

Neighborhood Framework Economic Analysis

CONCEPT PLANS

In the planning process for this area, the City of Brookfield is not only interested in insuring their plans are based on market characteristics, but also reflect good economic and fiscal public policy. RTKL first presented six plans including potential elements for additional consideration (Plans 1.1 through 1.6), initially based on ERA's market input. These plans were refined through public input and visioning, considering the transportation, land use, and market characteristics. The result was two concept plans by RTKL (Plan 2.1 and Plan 2.2), which were again refined into plans 3.1 and 3.2. The planned land uses include elements of residential, retail, office, civic, and hospitality (hotel/conference) uses. ERA provided some initial fiscal and economic aspects to these concept plans. Components of the two plans are combined into a final Neighborhood Framework plan for adoption by the plan commission. The impacts of that final plan are presented in this document. Elements of the plans are presented below. (Also, see Appendix O.)

RTKL has prepared a summary document detailing the components of the plan. A summary of significant elements of the final Neighborhood Framework include:

PUBLIC/GREEN SPACE

- A "Sculptural Green" land-art element that defines a "place" along Bluemound Road, with a north-south "Hedge Row" connection to I-94. The area would be located between Calhoun Road and Patrick Boulevard.
- Deer Creek Natural Corridor along I-94 separating the development areas from the traffic and allowing for hike/bike trails and preservation of existing wetlands.
- Executive Square, a plaza element along Executive Drive and connection to the Brookfield Square Mall.
- Preservation of green space north of Wisconsin Avenue.
- Creation of an entry kiosk on the southwest corner of Moorland and Bluemound.

TRANSPORTATION

- A split-diamond interchange on I-94 between Calhoun Road and Brookfield Road. This connection provides improved access to the

existing Brookfield Lakes office park, as well as the Ruby Farm and WTMJ parcels without significantly impacting existing neighborhoods.

- Creation of a compressed diamond interchange at Moorland and I-94, which opens land previously unavailable for development.
- Improvements to medians, capacities, and/or streetscaping of Bluemound, Brookfield, Calhoun, and Moorland.
- Extension of several existing roads and/or new roads to improve a grid design including connecting Wisconsin Avenue to Pilgrim Parkway.
- Fly-over ramps are proposed for Executive Drive, connecting it directly to the I-94/Moorland interchange, and following through to the extended Wisconsin Avenue.

LAND USE

- Concentrating retail along Bluemound to intersections at Brookfield, Calhoun, and near Brookfield Square, with a likely net decrease in the amount of retail space.
- Mixture of higher-density residential into existing and new commercial areas of office and retail uses.
- Infill development encouraged on existing parcels along Executive Drive and in the Corporate Lakes developments, accommodated through shared parking as well as parking structures.
- Expansion and repositioning of Brookfield Square with "lifestyle" retail.
- New hospitality and/or office development opportunities on the northwest quadrant of the I-94 / Moorland interchange.
- Development of a new single-family residential neighborhood south of I-94 between Brookfield and Calhoun.
- Preservation of all existing single-family residential neighborhoods.

There are several market implications of this plan.

- The sculptural green/ hedge row element will utilize prime commercial land and so the owner should be compensated appropriately. Much of the benefit of this element will affect the surrounding parcels through improved identity, and the residential areas through a quality-of-life amenity. The implementation of the project should address this appropriately.
- SEWRPC calculations indicate that the new connections should alleviate traffic along Bluemound. This should improve the market

perception of the entire area, which suffers somewhat from negative traffic images.

- The new interchange will create a market opportunity for more intense development on the Ruby Farm and WTMJ properties than otherwise possible, potentially including office or hotel development.
- Multifamily housing options including condominiums, townhomes, and apartments will attract large market segments that are currently not being well served in the western suburbs, and should be very successful.
- Given the overbuilt and turbulent nature of the retail market nationwide and in Milwaukee, this plan provides an excellent initial framework for addressing the eventual redevelopment / repositioning of retail space along Bluemound.
- The buffer for the existing neighborhood should keep property values in that area stable. Directing “cut-through” traffic along Executive Drive instead of DeChant/Golf should improve the marketability of the homes in that area.
- There are few options in other plans that were rejected and/or changed through the planning process, except for new or improved streets to create a “grid of streets”.
- An access road connecting Calhoun Road with Executive Drive and Moorland. This access road would have alleviated significant traffic at the Bluemound / Moorland intersection, but possibly put undue noise and traffic pressure on the southern edges of existing single family neighborhoods.
- The emphasis on the potential to attract a large civic use (college/hospital/etc.) has been minimized, with preference given toward a new residential neighborhood south of I-94. The development of a large institution would have driven additional spin-off real estate demand, decreasing absorption times.

