

Development financing tool catches FIRE

West Allis earns award for its initiative

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West Allis - So far, an estimated 500 family-supporting jobs have been created in some of the poorest areas in a three-county region, thanks to a program West Allis created.

And it was all done without a dime of property tax money. Instead, federal tax credits have been used to help those who want to get projects over the financial hump and send them on their way to building.

West Allis joined with Milwaukee, Racine and Kenosha counties in a regional development entity called FIRE - which stands for First-Ring Industrial Redevelopment Enterprise - to be better able to attract those federal credits.

A winning collaboration

This regional cooperation recently won an international award for West Allis. The Economic Development Council presented West Allis officials with its Regional and Cross Border Collaboration Award.

So far, more than \$76 million in federal new market tax credits have been used to leverage nearly \$120 million in new development, according to West Allis officials. That new development offers jobs and pays property taxes every year in the three counties.

The city benefits not only by having its own projects nurtured, but by the entire region's improvement, said John Stibal, director of development.

"Regionalism is the way to address a community's economic needs," he said in a press release announcing the economic development award.

While West Allis is the guiding force, FIRE is strengthened by diverse partnerships with communities and economic development organizations.

Examples of local impact

In West Allis, the new program added the final lift needed to launch an \$18 million renovation of half the former Sam's Club into offices. That section has stood vacant for some time. Soon it will be returned to being a productive part of the business community as the Renaissance Faire.

FIRE also has invested in deals aiding Supersteel, a heavy steel fabricator, and Discovery World, an education center, both in the city of Milwaukee and Duracolor in Racine.

The tax credits are targeted to areas that are hard to develop, usually because they are in low-income tracts, said Patrick Schloss, West Allis community development manager.

Creative financing

In essence, the tax credits are sold and then FIRE has money to loan for development projects. Those getting the 1 percent interest development loans have seven years to repay them plus the interest, Schloss said. Then the money can be used for more loans.

"It's a very creative financial tool," he said.

West Allis officials got the idea for FIRE after seeing the transformation of the old Allis-Chalmers industrial complex at 70th Street and Greenfield Avenue, Schloss said.

The developer got three infusions of federal tax credits from the U.S. Treasury Department. With additional help from the city, which created a special taxing district, the developer was able to transform the 650,000 square feet into the biggest property taxpayer in the city and into one of its largest employers, Schloss said.

That inspired planners to forge partnerships with the counties and other entities and create FIRE.

In 2007 FIRE applied for its own grant and was rewarded with \$35 million in new market tax credits to be used regionally, Schloss said, including in West Allis. In 2009, FIRE received another \$70 million tax credit allocation.

- Jane Ford-Stewart