

Commercial property inventory

Zoning, Neighborhoods and
Development Committee

March 25, 2014

Today's presentation

- Snapshot of commercial property inventory
- Location/distribution of properties
- Marketing practices
- Marketing challenges
- Property pricing
- Planned improvements

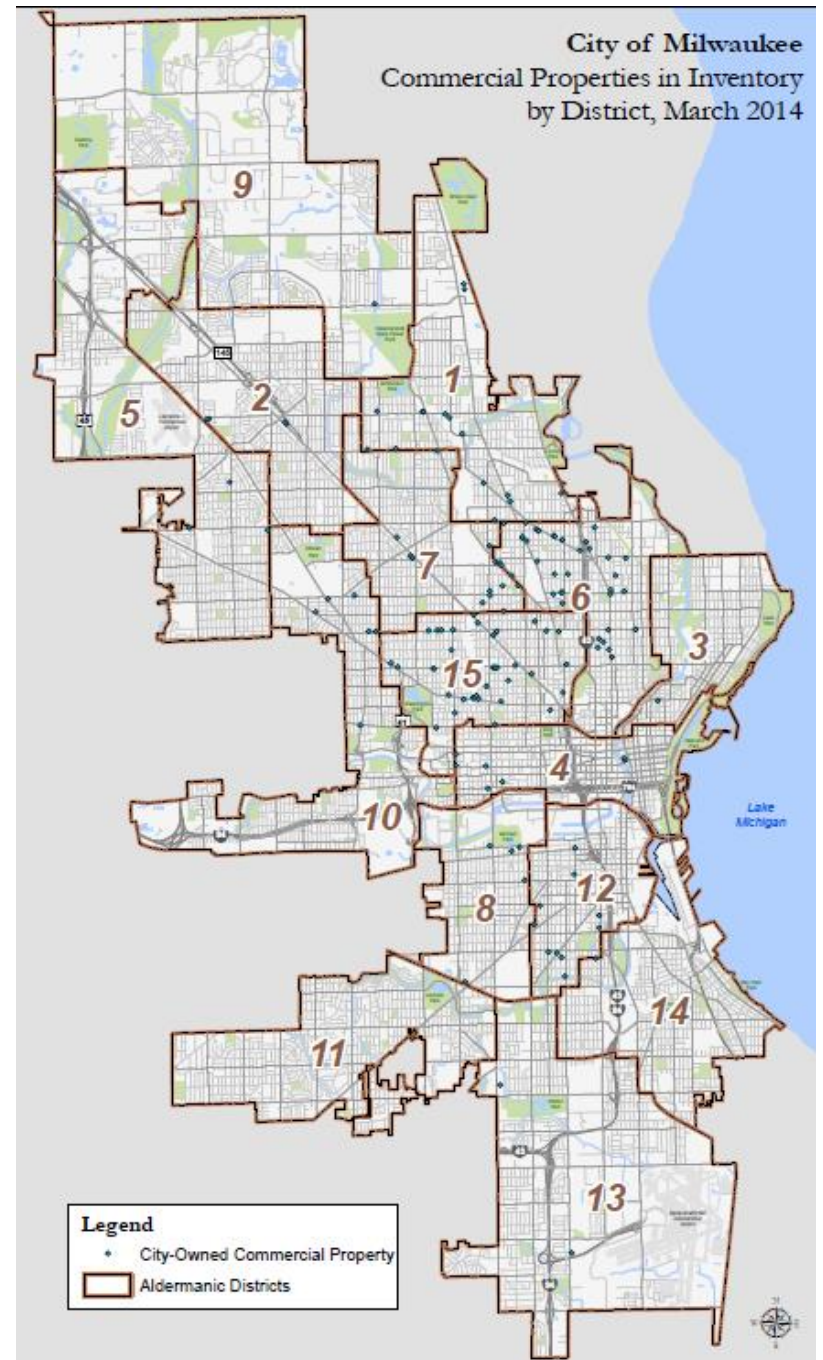


Inventory snapshot

- 142 properties
- 117 (82%) acquired since 2010
- Most <5,000 SF
- Most common: small mixed use (1st floor commercial, 2nd floor apartments)
- Other property types: church, multi-family, tavern, day care center, rooming house, office



