



THE HISTORIC WALLY SCHMIDT TAVERN

1848-1850 W. Fond du Lac Avenue, Milwaukee, WI 53206

A Case Study in How to Create Partnerships
That Build Community Wealth, Grow Local Talent,
and Transform Neighborhoods





Table of Contents

4

I. Timeline

5

II. Executive Summary

8

III. Site History and Selection

13

IV. Applying the Milwaukee INVESTS Model: The Wally Schmidt Tavern Project

27

V. Project Impact

30

VI. Conclusion

31

Appendix A:
Reclaiming Lindsay Heights: The Quality of Life Plan

33

Appendix B:
History and Impact of Traditional Real Estate Development and Financing in Disinvested Communities

I. Timeline

1920 • 1935-1968 •	-----■	<p>Building constructed</p> <p>Building operated as Wally Schmidt Tavern by Wally and Belle Schmidt, a popular community gathering space for various social organizations, including American Legion chapter.</p>
1968-2010	-----■	<p>July 1, 1968 • The Schmidt's closed their business and leased the building to Mr. and Mrs. M.L. McCarthy. They renamed and operated the business as Max & Mildred's (M & M Lounge). The second floor was converted into apartments. The McCarthy's closed the lounge in 2010. A significant fire in one of the apartments in the later years likely contributed to the closing.</p>
		<p>2011-2013 • Building was vacant and entered tax foreclosure. The City of Milwaukee's Redevelopment Authority took over building ownership.</p>
2014	-----■	<p>Dec. 2, 2014: Jeremy Davis and Juli Kaufmann form Eye Ntoboase LLC.</p>
2015	-----■	<p>April 28, 2015: Eye Ntoboase LLC purchases the vacant M & M Lounge (former Wally Schmidt Tavern) from the City of Milwaukee Redevelopment Authority for \$5,000.</p> <p>Nov. 25, 2015: Launch of an Indiegogo crowdfunding campaign to renovate the building. Goal: \$31,000.</p> <p>Eye Ntoboase begins quiet phase, seeking lead "angel" investors.</p> <p>December 2015: Design development begins.</p>
2016	-----■	<p>February 2016: Construction begins.</p> <p>April 26, 2016: Fund Milwaukee presentation offering equity shares starting at \$1,000, eventually raising \$72,000.</p> <p>Summer 2016: Lead investors pledge \$308,000; public and private grants of \$199,000 awarded to project.</p> <p>October 2016: 2nd and 3rd Floor office tenants begin moving in.</p> <p>November 2016: The Tandem Restaurant opens.</p> <p>November 4, 2016: Indiegogo campaign closes, raising \$37,751 from 170 people (117% of its goal of \$31,000).</p> <p>2017 • Total of funds raised for project: \$756,571. Annual ownership equity payments begin.</p> <p>2017-2019 • Wally Schmidt Building fully leased.</p>

II. Executive Summary

On a chilly November evening in 2016, laughter and light spilled out onto W. Fond du Lac Avenue from The Tandem, a new restaurant on the ground floor of “The Wally Schmidt Tavern Project” (named after the building’s original owner). The Tandem was bustling with customers from throughout greater Milwaukee, all eager to support the new restaurant in Lindsay Heights, a neighborhood just north of downtown Milwaukee. The windows on the building’s second and third floors were dark, as the business owners, primarily women- and black-owned businesses, had left for the day.

The normality of the scene belied a powerful transformation that was taking place in Lindsay Heights, with the Wally Schmidt Tavern Project serving as a beacon of how a community-driven commercial real estate project can uplift and celebrate a formerly disinvested neighborhood. Lindsay Heights residents -- many of whom have low- to middle-income paying jobs -- pooled their talents, passions, and finances with like-minded community stakeholders, individual investors, philanthropists, and experienced real estate developers to restore and revitalize a vacant commercial property. The result -- the fully leased and successful Wally Schmidt Tavern Project -- has had a positive and catalytic impact on Lindsay Heights’ economic, commercial, residential, social, and cultural landscape.

The Milwaukee INVESTS Model

Development of The Wally Schmidt Tavern Project was based upon the **Milwaukee INVESTS Model**, an innovative for-profit commercial real estate model developed by Juli Kaufmann of Fix Development LLC. The model leverages local talent and pools community assets together to transform vacant and underused properties into thriving spaces.

Kaufmann first applied this model on two projects in Milwaukee’s historic Walker’s Point neighborhood: the Clock Shadow Building, a new four-story 30,000 square foot commercial building on a vacant lot at 538 S. 2nd St., and the Freshwater Fix Project, a 7,000 square foot former industrial manufacturing building at 205 S. 2nd St. These two projects were completed in 2012 and 2014. They helped to propel Walker’s Point economic revival into a thriving commercial, cultural, and residential district. Both projects were developed using the Milwaukee INVESTS model, with a minimum investment of \$5,000 reflecting the neighborhoods rapid real estate appreciation.

Kaufmann and her co-developer, Lindsay Heights resident Jeremy Davis, adjusted the Milwaukee INVESTS model to encourage residents, local businesses, and community stakeholders in the traditionally disinvested Lindsay Heights neighborhood. Their goal was to encourage local residents to become active partners in commercial real estate, build community wealth, and grow the next generation of neighborhood-based developers. To encourage participation, Kaufmann and Davis set a minimum investment requirement of \$1,000, payable either through cash or sweat equity. In return, the investors received a percent ownership (the lowest, 0.3%; the highest, 39%), an ongoing say in the project’s future development, and the tools to take on similar projects in the neighborhood.



Wally Schmidt Tavern Project

The Wally Schmidt Tavern Project, located at 1848-1850 W. Fond du Lac Avenue, Milwaukee, WI 53206, emerged out of a long-term working partnership between Kaufmann and Davis. Both Kaufmann and Davis knew each other through Walnut Way Conservation Corp., a nonprofit 501c3 neighborhood-led development organization in Lindsay Heights. Kaufmann was the co-developer of Walnut Way's The Innovation and Wellness Commons, a \$7 million, 18,853 square foot commercial real estate project on the busy commercial corner of N. 16th and W. North Avenue, just four blocks away from the Wally Schmidt Tavern Project. Davis was Walnut Way's Environmental Specialist. Over time, Davis became interested in developing commercial real estate and sought the advice of Kaufmann. The two eventually formed a partnership – Eye Ntobase LLC – to purchase and redevelop a commercial site in the neighborhood that honored their shared commitment to **quadruple bottom line development** (economic stability, environmental stewardship, social equity, and cultural continuity).

In 2015, the partners purchased the historic but shuttered Wally Schmidt Tavern building at 1848-1850 W. Fond du Lac Ave. in the heart of Lindsay Heights. In 2015, Eye Ntobase began recruiting investors, designing the interior, prospecting potential tenants, and assembling a locally based construction team. Today the Wally Schmidt Tavern is a thriving for-profit commercial real estate development with a popular Milwaukee restaurant – Tandem Restaurant – as its main tenant and several locally owned businesses renting office space on the second and third floor.

How they developed the Wally Schmidt Tavern Project – from recruiting local investors and tenants, assembling a construction team, and creating a thriving commercial and community space – is the subject of this case study. This project successfully illustrates how the Milwaukee INVESTS Model successfully empowers low-income residents and community stakeholders to:

Build wealth by owning an asset;

Reclaim power and control by dictating an inclusive redevelopment process and terms of tenancy that maximize local jobs for and businesses owned by local people; and

Establish self-determination for the types of commercial activity desirable within our own community.

This case study outlines how other disinvested neighborhoods can do the same.



M & M!
LOUNGE & RESTAURANT
344-9447

STE

RES

FOR SALE
Call 360-3730

III. Site History and Selection

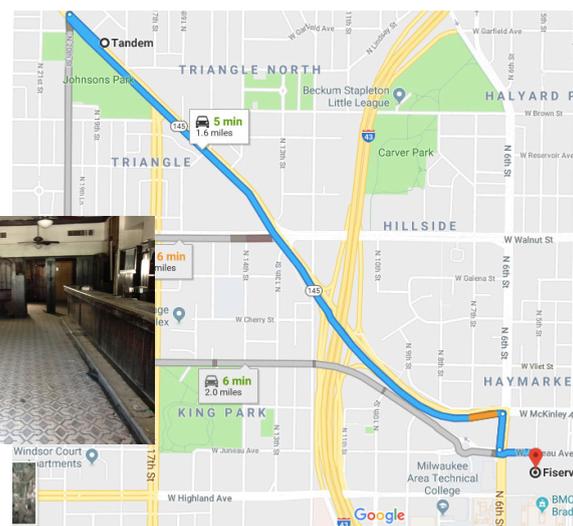
Site Selection

The two partners sought to identify a development project within Lindsay Heights that reflected their shared commitment to **quadruple bottom line development** (economic stability, environmental stewardship, social equity, and cultural continuity). After consideration of several sites, the two partners selected the boarded up Wally Schmidt Tavern. The building was prominently situated on a busy commercial street (Fond du Lac Avenue), with the ability to support a local restaurant and attract customers from both within Lindsay Heights and adjacent neighborhoods; had space for several small upstairs offices for local small businesses (a high neighborhood priority); and potential for significant economic impact on Lindsay Heights (tax base, promoting further development, and job creation).

