Chapter 9

SUMMARY AND CONCLUSIONS

INTRODUCTION

Based on the results of the SEI, and in light of the Housing Guidelines set forth by the American Planning Association and the trends and projections on housing needs and socio-economic projections, CED has found that most (33) of the recommendations set forth in the preliminary Regional Housing Plan are likely to have a significantly positive impact on Environmental Justice (EJ) communities. Eleven would positively impact EJ communities, meaning that they would provide a similar level of benefit to the entire population of the Region. Only 3 were found to have no direct benefit and none were found to have a potentially negative impact. Most of the recommendations are specifically aimed at ameliorating the various obstacles to affordable housing for EJ populations, and therefore implementation of the recommendations on a regional basis should relieve the housing problems as stated under the plan.

This chapter provides a summary of the SEI findings for each of the 47 proposed recommendations including suggestions for addressing minor deficiencies, a review of economic and racial segregation trends and impacts, and an assessment regarding the impact of not implementing the proposed recommendations, particularly the recommendations that address affordable housing and job/housing balances at the local level.

SUMMARY OF FINDINGS

This section includes a brief summary of the findings for each of the 47 recommendations including how they would impact environmental justice (EJ) communities, and a list of suggested changes for each of the six major housing plan categories. Based on the guidelines set forth by the American Planning Association and a review of the current trends in housing, CED proposes only minor changes to a handful of the preliminary Regional Housing Plan recommendations and the addition of three recommendations in order to more fully address the regional housing problems identified in SEWRPC’s preliminary draft housing plan.

Affordable Housing

CED recommends minor revisions to several of the Affordable Housing recommendations as noted below.

1. Housing unit size and density – Significantly Positive Impact, Key Recommendation
   - Impacts Costs of Development and Housing Prices: Reduces the costs for development and housing unit prices would provide more housing opportunities for EJ communities.
   - Impacts Policy and Zoning: Promotes affordable, inclusive housing development through local comprehensive plans and zoning ordinances.
   - Key Recommendation: Recommends all communities with sewer service to plan for and provide affordable housing, including modest single-family and multi-family housing.

2. Shift school funding away from property tax – Potentially Significantly Positive Impact, Key Recommendation:

   


CED Draft January 16, 2013

- **Impacts Policy and Zoning**: Reduces the costs of housing through policy changes. Higher cost housing is more desirable to local school and government officials due to heavy reliance on property taxes to fund local schools and services.

CED recommends that a State level agency (WHEDA or DOA) develop an initiative to study alternative funding strategies for schools and local government services. Any studies should consider reducing the heavy reliance on property taxes to address local school district and government officials’ concerns about lower-cost housing.

The issue of local property taxes funding school districts has been one of the key obstacles to providing lower-cost housing units in many of the suburbs. Given the significance of this issue and its impact within the Region, CED recommends that SEWRPC request the State, either through WHEDA or the Department of Administration, to initiate a study to determine if alternative school and municipal funding sources or strategies, such as a change in the formula or increasing reliance upon income taxes, could be implemented to reduce the role that property taxes play in local revenues, without disproportionately impacting lower income households. Potential partners in the study may include the Department of Public Instruction, Milwaukee Public Schools, WHEDA, Wisconsin Taxpayers Alliance, and the Public Policy Forum.

3. **Reduce or waive impact fees for affordable housing – Positive Impact**
   - **Impacts Costs of Development and Housing Prices**: Reduces housing costs and acts as an incentive for developing affordable housing.
   - **Impacts Policy and Zoning**: Local government policy change may be required to reduce or waive impact fees.

4. **Encourage a variety of housing types – Positive Impact**
   - **Impacts Costs of Development and Housing Prices**: Reduces the costs for development and housing unit prices.
   - **Impacts Policy and Zoning**: Promotes more affordable, inclusive development through recommended changes to some local zoning ordinances.
   - **Impacts Planning and Programs**: Promotes more affordable, inclusive development through recommended changes to some local or county planning (Comprehensive plans).

CED suggests that this recommendation be extended to include local strategic area or neighborhood plans, in addition to comprehensive plans.

5. **Review requirements that increase housing costs but do not contribute to design or functionality – Positive Impact**
   - **Impacts Costs of Development and Housing Prices**: Reduces the costs for development and housing unit prices.
   - **Impacts Design, Aesthetics, and Safety**: Reduces the costs associated with design, aesthetics, and safety.

6. **Include architects on design review team – No Impact**
   - **Impacts Design, Aesthetics, and Safety**: Although it is likely to improve the design review process, it is unlikely that this would have an impact on EJ communities.
7. **Conduct education and outreach efforts – Significantly Positive Impact**
   - **Impacts Education and Outreach:** Increasing outreach and education efforts to local public officials and planners on the need for affordable housing.

CED suggests revising this recommendation to include the agencies responsible for public outreach efforts (UW-Extension, Wisconsin Division of Housing, WHEDA, Public Housing Authorities, SEWRPC, Metropolitan Milwaukee Fair Housing Council, and the Metropolitan Builders Association of Greater Milwaukee). This is an important recommendation and efforts should be collaborative and ongoing in order to ensure that the overall message and direction of the RHP is not lost at the local level.

