RESEARCH REPORT

Neighborhood Investment Flows in the City of Milwaukee

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Neighborhood Investment Flows in the City of Milwaukee

Milwaukee stands out among older industrialized cities for the sophisticated planning and investment that has occurred over the past two decades, especially in and around its downtown area. The past several years have seen a new arena for the Milwaukee Bucks NBA team, progress on the Lakefront Gateway Project connecting downtown with Lake Michigan, a 2.5-mile streetcar system, a new venue for the Milwaukee Symphony, and billions of dollars’ worth of high-profile projects, including hotels, new office towers, luxury apartments, and mixed-use developments. Before the COVID-19 pandemic, the city boasted $5 billion of recent, current, completed, or planned construction projects.

At the same time, Milwaukee has also seen many community development efforts take hold with social equity goals. The Bronzeville neighborhood, a Black cultural hub before it fell prey to urban renewal programs in the 1960s, has begun to rebuild with a mix of equitable development planning, affordable housing, and commercial revitalization efforts. America’s Black Holocaust Museum has reestablished a physical presence as part of a new mixed-use development and intends to reopen in 2022. Milwaukee was one of 10 cities selected for the Love Your Block program, a neighborhood revitalization model fostering collaboration between mayors’ offices and resident leaders (Edmonds, Gerken, and Bogle 2021). City officials and neighborhood stakeholders collaborated to create the Beerline Trail extension, turning “an unused rail corridor into an active, safe, and inclusive space for local residents” (Vasquez-Noriega 2018). Several regional and national community development financial institutions (CDFIs) are active in Milwaukee, including IFF, the Low Income Investment Fund, Impact Seven, and the Community Reinvestment Fund. In addition, eight CDFIs are headquartered in Milwaukee: Brewery Credit Union, Columbia Savings and Loan Association, Hmong Wisconsin Chamber of Commerce, Legacy Redevelopment Corporation, Milwaukee Economic Development Corporation, Mitchell Bank, Northwest Side Community Development Corporation, and Wisconsin Women’s Business Initiative Corporation. These lenders provide capital to people, businesses, and neighborhoods that mainstream lenders might otherwise overlook.

Rodriguez (2014, xv) argues that both neighborhood development efforts and "elite urban design" initiatives such as new arts venues share the same roots: “an urban self-help discourse, that celebrates the power of local residents and city leaders to reverse urban decline and fight the city’s many social problems.” This self-help mindset has been driven in part out of necessity, in the face of increased competition among cities, declining federal supports, and a lack of regional cooperation.
These efforts have not been without headwinds. The city has made enough progress to place 13th on a list of comeback “Rust Belt” cities, but progress has been difficult to maintain. Out of 515 cities reviewed in one study from 2010 to 2019, Milwaukee ranked 456th in job growth, 437th in population growth, and 418th in new businesses growth. Moreover, Milwaukee has struggled to address racial equity. A recent Brookings Institution report ranked the Milwaukee metropolitan area as the most racially segregated in the country. A long history of segregation has also been reinforced by redlining, in which neighborhoods of color were systematically denied access to capital. Although Wisconsin has maintained slightly lower levels of income inequality than the nation, it is at its highest levels in the state’s history. Just over one-quarter of Milwaukee residents live below the federal poverty level, compared with 11 percent of Wisconsin residents.

To grow and thrive, cities and neighborhoods depend on a steady flow of various forms of investment, such as business loans, home mortgages, and real estate investment. Both private-sector “market” investors and “mission-driven” investors looking to achieve community development outcomes provide this capital (Theodos et al. 2018). So, too, do the federal government and state and local governments. Whether these flows are equitably accessed across place is a key driver of neighborhood health. This report analyzes investment flows in Milwaukee from 2005 to 2019, studying what kinds of money have been flowing, and for what purposes, into the city’s neighborhoods. Our report builds on previous investment flow studies we have conducted in other cities, such as Baltimore, Chicago (Theodos et al. 2019), Detroit (Theodos et al. 2017a, 2017b), and Minneapolis and Saint Paul (Theodos et al. 2018), as well as national studies.

We analyze investment flows at the census tract level, including loans, sales, and construction and rehabilitation activity for multifamily, single-family, commercial, and industrial real estate. We then review small business lending trends. We next explore “mission lending” by CDFIs and other socially motivated investors, as well as investments from federal community development programs, including US Department of Housing and Urban Development housing subsidies and Community Development Block Grants (CDBG). For each investment flow, we look at citywide trends, spatial distributions across the city, and how census tract poverty levels and racial and ethnic composition correlate with investment.

To evaluate neighborhood access to each category of investment, we first scale each investment flow by an appropriate denominator, such as small business loan dollars per small business employee or single-family loan dollars per homeownership household. We do so to better understand capital gaps as well as flows. For example, we are interested in exploring how much multifamily housing investment
there has been per rental household, not in documenting the rate of multifamily investment per household, which is guaranteed to be low in exclusively homeowning neighborhoods.

After calculating scaled investment flows, we next compare the scaled flows across census tracts with varying poverty rates and racial and ethnic compositions. We separately categorize each census tract in each year by race and poverty. We categorize census tracts as either “high poverty” or “low poverty” and as “majority Black,” “majority Latino,” “majority white,” or “no racial or ethnic majority.” Scaling the investment flows allows us to determine whether a dearth of investment may simply stem from a lack of employment or a certain type of real estate in a neighborhood, or whether a neighborhood should be expected to receive investment but does not. Our analysis is a study of capital gaps, not only capital flows.14

After calculating capital flows and scaling them by the denominators, we compare these indicators across tracts as follows:

- low-poverty tracts (poverty rates under 20 percent) compared with high-poverty tracts (poverty rates 20 percent or higher)
- majority-white tracts compared with majority-Black tracts
- majority-white tracts compared with majority-Latino tracts

To reduce the impact of outliers (e.g., large investments downtown), we compared neighborhood median values. For example, we took the median dollar amount of single-family loans per homeowning household for all low-poverty tracts and compared that with the median for all high-poverty tracts.