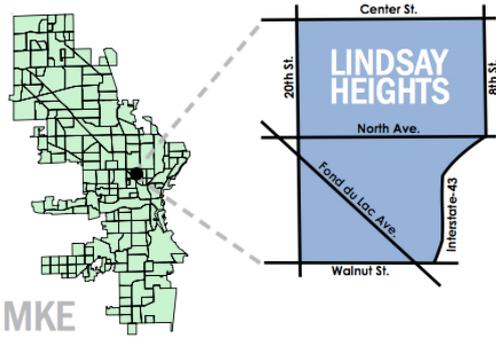
The building address is less than two miles north of downtown Milwaukee, which is bustling with new commercial and residential development. This includes the new Fiserv Forum (Milwaukee Bucks arena), seasonal events (e.g. Christkindlmarket, open-air beer gardens, ice-skating), and several new hotels. The portion of Fond du Lac Avenue on which the building is located is a major route to downtown Milwaukee and Interstate 43, with nearly 25,000 cars daily passing through*.

Finally, the building’s history and interior and exterior architectural features – amazingly preserved despite being vacant for nearly 15 years – made the building itself a neighborhood landmark. Despite the deferred maintenance and numerous break-ins, the building retained much of its charm and historical assets. This includes patterned hex-tile floor, finished wood molding, wrought ironwork, and embossed glass in the tavern’s entry door. Exterior features include leaded glass windows and decorative piers in the Mission Revival style. These treasures lay hidden behind boarded up windows and doors.

In April 2015, Eye Ntoboase, LLC acquired the building and an adjacent 3,600 sq. ft. vacant lot from the City of Milwaukee’s Redevelopment Authority for \$5,000. See Table 1 for site highlights.



* WI Department of Transportation. Retrieved December 1, 2018. <https://trust.dot.state.wi.us/roadrunner/>



Lindsay Heights is a 110-block neighborhood located just north of Milwaukee's downtown. It is bounded by Locust Street (north), Walnut Street (south), I-43 (east) and N. 20th Street (west). Two main thoroughfares run through Lindsay Heights: W. Fond du Lac Avenue, which connects directly with downtown Milwaukee, and W. North Avenue, which connects to Milwaukee's east and west sides.

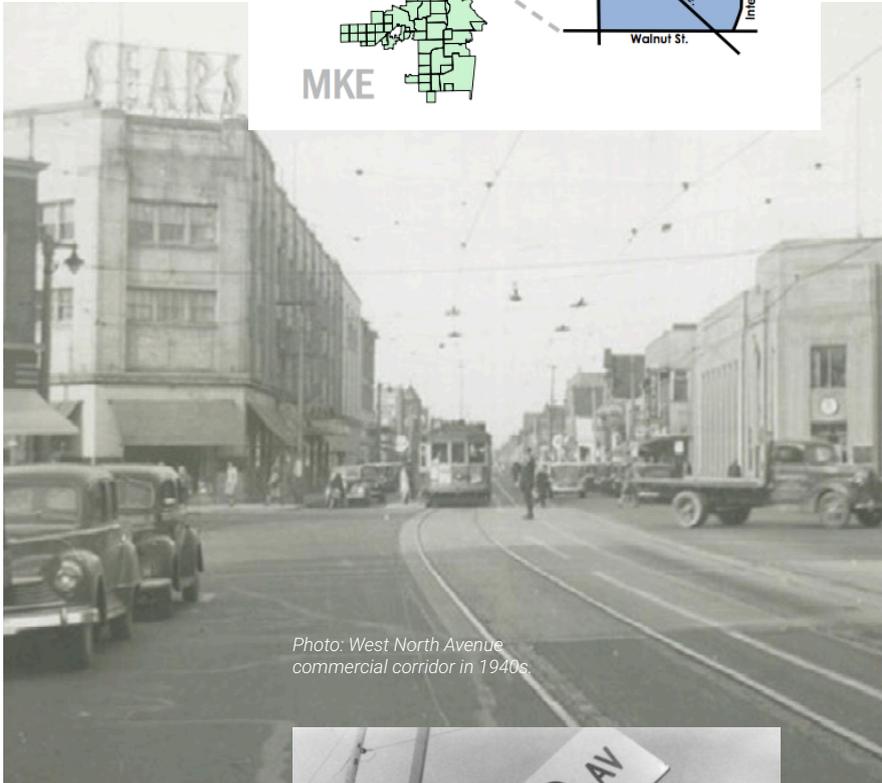


Photo: West North Avenue commercial corridor in 1940s.



Photo: Bernice Lindsay

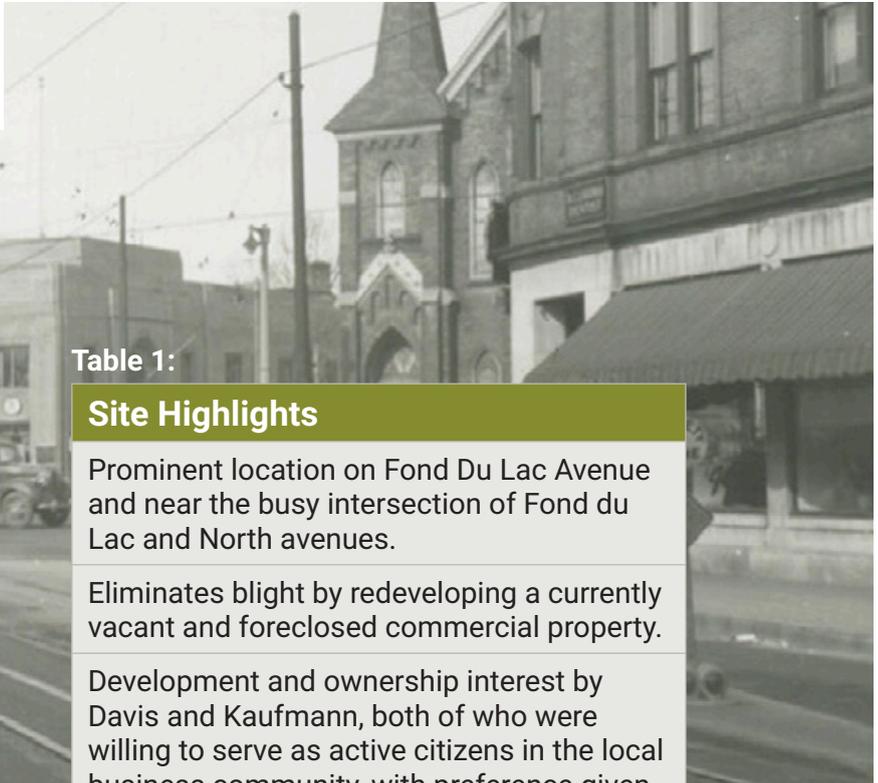


Table 1:

Site Highlights

Prominent location on Fond Du Lac Avenue and near the busy intersection of Fond du Lac and North avenues.

Eliminates blight by redeveloping a currently vacant and foreclosed commercial property.

Development and ownership interest by Davis and Kaufmann, both of who were willing to serve as active citizens in the local business community, with preference given to neighborhood resident leadership.

Ability to build local wealth through local ownership as well as local hiring practices.

Attractive project building, location, and mission to occupants that are entrepreneurs and locally owned micro-businesses.

Ability to create minimum of 20 new jobs.

Converts into tax-paying commercial uses and contributes to property tax values within the business improvement district (BID 32 North Ave. Marketplace).

Interested restaurant operator and tenants offer healthy products and services accessible to the local community that add to the local quality of life.

The History of Lindsay Heights and the Wally Schmidt Tavern

The Historic Wally A. Schmidt Tavern building at 1848-1850 W. Fond du Lac Avenue, Milwaukee was built in 1920 as a restaurant and tavern. For 110 years, it was a popular tavern and community gathering space. From 1936 to 1968, Wally and Belle Schmidt owned and operated the space as a restaurant and bar, calling it the Walter A. Schmidt Tavern. Eventually, the tavern was known simply as the Wally Schmidt Tavern. The tavern was famous for its steak sandwiches and fish fries, attracting neighbors and notable visitors alike. Famous Wally Schmidt Tavern regulars included baseball greats Warren Spahn, Lew Burdette, and Johnny Logan, as well as actor Pat O'Brien and local political leaders City Attorney John Fleming, County Executive John Doyle and later, Mayor Carl Zeidler. In 1945, the upstairs space above the Wally Schmidt Tavern was converted to a gathering space for various social organizations including the local American Legion Chapter.

