

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

DATE

June 28, 2022

RESPONSIBLE STAFF

Dwayne Edwards, Program Manager, Department of City Development ("DCD")

PARCEL ADDRESS AND DESCRIPTION

3201 North 40th Street (the "Property") consists of a two-story brick former school building constructed in 1926, having 11,547 square-foot of space on a 21,600 square-foot parcel. The Property was previously occupied as a single-tenant museum and is located one block west of the highly successful Sherman Phoenix Business Incubator on West Fond du Lac Avenue. The Property is zoned RT2 or Residential and located within the Sherman Park Neighborhood. The building was acquired through property tax foreclosure on September 8, 2016.



City commercial property southeast view



City Property

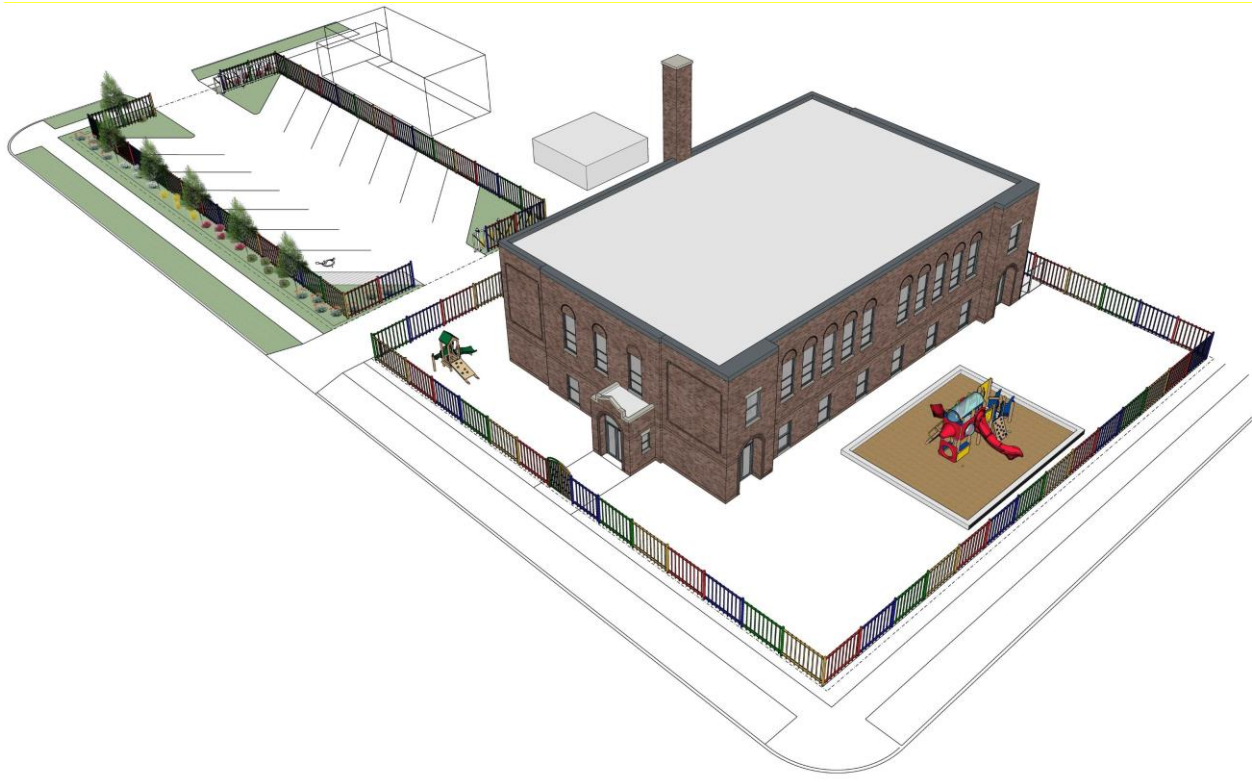
BUYER

Northwest Impact LLC, created by Northwest Side Community Development Corporation ("NWS CDC"), plans to purchase and renovate the property for a new childcare/early learning center to be operated by Ms. Tashawna Green. Ms. Green is also partnering with Next Door Foundation to provide structured education programming. Next Door Foundation will also refer families to Ms. Green's program when their locations are full. This is a highly selective partnership as Next Door Foundation only selects the best day care centers in the area to collaborate with. Ms. Green plans to have one of the most modern and complete childcare facilities for children ages newborn to pre-teen age on Milwaukee's north side.

Ms. Green, a graduate of UW-Stout, brings over five years of experience in the childcare industry. She has received numerous awards, certifications and has distinguished herself and her business by providing high level childcare services to clients with an emphasis on

early education.

NWS CDC impacts the community in a positive manner through supportive services and resources for local small businesses of all sizes throughout the greater Milwaukee area.