CITY OF BROOKFIELD REVENUE IMPACTS

The fiscal (tax) analysis concentrates on the municipality of Brookfield, as the planning entity. The City of Brookfield’s annual general budget (governmental funds) is some \$34 million dollars. For this fund, the City raises funds primarily through property taxes, hotel/motel taxes, State aid/grants, and licenses/fees/fines. Additionally, the City operates two proprietary funds with roughly \$16 million in expenses per year. The proprietary funds are responsible for the water and sewer service within the City, and share some resources with neighboring municipalities. About 60% of the residences purchase water (with the remainder using wells), and all of the commercial establishments buy water. All residential and commercial properties use sewer

services. The City targets a modest 7% return on the \$12 million in annual sales to cover operations. Additionally, about \$2 million in property taxes are targeted toward this fund. Given the separate nature of this service, we assume that water and sewer fees for any new developments will be set to cover costs. This analysis addresses the primary governmental fund (general budget.)

Property Taxes - Property taxes fund the largest portion of the general budget (about 68% plus a portion of the water/sewer system.) The tax base in the City of Brookfield totals roughly \$4.253 billion, of which 68% is residential and 32% is commercial. This is a healthy mix for a suburban community; many suburbs have had difficulty maintaining a balanced tax base. The presence of the commercial activity along Bluemound Road is an essential element to balancing the finances in Brookfield. The current (2000/2001) combined tax rate is \$23.3095 per \$1,000 of assessed value, of which \$7.1446 goes to the City general fund. The equalized ratio is currently about 83.5%, with a full re-valuation planned for this year. Therefore, the effective rate is about \$19.45; this is one of the lowest rates in the State of Wisconsin.

The assessor estimates that the average home value in Brookfield is currently \$240,200, which means the City receives \$1,424 per residence on average. Residential lots are assessed at \$120,000 to \$220,000, and undeveloped residential land is typically around \$80,000 per acre. Existing homes exhibit a wide range of prices from a low of about \$150,000 to \$1 million or more. (It should be noted that the Brookfield Year 2020 Master Plan calculates the fiscal impacts of new single-family homes based on an average price of \$400,000.)

To estimate the value of condominium/townhome development, since little if any currently exists, ERA utilized anecdotal evidence from developments elsewhere in the metropolitan area and the relationship between single-family home values and condominium values. In this analysis, we based our assumed average price of \$200,000 per unit on input from the Brookfield Assessor’s office. The typical range would likely be between \$120,000 for smaller units up to \$300,000 for townhouses in the Study Area. (The Brookfield Year 2020 Master Plan calculates the fiscal impacts of condominiums at \$120,000 and \$200,000 per unit.)

Commercial property is generally assessed at \$5 to \$9 per square foot for vacant land, and developed properties are valued based on comparable sales or income capitalization. ERA utilized market rent levels (discussed in the market section) and applied institutional grade capitalization rates to derive current values. The Brookfield Assessor notes typical ranges of \$100 to \$150 per square foot for office, \$125 to \$250 for retail, and \$70,000 per rental apartment.

Civic uses are generally tax exempt, as are agricultural uses. Currently Ruby Farm is valued at \$632 per acre, much less than the \$250,000 + for commercial land.

Hotel Motel Taxes - The City of Brookfield currently imposes an 8% tax on hotels located in the City. Hotel taxes are generally popular methods of raising funds, because it is generally visitors who pay the taxes, and not the local residents. Often, these funds are primarily used to offset the costs of developing visitor-related amenities such as convention centers. Additionally, a portion of these funds typically supports a convention and visitors bureau (CVB), which markets an area to increase hotel traffic. In Brookfield, the CVB receives 1.41% out of the 8.00% tax. Of the rest, 0.63% is specifically designated for economic development, and the remaining 6.00% supports the City's general fund.

