

**LAND DISPOSITION REPORT
AND BLIGHT DESIGNATION SUMMARY
TO THE
REDEVELOPMENT AUTHORITY
AND THE
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

DATE

November 21, 2002

REDEVELOPMENT PROJECT AREA

West Hadley Street - North 3rd Street: A redevelopment district created in 1979 to promote retail and commercial-service development on North 3rd Street, now King Drive, between Meinecke and Locust Streets. Recent developments in the project area include the Ponderosa Restaurant at 2730 North King Drive and the Ameritech King Commerce Center at 2745 King Drive.

Blight elimination: Additional properties near the corner of 2nd and Hadley were declared blighted by the Authority in 1991 and can be conveyed to the Authority at the request of the Executive Director.

REDEVELOPER

Martin Luther King Economic Development Corporation and Harambee Ombudsman Project, Inc. will create a new limited liability company to acquire and develop the project. MLKEDC is a non-profit corporation created in 1993 to partner with individuals and organizations and engage in entrepreneurial initiatives that create wealth and jobs. Since 2001, Welford Sanders has served as the Executive Director. Harambee Ombudsman is one of Milwaukee's oldest community based organizations and provides a wide variety of services to the Harambee neighborhood including home repairs through the "NIP" program, crime prevention initiatives and youth leadership efforts. Sherman Hill is the Executive Director.

The development team also includes the Local Initiative Support Corporation (LISC), which has provided predevelopment funds. M&I Bank, which has a branch at the Ameritech/King Commerce Center, is expected to participate – possibly through purchase of the tax credits or financing home purchase. Envisions Consulting (Bob Lemke) is a consultant on the project and Team Management is expected to manage the rental units. The architect and contractor will be selected shortly.

PROJECT DESCRIPTION

Development of King Drive Commons, a phased, mixed-use infill development in the area between Center and Locust Streets from 1st to 7th Streets. The project brings together commercial revitalization with affordable rental housing and homeownership opportunities to the heart of the Harambee neighborhood. The project will be a four-year effort at a cost of over \$14.5 million. The project is still in the conceptual stage, but site control is needed now so that the Redeveloper can apply for federal housing tax credits.

Phase I: A mixed-use effort of 8,900 square feet of retail space and 24 affordable rental-housing units. The primary building will be a three-story, mixed-use building on the Authority's land at the southeast corner of King Drive and Hadley (2774 North Dr. Martin Luther King, Jr. Drive). The site 27,934-square foot size – immediately north of the new Ponderosa Restaurant -- has excellent frontage and visibility on King Drive and will provide a focal point for the initiative. The building will have ground-floor, multi-tenant retail space and 18 two-bedroom apartments on the second and third floors. The site, however, has environmental challenges due to leaking underground storage tanks that were removed in 1992 and its past use as a dry cleaner. The Authority is seeking grants from the state and federal governments to assist with the remediation.

This phase will also include six additional housing units -- likely six townhouse-style apartments on the Authority's land to the east along Hadley and 2nd Streets (205-17 West Hadley and 2759-63 North 2nd Street). The houses will be designed in such a way that they will be suitable for purchase at a later date.

The residential component of the project will be financed in part through Federal Housing Tax Credit Program administered by the Wisconsin Housing and Economic Development Authority (WHEDA). The Redeveloper expects to apply to WHEDA in January 2003 for a 2003 tax-credit allocation. Construction would start in late 2003 or early 2004. After the statutory 15-year rental period, the scattered site units may be available for purchase by the tenants under a Rent to Own Program.

Phase II: Twenty-four additional units of rental housing to be built on a scattered site basis. The tentative location of these units is along North 2nd Street and West Hadley Street. Should additional land in the project area become available, the exact location may be revised upon approval of the Executive Director. These units will also be financed through WHEDA tax credits, but an application will not be made until January 2004. Construction is anticipated in late 2004. The developers hope to convert these units to homeownership after the statutory rental period. This phase may also include additional commercial development on King Drive, but this action does not reserve any commercial sites for the project.

Phase III: A homeownership program that anticipates development of 28 single-family homes on a scattered site basis both on the east and west sides of King Drive. The houses will have traditional designs in nature in keeping with the neighborhood. The houses are expected to average 1,400 square feet in size and sell for \$90,000. The use of manufactured house components will be evaluated as a cost saving measure. The program hopes to take advantage of a Federal Homeownership Tax Credit if approved by Congress. This program can occur simultaneously with the rental housing efforts. A model would be built at the southeast corner of 4th and Hadley and individual lots sold as buyers are secured.

