

2018-2019

FINAL REPORT

UniverCity Year

Better • Places • Together

Strategies for infill development in Monroe

AGRICULTURAL AND APPLIED ECONOMICS 500: SENIOR CAPSTONE EXPERIENCE

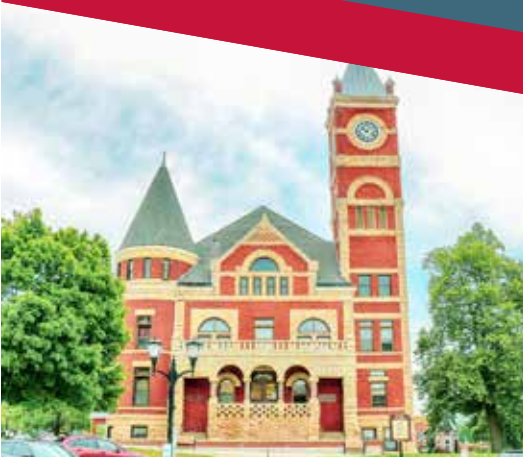


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Project Goals:

Monroe Redevelopment Authority has identified 7 sites that would be ideal for redevelopment. These seven sights are primarily owned by the city and are currently under used or entirely vacant lots. All 7 sites would be ideal for either residential development, commercial development, or mixed use.

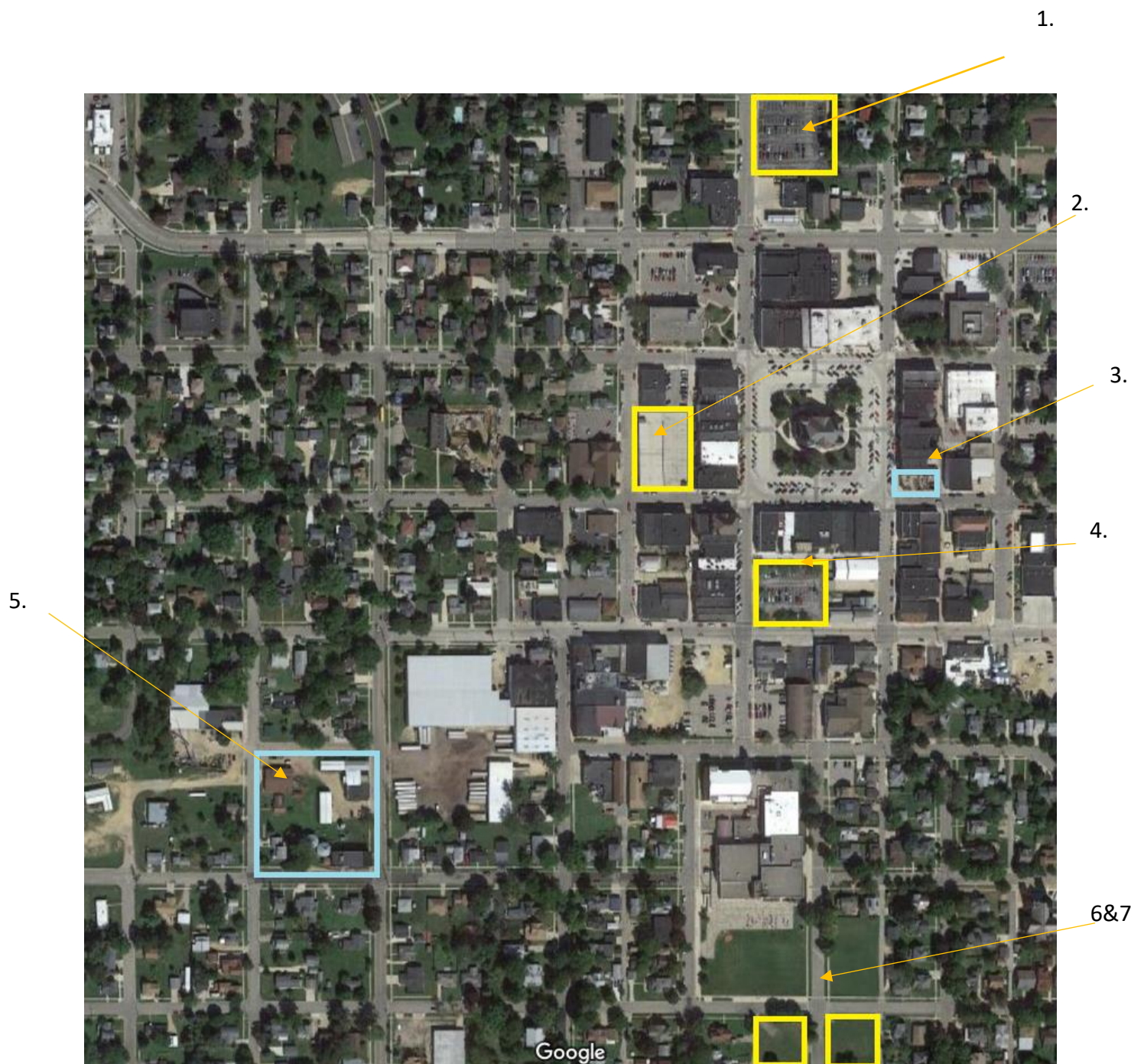
The primary goals of redevelopment in these areas are to increase the amount of affordable housing for the community, and spur economic growth by encouraging new business growth in the historic downtown of Monroe. The recommendations below will provide a means by which the community can:

