Policy Debate* 4, no. 3: 253-302.

having between 20 and 40 percent of their population in poverty—became extreme poverty tracts—tracts in which 40 percent or more of the residents lived in poverty. In 1980, Milwaukee had a total of 56 transitional poverty tracts and 19 extreme poverty tracts (including one in the city of Wauwatosa) (Figure 3). By 1990, Milwaukee had lost 8 transitional tracts for a total of 48, but had more than tripled its number of extreme poverty tracts by gaining 40 for a total of 59—an incredible 210 percent increase (Figure 4). Milwaukee's tremendous increase in poverty tracts during this period was the third greatest increase in the nation, exceeded only by Chicago, which gained 47 tracts and Detroit, which gained 88 tracts.<sup>16</sup> As a percentage change from the number of extreme poverty tracts in 1980, however, Milwaukee's increase far outpaced these other two cities: Detroit increased by 195.6 percent (from 45 to 133 tracts) and Chicago by 35.6 percent (from 132 to 179 tracts).

A growing core of concentrated poverty is like a collapsing star, which as it grows denser, grows more powerful in its gravitational pull. A core of concentrated poverty holds individuals in with an enormous and growing gravity, making escape from poverty extremely difficult. As poverty concentrates and social disorganization increases, crime grows, and waves of middle-class flight, business disinvestment, and declining property values surrounding the core intensify.

Figures 3 and 4

### Percentage Persons in Poverty by Census Tract, 1980 and 1990



Source: Metropolitan Area Program of NGMLP

<sup>16</sup> *Ibid.*, 294.

Table 5

**Percent Children Under 5 in Poverty, 1990**

Region	Affluent Suburbs	Middle-Class Suburbs	High Need Communities	Milwaukee
22%	1.1%	3.1%	17.1%	41.5%

Table 6

**Change in Percentage Points, Children Under 5 in Poverty, 1980-90**

Region	Affluent Suburbs	Middle-Class Suburbs	High Need Communities	Milwaukee
7.4	-1.8	-1.2	6.1	15.5

**Children in Poverty**

In 1990, 22 percent of the Milwaukee region's children under five years old lived in poverty. In the city of Milwaukee the rate was 41.5 percent and in the high need communities it was 17.1 percent.

In terms of the change in the level of childhood poverty over the decade, the Milwaukee region as a whole worsened considerably, moving from 14.6 percent in 1980 to 22 percent in 1990, a 7.4 percentage point increase. Much of this increase, but not all, was due to a 15.5 percentage point increase in the rate of childhood poverty in the city of Milwaukee, going from 26.0 to 41.5 percent. The high need communities also contributed to the region's overall increase, while affluent suburbs and the middle-class communities saw decreases in this figure by 1.8 and 1.2 percentage points respectively.

**Housing**

The jobs mismatch is mirrored in the Milwaukee region, as elsewhere, by a housing mismatch – the location of those most in need of work and the costs of housing in areas of greatest job growth. "Housing affordability problems are most severe in precisely those communities where businesses and jobs have grown the fastest. Yet the lack of affordable housing is hindering economic growth in those areas as employers indicate increasing difficulties finding both skilled and unskilled workers, in part because of the high costs of homes in those communities."<sup>17</sup>

The Milwaukee region's housing affordability problem affects more than job access, certainly. The problems are made worse by public policies which exclude low-income housing, or at least frustrate attempts to provide affordable housing in the region's communities. Most municipalities do not have so-called fair share policies, or mandatory low-income/affordable housing set-asides. Restrictive zoning ordinances – mandating minimum lot size requirements, back yard set back requirements, residential density limits, etc. – compound the problem by functionally excluding affordable housing.

According to the National Association of Homebuilders, the proportion of homes in the Milwaukee area that a family earning the area's median income could afford dropped from 83.5% in the first quarter of 1991 to 68.9% in the first quarter of 1998.<sup>18</sup> According the Greg Squires' study for the Institute for Wisconsin's Future, a household with the region's median income (\$50,700) could have afforded more than half (57.9%) of the homes sold in the Milwaukee-Ozaukee-Washington-Waukesha county region in 1997. Such household could have afforded more than 90% of the homes sold in five of Milwaukee County's 19 municipalities. However, outside of Milwaukee County, there

<sup>17</sup> Gregory Squires, Sally O'Connor and Michael Grover, "Housing Affordability in Metropolitan Milwaukee," Institute for Wisconsin's Future, (Milwaukee, WI: November 1998).