8. **Sound housing finance system – Significantly Positive Impact**
   - **Impacts Costs of Development and Housing Prices:** Stabilizes the housing market by providing better mortgage underwriting system, a better government oversight of the lending industry, reasonable rates and terms for fixed rate mortgages in order to avoid a repeat of the recent Housing Crisis which disproportionately impacted EJ communities.

9. **Appraisers should consider cost, income, and sales comparisons approaches to value – Positive Impact**
   - **Impacts Costs of Development and Housing Prices:** Changes the dynamic in the relationship between appraisers and lenders, potentially removing any improprieties that could impact appraisals. Increasing the accuracy of appraisals could increase the ability of potential homebuyers to obtain credit.

10. **Use Tax Increment Financing to facilitate the development of affordable housing as allowed by Wisconsin Statues – Positive Impact**
    - **Impacts Costs of Development and Housing Prices:** Lowers the costs for affordable housing development and housing unit prices.

Although it is likely that this would positively impact EJ communities by adding affordable units to communities that take advantage of TIF, this is a relatively new amendment to the Wisconsin TIF law (as of 2009) and thus far, there are no examples of any community taking advantage of this.

**Fair Housing/Opportunity**
CED found no further changes to the proposed five recommendations are warranted.

1. **Housing unit structure type and density – Significantly Positive Impact, Key Recommendation**
   - **Impacts Policy and Zoning:** Promotes more affordable, inclusive housing development including lower-cost housing through changes to some local zoning ordinances.
   - **Impacts Planning and Programs:** Supports an evaluation of local plan recommendations and zoning codes to determine if plans and policies act to affirmatively further fair housing.
   - **Key Recommendation:** Proposes that all communities with sewer service plan for and provide affordable housing, including multi-family housing.

2. **Allow multi-family as principal use in multi-family zoning districts – Positive Impact**
CED Draft January 16, 2013

- **Impacts Policy and Zoning**: Reduces obstacles such as excessive approval conditions or length of review period to development of multi-family housing based on changes to some local zoning ordinances.

3. **Require sub-grantees to Affirmatively Further Fair Housing (AFFH) – Significantly Positive Impact, Key Recommendation**
   - **Impacts Planning and Programs**: Accountability requirement for sub-grantees would act as an incentive to furthering fair housing goals.

4. **NGO public informational programs – Significantly Positive Impact**
   - **Impacts Education and Outreach**: Furthers fair housing policies and practices.

5. **Assisted housing mobility program – Significantly Positive Impact**
   - **Impacts Planning and Programs**: Eases barriers and opens up housing opportunities outside of the Region’s major cities.

**Job/Housing Balance**

CED recommends several minor revisions to a few of the Job/Housing Balance recommendations as noted below.

1. **Community job/housing balance analyses – Significantly Positive Impact, Key Recommendation**
   - **Impacts Costs of Development and Housing Prices**: Reduces the costs of development and housing prices in targeted areas lacking specific types of affordable housing.
   - **Impacts Policy and Zoning**: Supports more affordable, inclusive housing development including lower-cost housing through changes to some comprehensive plans and local zoning ordinances.
   - **Key Recommendation**: Proposes that communities in areas of the Region with a job/housing imbalance address the imbalance through amendments to comprehensive plans and/or zoning ordinances.

2. **Expand public transit – Significantly Positive Impact**
   - **Impacts Planning and Programs**: Improves jobs access through increased public transit service.
   - **Impacts Socio Economic Barriers**: Provides more opportunities to EJ communities through better connectivity between affordable housing and job opportunities.

3. **Conduct a Statewide job/housing balance analysis – No Impact**
   - **Impacts Planning and Programs**: Recommends support for WHEDA’s efforts to develop a program that identifies areas or communities with job/housing imbalances.

Although this recommendation has no direct impact on EJ communities, it is a necessary means to implement Recommendations 4 and 5, two key recommendations.

4. **Amend state law to prohibit TIF in communities with job/housing imbalance unless imbalance is addressed – Significantly Positive Impact, Key Recommendation**
   - **Impacts Policy and Zoning**: Incentivizes more affordable, inclusive housing development including lower-cost housing through changes to TIF practices.
Key Recommendation: TIF is likely the most significant economic development tool that local communities have, therefore tying its use to a balance between jobs and housing could increase affordable housing in areas that need it.

5. Economic development incentives – Significantly Positive Impact, Key Recommendation

- **Impacts Policy and Zoning**: Incentivizes more affordable, inclusive housing development including lower-cost housing through changes to State level economic development programs.
- **Key Recommendation**: Tying a balance between jobs and housing to economic development tools and programs that local communities utilize could increase affordable housing in areas that need it.

6. Provide findings of job/housing balance conducted under regional housing plan to communities requesting sewer service area expansions – No Impact

- **Impacts Planning and Programs**: Provision of SEWRPC’s job/housing analysis findings to communities during a sewer service area expansion request.

No impact on EJ communities unless acted upon by the local community requesting sewer service area expansion.

