

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

DATE

December 15, 2005

RESPONSIBLE STAFF

James Sayers, Development Manager

REDEVELOPMENT PROJECT AREA

The boundary for the "North 20th and West Brown Streets Redevelopment Project Area" (formerly titled the North 20th and West Lloyd Streets Redevelopment Project Area) was approved by the Redevelopment Authority on November 15, 2005, and by the Common Council on December 13, 2005. The Plan will be considered for adoption at the January 2006 RACM meeting. A portion of the proposed Plan area is in the "Park West Area "E" project area, which was adopted in 2001 to permit developing a "Super K" department store. The developers of the Super K department store are no longer interested in developing the site and the "Area E" Plan will be retired in conjunction with adopting the 20th and Brown Plan.

TAX INCREMENTAL DISTRICT (TID)

The redevelopment will be located within proposed Tax Incremental District No. 65 (the "TID"). The TID will provide funds for public improvements, land acquisition and grant/loan funds to existing property owners, associated with the project, and is concurrently being considered.

REDEVELOPER

Legacy Midwest Renewal Corporation, a not-for-profit community development corporation, assembled a development team that includes Irgens Development Partners and Williams Development Corporation (the "Partners"). The principals of the three companies are as follows: Legacy Midwest Renewal Corporation - Sally Peltz; Irgens Development Partners - Mark Irgens; and Williams Development Corporation - Bill Orenstein. The three Partners will form a for-profit development corporation that will develop the site.

PARCEL ADDRESSES & DESCRIPTION

The City of Milwaukee owns several parcels in the development area. The parcels are currently vacant land. The Neighborhood Improvement Development Corporation ("NIDC") owns 2058 North 22nd Street and intends to sell the parcel to the Redevelopment Authority of the City of Milwaukee ("RACM"). The Housing Authority of the City of Milwaukee ("HACM") owns 2231-35 West Lloyd Street and intends to sell the parcels to the City of Milwaukee. The addresses of the City, NIDC, and HACM parcels are listed as Exhibit One to this Land Disposition Report. The Redevelopment Plan will authorize acquisition of all lots, subject to approval of this Land Disposition Report.

PROJECT DESCRIPTION

The proposed Development will construct up to 75 single-family homes. An alternate plan will build 18 to 24 townhouse condominiums along West Garfield Avenue and up to 60 single-family homes. The homes will be at least 1,600 square feet with 3 to 4 bedrooms, 2 to 3 baths, and private 2-car garages. All homes and townhouse units will be sold to owner-occupants, with up to 10 being reserved for low-moderate income households. The expected purchase price of the townhouses is \$160,000 and the single-family homes is \$175,000. The developer will purchase the land and perform according to the terms and conditions of a Development Agreement, including work associated with land division, stormwater management, marketing (to include building two models) and building the

homes. The total estimated construction costs including public improvements is \$13.5 to \$16.5 million.

DEVELOPMENT AGREEMENT TERMS AND CONDITIONS

The sale price is \$2,000 per single-family building lot and \$1,000 per townhouse lot. The price recognizes the duties and restrictions imposed on the Redeveloper.

Rather than the standard Option, the Redeveloper shall execute the Development Agreement. A term sheet of the Development Agreement is herewith presented to the Authority as Exhibit Two to this Land Disposition Report. The Executive Director is authorized to complete negotiations with the Redeveloper and the proper officials are authorized to execute the final agreement upon recommendation by the City Attorney. Any significant modifications will be presented to the Authority for approval. A \$10,000 performance deposit is required and shall be held until satisfactory completion of the project.

Closing shall occur after the Common Council approves this Land Disposition Report and the Redevelopment Plan and after the Redeveloper submits acceptable final plans, specifications and proof of financing. Closing must occur within 15 days of final TID approval. RACM will deduct a 20% development fee from the gross sale proceeds. There is no brokerage fee.

PAST ACTIONS

The Redevelopment Authority held a public hearing on the proposed sale on December 15, 2005.

FUTURE ACTIONS

Upon approval of this Report by your Honorable Body, and receipt of requisite approvals by regulatory bodies, the Redevelopment Authority will enter into said Development Agreement and proceed to close in accordance with the terms and conditions expressed herein and contained in the form of contract and resolution referred to above.