1. Increase the amount of affordable housing by incentivizing residential developers to build in Monroe
2. Facilitate entrepreneurs and spur economic growth through new business opportunities
3. Maintain the community culture and Historic sense of place that Monroe has today



Historic
Downtown Court
House

Potential Redevelopment Sites:



Listed above are the 7 sites labeled 1-7 on an aerial map of Monroe.

Brief Overview of Sites:

Site 1: Mixed Use

Site 1 is a vacant lot primarily used as a parking lot during Monroe Cheese days, but aside from Cheese days it is largely underused. It sits in close proximity to the Historic Town Square and could be an ideal location for mixed use building with potential for commercial use on the first level and residential above. Its proximity to the downtown would also help fulfill the comprehensive plan goal of improving density in the downtown.

Site 2: Mixed Use

Previously a parking garage, Site 2 is now a vacant lot that borders directly on the square. It is directly behind the Baumgartner's cheese store—which has voiced concerns about losing potential parking. It is the perfect location to increase density in the downtown and could be ideal for mixed use.

Site 3: Mixed Use

Site 3 is a small lot with the potential for a storefront on the historic town square. Also, due to current zoning regulations, all buildings on the square must be at least two stories, so it has the potential for residential use on the second floor.

Site 4: Mixed Use

Site 4 is another vacant lot off the square which could be ideal for mixed use.

Site 5: Residential

Site 5 is currently an abandoned building, but the city is in favor of tearing it down. This could be an ideal location for new senior housing or other residential property.

Sites 6&7: Residential

Sites 6 and 7 currently have a Memo of Understanding with a developer who would like to build residential units but has had difficulty securing funding.

Monroe Community Demographics:

Monroe is a rural community with a strong Swiss heritage and roots in agriculture. As is the case throughout much of Wisconsin, the population is aging and by 2021 its predicted that ¼ of the population will be over retirement age. Senior housing will be crucial in the coming years and should be considered as a potential development project.

The population in Monroe has been relatively stagnant over the last 20 years; however, it is becoming increasingly diverse. There has been a 233% increase in Hispanic population in the last 10 years alone. The Hispanic population now makes up 5% of Monroe's population.

Major employers are Swiss Colony Brands which employs about 4,500 people; however, about half of those employees are seasonal workers. The Monroe Clinic is the other large employer in the community.

