

To: Common Council Members
From: Dr. Michael Rosen
Date: April 21, 2025
Re: Land-Use, Fiscal Impact and Economic Development Considerations re NCG
Hospitality Development (File 241340)

“Good Things Come to Those Who Wait”

Members of the Zoning, Neighborhoods and Development Committee and the Common Council should reject NCG Hospitality’s proposal for a zoning map amendment from a General Planned Development to a Detailed Planned Development to build the proposed Moxy hotel on Block 3 of the Arena Master Plan.

The Moxy hotel proposal does not represent the highest and best use of the property.

The Council should seek development that maximizes the highest and best use of the highly-developable property on Block 3, or at least a project that comes much closer to it. The proposed seven-story, 156-key, limited service Moxy hotel falls far below that standard. The GPD approved in 2015 outlined a hospitality project twice that size with a 300-key full-service property that could rise to 20 stories (see below). As Jeff Osterman wrote for the Legislative Fiscal Bureau, “The Moxy Hotel, as proposed, clearly is not the highest and best use of the southern portion of Block 3 – a much larger, taller hotel or other structure could be built under current GPD design standards, and would provide more tax base for the City.”¹

Block 3 sits at the nexus of Fiserv Forum, the new FPC Live venue, Turner Hall, Miller High Life Theater, Panther Arena and the remodeled Baird Center in one of the most vibrant sections of downtown. This property represents one of most developable pieces of property in Milwaukee second only to Vel Phillips Avenue and Wisconsin Avenue. At a time when Milwaukee seeks the addition of substantial hotel rooms to complement its public investments in the Deer District and the Convention Center, this property should remain available for development of a larger hospitality project that is a higher and better use of Block 3 and the rest of the GPD.

The current proposal before the Council as a small, limited-service hotel only because developer NCG Hospitality already has a larger, full-service property on the other side of Fiserv Forum (the Trade hotel). It is not in their interest to propose a hotel that competes for room stays with the Trade. That may be good business for NCG Hospitality, but it is not good land use and economic development for the City or its taxpayers.

Rejection of the Moxy proposal as insufficient is not “anti-development” but instead quite the opposite. Another hotel developer, or more than one, will propose a larger and better hospitality use on this highly-attractive site for such development. Approving the proposed Moxy will preclude and foreclose a larger and better hotel developments on this extremely valuable site. The City should maintain its commitment to maximize the potential of this site by insisting on a development that meets highest and best use described for Block 3 in the Area Master Plan. As the Legislative Reference Board wrote, “[I]t is in the City’s best interest to continue to seek development that is the highest and best use of the property.”²

The Moxy hotel proposal does not maximize the total assessed value in TID #84.

The City should maximize the assessed valuation and the incremental value in TID #84 in order to capture the positive fiscal impact for the City and in order to use the well-performing TID #84 to support under-performing

¹ *History and Overview of TID No. 84 (W. McKinley & Juneau)*, Jeff Osterman, March 2025

² *Ibid*

TIDs throughout the City. This will allow TID #84 to contribute to redevelopment in under-developed areas and/or to finance affordable housing.

TID #84 has performed remarkably well because of the catalytic investments by the City, Milwaukee County, and the State of Wisconsin. It is not in the best interest of the city or its taxpayers to accept a subpar development proposal. Doing so foregoes the benefits of a better and larger project with a higher valuation. (as included in the original GPD; see below). Holding out for a better project will enable the city to maximize the assessed valuation and incremental value in TID #84. Because TID #84 already has performed well (at double than projected at this point in time) it does not need to accept a subpar project. The City can and should hold out for a better project without any adverse fiscal impact.

As the LRB noted, “A high-performing tax incremental district like TID #84 [sic] can bring financial and other benefits to areas surrounding the district and to TIDs in aldermanic districts throughout the city.”³

Attracting a better project with greater assessed value will enable TID #84 to maximize its potential in playing a critical role in promoting additional development in the City. As a high-performing TID, #84 can transfer or donate to underwater TIDs throughout the City. Greater assessed value and increment in TID #84 will generate more financial resources available for TIF-supported development in, for example, north side neighborhoods that otherwise would not otherwise see new projects being proposed. Additionally, a larger assessed value and increment in TID #84 would enable more funds to be used for affordable housing projects once the TID has paid off its project costs. Leaving value and revenue on the table by approving this subpar project will adversely impact the development of affordable housing for Milwaukee residents.

The Moxy hotel proposal Detailed Planned Development materially deviates from the approved General Planned Development.

The Council should hold developers to the scale of projects outlined when it approved the Arena Master Plan in 2015. The City invested \$47 million in TID #84, including \$27 million from TID #22 to build a parking garage used by Fiserv Forum and the Trade Hotel. The City made these substantial investments on the basis of the GPD, including 90,000 square feet of retail and a 300-key hotel on Block 3. On one portion of Block 3 the Council approved an alternative project to the retail development in 2022 and 2023 through the new FPC Live venue. But it is the equivalent or superior (for tax revenue, land use, and/or economic development) than originally conceived. However, the proposed Moxy hotel falls far short of the 300-key hotel that could rise up to 20 stories outlined in the GPD with only 156 rooms and seven stories. This substantial deviation from the GPD does not provide equivalent tax revenue, land use or economic development and contradicts the Council’s land use and revenue objectives for the property previously approved. The City should hold development to the plan which resulted in the GPD approval in 2015.

The Moxy hotel proposal does produce the scale and type of economic development expected by the City.

The City invested substantial taxpayer-funded resources to create the “Deer District” based upon the promise of large-scale economic development that not only would positively impact the finances of Milwaukee but also create employment opportunities for residents. But for the \$47 million in City funds, to say nothing of the \$10-12 million in County land giveaways and the \$93 million in State financing, development in the “Deer District” would not exist. In effect, the City subsidized the projects in the “Deer District,” both directly and indirectly. The City should insist on maximizing its return on the investments in revenue and employment opportunities.

³ *Ibid*

The smaller, limited-service hotel embodied by the Moxy will require fewer construction workers than a larger project as approved in the original GPD. Likewise, it will ultimately employ fewer post-construction workers in the hospitality use than a 300-key, full-service hotel⁴. With such a large subsidy to “Deer District” development, and to its beneficiaries like NCG Hospitality, the City can and should expect more for its investments.

Conclusion

Members of the Zoning, Neighborhoods and Development Committee and the Common Council should reject the proposal for NCG Hospitality for a zoning map amendment from a General Planned Development to a Detailed Planned Development to build the proposed Moxy hotel on Block 3 of the Arena Master Plan.

This project falls far short of the highest and best use of this property, failing to maximize the assessed value, deviating from the approved GPD, and yielding less than the economic development due the City for its substantial subsidies for “Deer District” development. The City should reject this proposal and hold out for a larger, better project that advances the interests of Milwaukee and its residents.

⁴ Note also that non-union hospitality employment accounts for roughly 20,000 “bad” jobs with low wages, no benefits, nor any employment protections, according the UW-Madison researchers at the High Road Strategy Center; see *Facts From the Frontline: Getting By In Milwaukee’s Abundant Low Wage Service Jobs*, COWS, 2023: <https://highroad.wisc.edu/wp-content/uploads/sites/2056/2023/03/facts-from-the-frontline.pdf>