Federal Reserve Bank
of Chicago

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HOPS

HOUSING OPPORTUNITY PARTNERSHIP FOR SOUTHEAST WISCONSIN

Sprawl, Race, and Concentrated Poverty in Southeast Wisconsin[1]

The Housing Opportunity Partnership for Southeast Wisconsin (HOPS) is a long-term effort by professionals involved in the home-buying and home-selling process to identify and eliminate barriers for financially qualified individuals seeking to purchase homes throughout the region. HOPS also represents a commitment on the part of the Consumer and Community Affairs Division of the Federal Reserve Bank of Chicago to serve not only individual home buyers, but also entire communities, by carefully reviewing and improving the complex process by which a broad array of market participants provide housing and housing-related services in southeast Wisconsin.

The Partnership was convened at a conference on January 17, 2001 in Milwaukee, Wisconsin, where speakers included representatives from the Greater Milwaukee Committee, 1000 Friends of Wisconsin, Southeast Municipal Executives, Metropolitan Milwaukee Fair Housing Council, Fannie Mae, Local Initiatives Support Corporation, Citizens for a Better Environment, Wisconsin Housing and Economic Development Authority, and the University of Wisconsin.

The highlight of the conference was David Rusk's keynote address, "Sprawl, Race and Concentrated Poverty in Southeastern Wisconsin," which is reprinted below with his permission.

Over the last fifty years, two factors have largely shaped how our metropolitan areas have developed—sprawl and race. Sprawl and race interact with each other. They are linked most clearly through the concentration of poverty. Concentrated poverty is a highly racialized phenomenon. High poverty neighborhoods are almost always black ghettos or Hispanic barrios. There are few white slums. Most of the millions of poor whites live scattered in middle-class neighborhoods throughout metropolitan areas.

Concentrated poverty is urban America's core problem—both socially and geographically. Concentrated poverty creates push-pull factors. Push factors—high crime rates, failing schools, falling property values, often higher tax rates—push middle class families out of poverty-impacted neighborhoods in central cities and many older suburbs. Pull factors—safer neighborhoods, better schools, rising home values, often lower tax rates—pull such families to newer suburban areas.

It is not any "superior virtue" of suburban governments that is responsible for suburban pull factors. Pull factors simply reflect the fact that most suburbs are low-poverty areas. Both push and pull factors are largely opposite sides of the same coin—the concentration of poverty.

Let's examine sprawl, race, and concentrated poverty in the context of Southeast Wisconsin—in particular, in the Milwaukee-Waukesha metro area.[2]

Urban Sprawl

One way to measure urban sprawl is through the rate of outward expansion of the "urbanized area." By "urbanized area" is meant the central city (Milwaukee) and all contiguous suburbs. Table 1 compares the relative growth rates of urbanized population and urbanized land from 1950 to 1990.

Table 1

Land-to-Population Growth Ratios For Southeastern Wisconsin Urbanized Areas from 1950–90

Urbanized Areas	Population Growth	Land Growth	Land-to-Population Growth Ratio
National average	88%	255%	3 to 1
Milwaukee-Waukesha	48%	403%	8 to 1
Racine	59%	221%	4 to 1
Kenosha (1960-90)	29%	211%	7 to 1

Urbanization in Southeastern Wisconsin consumed much more land for much less population growth than the national average. By this measure, the Milwaukee-Waukesha area "sprawled" at more than twice the national rate.[3]

Race

Table 2 measures rates of relative racial segregation through a common "dissimilarity index" on a scale of 0 to 100 (100 = total apartheid).

Table 2

Change in Residential Segregation of African Americans In Southeastern Wisconsin from 1970 to 1990
(Dissimilarity Index: 100 = total racial apartheid)

Metro Area	1970	1990
Large Northern Metro Areas (16)	85	78
Milwaukee-Waukesha	91	83
Racine	76	64
Kenosha	70	61
Large Southern Metro Areas (18)	80	65

Racial segregation is declining, though very slowly in Milwaukee-Waukesha. By 1990, Milwaukee-Waukesha was still the USA's 5th most racially segregated region.[4]

Though racial segregation is declining, as Table 2 shows, economic segregation is increasing steadily (Table 3). Jim Crow by income is replacing Jim Crow by race.