Currently around half of those who work in Monroe live outside of the city, and about half of those who live in Monroe work outside of the city. Closing this gap through provisions of affordable housing for employees working in Monroe, as well as spurring new business creation and job growth for those living in Monroe will keep more dollars in the city.

Attracting Residential Development:

Problems faced in the Past:

Like many rural communities across the country, Monroe has faced difficulties attracting developers for residential projects. The cost of building in Monroe is comparable to places like Madison; however, the average rent for a one bedroom apartment in Monroe is about \$600, while in Madison it is about \$1000.¹

Furthermore, developers that have been interested in the past have been voted down for a variety of reasons. One of the biggest reasons that came up in town hall meetings and from city administrators was the politics of low income housing. Much of the community has a negative connotation associated with “low income housing” as they believe it will attract potentially undesirable citizens to the community.

Recommended Solutions:

1 Reducing the cost of building:

The cost versus profits of building projects in Monroe makes many potential residential developments unrealistic to developers. One way to incentivize developers could be to

¹ Data from City of Monroe.org and US census

drive down building costs in Monroe by relaxing burdensome zoning regulations. One zoning regulation that has been reevaluated by city planners across America is the parking requirement, especially in multiplex buildings. Currently, Monroe's zoning code section 5-3-6 requires two parking spaces per unit of 0 to 2 bedrooms, plus half a space per additional bedroom over two, plus one guest space per every three units. According to the American Planning Association, typical parking requirements are one space per unit², meaning Monroe's zoning code is already excessive. Parking requirements are very expensive for developers, and those costs could either be passed on to tenants or scare away a developer entirely. It's estimated that parking requirements add an additional 17% to a tenant's rent, costing \$5,000 per surface space, and \$35,000 per below ground space³. If Monroe were to relax its parking requirements it would reduce costs for tenants, and potentially make Monroe a more competitive market for new developers to consider.

In addition to parking requirements, section 5-7 of the zoning code contains some performance standards that potentially could be relaxed as well as section 5-8 on landscaping requirements. Tessa Conroy UW-Madison Division of Extension had pointed out that in the past she has seen developers voice concerns about costs related to potentially unnecessary aesthetic purposes. Although it is important that new developments do not infringe on the sense of place Monroe has, maybe some aesthetic codes could be relaxed on a case-by-case basis to reduce costs of building—especially developments that are off of the historic downtown square.

² Jeffrey Spivak, *People Over Parking* (American Planning Association, Oct. 2018)

³ Spivak, (American Planning Association, Oct. 2018)

2. Information and Rebranding of “Low Income Housing”:

Low income housing has been a politically contentious issue throughout Monroe that has been voiced at town hall meetings, and has been identified as a key reason some developments in the past have failed. Developers would like to offset costs by including low income housing in their new developments to access state and federal funds; however, it seems the term low income housing has some misconceptions throughout Monroe, and more information as well as “rebranding” of the term could be beneficial.

The community concern seems to revolve around the idea that low income housing will attract less than desirable people to Monroe. However, low income housing would be able to help a large group of current Monroe residents. Most State and Federal low-income housing qualifications are determined on the basis of Fair Market Rents (FMR's) and Area Median Income (AMI). Citizens can qualify for low income rent assistance programs at 80% of the Area Median Income, and very low rent assistance at 50% of the Area Median Income. According to the 2018 HUD income limits for Green County, persons making \$40,700 would qualify for low income assistance, while persons making \$25,450 would qualify for very low-income assistance. Using this data, we can compare it to the Monroe Income Distribution. In Monroe, 47.62% of households make \$40,000 or less per year with a median household income of \$42,405 (see Illustrations on next page). A sizeable portion of 1-4 person families in Monroe would likely qualify for Low/ Very Low Rent Assistance. (Note: Data is not perfectly comparably because HUD data is based on number of members in the family, while Monroe Income Distribution Data is based on average household income across all family sizes.)

