

# BLIGHT DESIGNATION SUMMARY AND LAND DISPOSITION REPORT REDEVELOPMENT AUTHORITY & COMMON COUNCIL

## DATE

November 20, 2008

## RESPONSIBLE STAFF

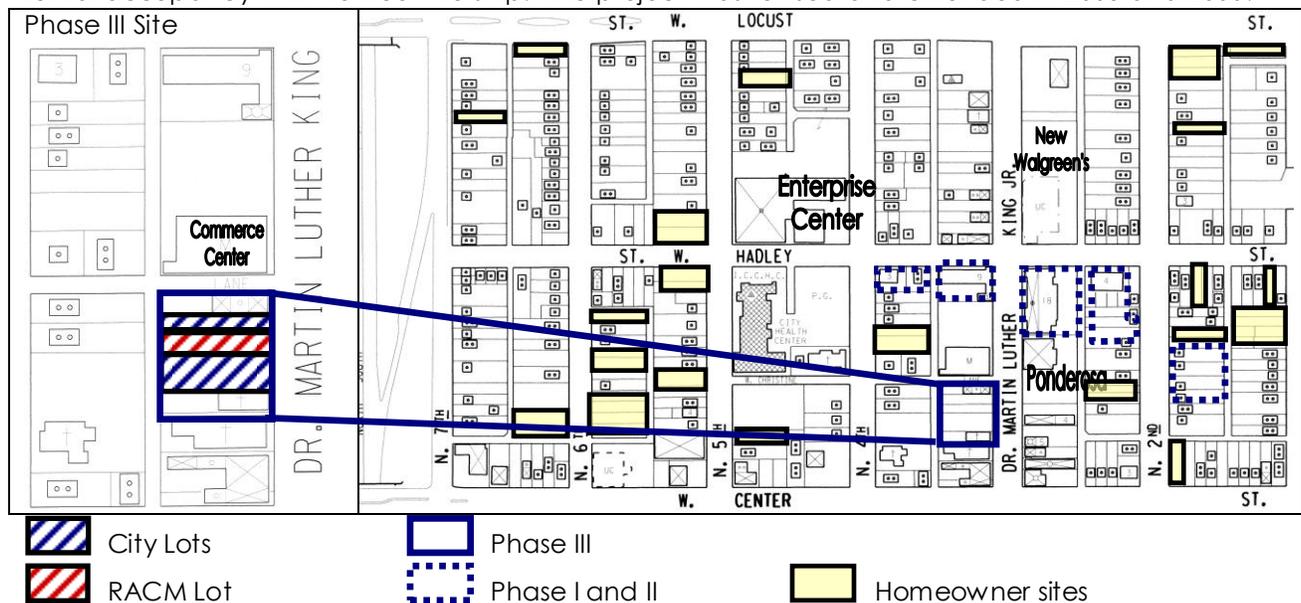
Elaine Miller, Real Estate Section (286-5732)

## PROPOSED ACTIVITY

Declare two City-owned vacant lots blighted for acquisition. These lots would be combined with an Authority-owned property and sold for site assemblage and conveyance to the Redeveloper.

## PREVIOUS ACTIONS

Initial site contact was provided in 2003 for King Commons, a comprehensive commercial and residential redevelopment from 1<sup>st</sup> to 7<sup>th</sup> Streets between Center and Locust. The effort also mixes rental occupancy with homeownership. The project was revised and extended in 2003 and 2006.



Phase I is a mixed-use building at 2774 North King Drive that was completed in 2005. The building provides 18 units of affordable rental housing and 6,500 SF of ground floor commercial space. Phase II involved a mixed-use building at 2767 North King Drive with nine affordable rental units and 15 scattered site units at 4<sup>th</sup> and Hadley and at 2<sup>nd</sup> and Hadley. The single-family homeownership component was started by the project partner, Harambee Ombudsman Project, constructing three homes for resale to homeowners.



Phase I Mixed-Use Building



Phase II Rowhouses

### **REDEVELOPMENT PROJECT AREA**

West Hadley Street - North 3rd Street: A redevelopment district created in 1979 to promote retail and commercial-service development on North 3<sup>rd</sup> Street (now King Drive) between Meinecke and Locust Streets. In addition to King Commons, recent developments include the Ponderosa Restaurant at 2730 North King Drive and the Ameritech King Commerce Center at 2745 North King Drive. Land use controls for the plan expired in 2004.

Blight Elimination: Vacant residential lots in the King Commons target area were declared blighted and authorized for acquisition by the Authority as part of the initial approval.