The Wally Schmidt Tavern was just one of many successful and popular businesses within the 110-block neighborhood during its heyday in the 1920s to 1950s. Lindsay Heights' commercial corridors of W. Fond du Lac Avenue and W. North Avenue were thriving commercial districts with restaurants, bowling alleys and taverns, theaters, grocery and hardware stores, churches, and small businesses and professional services. Local businesses and manufacturers – both large and small – provided stable jobs to local residents that enabled them to support families, own homes, support local shops and businesses, and enjoy a wide variety of entertainment options.

German immigrants first settled the neighborhood in the late 1800s, eventually welcoming Russian and Polish Jews and African-Americans. The neighborhood is also notable for being one of the stopping points used on the Underground Railroad to in which former slaves travelled southern states to Canada.

By the 1920s, Lindsay Heights and the adjacent Bronzeville neighborhood had become the economic and social hub of Milwaukee's African-American community. The neighborhood was renamed Lindsay Heights in 1997 after community activist Bernice Lindsay, who was sometimes called the "mother of the black community."

Cutting Through the Heart of the Neighborhood

In the 1950s and 1960s, the State of Wisconsin began drawing up plans for new freeway systems that would directly connect the far west and northwest sides of Milwaukee and its suburbs to downtown Milwaukee and a new north-south highway (I-43). The proposed freeway (called the "Park West") was intended to run northwesterly along Fond du Lac Avenue and then turn westward, running parallel to North Avenue as it headed west to an interchange near the intersection of Lisbon and North Avenue. Widespread community opposition stopped the freeway expansion, but not before thousands of homes and businesses were demolished, decimating the economic and cultural heart of neighborhoods like Lindsay Heights and Bronzeville. Homes and businesses directly across from the Wally Schmidt Tavern were torn down. Johnsons Park on W. Fond du Lac Avenue was created to appease community anger at the destruction of so many homes and businesses.

During this tumult, the Wally Schmidt tavern continued to operate. The Schmidts continued operating their tavern until, at the age of 74, Wally Schmidt leased his tavern to new operators: Mr. and Mrs. F.L. McCarthy. On July 1, 1968, the McCarthys opened Max & Mildred's (M & M) Lounge. They were forced to close their first business – the Anchor Inn at 1229 W. Walnut St. – due to the planned construction of the Park West Freeway. The McCarthys operated the tavern and second floor apartments continuously until 2010, although evidence suggests that the building started to deteriorate during the latter years of ownership, culminating in an apartment kitchen fire that left significant damage. The final circumstances leading to the closing are currently unknown although it is likely that the fire was a contributing factor.

The freeway demolition, combined with racial redlining and the disappearance of family-supporting jobs from long-time Milwaukee manufacturers such as Allis-Chalmers and A.O. Smith ripped apart the social, economic, and residential fabric of the community and put in motion a long period of disinvestment for Lindsay Heights and surrounding North Side neighborhoods. The once thriving commercial corridors and surrounding neighborhoods slowly deteriorated. Property values plummeted and buildings fell into disrepair. Businesses moved out, unemployment rose, vital retail services disappeared, and schools suffered. Gangs, drugs, and prostitution moved in.

2000 to Present Day: Lindsay Heights

The tavern building entered tax foreclosure and eventually came to be owned by the City of Milwaukee's Redevelopment Authority. Already overloaded with tax-foreclosed properties, the City boarded the property and winterized it, but did little for preservation. The significant damage caused by the fire in an upper apartment was not repaired.

The shuttering of the M & M Lounge was just one of many businesses that closed in the 2000s, leaving the commercial corridors of Lindsay Heights – Fond du Lac and North avenues – marked by empty and deteriorating commercial spaces. At its lowest point, the two commercial corridors had over 50% vacant rates and major retail leakages from the neighborhood.

IV. Applying the Milwaukee INVESTS Model: The Wally Schmidt Tavern Project

There are three key elements built into the Milwaukee INVESTS Model to promote replication of similar development projects:

Co-Developer Mentorship: An experienced developer partners with a local resident to enable skill transfer and capacity building through hands-on learning embedded right in the neighborhood.



Community Investor-Owners: Local residents participate as investors using a crowdfunding ownership model and local businesses are sought as tenants to ensure local wealth building, local job creation, and local economic impact. This dialogue leads to identification, recruitment, and support of local businesses, primarily those owned by women or entrepreneurs of color.

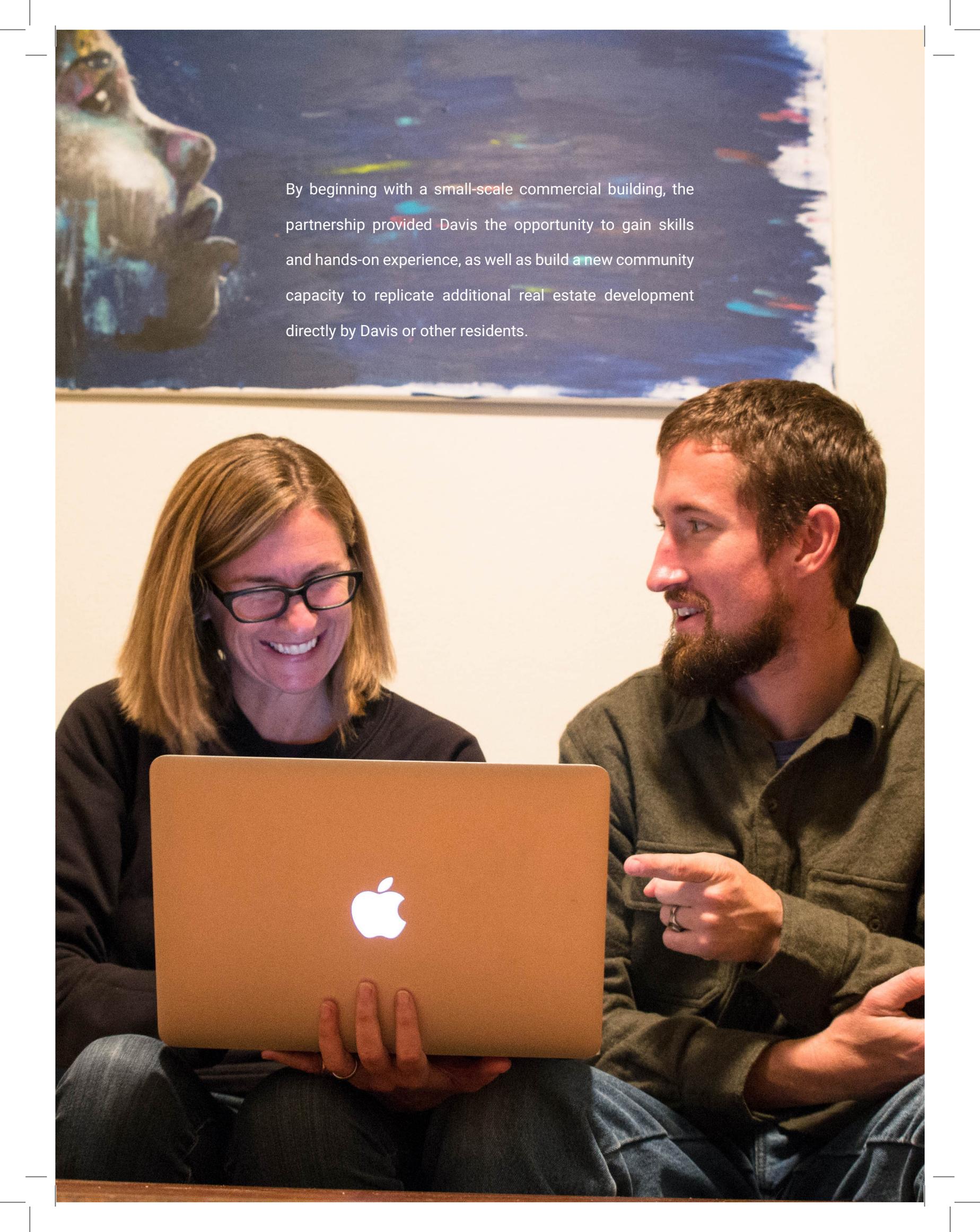


Tenant Cultivation and Meeting Community-Identified Needs: Neighborhood residents clarify and share their needs and requirements, including identifying potential sites within the neighborhood and proposed uses with the greatest possibility for having catalytic impact on the neighborhood.

