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# REPORT

## UW-MILWAUKEE AT WAUKESHA PROPERTY

**SUBMITTED TO:**  
COUNTY EXECUTIVE PAUL FARROW

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# UW-MILWAUKEE AT WAUKESHA PROPERTY

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## WORKGROUP

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## INDUSTRY ADVISORS

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# INTRODUCTION AND BACKGROUND

On March 11, 2024, the University of Wisconsin - Milwaukee announced that its Waukesha campus will close after the Spring 2025 semester.

This land use planning project evaluated the County owned lands identified as tax key WAKCO989999 in the City of Waukesha along North University Drive. The property is currently being used by the University of Milwaukee as the Waukesha campus. The project included interviewing residential, institutional and office real estate subject matter experts to receive input on market analysis and future projections for potential uses. The proposed land uses, and associated use activities will be compatible with adjoining land uses.

In 1965, Waukesha County entered into a Lease Agreement with the Regents of the University of Wisconsin for the development of a higher educational facility.

In 1970, Waukesha County entered into a Memorandum of Agreement with the Regents of the University of Wisconsin to serve the educational needs of the people of the County area by maintaining a University Center of the University of Wisconsin.

In 2000, Waukesha County entered into a Partnership Agreement with the Regents of the University of Wisconsin to further define the responsibilities of the University and Waukesha County with respect to maintenance of the buildings and grounds associated with the University Center.

<b>Property Overview</b>		<b>Existing Buildings</b>	
<b>Total Acres</b>	75.9 acres	<b>Total Square Feet</b>	176,366 sq. ft.
<b>Easements</b>	1.4 acres	<b>Fine Arts Building</b>	25,039 sq. ft.
<b>Wetland</b>	3.1 acres	<b>Fieldhouse / Maintenance Building</b>	40,928 sq. ft.
<b>Developable Acres</b>	71.4 acres	<b>Classroom / Commons / Administrative Building</b>	110,399 sq. ft.

Note: A plat of survey was completed on June 20, 2006, recording the total property acreage as 75.89 acres.

In addition to an internal analysis, the project included interviewing real estate subject matter experts to receive input on market analysis and future projections for potential uses not limited to commercial, institutional, and mixed residential. The proposed land uses, and associated use activities within those land uses (i.e., types of residential) are intended to be compatible with adjoining land uses.

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# WORKGROUP PROCESS AND METHODOLOGY

The project team first met on June 6, 2024, to kick off the project and finalize the task list and timeline. Through the planning process, the project team evaluated the site limitations (e.g., wetlands, hydric soils, height and use restrictions) and determined acreage available for development.

The project team hosted a property tour on June 12<sup>th</sup> to allow the industry advisors to view the current campus buildings and ask questions of UW-Milwaukee and Waukesha County facilities staff. Building construction and maintenance information was provided to the industry advisors in advance of the tour.

The site information was submitted to the industry advisors with a set of interview questions in advance of each meeting. Interviews with each industry advisor was completed between July 13 – August 15<sup>th</sup>. The interviews were designed to obtain insights on marketability and land uses compatible with adjoining land uses.

The workgroup analyzed the information gathered through the planning process and through the industry advisor interviews. A set of recommendations was developed for consideration by County leadership.

# DISCUSSION AND ANALYSIS

## POTENTIAL SALE OBJECTIVE CRITERIA

County staff from the Departments of Parks and Land Use, Public Works and Administration identified seven sale objective criteria for the County to consider when selling the property. The discussion centered on land use compatibility, economic development drivers, and impact to the County’s budget and long-term financial future.