Licenses and Fees - The City of Brookfield raises funds through various programs addressing economic activity in the city. Examples, include building permits, developer fees, park/recreation user fees, fire services, dog collars, and so on. These fees are either reoccurring annual fees or one-time fees. For the past few decades, Brookfield has been in a period of rapid growth, and has been able to sustain a significant revenue flow from one-time fees (for example building permits). However, as the City has matured, the future opportunity for one-time fees has diminished, and the budget will have to seek more reoccurring revenue sources. Many older cities have instituted income taxes, local option sales taxes, and other revenues to supplement property tax revenues. Recurring fees total roughly 7% of the general budget revenues; the one-time development fees are not calculated here since they are temporary and the City is largely built out.

State/Federal Revenues - The State of Wisconsin has numerous programs; Brookfield participates in some of these. These revenues currently make

up between 10% and 20% of the budget and cover everything from social services to transportation funds. Since these revenues are typically program specific, they are not calculated here. It should be noted, that if a civic use, such as a community college, is located on the site, additional State revenues are likely. This is important to consider since the institution would likely be tax exempt.

Others - As is the case in most of the public sector, the timing of revenues and expenditures does not always match perfectly. The City of Brookfield takes the opportunity to invest resources in commercial activities. Such revenues comprise about 5% of City revenues. On the other side of the equation, the City pays roughly 14% of its budget in debt service annually.

CITY OF BROOKFIELD EXPENSE IMPACTS

The expenses associated with a specific development are somewhat harder to quantify, since allocation of a computer or public official or room at City Hall to an individual parcel is not logical. Therefore, these expenses must be distributed in some manner that, at least theoretically, is fair. To that end, ERA examines who uses individual services and creates distribution factors.

General Government - This category includes all of the support and administration to run the City. It currently comprises about 10% of the general budget. Businesses and residents share equally in the need for good administrative support, and so this expense is distributed evenly across the population. ERA utilizes an average cost per resident and/or job to calculate the fiscal impact on general government.

Public Safety - This is the largest element of the general budget, comprising over one third of the expenses. The primary components of this line item are fire and police protection. Based on discussions with City officials and ERA's experience, fire and police services are primarily called upon by the residents of the community. While the dramatic episodes often occur on commercial property, home alarms, individual calls, and small fires consume a vast majority of the public safety resources. Therefore, ERA utilizes an average cost per resident.

Other Public Services - For ease of calculation, ERA combined the other public services into one category. These include Health and Sanitation (trash removal), Public Library, Parks and Recreation, and Conservation and Development. These categories all specifically serve the residents of the community, since commercial entities hire private waste removal, and seldom use libraries or parks. Therefore, ERA utilizes an average cost per resident.

Highway / Transportation - Roadways are one of the more difficult expenses to allocate, since both businesses and residents use the roads. To calculate the increased expenses from the plan, we divided the annual transportation budget including an annual allocation for capital expenditures and debt service of \$7.2 million, by an estimate of the average daily trips generated in Brookfield. The resulting annual cost per daily trip is about \$15.58; it costs the City of Brookfield about 4.3 cents in annual maintenance costs each time someone pulls their car out of the driveway.

Capital Outlay/Projects - These capital outlays are often one time expenses related to specific projects such as computer systems, equipment purchases, and so on. (Roadway improvements are included in the \$7.2 million annual budget.) These one-time expenses range from 10% - 25% of the general budget. One-time revenues (building permits etc.) have historically made up about 10% of the general fund revenue.

Therefore, the annual operating income must subsidize these one-time expenses. It should also be noted that, even after the one-time revenue sources diminish, the one-time expenses will not. In fact, the capital improvements of replacing dated or damaged infrastructure often increase over time. This is the reason many older cities have difficulty balancing the budget, particularly after their commercial tax bases declined and moved to the suburbs.

Debt Service - As mentioned above, the City pays roughly 14% of its annual budget for debt service, covered in part by investment (interest) income of 5%.

