

**LAND DISPOSITION REPORT  
REDEVELOPMENT AUTHORITY  
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

**DATE**  
November 16, 2006

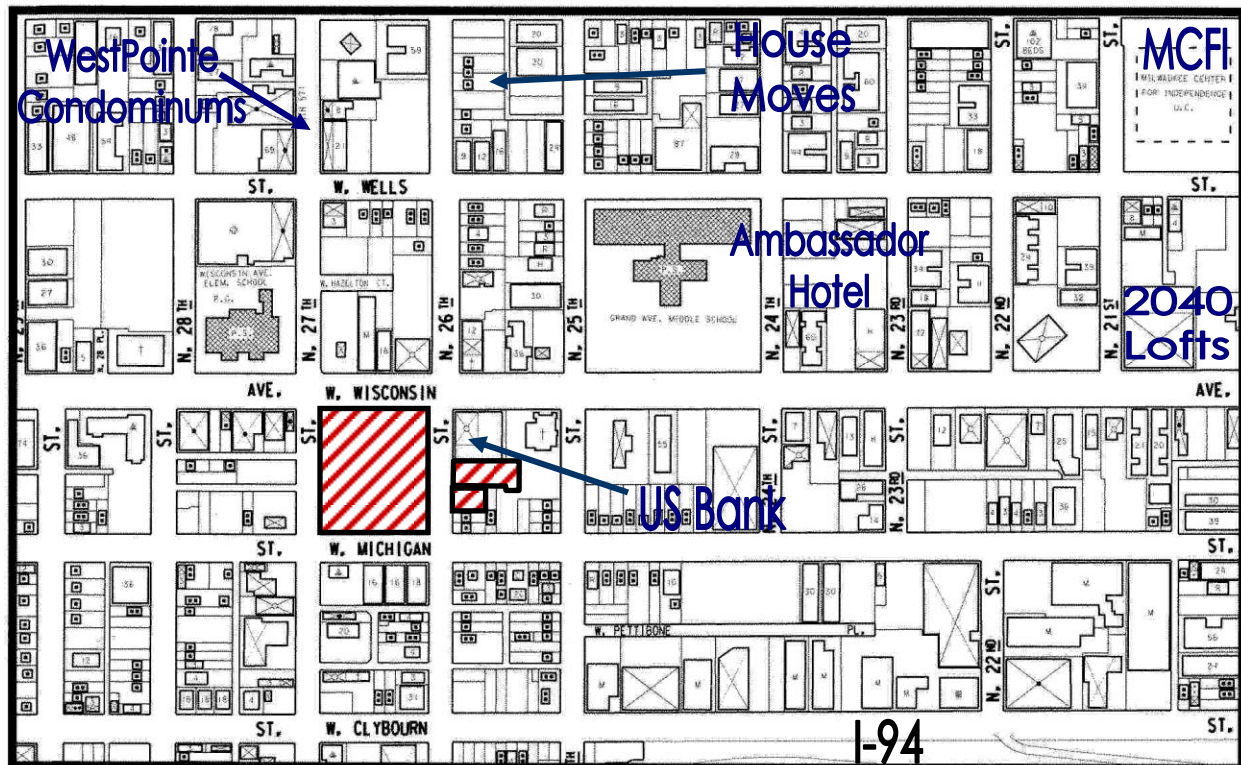
**RESPONSIBLE STAFF**  
Maria Prioletta, Development Team (286-5903)

**REDEVELOPMENT PROJECT AREA**

27th & Wisconsin: A redevelopment project area created in 1998 in conjunction with Tax Incremental District No. 35 to assemble land and promote redevelopment at a major intersection. In 2000-01, the Authority acquired the properties in the block bounded by 27th Street, West Wisconsin Avenue, North 26th Street and West Michigan Street, demolished the improvements and vacated the intersecting alley.

The Avenues West neighborhood has seen considerable investment recently including the \$12 million renovation of the Ambassador Hotel at 2308 West Wisconsin, the \$ 25 million Bockl Building renovation and conversion from office to apartments, the \$11.5 million Milwaukee Center for Independence at 22nd and Wells, the relocation and rehabilitation of three homes to 26th & Kilbourn at a cost of about \$140,000 each and the \$2.2 million WestPoint condominium conversion at 27th Street and Wells. 27th Street is one of four designated Mainstreets in the City. The site is also in BID 10, the Avenues West District, and a key site in the Avenues West Neighborhood Plan.

