

September 13, 2004

To The Honorable Members of the Community &
Economic Development Committee
City of Milwaukee
City Hall, Room 205

Re: File No. 040030

Dear Committee Members:

I appreciate the opportunity to conclude my presentation about economic development initiatives, plans and strategies.

When I met with you in July, I noted that our economic development activities are designed to achieve results in three areas:

- The creation or retention of jobs.
- The maintenance or expansion of commercial services in underserved areas.
- Investment that leads to growth of our city's tax base.

I noted that four basic strategies are used to achieve those results:

- Provide financial assistance to businesses
- Prepare development sites
- Undertake outreach and marketing
- Undertake research and planning

The table in the file titled, "Economic Development Strategies – 2004" provides a summary of program approaches that employ these strategies. The table in the file titled, "Department of City Development Sample of Economic Development Projects -- 2004" provides details on how these program approaches have been applied in specific locations in Milwaukee.

What have these activities achieved? Our experience in 2003 provides concrete information to answer that question.

Jobs

Employers are responsible for job creation. Our approaches support job creation by: (1) providing direct assistance to employers; and (2) providing assistance to developers who, in turn, lease or sell property to employers.

We track jobs created by employers who receive direct assistance in the form of loans, grants, and tax credits. In 2003, employers who received direct assistance retained 1,321 jobs. In addition, these employers anticipate they will create 1,193 jobs.

It is much more difficult to track the exact numbers of jobs created by employers who own or lease property that was developed with City assistance. However, certain of these projects, such as those that prepare land for major commercial or industrial development, have a significant jobs impact over the term of the project. The Stadium Business Park is an excellent example. This 14-acre site, developed by Real Estate Recycling with City assistance, is a former foundry being redeveloped into 200,000 square feet of office and warehouse space. The developer broke ground in August on the first of four buildings; over the next several years, the developer anticipates leasing space to companies that will employ about 200 people there.

Commercial Services

Both the Midtown Center and Granville Station projects illustrate the results that can be achieved when City economic development programs are applied to projects that return commercial services to underserved neighborhoods. Midtown Center (the former Capitol Court) is adding more than 600,000 s.f. of retail space, including major big box grocery, discount, and home improvement stores along with a variety of smaller shops and a medical clinic. The Granville Station development is replacing the abandoned Northridge Shopping Center with a big box grocery and home improvement store. We are working with the developer to identify non-retail users for some 500,000 s.f. of former mall space at Granville Station.

Smaller scale projects also will bring commercial services to underserved neighborhoods. For example, the Columbia Square project at 3300 W. North Ave. is a mixed-use development that includes ground-floor retail space; ground was broken in spring 2004.

Investment and Tax Base Growth

Information we have compiled for 2003 indicates that City investment in economic development projects is a powerful stimulus to private investment. City investment in site preparation, grants and loans to businesses and developers through a variety of

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tax credits totaled about \$21 million in 2003. (All but \$1 million of this investment was in neighborhood projects.) These investments generated private investment of approximately \$133.7 million. In other words, every \$1 of public funds invested returned \$6 in private investment.

Because projects assisted with tax incremental financing develop over a multi-year period, we measure the impact of this tool by looking at the growth of the assessed value of property within TID boundaries. From 2002 to 2003, the value of Milwaukee's TIDs grew from about \$798 million to \$900 million, a 13% increase. The total assessed value of the city of Milwaukee grew from \$19.8 billion to \$21 billion (6%) during that same period.

I will be happy to respond to your questions about these results, as well as economic development strategies, at the CED meeting on September 15, 2004.

Sincerely,

Martha L. Brown
Acting Commissioner

MLB:tb