IMPACT ON EXISTING RESIDENTIAL NEIGHBORHOODS

This vision for the neighborhood incorporates the stabilization, as well as the enhancement of residential property values. One of the challenges for the team was the impact of potential roadway improvements and changes in land use patterns on the quality of life and the market values of homes. The consensus-based neighborhood plan offers several components to mitigate this trend. One aspect of the plan is the development of additional housing typologies. This development will diversify the market, and decrease the likelihood of a rising/declining cyclic pattern that typically occurs in suburban communities (See Natural Cycles, this page). Another improvement is the creation of identifiable “places” that will reduce the need to commute. Local office, retail, and civic uses will support the residential community, thereby reducing the continuous need to drive outside of the area. Furthermore, the plan aims to mitigate traffic through the neighborhood while enhancing regional traffic flow. This is achieved by strengthening major access points and creating neighborhoods that encourage pedestrian connections. Existing traffic congestion must be alleviated in order to retain property values in the area (see Traffic page 52). The plan also sought bolsters and enhances the existing commercial areas, which must remain competitive with newer developments in the regional market and retain local residential values that will keep taxes stable and school quality up (seeCommercial Link, page 52).

Table 2. Calculation of Cost Per Average Daily Trip

Land Use	Unit Of Measure	Brookfield Units	ADT Per Unit	Total Brookfield Avg. Daily Trips
Single Family Res.	Home	12,711	10.0	127,110
Multifamily Residential	Apt/Codo	1,500	6.5	9,750
Office	1,000 SF	5,700	11.5	65,550
Retail	1,000 SF	6,100	37.0	225,700
Hospitality	Room	2,048	6.5	13,312
Industrial	1,000 SF	3,800	6.0	22,800
Total				464,222
Total Brookfield Transportation Budget				\$7,232,656
Budget Per ADT				\$15.58
Per Day (div. By 365)				\$0.043

Sources: City of Brookfield, Parsons Brinckerhoff, ERA

With these improvements, residential value increases could slightly outpace inflation over the next few years. While not becoming the highest forms of executive housing, the area should continue to attract upper-middle-income families with the plan improvements in place. The potential for rapid value increases are limited, given the age of the housing stock and the fact that, as suburban single-family development, it will always be slightly out of context. The area can no longer offer a peaceful country setting, and without major redevelopment, will not offer the convenience of urban housing. Given this, a gradual improvement in the status quo is the most likely future scenario.

The current values of the homes in this area are shown in Appendix O. As indicated the home values in this area are modest compared to other areas in Brookfield, with the highest values in some areas notably below the Brookfield average home value of \$240,200. In fact, discussions with the Brookfield Assessor's office revealed a slowing in the rise of property values within this area.

There are several factors that need to be considered in the valuation of residential properties, as well as the market trends and perceptions. ERA has noted several trends in residential properties, which are particularly applicable to this area. Existing issues of concern are as follows:

Natural Cycles - Suburban neighborhoods and commercial areas often go through cycles every 30 - 40 years. This is due to the fact that many purchasers of single-family homes are in their late 20s and early 30s and are starting families. Over the next 20 years + they raise their kids; they start retiring after the kids move out. At this point, many owners decide to relocate to condominiums or townhouses that do not have the same maintenance requirements as single family home do. (These are the "empty nesters" that are returning to the center of many American cities or retiring to warmer climates.) At this time in the cycle, neighborhoods are redefined as new families move in, replacing vacuum left as the established residents leave. In some cases this causes decline, other times stability, and in some cases a significant "spike" in value. The healthiest neighborhoods have a mixture of age cohorts so that this transition does not occur all at one time. The neighborhoods in the study area are reaching one of those transition points, and their ultimate success will depend on the efforts to redefine the neighborhood; it cannot stay the same or return to some point in the past. While the values in the study area neighborhoods are lower than Brookfield

overall, they are not "depressed". This means there is little room for a "spike", so decline or stability are the most likely options.