<sup>18</sup> Geeta Sharma-Jensen, "Milwaukee-Area Home Prices Outpace Pay, Cutting Affordability, Worrying Observers," *Milwaukee Journal Sentinel*, July 5, 1998.



Seventeen suburban communities lost more than 10 percent of their white children between 1980 and 1990: ten were high need and seven were middle-class. On the other hand, there were fifteen communities that, by 1990, had gained more than 30 percent of the number of white children they had in 1980—all but three were affluent suburbs. Five suburbs (all affluent) gained more than 50 percent white children.

## Fiscal Disparities

When the property tax is a basic revenue source for local governments with land-planning powers, fiscal zoning occurs as jurisdictions compete for property wealth.

The dynamic of fiscal zoning creates three sets of mutually reinforcing relationships. First, the residentially exclusive, established suburbs with low property tax rates continue to attract more and more business, the presence of which continually lowers the overall tax rate while not increasing social service demands.

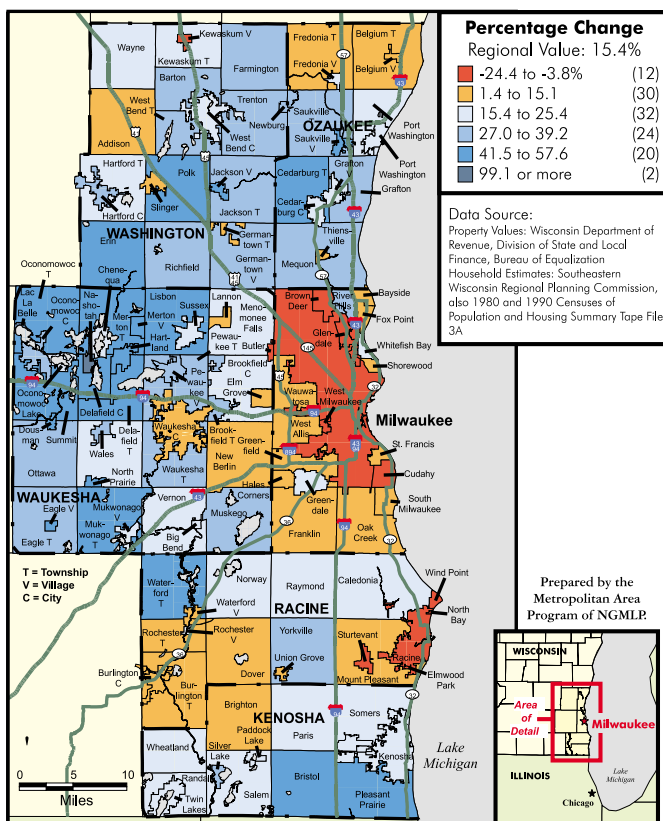
A second reinforcing relationship involves those cities that are experiencing increasing social needs on a declining property tax base. This combination leads to both declining consumer demographics and increased property tax rates, resulting in fewer and less adequate public services.

The third relationship concerns the developing suburbs that lose the battle of fiscal zoning. These are fast-growing suburbs that have not yet attracted business or executive housing and must pay for their schools, police, parks, curbs, and gutters with fewer resources. To keep property tax rates from exploding, they are forced to abandon long-range thinking and frantically build the lower-valued homes and multi-family units rejected by the wealthier suburbs. Further, in a perhaps futile attempt to remain competitive in terms of property taxes, working- and middle-class, developing communities often suppress local expenditures on public services, particularly on schools.

