

**BLIGHT DESIGNATION SUMMARY AND  
LAND DISPOSITION REPORT  
UNITED HOUSE PHASE II**

**DATE**

January 29, 2009

**RESPONSIBLE STAFF**

Elaine Miller, Real Estate Manager (286-5732)

**BUYER**

United Christian Church, Inc., or assigns. The church, formerly known as United Baptist Church, has been at 2535 West Hadley Street since 1994. Elloyd Jones is the pastor. The church will again team with Cardinal Capital Management, its co-developer for United House, a 24-unit supportive housing initiative at 2500 West Center Street that opened in August 2008. Cardinal is an experienced real estate development and property management firm located in Madison and Milwaukee and headed by Erich Schwenker. The firm specializes in multi-family and special needs housing and has facilities in Wisconsin, Iowa and Arizona.

**NEIGHBORHOOD**

The 27<sup>th</sup>-Center-Fond du Lac neighborhood has seen considerable investment in recent years. In addition to United House, development includes the Community Financial Center, the Fond du Lac Center Apartments by Commonwealth Development and the Kilbourn Bank restoration. Area anchors include the Center Street Library and Wisconsin Black Historical Society Museum.

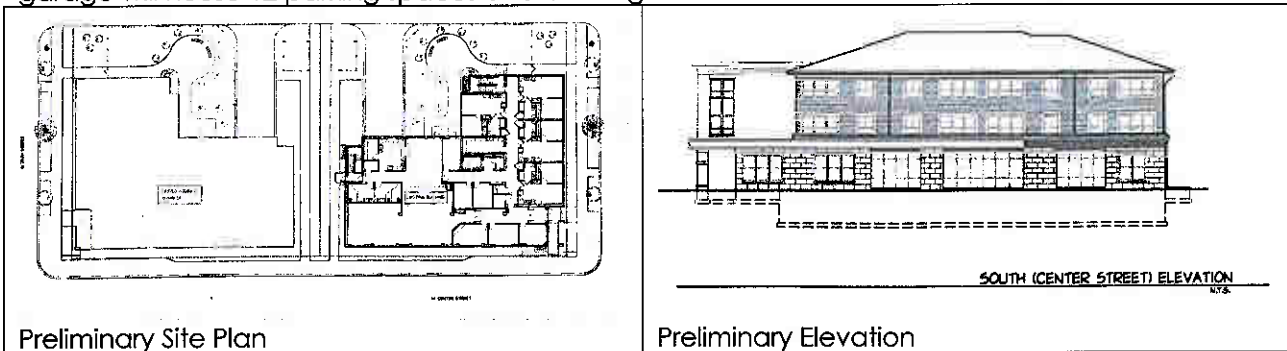


**PROPERTY ADDRESS & DESCRIPTION**

2702-14 North 26<sup>th</sup> Street: A 6,275 SF vacant lot acquired in 2002 through tax foreclosure. A 16,566 SF development site will be created by assembling the City lot with properties acquired by the Buyer. The site will have 132 feet on Center Street and a depth of 125.5 feet on 26<sup>th</sup> Street.

### PROPOSED REDEVELOPMENT

United House Phase II, an affordable housing building targeted toward workforce and senior housing. The building will complement the existing United House in size and scale. The building will be three stories with approximately 28,888 to 32,000 SF of gross area. The facility will contain community space on the ground floor and 20 housing units on the upper levels. An underground garage will house 12 parking spaces and building services.



Total project costs are estimated to be \$4.5 million. The project will be financed through federal Affordable Housing Tax Credits allocated by the Wisconsin Housing and Economic Development Authority (WHEDA), private financing and funds from private foundations. The Buyer is estimating 25% participation by Emerging Business Enterprises and has relationships with masonry, roofing and electrical EBE contractors.

### OPTION TERMS AND CONDITIONS

The purchase price will be \$10,000. The City shall provide a Phase I environmental assessment for its lot as required by ordinance because of its commercial zoning. The Buyer and City will share equally in any recommended Phase II testing costs. Conveyance will be on an "as is" basis. A financial feasibility or environmental condition credit may be granted by DCD's Commissioner at closing based on demonstrated hardship. A \$250 Option Fee will be required and will be credited toward the purchase price. A \$1,000 performance deposit will be submitted at closing and shall be held until satisfactory completion of the project. Sale proceeds, less sale expenses and a 30% fee to the Redevelopment Authority, will be deposited in the Reserve For Tax Deficit Fund.

The option terms correspond to WHEDA's Affordable Housing Tax Credit allocation schedule and will allow applications over a two-year period. The initial term shall be until June 30, 2009, to allow for a 2009 application. Upon a WHEDA award, the initial term is automatically extended until December 31, 2009, to allow the Buyer to obtain final construction plans, sell the tax credits to raise equity and obtain conventional and/or new market financing. If the Buyer does not receive a 2009 allocation, the option shall be extended until June 30, 2010 to permit a 2010 tax credit application. After an award, the term shall be automatically extended until December 30, 2010. If the Buyer requires additional time beyond December 31<sup>st</sup> to sell the tax credits or obtain firm financing or final plans, the DCD Commissioner may renew the option for up to two six-month periods based on demonstrated project progress. Renewals require a \$500 non-refundable renewal fee and a progress report on efforts to obtain financing and construction plans. If the Buyer fails to make a 2009 or 2010 tax credit application to WHEDA, the option may be terminated by the Commissioner or DCD. The Commissioner of DCD is authorized to alter the option terms based in changes in the tax credit program by WHEDA.

### FUTURE ACTIONS

Upon Council approval, the Buyer will apply to WHEDA for affordable housing tax credits. Upon receipt of the credits, sale of the equity, obtaining firm financing and construction plans, the City shall close with the Buyer. Closing contingencies include DCD approval of final construction plans and financing and execution of Purchase and Sale Agreement that provides for reversion of title in the event of non-performance