Table 3

Change in Residential Segregation of Poor Persons In Southeastern Wisconsin from 1970 to 1990
(Dissimilarity Index: 100 = total economic apartheid)

Category	1970	1990
Large Northern Metro Areas (16)	36	44
Milwaukee-Waukesha	39	55
Racine	30	40
Kenosha	25	35
Large Southern Metro Areas (18)	37	38

During the 1970's and 1980's, Milwaukee-Waukesha experienced the highest rate of increase in economic segregation (15 points) of any metro area in the nation. By 1990, Milwaukee-Waukesha had gained the dubious distinction of being the USA's most economically segregated metro area![5]

Why are economic segregation indices so much lower (i.e. with scores in the 30s, 40s, and 50s) than racial segregation indices (i.e. with scores in the 50s, 60s, 70s, and 80s)? In part, the answer lies in the fact that American society has historically segregated more by race than by economic class.

But a large factor is, as discussed above, that most poor whites do not live in poor neighborhoods. Table 4 summarizes the percentage of poor whites and poor blacks that live in census tracts with greater than 20% poverty rates.[6]

Table 4

Concentration of Poor Persons by Race
In Poverty Census Tracts
In 25 Large Metro areas in 1990

Category	Poor Whites	Poor Blacks
Large Northern Metro Areas (11)	29%	81%
Milwaukee-Waukesha	36%	90%
Racine	20%	73%
Kenosha	32%	73%
Large Southern Metro Areas (14)	22%	69%

With 90% of its poor blacks trapped in high poverty neighborhoods, Milwaukee-Waukesha had one of the USA's highest concentrations of poverty.[7]

The combination of Milwaukee-Waukesha's high levels of racial and economic segregation were reflected in a rapid increase in the number of high poverty neighborhoods in the city on Milwaukee (Table 5).[8]

Table 5

Growth in Number of High Poverty Census Tracts
In Southeastern Wisconsin from 1970 to 1990
("high poverty" = more than 20% poverty rate)

Metro Area	1970	1990
Milwaukee-Waukesha	54	108
(no. of tracts greater than 40% poverty)	*(10)*	*(59)*
Racine	3	5
Kenosha	1	6

Thus, in the Milwaukee-Waukesha region, in twenty years, the number of high poverty census tracts doubled, and the number of extremely high poverty census tracts increased six-fold.

What are the practical consequences of the convergence of race and concentrated poverty? What does this mean? For one thing, if you are poor and white in Milwaukee-Waukesha, the odds are two out of three that at your neighborhood school your own children's classmates will be primarily middle-class children. But if you are poor and black in Milwaukee-Waukesha, the odds are nine out of ten that your own children will be surrounded by other poor school children. The socioeconomic backgrounds of a child's family and of a child's classmates are the strongest influences shaping school outcomes. The odds against your own children's succeeding in a high-poverty school are very high.

To sum up, by 1990 Milwaukee-Waukesha had sprawled at over twice the national average, was the 5th most racially segregated metro area, and *the* most economically segregated metro area. It was a poster child for the theme of sprawl, race, and concentrated poverty.

Trends in the 1990's

All the data that I have presented ended with the 1990 census. "That's old information," critics say. "Our city has turned things around. [Insert name] is a "comeback city." Release of the details of Census 2000 is still over a year away. Until then, we will not have a clear picture of overall trends. Certainly a decade of national prosperity was a rising tide that lifted many, many boats. Many cities—and certainly Milwaukee—have signature projects (lakefront and riverside condos, downtown stadiums and arenas, festival market places, etc.) they can point to with civic pride. But what do available numbers tell us about what Census 2000 will reveal about broad metropolitan trends?

Sprawl in the 1990's

Data on urbanized areas are not yet available. Yet every five years the national Census of Agriculture documents the shrinkage of farmland within metropolitan counties. That can be compared with population growth to derive a rough measure of the march of urbanization.