7. Economic and workforce development programs – Significantly Positive Impact

- **Impacts Socio Economic Barriers**: Recognizes that in addition to affordable housing outside of the Region’s central cities, other issues most relevant to EJ communities need to be addressed including improved transit services, education and job training (workforce development), and increased economic development activities in areas with high unemployment, underemployment, and high percentages of discouraged workers.

8. Establish revised selection criteria for transportation projects using Surface Transportation Program – Milwaukee Urbanized Area funding or Congestion Mitigation and Air Quality program funding (CMAQ) – Positive Impact

- **Impacts Planning and Programs**: Calls for revising selection criteria for the Regional Transportation Improvement Program (TIP).

This recommendation does not specifically state which changes to the selection criteria would be made, but SEWRPC would work with the Advisory Committees on Transportation System Planning and Programming. Depending upon how this is carried forward, Recommendation 8 could have a positive impact on EJ communities by expanding affordable housing choices by tying job/housing balance and provision of transit to the selection of projects to be funded with FHA STP-Milwaukee Urbanized Area and CMAQ funding, and for inclusion in the TIP.

9. Employer assisted housing programs – Significantly Positive Impact

- **Impacts Planning and Programs**: Supports local adoption of employer-assisted housing (EAH) programs to provide assistance to employees for homeownership near their jobs.

10. Migrant worker housing programs – Positive Impact

- **Impacts Planning and Programs**: Encourages the Wisconsin Department of Workforce Development to develop a method to count or estimate the number of migrant workers that
come to the Region without a work agreement to better quantify the potential need for temporary housing.

If this recommendation leads to migrant worker housing programs at either the State or local level, it could potentially have a significantly positive impact. Future Regional Housing Plan revisions should consider adding recommendations that could directly address housing for migrant workers.

**Accessible Housing**
CED recommends several minor revisions to a few of the Accessible Housing recommendations as noted below.

1. **Provide for multi-family housing – Significantly Positive Impact, Key Recommendation**
   - **Impacts Planning and Programs:** Incorporates additional accessible housing into the local or county comprehensive plan by realigning it with the multi-family housing goals set forth to address household income, job/housing imbalances, and affordable housing needs.
   - **Impacts Socio-Economic Barriers:** Provides a wider selection of accessible housing units throughout the Region, including in sub-areas identified as having a lower-cost job/housing imbalance.
   - **Key Recommendation:** Proposes that local governments revisit their accessible housing needs through the comprehensive planning process to determine their current and future needs with an aging population.

2. **Encourage universal design (UD) and Visitability – Significantly Positive Impact**
   - **Impacts Costs of Development and Housing Prices:** Could potentially lower the costs of providing UD and Visitability features (see recommendation below).
   - **Impacts Design, Aesthetics, and Safety:** Improves accessibility and the number of accessible units throughout the Region.
   - **Impacts Socio-Economic Barriers:** Provides a wider selection of accessible housing units throughout the Region.

CED recommends revising this to specifically state the types of local support measures or provide examples (e.g., density bonuses or developer incentives) that could be used to encourage UD and Visitability. Certain types of changes may impact local or county zoning as it may demand greater flexibility or changes to local zoning codes to accommodate UD and Visitability. It also may require local or county level changes in policy, such as developer incentives or density bonuses to encourage developers to provide accessible units or features.

3. **Funding for long term care programs and accessible housing database development – Significantly Positive Impact**
   - **Impacts Costs of Development and Housing Prices:** Assists in accessibility modification costs, and relieves some of the pressure on accessible housing stock by allowing persons with disabilities to remain in existing housing or persons to age in place.
   - **Impacts Planning and Programs:** Develop a method to identify, track, and preserve all existing accessible units, which should diminish the costs for future needs studies.
   - **Impacts Socio-Economic Barriers:** Continue or increase access to supportive services for persons with disabilities. Also, increased knowledge base for accessible units would help local communities gain a better understanding of the housing needs for persons with disabilities.
Currently, accessibility features and modifications are not documented in property assessments. CED recommends modifying this recommendation or adding an additional recommendation that would add documenting accessibility features and/or modifications to the residential property assessment. This would have to occur at the State level, but would be the easiest way to develop an inventory for tracking such features.

4. **Funding for Independent Living Centers – Significantly Positive Impact**
   - *Impacts Planning and Programs:* Maintain funding and support for the Region’s ILCs.
   - *Impacts Socio-Economic Barriers:* Continue or increase access to supportive services, including housing services, for persons with disabilities.

5. **Prioritize funding to retro-fit existing housing – Significantly Positive Impact**
   - *Impacts Planning and Programs:* Develop a method to prioritize accessibility remodeling projects based on the new American Housing Survey data (starting in 2012) and existing funding programs.
   - *Impacts Socio-Economic Barriers:* Increasing the knowledge base for accessible units would help local communities gain a better understanding of the housing needs for persons with disabilities.

6. **Building code enforcement for accessibility – Significantly Positive Impact**
   - *Impacts Policy and Zoning:* Compliance would likely increase the number of accessible units throughout the Region.
   - *Impacts Education and Outreach:* Education and training for local government employees to understand and uphold accessible housing requirements. Would likely increase the number of accessible units.