PROPOSED BLIGHT DESIGNATIONS

The City of Milwaukee owns many, but not all, lots needed for the project. Since common ownership of the properties will facilitate the preparation and execution of required legal documents, this action also proposes to declare the City lots surplus to municipal need and blighted so that they can be conveyed to the Authority for no monetary consideration. The properties meet the statutory definition of blight because their size and location interfere with the sound development of the neighborhood. The public hearing on the land sale also addressed the blight designations as required by Wisconsin Statutes. The properties to be declared blighted for acquisition by the Authority are:

Address	Tax Key Number	Address	Tax Key Number
2731 North 2 nd Street	313 1217 000 3	2750-52 North 4 th Street	313 0023 000 0
2735-35B North 2 nd Street	313 1216 000 8	2756 North 4 th Street	313 0024 000 6
2734-36 North 2 nd Street	313 1219 000 4	2772 North 4 th Street	313 0028 000 8
2738 North 2 nd Street	313 1220 000 X	2776-78 North 4 th Street	313 0030 000 9
2742 North 2 nd Street	313 1221 000 5	329-33 West Hadley Street	313 0029 000 3
2746 North 2 nd Street	313 1222 000 0	2713-2719 North 5 th Street	313 0910 000 2
2750 North 2 nd Street	313 1223 000 6	2733-35 North 5 th Street	313 0905 000 5
2754-56 North 2 nd Street	313 1224 000 1	2739-41 North 5 th Street	313 0903 100 0
2828 North 2 nd Street	313 1347 000 0	2769 North 5 th Street	313 0004 000 7
2834 North 2 nd Street	313 1346 000 5	2773 North 5 th Street	313 0006 000 8
2840 North 2 nd Street	313 1344 000 4	2777-79 North 5 th Street	313 0007 000 3
2845-47 North 2 nd Street	313 1375 000 3	2809 North 5 th Street	313 2332 000 7
2753 North 1 st Street	313 1232 000 X	2858-60 North 5 th Street	313 0152 000 2
2753A North 1 st Street	313 1231 000 X	2719-21 North 6 th Street	312 3013 100 X
2757 North 1 st Street	313 1229 000 9	2720 North 6 th Street	312 0943 000 5
2757B North 1 st Street	313 1230 000 4	2724 North 6 th Street	312 0942 000 X
107 West Hadley Street	313 2319 000 6	2728 North 6 th Street	312 0941 000 4
108 West Hadley Street	313 2286 000 8	2732 North 6 th Street	312 0940 000 9
119 West Hadley Street	313 2316 000 X	2740 North 6 th Street	312 0938 000 8
127-29 West Hadley Street	313 2313 000 3	2744 North 6 th Street	312 0937 000 2
520 West Hadley Street	312 0912 000 6	525 West Hadley Street	312 0927 000 8
524 West Hadley Street	312 0911 000 0	529 West Hadley Street	312 0928 000 3

In addition, if the City of Milwaukee acquires any additional properties through tax foreclosure in the area bounded by Center, Locust, 1st and 7th Streets, the parcels are declared blighted and may be conveyed to the Redevelopment Authority without further consideration by the Authority or the Council upon the recommendation of the Executive Director.

OPTION TERMS AND CONDITIONS

The King Drive parcel will be sold for a minimal price of \$5,000 to cover the Authority's administrative expenses. All residential lots will be sold for \$1.00 per lot. A \$500, non-refundable Option Fee is required and shall not be credited toward the purchase price.

The timing of the option has been established to correspond to WHEDA's tax credit schedule. The initial option for Phase I is until January 31, 2003, to allow the Redeveloper time to submit an application to WHEDA for the federal housing tax credits. When the Redeveloper submits the application, the option will be automatically extended four months, or until WHEDA makes its initial allocation of tax credits. Upon receipt of a tax credit allocation, the option is automatically extended until December 31, 2003. If the project is rejected by WHEDA at any point in the tax credit process, the Executive Director may terminate the option. If Redeveloper requires additional time beyond December 31, 2003, in order to obtain financing, the Executive Director may extend the option for a six-month period upon submission of a \$500 non-refundable renewal fee and satisfactory progress report for its efforts to obtain financing.

For Phase II lots, the option period is until January 31, 2004 to allow Redeveloper to submit its 2004 tax credit application to WHEDA. Similar extensions to Phase I are available as the application moves through the WHEDA process. If Redeveloper requires additional time beyond December 31, 2004, a \$500 Renewal Fee and satisfactory progress report are required for the Executive Director to grant a six-month option extension.

The Phase III option period shall run until December 31, 2003, to allow Redeveloper to formulate its homeownership program. During this time, Redeveloper may acquire a building site to construct the model home. If a feasible homeownership program is not in place by December 31, 2002, the lots shall be available on a first-come, first-serve basis to owner occupants who desire to construct single-family homes in accordance with the Authority's design standards.

The Redeveloper shall execute separate Agreements for Sale for each phase of the development. A \$1,000 performance deposit is required for each phase and shall be held until satisfactory completion of the project. In addition to the aforesaid terms, the sale will be further conditioned as required in the Redevelopment Authority resolution adopted on November 21, 2002, and in the Option to Purchase submitted by Redeveloper.

PAST ACTIONS

The Redevelopment Authority held a public hearing on November 21, 2002, after which it conditionally accepted the Option to Purchase of the named Redeveloper.

FUTURE ACTIONS

Upon approval of this Report by your Honorable Body, and receipt of requisite approvals by regulatory bodies, the Redevelopment Authority will enter into said Agreement for Sale and proceed to close in accordance with the terms and conditions expressed herein and contained in the form of contract and resolution referred to above.

Respectfully submitted,

**REDEVELOPMENT AUTHORITY
OF THE CITY OF MILWAUKEE**



Gregory J. Shelko
Assistant Executive Director-Secretary