Table 6

Growth of Population (1990–99)
Compared to Loss of Farmland (1987–97)
In Southeastern Wisconsin

Metro Area	Population	F armland
State of Wisconsin	+7%	-10%
Milwaukee-Waukesha	+2%	-18%
Racine	+6%	-8%
Kenosha	+14%	-10%

With only a meager 2% increase in population, the four-county Milwaukee-Waukesha region lost 18% of its farmland. (During the 1980's, a decade of zero population growth, it had lost another 12% of its farmland.)

Furthermore, development patterns can be tracked by population shifts. Table 7 summarizes population changes by county over the last decade. The outlying counties showed sustained population growth. Milwaukee County, however, lost 5.5% of its population. The city of Milwaukee dropped 9%, continuing its steady downward path since its peak population of 741,000 in 1960. But all of Milwaukee County's 18 other municipalities except Franklin and Oak Creek lost population as well. Overall, Milwaukee County's losses almost counterbalanced the outlying three counties' gains. The region's overall population increased only a meager 2%.

Table 7

Growth of Population (1990–99)
In Milwaukee-Waukesha Metro Area

Jurisdiction	Population
Milwaukee-Waukesha metro area	+2%
Milwaukee County	-6%
City of Milwaukee	-9%
City of Franklin	+29%
City of Oak Creek	+45%
Other 16 municipalities	-4%
Ozaukee County	+12%
Washington County	+21%
Waukesha County	+18%

Thus, the region's pattern of "no-growth growth" continued throughout the past decade. The region's cities and counties played an almost zero-sum game.

Racial Trends in the 1990's

School enrollment trends offer some insight into residential patterns. Table 7 tracks racial enrollment trends in the Milwaukee-Waukesha region's 85 public high schools and alternative secondary schools.

Table 7

Index of School Segregation
In Milwaukee-Waukesha Public High Schools
From 1989–90 to 1999–2000
(dissimilarity index: 100 = total segregation)

Racial or ethnic group	1989–90	1999–2000
Blacks	70	78
Hispanics	58	61
American Indians	44	48
Asians	43	40

By 1999-2000, the region's high schools were more racially segregated than they had been a decade before for every group but Asians. The major shift was the increase in segregation of African American students–a direct result of the abandonment of court-ordered busing in the mid-1990's. However, since high school attendance zones cover much larger areas than census tracts, using high schools as proxies for census tracts understates the segregation index. Most probably, the very high value of 83 for African-Americans a decade ago will have only improved by three or four points at best in the 1990's. Milwaukee-Waukesha remains one of the USA's most racially segregated regions.

Economic Segregation in the 1990's

Tracking trends among low-income pupils through the schools' free meals program would give some indication of neighborhood income trends. Unfortunately, we could not access that data by conference time. To track economic trends, we will have to look at property valuation records for different cities in the region as an indicator of relative income trends.

Table 8 summarizes changes in the inflation-adjusted value of business and residential property from 1989 to 1999. To understand what is really happening, it is important to adjust rising property valuations for the rate of inflation.

Table 8

Change in Property Valuation *(inflation-adjusted)*
For Sample Cities in Milwaukee-Waukesha from 1989–99

Municipality	Pct Change
Brookfield	+31%
Waukesha city	+36%
New Berlin	+43%
West Bend	+63%
Menomonee Falls	+70%
Mequon	+74%
Muskego	+89%
All Milwaukee County	+9%
Oak Creek	+79%
Franklin	+89%
Other 16 municipalities	+15%
City of Milwaukee	**- 3%**

For example, during the past decade, the assessed valuation of all property in the city of Milwaukee increased from $12.6 billion to $16.2 billion–a 28.5% apparent increase. But the rate of national inflation was 36.5% during the same period. The city lost–3% of its tax base in inflation adjusted terms. Since the city also lost–9% of its population during the same period, one might argue that it had more property valuation per capita in 1999 than in 1989. But the city had no fewer miles of streets or water lines or sewer lines to repair or parks and recreation centers to maintain or firehouses and police stations to staff–and less property tax base to support it.

In summary, by these various indicators, during the 1990's the region made little progress on controlling sprawl, lowering racial barriers, or diminishing concentrated poverty. Is the city of Milwaukee better off in 2001 than in 1991? I am sure that it is in some respects. Has its decline been reversed? No.