District	City-owned commercial	City-owned residential
1	15	118
2	4	31
3	1	2
4	7	29
5	3	5
6	36	274
7	12	202
8	6	28
9	1	22
10	6	14
11	0	0
12	10	40
13	2	4
14	1	16
15	37	295



Disposition status

# of properties	Disposition
12	Actively marketed for sale
35	Slated for demolition
31	To be advertised, pending completion of Historic Land Use Investigation and preparation of marketing info
28	Disposition to be determined pending further evaluation of property
6	Owner petitioning Council to vacate foreclosure judgment
11	Offer received, not yet closed
19	Other

Property marketing

- City web site
City.milwaukee.gov/CityRealEstate
- Multiple Listing Service
- Request BID help to identify customers
- Broker commission: 7%, minimum \$3,000
- Coming soon: new “for sale” signs

	Commercial/Residential Opportunity 6330 West Appleton Avenue Burleigh/Appleton Corridor/Lenox Heights
	\$40,000 ASKING PRICE
	Building: 3,890 SF mixed-use building, built 1960 Ground floor office/possible residential conversion Three upper apartments (2 one bedroom/1 efficiency) Lot Area: 5,787 SF, side drive, parking in the rear Zoning: LB2, Local Business Burleigh Street Business Improvement District (BID No. 27) Assessor record & Historical Land Use Investigation on website
	BUYER DEVELOPMENT OBLIGATIONS <ul style="list-style-type: none"> • Restore apartments to habitable condition • Renovate commercial space for office or business use or convert to residential use • Complete rehabilitation in a timely manner
	PREFERRED COMMERCIAL USES: <ul style="list-style-type: none"> • General service or specialty office • Martial arts, dance studio or similar business Note: Property must be taxable; Some uses may need BOZA approval Prohibited uses: Tavern/liquor store, social service, religious assembly, pawn shop, convenience store, cigarette or cigar shop, gun shop, payday or auto-title loan store.

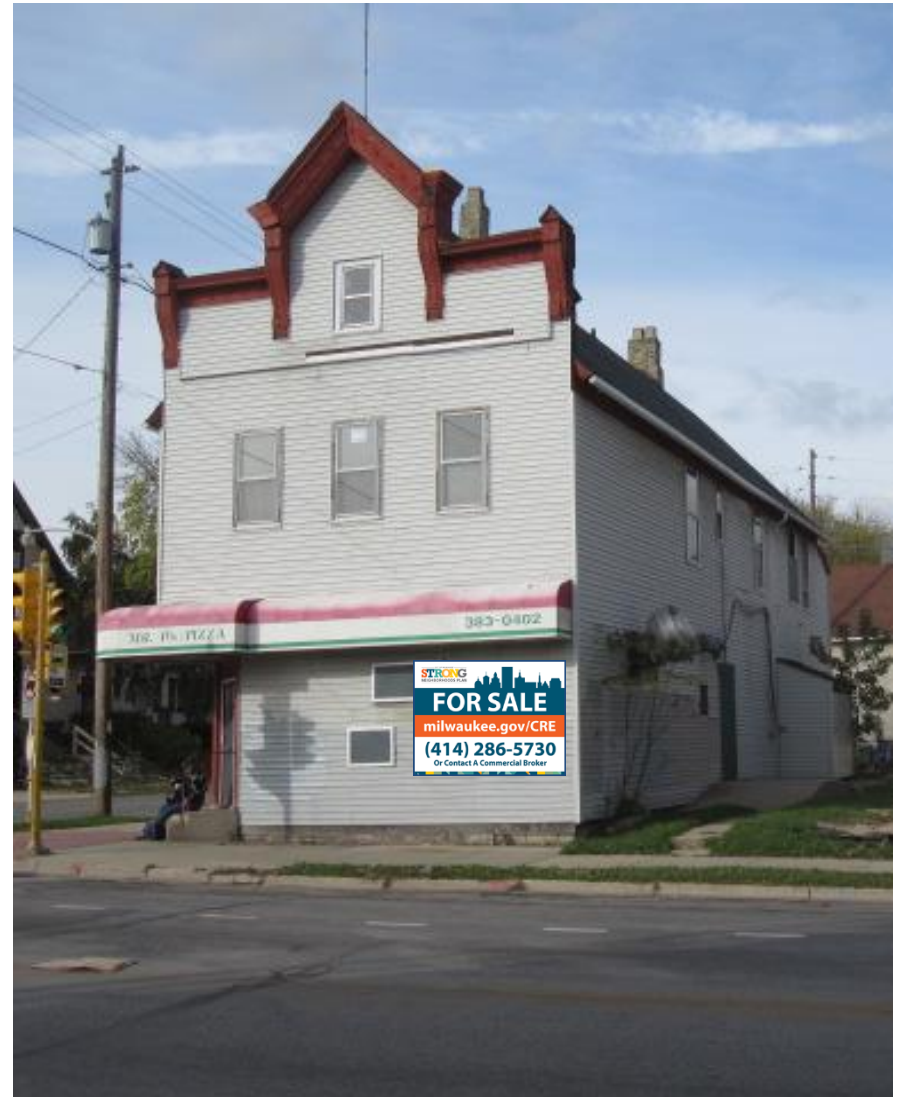
Address: 5632 W Burleigh Street 5634 Milwaukee, WI 53210-1549 County: Milwaukee		MLS #: 1353078
	Property Type: Bus Opportunity Status: Active Taxes: \$0 Tax Year: 2013 Tax Key: 2890370000	List Price: \$45,000 Lot Size: 4800 sq ft Zoning: LB2 Est. Acreage: 0.11
	Est. Total Sq. Ft.: 3,700 Seating: Flood Plain: Unknown Occ. Permit Required: N	Est. Year Built: 1927 Parking: 2 Occupied: N
Business Name: Rent/Month: \$ Sched. Gross Income: \$0 Net Operating Stmt: No		Lease Only: No Lease Expiration: Gross Operating Stmt: No Days On Market: 1