Demographic and Economic Context

From 2005 to 2019, the city of Milwaukee’s population has been essentially flat (figure 1). For comparison, the population of Milwaukee County, which includes the city of Milwaukee, increased 2 percent, indicating modest gains in the county’s suburban areas. Wisconsin’s population increased 5 percent, though this was still half that of US population growth over this period (11 percent). As noted earlier, Milwaukee ranked near the bottom for population growth among 515 cities selected for study.15
Job trends tell a different story. The city has outpaced the county and state in job growth. By 2019, jobs in the city were 6 percent higher than their 2005 level versus 5 percent for the county and 3 percent for the state (figure 2). This figure describes the locations of jobs in Milwaukee, which may or may not be held by city residents. When looking at city residents, however, we do see that unemployment has remained consistently higher there than for the county or state overall (figure 3).
FIGURE 2
Number of Jobs in Milwaukee City, Milwaukee County, and Wisconsin, 2005–19

Note: The figure shows percentage change over time, with 2005 indexed to 100 percent.

FIGURE 3
Unemployment Rate in Milwaukee City, Milwaukee County, and Wisconsin, 2005–19

Milwaukee’s population is diverse. Black people represent the largest racial group (roughly 38 percent of the population), followed closely by non-Latino white people (35 percent). Latino people compose 18 percent of the city’s population, Asian people represent 4 percent, and multiracial people make up 3 percent. The white population share has declined and was 50 percent in 2000. But Milwaukee is highly racially segregated (figure 4).

**FIGURE 4**
Distribution of Milwaukee Residents, by Race or Ethnicity, 2015–19

Notes: AAPI = Asian Americans and Pacific Islanders. Populations are distributed at random within census block groups. Black people, white people, and Asian Americans and Pacific Islanders are non-Latino.
Milwaukee has a poverty rate of 25 percent. The highest-poverty neighborhoods, with rates over 40 percent, are concentrated in a crescent surrounding the downtown area (figure 5).

**FIGURE 5**
Milwaukee Poverty Rates by Census Tract, 2015–19

Sources: 2015–19 American Community Survey. The city boundary layer is from the City of Milwaukee. The census tract layer is from the National Historical Geographic Information System.

### Aggregate Investment Flows

Of all the investment types we track in this report, Milwaukee stands out as a city struggling to access capital. It ranks 94th among the 100 largest US cities in capital access per household (figure 6), reflecting a serious capital gap for the city relative to its peers.
The largest capital flows into Milwaukee are for single-family home lending. This is depicted in figure 7, an area chart with boxes sized in proportion of total lending attributable to each investment type. The second-largest flows are for multifamily lending, followed by nonresidential lending. Community Reinvestment Act–reported small business lending, federal investment, Small Business Administration (SBA) guaranteed lending, and mission lending follow. We explore each of these in the following sections.
When examining the spatial distribution of capital flows, we find significant disparities in investment by neighborhood poverty level and race or ethnicity (figure 8). Across all the years we studied and all types of investment, high-poverty neighborhoods—or neighborhoods with poverty rates 20 percent or higher—received an average of $5,061 of investment per household per year. In contrast, low-poverty neighborhoods received $7,961, on average—or 1.6 times as much.

Disparities by race and ethnicity are larger. Majority-white tracts received an average of $8,696 per household per year, 2.4 times the investment for majority-Latino tracts ($3,584 per household) and 2.1 times the investment for majority-Black tracts ($4,239 per household).
FIGURE 8
Aggregate Capital Flows per Household
For the median tract with given race, ethnicity, and poverty characteristics, 2005–18

Sources: Community Development Financial Institutions Fund transaction-level reports; the New Markets Tax Credit Program; Community Reinvestment Act data; CoreLogic; Environmental Protection Agency Brownfields and redevelopment programs; Home Mortgage Disclosure Act data; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; Opportunity Finance Network; the Small Business Administration; and the American Community Survey.

Notes: Capital flows are presented in constant 2019 dollars and reflect the median investment amount for census tracts of each type from 2005 to 2018. High-poverty tracts have poverty rates 20 percent or higher. Low-poverty tracts have poverty rates up to 20 percent. We excluded tracts with fewer than 100 households. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included. In 2018, there were 139 high-poverty tracts and 82 low-poverty tracts. In 2018, there were 92 majority-Black tracts, 28 majority-Latino tracts, 22 tracts with no racial or ethnic majority, and 79 majority-white tracts.

Comparing disparities by racial categories further highlights investment patterns. Investment levels increase with an increasing share of a neighborhood’s population that is white (figure 9). This pattern is more mixed for neighborhoods with an increasing percentage of Black and Latino residents. For example, neighborhoods that have populations that are 0 to 20 percent, 21 to 40 percent, and 41 to 60 percent Black access roughly equivalent levels of capital. This is also true for neighborhoods that have populations that are 0 to 20 percent, 21 to 40 percent, and 41 to 60 percent Latino. It appears that it is above these racial or ethnic population levels that investment drops off appreciably. The neighborhood-
level share of the population that is Asian also appears to be negatively correlated with investment levels.

FIGURE 9
Aggregate Capital Flows per Household
For the median tract with given racial or ethnic percentage breakdown, 2005–18

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Sources: Community Development Financial Institutions Fund transaction-level reports; the New Markets Tax Credit Program; Community Reinvestment Act data; CoreLogic; Environmental Protection Agency Brownfields and redevelopment programs; Home Mortgage Disclosure Act data; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; Opportunity Finance Network; the Small Business Administration; and the American Community Survey.

Notes: Capital flows are presented in constant 2019 dollars and reflect the median investment amount for census tracts of each type from 2005 to 2018. We excluded tracts with fewer than 100 households. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included. Although we did not have a cutoff for this analysis, we note that racial categories are not equally represented. Categories with fewer than 100 tract-years include tracts that are 41 to 60 percent Latino (89 tracts) and tracts that are at least 21 percent Asian (72 tracts).

Although ratios are important and descriptive, not all census tracts in Milwaukee can be generalized in this way. Examining investments by race or ethnicity and poverty variables does not convey the nuances of how capital flows to neighborhoods that have a diversity of experiences. To convey a more complete picture of how aggregate investments flow in Milwaukee, we produced scatterplots in which each dot represents a single neighborhood in a single year. Figures 10 to 14 show how capital flows relate to neighborhood economic and demographic characteristics.
Neighborhoods that received the highest amount of aggregate investments per household tend to have higher shares of white residents and lower poverty rates. Conversely, neighborhoods where Black or Latino residents are the majority generally receive lower amounts of aggregate investments. Although no neighborhood has an Asian majority, the neighborhoods that do have a higher percentage of Asian residents also receive the lower end of aggregate investments. This pattern generally holds for the relationship between poverty rates and capital flows as well.