The Milwaukee-Waukesha region continued its pattern of "no-growth growth." It is too much to say that you are merely rearranging the deck chairs on the Titanic. Milwaukee-Waukesha isn't sinking. But it is dead in the water.

I cannot suggest to you how to jump start the regional economy. I do not know enough about what you do well that the global economy wants more of. Nor have I the expertise to advise you on economic development strategies. But I can offer you models for dealing with sprawl and concentrated poverty.

Solutions: Growth Management

Myron Orfield has studied trends in the USA's 25 largest metro areas in the 1990's. He reports that, of the 25 regions, only in the Portland area did both the central city and its older, blue-collar suburbs gain population, jobs, and tax base relative to the rest of the region. Everywhere else the older communities lost ground. The difference? Portland's regional Urban Growth Boundary.

Oregon law requires every county to adopt a comprehensive land use plan and every city to draw up an anti-sprawl urban growth boundary (UGB). The boundary must accommodate projected development for 20 years. Inside the UGB, local government must be organized to facilitate business investment. Outside the UGB, no urban development. Land is exclusively protected for farms, forests, and recreation areas. All plans must meet tough state standards and are monitored by a strong Oregon Land Conservation and Development Commission.

Like Milwaukee-Waukesha, the Portland area is large (1.4 million residents) and governmentally complex (three counties, 24 municipalities). Regional land use and transportation plans are developed by Portland METRO, the USA's only directly elected regional government. METRO was established by the state legislature and by voter referendum specifically to manage the region's growth.

Some comparative results. As detailed above (Table 6), in the 1990's Milwaukee-Waukesha grew only 2% in population but lost 18% of its farmland. For the Portland area, it was exactly the reverse–18% population growth, -2% loss of farmland. Milwaukee-Waukesha's economy was stagnant. At mid-decade, Portland was booming, fueled by $13 billion in high-tech investments. In the 1990's, Downtown Milwaukee had zero new office construction. Over the last

20 years Downtown Portland added 40,000 new jobs—and not a single new parking space. Four downtown department stores, including Nordstom's and Sax Fifth Avenue, are thriving.

What is the impact of the UGB on social equity issues? By preventing sprawling development on the urban fringe, Portland's UGB has turned market investment back into the core communities. Despite a rapid run-up in home prices during the mid-1990s economic boom, fiscal disparities are narrowing, racial segregation is diminishing (index value: 66 in 1990), and the region's already low level of economic segregation (index value: 27 in 1990) may be shrinking as well.

Last year the Wisconsin legislature adopted Governor Thompson's Smart Growth proposals as part of the budget act. I have read the new law. It mandates nothing. Controlling sprawl will depend on voluntary cooperation among local governments. The new law provides modest state incentives. Smart Growth's PR is stronger than its provisions. I suppose Wisconsin deserves credit for doing something surrounded by neighbors who do nothing. But Milwaukee-Waukesha cannot get Portland-type results without an Oregon-type law. Wisconsin needs to enact a tough, mandatory, anti-sprawl, state land use law.

Solutions: Concentrated Poverty

Montgomery County, Maryland is a large (825,000 residents), wealthy, suburban county outside Washington, DC. Wealthy suburbs typically enact exclusionary zoning ordinances. Montgomery County champions inclusionary zoning through its Moderately Priced Dwelling Unit (MPDU) ordinance. Adopted by the county council in 1973, the MPDU law requires that at least 12.5%-15% of any new housing development of 50 or more units must be affordable to households in the lowest third of the county's income scale. Furthermore, the Housing Opportunities Commission (HOC), the county's public housing authority, is given right of first purchase for one-third of the "MPDUs," or, in effect, 5% of every new subdivision.

> "It may not be within our capacity to eliminate all poverty in America. It is within our capacity to eliminate the concentration of poverty."

Complying with the changed "rules of the game," since 1975 private, for-profit homebuilders have produced over 11,000 MPDUs that are integrated (generally seamlessly) into middle-class subdivisions. HOC has purchased over 1,500 MPDUs scattered in 220 different low-poverty neighborhoods. The result is that Montgomery County is one of the USA's most racially and economically integrated communities. The county deliberately integrates poor families into middle-class subdivisions, advancing racial integration in the process.