No Longer New - When constructed, the single-family neighborhoods in Brookfield were "out in the country" which was part of their appeal. (In fact, the newest single-family neighborhoods in Brookfield are still on the fringes of development.) Now the housing stock has aged in the study area, the image of the newest community in the countryside no longer applies. The homes in these subdivisions are generally characterized as older structures on large lots. Housing standards have changed with demand for more bedrooms, more bathrooms, and larger footprints, in spite of declining family size. Expansion and remodeling of the current properties needs to continue to retain market position; fortunately this is possible given the parcel sizes. Alternatively, many neighborhoods have successfully redefined themselves through a diversification of housing options in order to diversify the age cohorts and mitigate the cycles. The plan elements including condominiums and townhouses around the single-family neighborhood will enhance its viability.

Traffic - One of the driving components of the suburban single-family housing market is an effort to escape the congestion of the city. (Ironically, suburbanization causes much of this congestion through increased auto dependency.) Commute times are worsening, which is one element driving people back into the center city. At the same time, a significant portion of the population is still seeking the peace of the countryside on the fringes. The neighborhoods in the study area fulfill neither of these objectives, since commuting is still required but it is no longer the "countryside". If potential buyers must brave congestion along the major roads, even to reach a relatively quiet home site, their perception of value is diminished. Therefore, the traffic congestion must be mitigated to the greatest extent possible to retain property values in the neighborhoods.

Area Amenities Homebuyers look at the amenities associated with a neighborhood that extends beyond the individual home site. Amenities can include parks, libraries, jogging/walking paths, proximity to services, area character, etc. The neighborhoods in the Study Area have many of these amenities (e.g. Swanson School),

and the homeowners in the area treasure these elements. The integration of the commercial and residential areas included in the RTKL plan will serve to enhance these factors.

Good Schools - The quality of schools is consistently one of the most important factors in housing market demand. Brookfield currently has one of the better school systems possible, which is one of the driving forces of its housing demand.

Low Taxes - The City of Brookfield imposes very low property taxes compared to most of the other communities in Wisconsin. This is also a driver of housing demand.

Commercial Link - The reason this dichotomy of low taxes and quality schools can be found in Brookfield is the balanced tax base between commercial and residential land uses. The office and retail buildings along Bluemound Road, which draw much of the traffic opposed by residents, are the very elements that create residential value through the combination of low taxes and quality schools. In order to retain the residential property values in the neighborhoods, these commercial corridors must be enhanced to remain competitive with the newer

developments that are occurring on the fringes. Initial signs of weakening competitive position are just now appearing; taking action now will enhance the market position of the commercial properties necessary to retain residential values.

Precise future housing prices depend on numerous factors that cannot be known (e.g. mortgage interest rates), but general trends can be surmised. It is clear that without significant intervention by the City of Brookfield (or other public entity) enhancing the commercial areas and transportation corridors, market factors would indicate that home values in the neighborhoods within the study area would continue to stagnate over the next several years. Future value gains would likely fall behind inflation growth. The location is neither urban nor freshly suburban, has difficult traffic issues, has little protection from market cycles, and if expansion of the commercial markets is limited, the potential for greater tax burdens increases. With stagnating value as residential properties, the neighborhoods would be under pressure to transition to other uses. This is particularly true for the larger lots on the fringes, in which the potential commercial value would soon outstrip the residential value.

AREA ECONOMIC IMPACT

Unlike fiscal impacts, economic impacts do not recognize jurisdictional boundaries. That is, people who live in Brookfield do not necessarily work and shop there, and people who shop and work in Brookfield do not necessarily live there. Therefore, ERA estimates the economic activity that would occur in the elements of these plans (jobs, income, etc.) but not necessarily whether they belong to Brookfield residents. Given this complication, ERA compiles the source of retail sales and employment base for residential uses but the destination for commercial uses. That is, for homes we compile the number of employees residing in the homes, the wages they earn, and the retail expenditures they create. These are based on average income levels and spending habits. For commercial uses, we tabulate the number of jobs on-site, assuming typical employment densities, retail expenditures on site, and for hotels, off-site impacts.