The criteria include:

- Property sale revenue
- Property tax base generator
- Compatibility with adjoining land uses
- Adherence to Airport Height Ordinance restrictions
- Housing affordability (objective to provide market rate housing for household incomes at or below 120% Average Median Income)
- Projected development value
- Strong return on investment for Waukesha County investment in site preparation

## INDUSTRY ADVISOR ANALYSIS OF LAND AND DEVELOPMENT OPPORTUNITIES

Five interviews were held with industry advisors from VJS Development Group, Wangard Partners, Siepmann Realty, Bear Real Estate Group and Neumann Companies. The advisors provided key feedback on development opportunities, market indicators, benchmarks/comparable sites, and potential issues (See the exhibit *Interview Questions and Discussion Guide* for more details).

The property is viewed by the industry primarily for mixed residential development. Institutional and recreational uses were identified as having potential. Below is a combined summary of the key takeaways shared with the workgroup.

### /// INDUSTRY ADVISORS' SUMMARY TABLE

<b>Recommended Land Uses</b>	Mixed Residential (single, two-family and multi-family)  A development proforma will require higher density residential uses.
<b>Other Uses</b>	Retail – not a good location. Other retail areas exist close by.  Office – limited opportunities, low demand and not a good location.  Recreational – limited potential use of fieldhouse. Complicated by separated facilities (heating and cooling) plant. Keeping the fieldhouse does not maximize land value.
<b>Continued Educational Use</b>	The overall condition of the facilities is good and well maintained.  Conversion from a higher education campus to K-12 or Assembly uses (recreational) requires significant investment in life safety

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measures (ie. sprinkling, fire alarm upgrades, security), as well as rated corridors and doors and restroom upgrades.

Most interior walls are typically load bearing limiting or adding to the expense of remodeling.

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**Retaining Some Buildings**

The central facilities plant for heating, cooling, and utilities supports all buildings, making it difficult to retain only some buildings.

None of the existing structures would be good for residential conversion due to the significant interior load bearing walls and the central facilities plant.

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**Projected Capital Investment**

\$6.6M (projected demolition cost if all material is hauled offsite and not recycled on site)  
*(significant utility infrastructure exists along with existing collector road)*

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**/// COMPATIBLE LAND USE & DEVELOPMENT OPPORTUNITIES**

All industry advisors recommended mixed residential as being the most compatible with adjacent land uses and highest and best use. Specific development approaches include:

- Mixed residential consists of a variety of multi-family buildings (3 or more units), side by side units and single-family units.
- There is a market preference for direct access to units in multi-family buildings.
- Projected development proformas, based on construction and infrastructure cost, will require higher density residential development.
- Removing the existing educational buildings provides the greatest value for the property.
- Multi-family units four stories or less are the most optimal from a construction proforma standpoint.

Other uses that were discussed but ultimately **not recommended** by the advisors due to low current and projected demand include:

- Retail and Commercial: There is currently an abundance of options along the nearby Silvernail corridor and at the northeast corner of Meadowbrook Road and Summit Avenue.
- Class B Office Space: The market is currently unpredictable, and the site does not align from a land use compatibility standpoint.
- Educational Use: Conversion from a higher education campus to K-12 or Assembly uses (recreational) requires significant investment in life safety measures (ie. sprinkling, fire alarm upgrades, security) as well as rated corridors and doors and restroom upgrades.
- Recreational Use: The existing buildings are too large and the central facilities plant for heating, cooling, utilities support all buildings, makes it difficult to retain only some of the buildings. For context, a full-service YMCA is approximately 35,000 square feet.

**/// PROJECTED CAPITAL INVESTMENT & PROPERTY VALUE IMPACTS**

The property will likely require capital investment to maximize property sale revenue. The property is served by a network of sanitary, storm and water utility infrastructure along University Drive, Northview Road and Sunkist Avenue. The building demolition and site work costs are estimated at \$6.6 million.

Should the property be developed to its highest and best use, it is estimated that the potential value could be \$150 - \$200M. The below tables represent the projected impacts to taxes and levy by jurisdiction.