An Inclusionary Zoning Law for Milwaukee-Waukesha?

What would have been the impact if an MPDU-type inclusionary zoning law had been in effect for the Milwaukee-Waukesha region over the past quarter century? The Census Bureau reports that 198,579 new housing units were built between 1970–96. (Let us round that off to 200,000 units to keep the math easy.)

Assuming that half of the new homes were individual spec homes or part of developments too small to be covered by the inclusionary zoning requirement, an MPDU-type requirement region-wide would have yielded 10,000 "workforce" homes to be purchased or rented by modest income households. This would have allowed many low-skilled workers to find suburban homes nearer to where new jobs are being created.

Another 5,000 "welfare-to-workforce" homes would have been produced for purchase by public housing authorities. Of the latter homes, 1,000 would be located in generally lower-poverty neighborhoods of the city of Milwaukee, allowing some internal de-concentration of poor households within city limits. However, 4,000 "welfare-to-workforce" homes would be located in low-poverty, "receiving" suburbs, allowing relocation from city to suburb.

Table 9 summarizes the impact on poverty levels. In effect, using just a modest amount of new housing (i.e. 5% of new subdivisions) for de-concentrating poor households would not raise poverty levels in receiving suburbs to problem levels while it would reduce poverty levels in the city of

Milwaukee. Instead of a 26–27% poverty rate today, the city's poverty rate would have fallen to 20%.

In fact, only 6,300 housing authority-purchased homes would be needed to relocate enough poor households from high-poverty to low-poverty neighborhoods in order to bring poverty rates below 40% in all of Milwaukee-Waukesha's 59 very high poverty census tracts. An MPDU policy would have provided 5,000 of those.[9]

Table 9

Impact of MPDU-type Inclusionary Zoning On Hypothetical Poverty Levels in Atlanta Region (1990 rates)

City/Suburb	Pre-MPDU Poverty	Post-MPDU Poverty
Sending City		
Milwaukee	22.2%	20.1%
Sample Receiving Cities		
Franklin	2.1%	3.8%
Greendale	2.3%	3.4%
Mequon	2.1%	3.6%
Germantown	2.5%	4.7%
Menomonee Falls	2.8%	3.7%
Muskego	2.7%	4.2%
New Berlin	1.7%	3.5%
Brookfield	1.1%	2.3%

These estimates, of course, are exercises in arithmetic. Human affairs never work with such mathematical exactness. However, these projections give some notion of the impact of inclusionary zoning on a regional scale. It may not be within our capacity to eliminate all poverty in America. It is within our capacity to eliminate the concentration of poverty.

To be realistic, not one of those low poverty suburbs mentioned above will ever voluntarily enact such an inclusionary zoning ordinance. Local governments are reluctant to address the needs of their own poor residents except to isolate them in some forgotten corner. They are rarely willing to take their "fair share" of their neighbors' poor, particularly, black and Hispanic poor. Such a region-wide, "fair share" housing policy must be mandated by the state legislature…or by the state or federal courts.

"Social Engineering"

The dismissive phrase "social engineering" may doubtless occur to some after reading this discussion of inclusionary zoning. "America is not very good at social engineering," I have been told.

On the contrary, American society has been very effective at "social engineering." What was slavery? What was Jim Crow (southern-style and northern-style)? What was the purpose of racially restrictive deed covenants? Or of FHA- and VA-sponsored mortgage market "red-lining"? Or (to be more contemporary) of large minimum lot residential zoning or of outright bans against apartment construction (both recently found unconstitutional violations of civil rights laws by a Federal District Court in Dallas)?

In my experience, when the existing rules of the game produce results that powerful beneficiaries like, the existing rules are blessed as the workings of a "free market." When reforms in the rules of the game are proposed that would produce results they disagree with, the reforms are condemned as "social engineering."

And the charge of interfering with the workings of the "free market?" It is hard to imagine a sector of the American economy that is more shaped by public policy and more dependent on public investment and public subsidies than land development and housing construction. But do not take my word on that. Listen to the National Association of Homebuilders. "Public policy," NAHB writes, "dictates where development occurs."[10]

Changing the Rules of the Game

Then there are those who always argue that changing the "rules of the game" was easy in Oregon or Maryland, but Wisconsin (or Michigan or New York and so on) is tough. "It can't happen here."