1. Co-Developer Mentorship: Making the Right Connection

The successful Innovations and Wellness Commons project inspired Jeremy Davis, a Lindsay Heights resident and Walnut Way Conservation Corp.'s Environmental Specialist, to try his hand at commercial development. He also wanted to draw upon the skills and expertise of local residents in the design and construction of the building, recruit local businesses as tenants, and build community wealth by attracting local investors. Davis reached out to experienced private sector real estate developer Juli Kaufmann of Fix Development to see if she would be interested in forming a mentoring partnership in which she would share her development expertise while he shares his wealth of community connections. Kaufmann agreed and together they formed Eye Ntobase LLC on December 4, 2014. (Eye Ntobase is a West African term meaning “patience.”)

Davis and Kaufmann brought different skill sets to their partnership. Davis served as a conduit to community residents, providing valuable input on community needs, interests, and concerns as well as sharing and encouraging resident investment in the project. He managed the construction and landscaping of the project, seeking local contractors whenever possible. Kaufmann introduced Davis to potential investors, demonstrated how to create development and operational pro formas, and shared development, fundraising, and tenant recruitment and management strategies.

A photograph of a woman with glasses and a man sitting together, looking at a laptop. The woman is on the left, smiling, and holding the laptop. The man is on the right, pointing at the screen. They are in a room with a large abstract painting on the wall behind them. The painting features a profile of a face on the left and a blue and white abstract shape on the right.

By beginning with a small-scale commercial building, the partnership provided Davis the opportunity to gain skills and hands-on experience, as well as build a new community capacity to replicate additional real estate development directly by Davis or other residents.

Juli Kaufmann/Fix Development

Kaufmann is an experienced private sector real estate developer recognized throughout Milwaukee for her innovative projects that emphasize sustainability and a quadruple bottom line approach to realizing financial success and revitalized communities. In 2015, Fix Development partnered with Walnut Way on the development of the catalytic \$6.2 million Innovations and Wellness Commons in Lindsay Heights. In 2012, Fix Development completed the \$7 million, four-story Clock Shadow Building using recycled and sustainable materials on a former brownfield in Milwaukee's Walkers Point neighborhood. And in 2018, Kaufmann and co-developer Joanne Sabir completed The Sherman Phoenix, a \$3.5 million entrepreneurial and wellness hub in Milwaukee's Sherman Park neighborhood. The Sherman Phoenix is located within a former 20,000 sq. ft. bank that had been damaged by fire during civil unrest in August 2016. It features 29 tenants, mainly black-owned food, culture, retail, and health and wellness businesses.



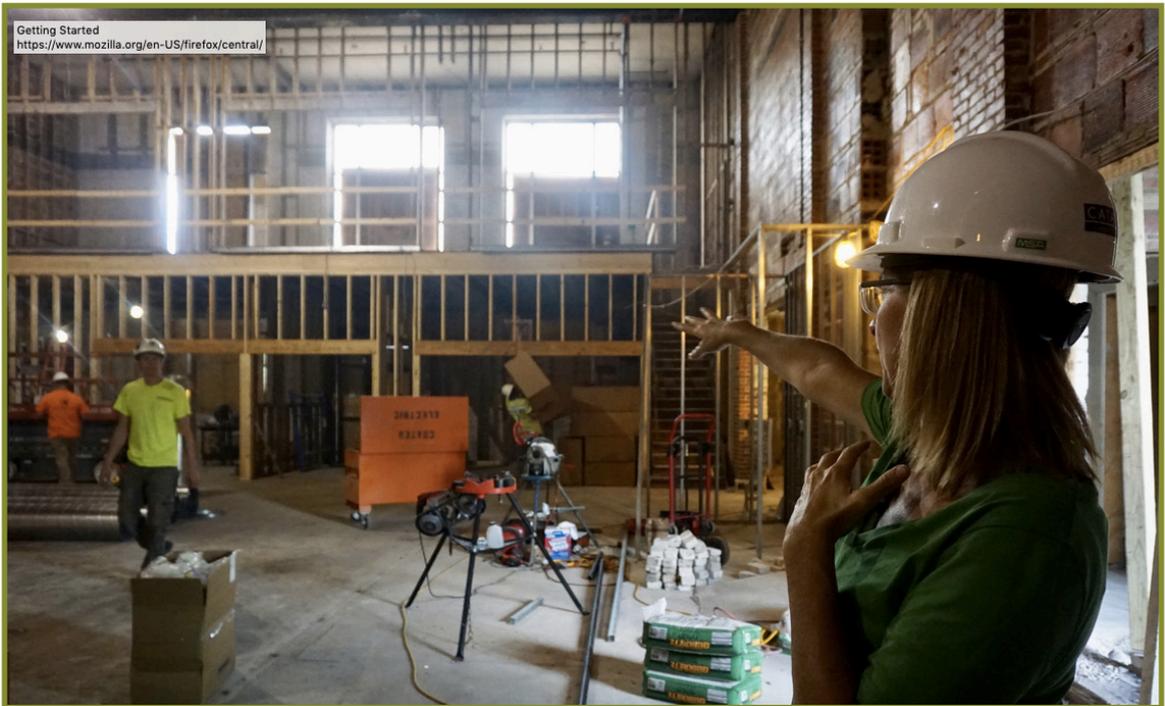
"The Milwaukee INVESTS model was so successful with Wally Schmidt and other projects on which I'm working because it pairs two well-established and traditional centers of expertise: real estate development and community organization. These two areas of expertise normally don't intersect in traditional development but are critical when developing within neighborhoods like Lindsay Heights. Without Jeremy's credibility and community connections, the neighborhood wouldn't have trusted me." - Juli Kaufmann

Jeremy Davis

Davis is an environmental specialist with Walnut Way Conservation who lives with his family in Lindsay Heights. Through his work with Walnut Way and as a neighbor, Davis intimately knows Lindsay Heights: its businesses, culture, and environment. He is the secretary of the Community Planning Council and member of the Lindsay Heights Commercial Corridor committee. These two organizations, which are comprised of Lindsay Heights residents, business owners, elected officials, and community stakeholders, meet regularly to collaboratively develop new visions and strategies for revitalizing Lindsay Heights. One issue of particular concern was revitalization of the neighborhood's stagnant commercial corridors, promoting local ownership and investments in new developments and businesses, and creating jobs.

