

**LAND Disposition Report
Common Council of the City of Milwaukee**

DATE

January 17, 2007

RESPONSIBLE STAFF

James Sayers, Development Manager

DEVELOPER

Prince Hall Village, LLC, is a joint venture between the Commonwealth Companies and Vanguard Group, LLC. Commonwealth developed the 24-unit "New Village" development at North 17th and West Center Streets and recently started construction at "Fond du Lac Center," a 24-unit mixed-use development at the corners of West Fond du Lac Avenue, West Center Street and North 27th Street. Kaylan Haywood is the owner of Vanguard Group, LLC, which owns commercial and residential property in the City of Milwaukee.

PARCEL ADDRESSES & DESCRIPTION

Five parcels (2207-11, 2213-15, 2217-19, 2221-23 and 2225-31 North Teutonia Avenue ("the HACM property")) are owned by the Housing Authority, but will be transferred to the City. The Housing Authority bought the land from the City in 2003 to build new homes as part of its HOPE VI project, but later determined it did not need it. The resolution accompanying this Report approves acceptance of the HACM property by the City.



The HACM Property on North Teutonia



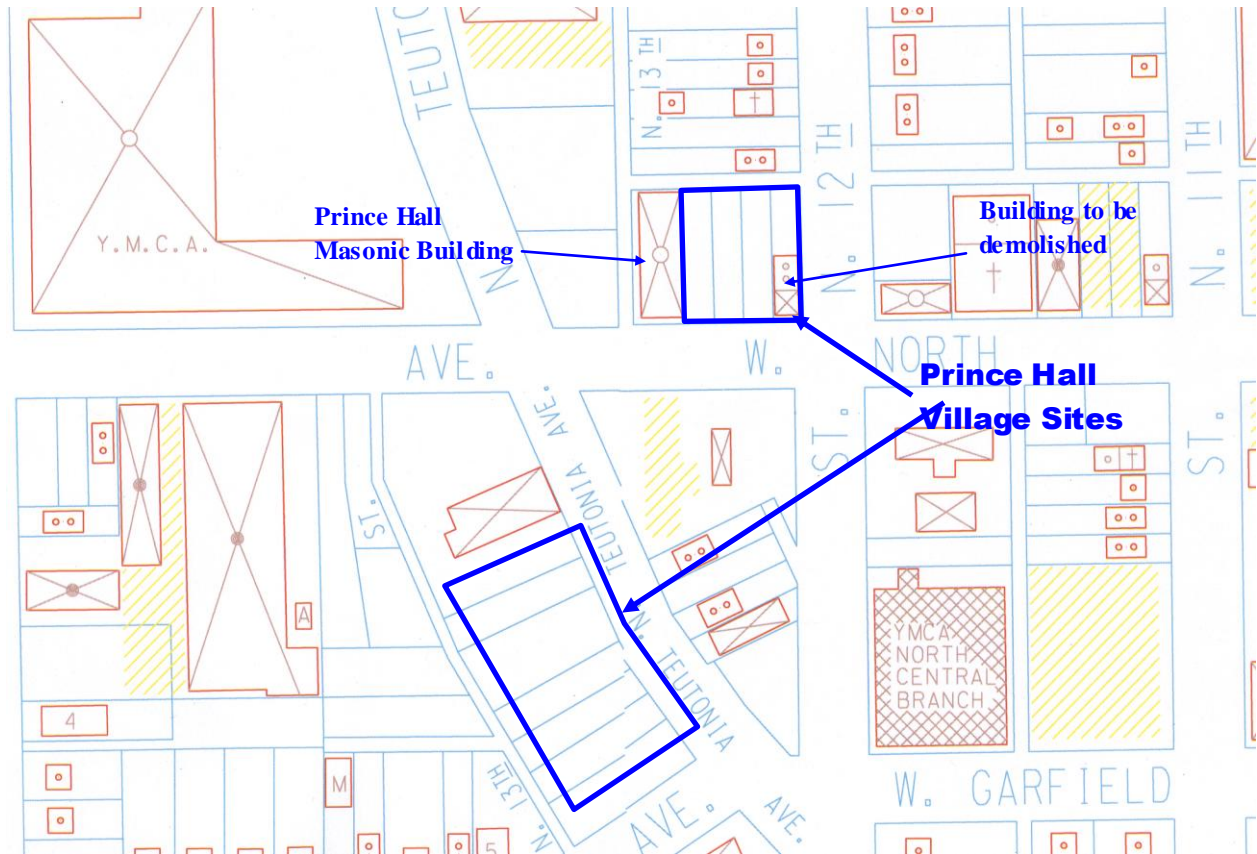
Prince Hall and Vacant Land on North Avenue