## PROPERTY VALUE INCREASE PROJECTIONS BY JURISDICTION

Jurisdiction	Equalized Tax Rate	Tax Generated on Property Value	
		\$150 Million	\$200 Million
City of Waukesha	8.58	\$1,286,000	\$1,715,000
School District of Waukesha	5.64	\$846,000	\$1,128,000
Waukesha County	1.39	\$208,000	\$278,000
WCTC	0.24	\$36,000	\$48,000
<b>Total</b>	<b>15.85</b>	<b>\$2,376,000</b>	<b>\$3,169,000</b>

*Note: Assessment Ratio 96.59%; Gross taxes generated*

## NET NEW CONSTRUCTION IMPACT

Jurisdiction	2023 Equalized Value	Increase at \$150 Million	Increase at \$200 Million
Waukesha County	\$84,956,236,000	0.18%	0.24%
City of Waukesha	\$9,487,929,500	1.58%	2.11%
WCTC	\$82,155,498,000	0.18%	0.24%

## PROJECTED ALLOWABLE LEVY

Jurisdiction	Tax Generated on Property Value	
	\$150 Million	\$200 Million
Waukesha County	\$173,798	\$231,730
City of Waukesha	\$826,840	\$1,102,453
WCTC	\$109,130	\$145,507
<b>Total</b>	<b>\$1,109,768</b>	<b>\$1,479,690</b>

### /// SITE ATTRIBUTES

- The total property is 75.9 acres.
- The site contains two areas of mapped wetlands totally 3.1 acres. The most recent wetland delineation was completed in 2013 by the Southeastern Wisconsin Regional Planning Commission. The larger wetland complex is east of North University Drive in the southeast portion of the property.
- In 2007, the County signed a Utility Easement Agreement with the City of Waukesha to replace an existing water tower on the site. The easement allows an access drive, an existing water reservoir, the water tower and water main. In addition, there is an existing 10' wide water main easement which runs from the water tower north along the west property line to Northview Road.
- The site survey completed in 2006, identifies fence and retaining wall encroachments along the east property line.
- The institutional campus is comprised of three main buildings. They are:

Fine Arts Building (Southview Hall)	25,039 sq. ft.
Field House	40,928 sq. ft.
Classrooms, Commons and Library	110,399 sq. ft.

In addition, the campus consists of 7 parking areas and a network of sidewalks.

### /// RESIDENTIAL ANALYSIS

Since 2018, the City of Waukesha has been updating a Housing Study and Needs Analysis to track housing mix and value to make mindful land use decisions. A mixed housing strategy has many benefits to a community including more housing opportunities and choices, encourages economic investment and promotes efficient use of land and infrastructure. The City of Waukesha Housing Study and Needs Assessment was recently updated in August 2024.

The study presented the current housing stock for owner-occupied and renter-occupied housing. This data does not reflect market availability. Generally, the City of Waukesha has relatively low vacancy rate.

#### Owner-Occupied Housing Affordability Balance by Monthly Cost

Income Range	Owner Occupied HH In Income Range	Affordable Monthly Housing Cost Range	Owner Occupied Units in Affordable Range	Balance
\$0 - \$24,999	1,026	\$0 - \$624	1,385	359
\$25,000 - \$49,999	1,909	\$625 - \$1,249	5,042	3,133
\$50,000 - \$74,999	2,350	\$1,250 - \$1,874	6,545	4,195
\$75,000 - \$99,999	2,752	\$1,875 - \$2,499	2,662	-90
\$100,000 - \$149,999	4,931	\$2,500 - \$3,749	1,605	-3,326
\$150,000+	4,647	\$3,750 +	376	-4,271



## Renter-Occupied Housing Affordability Balance by Rent

Income Range	Renter Occupied HH In Income Range	Affordable Monthly Rent Range	Renter Occupied Units in Affordable Range	Balance
\$0 - \$24,999	2,798	\$0 - \$624	629	-2,169
\$25,000 - \$49,999	3,889	\$625 - \$1,249	9,316	5,427
\$50,000 - \$74,999	2,421	\$1,250 - \$1,874	1,855	-566
\$75,000 - \$99,999	1,718	\$1,875 - \$2,499	235	-1,483
\$100,000 - \$149,999	1,168	\$2,500 - \$3,749	110	-1,058
\$150,000+	397	\$3,750 +	82	-315