Directions: West Burleigh Street to address.
Coordinates: 31N 56W

Major Business Type:	Retail; Other	Roofing:	Other
Sub Type/Business:	Other	Heating/Cooling:	None/Not Applicable
Licenses:	Other	Water/Waste:	Municipal Water; Municipal Sewer
Full Time Employees:	None	Municipality:	City
Documents:	None	Financing Available:	None
Sale Includes:	Other		

Acquisition and sales since 2010

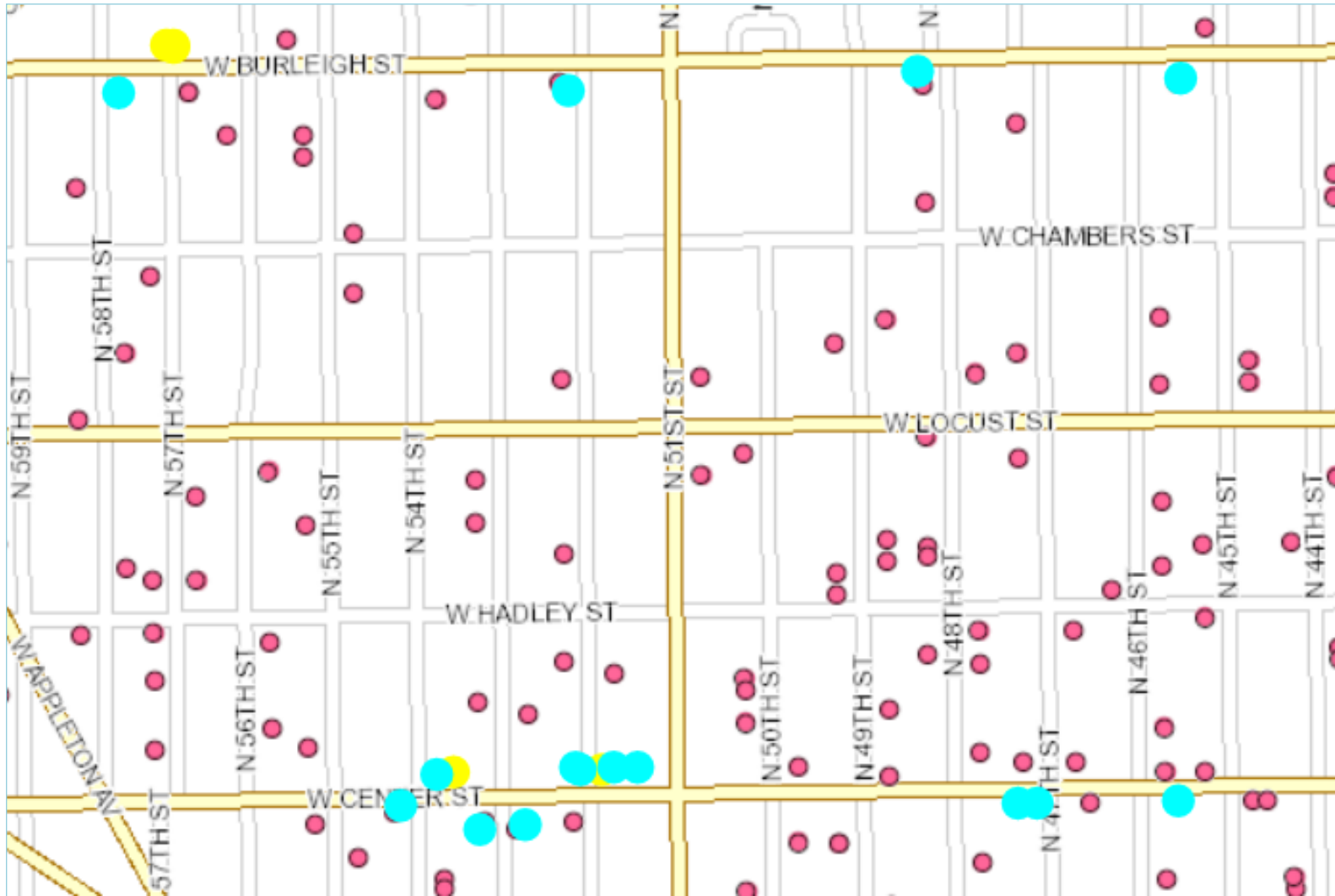
Year	Acquired	Sold
2014 YTD	0	0
2013	40	7
2012	43	4
2011	17	4
2010	17	4



Marketing challenge: Property condition



Marketing challenge: Weak demand



Marketing challenge: Seller-imposed requirements

- Private transaction
 - Can buyer finance the sale?
- City requirements
 - Can buyer finance sale and renovation?
 - Taxable use required
 - Prohibited uses
 - Social service
 - Religious assembly
 - Convenience store
 - Tavern/liquor store
 - Pawn shop
 - Cigarette/cigar shop
 - Gun shop
 - Payday/auto title loan store

Marketing challenge:

Sales process

- Private transaction
 - Buyer submits offer to purchase; may include contingencies
 - Seller accepts offer
 - Contingencies satisfied
 - Sale closes
- City transaction
 - Historic land use report required prior to marketing
 - Buyer must submit personal disclosure form