**FIGURE 10**

**Correlation between Asian Population Share and Aggregate Investments**

*Aggregate investments per household for each census tract in each year*

_Sources:_ Community Development Financial Institutions Fund transaction-level reports; the New Markets Tax Credit Program; Community Reinvestment Act data; CoreLogic; Environmental Protection Agency Brownfields and redevelopment programs; Home Mortgage Disclosure Act data; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; Opportunity Finance Network; the Small Business Administration; and the American Community Survey.

_Notes:_ Capital flows are presented in constant 2019 dollars and reflect the total investment amount for each census tract from 2005 to 2018. These data were aggregated from the census tract level. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.
FIGURE 11
Correlation between Black Population Share and Aggregate Investments

Aggregate investments per household for each census tract in each year

Sources: Community Development Financial Institutions Fund transaction-level reports; the New Markets Tax Credit Program; Community Reinvestment Act data; CoreLogic; Environmental Protection Agency Brownfields and redevelopment programs; Home Mortgage Disclosure Act data; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; Opportunity Finance Network; the Small Business Administration; and the American Community Survey.

Notes: Capital flows are presented in constant 2019 dollars and reflect the total investment amount for each census tract from 2005 to 2018. These data were aggregated from the census tract level. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.
FIGURE 12
Correlation between Latino Population Share and Aggregate Investments

Sources: Community Development Financial Institutions Fund transaction-level reports; the New Markets Tax Credit Program; Community Reinvestment Act data; CoreLogic; Environmental Protection Agency Brownfields and redevelopment programs; Home Mortgage Disclosure Act data; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; Opportunity Finance Network; the Small Business Administration; and the American Community Survey.

Notes: Capital flows are presented in constant 2019 dollars and reflect the total investment amount for each census tract from 2005 to 2018. These data were aggregated from the census tract level. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.
FIGURE 13
Correlation between White Population Share and Aggregate Investments

Aggregate investments per household for each census tract in each year

Sources: Community Development Financial Institutions Fund transaction-level reports; the New Markets Tax Credit Program; Community Reinvestment Act data; CoreLogic; Environmental Protection Agency Brownfields and redevelopment programs; Home Mortgage Disclosure Act data; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; Opportunity Finance Network; the Small Business Administration; and the American Community Survey.

Notes: Capital flows are presented in constant 2019 dollars and reflect the total investment amount for each census tract from 2005 to 2018. These data were aggregated from the census tract level. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.
FIGURE 14
Correlation between Poverty Rate and Aggregate Investments

Aggregate investments per household for each census tract in each year

Sources: Community Development Financial Institutions Fund transaction-level reports; the New Markets Tax Credit Program; Community Reinvestment Act data; CoreLogic; Environmental Protection Agency Brownfields and redevelopment programs; Home Mortgage Disclosure Act data; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; Opportunity Finance Network; the Small Business Administration; and the American Community Survey.

Notes: Capital flows are presented in constant 2019 dollars and reflect the total investment amount for each census tract from 2005 to 2018. These data were aggregated from the census tract level. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.

Single-Family Real Estate Purchases

To understand the single-family homeownership purchase market, we study loans using data reported through the Home Mortgage Disclosure Act (HMDA) and sales as captured by Zillow.

Milwaukee Relative to Its Peers

Milwaukee appears to face significant gaps in mortgage lending. It ranks 96th among the 100 largest cities in terms of mortgage capital (figure 15). It does somewhat better in sales volume, ranking 75th among the 100 largest cities (figure 16). This may reflect a greater level of investment by investors purchasing homes without mortgage financing.
Citywide Investment Levels over Time

Sales of single-family homes and loans originations to owner-occupants of single-family homes declined during the Great Recession but started increasing again around 2011. Neither number has fully recovered to its prerecession peak (figure 17).
Investment by Poverty Level and Race or Ethnicity

High-poverty census tracts see substantially smaller single-family lending flows than do lower-poverty tracts (figure 18). Low-poverty tracts (those where less than 20 percent of households have incomes below the federal poverty level) receive 2.9 times the single-family lending that high-poverty tracts receive. We observe a similar but more pronounced pattern when looking at neighborhood racial and ethnic composition. The median majority-white neighborhood receives 3.7 times the dollar volume of loans to owner-occupants as the median majority-Latino neighborhood and 3.9 times what the median majority-Black neighborhood receives.

Single-family sales activity is also unequally distributed, though the inequality is not exacerbated to the same degree as lending is (figure 19). Low-poverty tracts see 1.4 times the sales volume per household of high-poverty tracts, while majority-white tracts have 1.9 times the volume of majority-Latino tracts and 1.7 times the volume of majority-Black tracts.
FIGURE 18
Single-Family Housing Lending per Homeowning Household

For the median tract with given racial, ethnic, and poverty characteristics, 2005–19

Sources: Home Mortgage Disclosure Act data and the American Community Survey.
Notes: Capital flows are presented in constant 2019 dollars and reflect the median investment amount for census tracts of each type from 2005 to 2019. High-poverty tracts have poverty rates 20 percent or higher. Low-poverty tracts have poverty rates up to 20 percent. We excluded tracts with fewer than 100 households. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included. For context, in 2018, there were 139 high-poverty tracts and 82 low-poverty tracts. In 2018, there were 92 majority-Black tracts, 28 majority-Latino tracts, 22 tracts with no racial or ethnic majority, and 79 majority-white tracts.
FIGURE 19
Single-Family Housing Sales per Homeowning Household
For the median tract with given race, ethnicity, and poverty characteristics, 2005–19

Sources: American Community Survey and Zillow.
Notes: Capital flows are presented in constant 2019 dollars and reflect the median investment amount for census tracts of each type from 2005 to 2019. High-poverty tracts have poverty rates 20 percent or higher. Low-poverty tracts have poverty rates up to 20 percent. We excluded tracts with fewer than 100 households. In 2018, there were 139 high-poverty tracts and 82 low-poverty tracts. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included. For context, in 2018, there were 92 majority-Black tracts, 28 majority-Latino tracts, 22 tracts with no racial or ethnic majority, and 79 majority-white tracts.