### Key Study Findings:

- There is a sufficient supply of homes at lower monthly cost and value levels which could be made available if there were greater opportunities for homeowners to upsize or if there was a greater level of rehabilitation activity.
- The greatest gap in owner-occupied housing is for income ranges greater than \$100,000.
- The City of Waukesha has an excess of 5247 units in the \$625 to \$1249 range, but a deficiency in number of housing units for all other affordable monthly rent ranges (presented as negative value).
- The study analyzed population projections with household size data and estimated housing type needs through the next 20 years. The current housing unit shortage is estimated at 508 units is projected to increase to 986 units by year 2038. The buildout for mixed residential on this property is anticipated to be 3-4 years.

### Population and Housing Projections

	Current Shortage	2023	2028	2038
Additional Persons <20 yrs. old		117	750	1,821
Additional Persons 20 yrs. old +		1,709	1,479	2,218
Total Additional Persons		1,826	2,229	4,038
Additional Housing Units Needed*	508**	763	641	986

\* Source: ESRI, Metlife Mature Market Institute, Zillow, Vierbicher

\*\* Additional needed to achieve healthy rate of 3.5% for owner-occupied homes

## /// OTHER CONSIDERATIONS

The industry advisors offered some additional thoughts for consideration:

- The County should sell the parcel as a continuous block. Development proposals may include partners.
- Prior to seeking offer to purchase proposals, the County should produce a “coming soon” marketing piece providing key information for prospective buyers. The marketing piece would include information such as planned land use, developable acreage, wetland delineation, additional soil investigation, municipal sewer and water availability and capacity and utility infrastructure. The County and City of Waukesha Community Development staff were provided recommended marketing outlets by the industry advisors and have working knowledge of prospects.
- The residential developer market is relatively small in SE Wisconsin. The County and City staff know the contacts in the sector. Therefore, the County can seek proposals on this property without retaining broker services.

The staff of the Department of Parks and Land Use, Department of Public Works and the City of Waukesha Community Development offer the following:

- Existing cell tower agreements relating to the water tower are not impacted by the sale of this property.
- The County does not have the fiscal capacity to operate and maintain educational, cultural or recreational offerings using some of the existing buildings. For perspective, the County spent over \$10.7 million in maintaining the buildings, concrete and parking lots for the University of Wisconsin System since 2009.
- Education, cultural or recreational uses would not be consistent with our property tax generator and highest and best use objectives.
- The city has planned for reconstruction of University Avenue as part of their 2028 Capital Improvement Plan.

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## RECOMMENDED NEXT STEPS

The UW-Milwaukee at Waukesha Property plan Workgroup offers the following recommended next steps regarding future use of the property:

- [A]** Include language in the Waukesha County 2025 budget authorizing the Departments of Public Works, Parks and Land Use and Corporation Counsel to negotiate the discontinuation of the lease with the UW Board of Regents and work with the City of Waukesha to market and solicit offers for the purchase of the UW Waukesha Campus property.
- [B]** Work with the City of Waukesha Community Development Office to make the mutually agreed upon amendment to the City of Waukesha Land Use Plan to reflect the recommended land use and obtain City Council approval.
- [C]** Work with the Wisconsin Economic Development Corporation to secure the branch campus redevelopment grant funds made available through [2023 Wisconsin Act 250](#). The program provides grants to counties where University of Wisconsin branch campuses were subject to the University of Wisconsin restructuring plan. Grants are available for costs, including planning costs and demolition costs, associated with the redevelopment of buildings and sites associated with a branch campus.
- [D]** Initiate the process of marketing and receiving proposals for the sale of the property in late fall of 2024.

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# EXHIBITS

## MAPS

- Map 1: Study Area Available Lands

## Industry Sector Advisors Interview Questions and Discussion Guide