Changing the perception on low income housing in Monroe to one that promotes the fact that many community members, friends, and neighbors could be assisted by low income housing could potentially allow developments including low income housing to be passed through the city council. Providing information to community members about who would qualify for low income housing could help to reduce the stigma surrounding low income housing projects in Monroe.

FY 2018 Income Limit Area	Median Family Income Explanation	FY 2018 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Green County, WI HUD Metro FMR Area	\$72,600	Very Low (50%) Income Limits (\$) Explanation	25,450	29,050	32,700	36,300	39,250	42,150	45,050	47,950
		Extremely Low Income Limits (\$)* Explanation	15,300	17,450	20,780	25,100	29,420	33,740	38,060	42,380
		Low (80%) Income Limits (\$) Explanation	40,700	46,500	52,300	58,100	62,750	67,400	72,050	76,700

Table From: 2018 HUD Income Limits Documentation System
<https://www.huduser.gov/portal/datasets/il/il2018/2018summary.odn>

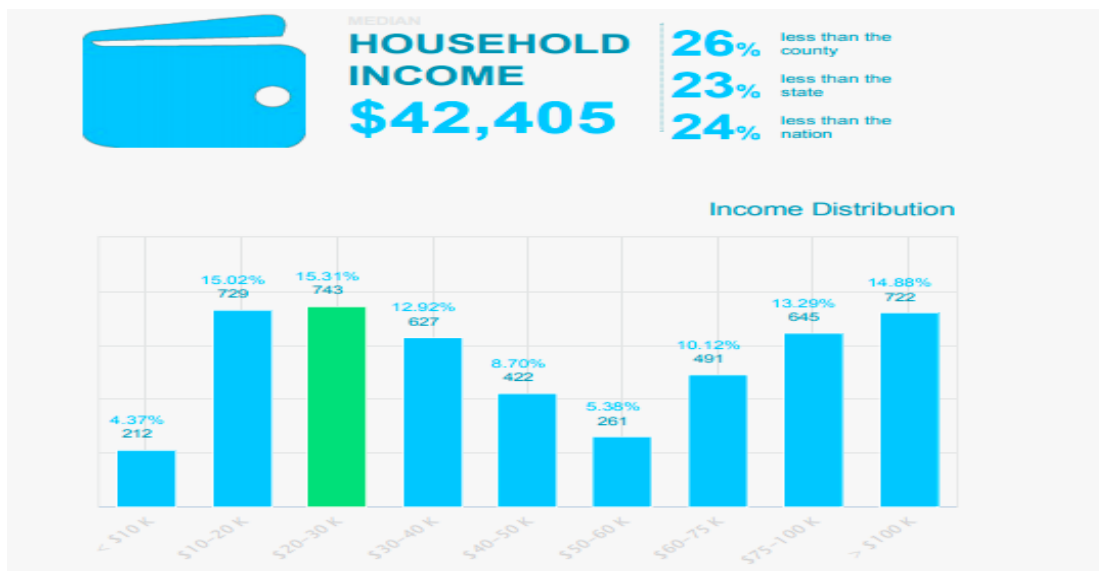


Table From: City of Monroe Community Profile by Wisconsin Economic Development Corporation
http://cityofmonroe.org/document_center/Residents/About%20Monroe/Community%20Profile.pdf

Commercial and Economic Development:

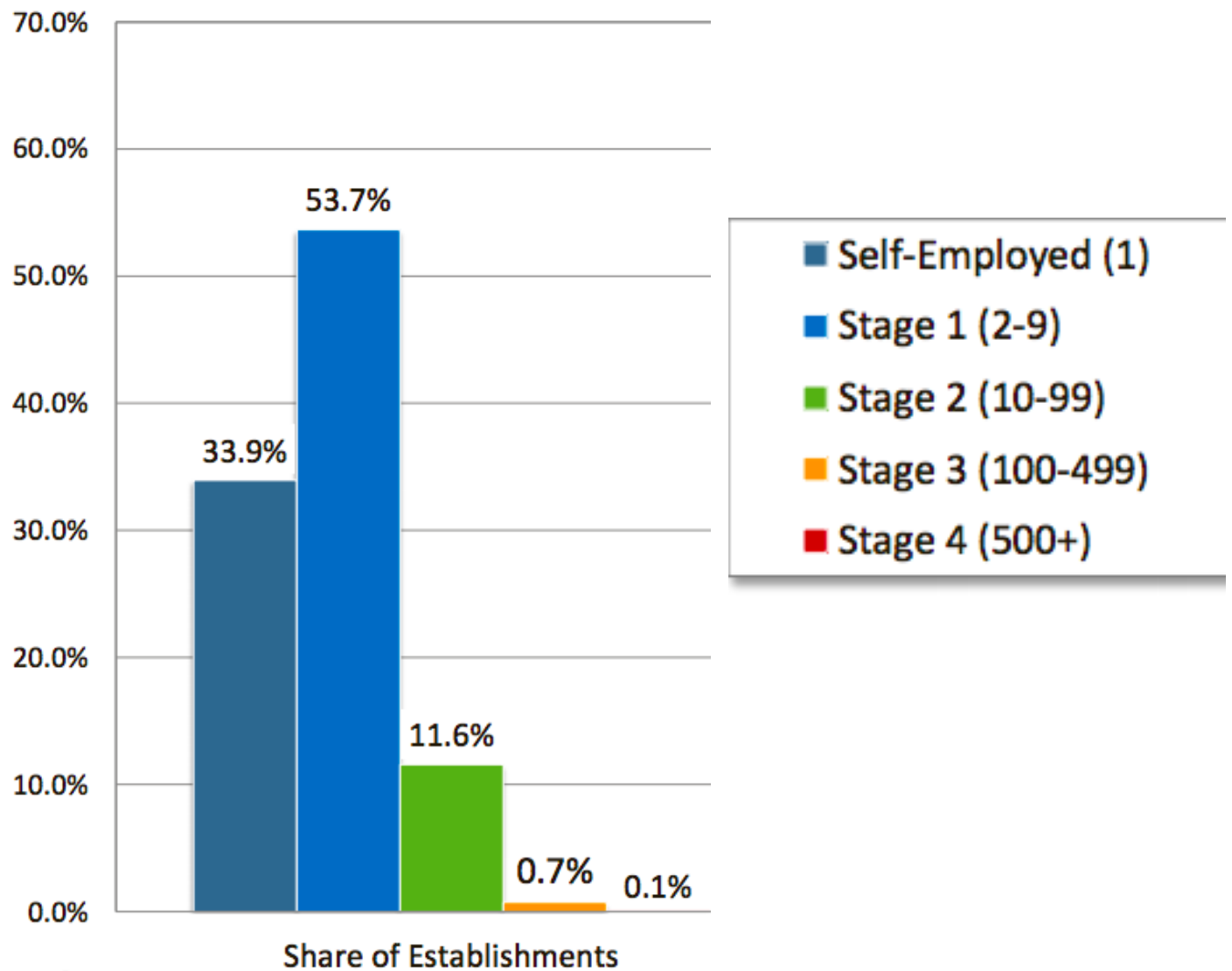
Entrepreneurship as a Source of Job Growth and Development:

In the past, many rural communities attempts at economic growth and development were largely focused on attracting big industrial firms. This approach seems to be relatively “hit or miss” and can take significant time and resources for mixed results.⁴ Instead, in recent years, it has become apparent that economic development in rural areas can be more effectively driven by policies that facilitate entrepreneurship and new business creation as opposed to old business growth.