Data sources for this analysis include:

- County Business Patterns (US Census Bureau) for average wages by industry (hospitality, retail sales, office (service) workers, and so on.)
- Consumer Expenditure Survey (US Commerce Dept). The Milwaukee Consumer Unit (similar to Household) consists of 2.5 people, 1.4 earners, and 0.7 kids. Consumer Units spend an average of 85% of their average household income (\$43,855), of which 27% is spent on retail goods.
- Depending on the reason for travel, hotel guests spend about \$100 per day on restaurants, rental cars, shopping, etc.

- SEWRPC calculates employment based on an average of about 250 square feet per office worker and 1,000 square feet per retail worker. In ERA’s experience, these are in-line with national estimates. Additionally, calculations assume 1 hotel room per hospitality worker.

These factors are used to estimate the economic impacts in the Brookfield area. (Note that \$320,000/ Unit here is higher than the \$240,200 average home estimate on page 51 because this takes into account new home values – including the new homes in the Calhoun Road South Neighborhood Plan – versus existing home values.)

Table 18: Estimated Economic Impacts

	Single Family Residential	Multifamily Residential	Office	Retail	Hospitality	Civic
Fiscal Factors						
Average Value	\$320,000/ Unit	\$140,000/Unit	\$127.27/SF	\$217.39/SF	\$51,621/Room	\$0.00
City Tax Rate	\$7.145	\$7.145	\$7.145	\$7.145	\$7.145	\$7.145
Share of Mkt Value	83%	83%	83%	83%	83%	83%
Taxes Per Unit	\$1,424	\$1,186				
Hotel/Motel Tax Rate					6%	
Retail Sales	27% income	27% income		\$250/SF	\$100 per visit	
Gross Revenue					\$21,900	
Net Revenue			\$14.00 / SF	\$25.00 / SF	\$7,227/ Room	
“Cap” Rate (Value/Income)			11.0%	11.5%	14.0%	
Economic Factors						
Persons Per HH	2.8	1.7	0.0	0.0	(30,660 visits)	0.0
Jobs	1.6 jobs/hh	1.0 jobs/hh	250 sf/job	1,000 sf/job	1 job/room	250 sf/job
Wages per Job	\$67,907	\$32,400	\$46,000	\$17,800	\$9,600	\$25,700
Average Daily Trips	10.0 /unit	6.5 /unit	11.5/1,000 SF	37.0/1,000 SF	6.5 / room	11.5/1,000 SF

CONCLUSIONS

With the improved access and planning effort, thumbnail estimates of absorption time are created. Since the RTKL plan is based on market realities, the absorption times are reasonable. The following tables also include the elements of revenue and expenses discussed on the City of Brookfield general fund. Finally, economic impacts on the region are included. As these tables show, the City of Brookfield would significantly enhance the local tax base through this development plan.

Table 19 Summary Impacts of Neighborhood Framework Plan

Land Use Impacts	Single Fam Residential	Multifamily Residential	Office	Retail	Hospitality	Civic	Total Plan
Square Feet	122,400	2,580,588	2,073,300	883,650	217,900	212,850	5,968,288
Units / Rooms	68	2,294	2,073,300	883,650	120	212,850	
FAR	0.02	0.40	0.25	0.25	0.25	0.25	n/a
Acres	136	148	190	81	20	20	459
Years to Build Out	n/a	4-7 yrs	15-20 yrs	8-12 yrs	5-8 yrs	n/a	
City of Brookfield Annual Fiscal Impacts Upon Buildout							
Property Taxes	\$129,000	\$1,904,500	\$1,564,800	\$1,139,100	\$36,700	n/a	\$4,645,100
Other Taxes	\$40,100	\$592,300	\$486,700	\$354,300	\$157,700	n/a	\$1,591,000
Public Safety	(\$13,000)	(\$260,000)	(\$987,000)	(\$105,000)	(\$14,000)	(\$101,000)	(\$1,467,000)
Sanit/Library/Parks	(\$76,000)	(\$1,540,000)	\$0	\$0	\$0	\$0	(\$1,540,000)
Highway/Transp	(\$10,600)	(\$232,300)	(\$371,500)	(\$509,400)	(\$12,200)	(\$38,100)	(\$1,163,500)
Net Fiscal Impact	\$69,500	\$464,500	\$693,000	\$879,000	\$168,200	(\$139,100)	\$2,065,600
Area Annual Economic Impacts Upon Buildout							
Jobs	108	2,184	8,293	884	120	851	12,332
Wages (000)	\$7,300	\$70,800	\$381,500	\$15,700	\$1,200	\$21,900	\$491,100
Households	68	2,294	0	0	0	0	2,294
Persons	193	3,900	0	0	0	0	3,900
Spending/Sales (000)	\$2,000	\$19,100	\$0	\$220,900	\$3,100	\$0	\$243,100