Neighborhood Patterns

Single-family lending patterns in Milwaukee show the strongest investment activity in tracts bordering the lake (figure 20). Relatively strong investment activity is also occurring along the city’s outer edges. When referenced against the race and ethnicity and poverty maps above, the alignment between single-family lending and these neighborhood attributes is striking. Single-family sales show similar spatial patterns as lending activity (figures 20 and 21).
FIGURE 20
Annual Average Single-Family Lending Volume per Homeowning Household, by Census Tract in Milwaukee, 2005–19

Sources: Home Mortgage Disclosure Act data and the American Community Survey. The city boundary layer is from the City of Milwaukee. The census tract layer is from the National Historical Geographic Information System.

Notes: Capital flows are presented in constant 2019 dollars and cover 2005–19. Across 15 years, 17 census tracts had fewer than 100 homeowning housing units. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.
FIGURE 21
Annual Average Single-Family Sales per Homeowning Household, by Census Tract in Milwaukee, 2006–19

Sources: American Community Survey and Zillow. The city boundary layer is from the City of Milwaukee. The census tract layer is from the National Historical Geographic Information System.
Notes: Capital flows are presented in constant 2019 dollars and cover 2006–19. Across 14 years, 17 census tracts had fewer than 100 homeowning housing units. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.

Multifamily Real Estate

We define multifamily lending activity as loans to residential properties with four or more units, including larger apartment buildings, using HMDA data. These loans are for both purchase and rehabilitation. We scale multifamily lending by the share of multifamily housing units.
Milwaukee Relative to Its Peers

Milwaukee ranks somewhat better in multifamily capital access than in single-family capital access, though it is still in the bottom third. The city is 68th of the 100 largest cities in multifamily lending per multifamily unit (figure 22).

**FIGURE 22**
Multifamily Housing Lending per Multifamily Household, 2005–19
Milwaukee ranks 68th among the 100 largest cities

Sources: Home Mortgage Disclosure Act data and the American Community Survey.
Note: Capital flows are presented in constant 2019 dollars.

Citywide Investment Levels over Time

Multifamily lending activity shows a decline from 2005 to 2009, followed by staggered increases with occasional dips from 2009 to 2017, with that year eclipsing the previous high in 2005. Multifamily lending dropped off in 2018 and 2019, however (figure 23).
Sources: Home Mortgage Disclosure Act data and the American Community Survey.
Notes: Capital flows are presented in constant 2019 dollars. These data were aggregated from the census tract level. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.

Investment by Poverty Level and Race or Ethnicity

Similar to the single-family asset class, multifamily investment is unequally distributed within Milwaukee, with low-poverty tracts and majority-white tracts receiving greater investments than high-poverty and majority-Black or majority-Latino tracts (figure 24). Low-poverty tracts receive 1.2 times the investment in loans that high-poverty tracts receive. Majority-white tracts receive 1.3 and 0.9 times the investment in loans that majority-Black and majority-Latino tracts receive, respectively.
FIGURE 24
Multifamily Housing Purchase Lending per Multifamily Household

For the mean census tracts with given race, ethnicity, and poverty characteristics, 2005–19

Sources: Home Mortgage Disclosure Act data and the American Community Survey.
Notes: Capital flows are presented in constant 2019 dollars and reflect the mean investment amount for census tracts of each type from 2005 to 2019. High-poverty tracts have poverty rates 20 or higher percent. Low-poverty tracts have poverty rates up to 20 percent. We excluded tracts with fewer than 100 households. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included. For context, in 2018, there were 139 high-poverty tracts and 82 low-poverty tracts. In 2018, there were 92 majority-Black tracts, 28 majority-Latino tracts, 22 tracts with no racial or ethnic majority, and 79 majority-white tracts.

Neighborhood Patterns

A map of multifamily investment activity per renter household shows that investment is most concentrated in downtown, along the lake, along the I-94 corridor, and in some tracts in northern and southern Milwaukee (figure 25). There is a noticeable absence of investment activity across broad interior swaths of Milwaukee.
Residential Construction and Rehabilitation Activity

Investment is often understood in terms of “sources” and “uses” of capital. Debt financing is a source of capital, and acquisition (sales) is a use. A different use of capital is for construction and rehabilitation. Data from permits filed with the City of Milwaukee provide insights into construction and rehabilitation activity. The data describe residential real estate but do not provide a distinction between single- and multifamily properties.
The total volume of permit work is small compared with the lending and sales volumes. The trends revealed through permit data do not show the same disparities we saw with lending and sales activity (figures 26 and 27). Low-poverty tracts receive 0.8 times the activity that high-poverty tracts receive. Majority-Black tracts receive more activity that majority-white tracts (1.1 times). Majority-white tracts receive 1.3 times the level of permit activity that majority-Latino neighborhoods do.

FIGURE 26
Residential Permit Work per Household
*For the mean census tract with given race, ethnicity, and poverty characteristics, 2005–19*

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<td>Median low-poverty census tract</td>
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<td>Median majority-Black census tract</td>
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<tr>
<td>Median majority-Latino census tract</td>
<td>$375</td>
</tr>
<tr>
<td>Median majority-white census tract</td>
<td>$425</td>
</tr>
<tr>
<td>Median tract with no single race or ethnicity as majority</td>
<td>$300</td>
</tr>
</tbody>
</table>

*Sources:* City of Milwaukee Department of Neighborhood Services.
*Notes:* Capital flows are presented in constant 2019 dollars. High-poverty tracts have poverty rates 20 percent or higher. Low-poverty tracts have poverty rates up to 20 percent. We excluded tracts with fewer than 100 households. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included. For context, in 2018, there were 139 high-poverty tracts and 82 low-poverty tracts. In 2018, there were 92 majority-Black tracts, 28 majority-Latino tracts, 22 tracts with no racial or ethnic majority, and 79 majority-white tracts.
FIGURE 27
Annual Average Residential Permit Work per Household, by Census Tract in Milwaukee, 2005–20

Sources: American Community Survey. Permit data and the city boundary layer are from the City of Milwaukee. The census tract layer is from the National Historical Geographic Information System.

Notes: Capital flows are presented in constant 2019 dollars and cover 2005–20. Over 16 years, 25 census tracts had fewer than 100 employees. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.