New businesses in the beginning stages of growth make up the vast majority of firms across Green County. Firms in stages 1-2 (meaning they employ 1-9 people) make up about 87% of the total businesses in Green County. Although 25% of job creation across Wisconsin comes from these new businesses, they are also prone to fail in their first 5 years.⁵ It is crucial for local governments to not only promote new business creation, but also to help them succeed in the first 5 years of creation. Monroe stands to gain from promoting sustainable entrepreneurship and fostering a business environment that will allow these new businesses to form and grow through the crucial first 5 years of opening.

⁴ Tessa Conroy, Steven Deller, Alexandra Tsvetkova, *Regional Business Climate and Interstate Manufacturing Relocation Decisions* (Regional Science and Urban Economics Sept. 2016, pg. 155-168)

⁵ Tessa Conroy, Steven Deller, *Employment Growth in Wisconsin: Is it Younger or Older Business's, Smaller or Larger?* (Patterns of Economic Growth and Development Series 3.)



Graph From: City of Monroe illustrating Green County share of stage 1 and 2 firms
http://cityofmonroe.org/document_center/Residents/About%20Monroe/monroe%20by%20the%20numbers.pdf

Policy Recommendations to Foster Sustainable Entrepreneurship:

1. Avoid wasting time and resources on attempts to attract young professionals:

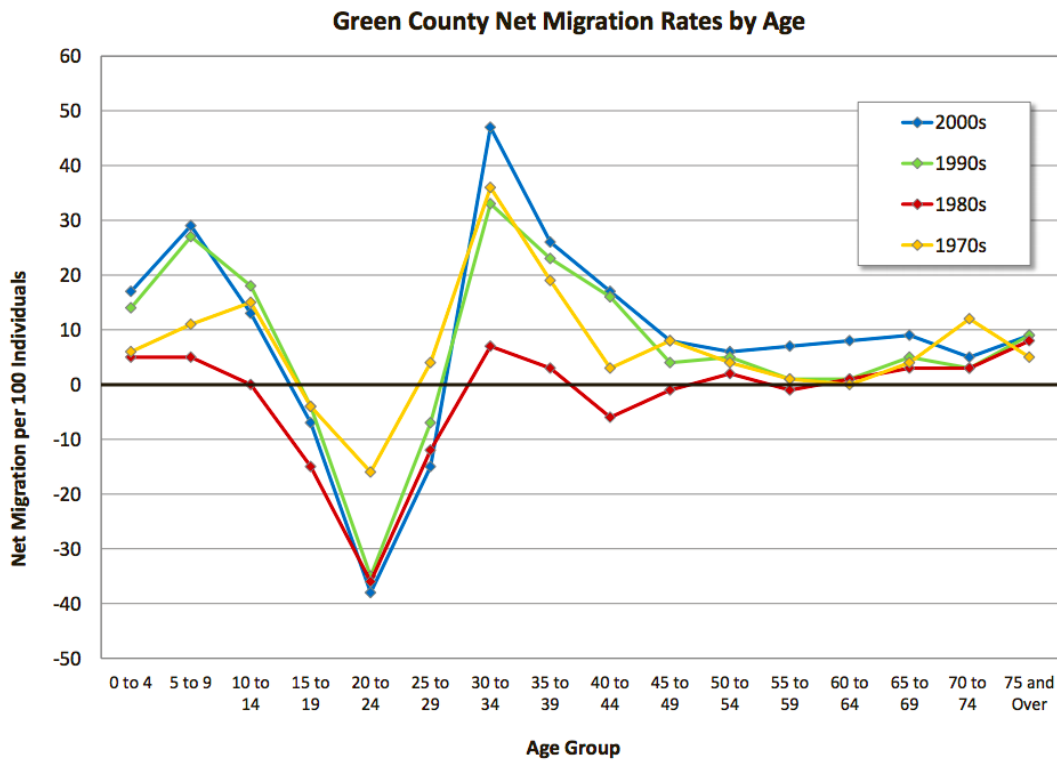
One of the goals outlined in Monroe's comprehensive plan under the economic development section is to "attract young entrepreneurs." However, I fear this could be a costly endeavor and a lofty goal. Attracting young entrepreneurs to a small rural community will be difficult; instead, time and resources could be better used on fostering entrepreneurship for the current demographic and projected demographic. Older, pre-retirement age people tend to have a larger positive impact on rural business start up's than younger people⁶. Green County as a whole has a high positive net migration of middle aged to pre-retirement age people (see figure below). This older demographic comes with more "human, financial and business capital"⁷ than younger people making them more valuable to rural entrepreneurship.

