

LAND DISPOSITION REPORT COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

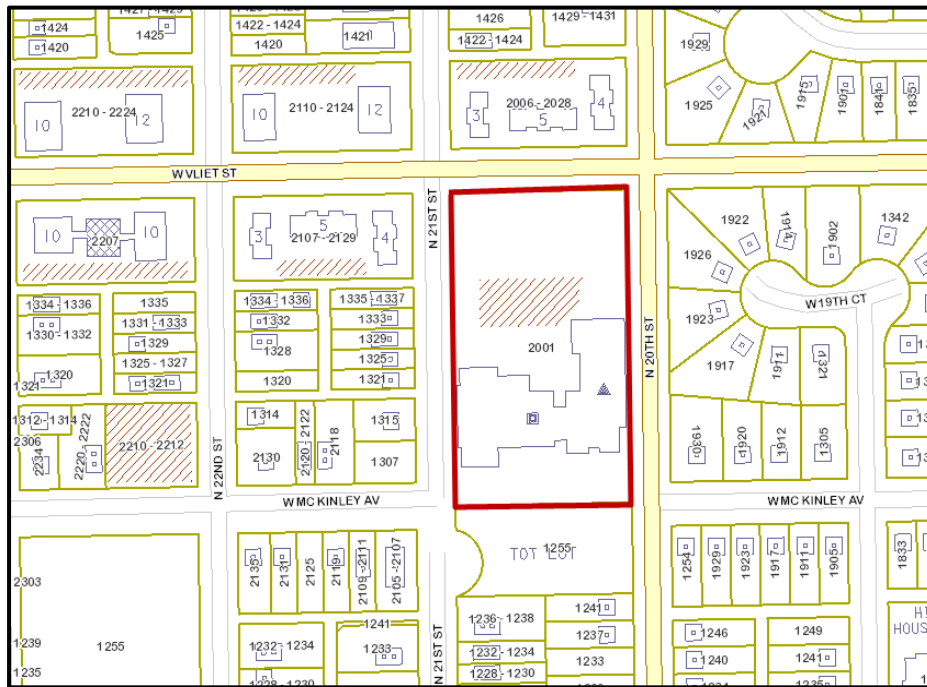
September 8, 2020

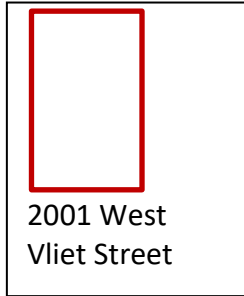
RESPONSIBLE STAFF

David Misky, Assistant Director, RACM, Department of City Development

PARCEL ADDRESS AND DESCRIPTION

The City-owned parcel located at 2001 West Vliet Street (the "Property") has an area of approximately 95,988 square feet. The Property is zoned DPD. The Property is improved with a 60,000 square foot building. The building was originally constructed in 1885, with additional portions built in later years. The Property is located in the Midtown neighborhood and is within the Near West area plan, in the 4th Aldermanic District. The Property is a former Milwaukee Public School location known as both the William McKinley School and the Fifteenth District School. Milwaukee Public Schools sold the Property to V.E. Carter Child Development Corporation in 1991, which operated a school and daycare facility at the location until 2013. The Property was designated as a City of Milwaukee Historic Site in September of 2014, due to its unique design and prominence within the neighborhood. The Property was acquired by the City of Milwaukee through in rem tax foreclosure in July of 2016.





SITE CONDITIONS

The Property was damaged by fire in November, 2013 and has not been occupied since that time. A condemnation order was issued by the Department of Neighborhood Services. The site has fallen into disrepair and requires significant renovation as well as environmental remediation. The Wisconsin Department of Natural Resources identified multiple hazards within the building and confirmed that entry should not occur to the Property until the hazards are contained and/or removed. The Department of City Development ("DCD") has been working with the U.S. Environmental Protection Agency ("EPA") and a contractor of the EPA since April, 2017 to remediate environmental hazards within the building on the Property. Due to the raze order on the premises and the significant environmental concerns, the Property poses significant redevelopment challenges.