7. **Modify government programs to allow renters to use funds – Significantly Positive Impact**
   - *Impacts Design, Aesthetics, and Safety:* Expands resources for modifications to persons with disabilities that rent.
   - *Impacts Planning and Programs:* Expansion of existing modification grant programs to rental housing.
   - *Impacts Socio-Economic Barriers:* Extends funding for existing modification programs to persons with disabilities that rent their housing, thereby creating greater opportunities in areas of the Region with limited housing for persons with disabilities.

CED recommends extending this to allow landlord eligibility. Programs from the Virginia Housing Development Authority or Baltimore County (MD) could serve as models for such a program.

**Subsidized and Tax Credit Housing**

In addition to the ten proposed recommendations, CED proposes that SEWRPC and the Housing Advisory Committee add two additional recommendations, based on the American Planning Association Housing Guidelines. First, CED suggests adding a recommendation similar to Recommendation 4 that includes the Choice Neighborhood Program (successor to HOPE VI) funding for the rehabilitation and preservation of existing housing units in priority areas. Second, at least one recommendation that addresses emergency shelter and housing for the homeless should be developed. One aspect of homelessness that should be considered, either in the current plan or plan update, should be the needs
of homeless veterans. Studies by the US Department of Veterans Affairs indicate male and female
veterans\textsuperscript{1} are significantly overrepresented among the homeless population.

CED recommends several minor revisions to a few of the Subsidized and Tax Credit Housing
recommendations as noted below.

1. **Simplify and maintain Federal subsidized housing programs** – Significantly Positive Impact
   - *Impacts the Costs of Development and Housing Prices*: Supports more efficient and cost-effective uses of Federal resources. Maintaining funding levels is imperative.
   - *Impacts Planning and Programs*: Local PHAs are unlikely to see a significant influx of additional funding from the Federal government in the near future, therefore efforts should be made to identify and correct inefficiencies within the programs so that the current funding levels can serve as many qualifying EJ households as possible.

2. **Increase funding level for Section 8 Housing Choice Vouchers** – Significantly Positive Impact
   - *Impacts the Costs of Development and Housing Prices*: Increasing funding levels for vouchers is imperative.
   - *Impacts Planning and Programs*: Given the increased need for deeper subsidies over the past decade, local PHAs need to work with the Federal government to ensure that current funding levels are achieved or increased; local PHAs are unlikely to see a significant influx of additional funding from the Federal government in the near future, therefore efforts should be made to identify and correct inefficiencies within the programs so that the current funding levels can serve as many qualifying EJ households as possible.

3. **Seek and support new LIHTC housing** – Significantly Positive Impact
   - *Impacts the Costs of Development and Housing Prices*: Encourages the use of LIHTC in areas with job centers, lowering the direct costs associated with developing affordable housing units, thereby increasing the number of available affordable housing units.
   - *Impacts Planning and Programs*: Efforts should be made to identify and correct inefficiencies within the programs so that the current funding levels can serve as many qualifying EJ households as possible.

4. **Seek and support HUD subsidized housing** – Significantly Positive Impact, Key Recommendation
   - *Impacts the Costs of Development and Housing Prices*: Encourages the use of all types of subsidies in priority areas, lowering the direct costs associated with developing affordable housing units thereby increasing the number of available affordable housing units, and lowering tenant’s costs for renting units.
   - *Impacts Planning and Programs*: Efforts should be made to identify and correct inefficiencies within the programs so that the current funding levels can serve as many qualifying EJ households as possible.
   - *Key Recommendation*: Given the continued need for more affordable housing, particularly for extremely- and very low-income households, communities and PHAs in priority areas need to

ensure that funding levels for all of the HUD housing programs (including Housing Choice Voucher, LIHTC development, and Choice Neighborhood) are maintained, if not increased.

5. **Study models in other states to target extremely low-income population in LIHTC application process (QAP)** – Significantly Positive Impact
   - **Impacts Planning and Programs:** Provides an opportunity for LIHTC developments to target extremely low-income populations, those most in need of affordable housing.

6. **Administer voucher program regionally** – Significantly Positive Impact, Key Recommendation
   - **Impacts the Costs of Development and Housing Prices:** Supports more efficient and cost-effective uses of Federal resources, streamlines the voucher process, and reduces administrative costs
   - **Impacts Planning and Programs:** Modifications that maximize efficiency in the Section 8 Housing Choice Voucher program should include removing the financial disincentive for regional administration; local PHAs are unlikely to see a significant influx of additional funding from the Federal government in the near future, therefore efforts should be made to identify and correct inefficiencies within the programs so that current funding levels can serve as many qualifying EJ households as possible.
   - **Key Recommendation:** Removing the geographic barrier to vouchers could help to reduce the current segregation patterns and would promote efficiencies within program administration.

7. **Amend Wisconsin Open Housing Law to recognize vouchers as a source of income** – Significantly Positive Impact
   - **Impacts Policy and Zoning:** Allows voucher recipients to gain access to housing that they otherwise would not be able to afford, based on income.

