

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

RESPONSIBLE STAFF

Yves LaPierre, Real Estate Section (286-5762)

PROPOSED ACTIVITY

Authorize an Option to Purchase with Gorman Company for the construction of up to 40, lease-to-own, affordable housing units. The new homes will be constructed on infill sites in the Metcalfe Park and North Division neighborhoods.

BUYER

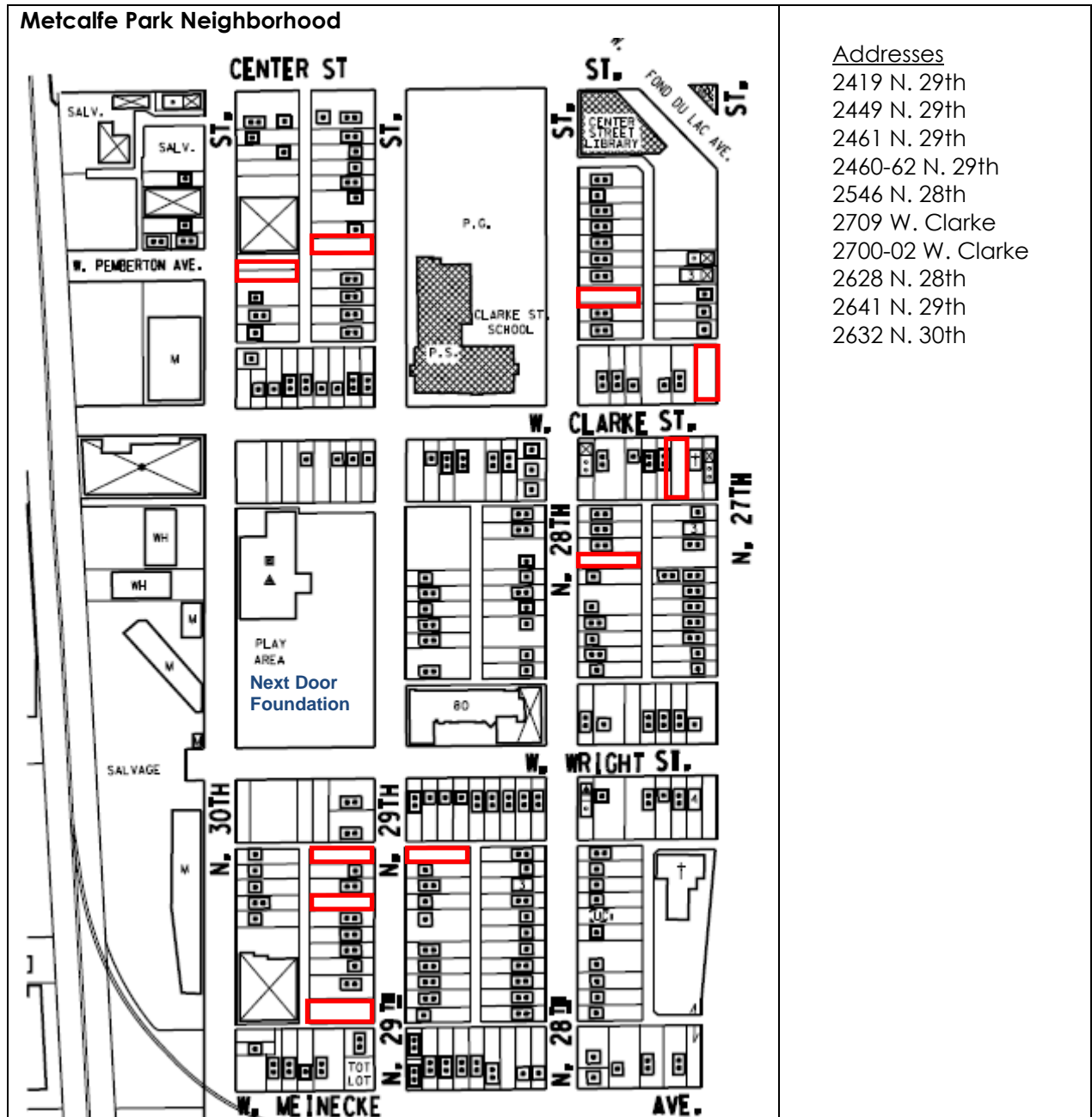
Gorman Company, a Madison-based developer that specializes in developing affordable housing. Gorman completed 30 units of lease-to-own homes in Metcalfe Park in 2008. Gorman's other Milwaukee projects include the Pabst Blue Ribbon Lofts, Kunzelman Esser Lofts, The Majestic and Historic Fifth Ward Lofts. The Milwaukee Urban League and The Next Door Foundation are Gorman's community partners.

North Division Neighborhood		
<p><u>Addresses</u> 2741 N. 8th 2745 N. 8th 2751 N. 8th 2757 N. 8th 2761 N. 8th 2728 N. 9th 2732 N. 9th 2752 N. 9th 2756 N. 9th 1039 W. Hadley</p>	<p>1029 W. Hadley 2736 N. 11th 2738-40 N. 11th 2744 N. 11th 2735 N. 11th 2739 N. 11th 2743 N. 11th 2747 N. 11th 2807 N. 11th 2811 N. 11th 2813-15 N. 11th</p>	<p>2819 N. 11th 2821 N. 11th 2825 N. 11th 2847 N. 10th 2851 N. 10th 2855 N. 10th 2858-60 N. 10th 2862-64 N. 10th 2866-68 N. 10th 2872 N. 10th</p>

PROPERTIES

Development will be focused in two neighborhoods. In Metcalfe Park, 10 proposed building sites will complement past home construction in the neighborhood and will be clustered around The Next Door Foundation's facilities. In the North Division neighborhood, 30 proposed building sites will be clustered in the area bounded by 8th to 11th Streets and Center to Locust Streets.

The final mix of building sites in each neighborhood may shift based on the availability of building sites. If any lots are determined to be infeasible for construction as Gorman prepares building plans or certified survey maps or additional lots become City-owned, the Commissioner of DCD may substitute a similar lot in the target areas upon approval from the local alderperson.



PROJECT DESCRIPTION

The Lease-to-Own Homes project will consist of up to 40 single-family units, one to two stories and ranging from 1,300 to 1,600 square feet in size. Units will have a mix of three and four bedrooms and incorporate universal design standards. The target market is households with incomes that are 50% to 60% of the County Median Income. After the 15-year tax credit compliance period, the homes will be sold to tenants that have built up the needed equity through the rental payments. Total project costs are estimated at \$6,385,499.

OFFER TERMS & CONDITIONS

The purchase price will be \$1.00 per City lot and conveyance will be on an "as is" basis. A purchase and sale agreement shall be drafted by the City Attorney. A \$2,000 performance deposit will be submitted at closing and shall be held until satisfactory completion of the project. All sale proceeds shall be deposited in the Reserve For Tax Deficit Fund. Final building and site plans must be approved by the Department of City Development.

The total option period is for two years so as to allow multiple applications for WHEDA tax credits in the event the project does not receive a 2010 allocation. The base option is until March 31, 2010, to allow the Redeveloper time to submit an application to WHEDA for the federal housing tax credits. When the Buyer 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, 2010. If the Buyer requires additional time beyond December 31st to obtain financing or final plans, the Commissioner of DCD 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. If the project does not receive a 2010 allocation, the Commissioner may renew the base option until 2011 to allow a second WHEDA application. If the Buyer fails to make any required submissions to WHEDA, the option may be cancelled immediately by the Commissioner.