EXHIBIT ONE

TAXKEY	HSE_NBR_LO	HSE_NBR_HI	HSE_NBR_SFX	ST_DIR	ST_NAME	ST_TYPE	OWNER_NAME_1
3500003000	2225	2227		W	LLOYD	ST	CITY OF MILW
3500004000	2219	2223		W	LLOYD	ST	CITY OF MILW
3500505100	2119	2121		W	LLOYD	ST	CITY OF MILW
3500519000	2115	2115		W	LLOYD	ST	CITY OF MILW
3500520000	2113	2113		W	LLOYD	ST	CITY OF MILW
3500521000	2107	2109		W	LLOYD	ST	CITY OF MILW
3500522000	2101	2105		W	LLOYD	ST	CITY OF MILW
3500876110	2124	2124		W	LLOYD	ST	CITY OF MILW
3500962100	2127	2129		N	22ND	ST	CITY OF MILW
3500965000	2113	2113		N	22ND	ST	CITY OF MILW
3500972000	2224	2226		W	LLOYD	ST	CITY OF MILW
3500973000	2232	2234		W	LLOYD	ST	CITY OF MILW
3502139000	2331	2333		W	GARFIELD	AV	CITY OF MILW
3502141000	2325	2325		W	GARFIELD	AV	CITY OF MILW
3502142000	2321	2323		W	GARFIELD	AV	CITY OF MILW
3502148100	2145	2145		N	23RD	ST	CITY OF MILW
3502150100	2135	2137		N	23RD	ST	CITY OF MILW
3502151100	2131	2133		N	23RD	ST	CITY OF MILW
3502704110	2030	2030		N	21ST	LA	CITY OF MILW
3502712000	2126	2126		W	BROWN	ST	CITY OF MILW
3502713000	2021	2023		N	21ST	LA	CITY OF MILW
3502804110	2029	2029		N	21ST	ST	CITY OF MILW
3503007110	2039	2039		N	22ND	ST	CITY OF MILW
3503011100	2212	2212		W	BROWN	ST	CITY OF MILW
3500001000	2235	2235		W	LLOYD	ST	CITY OF MILW HO
3500002000	2231	2231		W	LLOYD	ST	CITY OF MILW HO
3500020110	2009	2013		N	22ND	ST	CITY OF MILWAUK
3500020120	2204	2206		W	BROWN	ST	CITY OF MILWAUK
3500504110	2123	2123R		W	LLOYD	ST	CITY OF MILWAUK
3500507000	2054	2056		N	22ND	ST	CITY OF MILWAUK
3500518100	2127	2127R		W	LLOYD	ST	CITY OF MILWAUK
3500523000	2049	2049		N	21ST	ST	CITY OF MILWAUK
3500603000	2027	2027A		N	22ND	ST	CITY OF MILWAUK
3500813100	2008	2008		W	GARFIELD	AV	CITY OF MILWAUK
3500814100	2200	2200		N	21ST	ST	CITY OF MILWAUK
3500871200	2104	2104		W	LLOYD	ST	CITY OF MILWAUK
3500872100	2108	2108		W	LLOYD	ST	CITY OF MILWAUK
3500873100	2114	2114		W	LLOYD	ST	CITY OF MILWAUK
3500874000	2116	2116		W	LLOYD	ST	CITY OF MILWAUK

TAXKEY	HSE_NBR_LO	HSE_NBR_HI	HSE_NBR_SFX	ST_DIR	ST_NAME	ST_TYPE	OWNER_NAME_1
3500875000	2120	2120		W	LLOYD	ST	CITY OF MILWAUK
3500892110	2239	2239		N	21ST	ST	CITY OF MILWAUK
3500898100	2102	2102		W	GARFIELD	AV	CITY OF MILWAUK
3500914100	2235	2235		W	NORTH	AV	CITY OF MILWAUK
3500963000	2123	2123		N	22ND	ST	CITY OF MILWAUK
3500964000	2119	2121		N	22ND	ST	CITY OF MILWAUK
3500966000	2202	2202		W	LLOYD	ST	CITY OF MILWAUK
3500970000	2218	2218		W	LLOYD	ST	CITY OF MILWAUK
3500971000	2222	2222		W	LLOYD	ST	CITY OF MILWAUK
3502140000	2329	2329		W	GARFIELD	AV	CITY OF MILWAUK
3502143000	2317	2319		W	GARFIELD	AV	CITY OF MILWAUK
3502144100	2313	2313		W	GARFIELD	AV	CITY OF MILWAUK
3502145000	2309	2309		W	GARFIELD	AV	CITY OF MILWAUK
3502146000	2305	2305		W	GARFIELD	AV	CITY OF MILWAUK
3502147000	2301	2301		W	GARFIELD	AV	CITY OF MILWAUK
3502801000	2043	2043		N	21ST	ST	CITY OF MILWAUK
3503004000	2213	2213		W	LLOYD	ST	CITY OF MILWAUK
3503007120	2041	2041		N	22ND	ST	CITY OF MILWAUK
3503825000	2019	2019		N	23RD	ST	CITY OF MILWAUK
3503826000	2023	2023		N	23RD	ST	CITY OF MILWAUK
3503831000	2018	2018		N	24TH	ST	CITY OF MILWAUK
3503832000	2020	2020		N	24TH	ST	CITY OF MILWAUK
3503841000	2312	2312		W	BROWN	ST	CITY OF MILWAUK
3503842000	2302	2302		W	BROWN	ST	CITY OF MILWAUK
3503843000	2318	2318		W	BROWN	ST	CITY OF MILWAUK
3503845000	2332	2332		W	BROWN	ST	CITY OF MILWAUK
3503846000	2328	2328		W	BROWN	ST	CITY OF MILWAUK
3503847000	2322	2322		W	BROWN	ST	CITY OF MILWAUK
3503848000	2320	2320		W	BROWN	ST	CITY OF MILWAUK
3500506100	2058	2060		N	22ND	ST	NEIGHBORHOOD