Blight Elimination Parcels: The vacant lots at 612 and 620 North 26th Street were acquired under the Authority's spot acquisition authority. 612 North 26th Street is a former City tax-deed parcel and 620 North 26th Street was acquired from Campus Neighborhood Associates in 1998.



 RACM Parcels

## PARCEL ADDRESSES & DESCRIPTION

Primary development site: 2601 West Wisconsin Avenue, a 2.42-acre site encompassing a full City block. The parcel has 347 feet along 26th and 27th Streets and about 303 feet on Wisconsin Avenue and Michigan Street. An intersecting alley was vacated in 2001. The parcel has about a 10-foot slope from Wisconsin Avenue down to Michigan Street.

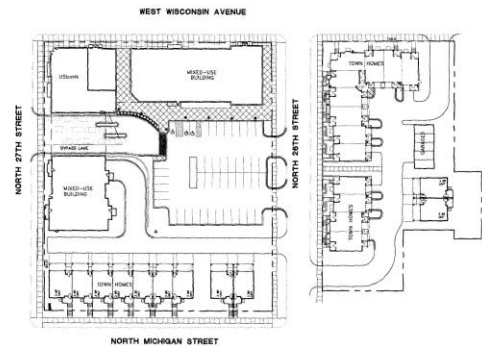
Secondary Parcels: 612 and 620 North 26th Street, two continuous vacant lots containing 19,283 SF. The site has 140 feet on 26th Street and irregular depths. The site will be assembled with the privately owned parcel at the southeast corner of 26th and Wisconsin – the US Bank property – to create a more functional development site.

## REDEVELOPER

Sherman Associates, Inc., a Minneapolis-based developer of residential and commercial real estate including a number of federal housing tax credit developments. George Sherman is the president and has been involved with multi-family and single-family housing for 25 years. Sherman Associates has developed over 5,000 housing units and over 500,000 square feet of retail space with a value in excess of \$1 billion. The majority of the firm's projects are in Minnesota, but they have several developments in Iowa and North Dakota. This would be their first Wisconsin project.

## PROJECT DESCRIPTION

Development of a mixed-use project including about 80 to 94 housing units and 17,000 SF of retail space. The primary development site will contain ground floor retail space including a 4,000-SF US Bank that will relocate from its existing location at the southeast corner of 26th & Wisconsin. The upper floors will contain between 60 and 70 rental units – 80% of which will be affordable units from those with 60% of median income and 20% will be market rate units. Across 26th Street, the Authority's land will be combined with the US Bank site and 16 to 20 townhouses will be constructed and sold for owner-occupancy. This site also will contain four ownership flats. Site plans and elevations for the secondary parcel have not been fully refined, but designs will conform to the City's urban design principals.



Estimated project costs are about \$17,500,000. The project will be financed in part through federal affordable housing tax credits that are allocated through the Wisconsin Housing and Economic Development Authority (WHEDA). Tax credit applications are due to WHEDA in February 2007 and the Redeveloper needs to demonstrate site control for its application. Tax credit reservations will be awarded in April. Additional funding will be provided through conventional financing.

## OPTION TERMS AND CONDITIONS

The purchase price will be \$473,634, or \$4.50/square foot for the primary, commercial site and \$5,000 per buildable lot for the secondary site. A \$5,000, non-refundable Option Fee is required and shall be credited toward the purchase price if the Redeveloper closes on or before December 31, 2007. A \$10,000 performance deposit will be submitted at closing and shall be held until satisfactory completion of the project. The Redeveloper also shall enter into an Emerging Business Enterprise (EBE) Agreement with the City of Milwaukee for at least 18% best efforts EBE use.

The option periods correspond to WHEDA's tax credit schedule. The initial option is until February 15, 2007, 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 award of the tax credit allocation, the option is automatically extended until December 31, 2007. If the Redeveloper requires additional time beyond December 31st to obtain financing or final plans, 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 on the project. Additional extensions and terms may be granted by the Authority. If the project does not receive the 2007 allocation, the Authority may extend the option to allow for another tax credit application.

In addition to the aforesaid terms, the sale will be further conditioned as required in the Redevelopment Authority resolution adopted on November 16, 2006, and in the Option to Purchase to be negotiated by the Authority and the Redeveloper.

**PAST ACTIONS**

The Redevelopment Authority held a public hearing on November 16, 2006, after which it conditionally reauthorized the Option to Purchase of the named Redeveloper.

**FUTURE ACTIONS**

Upon Redeveloper obtaining firm financing and approval of final plans, the Redevelopment Authority 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 adopted by the Authority. The sale proceeds, less sale expenses and a 25% fee paid to the Redevelopment Authority, shall be returned to the tax increment district.