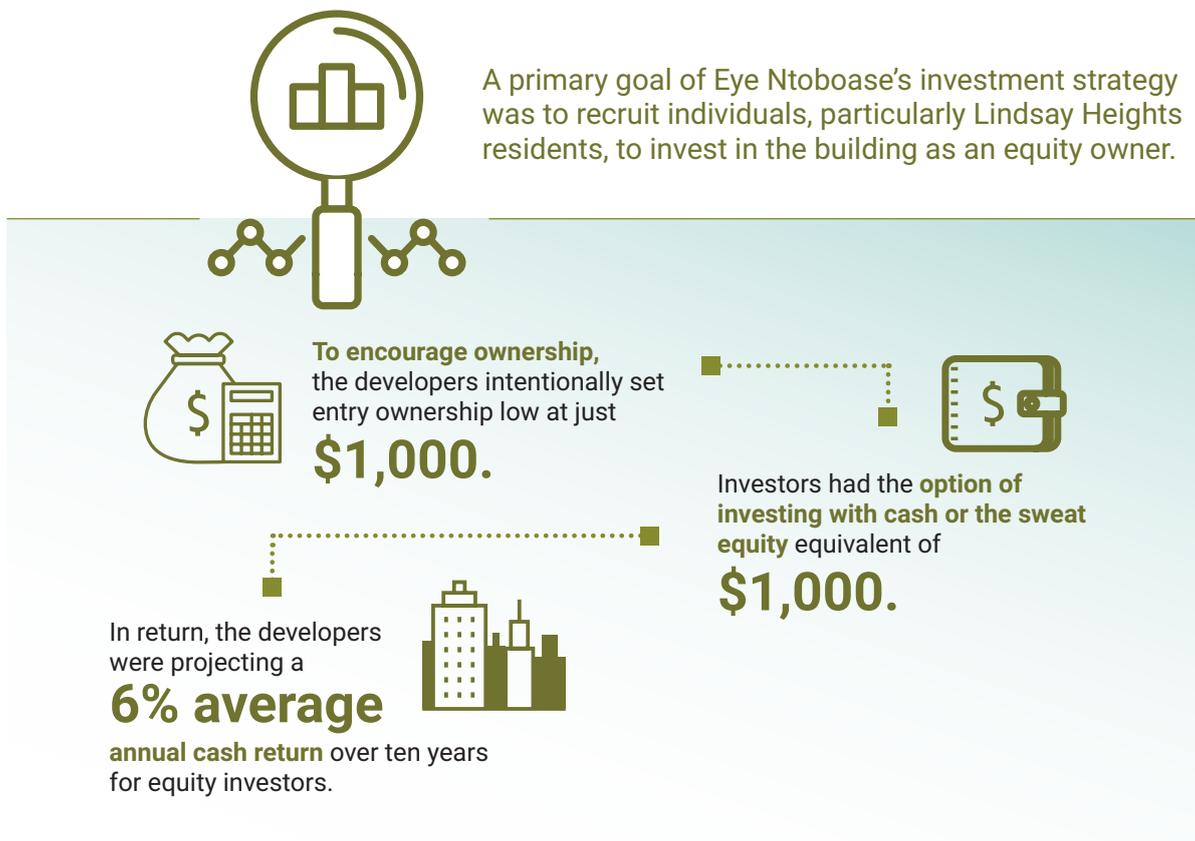


"I've lived in Lindsay Heights since 2010. As a resident, it's frustrating to look at empty spaces and vacant properties, knowing their true potential if developed. But I also know that if you try to develop something without doing your homework or getting community buy in, you will be roasted. When I decided to try developing a commercial vs. residential project, I knew that the only way to be successful was to partner with someone who brought legitimacy and expertise. And that was Juli." - Jeremy Davis



2. Community Investor-Owners

For Eye Ntobase, two additional key goals were creating a replicable model that could be adopted by residents for future projects and encouraging ownership by offering Lindsay Heights residents relatively low-cost equity partnership shares (\$1,000). Depending on rent receivables, investors would receive annual cash returns of approximately 6%. This model allows direct individual community resident leadership and financial investment, sustained community ownership, and control of commercial real estate assets and related businesses. Eye Ntobase called this **cooperative commercial real estate development**. Eye Ntobase initial investment goal was \$500,000 from investors and donors: \$300,000 in equity and \$200,000 from philanthropy. As the project progressed, the total goal increased to \$750,000. Philanthropic gifts were sought since the higher the philanthropy amount, the higher the return-on-investment (ROI) for individual investors, making equity investment – particularly for Lindsay Heights residents – even more financially compelling. Gaps in either goal would be filled with a low-interest, short-term construction loan or with a low-interest, long-term loan following construction.



Eye Ntobase also promoted the project's catalytic economic impact, job creation, and demonstration of a replicable model for locally driven, private sector led community redevelopment.

Eye Ntoboase used five fundraising strategies (see Table 2). The first two – the Network Model and the crowdfunding campaign using Indiegogo – were intentionally selected to support the project’s cooperative commercial real estate model. The third – recruitment of lead private investors – was used to solicit major seed money to launch the project. Seven lead investors were recruited, ranging in investments from \$10,000 to \$138,000. Eye Ntoboase owners – Jeremy Davis and Juli Kaufmann – each contributed \$20,000 in sweat equity to the project, giving them a 4.65% ownership percentage. The fourth – public investment and philanthropy – were grants pursued with the intention of increasing overall ROI for individual investors. A higher ROI directly translates into greater financial returns for entry-level investors from Lindsay Heights, generating an even greater economic impact throughout Lindsay Heights.

Upon completion of the project, nine of the 211 investors were from Lindsay Heights (8 individuals and one business). Their investments ranged from \$1,000 to \$5,000. Investors could choose from making a cash equity investment (minimum amount required was \$1,000) or its sweat equity equivalent. Of the nine Lindsay Heights investors, one opted to invest \$1,000 of sweat equity by helping refinish the restaurant’s beautiful tiled floor. Investors receive 6% annual cash returns based upon their ownership percentages. Ownership percentages of the Lindsay Heights investors range from 0.26% to 1.32%.

Chart 1 shows the amount raised, percent of funding, number of individuals who invested, and investor category. **A total of 211 individuals or organizations invested in the Wally Schmidt Project, raising \$756,571.** More than 60% of all contributions were from individual investors.

Chart 1:
\$756,751 By Investor Category

- Neighborhood Investors (9): \$18,500
- Other Local Individual Investors (17): \$43,500
- Lead Investors (7): \$318,000
- Indiegogo Crowdfunding (170): \$37,751
- PACE Energy Financing (1): \$140,000
- Public and Private Grants (6): \$199,000

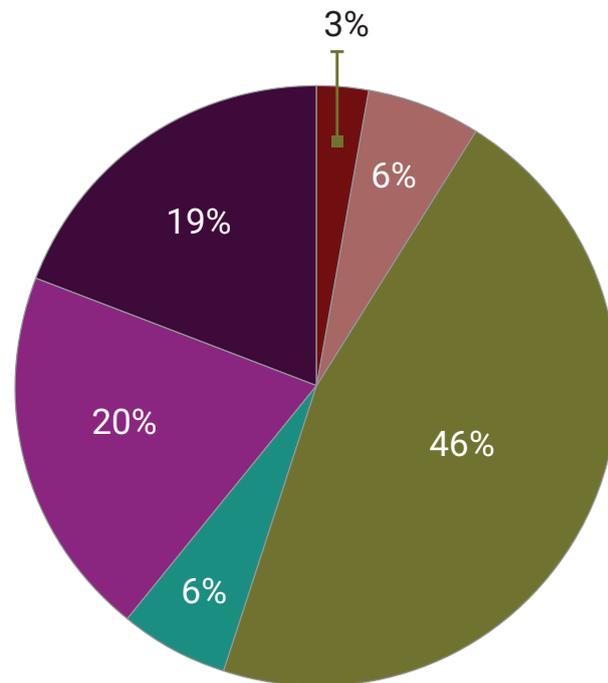
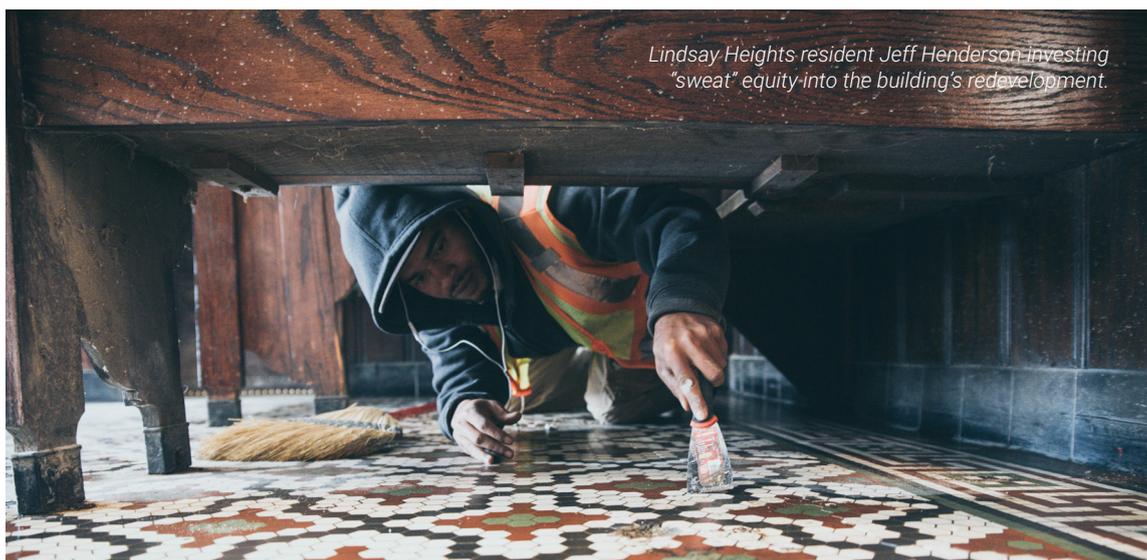


Table 2:

Investment Strategy for Successful Cooperative Commercial Development					
	The Network Model	Crowdfunding	Recruitment Model	Public Investment & Philanthropy	Debt
Organization/ Approach	Fund Milwaukee	Indiegogo	Eye Ntoboase one-on-one meetings	Grant applications	PACE – Wisconsin Energy Efficiency Financing Program
Pitch Description	Individual invests a specified amount to purchase equity, with investor owning a percentage of the property based upon their investment amount.	Equity crowdfunding	Direct appeal to individuals to invest as equity owners.	Foundation investment is made with the primary purpose of accomplishing mission, not generation of income	Lower annual operating costs generate savings that are used to repay the loan.
Minimum Investment	\$1,000	\$1	None	None	
Selected Return	Annual cash return of approximately 6%.	Gifts ranging from thank you note to naming rights within building.	Annual cash return of approximately 6%.	N/A	N/A
Timeframe:	April 2016 -				
No. of Participants/ Owners	26	170	7	6	1
Amount Raised	\$72,000	\$37,571	\$308,000	\$199,000	\$140,000



Recruiting Local Talent

While they were assembling financing, the partners also selected an architectural firm and construction manager, developed requisite pro formas, and recruited tenants. While the original contractor did not work out, their subcontractor – Jordan Construction Services, owned by Lindsay Heights resident Curtis Jordan – subsequently bid on and won the project. Jordan subcontracted electrical and plumbing to two local businesses from the 53205 and 53206 zip codes: Electrical Solutions LLC and Holliman and Laster Plumbing. Ultimately the experience and exposure of the Wally Schmidt Tavern Project gave Jordan Construction Services and its subcontractors the headwind to bid on and work on other bigger projects in the Milwaukee area. According to Jeremy Davis, “Their growth and expansion gives us a bigger pool from which to pull for other projects, which is good for everyone.”

