

**LAND Disposition Report
Common Council of the City of Milwaukee**

DATE

December 13, 2007

RESPONSIBLE STAFF

James Sayers, Development Manager

DEVELOPER

Midtown Terrace, LLC, is a joint venture between Vanguard Group, LLC and the Commonwealth Companies. Vanguard and Commonwealth are currently co-developing Prince Hall Village, a 10-unit residential development at North Teutonia and West Garfield Avenues, coupled with a 13-unit mixed-use building at North 12th Street and West North Avenue. Commonwealth developed the 24-unit "New Village" development at North 17th and West Center Streets, and Fond du Lac Center, a 24-unit mixed-use development at the corners of West Fond du Lac Avenue, West Center Street and North 27th Street. Commonwealth has developed family and senior housing projects in other Wisconsin communities.

Kaylan Haywood is the owner of Vanguard Group, LLC, which owns commercial and residential property in the City of Milwaukee. Vanguard is a 100% African-American-owned real estate development and management company. Louie Lange is the owner of the Commonwealth Companies, which is based in Fond du Lac, Wisconsin.

REDEVELOPMENT PROJECT AREA

The "North 27th Street - West Lisbon Avenue Redevelopment Project Area" ("the Plan") was adopted by the Common Council in 1984 and is in effect until May 15, 2009. The proposed redevelopment will build residential space, and is consistent with the Plan.

PARCEL ADDRESSES & DESCRIPTION

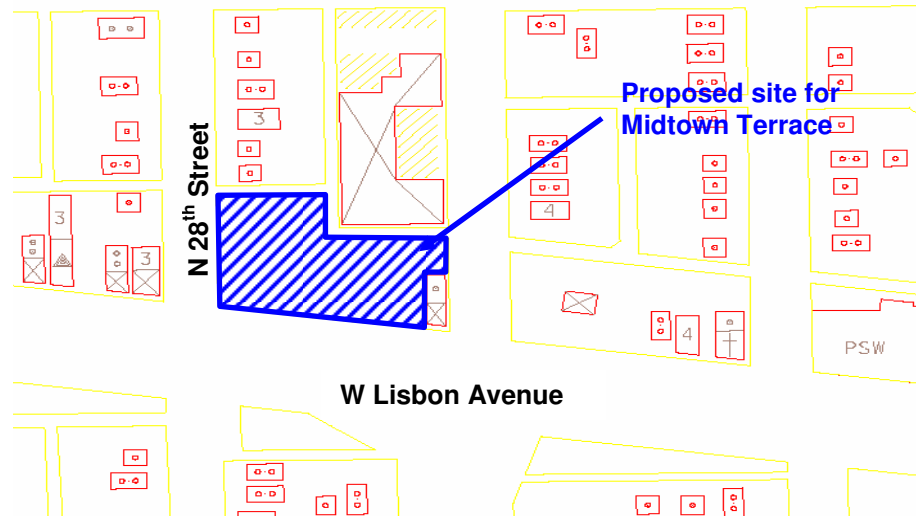
Midtown Terrace LLC will buy the Redevelopment Authority-owned properties at 2704-12, 2716, 2724-28, and 2730-32 West Lisbon Avenue. 2716 West Lisbon is a City parking lot, and the other parcels are vacant land.



West Lisbon Ave at N 27th Street



North 28th Street at Lisbon Ave



PROJECT DESCRIPTION

The Developer will build a 24-unit townhouse-style building with fourteen 2-bedroom apartments, and ten 3-bedroom townhouses. There will be a third-floor common area for the residents. The common area will include a media room, an exercise facility and a space for residents' meetings and gatherings. Preliminary site and building plans follow the narrative portion in this Report, and are included in the Common Council file.

The 2-bedroom units will have approximately 1000 square feet and 1 bath, and the 3-bedroom townhouses will have approximately 1500 square feet and 2 baths. Each unit will have a full appliance package including dishwasher, microwave, central air conditioning and washer/dryer. Each unit will have covered parking and there will be additional surface parking for residents and their guests. Rents will vary by income, ranging from approximately \$565 to \$695 per month. Management services will be through the Friends of Housing Corporation. Friends of Housing manages over 1,200 rental units and has an excellent reputation.

Parking space will also be provided to House of Fades. House of Fades is a salon. It operates from 2700-02 West Lisbon Avenue and currently uses parking in the RACM-owned parking lot.

The estimated construction cost is \$5.6 million. The building design has been conditionally approved by Department of City Development planning staff.

EMERGING BUSINESS ENTERPRISE COMMITMENT AND AGREEMENT

The Developer will sign an Emerging Business Enterprise ("EBE") Agreement with the City of Milwaukee that will commit to at least 18% EBE participation, with a goal of 30%. Commonwealth exceeded 30% EBE participation in the New Village and Fond du Lac Center projects.

OPTION TERMS AND CONDITIONS

The sale price of the parcels is \$32,500, which will be conveyed by limited warranty deed. A \$500 non-refundable Option Fee is required and shall be credited toward the purchase price if the Developer closes within the initial option period. A \$5,000 performance deposit will be submitted at closing and shall be held until satisfactory completion of the project. Construction is expected to start in October, 2008 with completion by Summer, 2009. The option period

corresponds to WHEDA's tax credit schedule and will extend until December 31, 2008. If the Developer requires additional time beyond December 31st to obtain financing or final plans, the DCD Commissioner may extend the option for a six-month period upon submission of a \$500 non-refundable renewal fee and satisfactory progress report. If the project is rejected by WHEDA at any point in the tax credit process or the Developer fails to make the required submissions, the Commissioner may terminate the option.

Closing shall occur after the Common Council approves this Land Disposition Report and after the Redeveloper submits acceptable final plans, specifications and proof of financing. Sales expenses and a 30% disposition fee will be paid to the Redevelopment Authority from the gross sale proceeds. There is no brokerage fee.

FUTURE ACTIONS

Upon approval of this Report by the Common Council, Developer obtaining firm financing and approval of final plans, the City of Milwaukee will enter into an Agreement for Sale and proceed to close in accordance with the terms and conditions expressed herein and contained in the resolution.



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