Let me tell you. It is never easy. It is always tough. Oregon's land use law was not the work of a bunch of tree-hugging, liberal Democrats from Portland. It was the outcome of a crusade led by a committed Republican Governor, Tom McCall, and championed by a bunch of conservative, Republican farmer-legislators who were determined to prevent the beautiful Willamette Valley, some of the world's richest farmland, from being paved over by Portland's urban sprawl. And Oregon voters have gone to the polls four times to beat back efforts to repeal Oregon's tough, anti-sprawl law.[11]

Liberal Montgomery County, Maryland? The US Supreme Court's Brown v. Board of Education decision de-segregating public schools applied as much to Montgomery County, Maryland as it did to Montgomery, Alabama. Groups like Suburban Maryland Fair Housing and the county League of Women Voters lobbied six years for the MPDU ordinance. It ultimately took electing progressive Democrats for all nine county council seats—and electing the League of Women Voters chair as president of the county council—before the MPDU law was adopted.

"It can't happen here" is just an excuse for not doing the hard work of support building and lobbying. It can happen here.

In fact, it had better happen here. Milwaukee-Waukesha is playing a losing hand for the 21st century.

Milwaukee-Waukesha needs to get it right…or get left behind.

Endnotes

[1]This article is based on David Rusk's keynote address to the Housing Opportunities Partnership conference on January 17, 2001 in Milwaukee.

[2]The Census Bureau calls this region the Milwaukee area. The city of Waukesha is not a job center of sufficient importance to be classified as a central city along with Milwaukee. However, there is a widespread attitude in Waukesha County that Waukesha County is independent of the rest of the region, in particular, the city of Milwaukee. That is not true. In fact, four counties (Milwaukee, Waukesha, Ozaukee, and Washington) form one economic and social region. If I refer through my remarks to the "Milwaukee-Waukesha area," it is not to belittle the role of the other two counties, but to emphasize the point of regional interdependence for the audience that most needs to hear that message.

[3]Cities typically seek to maintain their "market share" by annexing new development. During the early 1950's the city of Milwaukee almost doubled its territory, expanding from 50 square miles to 91 square miles. (In the late 1950's the legislature largely ended Milwaukee's annexations by allowing Oak Creek to incorporate independently.) Without that annexed territory, I've projected that, in 1990, Milwaukee would have had a much smaller population (468,000 rather than 628,000). It would have had a higher poverty rate (28% rather than 22%), lower average household income (68% of the regional average rather than 73%), a smaller tax base ($9 billion rather than $13 billion), and a lower credit rating (A rather than AA). In short, "Old Milwaukee" (with its 1950 boundaries) would have been in the same league with severely depressed Midwestern cities like Detroit and Cleveland rather than its somewhat more

David Rusk Biography:

David Rusk is one of the nation's leading urban experts and the author of Baltimore Unbound, Cities without Suburbs, and Inside Game/Outside Game. Rusk combines strong analytical skills with practical political experience. He is a former federal official, New Mexico legislator (1975–77) and mayor of Albuquerque (1977–81), the USA's 37th largest city.

Rusk is now an independent consultant on urban and suburban policy. Since 1993 he has spoken and consulted in over ninety US communities. Abroad, Rusk has lectured on urban problems in Berlin, Stuttgart, and Frankfurt, Germany; and in Toronto and Victoria, Canada. In 1997, he served as an advisor to the government of South Africa on metropolitan governance in Johannesburg, Capetown, and Durban.

During 2000, he was a visiting professor at the University of Amsterdam and Delft Technical University and is carrying out a comparative analysis of American, Dutch, and other European metro areas commissioned by the Dutch Ministries of the Interior, Economic Affairs, and Agriculture.

Rusk attended the University of California at Berkeley, graduating Phi Beta Kappa as the outstanding undergraduate student in economics (1962). From 1963–68, he was a full-time civil rights and anti-poverty worker with the Washington Urban League. He then entered the U.S. Department of Labor, serving as the Manpower Administration's legislative and program development director. In 1971, he and his wife, the former Delcia Bence of Buenos Aires, Argentina, moved to Albuquerque, where they raised their three children. They now live in Washington, DC.

favorable position as "New Milwaukee" (with its successful annexations of the 1950's).