In the Milwaukee metropolitan region, in the places where social needs are highest, overall property tax base is comparatively low. In 1996, the average property value per

Figure 6

### Percentage Change in Total Property Value per Household by Municipality, 1986-96



Source: Metropolitan Area Program of NGMLP.

household was \$112,271.<sup>21</sup> The city of Milwaukee, at \$58,450, had the lowest tax base per household in the region. The overall tax base per household in the high need communities was about 84 percent of the regional average (\$94,689), while the affluent suburbs overall tax base was about 231 percent of the regional average (\$259,553).

The average property value per household in some suburban communities was not much greater than in Milwaukee. Ten communities had property values per household of less than \$100,000, including West Allis (\$85,712), Cudahy (\$80,563), Sturtevant (\$75,912), and Racine (\$68,031). At the other end, eleven affluent suburbs had average property values per household greater than \$265,000; five suburbs actually had tax bases per household greater than \$300,000 including the highest in the region, Oconomowoc Lake (\$739,108).

Between 1986 and 1996 (see Figure 6) the Milwaukee region as a whole experienced a 15.4 percent increase in overall tax base per household, from \$97,297 in 1986 (in 1996 dollars) to \$112,271 in 1996.

While overall the region did quite well between 1986 and 1996 in terms of property tax base per household, the individual cities that lost tax base, lost big. Only eleven suburban communities (mostly older, inner-ring suburbs) declined in property value per household during this period, but four of these lost more per household than Milwaukee, including the inner-ring Racine suburbs of Sturtevant (-11.7 percent) and Elmwood Park (-12.1 percent), and West Milwaukee, which lost more than any other city in the region (-24.4 percent).

## ***Sprawl and Land Use***

According to the U.S. Census Bureau, a city's urbanized area consists of the central city and its adjacent urban fringe, including all territory settled at the density of at least 1,000 persons per square mile. In the six-county Milwaukee region there were three areas designated by the Census Bureau in 1990 as urbanized areas – the Milwaukee, Racine and Kenosha urbanized areas.

Between 1980 and 1990, the combined population of all three urbanized areas of the Milwaukee region increased by 2.2 percent (from 1,411,737 to 1,442,373) while the total land area increased by 7 percent (from 553 to 592 square miles). This means that altogether the urbanized areas of the region became slightly less dense over the decade, going from 2,553 to 2,437 persons per square mile (a 4.5 percent decrease in population density). The Kenosha urbanized area decreased the most in density—by over 40 percent.

The Southeastern Wisconsin Regional Planning Commission (SWRPC) also tracks change in urban population and urban land area<sup>22</sup> for the Milwaukee region. According to the SWRPC the six-

Table 8

### **Percent Change in Property Value per Household, 1986-96**

<b>Region</b>	<b>Affluent Suburbs</b>	<b>Middle-Class Suburbs</b>	<b>High Need Communities</b>	<b>Milwaukee</b>
15.4	28.3	18.3	10.6	-8.9

<sup>21</sup> Property value figures include land and improvements in all real estate classes and were obtained from the Wisconsin Department of Revenue, Division of State and Local Finance, Bureau of Equalization.

<sup>22</sup> The SWRPC defines urban land area as "a concentration of residential, commercial, industrial, and institutional buildings with their associated yards, parking areas, and service areas, having a combined area of at least five acres. Urban land uses which have few, if any, structures – such as cemeteries and parks – are considered urban when they are effectively surrounded by intensive urban development." The SWRPC uses urban and rural non-farm population figures reported by the U.S. Bureau of the Census.

county Milwaukee region as a whole became 10 percent less dense between 1980 and 1990 when the region's urban population increased by 2.8 percent (from 1,681,979 to 1,728,641 persons) and urban land area increased by 14.4 percent (from 417.4 to 477.4 square miles). Even more striking, the region decreased in density by 31 percent between 1970 and 1990, during which time the region's urban population increased by only 3.4 percent (from 1,670,998 to 1,728,641 persons), while urban land area increased by half its 1970 size (from 318.4 to 477.4 square miles). During this period the greatest decreases in population density occurred in fast-growing, affluent Waukesha and Washington Counties. Waukesha County increased its urban population by 33.5 (from 227,405 to 303,681) but doubled its urban land area (from 72.3 to 144.4 square miles). Washington County increased its urban population by just over half its 1970 population (63.3 percent)—from 57,162 to 93,339 persons—but nearly quadrupled its 1970 urban land area (191.5 percent)—from 14.1 to 41.1 square miles.