Exhibit Two
Summary of Terms
TID No. 65 “20th-Brown”

<u>Project:</u>	The plan for the 20th and Brown Tax Incremental District (TID) includes constructing a residential development of up to 60 single-family homes and 24 townhouse units. (The TID feasibility uses a conservative estimate of 50 single-family and 18 townhouse units.) The TID will be located in an area bounded approximately by W. North Ave. on the north, N. 20th St. on the east, W. Brown St. on the south, and N. 24th St. on the west. Associated work includes Phase II environmental testing, environmental remediation, public improvements (sewer, water, lighting, trees, pavement) and a contribution toward green space improvements to Johnsons Park. Also planned is rehabilitation grants or loans to property owners in the District. Finally, if opportunities present themselves, there may be purchase of some privately owned properties.
<u>Project Budget:</u>	Private investment is estimated at \$11.6 million and public will be \$3.25 million. Total investment will be approximately \$15 million.
<u>Developer:</u>	Legacy Midwest Renewal Corporation, Irgens Development Partners, LLC, and Williams Development Corporation will form a for-profit corporation to develop the site.
<u>City Contribution:</u>	The City will pay for public improvements including limited green space enhancements to Johnsons Park. Also contemplated is a potential to purchase privately owned properties, rehabilitation grants or loans to existing property owners in the District and environmental remediation.
<u>Disbursements:</u>	▪ A Cooperation Agreement between the City and the Redevelopment Authority is required to implement the TID Plan. ▪ The Department of City Development (DCD) will make TID funds available after 15 units are under construction. ▪ The City will have the option to reduce TID expenditures if, due to environmental conditions, the Developer rejects all or portions of land north of Garfield Avenue, resulting in fewer units being built. ▪ All bids and payments for public improvements shall occur only after approval by the DCD and the Department of Public Works (DPW.) DCD will approve any other use and disbursement of TID funds consistent with the approved plan.
<u>Maximum Term of TIF District:</u>	The maximum term of the TID is January, 2033. The expected date of full amortization of debt is in 2028.
<u>Developer Responsibilities:</u>	▪ Design and develop up to 60, but not less than 50 single-family homes and up to 24, but not less than 18 townhouse units. ▪ Purchase the land as-is. Developer will assume all costs of stormwater management, land division, including buried rubble, except that Developer has the option to reject certain lots north of Garfield Avenue if additional Phase II environmental testing is unfavorable.

**Developer's
Performance
Milestones:**

- Establish design guidelines for the homes and townhouses.
- Market the sites and the development.
- Build all homes to customers' specifications.
- Commit to 25% Emerging Business Enterprise participation.
- Perform neighborhood outreach.
- Work with Legacy Bank to finance home improvement loans and mortgages.
- After taking a 15% return on costs, pay RACM 50% of the remaining income.
- Execute the Development Agreement within 15 days of final TID approval (Joint Review Board).
- Submit proof of financing, final plans and specifications, construction budget, construction schedule, an approvable application for land division and for stormwater management within 30 days of executing the Development Agreement.
- Purchase the land in 4 stages (Clusters). Close of sale of the first Cluster (approximately 20 building sites) within 30 days of executing the Development Agreement.
- Start construction on at least 50% of the lots in a Cluster before being permitted to buy the next Cluster.
- Close on sale of a second Cluster within 18 months of the First Closing, and close on sale of the remaining Clusters within 18 months of the prior closing.
- Begin sale of lots within 30 days of the First Closing.
- Start building at least two model homes and one six-unit townhouse building within 120 days of the first closing.
- Sell and complete construction of 50 single-family and 18 townhouses within 48 months of the First Closing.
- Submit quarterly progress reports.

General

This term sheet does not constitute an agreement between the City or RACM and the Developer.