3. Tenant Cultivation and Meeting Community-identified Needs

In 2008 Lindsay Heights residents and community partners created the Lindsay Heights Quality of Life Plan (see Appendix A). This plan clearly indicated resident interest in commercial corridor development. As a resident, Davis knew that neighbors were eager for a locally owned sit-down restaurant and gathering space. There was also a shortage of quality, affordable office space for small businesses. Finally, residents wanted to generate and keep wealth within the neighborhood through low-entry point investment opportunities, support of local businesses, and new jobs for residents. The vacant Wally Schmidt building presented itself as an ideal catalytic development opportunity that met those four community needs: commercial corridor development, restaurant and gathering space, office space for local businesses, and generation of wealth within the neighborhood.

Recruiting Tenants

Identification of desired tenants was based upon extensive pre-development community conversations and outreach. This is where Davis, with his extensive community connections, was most effective. He knew that Lindsay Heights had only a handful of restaurants, most of which were fast food. There was also very limited, high quality, affordable office space available to small businesses. This forced local entrepreneurs to seek space outside of the neighborhood, resulting in another dollar drain away from Lindsay Heights.

Tenant recruitment began upon purchase of the building. Davis pitched the restaurant and office space to his Lindsay Heights network, encouraging them to promote this opportunity to their own networks. Kaufmann promoted the space to her food industry connections, fellow small business owners, and extensive professional network. The two of them also reached out to residents for their suggestions of potential tenants (a restaurant operator and small business owners) from within and near the Lindsay Heights neighborhood.

Before construction began, Eye Ntoboase had Letters of Intent from three businesses: Tandem Restaurant, Bottlewood Communications, and Fix Development LLC. By mid-2017, the entire building was fully leased with eight businesses, most of which were black- or woman-owned. Table 3 lists the current list of tenants as of June 2019.

The three original tenants were all local, women-owned businesses. Today, the building is fully leased with the majority of tenants either black- or woman-owned businesses. These businesses have hired local residents, with the restaurant having the most (20 employees). Many of the business owners with office space in the Wally Schmidt building live within or near Lindsay Heights and are committed to supporting Lindsay Heights: they shop, dine, and hire services from other Lindsay Heights businesses.

Bottlewood Communications, one of the original tenants, hired SilverWater Productions to create a client video. PeppNation, an original tenant, hired local young adults for graphic design and programming assistance. The Sias Group and CDMP-SPA Holdings LL are two businesses owned respectively by Thelma A. Sias and Stephen P. Adams, long-time Lindsay Heights residents. Sias and Adams were early neighborhood investors in the Wally Schmidt Tavern Project. When a vacancy opened up in the building, Sias and Adams moved their respective businesses into the building. And finally, Walter Schmidt tenants frequently take clients to the downstairs Tandem Restaurant for lunch and dinner or have the restaurant cater meetings in shared conference rooms.

Table 3:

Wally Schmidt Tavern Project Tenants: 2019		
Tenant	Suite	Gross Monthly Rent
Tandem Restaurant	First Floor & Basement	\$3,000
The Sias Group and CDMP-SPA Holdings LLC	Suite 2A	\$325
SilverWater Productions	Suite 2B	\$200
Forward Community Investments and Wisconsin Partnership for Housing Development	Suite 2C	\$450
Karmic Touch and The Juju Collections	Suites 2D, 2E, and 2F	\$850
Law Offices (three independent lawyers)	Third Floor	\$950
6 Tenants	100% leased	\$5775



Investor-Owner Interest: In Their Own Words

**John Miller, Lead Investor,
Founder and Principal of Arenberg Holdings, Milwaukee**
Amount invested: \$100,000 (23.25% ownership)

“I’m not really interested in funding real estate projects that are in the traditional model. My idea is to be a catalyst so that the community can grow, to create jobs, and train people in decent paying jobs. This gets the snowball rolling and things get better for families. The money that I invest in projects basically recycles itself so that dividends from community projects and businesses are reinvested back into the community.”

“We need to somehow get the message out that a very minimal investment can go a long way in correcting some of the historical wrongs that have been levied on disinvested communities. And if those communities don’t become stronger, then Milwaukee can’t be strong. I consider this a long-term investment: helping people gain skills, earn a living wage, raise a family, and stabilize a community. The impact of this will ripple down for decades.”

Ashley Lee, Neighborhood Resident
Amount invested: \$1,000 (0.23% ownership)

“It’s important for me to have a literal stake in the ground for how we improve our neighborhood. And this is one way that I can do that. Fundamental to everything I believe is that decisions should be made by the people who are impacted by them. This process was inclusive and transparent.”

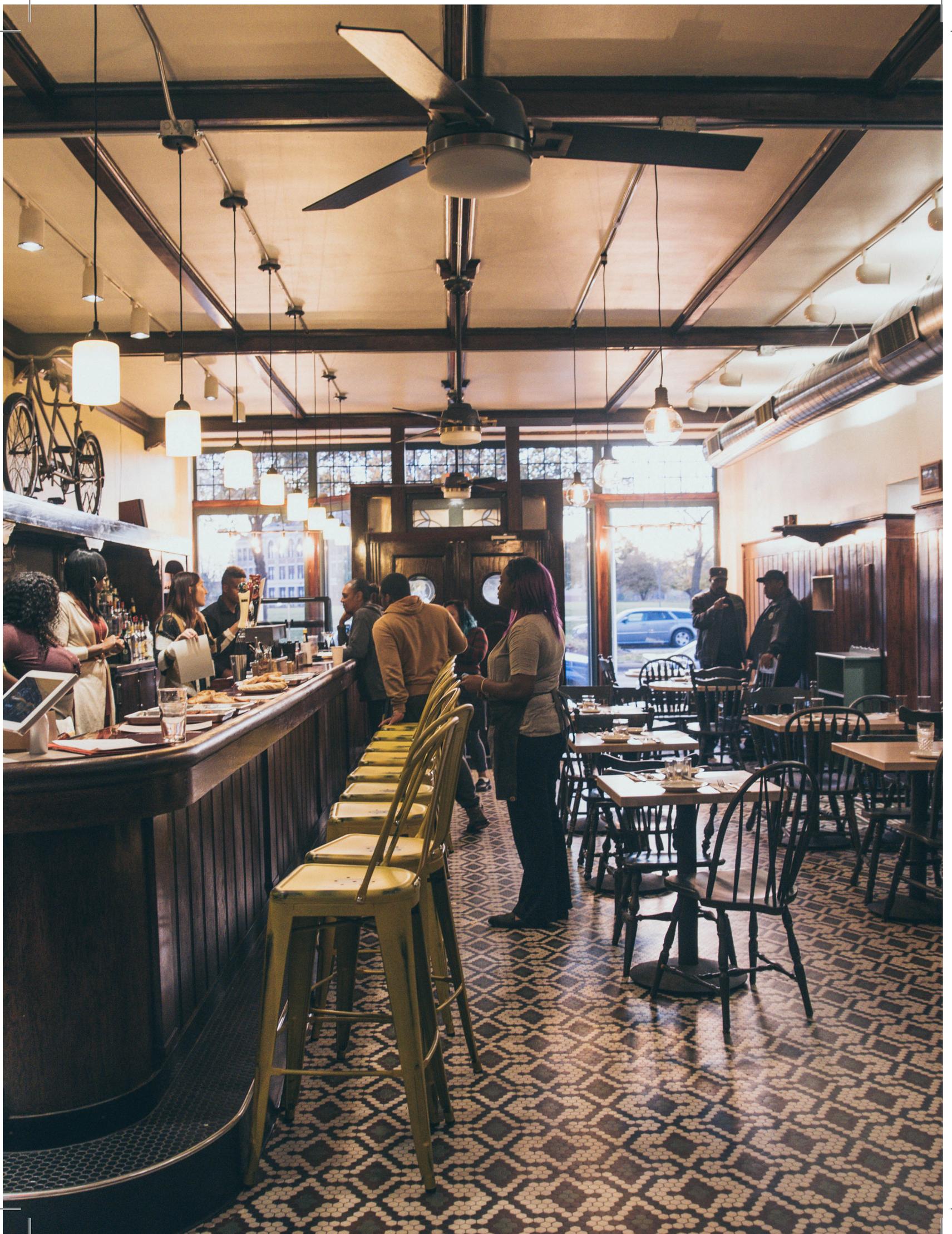
“When you see money that is coming from a community back into the community, there is a different way of looking at people there. People are sitting down and eating meals in our community and talking to our neighbors. Some of those intangible pieces are the most powerful.”