Table 9

### Change in Population Density, 1970-90

Area	1970	1990	%Change
<b>ENTIRE 6-COUNTY REGION</b>			
Urban Population	1,670,998	1,728,641	3.4
Urban Land Area (sq. miles)	318.4	477.4	49.9
Population Density (persons/sq. mile)	5,248.1	3,620.9	-31.0
<b>Kenosha County</b>			
Urban Population	114,620	126,990	10.8
Urban Land Area (sq. miles)	26.3	37.4	42.2
Population Density (persons/sq. mile)	4,358.2	3,395.5	-22.1
<b>Milwaukee County</b>			
Urban Population	1,054,249	959,275	-9.0
Urban Land Area (sq. miles)	149.9	170.8	13.9
Population Density (persons/sq. mile)	7,033.0	5,616.4	-20.1
<b>Ozaukee County</b>			
Urban Population	51,337	71,757	39.8
Urban Land Area (sq. miles)	19.9	32.5	63.3
Population Density (persons/sq. mile)	2,579.7	2,207.9	-14.4
<b>Racine County</b>			
Urban Population	166,225	173,599	4.4
Urban Land Area (sq. miles)	35.9	51.2	42.6
Population Density (persons/sq. mile)	4,630.2	3,390.6	-26.8
<b>Washington County</b>			
Urban Population	57,162	93,339	63.3
Urban Land Area (sq. miles)	14.1	41.1	191.5
Population Density (persons/sq. mile)	4,054.0	2,271.0	-44.0
<b>Waukesha County</b>			
Urban Population	227,405	303,681	33.5
Urban Land Area (sq. miles)	72.3	144.4	99.7
Population Density (persons/sq. mile)	3,145.3	2,103.1	-33.1



## **What is Next?**

The foregoing represents a pattern of metropolitan development—that of social and economic polarization—that the Milwaukee region cannot afford to continue. The Milwaukee region cannot afford to build a new set of communities and the supporting infrastructure every generation as the city and older suburbs become isolated and decline.

The Milwaukee region cannot afford to concentrate poverty in increasingly hopeless neighborhoods of the central city—communities from which economic activity is leaving.

The Milwaukee region cannot afford to eat up thousands of acres of farm land to build new sprawling communities into infinity.

The Milwaukee region must spend at least some of its resources and energy renewing—recycling—the communities in which it grew up. The people of this region cannot afford disposable core communities.

This report represents the beginnings of an agenda designed to deal with growing regional instability and disparities. While it may be controversial, it represents only a best first effort, subject to the negotiation, reformation, and synthesis that occurs in all political progress. While the issues will be difficult, it is our hope that this region can work together—reason together—to solve its mutual problems and seize its shared opportunities.

The real importance of this discussion is the realization that the Milwaukee region is suffering from a series of problems that are too massive for the central cities to confront alone.



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# Metro Solutions

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**T**he foregoing patterns demonstrate, if nothing else, the need for a metro-regional approach to stabilizing the central city and low tax-base communities and the need for creating equity throughout the Milwaukee region. If the region allows social needs to further concentrate on the declining tax base of the central city, inner suburbs, and many outlying satellite cities, these communities can do little to stabilize fundamentally. Similarly, as long as parts of the region can exclude the costs and effects of social responsibilities, the region's resources will naturally flow there. As polarization continues, the concentration of poverty intensifies and creates an increasingly rapid socioeconomic decline that rolls outward from the core communities. Fragmented land use patterns and competition for tax base lead to wasteful, low-density sprawl, institutionalize polarization, and squander valuable natural resources and human capital.

Milwaukee has a long history of attempts at regional cooperation. Efforts to modernize downtown, to rationally and effectively control regional growth, and to equalize shifting tax bases were all advanced, at various times, through regional strategies. The business community, Mayors, and the Common Council led these efforts.