Instead of working to attract young people in hopes of increasing entrepreneurship and business creation, focusing first on creating an environment in which entrepreneurship can thrive can help retain youth in rural areas by creating competitive job opportunities that can compete with more urban areas.⁸

⁶ Steven Deller, Matt Kures, Tessa Conroy, *Rural Entrepreneurship and Migration* (Journal of Rural Studies, Feb. 2019, pg. 30-42)

⁷ Steven Deller et al, *Rural Entrepreneurship and Migration*

⁸ Norman Walzer, *Entrepreneurship and Local Economic Development* (Lexington Books, 2009. Pg.11)



Graph from City of Monroe:

http://cityofmonroe.org/document_center/Residents/About

2. Act as a Catalyst:

Municipal Governments can do a great deal to promote networking among local business owners, entrepreneurs, or those with ideas but are unsure where to start. Without spending significant amounts of money, the city can organize and promote events that bring community members together to network and share ideas and business strategies. Discussing what has worked and has not worked between entrepreneurs who occupy the same market conditions can be key to sustainable business development.⁹ The city can also provide entrepreneurial support services that can provide information on different financing options, new technology, or ways in which

⁹ Yasuyuki Motoyama, Jason Wiens, *Guidelines for Local and State Governments to Promote Entrepreneurship* (Kauffman Foundation, March 2015, pg.3-4)

they can lease/buy space to start their business. Research in Northern Iowa has shown that businesses that receive these kinds of support services tend to stay in the region where they first received those services.¹⁰ Therefore, not only can a catalytic relationship between the city and entrepreneurs help start businesses, it can also create sustainable businesses that will stay in Monroe.

3. Simplify Zoning and Approval Process

Surveys done by the Kauffman Foundation found that “business owners identified zoning, land use, or run-off as the type of rules that create the greatest difficulty for them.”¹¹ They found that complicated zoning rules and long decision-making processes can deter entrepreneurs from even considering starting their business. It is important that zoning approvals are very transparent, and decisions are made quickly for entrepreneurs to thrive.

4. Promote Hispanic Entrepreneurship

Rural communities across the Midwest have seen a massive in-migration of Hispanic and Latino residents in the last 10-15 years. Monroe has seen a 233% increase in their Hispanic population in the last 10 years alone. Latino and Hispanic communities are also starting businesses at an unprecedented rate, three times the national average between 1997 and 2002 alone.¹² However, Latino and Hispanic citizens still tend to be

¹⁰ Maureen Collins-Williams, Mark A. Grey, *A Rural Service Providers Guide to Immigrant Entrepreneurship* (University of Northern Iowa, July 2006, pg.8)

¹¹ Yasuyuki Motoyama, Jason Wiens, *Guidelines for Local and State Governments to Promote Entrepreneurship* pg. 8

¹² Maureen Collins-Williams, Mark A. Grey, *A Rural Service Providers Guide to Immigrant Entrepreneurship* (University of Northern Iowa, July 2006, pg.6)

under represented in business creation in rural communities, leaving huge potential for business growth in communities like Monroe with fast-growing Hispanic demographics.