Nonresidential Real Estate Lending

We next examine nonresidential properties, such as hotels, hospitals, schools, grocery stores, warehouses, and manufacturing facilities. These data are from CoreLogic. To allow for comparison across cities and census tracts, we scale the lending data by the number of jobs locally as a reflection of local economic activity for which one could anticipate capital flows.
Milwaukee Relative to Its Peers

Milwaukee is in the bottom quintile of the 100 largest cities in per employee nonresidential lending. This indicates limited expansion or refurbishment of commercial, industrial, and institutional properties in the city (figure 28).

**FIGURE 28**
Nonresidential Lending per Employee, 2005–18

*Milwaukee ranks 81st among the 100 largest cities*

Sources: CoreLogic and the Longitudinal Employer-Household Dynamics program.
Note: Capital flows are presented in constant 2019 dollars.

Citywide Investment Levels over Time

Investment activity in nonresidential real estate shows a marked overall decline from 2005 to 2018 (figure 29). There are repeated cycles of increasing activity for one or two years, followed by a decline for one or two years, followed by another increase and decline. Overall, nonresidential activity in 2018 was down nearly 80 percent from its peak in 2007.
Nonresidential Real Estate Activity in Milwaukee, 2005–18

Source: CoreLogic.

Notes: Capital flows are presented in constant 2019 dollars. Nonresidential real estate includes agricultural, commercial, industrial, and institutional land uses. These data were aggregated from the census tract level. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.

Investment by Poverty Level and Race or Ethnicity

Nonresidential lending does not show stark disparities. Low-poverty tracts receive slightly less (0.9 times the amount of) nonresidential lending as high-poverty tracts. Majority-white tracts receive roughly the same amount of nonresidential lending as majority-Black tracts (figure 30). Majority-Latino tracts and tracts with no racial or ethnic majority appear to access lower levels of nonresidential capital.

Additionally, we analyzed commercial permits authorized from 2005 to 2020 as another dimension of measuring nonresidential lending activity (figure 31). As with the lending data, we do not see stark neighborhood racial, ethnic, and poverty-based disparities.
FIGURE 30
Nonresidential Lending per Employee
For the median tract with the given race, ethnicity, and poverty characteristics, 2005–18

Sources: CoreLogic, the Longitudinal Employer-Household Dynamics program, and the American Community Survey.
Notes: Capital flows are presented in constant 2019 dollars and reflect the median investment amount for census tracts of each type from 2005 to 2018. High-poverty tracts have poverty rates 20 percent or higher. Low-poverty tracts have poverty rates up to 20 percent. We excluded tracts with fewer than 100 households. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included. For context, in 2018, there were 139 high-poverty tracts and 82 low-poverty tracts. In 2018, there were 92 majority-Black tracts, 28 majority-Latino tracts, 22 tracts with no racial or ethnic majority, and 79 majority-white tracts.
**Neighborhood Patterns**

Both loan and permit data show nonresidential investment and permit activity being spread more widely across the city than residential activity (figures 32 and 33). There are still some concentrations of activity, however, including in downtown and the surrounding neighborhoods and along the I-94 corridor, with a collection of additional individual census tracts receiving high levels of investment.
FIGURE 32
Annual Average Nonresidential Lending Volume per Employee, by Census Tract in Milwaukee, 2005–18

Sources: American Community Survey. Lending data are from CoreLogic. The city boundary layer is from the City of Milwaukee. The census tract layer is from the National Historical Geographic Information System.
Notes: Capital flows are presented in constant 2019 dollars and cover 2005–18. Over 14 years, 25 census tracts had fewer than 100 employees. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.
Small Business Lending

Many entrepreneurs need debt financing to start or expand their business. We have two data sources that inform small business lending. The datasets partially overlap, but there is no way to fully distinguish or combine them. The first data source is loans to businesses with less than $1 million in annual revenues, as reported under Community Reinvestment Act (CRA) requirements. The second is loans guaranteed by the SBA’s 7(a) and 504 programs. We scaled these indicators by dividing lending activity by the number of employees at small businesses (i.e., firms with 20 or fewer employees) per tract.
Milwaukee Relative to Its Peers

Milwaukee ranks 61st among the 100 largest cities for CRA lending to businesses with less than $1 million in revenue per small business employee (figure 34). The city ranks 53rd among the 100 largest cities on SBA lending per small business employee (figure 35).

**FIGURE 34**
Lending to Businesses with Revenues of Less Than $1 Million per Small Business Employee, 2005–19

*Milwaukee ranks 61st among the 100 largest cities*

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**Sources:** Community Reinvestment Act data and the American Community Survey.

**Notes:** Capital flows are presented in constant 2019 dollars. These data were aggregated from the census tract level. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.
Citywide Investment Levels over Time

Looking at city trends, we see that CRA-reported loans to businesses with revenue of less than $1 million declined from 2005 to 2019 (figure 36). In 2019, CRA lending activity was down almost 65 percent from its peak in 2005 (which also reflects nationwide trends in the provision of small business finance). By 2019, SBA lending activity was virtually unchanged from its 2005 level, though there were fluctuations above and below that point in the years between.
Investment by Poverty Level and Race or Ethnicity

We find evidence of neighborhood-level disparities in small business capital access. Looking first at the CRA data for businesses with revenue under $1 million per year, the median low-poverty tract receives 1.5 times the dollar volume of small business loans as the median high-poverty census tract, after factoring in the number of small business employees in the tracts (figure 37). The disparity is negligible for SBA loan volumes, with a mean low-poverty tract receiving 0.99 times the dollar volume of SBA loans as a mean high-poverty tract (figure 38).