Attempts to promote regionalism through the 1950s were discouraged, in part, by the aggressive annexation wars fought by the city during that decade. During the 1960s, regionalism gradually re-emerged out of shared recognition of the need for inter-jurisdictional cooperation in order to improve services and living conditions. Success was seen in matters relating to sewers, parks administration, and construction of new expressways. In retrospect, the variables contributing most influentially to successful cooperation were citizen interest, civic organization activity, and economic pressures. More recent efforts at regional coordination have been only moderately more successful – or successful but not without a heavy political toll; “minor revolutions, bloodless to be sure, but far from pacific and rational.”<sup>23</sup>

Regionalism is not dead on arrival in the metropolitan Milwaukee, however. In fact, extant examples of successful regional coordination and several emerging programs may be at the front of a parade waiting to form. With the right coalitions, with innovative solutions to persistent problems, and the right strategies for educating and engaging the public, regional efforts are succeeding and old political divisions are being bridged.

The keys to successful regional advocacy may reveal themselves by examining the prior circumstances of failure. The commitment of a singular constituency – the business community, as one historical example – is simply not powerful enough to move both public institutions and the public at large to support their agenda. The GMC's Metropolitan Study Commissions had influence with elected officials and assorted policy makers. Their work, however, never attracted sufficient citizen interest.

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<sup>23</sup> Norman, 231.

Community organizations were successful only when their programs bridged multiple issues and regional constituencies. The narrow focus of neighborhood politics and/or episodic issue campaigns made sweeping organizing drives near impossible and precluded broad reform.

Regional economic pressures are too cyclical to create sustained energy among multiple constituencies. Moreover, public officials and policy makers are often quick to respond with short-term solutions to any present economic pains, venting off the pressure that might lead to concerted regional action.

The agenda for reform we suggest borrows from all this prior experience. By linking the economic and political experiences of multiple constituencies throughout the region – both empirically and by historical example – the solutions suggested, we think, will be intuitive. By inviting previously disjointed constituencies to examine their shared fate in the Milwaukee metropolitan region, new political alliances can be created. By illuminating the high road to long-term regional economic security, savvy business leaders will begin to push public officials and public institutions toward policies that capture the regional linkages in our economy, and emphasize long-term sustainability over short-term gain. By engaging enterprising politicians to see the flaws of paying for our collective race to the bottom, we can encourage democratic participation at a regional level without abandoning our history of local control.

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# Policy Discussion & Recommendations

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**W**hat follows is a generalized overview of high-road policy choices available to put metro Milwaukee on course for a sustainable economic future. Some of these policies operate on a regional basis, and demand greater regional cooperation before they can be pursued. Others provide considerable regional benefit as a result of their operation, but demand state action. Still others are available through cooperative agreements between units of local government, optimizing service delivery through creative partnerships.

Recently, David Rusk has argued that metropolitan solutions demand both an “inside game” and an “outside game” – and to succeed in the long run, cities need to do both. A city’s inside game – enterprise zones, CDBG’s, etc. – must be matched, Rusk argues, with a strong outside game – principally, regional land use planning to reduce sprawl, regional fair-housing to avoid concentrated poverty, and regional revenue sharing to reduce fiscal disparities.<sup>24</sup>

## **More Functional and Fair Labor Market Administration**

In an ideal world, labor markets would be “transparent” to participants — with job requirements and opportunities universally understood. Career ladders, permitting advancement from entry-level jobs to more advanced ones (both within individual firms and across industry sectors or clusters), would be known too, and respected by employers. Those seeking employment or advancement would have opportunities to acquire the human capital needed to achieve them, with public supports in training and other monies directed to preparing people for jobs that were known to exist or coming open. And employers intent on taking the high road would have confidence that they would be able to draw on a skilled workforce in doing so. This “ideal” world — very far from present urban realities — is in fact not that difficult to achieve. It simply requires organizing employers, on an industry basis, to declare common skill and employment needs; connecting such consortia of employers to the public training system; and broadcasting the opportunity set widely in the community. Experience in Milwaukee, where this has been tried with the Wisconsin Regional Training Partnership (a large consortium of employers in manufacturing) and the Milwaukee Jobs Initiative (an effort to connect central city residents to area job opportunity), finds startling positive effects on equalizing employment opportunity and promoting industry upgrading.