8. **Revise LIHTC application (QAP)** – Significantly Positive Impact
   - **Impacts the Costs of Development and Housing Prices:** Encourages the use of LIHTC in areas with significant job opportunities, lowering the direct costs associated with developing affordable housing units, thereby increasing the number of available affordable housing units.
   - **Impacts Planning and Programs:** Removing the community support criteria of the QAP would encourage LIHTC developments outside the City of Milwaukee.

9. **Form affordable housing partnerships** – Significantly Positive Impact
   - **Impacts the Costs of Development and Housing Prices:** Lowers the indirect costs associated with assembling developable or redevelopable parcels, thereby increasing the number of available affordable housing units.
   - **Impacts Planning and Programs:** Streamlines the process for assembling developable or redevelopable parcels.

10. **Establish a Housing Trust Fund for Southeastern Wisconsin** – Significantly Positive Impact
    - **Impacts Planning and Programs:** Development of a regional Housing Trust Fund would ease administrative burdens for applicants, spread the funding burden across multiple jurisdictions, and raise the profile of potential affordable housing projects in order to attract more private investment.
    - **Key Recommendation:** Prioritization for addressing housing problems on a regional basis, rather than local or county level.
Housing Development Practices
CED recommends several minor revisions to a few of the Housing Development Practices recommendations as noted below.

1. **Neighborhood planning – Positive Impact**
   - **Impacts Planning and Programs:** Illuminates and promotes best planning practices.

2. **Develop design standards – Positive Impact**
   - **Impacts Design, Aesthetics, and Safety:** Good design standards can act to preserve and improve the appearance of streetscape and improve site functionality, therefore retaining value; can make low-income housing more appealing to neighbors.
   - **Impacts Policy and Zoning:** Provides a greater mix of housing types and sizes and allow for more affordable (i.e., multi-family) housing.

3. **Brownfield redevelopment – Significantly Positive Impact, Key Recommendation**
   - **Impacts the Costs of Development and Housing Prices:** Lowers the cost burden on the developer for remediating brownfields, one of the greatest deterrents for redeveloping urban areas.
   - **Impacts Planning and Programs:** Reduces some of the burdensome costs associated with brownfield remediation.
   - **Key Recommendation:** Removing obstacles, including lowering the costs to developers for the remediation of brownfields through a State tax credit program, is important for the redevelopment of urban core areas which tend to have the highest concentrations of brownfields and EJ communities.

4. **Crime prevention design (CPTED) – Significantly Positive Impact**
   - **Impacts Design, Aesthetics, and Safety:** Incorporating CPTED principles may reduce criminal activity, and improve safety and neighborhood quality.
   - **Impacts Planning and Programs:** Adopt and implement CPTED principles or elements into the planning and design review process.

5. **Energy efficient housing – Significantly Positive Impact**
   - **Impacts Design, Aesthetics, and Safety:** Increases energy efficiency and lowers heating and cooling costs, passing savings on to tenants or homeowners.

CED suggests adding a recommendation about weatherization funding programs and distribution of such funds for both public housing units, and private homes given that there is a significant need to retrofit much of the older housing stock located in the Region’s urban core areas to make it more energy efficient.

**FAILURE TO IMPLEMENT ALL OR PORTIONS OF THE PROPOSED HOUSING PLAN OR RECOMMENDATIONS**

**Background**
Consideration needs to be given to the current and projected housing and socio-economic conditions within and throughout the Region, particularly of the EJ communities. As discussed in Chapter 2 of the SEI, the Great Recession has exacerbated a long term trend in the decline in both median and mean income as well as a loss in net worth of many households, as the gap between the wealthiest and
poorest households has increased significantly, while the overall size of the middle class has been reduced and the ranks of low-income households have swelled. Both the widening gap and the growing population in poverty mean increasingly poor outcomes for EJ populations in terms of education, safety, environmental quality, and public health.

Numerous studies on income and racial segregation have shown that the Milwaukee metropolitan statistical area (Milwaukee, Ozaukee, Waukesha, and Washington Counties – also known as the MWOW counties) performs very poorly in comparison to other metro areas in terms of segregation measures, including income segregation, and in several studies has shown the highest rates of black-white segregation.

Recent studies have shown that the growing income inequality is having an increasingly detrimental impact on low-income neighborhoods and that there is a spatial correlation, that the widening income gap is creating more isolated neighborhoods. A 2009 study\(^2\) by the National Bureau of Economic Research demonstrates that since 1970, rising residential segregation by income can be explained through growing income inequality. Inequality at the top is associated with increasing segregation of the rich, while inequality at the bottom along with declines in demand for less-skilled labor are associated with residential isolation of the poor. This form of income sorting impacts people’s outcomes (particularly children) because of the distribution of role models, peers, and social networks, an absence of which can contribute to joblessness and social problems. Continued and growing income inequality is likely to perpetuate these problems, further concentrating the poor and confining them to low-income neighborhoods.

