

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

DATE

May 8, 2013

RESPONSIBLE STAFF



Elaine Miller, Real Estate Manager

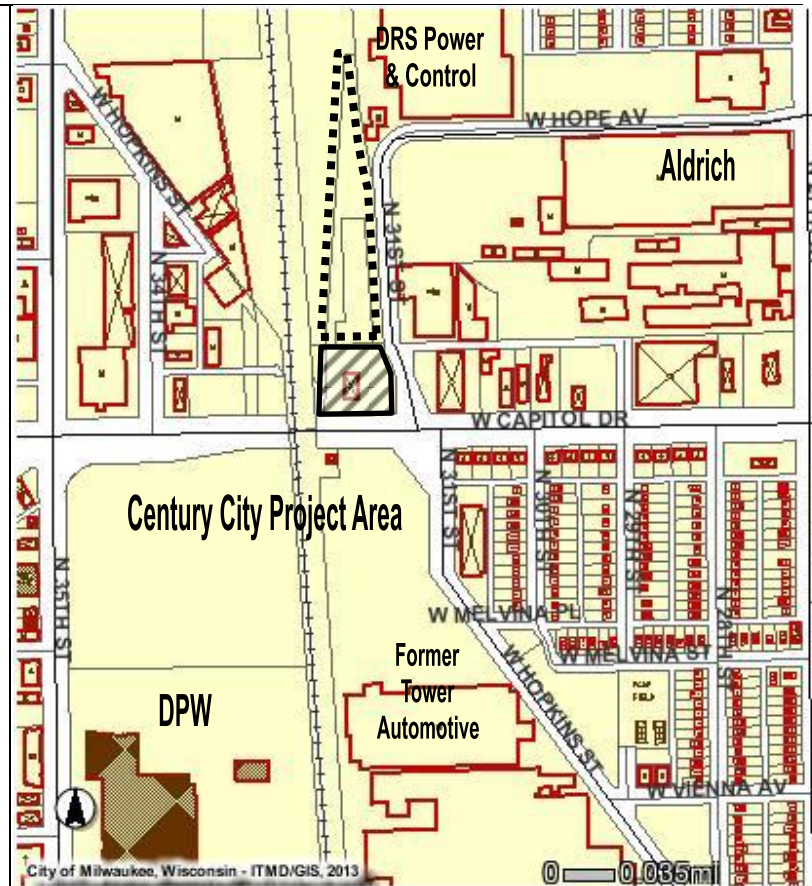
PROPERTIES

4101 & 4131 North 31st Street:

Two adjoining vacant lots containing approximately 126,875 SF or 2.91 acres. The parcels have an irregular, long and narrow configuration, which limits development potential. The site also is subject to an easement for a MMSD tunnel facility.

The lots will be assembled with the adjoining property at 3100 West Capitol (former Burger King/Ned's Pizza) to create a 4.4 acre development site. The project will have excellent visibility along Capitol Drive and offers great proximity to the Century City redevelopment.

-  City lots
-  Private property



BUYER

Century City Training Center, LLC, a company formed by The Northwest Side Community Development Corporation ("NWSCDC") in partnership with Gorman and Company, Inc. ("Gorman"). The two entities recently partnered to develop Villard Square, an affordable, grand-family housing facility combined with the City's Villard Public Library.

NWSCDC is a non-profit corporation founded in 1983 to facilitate community-based development on the northwest side of Milwaukee with a special emphasis in the Villard Avenue and Century City areas. Howard Snyder is Executive Director.

Gorman & Company, Inc., a firm founded by Gary J. Gorman in 1984 to develop, syndicate and manage multi-family housing properties throughout Wisconsin. Gorman has over 2,000 housing units in Milwaukee, including new construction such as Villard Square and Park East Enterprise Lofts. Renovations and conversions include Sherman Park Commons at the former Jackie Robinson Middle School, Blue Ribbon Lofts, Kunzelmann Esser Apartments and

about 200 scattered site houses through its North Side Neighborhood Initiatives and North Side Homeowners Initiatives. The firm has expertise in sustainable architecture and development, finance, tax credit investments, historic preservation, construction and supporting emerging businesses.

PROJECT DESCRIPTION

A job training, affordable housing and educational facility with four components:

- An adult job training center designed to meet specific training needs of employers in the Century City area and 30th Street Industrial Corridor.
- A MPS charter high school, NOVA Tech, that will focus on the Science, Technology, Engineering and Math (“STEM”) curriculum to train students for manufacturing trade skills.
- 43 units of affordable housing. The units will be a mix of 1, 2 and 3 bedrooms and will be targeted toward families.
- Green infrastructure to manage stormwater through rain gardens and bioswales.

A zoning change to Planned Development from IH zoning is concurrently being considered.



Program operations will be divided among three entities:

- NWSCDC will be responding to a Wisconsin State Department of Workforce Development Request for Bid to operate an adult training center.
- TransCenter for Youth, Inc. will run the charter school. Currently, it operates the Northwest Opportunities Vocational Academy – NOVA – at 2320 West Burleigh Street. This school was founded in 1993 as an alternative school-to-work transition program for “at-risk” students on the northwest side. The company's application for a MPS charter school for the school year commencing in September 2015 is pending before the Milwaukee Board of School Directors.
- Gorman will manage the residential units.

Total project costs are estimated to be about \$9.1 million. Proposed financing includes a MMSD Green Infrastructure Grant and a WHEDA affordable housing tax-credit allocation from the High Impact Project Reserve program and private financing. The tax credits are part of WHEDA's special allocation program for which applications are due on July 30, 2013. The project gap could be reduced through a grant from the Housing Trust Fund, Community Development Grants Administration, Federal Home Loan Bank Affordable Housing Program funding or deferred developer fee.

SBE participation is projected to be 25% of hard construction costs. The developer also will make good faith efforts for 18% participation for SBE professional services.

OPTION TERMS AND CONDITIONS

The purchase price will be \$1.00 per lot to ensure project feasibility. The below-market price allows the developer to receive a “financial participation credit” on its WHEDA application.

The base option period will run until July 30, 2014, to enable the buyer to submit a tax-credit application to WHEDA and receive a tax-credit allocation in April, sell the credits to equity investors, prepare construction plans and obtain firm financing. The City is permitted to terminate the option early if the buyer fails to submit a tax-credit application to WHEDA in July 2013, the project does not receive a 2013 tax-credit allocation and the developer does not intend to reapply to WHEDA in 2014. Two, three-month option extensions are available upon buyer submission and DCD approval of a satisfactory progress report on efforts to sell the tax credits and obtain financing and DCD approval of final scopes of work for house renovations and of construction plans for new units.

Within ten days of Common Council approval, the buyer must submit a \$500 Option Fee. The fee may be credited toward the purchase price if the buyer closes on or before July 30, 2013. Further, a \$500 non-refundable renewal fee is required for any option extension request.

FUTURE ACTIONS

After receipt of a tax-credit allocation, the buyer must obtain a firm commitment from the equity investor, other financing, as needed, and approval of final construction plans. Prior to closing, the City will negotiate an Agreement for Sale to outline the final terms and conditions of the project. A \$1,000 Performance Deposit shall be submitted at closing and shall be held until satisfactory completion of the project.