## **Regional Reinvestment in the Central Cities & Older Suburbs**

These communities, already fiscally stressed with low tax bases, high taxes, and minimal services, cannot begin the process of reinvestment that is necessary to remain competitive. Regional funds must be created to clean up older industrial parks and polluted areas (brownfields), rebuild infrastructure such as sewers and roads, rehabilitate housing, and replenish and augment urban parks and amenities.

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<sup>24</sup> David Rusk, *Inside Game, Outside Game: Winning Strategies for Saving Urban America*, Brookings Institution Press, 1999.

These programs must also involve the older suburbs, where such problems are often very severe. Part of the reinvestment strategy includes equitable geographic allocation of transportation investment, driven by a more publicly accountable distribution of highway resources. In conjunction with the rebuilding of the core and inner suburbs, significant public/private employment intended for individuals emerging from the welfare roles should be directed to those parts of the region.

### ***Land Use Planning and Growth Management***

Unless we begin to manage the process of growth at the edge, we will undermine any remedial efforts happening in the central city. If 25 percent of a region can continue to develop only expensive homes and jobs, without worker housing, they will rapidly draw off the wealth and growth of the region. At the same time, that 25 percent will commit the region to sprawling land use vastly disproportionate to population increases — worsening congestion, energy use, and pollution while increasing social separation.

Land use planning requires setting outward limits for growth in the form of urban growth boundaries, staging new infrastructure (e.g., roads and sewers) together with new housing, developing at a density that will support some minimal form of public transportation, and assuring the provision in all subdivisions of a fair share of affordable housing.

An underlying debate on this issue is growing in more than half of U.S. state legislatures. According to the Brookings Institution's survey following the November, 1998 elections, votes were taken on over 240 state and local ballot measures relating to land use, conservation, parks and open space, and smarter growth.<sup>25</sup>

Until recently Wisconsin lacked any statewide regime for comprehensive local land use planning. The 1999-2000 state budget enacted the first-ever definition of "comprehensive plan," establishing statewide planning parameters which must be adopted by local governments in order to qualify for state planning grants. This is an important first step. Attention must now be placed on the particular elements being developed to give the definition meaning, and to the local and municipal level processes to develop and enact comprehensive plans.

### ***Changed Terms of Economic Development Assistance***

Most city and county economic development authorities commit a series of self-defeating mistakes in the assignment of public supports to economic development. By and large, they promote job growth without attention to the quality of jobs being generated; this tends to increase fiscal stress even as when it increases employment, as the occupants of the low-wage jobs that result draw down services without contributing to the tax base. They focus on attracting new employers to the region rather than retaining and improving existing lead ones; this misses the opportunity presented by existing agglomeration effects and distinctive regional strengths. They lower standards on firm and resist accountability requirements in public assistance to them; this straightforwardly encourages low-roading, and hurts (through increased competition) the high-road firms the region should want to grow. They under-invest in the public goods (training, modernization, etc.) that high-road firms need. And they have few mechanisms for getting organized, representative, input from employers, labor, and the community — with resulting waste in decisions based on bad information, or lack of public support for new development initiatives. Reversing each of these practices is the more narrowly

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<sup>25</sup> Phyllis Myers, "Livability at the Ballot Box," Brookings Institution, January 1999.

“economic development” part of the high-road metro agenda. Its enactment would be immensely facilitated by passage of the other elements, which reduce the jurisdictional competition for employment that substantially drives present practice.

## **Fair Housing**

The provision of affordable housing throughout a metro region accomplishes multiple goals simultaneously – reduces the concentration of poverty, stems the polarization occurring between the region’s communities, puts workers closer to new jobs, and reduces racial segregation.