A recent study\(^3\) by Sean Reardon and Kendra Bischoff shows that metro Milwaukee (MWOW counties) ranks 11\(^{th}\) (out of 117) in terms of family income segregation, based on 2007 data. The study shows that between 1970 and 2007, segregation worsened throughout much of the Northeast and Rustbelt and Milwaukee had the second largest increase in family income segregation, behind Philadelphia. These long-term increases were fueled by both suburban growth and the rising income inequality that accompanied the decline of the manufacturing sector.

The correlation between race and income cannot be ignored, nor can its impact on segregation. As John Logan, a professor from Brown University who specializes in demographics including race and segregation states, “racial segregation itself is the prime predictor of which metropolitan regions are the ones where minorities live in the least desirable neighborhoods”:\(^4\) Blacks tend to face significant barriers to entering majority-white neighborhoods due to landlord price discrimination, mortgage


market discrimination, racial steering or overt hostility against blacks from incumbent white residents.\(^5\) Both blacks and whites may be willing to pay a premium to live in neighborhoods where their own racial group is in the majority. Evidence on the importance of the ‘neighborhood racial premium’ argument suggests that white preferences for living in majority white neighborhoods are much stronger than black preferences for living in majority black neighborhoods.\(^6\)

Segregation has a significant impact on life outcomes. A recent UCLA study\(^7\) shows that after decades of rising integration in most public school systems, the trend in many states is reversing, with growing segregation particularly in elementary schools. Elementary schools tend to be more geographically or neighborhood based, therefore impacted by segregation. The share of poor children in schools also significantly increased between 2001 and 2009. Based on this report, Wisconsin ranks 10\(^{th}\) in terms of schools that are most segregated (black-white) with schools that have black student concentrations of 90 to 100 percent, and 17\(^{th}\) most segregation (Latino – white). Additionally, black and Latino students in Wisconsin public schools are much more likely to be poor and more likely to be exposed to a greater percentage of other poor students. In Wisconsin, poor students comprise 37 percent of the student population; typical black student exposure (likelihood) to poor student is 65.2 percent, Latino is 55.4 percent, while typical white exposure is 31 percent.

Racial segregation indicators in metro Milwaukee are particularly troubling as Milwaukee has had the dubious distinction of being the most segregated in terms of the black and white populations. John Logan has published numerous studies that illustrate racial and income segregation patterns in metropolitan areas using Census and American Community Survey data. In his research, Logan has confirmed that the large metropolitan areas of the Midwest and Northeast tend to have the highest residential segregation patterns, and that Milwaukee ranks very high if not highest in terms of some segregation indices. His study\(^8\) using data from the 2005 to 2009 American Community Survey shows that in metro Milwaukee, blacks are more than 3 times as likely as whites to be in poverty; this is second highest only to Newark, NJ. Also, metro Milwaukee ranks 7\(^{th}\) in terms of black household isolation, which is the extent to which a member of a particular race is exposed only to other members of his/her race. Although small but steady progress has been made in most metro areas throughout the nation since 1970, segregation in Milwaukee and certain other Midwest and Northeast cities remains stubbornly high.

\(^{5}\) John Yinger Evidence on Discrimination in Consumer Markets, Journal of Economic Perspectives-Volume 12, Number 2-Spring 1998-Pages 23-40
\(^{7}\) Gary Orfield, John Kucsera, Genevieve Siegel-Hawley, E Pluribus...Separation Deepening Double Segregation For More Students, September 2012, UCLA. Available online at http://civilrightsproject.ucla.edu/research/k-12-education/integration-and-diversity/mlk-national/e-pluribus...separation-deepening-double-segregation-for-more-students/orfield_epluribus_revised_complete_2012.pdf
A 2011 study\(^9\) by Logan and Brian Stults using 2010 Census data shows that metro Milwaukee ranked second to Detroit in both 2000 and 2010 for black-white segregation. In 2010, Milwaukee ranked 5\(^{th}\) in black isolation; this and other trends and indices indicate that segregation remains a serious problem in Milwaukee, with many black Milwaukeeans experiencing extreme racial and economic isolation. Milwaukee, along with New York City, Chicago, Detroit, Newark, and Gary (Indiana), has the highest persistent level of black segregation.

William Frey from the Brookings Institution reports\(^{10}\) segregation indices\(^{11}\) based on data from the American Community Survey (ACS) for the states and for the largest 100 metropolitan areas, including Milwaukee. The latest results are from the 2005 to 2009 ACS and show that in most metro areas, black segregation has lessened modestly but consistently over the past two decades. Frey attributes this to a rising black middle class as well as impacts from legislation including the 1968 Fair Housing Act. Again, metro areas in the Rustbelt and the Northeast tend to be the most segregated, led by Milwaukee, Detroit, New York, Chicago and Cleveland. Metro Milwaukee ranked 37\(^{th}\) in terms of Asian-White segregation, 7\(^{th}\) in terms of Hispanic-white segregation, and 1\(^{st}\) in black-white segregation.

