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Highland Ridge will transform mall site

Grafton using TIF incentives to spur new condos, retail shops

The Business Journal of Milwaukee - by [Rich Kirchen](#)

A vacant Kmart store atop a hill on Grafton's south side is a ghost of Kmart's heyday -- and an era when the surrounding Manchester Mall was a major destination for Ozaukee County shoppers.

The Kmart closed in 1999; its massive parking lot remains unused. A Kohl's Department Store just north on the same property is slated to close in April and a NAPA Auto Parts store also is exiting.

If all goes according to plan, a Madison developer will demolish the fast-fading shopping center and replace it with condominiums and townhomes, a Pick 'n Save and neighborhood retail shops. The new development carries the non-strip-mall-sounding name "Highland Ridge."

"It's a good thing they're tearing it down," said Kevin Riordan, a real estate broker with Boerke Co., Milwaukee. "They should've torn it down years ago."

Riordan represented Manchester Mall under a previous owner. His views are echoed by other real estate executives who describe the shopping center as "a sea of asphalt" and "functionally obsolete."

In spite of tightening credit and the housing market slowdown, developers plan to proceed with the \$38.5 million project they announced in December, said Grafton village administrator Darrell Hofland. The property's owner, E.J. Plesko and Associates Inc., Madison, is partnering on Highland Ridge with Residential Homes of America, Lake Forest, Ill.

A spokeswoman for E.J. Plesko said the company has been planning to redevelop Manchester Mall since buying a combination of properties that encompass the center in July 2004 for an undisclosed amount.

"It's clear that redevelopment was needed for the mall," said spokeswoman Mary Claire Lanser.

A representative of Residential Homes of America did not return a reporter's phone calls seeking comment. Residential Homes of America has developed numerous residential projects in suburban Chicago, as well as Forest Point, a 210-unit condo development in New Berlin, in 2001, according to the company's Web site.

TIF part of deal

Grafton village officials have committed to providing incentives via tax incremental financing. They will determine the exact amount of the incentive by March, Hofland said.

The TIF subsidy will "create a viable base" to the developers for the project and help cover costs for demolishing the old shopping center, Hofland said. The property and improvements are now assessed at about \$8 million, and the TIF will be based on the projection that they'll be assessed at \$38.5 million when the project is complete, he said.

Village officials have watched Manchester Mall's decline due, in part, to a village plan to create more commercial development on the east side of Grafton along Interstate 43 and Wisconsin Highway 60.

The Kohl's is moving to a new location in the I-43 corridor Grafton Commons development that already has a Costco and will soon get a Best Buy. Also in the same neighborhood are Target, Home Depot, Office Max and Colder's, all of which have opened since the early 2000s.

Manchester Mall was developed in the mid 1970s, Hofland said.

As of the early 1990s, Manchester Mall was thriving with not only the Kmart and the Kohl's Department Store but also a Kohl's Food Store, which was demolished a half dozen years ago. The shopping center was the 10th-largest in metro Milwaukee, Hofland said.

Despite a remodeling in recent years, the mall was unable to attract new tenants, Riordan said.

"This small, regional shopping area is being transformed," Hofland said.

Hofland said village officials were realistic in expecting that the village's emphasis on the I-43 Highway 60 area, with its higher traffic counts and visibility, would draw national retailers such as Kohl's away from Manchester Mall.

Unlike the asphalt-heavy Manchester Mall, Highland Ridge will be pedestrian friendly with sidewalks, a private park and some stores.

The project will be built on a hill behind two strip malls facing Wisconsin Avenue that will remain after the demolition. One remaining



Scott Paulus

Darrell Hofland . . .

"This small, regional shopping area is being transformed."

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strip has a Walgreens and a Pizza Hut. The other holds a Blockbuster Video and Hobbytown USA.

Demolition is scheduled to start in April and be completed by June.

Blend with nature

The Pick 'n Save, which is relocating from a shopping center north of Manchester Mall, will be built this summer on the footprint of the Kohl's Department Store. The 60,692 square-foot supermarket will be designed to "blend in with the residential nature" of Highland Ridge with a low roof line, landscaping and benches, according to Grafton planning and development director Michael Rambousek.

The 11,400-square-foot multi-tenant space will run along the north side of the Pick 'n Save and is designed to house neighborhood retailers.

Residential construction is scheduled to start in the fall and would be spread out over three years.

The first buildings are scheduled to be available in 2009.

The residential section is 14.5 acres and will consist of four 18-unit condominium buildings and 13 buildings with a total of 65 townhouse units.

The average price of the two-bedroom condos will be \$174,000 and the townhouses, which have two- and three-bedroom floor plans, will average \$204,000, Hofland said. He expects the residential section to appeal to young professionals, families seeking starter homes and empty-nesters.

Because the new homes are "modestly priced for Ozaukee County," Hofland expects they will sell rapidly, despite the housing slump.

"I anticipate the market will be strong for that type of development," Hofland said.

Plesko spokeswoman Lanser said the developers plan to proceed after receiving approvals from Grafton officials.

"We think it's the right thing for this location and this market," she said.

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