CONCEPTUAL ARCHITECTURAL RENDERING VIEW LOOKING SOUTHEAST AT 3201 NORTH 40TH STREET

PROJECT DESCRIPTION

The Buyer proposes to maintain the existing glazing on the building as well as renovate the building by adding a roof, plumbing, electrical, floors, ceilings, windows with clear glazing and an HVAC system. The vacant lots located west of the property will be landscaped in accordance with Milwaukee Code of Ordinances 295-405. The Buyer has been awarded a grant from the US Department of Health and Human Services' Administration for Children and Families that will fund the project. The childcare/early education project will create 24 full-time positions, with average starting wages at \$15.00 per hour.

Khalif Rainey, Alderman for the 7th District stated, "I'd like to take a moment to thank Willie Smith and his organization for its efforts to add value and bring this property back to life through this collaboration with government and other local partners. Mr. Smith and NWS CDC has been instrumental in a number of projects and I just want to acknowledge his commitment to neighborhood development and the City of Milwaukee."

The Buyer understands that any changes or modifications to the exterior facade may require approval and permits from the City of Milwaukee ("City").

PURCHASE TERMS AND CONDITIONS

The purchase price is \$10,000. NWS CDC will provide financing to Northwest Impact LLC for the new childcare/early learning center project at 3201 North 40th Street. NWS CDC will provide a loan of \$1.765 Million, with the balance of \$700,000 supported by NWS CDC's grant from the Office of Community Services ("OCS") and the remaining balance funded by the CDFI Rapid Response Fund and PNC Loan Fund.

The Buyer agrees to obtain all necessary City permits and approvals, including Board of Zoning Appeals approvals, as needed. The Buyer will also pay a \$2,500 performance deposit regarding Buyer's duty to complete renovation and obtain a Certificate of Occupancy, by February 28, 2024. Buyer will be required to meet the City's General Buyer Policies. The Buyer will execute a City Purchase and Sale Agreement, which will outline all terms of the transaction.

The Buyer will provide DCD staff with an updated scope of work before starting any renovations.

The building has considerable deferred maintenance, including a leaking roof, that has affected the interior of the building and defective electrical and plumbing due to vandalism.

The conveyance will be on an "as is, where is" basis. The deed of conveyance will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status.

At closing, a 30 percent disposition fee shall be paid to the Redevelopment Authority of the City of Milwaukee, less sale and marketing expenses, and the remaining proceeds shall be credited to the Delinquent Tax Fund.

Due Diligence Checklist
Address: 3201 North 40th Street

<p>The Commissioner's assessment of the market value of the property.</p>	<p>3201 North 40th Street consists of a two-story brick former school building built in 1926. Having 11,547 square-foot of space on a 21,600 square-foot parcel, the property was previously used as a small museum and is located a block west of the Sherman Phoenix Business Incubator on West Fond du Lac Avenue. The Property is zoned RT2 or Residential and located within the Sherman Park Neighborhood. The City acquired the property through property tax foreclosure on September 8, 2016.</p> <p>The purchase price for the Property is \$10,000. The building has considerable deferred maintenance, including a leaking roof and defective electrical and plumbing. The leaking roof has negatively affected the interior of the building.</p>
<p>Full description of the development project.</p>	<p>Northwest Impact LLC (the "Buyer"), through Northwest Side Community Development Corporation ("NWS CDC") will convert the building into a high quality employee owned childcare/early education center, operated by Tashawna Green.</p>
<p>Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.</p>	<p>Facade modifications and landscaping plans were reviewed and approved by City Planning staff. The Buyer agreed with recommendations and understands that any future changes or modifications to the exterior facade may require approval from the City.</p>
<p>Developer's development project history.</p>	<p>This is Northwest Impact LLC's first development project. The Buyer has assembled a team of experienced trade members to complete the project within 18 months.</p>
<p>Capital structure of the project, including sources, terms and rights for all project funding.</p>	<p>NWS CDC will provide financing to Northwest Impact LLC for the new childcare/early learning center project at 3201 North 40th Street. NWS CDC will provide a loan of \$1.765 Million, with the balance of \$700,000 supported by NWS CDC's grant from OCS and the remaining balance funded by the CDFI Rapid Response Fund and PNC Loan Fund.</p>
<p>Project cash flows for the lease term for leased property.</p>	<p>Not applicable.</p>
<p>List and description of project risk factors.</p>	<p>If the building remains vacant, the deferred maintenance and costs to cure will continue to increase. Continued vacancy of the building will serve as a hindrance on efforts to redevelop the property and continue to be a blight on the neighborhood.</p>
<p>Tax consequences of the project for the City.</p>	<p>The property will be fully taxable. The deed of conveyance will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status.</p>