

Land Disposition Report

Common Council of the City of Milwaukee

Date

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Responsible Staff

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Parcel Address and Description

Former Fletcher Elementary School, 9500 West Allyn Street and 9102 North 96th Street (the "Properties"), is a 60,754 square foot, one-story school building built in 1973 on an 8.94 acre site. The Properties have been vacant since 2009 and was determined underutilized in 2015. The Properties were listed as Surplus on Milwaukee Public Schools Inventory of School Buildings in 2017. Under the requirements imposed by Section 119.61, Wisconsin Statutes, the Properties were made available for sale to education operators only for a two-year period that began on January 27, 2016 ending in January, 2018. During that period, three Letters of Interest were received to view the school and none chose to make a proposal to purchase the Properties. The Properties were then listed for sale for adaptive re-use in July, 2018. Only one Proposal was received in 2019.





Buyer

Fletcher Affordable Limited Partnership or newly created entity (the "Buyer") for the development.

White Lotus Group with offices in Chicago and Omaha will be the developer. They have experience in affordable housing development and school renovation in Chicago and Omaha. They plan to partner with American Design and Leo Daley as their Architect, JCP Construction as their Contractor, Kapur & Associates as their Surveyor and Giles Engineering as their Environmental Consultants.



Conceptual drawing – yet to be finalized and approved

Project Description

The Fletcher school redevelopment ("Project") as proposed will feature 100 units of affordable housing. The unit mix will include 33-1BR, 33-2BR, and 34-3BR units. The site also will include approximately 260 surface parking spaces. Three additional floors of new construction will be added to the existing one-story school building. The first floor will be renovated and used by a variety of social service organizations including the YMCA, Social Development Commission and CrossWay Church.

Proposed job creation will include full-time Property Manager and Maintenance Specialist along with additional jobs created by the community service provider tenants located in the first floor commercial space.

The scope of work estimates expenditure of approximately \$28 million and includes the building purchase; interior and exterior renovation, site renovations and new construction of three additional floors. Exterior building and site plans will require Department of City Development Planning ("DCD") review and approval.

Project funding will utilize a combination of private equity, Low Income Housing Tax Credits (LIHTC) allocated from Wisconsin Housing and Economic Development Authority (WHEDA), bank financing and potential other sources. The sale and Project is not contingent on any City financing or City funding.

Purchase Terms and Conditions

The purchase price is \$500,000 and the scope of work is estimated at \$28 million. Conveyance is on an "as is, where is" basis, including all known and unknown environmental and geotechnical conditions and acceptance of the Buyer Contingencies included in Buyer purchase proposal.

The purchase is contingent on the Buyer:

- Obtaining an allocation of LIHTC from the WHEDA, as indicated in the "sources and uses" statement in the proposal.
- Buyer must submit Building and Site plans for DCD Planning review and approval.
- Buyer shall have until May 31, 2020 for a Due Diligence assessment of the Properties.
- Buyer is responsible for all building permits and zoning changes.

Low Income Housing Tax Credit application will be submitted to WHEDA by December 14, 2019 and tax credit awards will be announced around March 2020. Buyer is required to enter into a Purchase and Sale Agreement ("PASA") that outlines the Buyer's obligations by May 31, 2020. Closing on the purchase of the building is required by August 1, 2020. A year-long construction period is anticipated.

The PASA will require that the Buyer must:

- Provide a performance deposit of \$10,000 at closing, to be returned upon completion of the project and issuance of a Certificate of Occupancy.
- Enter into an agreement requiring best efforts to utilize City-certified Small Business Enterprises and individuals certified through the City's Residents Preference Program for construction activity.
- Receive a building permit.
- Receive zoning change.
- Present evidence of full project financing prior to closing on the sale.
- Close on the purchase by August 1, 2020 with the option of extending the closing date for one year should the Buyer need to re-apply for LIHTC in the 2020 allocation round.

At closing, sales proceeds, less sales expenses, shall be deposited in the Milwaukee Public Schools Operations Fund.

The deed of conveyance will contain restrictive covenants for performance, prohibitions for tax exemption and certain uses, conditions under which a liquor license may be issued, and reversion of title provision for non-compliance.