[4]More racially segregated regions than Milwaukee-Waukesha were Cleveland (85), Chicago (86), Detroit (88), and Gary-Hammond IN (90).

[5]Other metro areas with very high levels of economic segregation were Chicago and Detroit (50), Cleveland (51), and Hartford (52).

[6]The percentages are substantially lower in southern metro areas because a) a proportion of southern poor blacks live in rural areas, whereas blacks are almost totally absent from northern rural areas and small towns, b) in the two decades leading up to 1990, southern regions, in general, experienced stronger economic growth than northern regions, and c) the combination of faster racial desegregation and falling economic segregation in 10 of 18 southern regions (vs. none of the 14 northern regions) reduced the growth of poverty-impacted census tracts.

[7]Other regions with 90% or more of poor African Americans living in high poverty neighborhoods were Buffalo NY, Chattanooga TN, Cleveland, Erie PA, Detroit, Muskegon MI, Saginaw-Bay City-Midland MI, and Youngstown-Warren OH.

[8]All but one of the 108 high poverty census tracts were located in the city of Milwaukee. The city of Waukesha had one high poverty tract.

[9]As another measure of possible impact, the Milwaukee City Housing Authority has 2,271 family units located in projects from Arlington Court to West Lawn. Such a large inventory of MPDU-generated units located in low-poverty neighborhoods would have allowed MCHA to tear down all its family projects and to rebuild them not as Hillside Terrace or Lapham Park (largely as public housing complexes-just nicer for the moment) but as genuinely mixed-income neighborhoods. One-quarter of the new units could be for public housing families; three-quarters could be for market-rate households. Having relocated 1,500 former tenants into low-poverty subdivisions, MCHA would still have 2,500 units to spare to address the needs of poor families on its long waiting list.

[10]NAHB. *Smart Growth: Building Better Places To Live, Work, and Play.* Washington, DC (2000), p. 8.

[11]Nor are Oregon voters divinely exempt from doing dumb things. By a 54% to 46% margin, a confusingly worded, so-called "property rights" amendment was added to the state constitution last November. Though now being challenged in state court, that amendment could severely damage Oregon's land use system.

Housing Opportunity Partnership for Southeast Wisconsin (HOPS)

HOPS Mission

The mission of the Housing Opportunity Partnership for Southeast Wisconsin (HOPS) is to promote housing opportunities and increase home ownership in Southeastern Wisconsin.

HOPS Objectives

The Partnership's objectives are:

- To identify existing barriers to fair and equal access to housing,
- To develop and implement policies and practices to remove those barriers, and
- To recommend specific, remedial actions that "Partner" organizations can undertake to achieve concrete objectives within specified time periods.

HOPS will bring together a broad spectrum of participants including: lenders, insurers, real estate agents, appraisers, regulators, community organizations, civil rights advocacy groups, builders, and public agencies, to review housing patterns and the home-buying process in Southeastern Wisconsin for the purpose of eliminating disparate treatment in the home-buying process and ensuring equal access for all financially qualified homebuyers.

HOPS is a four-stage process including:

Initial Conference: The "kick-off" conference on January 17th examined the nature and quality of housing opportunities in the region. Task groups were organized to address four issues: a) Mortgage Credit Issues; b) Wealth-building; c) Fair Housing Practices; and d) Regional Policy Agenda for Sustainable Communities.

Task Groups: During the conference, task groups were organized around the key issues. The task groups will continue to meet for several months to develop recommendations and plans to improve the lending environment and to assure fair housing practices. The groups will prepare reports for a follow-up conference.

The regional Policy Agenda Task Group gets down to business at the January 17 HOPS conference

Report To The Partners Conference: Later this year, a follow-up conference will be convened to report and discuss the findings and recommendations of the Task Groups. The conference participants then will develop implementation plans including action steps, assignments, and deadlines.

Implementation Activities: After the follow-up conference, sponsors of recommendations will work to carry out the recommendations and action steps developed at the conference.