In 2010, Joel Rast at the Center for Economic Development produced a study\(^{12}\) comparing Milwaukee (both metropolitan area and city) to 18 other comparable cities\(^{13}\) in the Midwest and Northeast (‘Frostbelt’ cities). Milwaukee’s suburbs fare very well in comparison to the other metro areas in job and economic growth, as nearly all of the growth has been concentrated in its suburbs since 1980. Based on an analysis of indicators between 1990 and 2008, Milwaukee does not fare well in comparison to other metro areas or cities on income and segregation measures. Milwaukee remains one of the most segregated, with over 90 percent of the black population (MWOW counties) residing within the City of Milwaukee, and has generally failed to develop anything close to a robust black middle class. College attainment for blacks remains comparatively low, and the disparity between college-educated whites and blacks is particularly pronounced.

Marc Levine at the UWM Center for Economic Development has been tracking long term income and racial segregation trends in Milwaukee.\(^{14}\) Levine demonstrates that the income gap between the

---


\(^{11}\) Segregation Indices are Dissimilarity Indices that measure the degree to which the minority group is distributed differently than whites across census tracts. They range from 0 (complete integration) to 100 (complete segregation) where the value indicates the percentage of the minority group that needs to move to be distributed exactly like whites.


\(^{13}\) Comparable ‘Frostbelt Cities’ include Baltimore, Boston, Buffalo, Chicago, Cincinnati, Cleveland, Columbus, Detroit, Indianapolis, Kansas City, Milwaukee, Minneapolis, Newark, Omaha, Philadelphia, Pittsburgh, St. Louis, Toledo, and Wichita.

\(^{14}\) Marc Levine *The Two Milwaukees: Separate and Unequal* presentation, available online at [http://www4.uwm.edu/ced/pdf/two_milwaukee.pdf](http://www4.uwm.edu/ced/pdf/two_milwaukee.pdf)
suburbs and the city has grown substantially, primarily due to ‘white flight’ or rather the ‘secession of the affluent’. This contributed to the negative outcomes particularly in the poorest areas of the City. In 2006, incomes in the inner city were about half of the metro area as a whole (MWOW counties). There have been some improvements in income levels, primarily in neighborhoods ringing the downtown area, where substantial gentrification and an influx of CDBG funding has occurred (Brewer’s Hill, Lindsay Heights, and City Homes). Most of the resurgence in the City of Milwaukee over the past decade has been concentrated in Downtown, the Third Ward, Bayview, and parts of the Lower Eastside neighborhoods, neighborhoods that are predominantly wealthier and white.

Although white suburbanization in Milwaukee has progressed about the same as the national average, black suburbanization lags here. Data from the 2000 Census indicates that Milwaukee ranked first in terms of racial segregation indices, with about 47 percent of black households with annual incomes over $40,000 living in high-poverty neighborhoods (census tracts in which at least 20% of the population is poor); by contrast, only 3.5 percent of white households at this income level live in such poor neighborhoods. Even among affluent black households in Milwaukee, those with annual incomes above $100,000, 42 percent live in high-poverty neighborhoods.

The Center On Wisconsin Strategy (COWS) also reports economic indicators in its State of Working Wisconsin report (most recently released in September 2012). This report shows that black prospects in Wisconsin remain bleak. Black unemployment was the worst in the nation (25 percent) in 2011, more than one in four black workers hold jobs that earn poverty wages, and median wages for black men and women lag those of their white counterparts. Black – white disparities in poverty, educational attainment, and incarceration rates rank Wisconsin (and therefore Milwaukee, given the high concentration of blacks in the City of Milwaukee) among the most unequal in the US. Worse, it appears that while all other states in the industrial Midwest have begun experiencing job growth, Wisconsin’s job growth has been significantly worse and, as of the middle of 2012, Wisconsin ranked 42nd in private sector job growth (this estimate was confirmed by the Census/QCEW and reported by the Milwaukee Journal Sentinel). This does not bode well for all Wisconsinites, but it is particularly devastating for EJ communities.

The Regional Housing Plan Recommendations as an Intervention

The evidence that compares metro Milwaukee to the other US metro areas in terms of black-white segregation should serve as a wake-up call to Southeastern Wisconsin. Milwaukee’s status as one of, if not THE most segregated metro areas in the US, is a dubious distinction that merits a strong response from local and state policy makers. Economically, segregation does not help the Region in terms of attracting business, developing a skilled workforce, or retaining a skilled workforce. City-suburb segregation, high crime rates, and high poverty levels all damage Milwaukee’s image. And like all other Rustbelt cities, Milwaukee needs to make sure that it continues its efforts to develop a skilled workforce as it transitions away from a manufacturing based economy to a skills- and knowledge-based economy. These efforts must include ALL members of the Region. Without a major intervention, the economic prospects for many black and Latino households and children remain bleak.

As a whole, the recommendations set forth in the Regional Housing Plan are part of that much needed intervention, but must also coincide with needed changes to education, transit access to suburban jobs, and an improved economy with more and better paying jobs. Based on the findings of the SEI, the housing plan recommendations would likely significantly benefit EJ communities, particularly low-income households, in terms of housing choice and affordability, and would help resolve some of the economic problems intrinsic to EJ communities such as access to more or better jobs and better schools. The RHP recommendations need to be implemented on a Regional basis, meaning that individual communities, and particularly sewered suburbs, need to actively work towards achieving all of the goals set forth in the RHP.