### **PROPOSED BLIGHT DESIGNATIONS**

2721 North Dr. Martin Luther King, Jr. Drive, 7,731 SF vacant lot with 51.5 feet on King Drive. The lot was acquired in July 2008 through tax foreclosure. Prior to foreclosure, the City conducted Phase II testing and remediation will be required during redevelopment.

2731-33 North Dr. Martin Luther King, Jr. Drive, a 3,900 SF lot with 26 feet on King Drive; acquired in 2001 through tax foreclosure.

### **FINDINGS OF BLIGHT**

The properties meet the statutory definition of blight by virtue of the vacant status, small lot size and diversity of ownership, all of which impair and arrest the sound growth of the City.

### **REDEVELOPER & DEVELOPMENT TEAM**

Martin Luther King Economic Development Corporation: A non-profit development corporation created in 1993 to partner with individuals and organizations for entrepreneurial initiatives that create wealth and jobs in the King Drive and Harambee neighborhoods. Welford Sanders is the Executive Director. Community partners include the Harambee Great Neighborhood Initiative and Growing Power. A new limited liability company will be formed to take title and develop the project. The project architect is Miller Architectural Group, the architect for Phase I and Phase II.

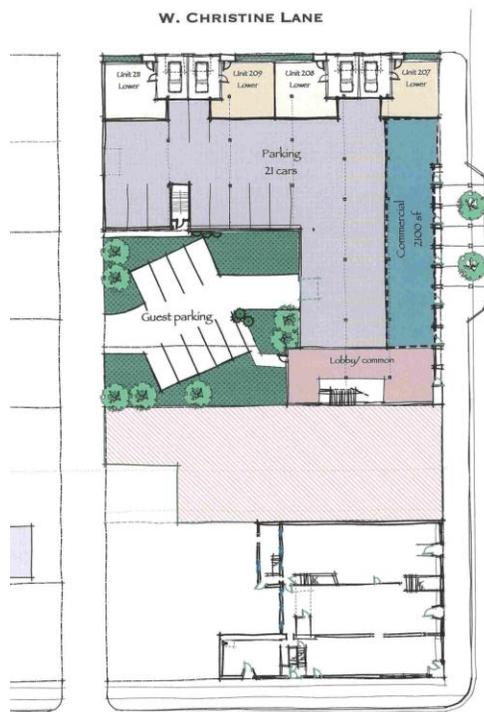
### **PHASE III SITE & PROJECT DESCRIPTION**

The assembled site will be 26,562 SF with 157.08 feet on King Drive and 150 feet on Christine Lane. The City lots will be combined with the Authority's vacant lot at 2727-29 North Dr. Martin Luther King, Jr. Drive and with buildings at 2719 and 2737 North Dr. Martin Luther King Drive that are under option by the Redeveloper and that will be demolished for the project.

King Commons III will be a three-story, 38,000-SF mixed-use building with 2,000 SF of ground floor commercial or community space and 24 affordable housing units. The ground floor will contain a fresh foods market operated by Will Allen, Executive Director of Growing Power. Twenty apartments will be two-bedroom flats. Four units will be two-story townhouses, with three bedrooms and entrances on Christine Lane. Rents will range from \$375 to \$700 per month. Parking will be provided through a combination of 24 enclosed and 15 surface parking spaces.



Conceptual King Drive façade



WEST CENTER STREET



WEST CENTER STREET

Phase III project costs are approximately \$5.5 million. The residential component will be financed in part with federal housing tax credits that were recently allocated to the project by the Wisconsin Housing and Economic Development Authority (WHEDA). The developer projects EBE participation of 25%-35% of the construction budget.

The Redeveloper hopes to incorporate several "green" or sustainable elements into the project. Every effort will be made to follow the National Green Standards and the Wisconsin Green Built Home Program. The Redeveloper has a LEED certified professional on the team and the project will complete a Focus on Energy Consultation.

**OPTION TERMS AND CONDITIONS**

The purchase price will be \$5,000 to cover the Authority's administrative expenses. A \$500 Option Fee is required and shall be credited toward the purchase price if the Redeveloper closes during the base option period.

The base Option Period shall be until May 25, 2009, or six months from the date of Common Council approval. If the Redeveloper requires additional time to sell the tax credits or obtain firm financing or final plans, the Executive Director may extend the option until December 31, 2009, when the WHEDA credits expire. Renewal requires a \$500 non-refundable renewal fee and a progress report on the efforts to obtain financing and plans.

Closing contingencies include Authority approval of final construction plans and financing and execution of Purchase and Sale Agreement that provides for reversion of title in the event of non-performance. A \$1,000 Performance Deposit must be submitted at closing and will be held until satisfactory completion of the project. Sale expenses, including the Authority's 30% development fee, shall be deducted from the Purchase Price and the net proceeds shall be returned to the Tax Deficit Fund.