Vacant land at 1204-06, 1210 and 1214 West North Avenue will be combined with a privately owned parcel at 1200-02 West North Avenue that the Developer has under option. 1200-02 (the white building in the right-hand photo above,) will be demolished. Prince Hall Masonic Board (the red brick building above) is located at 1218 West North Avenue. Prince Hall will remain under separate ownership, but the Developer will donate \$200,000 to pay for exterior repairs to the building. See the site plan on the next page of this Report.

PROJECT DESCRIPTION

The Developer will build two buildings. One on North Avenue will be a mixed-use with 14 units on the second and third floors with approximately 2,300 square feet of commercial on the first floor. Roughly half of the first floor commercial will be leased to a local business (yet to be named) and the balance will be common areas for the residents. The common area will include a media room, an exercise facility and a space for residents' meetings and gatherings.

A second residential-only building will be built at the Teutonia site. The smaller building will be ten 3-bedroom townhouse units. Residents at Teutonia will have access to the common area on North Avenue, which is just one block north. Elevations of the two buildings are included in the Common Council File.



1-bedroom apartments will be 1,000 square feet each, with one bathroom; 2-bedroom units will have 1,100 square feet and one bath; and the 3-bedroom apartments will have 1,350 square feet and 2.5 baths. Each unit will have a full appliance package including dishwasher, microwave, central air conditioning and washer/dryer. Each unit will have a garage and there will be additional surface parking for residents and their guests. Rents will vary by income, ranging from approximately \$360 to \$695 per month. Management services will be through the Friends of Housing Corporation. Friends of Housing manages over 1,200 rental units and has an excellent reputation.

The estimated construction cost for both sites is \$4.6 million. The building designs have been conditionally approved by Department of City Development planning staff. Planning staff will have input into the scope of work for the restoration of Prince Hall.

EMERGING BUSINESS ENTERPRISE COMMITMENT AND AGREEMENT

The Developer will sign an Emerging Business Enterprise ("EBE") Agreement with the City of Milwaukee that will commit to at least 18% EBE participation, with a goal of 30%.

Commonwealth reached 32% EBE participation in the New Village project and is scheduled to exceed 30% at Fond du Lac Center.

OPTION TERMS AND CONDITIONS

The sale price of the parcels is \$150,000, which will be conveyed by limited warranty deed. A \$500 non-refundable Option Fee is required and shall be credited toward the purchase price if the Developer closes within the initial option period. A \$5,000 performance deposit will be submitted at closing and shall be held until satisfactory completion of the project. Construction is expected to start in October, 2007 with completion by Spring, 2008. The option period corresponds to WHEDA's tax credit schedule and will extend until December 31, 2007. If the Developer requires additional time beyond December 31st to obtain financing or final plans, the DCD Commissioner may extend the option for a six-month period upon submission of a \$500 non-refundable renewal fee and satisfactory progress report. If the project is rejected by WHEDA at any point in the tax credit process or the Developer fails to make the required submissions, the Commissioner may terminate the option.

Closing shall occur after the Common Council approves this Land Disposition Report and after the Redeveloper submits acceptable final plans, specifications and proof of financing. Sales expenses and a 25% disposition fee will be paid to the Redevelopment Authority from the gross sale proceeds. There is no brokerage fee.

FUTURE ACTIONS

Upon approval of this Report by the Common Council, Developer obtaining firm financing and approval of final plans, the City of Milwaukee will enter into an Agreement for Sale and proceed to close in accordance with the terms and conditions expressed herein and contained in the resolution.