CRA loan volume disparities are also evident by race and ethnicity, with a median majority-white tract receiving 1.9 and 2.9 times the loan volume per small business employee as the median majority-Black and majority-Latino tracts, respectively. The trend for SBA loan volume by race and ethnicity is different, with a majority-white tract receiving 0.8 times the volume a majority-Black tract receives. Majority-Latino tracts had lower SBA lending volume than other tracts, while tracts with no racial or ethnic majority had the highest levels of SBA lending per small business employee.
FIGURE 37
Lending to Businesses with Revenues of Less Than $1 Million per Small Business Employee
For the mean census tract with given race, ethnicity, and poverty characteristics, 2005–19

Sources: Community Reinvestment Act data and the Longitudinal Employer-Household Dynamics program.
Notes: Capital flows are presented in constant 2019 dollars and reflect the mean investment amount for census tracts of each type from 2005 to 2019. High-poverty tracts have poverty rates 20 percent or higher. Low-poverty tracts have poverty rates up to 20 percent. We exclude tracts with fewer than 100 households. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included. For context, in 2018, there were 139 high-poverty tracts and 82 low-poverty tracts. In 2018, there were 92 majority-Black tracts, 28 majority-Latino tracts, 22 tracts with no racial or ethnic majority, and 79 majority-white tracts.
FIGURE 38
SBA Small Business Lending per Small Business Employee

For the mean census tract with given race, ethnicity, and poverty characteristics, 2005–19

Sources: Small Business Administration and the Longitudinal Employer-Household Dynamics program.

Notes: SBA = Small Business Administration. Capital flows are presented in constant 2019 dollars and reflect the mean investment amount for census tracts of each type from 2005 to 2019. High-poverty tracts have poverty rates 20 percent or higher. Low-poverty tracts have poverty rates up to 20 percent. We excluded tracts with fewer than 100 households. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included. For context, in 2018, there were 139 high-poverty tracts and 82 low-poverty tracts. In 2018, there were 92 majority-Black tracts, 28 majority-Latino tracts, 22 tracts with no racial or ethnic majority, and 79 majority-white tracts.

Neighborhood Patterns

Small business loan distribution is slightly concentrated in the northern, central, and southern tracts of the city (figures 39 and 40). But the maps also depict that 101 census tracts lack adequate small business activity for us to reliably calculate a capital gap measure, meaning there is little small business activity in these communities. Many of the tracts that have an insufficient sample of small business employees coincide with tracts that have the city’s highest poverty rates.
FIGURE 39
Annual Average Loans to Businesses with Revenues of Less Than $1 Million per Small Business Employee, by Census Tract in Milwaukee, 2005–19

Sources: Community Reinvestment Act data and the Longitudinal Employer-Household Dynamics program. The city boundary layer is from the City of Milwaukee. The census tract layer is from the National Historical Geographic Information System.

Notes: CRA = Community Reinvestment Act. Capital flows are presented in constant 2019 dollars and cover 2005–19. From 2016 to 2018, 101 census tracts had fewer than 100 small business employees. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.
Mission Lending

Mission lending activity can be an indicator of the government and social sector’s commitment to ensuring financing closes equity gaps that may arise from traditional lending structures. Mission lending is historically facilitated by CDFIs, faith-based organizations, government agencies, and philanthropies. Our data come from the following sources:

- Opportunity Finance Network, a national trade association of CDFIs to which certain lenders voluntarily report transaction-level data
- CDFI Fund transaction-level report data, reported by CDFIs that are in their reporting period after receiving a grant award from the CDFI Fund
- New Markets Tax Credit transactions data, reported to the CDFI Fund by organizations that have received an allocation of these tax credits from the CDFI Fund
- mortgage deed data from CoreLogic to identify mission loans, using the lender name to make that determination

**Milwaukee Relative to Its Peers**

Milwaukee fares appreciably better in mission lending relative to its peers than in access to the private financial flows described above (figure 41). The city ranks 22nd among the 100 largest cities on mission lending per household.

**FIGURE 41  
Mission Lending per Household, 2005–18**

*Milwaukee ranks 22nd among the 100 largest cities*

Sources: CoreLogic, Community Development Financial Institutions Fund transaction-level reports, the New Markets Tax Credit Program, Opportunity Finance Network, and the American Community Survey.

Note: Capital flows are presented in constant 2019 dollars.

**Investment by Poverty Level and Race or Ethnicity**

Similar to aggregate lending, we scale mission lending by the number of households in a census tract to analyze mission lending by neighborhood poverty and race and ethnicity data. According to these measures, mission lending is more prevalent in high-poverty neighborhoods than in low-poverty neighborhoods (figure 42). The mean low-poverty tract receives 0.4 times the amount of mission
lending that the mean high-poverty tract receives. Similarly, the mean majority-white tract receives 0.6 times the amount of mission lending that the mean majority-Black tract receives. Similarly, the mean majority-white tract receives 0.7 times the amount of mission lending that the mean majority-Latino tract receives. Neighborhoods with no racial or ethnic majority fare the best in terms of mission lending, receiving 3.1 times the rate of majority-Black tracts and 3.5 times the rate of majority-white tracts.

**FIGURE 42**

**Mission Lending per Household**

*For the mean census tract with given race, ethnicity, and poverty characteristics, 2005–18*

Sources: CoreLogic, Community Development Financial Institutions Fund transaction-level reports, the New Markets Tax Credit Program, Opportunity Finance Network, and the American Community Survey.

Notes: Capital flows are presented in constant 2019 dollars and reflect the mean investment amount for census tracts of each type from 2005 to 2018. High-poverty tracts have poverty rates 20 percent or higher. Low-poverty tracts have poverty rates up to 20 percent. We excluded tracts with fewer than 100 households. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included. For context, in 2018, there were 139 high-poverty tracts and 82 low-poverty tracts. In 2018, there were 92 majority-Black tracts, 28 majority-Latino tracts, 22 tracts with no racial or ethnic majority, and 79 majority-white tracts.

**Neighborhood Patterns**

Mission lending is more diffused than residential capital flows (figure 43). Mission lending also appears concentrated to a higher degree in the city’s downtown and surrounding neighborhoods and along the I-94 corridor. It may be that mission lending has had a role in facilitating or catalyzing broader investment into these communities. There are other pockets of high mission investment across the city as well.
Federal Spending

It is important to evaluate government commitment to building communities through federal assistance programs that provide capital to projects that private markets may not address. We analyze data on the dollar value of investments into Milwaukee’s neighborhoods from various federal development programs, such as the allocation of Environmental Protection Agency Brownfields and redevelopment funds; HUD CDBG, Choice Neighborhoods, HOME, and HOPE VI programs; and Low-Income Housing Tax Credits administered by the Wisconsin Housing and Economic Development Authority.

Sources: CoreLogic, Community Development Financial Institutions Fund transaction-level reports, the New Markets Tax Credit Program, and Opportunity Finance Network. The city boundary layer is from the City of Milwaukee. The census tract layer is from the National Historical Geographic Information System.