**Gina Stilp, Executive Director,
Zilber Family Foundation, Milwaukee**
Amount donated: \$50,000

“Our foundation had already made strategic investments in Lindsay Heights. Some of the most catalytic of those were in nonprofit development projects. Wally Schmidt was our first foray into funding for-profit development. Juli and her team convinced us to invest for two key reasons: they had created a mechanism for community-based ownership, and she recruited tenants, like Tandem Restaurant, that the community wanted and that created job opportunities for residents. Having the Tandem’s owner commit to doing that was a huge incentive.”

While each investor came to the project with a different reason for participating, they all shared a commitment to equitable economic investment and supporting local entrepreneurs and resident-led revitalization efforts.





Caitlin Cullen, Chef/Owner,
Tandem Restaurant



"I first heard about this building from two fellow chef/owners. I started wandering around the neighborhood, getting to know residents and business owners. I loved that people recognized everyone who came in through their door. But it was really Juli Kaufmann and Jeremy Davis as the developers who really sold me on the space. They connected me with neighbors and community stakeholders, helped me find access to capital, and were willing to work with me to help lower build-out costs like our kitchen."

"My advice to people interested in similar projects is to know what you're doing and why you're doing it. I talked to everyone in the neighborhood, even putting together a tasting menu for nine neighbors to get their feedback on both the menu and my business plan. As a former high school English teacher, I also wanted to fuse the two things I love – cooking and teaching young people how to be self-sufficient, learn new skills, and succeed. My biggest "why" is helping young people succeed. The unemployment rate for young people ages 18-24 in the Lindsay Heights neighborhood is staggering. So to be able to help them learn new skills and eventually move on to other jobs in downtown restaurants owned by my chef-owner friends was really an important draw for me."

"The Wally Schmidt Tavern business model inspired me to follow a similar business model. I have 24 investors, ranging from \$500 to \$25,000. The Sherman Park riots in August 2016 were fresh in people's minds when I started seeking investors. Some of my investors told me that while they didn't necessarily know how to help the Sherman Park community, they knew that they could help by investing their money in a business within a similar community."

"One of the things I love about this project and neighborhood in particular is the three types of customers who walk through my door: the folks who live in Lindsay Heights and adjoining neighborhoods like Johnsons Park; the people who work in the neighborhood such as the Milwaukee County Transit System, Social Development Commission, and Walnut Way; and the philanthropic community which really supports local businesses by hosting large meetings and events at my restaurant."



V. Project Impact

The Historic Wally Schmidt Tavern Development was completed in fall 2016. Today it is fully leased and funded. Most importantly, the project has delivered on its promised goal of quadruple bottom investment.

Economic Impact: Supporting Local Businesses, Investors, and Workers

Since its completion, the project has been returning 6% annual cash returns to its individual investors, making it a truly cooperatively owned commercial real estate project. It has delivered a long-desired sit-down restaurant to Lindsay Heights, hiring and training 20 local residents in Milwaukee's exploding restaurant scene and paying them wages above the local industry standard to ensure a living wage. Tandem Restaurant's monthly payroll is \$15,000, most of which goes to employees who live within the neighborhood.

The building offers hard-to-find high quality, affordable professional office space to small, local, minority-owned businesses. Several of the original businesses have grown and graduated to larger offices nearby, with a rippling economic effect in other neighborhoods. The proximity of the Wally Schmidt to downtown and a share conference room makes it exceptionally appealing to small businesses requiring centrally located conference capabilities.

Since its completion, several other commercial and real estate developments have been completed, are nearing completion, or announced. Most notable has been the \$13.0 million conversion of the former Bloomer Ice Cream factory on 15th and North Ave. into the 64-unit Legacy Lofts apartment complex, the planned expansion of The Innovations and Wellness Commons on 16th and North, and the \$1 million Adams Garden Park, just south of the Wally Schmidt Tavern Project.

Environmental Impact

The restored Historic Wally Schmidt building has beautified this stretch of Fond du Lac Ave., especially in the evening when The Tandem's exterior lights are turned on. The integration of new energy efficiency features – a new water heater, upgraded windows, LED lighting, more insulation, and a green roof over the garage – is expected to recoup \$10,000 in savings. Eye Ntoboase obtained an equity loan of \$140,000 from PACE (Property Assessed Clean Energy) Equity. This loan is being repaid through a special assessment on the property tax bill, with the City of Milwaukee sends the money to the local private lender (PACE Equity) that provided the funding.

Eye Ntoboase refurbished as much of the restaurant's existing interior as possible, saving significant dollars on interior finishing and preserving the historical integrity of the space. Attempting to replicate the interior finishes – wood paneling, original bar, doors, and tiled floor – would have been prohibitively expensive. Besides the award-winning food, the restaurant's historic features are now a major draw to visitors, which directly contributes to the economic impact of the restaurant.



Eye Ntoboase also integrated existing historic features into the renovation of the upstairs offices and restaurant patio. An interior glass window was retained in one of the offices, original flooring was preserved whenever possible, and recycled bricks and decorative elements (bicycle wheels) were used to create the cozy back restaurant patio.

The building's sustainable design and environmental enhancements are also a popular stop on Walnut Way's Eco Tour of Lindsay Heights, which highlights significant environmental interventions – green infrastructure, solar installations, sustainable development – in the neighborhood. In April 2019, Lindsay Heights was recently certified by the City of Milwaukee's Environmental Collaboration Office as the first ECO neighborhood and the first Eco Tour destination in Milwaukee.

Social and Cultural Impact

The Tandem restaurant has emerged as a popular neighborhood gathering space, much like the original Wally Schmidt Tavern and the M & M Lounge. According to owner Caitlin Cullen, "Most of our customers come from three segments: neighbors, people who work within or near Lindsay Heights such as Social Development Commission and Walnut Way, and people who've invested in my business or in the Wally Schmidt building." The result is a friendly gathering place that is quickly becoming the neighborhood "Cheers," a place where "everyone knows your name."

The businesses located upstairs have and continue to offer a variety of services to the community: family legal services, assistance with residential and commercial development, health and wellness services, graphic design and marketing services, and investment services. These businesses serve clients throughout the Milwaukee area, bringing them to the Wally Schmidt building for conferences or business meals at The Tandem. This draws continual attention to the evolving Lindsay Heights neighborhood: its businesses, housing, and dining/entertainment opportunities.

Finally, the high percent of local employees and business owners working within the Wally Schmidt project supports the long-term sustainability and community support of the project, its tenants, and future development within Lindsay Heights.

The beautifully renovated Wally Schmidt building has become a magnet on W. Fond du Lac Avenue, with customers coming from the neighborhood and throughout the city to eat at the highly rated restaurant. The restaurant holds special events with local talent (musicians, spoken word, singers) that draws in neighbors and visitors alike. Many neighbors and local businesses book the restaurant for special events. And at night, the Tandem sign lights up the entire block, catching the eye of the many thousands who drive past it daily.