 - Common Council must approve sale
 - If BOZA approval or licenses required, they must be obtained before Common Council acts
 - Renovation plans approved prior to closing
 - Reversion of title clause for non-performance

Marketing challenge: Price?

Address	2013 assessment	List price
6330 W. Appleton Ave.	\$159,000	\$40,000 (25% of assessed value)
2034-38 W. Greenfield Ave.	\$161,400	\$20,000 (13% of assessed value)
5632-34 W. Burleigh St.	\$141,000	\$45,000 (32% of assessed value)
5128-30 W. Center St.	\$143,000	\$25,000 (17% of assessed value)
827-29 E. Brady St.	\$232,000	\$95,000 (41% of assessed value)
2009 S. 19 th St.	\$115,600	\$75,000 (65% of assessed value)
1412-14 W. Atkinson	\$54,700	\$15,000 (27% of assessed value)
1848 W. Fond du Lac Ave.	\$129,000	\$45,000 (35% of assessed value)

What's next?

- Assign additional staff
- Increase number of properties actively marketed
- Review/revise sales and seller policies
 - Council action may be required
- Seek feedback/advice from commercial brokers
- April presentation to BID Council re: marketing partnerships
- Capital budget request for funds to incentivize purchase and renovation of properties
- Pursue entity to purchase, renovate, lease City-owned properties and provide TA to tenants