We may think of there being three stages to a comprehensive fair housing strategy: (a) reducing non-rational barriers in zoning codes, development agreements, and development practices, (b) creating a regional funding source to provide subsidies for housing throughout the region, and (c) providing a system of testing to first understand, then eliminate, the pattern of housing discrimination in the region. Oregon, Massachusetts, Minnesota, New Jersey, and Montgomery County, Maryland have taken important steps along the first two stages. Social science data exist on the third problem, but no state has actively taken steps in this direction.

And we believe that some state action is necessary. The problems of inadequate affordable housing “did not arise simply as an outcome of market forces, and solutions will require more than just the free play of the private market.”<sup>26</sup>

## **Transportation Reform**

At the federal level, with the implementation of the 1991 Intermodal Surface Transportation and Efficiency Act (ISTEA) and more recent enactment of its successor, TEA-21, large federal resources are available for transit and other forms of investment to strengthen the viability of the mature cores of metropolitan regions. ISTEA has been a significant help to metropolitan regions with strong commitments to public transportation, although its recent reauthorization in TEA-21 showed the usual pro-sprawl aggregate bias. A significant part of a regional agenda is making sure that state legislation conform to take full advantage of the ISTEA/TEA-21 flexibility and making regional decision makers that allocate ISTEA funds more accountable to all the citizens of a given region.

Transportation policy in Wisconsin, of late, continues the state’s love affair with the highway. Money for public transportation, especially new forms of public transportation like commuter or light rail, have come at great political costs. At the same time, Wisconsin ranks among the worst states for spending flexible TEA-21 money for non-vehicular transportation projects.

We urge policy makers to pursue transportation and land use plans that promote transit-oriented development and pricing reforms to reduce automobile dependency and the attendant social and environmental costs.<sup>27</sup> Ultimately, regional transportation efficiency is about money, and where money is directed. Reorienting transportation priorities depends on solid information documenting the costs and consequences of our present course and engaging public participation in the planning and allocation processes.

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<sup>26</sup> Gregory Squires, et al., “Housing Affordability in Metropolitan Milwaukee,” Institute for Wisconsin’s Future, November 1998.

<sup>27</sup> A thorough discussion of such policies may be found in Rob Kennedy’s “2040: Getting There – Alternatives to Sprawl in Southeastern Wisconsin,” Citizens for a Better Environment, February 1999.

Transportation reform must go beyond rational transit-oriented planning and implementation. As demonstrated earlier in this report, there is a widening regional gap between the hubs of new job creation and where unemployed workers live. Transportation reform must address the issue of transportation-to-work and embrace innovative strategies to link workers to jobs. At the same time, transportation policy can not simply underwrite the costs of chasing jobs further and further away from urban centers.

## **Watershed Protection**

Control of water pollution in the United States has focused historically on so-called “point source” pollution – that which comes out of the end of a pipe, ostensibly, into a public waterway. Increasingly, especially within metropolitan regions, non-point source water pollution (generally untreated storm water runoff) is of serious concern. Upstream development in the Milwaukee region – owing to the loss of natural wetlands and the proliferation of impervious surfaces (i.e., pavement and rooftops) – factors prominently in the recent flooding experienced in Southeastern Wisconsin.<sup>28</sup>

Wisconsin is one of a handful of states instituting a permitting system for municipal, industrial and construction storm water run off. By setting effluent goals and targeting multiple sources of potential pollution, the NR216 permit system is an unprecedented embrace of regional policy strategies.

Across the country, approximately one dozen local units of government (including Appleton, WI) have established storm water utility districts – quasi-governmental agencies charged with managing regional storm water run off similar to agencies managing sewers. We encourage policy makers to examine programs such as that in Lake County, IL which lead the nation in establishing comprehensive watershed management plans. Moreover, we encourage adoption of impervious surface taxes (sometimes referred to as “storm water user fees” or “system charges”) to fund such a utility and its operation, or at a minimum, internalize the costs of development and relieve strained property tax levies.