Notes: Capital flows are presented in constant 2019 dollars and cover 2005–18. Over 14 years, four census tracts had fewer than 100 households. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.
Milwaukee Relative to Its Peers

Milwaukee is quite successful in accessing federal funds (figure 44). The city ranks 13th among the 100 largest cities on federal spending per household.

FIGURE 44
Federal Spending per Household, 2005–18
Milwaukee ranks 13th among the 100 largest cities

Sources: Environmental Protection Agency Brownfields and redevelopment programs; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; and the American Community Survey.

Notes: Capital flows are presented in constant 2019 dollars and cover 2005–18. Over 14 years, four census tracts had fewer than 100 households.

Citywide Investment Levels over Time

Federal spending has been volatile from a peak in 2005 to a significant drop by 2018 (figure 45). The spikes in 2005, 2013, and 2016 were the result of large Environmental Protection Agency redevelopment projects. The spike in 2009 and 2010 was a result of increased Low-Income Housing Tax Credit investment.
**FIGURE 45**
Federal Spending in Milwaukee, 2005–18

*Millions*

$0$ $50$ $100$ $150$ $200$ $250$ $300$


**Sources:** Environmental Protection Agency Brownfields and redevelopment programs; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; and the American Community Survey.

**Note:** Capital flows are presented in constant 2019 dollars. These data were aggregated from the census tract level. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.

**Investment by Poverty Level and Race or Ethnicity**

Federal investment has been distributed progressively (figure 46). The mean low-poverty tract receives 0.6 times the federal investment that the mean high-poverty tract receives. The average majority-white tract receives 0.7 times the funding that the mean majority-Black tract receives and 0.5 times what the mean majority-Latino tract receives.
FIGURE 46
Federal Spending per Household
For the mean census tract with given race, ethnicity, and poverty characteristics, 2005–18

Sources: Environmental Protection Agency Brownfields and redevelopment programs; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; and the American Community Survey.

Notes: Capital flows are presented in constant 2019 dollars. We excluded tracts with fewer than 100 households. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included. High-poverty tracts have poverty rates 20 percent or higher. Low-poverty tracts have poverty rates up to 20 percent. For context, in 2018, there were 139 high-poverty tracts and 82 low-poverty tracts. In 2018, there were 92 majority-Black tracts, 28 majority-Latino tracts, 22 tracts with no racial or ethnic majority, and 79 majority-white tracts.

Neighborhood Patterns

Federal spending is heavily concentrated in the central tracts of Milwaukee and along the I-94 corridor (figure 47). There are a few tracts in the communities north and west and to the south. Fewer of the neighborhoods in the city’s northern and southern ends received much federal assistance.
Greater Downtown Milwaukee

Here, we focus on Milwaukee’s Greater Downtown to understand capital flows for this part of the city. MKE United, a collaborative effort launched by the Greater Milwaukee Committee, the City of Milwaukee, the Milwaukee Urban League, and LISC Milwaukee, has defined “Greater Downtown” as downtown Milwaukee and the neighborhoods immediately adjacent to and including downtown. To take advantage of development and to ensure that growth was equitably shared, MKE United led a community-based effort to determine how Greater Downtown can achieve equitable development.
Census tracts within the Greater Downtown boundaries received more housing investment than nondowntown neighborhoods, but the reverse is true for nonresidential and small business lending (table 1). Greater Downtown has also accessed mission and federal investment at higher rates.

### TABLE 1
**Aggregate Investments per Investment Type**

*Annual average, 2005–18*

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<thead>
<tr>
<th></th>
<th>Greater Downtown</th>
<th>All other neighborhoods</th>
<th>Citywide</th>
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<td>Aggregate investment flows per household</td>
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<tr>
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<td>Single-family sales lending per homeowner</td>
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<tr>
<td>Federal per household</td>
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<td>$256</td>
<td>$377</td>
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</tbody>
</table>

**Sources:** Community Development Financial Institutions Fund transaction-level reports and the New Markets Tax Credit Program; Community Reinvestment Act data; CoreLogic; Environmental Protection Agency Brownfields and redevelopment programs; Home Mortgage Disclosure Act data; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; Opportunity Finance Network; the Small Business Administration; Zillow; and the American Community Survey.

**Notes:** CRA = Community Reinvestment Act; SBA = Small Business Administration. Capital flows are presented in constant 2019 dollars and reflect the total investment amount divided by the total denominators in each area from 2005 to 2018. We excluded tracts with fewer than 100 households. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included.

We also examine the spatial distribution of capital flows within Greater Downtown, finding pronounced disparities (figure 48). Across all the years studied, low-poverty neighborhoods received 3.4 times as much investment as high-poverty neighborhoods, compared with 1.6 times as much in the city overall. Majority-white tracts receive 5.1 times the investment for majority-Latino tracts and 3.7 times the investment for majority-Black tracts, compared with 2.4 times and 2.1 times in the city overall.

Concurrently, per household investment dollars are larger in Greater Downtown. A high-poverty tract in Greater Downtown receives 1.8 times the investment than a high-poverty tract in the city overall, and the difference is 3.8 times the investment between low-poverty tracts in Greater Downtown versus in the city overall. Majority-white tracts in Greater Downtown receive 2.5 times the investment than majority-white tracts in the city overall. The difference is less stark by race for majority-Black tracts (1.4 times) and majority-Latino tracts (1.2 times).
FIGURE 48
Aggregate Investments per Household in Greater Downtown Milwaukee
For the median census tract with given race, ethnicity, and poverty characteristics, 2005–18

Sources: Community Development Financial Institutions Fund, Community Reinvestment Act data, CoreLogic, Home Mortgage Disclosure Act data, Opportunity Finance Network, Zillow, the Small Business Administration, and the American Community Survey.

Notes: Capital flows are presented in constant 2019 dollars and reflect the median investment amount for census tracts of each type from 2005 to 2018. High-poverty tracts have poverty rates 20 percent or higher. Low-poverty tracts have poverty rates up to 20 percent. We excluded tracts with fewer than 100 households. The capital flows analysis is done at the census tract level. Because many census tracts are only partially in the city of Milwaukee, all census tracts that are more than 25 percent within the city are included. For context, in 2018, there were 25 high-poverty tracts and 10 low-poverty tracts. In 2018, there were 11 majority-Black tracts, 3 majority-Latino tracts, 6 tracts with no racial or ethnic majority, and 15 majority-white tracts.