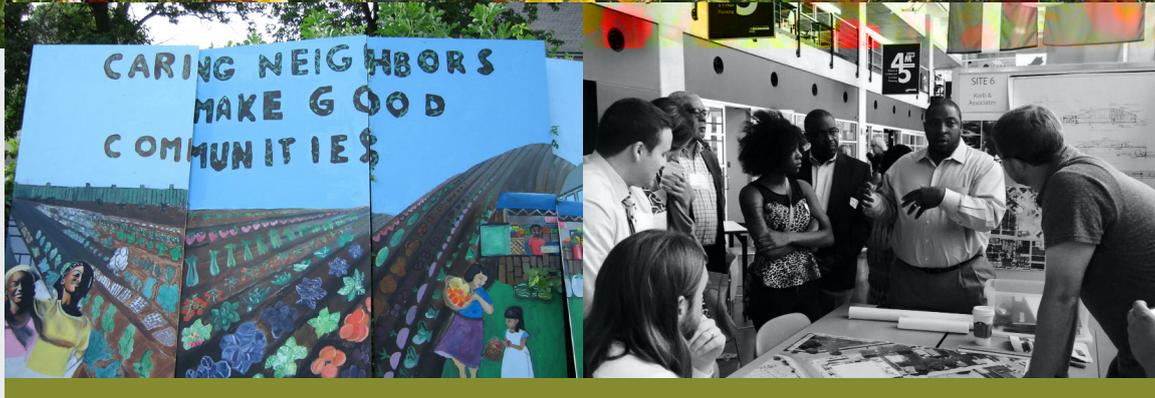


VI. Conclusion

The rebirth of the Wally Schmidt Tavern Project harkens back to the neighborhood’s heyday as Milwaukee’s Bronzeville, filled with local businesses attracting customers from throughout Milwaukee. And by preserving its architectural integrity, it honors the neighborhood’s original builders and businesses who – no doubt – would be delighted to see the beautiful but vacant Wally Schmidt Tavern and M & M Lounge transformed back into what it once was: a popular gathering space and proud local business. The Wally Schmidt Tavern Project has had an impact on locally funded investment and commercial real estate development and business growth. Table 4 summarizes various components of the project and their impact on the neighborhood.

Table 4:

Project Impact Summary	
Project Components	Summary
Construction Team	<ul style="list-style-type: none"> • Jordan Construction Services, a Lindsay Heights-based business, was hired as the general contractor. They in turn hired subcontractors that were almost 100% people of color. • Quorum Architects, a certified State of WI woman-owned business based in the nearby Cold Spring Park neighborhood, was the architect. They have extensive experience designing historic commercial projects. • Walnut Way’s Blue Skies Landscaping Program designed and installed all outside landscaping plus installation of a green roof on the building’s garage.
Tenants	100% occupied with seven small businesses: primarily black or women-women owned. See Table 3.
Restaurant	The Tandem Restaurant: Created jobs for more than 20 local residents. Payroll generates more than \$15,000 in monthly income to local residents, creating wealth that recirculates in the community.
Preservation	Preserved a historic community property, retaining much of its original charm and interior features and beautifying the commercial corridor of W. Fond du Lac Avenue.
Community Ownership	<ul style="list-style-type: none"> • Attracted 33 individual investors, many of whom are new to investing. Minimum investment entry point set at \$1,000 cash or its sweat equity equivalent to attract first time neighborhood resident investors. One resident provided \$1,000 in sweat equity to become investor. • 30% of investors are Lindsay Heights residents. • Provides 6% annual cash returns to investors, building wealth capacity and ownership within the community.
Economic	Provided nearly \$800,000 in direct investment value and turned a foreclosed, blighted building into a gorgeous, energy-efficient income and tax-generating asset.
Environmental	<ul style="list-style-type: none"> • Featured building on a neighborhood walking tour, highlighting the environmental, economic, and social impact of the building. • Beautified and brought this stretch of Fond du Lac Ave. to life, especially in the evening when The Tandem’s exterior lights are turned on. • Building features a new and more efficient water heater, upgraded windows, LED lighting, more insulation, and a green roof over the garage. • Refinished historic interior finishes • Incorporated recycled materials and decorative finishes throughout building. • Landscaped exterior and back patio, adding planters and seasonal decorations.



Appendix A

Reclaiming Lindsay Heights: The Quality of Life Plan

In 2000, neighborhood residents and community stakeholders began organizing and strategizing about how best to reclaim the economic, social, and environmental health of Lindsay Heights. These include the neighbor-led nonprofit Walnut Way Conservation Corp., Neu-Life Community Development, Johnson Park Neighborhood Association, Community Planning Council, and Running Rebels Community Organization. Large nonprofit foundations – most notably Zilber Family Foundation, as well as municipal and state officials and departments, academic and healthcare organizations and local businesses began partnering with Walnut Way to determine how best to revitalize Lindsay Heights and encourage commercial and residential development, particularly along the Fond du Lac and North avenues commercial corridors. Despite resident demand for commercial investment, traditional real estate developers and financing firms usually bypassed development opportunities in Lindsay Heights for the reasons stated above. Lindsay Heights residents decided they could no longer wait and began actively mapping out its future.



In 2008, the Zilber Family Foundation funded a diverse and inclusive community planning process in which Lindsay Heights residents and community partners identified and developed strategies to improve the neighborhood's social, economic, and physical condition. The resulting Lindsay Heights Quality of Life Plan focused on eight areas:

- | | |
|--|--|
| 1
Support youth and families, | 5
Foster lifelong learning, |
| 2
Strengthen commercial corridors, | 6
Ensure quality housing, |
| 3
Advance public safety, | 7
Increase access to health and wellness
services, and |
| 4
Achieve academic proficiency
for all children, | 8
Improve healthy food availability |

The Quality of Life Plan now serves as the incentive for numerous programs and initiatives by a variety of businesses and organizations serving Lindsay Heights. Residents, businesses, and community organizations are weaving together a collaborative network with diverse partners with shared economic development commitments: enhancing the viability of neighborhood commercial corridors; increasing employment options for neighborhood residents; developing comprehensive financial literacy; and decreasing the number of foreclosed properties. Today, substantial redevelopment interest exists for the corridors, setting the stage for private redevelopment to occur.

The Quality of Life Plan included 13 catalytic projects within Lindsay Heights that participants had identified as having high potential for economic impact. Special attention was given to revitalization of the Fond du Lac and North avenues commercial corridors. Prominent projects that emerged out of this collaborative effort include The Innovations and Wellness Commons (The Commons) on 16th and North Ave., the remodeled Social Development Commission offices on 18th and North Ave., the new 64 apartment Legacy Lofts in the former Bloomer Ice Cream Company on 15th and North Ave., and a \$2 million upgrade of Johnsons Park (across from the Wally Schmidt Tavern building.)

At the time of this study, the M & M Lounge was still operating and was not included. However, four years after its closing in 2010, the shuttered tavern joined this list.

Appendix B

History and Impact of Traditional Real Estate Development and Financing in Disinvested Communities

Traditional private-sector real estate development use an investment model centered on financial return without regard for community impact, a model with wide-ranging negative ramifications on struggling communities. Investors usually do not live in the community in which the real estate is located and have no vested interest in the neighborhood or local quality of life. At the same time, residents with a real connection to the neighborhood lack the financial ability and/or economic knowledge to participate in real estate development. Most real estate investments across America are limited to a small group of either institutional investors or high net-worth individuals. For an individual of modest income, it is easier to invest in a publicly traded company located somewhere around the globe than it is to invest in a property across the street or in the neighbor next door who has a good business idea that could open up shop within the community.

The ramifications of this system of real estate finance and development are particularly significant in disinvested and disenfranchised neighborhoods such as Lindsay Heights. In neighborhoods like Lindsay Heights – with its high rates of commercial vacancy, the extensive (and expensive) cost to renovate many properties, and low assessed values and anticipated leasing rates – the risks versus return makes traditional development and capital investment unappealing. When profit is the sole driver, traditional real estate development treats communities as commodities and low-income neighborhoods suffer the consequences.

Neighborhoods like Lindsay Heights face additional hurdles. Milwaukee's long history of racial segregation, which is ranked highest in the nation, is still very real and continues to hamper economic investment in Lindsay Heights despite the area's potential and geographic advantages. Finally, the real and perceived low socioeconomic characteristics and need for more services, such as educational support and job-readiness training, make development less appealing than in areas with higher socioeconomic indicators. The result is continued disinvestment, leading to a stalemate of the Lindsay Heights' commercial and residential landscape stymieing the community's drive to revitalize their neighborhood.

New Development Model

Three questions quickly emerged as residents and stakeholders began identifying potential development projects

- 1 _____
How can residents **develop the skills** to develop commercial properties in Lindsay Heights, including assembling financing, hiring local contractors, and recruiting local tenants?
- 2 _____
How can residents **drive development that reflects their retail, dining, and job preferences**?
- 3 _____
How can residents **become active investors and owners** in commercial real estate development, ensuring local wealth building, job creation, and economic impact?

For more information on
The Historic Wally A. Schmidt Tavern building,
please contact:

Juli Kaufmann
Fix Development
juli.kaufmann@gmail.com
fixdevelopment.com

TANDEM

Project Team
Juli Kaufmann
Jeremy Davis

Author
Nancy Ketchman

Graphic Design
Ebony Ssali

Contributors
Caitlin Cullen
Ashley Lee
John Miller
Gina Stilp
Jessie Tobin

THE HISTORIC
WALLY SCHMIDT TAVERN

1848-1850 W. Fond du Lac Avenue, Milwaukee, WI 53206