Policies that open up the suburbs to more affordable housing and a greater diversity in the housing stock may reduce some of the pressure on the Region’s urban cores. However, given a widening wealth gap along with an increasingly more mobile workforce that’s becoming increasingly dependent upon multi-family housing, this may create more pressure if development fails to keep up with the demand.

Although the recommendations are likely to be very beneficial for low-income EJ communities, it is unclear how it will specifically benefit minorities. It may reduce some of the black-white segregation that has plagued the metro Milwaukee area, but not all of the problems associated with segregation can be resolved through changes to the regulatory system or zoning. Housing and land use is only a part of the solution, along with transit and transportation, economic development, and education. Sound economic development and education strategies must also be developed in order to firmly establish a solid black and Latino middle class within the Region. Currently, all evidence indicates that this has been elusive in both Milwaukee and the State of Wisconsin.

What is clear, however, is that if the recommendations set forth in the Regional Housing Plan are not implemented, or if some of the suburbs continue to reject more inclusive forms of housing, then the EJ communities will become even more isolated and outcomes will likely worsen. According to a recent

Applied Population Lab briefing, by 2020 poverty is projected to increase in the Region, but mostly in Milwaukee County and for all races and ethnicities (from about 15.3 percent to 17.6 percent of the population, or a 2.3 percent increase); it will likely continue to disproportionately affect blacks and Hispanics. This means that, without significant housing interventions, Milwaukee will continue to rank poorly in comparison to other metro areas in terms of segregation (both race- and income-based). Overall, the distribution of population will continue toward isolation, for both the growing EJ community and the wealthiest households due to the widening income gap.

As Watson points out, the rising residential segregation based on growing income disparity is not just associated with increasing segregation and isolation of the poor, but also of the wealthy. Watson documents this growing income isolation or exposure of an income group primarily to itself through income sorting and ‘white flight’. Since 1970, rising residential segregation by income can be explained through growing income inequality. Inequality at the top is associated with increasing segregation of the rich, while inequality at the bottom along with declines in demand for less-skilled labor are associated with residential isolation of the poor. As wealthier groups become increasingly geographically isolated, their exposure to persons with lower incomes diminishes. At the bottom, this form of income sorting impacts people’s outcomes (particularly children’s) because of the distribution of role models, peers, and social networks, an absence of which can contribute to joblessness and social problems. Continued and growing income inequality is likely to perpetuate these problems, further concentrating the poor and confining them to low-income neighborhoods due to poor life outcomes and a lack of opportunities.

The literature on the impact of poverty on childhood development and outcomes is voluminous. Children raised in low-income households are at risk for academic and social problems and more health problems, which can undermine achievement. School readiness or a child’s ability to benefit from school has been associated with improved outcomes and access to opportunities at all economic levels; for those in poverty or low-income, improved school readiness and access to opportunities is critical for escaping poverty. The link between poverty and low academic achievement is also well established and translates into limited economic and job opportunities, lower lifetime earnings, and contributes to a cycle of poverty.

---

22 In comparison to Milwaukee County, each of the other counties in the Region will likely see less than an 1 percent increase in poverty rates, with the exception of Kenosha County, which is projected to increase by 1.0 to 1.5 percent.
A 2002 Center for Economic Development study documented this economic polarization in metro Milwaukee; affluent households had been steadily moving to the suburbs for over half a century, but this movement surged during the 1990’s when the economy was on the upswing. The total number of affluent households grew in the metro Milwaukee area, but the share within the City of Milwaukee declined significantly, from 15.6 to 10.7 percent. By contrast, both the share of affluent households and their aggregate gross income rose significantly in the outlying counties (Ozaukee, Washington, and Waukesha Counties) over the decade. This demonstrates, Levine argues, how metro Milwaukee has become a highly polarized and isolated region, with growing pockets of affluence in exurban areas that are becoming more and more disconnected from an increasingly impoverished central city. Rast’s study from 2010 confirms the growing economic polarization and racial and economic isolation and segregation.

The recommendations set forth under the Regional Housing Plan are a necessary step towards slowing down or possibly reversing this long term trend, but in order to be effective, the proposed recommendations must be implemented on a region-wide basis. Changing zoning in order to allow for modest single family homes and multi-family units needs to be embraced across the Region. Providing State level economic development incentives to those communities that take steps to address their job/housing imbalances is also a good start. But in order to fully address the problems caused by polarization and isolation, there needs to be region-wide cooperation to address problems with access to jobs, effective workforce development, access to decent educational opportunities, and an effective transit system. As SEWRPC recommends, full implementation of the transit improvements recommended by the Regional Transportation plan must be a priority.

The ultimate test is going to be how the proposed recommendations impact both economic and racial segregation. Benchmarking efforts should include indices such as those developed by John Logan or William Frey in order to determine the effectiveness of the housing recommendations on measures of racial segregation. Ideally, when John Logan’s study comes out in the year 2025, metro Milwaukee should have made significant progress.

*       *       *

26 Households earning more than $100,000 in adjusted gross income based on annual tax return data.