Neighborhood Patterns

Relative to the rest of the city, tracts in Greater Downtown receive higher investment activity (figure 49). The distribution pattern reveals higher capital flows to the commercial downtown, with the outer downtown area, where more majority-Black and high-poverty tracts see significantly less investment.
Implications and Conclusion

The investment disparities presented in this report are sobering, are striking, and merit urgent and robust attention. They are not, however, different from the investment trends we have seen in Baltimore, Chicago, and Detroit—three other hypersegregated cities. If anything, the capital flow disparities in Milwaukee are less severe than in these other cities, but these are still severe and need to be addressed.
These capital flow patterns reflect disparate market conditions among neighborhoods and differential levels of wealth and access to credit. They reflect both different demand for and the capacity to absorb capital. But unequal levels of investment are not only a consequence; they are a cause. Disparities in capital flows may cause continued social inequality across neighborhoods.

What can be done to address these issues? Growing and deepening the mission finance sector is important, as is drawing in whatever federal and state resources can be accessed. But Milwaukee is disadvantaged relative to other cities—not as much in its mission or public-sector capital flows but in mainstream private financing (especially for single-family real estate and nonresidential lending) and for multifamily and small business finance. The city overall needs greater mainstream capital flows. And this capital must also be drawn into a broader set of neighborhoods.

In developing strategies to attract and diffuse capital, it will be necessary to explore weaknesses in Milwaukee’s institutional and policy environment. The city will need to identify what barriers need to be overcome to generate investable projects and businesses. To further that process, we offer several questions for strategic consideration.

- Are other locally based lenders, including CDFI lenders, needed in the single-family home lending marketplace? What public and philanthropic strategies can be expanded to increase single-family lending (including down payment assistance), closing cost assistance, homebuyer education, community land trusts, and other strategies. The city should explore solutions such as the low-cost mortgage financing provided by some CDFIs like Homewise (Theodos, Stacy, and Monson 2015).

- Is there a need for greater technical assistance to developers, business owners, landlords, or other investees to help them access market capital?

- How do business owners, landlords, homeowners, and other potential investees view the current opportunities for capital available to them? Do they need better information, more encouragement, or more confidence in city and neighborhood market conditions to use financial tools that may already be available?

- How much do market investors exhibit bias or otherwise unduly devalue investment in certain neighborhoods, including those with high poverty rates or high shares of residents of color? Do market investors need better information about market opportunities and risks? Is better information needed to support stronger appraisals for property in low-investment neighborhoods?
- How can the city best deploy the federal funds it controls, including capital emerging from the most recent stimulus package? Is greater state and local public investment needed to improve neighborhood market and physical conditions before the market will respond? How must the public sector address infrastructure, transportation, school quality, and crime to create a more conducive environment for investment in some neighborhoods? How can these investments best expand beyond those where it is more prevalent? Are targeted efforts needed to stimulate specific neighborhood markets and build investor confidence in them?

- Are greater credit enhancements or other “carrots” for investors, or more robust subsidies to stimulate demand, needed to generate more market investment in underinvested neighborhoods?

- Are there regulatory barriers to getting more investment in Milwaukee? Are there overly stringent requirements for rehabilitation of older buildings? Are additional resources or new approaches needed to facilitate investment in brownfields? Are parking requirements or other zoning challenges holding back investment?

- Conversely, are new regulations or stronger regulatory enforcement needed to drive more market investment in underinvested areas? Do antidiscrimination regulatory practices need to be strengthened?

- What additional mission-investing products could address unmet capital needs in underinvested neighborhoods? Are more flexible financing mechanisms needed for the smaller investment opportunities that might typically be found in high-poverty neighborhoods? Are affordable equity capital or subordinate debt mechanisms needed? Are new products needed to provide affordable financing with flexibility around loan-to-value, debt-to-income, or credit score requirements?

- How can capitalization of the mission-investing sector be built up to deliver a greater counterweight to the disparities seen with market investing? Can community development actors collaborate to increase their visibility and access to capital? Are new investment vehicles needed that could facilitate placement of investor capital in mission-oriented funds? What incentives or credit enhancements are needed? How can Opportunity Zone incentives support additional capitalization of mission-oriented funds?

Action is needed at multiple levels from multiple parties. Not all the burden sits locally. At the federal level, we need a more robust and modernized CRA that incorporates more place-specific measurement of lending activity, more funding for CDFIs via the CDFI Fund, and a better targeted
Opportunity Zone incentive. Funding for CDBG is now just 22 percent of its peak, and the HOME program is just 40 percent of its peak, while the need has not diminished (Theodos, Stacy, and Ho 2017).

Efforts beyond financial supports will be needed, and although we cannot do the full scope justice, it is important to consider many other dimensions and how they relate to community investment trends. This includes addressing discrimination, producing equitable transit and infrastructure, reconsidering where affordable housing is located, improving public safety, and adequately investing in human capital development. It is important to acknowledge that these steps cannot and should not be undertaken by the city alone. There are regional implications to these opportunities and challenges, so there will need to be regional efforts at solutions, and financial support, engagement, and planning resources from the state of Wisconsin will be needed as well.

In sum, high-poverty neighborhoods and neighborhoods of color are being starved of private market capital. There are many reasons for this, including that project sizes are smaller and market rents are lower in these communities. But while the city as a whole has gained some ground, white and high-income neighborhoods receive many times the investment that neighborhoods of color and low-income neighborhoods receive. Although mission-driven and public sources are directed to such neighborhoods, those investment sources cannot create a level playing field. Extensive and sustained public and private action will be required to generate financial opportunities for all Milwaukee neighborhoods.
Notes


2 Slowey, “Amid $5B Building Boom.”

3 For simplicity, where we refer to Milwaukee in this report, we mean the city and not the county. Where we mean the county, we add that clarification.


11 Analysis of 2015–19 American Community Survey data.


13 For more work in this area, see Theodos and Hangen (2017).

14 See Theodos et al. (2018) for a detailed descriptions of capital gaps and flows.

15 Murphy, “Milwaukee Trails.”

16 Analysis of 2018–19 American Community Survey data.

17 Analysis of 2015–19 American Community Survey data.
References


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