## **Public Works**

Given a bad name over the years despite their distinguished WPA lineage, basic “public works” projects — whether they be directed to road building, housing reconstruction and retrofitting, or extended library hours or other increased services for inner city neighborhoods — have an essential role to play in reconnecting long-term unemployed central city residents and others to income, and the work habits and skill requirements of regional labor markets. There are many things to be improved or brightened in our urban areas, and no end of people to do that. Uniting social need with individual desire for usefulness and advancement is not, despite familiar problems in execution, a bad idea. It’s a good one with examples to highlight, for each of which progress is being made or parties stand ready to take action.

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<sup>28</sup> Tom VandenBrook, “Wetland Loss to Blame for Flooding, Report Says,” *Milwaukee Journal Sentinel*, June 23, 1999. The article reports of a Sierra Club study which noted, among other things, that suburban Waukesha County led all Wisconsin counties in the number of permits to fill in wetlands issued between 1991 and 1998.



## **Equity in the Provision of Local Public Services**

Regional tax equity reduces disparities between local communities, reduces competition among local communities for businesses that have already located in a given region, and, by lessening the direct fiscal consequences of zoning decisions, makes regional land use planning more possible. Many regions have either ameliorated or solved these problems through consolidation or annexation. Some parts of the nation have progressive school equity systems that eliminate much of the burden of local schools from the central cities and older suburbs. Minnesota has pioneered a system that preserves local autonomy while — through the sharing of a portion of the local property tax base — creating greater regional equity in the provision of public services. Tax equity between jurisdictions is often an appropriate entry point for regional discussions, because it does not threaten local autonomy and it does not require difficult discussions of race, class, and housing. Tax base sharing can create a scenario where the majority of citizens live in areas which will immediately receive lower taxes and better services — a welcome starting point for building a winning political coalition.

In one hypothetical tax-base sharing scenario for the Milwaukee metro region, each community was required to contribute into a regional pool 40 percent of the increase in their tax base from 1986 to 1996. This tax base pool is then redistributed back out to the communities based on a formula giving preference to those places with a lower per capita income. This formula is similar to the one used in Minnesota's system. A cap is set on the total amount Milwaukee can receive — \$1 billion, or \$1,644 per capita. This model provided new tax base for forty one communities for a total of 67.4 percent of the region's population. Examples of winners include the residents of Kenosha (\$285 million, or \$3,327 per capita), West Allis (\$301 million, or \$4,749 per capita) and Racine (\$601 million, or \$7,039 per capita). At the other end of the spectrum, communities contributing significant tax base include Germantown Village (-\$6,964 per capita), Slinger Village (-\$10,901 per capita), and Chenequa Village (-\$47,470 per capita).

The Minnesota system of tax base sharing can not be suggested for Wisconsin in the abstract. Simply, Wisconsin's long-standing system of shared revenue could be affected adversely by a system aimed at achieving complementary results but fundamentally different in operation. Shared revenue is not incompatible with tax base sharing, however. In fact, there are options for combining the two systems to create winning regional solutions.

An alternative to explore combines the Wisconsin shared revenue system with Minnesota-style tax base sharing, thus continuing the benefits of the current system but gaining at least two additional benefits: (1) providing greater fiscal capacity and independence in metropolitan areas and the individual communities that make them up, (2) encouraging local cooperation by removing unproductive competition between local government in the same region and making cooperation pay for all within the metropolitan area.<sup>29</sup> Such a combined system could provide the best of both worlds — local autonomy and regional cooperation.

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<sup>29</sup> Ed Huck, Executive Director of the Wisconsin Alliance of Cities, personal communication.



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# Conclusion

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**T**he sprawl and social separation in Milwaukee's metropolitan region is apparent even to the most casual observers — things look different. The changing nature of how the region looks signals much deeper changes in the economy, in social structures, and in the prospects for a strong future of shared prosperity, environmental health, and community-mindedness. This report represents the beginnings of an agenda designed to deal with growing regional instability and disparities.

We offer this report into a context in which successful regional cooperation is percolating in our communities. First and foremost, we want to acknowledge those efforts and promote the best among them as antidotes for ills of the region. Moreover, we want the information and recommendations in this report — and others like it — to enable region-wide discussion about the choices and challenges we face. Citizen involvement is key to our collective success, but only if we are clear about the problems and consistent in communicating the strategies for their solution.