HOPS Task Groups

Mortgage Lending: Issues and Opportunities

Despite progress over the last decade to eradicate discrimination in mortgage lending practices, disparities persist. This task group will explore biases in underwriting practices and cultural affinity in mortgage origination, and examine marketing techniques, and the impacts of credit scoring/ risk-based pricing in southeast Wisconsin.

Wealth-Building in Southeast Wisconsin Communities

The Wealth-Building task group will focus on increasing home-ownership opportunities for targeted populations, such as: low-and moderate-income families, minorities, "at-risk" populations (elderly and disabled), and households headed by people under age 35. This group will examine the wealth-building process from financial literacy and jobs to investment and small business development, from down payment to equity preservation to wealth accumulation.

Sustainable Communities and Fair Housing

Many federal, state and local policies and programs are designed to ensure open access to housing without regard to race, sex, age or family status; but racial, economic and age segregation persist in the region's housing market. This task group will identify forces in the regional housing market that reinforce patterns of segregation and discrimination that include: available housing stock, market depth, rental housing options, and exclusionary policies. This task group will also explore the notion that geographic targeting of home-buyer assistance programs may be discouraging movement within the market and inadvertently promoting racial and economic segregation.

Regional Policy Agenda for Sustainable Communities

The Regional Policy Agenda task group will look at local housing policies throughout the region and analyze their impacts on the quality of life from both a local and regional perspective. Can industrial and business development occur without housing that is affordable to the workforce? Can we retain graduates from the region's colleges and universities without providing rental housing and "starter homes?" Can changes in housing policies help reduce job loss and population loss? The group will identify strategies to promote cooperative, regional approaches to providing a range of housing options in keeping with local communities' size and character.

Housing Opportunity Partnership for Southeast Wisconsin (HOPS)

Convened by:

Fannie Mae Wisconsin Partnership
Federal Reserve Bank of Chicago
Greater Milwaukee Committee
Local Initiative Support Corporation (LISC)
Southeastern Municipal Executives (SEME)
University of Wisconsin – Milwaukee
Wisconsin Housing and Economic Development Authority (WHEDA)

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Sheryl Daniels – Metropolitan Milwaukee Fair Housing Council
Gwendolyn Dansby – Bank One Corp.
Michael Gapinski – Lincoln Neighborhood Redevelopment Corp.
Patricia Torres Garrett – UW-Milwaukee, Center for Urban Initiatives and Research
Carole Jones – Milwaukee County Housing and Community Development Division
David "Bud" Laumer – Hmong-American Friendship Committee
Rita McCain – Wisconsin Housing and Economic Development Authority (WHEDA)
Matt Moroney – Metropolitan Builders Association
Robert Nicol – M&I Marshall & Ilsley Bank
Drucilla Pasley – Fannie Mae Wisconsin Partnership
Stephen Percy – UW-Milwaukee, Center for Urban Initiatives and Research
Del Reynolds – U.S. Department of Housing and Urban Development (HUD)
Leo Ries – Local Initiatives Support Corporation (LISC)
Perfecto Rivera – Merchants and Manufacturers BanCorp
Vicki Rosenthal – Mortgage Guaranty Insurance Corp.
Bethany Porter Sanchez – Urban Economic Development Association of Wisconsin, Inc.
Raymond Schmidt – Select Milwaukee
Robert Schwarz – C-CAP, Inc.
Casandra Slade – Housing Resources, Inc.
Thomas Sprewer – Guaranty Bank
William Tisdale – Metropolitan Milwaukee Fair Housing Council
Mary Frances Fay Troudt – Wisconsin Department of Administration
Kerry Vandell – University of Wisconsin – Madison
Jerry Wilhoit – U.S. Department of Housing and Urban Development (HUD)
Alicia Williams - Federal Reserve Bank of Chicago
Gerald Williams – Wisconsin Housing and Economic Development Authority (WHEDA)
Wyman Winston – Wisconsin Housing and Economic Development Authority (WHEDA)
Denise Wise – Walker's Point Development Corporation
Robert Wynn – Wisconsin Department of Financial Institutions
Irma Yepez-Klassen – Select Milwaukee

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