The reasons that Hispanic citizens tend to be proportionally underrepresented in rural business communities are unclear, but some research can point us to some possible reasons and potential solutions. A study of Hispanic entrepreneurs in rural Iowa in 2004 found that there appears to be a mistrust between the Hispanic community and the non-Hispanic community in rural areas. They found there was minimal interaction between the Hispanic/Latino entrepreneurs and the “greater business community.”¹³ The Hispanic community tends not to seek outside assistance in financing, business planning, or networking in general. Another study done by the University of Missouri found that Hispanic citizens were more likely to become entrepreneurs in rural communities with a “positive climate;” meaning they felt they were integrated and accepted by other community members¹⁴

The city of Monroe can facilitate sustainable business growth specifically in the Hispanic community by starting/organizing a Hispanic Entrepreneurship Association. Through this body they can celebrate Hispanic culture while also making the community feel integrated and welcome. Furthermore, the Association can then form relationships with other community organization creating a network by which the Hispanic community

¹³ Mark Grey, Nora Rodríguez and Andrew Conrad, “Report on Immigrant and Refugee Small Business Development in Iowa” (research report, New Iowans Program, University of Northern Iowa, Cedar Falls, 2004).

¹⁴ Andrick Payen Diaz de la Vega, *Individual and Contextual Factors Explaining Latino Entrepreneurship in Rural Communities in the Midwest* (University of Missouri, July 2015)

can build trust with community business lenders and service providers. The growing Hispanic community could be a huge asset to the city of Monroe and could promote economic growth for years to come.

Community Supported Enterprises:

Community Supported Enterprises are a relatively new and innovative way of creating a business and have become increasingly popular, especially in rural communities. A community supported enterprise is a broad term that essentially means a group of community members coming together to invest and start a local business. They became increasingly popular after the recent recession where many popular local businesses closed, and financing became harder to come by. Community members brought back local businesses like grocery stores, restaurants, and book stores that they once enjoyed. Rural cities in Vermont were some of the first to pursue this option, but there are also many examples of this type of business structure in Wisconsin as well. The Cow and Quince in New Glarus is one example of a successful community supported restaurant.¹⁵

Community Supported Enterprises can be highly successful in creating new business in rural communities because they create an opportunity for community members to gain a “double bottom line,” meaning they reap financial as well as social returns by gaining a new restaurant or bar to enjoy.¹⁶ These businesses can also be

¹⁵ Norman Walzer, Jessica Sandoval, *Emergence and Growth of Community Supported Enterprises* (The North Central Regional Center for Rural Development, Sept. 2016)

¹⁶ Norman Walzer, Jessica Sandoval, *Emergence and Growth of Community Supported Enterprises* (The North Central Regional Center for Rural Development, Sept. 2016)

more likely to succeed because the community is directly involved in managing and financing the business, they collectively have more “skin in the game”. They can also fill market gaps in certain niche areas that may be in demand in the community but may not have the profit margins or growth potential for large companies or sole proprietors to fill.¹⁷

The City of Monroe can promote Community Supported Enterprises by letting the community know this is an option to create local interest and support. Promoting Community Supported Enterprises can help start or save local businesses that provide niche goods and services to the community. If a community member is looking to start a business, but is having a hard time securing financing, the city could consider this option as a suggestion to help the cause.

Conclusion:

To promote successful infill development in Monroe, the city should focus on residential development and economic development strategies. The city could consider minimizing the cost faced by residential developers by incentivizing builds, streamlining zoning codes, and encouraging low income housing. At the same time, the city could focus on entrepreneurial economic development strategies among the current and future demographic of Monroe.

¹⁷ Maureen Collins-Williams, Mark A. Grey, *A Rural Service Providers Guide to Immigrant Entrepreneurship* pg. 7

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About UniverCity Year



UniverCity Year is a three-phase partnership between UW-Madison and one community in Wisconsin. The concept is simple. The community partner identifies projects that would benefit from UW-Madison expertise. Faculty from across the university incorporate these projects into their courses, and UniverCity Year staff provide administrative support to ensure the collaboration's success. The results are powerful. Partners receive big ideas and feasible recommendations that spark momentum towards a more sustainable, livable, and resilient future. Join us as we create **better places together**.



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