*dependant on phasing of roadway improvements

Sources: City of Brookfield, RTKL, County Business Patterns, Consumer Expenditure Survey, Economics Research Associates

The analysis area falls within the Elmbrook School District, which is a separate taxing entity than the City of Brookfield. Since the City of Brookfield is the planning entity, most of this analysis concentrates on the municipal budget. However, since schools are a major factor in market and fiscal analysis, ERA briefly addresses the school system. The Elmbrook schools currently get almost 80% of their funding from local property taxes, with the remainder coming from the State of Wisconsin, other local sources, and Federal revenue. There are just over 7,400 students enrolled in the 11 facilities. Currently, the district spends approximately \$9,275 per pupil (This is notably above the statewide average of \$7,625, and regional average of about \$8,400.) Assuming 80% of this will continue to come from local property taxes, the District must raise \$7,420 per child through this tax (\$1,855 is raised through other means). In Waukesha County, the average household size is about 2.88 people, and about 25% of the population is 16 or under. Therefore, there is an average of 0.72 children per household; the average education cost is thus roughly \$5,340 per household. To raise this amount through the school tax allocation of \$13.3594/\$1000 in assessed valuation, a home must be valued at \$399,730 (about \$400,000) to pay the “average” share. Of course, household sizes differ and a \$400,000 house does not even cover the cost of one child. Condominiums and apartments have fewer children, on average than single-family homes. ERA calculates the average cost to cover education for several household sizes, as shown in the following table.

Table 4. Residential Fiscal Characteristics on Elmbrook School District

		Apartment	Condominium	Single Family
Assessment		\$65,000 - \$85,000	\$120,000 - \$200,000	\$240,000 - \$400,000
School Revenue @ 83%	13.3594	\$721 - \$943	\$1,331 - \$2,218	\$2,661 - \$4,435
Persons / HH		1 - 3	1 - 3	2 - 5
School Children		0 - 1	0 - 1	1 - 3
Cost (80% of \$9,275)	\$7,420	\$0 - \$7,420	\$0 - \$7,420	\$7,420 - \$22,260
Net Gain/Cost To School		\$721 - (\$6,477)	\$1,331 - (\$5,202)	(\$4,759) - (\$17,825)

Source: Brookfield Assessor, RTKL, Economics Research Associates

Given this negative balance sheet, it is important to note where school funding comes from. This is particularly true since quality schools are one of the most notable factors in housing decisions, and therefore home value. In the US, public policy shifts the property tax burden from residential to commercial properties. The office and retail base in Brookfield therefore pays much of this gap. To protect the home values, which are driven by the low property tax rates and quality school districts, the commercial tax base must be preserved and enhanced. As the commercial base stagnates and declines, the housing values follow. School districts compound the problem by raising tax rates to make up the difference, undermining both the residential and commercial values further.

Commercial property owners must raise rents and/or defer maintenance to cover the increased costs, resulting in a loss of quality tenants. This reflects poorly on the neighboring residential areas. This, in turn, reduces the fiscal balance of the municipality.

The Neighborhood Framework plan by RTKL does not (and cannot) break out the number of apartments vs. condominiums or specify the number of school children in each household. Therefore, it is not possible to definitively calculate the total impact of this plan on the Elmbrook School District. However, general range can be calculated using the value range above, average children per household, and the assumption that the ownership / rental ratio of the multifamily units will be similar to the metro average, which was 67.5% in 2000. Using these assumptions, as well as the value indications used in the fiscal impacts for the City of Brookfield, the Elmbrook School District stands to gain \$1.9 million annually once this plan is fully implemented and the development property is built out.