Above: 2001 West Vliet Street–North elevation

Below: Site condition photos



Interior hallway photo,
2001 West Vliet Street

Interior hallway,
2001 West Vliet Street





Mechanical Room,
2001 West Vliet Street

Fire damage,
2001 West Vliet Street





Fire damaged area,
airborne particles
present
2001 West Vliet Street

Friable asbestos
containing pipe insulation,
2001 West Vliet Street



BUYER

McKinley School Apartments, LLC ("Buyer"), a subsidiary of Gorman and Company, Inc. ("Gorman"). With multiple home offices throughout the United States, Gorman specializes in meeting community needs through unique developments with high-quality amenities. Formed by Chief Executive Officer Gary Gorman in 1984, Gorman focuses on providing affordable multi-family housing in both rural and urban settings. Previous historic renovation projects include the Jackie Robinson School in Milwaukee that was renovated into senior housing, the 5th Street School in Milwaukee converted into mixed rate apartments, and the Red Brick School in Oregon, Wisconsin, which serves as Gorman's Wisconsin headquarters. Gorman has been investigating the feasibility of this project since 2017, due to the significant challenges posed by the development site.



PROJECT DESCRIPTION

The development will include completing required environmental remediation and renovating the existing building on the Property into an affordable housing development, featuring 35 affordable housing units for veterans, including two and three bedroom units. The development will also feature four single family homes along the north property line (Vliet Street). The project will be financed by low income housing tax credits and historic tax credits, Tax Incremental District ("TID") and other grant funds. The expected completion date is yearend 2021.



GORMAN
& COMPANY

MCKINLEY SCHOOL APARTMENTS
LOWER LEVEL FLOOR PLAN



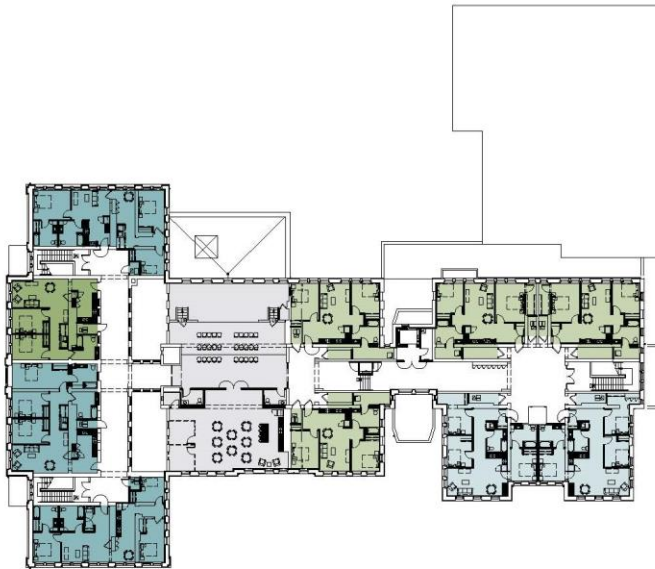


GORMAN
& COMPANY

MCKINLEY SCHOOL APARTMENTS
FIRST FLOOR PLAN



Quorum Architects, Inc.



GORMAN
& COMPANY

MCKINLEY SCHOOL APARTMENTS
SECOND FLOOR PLAN



Quorum Architects, Inc.

TERMS AND CONDITIONS

Purchase price will be \$1.00 plus all customary closing costs and fees, and the scope of work is estimated to be \$12.6 million.

The Buyer is required to enter into a Purchase and Sale Agreement ("PASA") outlining the buyer's obligations by November 30, 2020. The closing of the property sale is to occur on or before January 31, 2021. Closing will be contingent upon all necessary public bodies, including, but not limited to, DCD final approval of the Buyer's site plan, building elevations and the Buyer providing firm financing for the development. Buyer will provide a \$10,000 performance deposit.

The PASA will require Buyer's acceptance of responsible party status (DNR BRRS 03-41-585441) for the Properties.

The PASA will specify that the conveyance will be on an "as is, where is" basis. The deed of conveyance will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status per Milwaukee Code of Ordinances 304-49-13.

DUE DILIGENCE CHECKLIST**ADDRESS: 2001 West Vliet Street**

The Commissioner's assessment of the market value of the properties.	The property at 2001 West Vliet Street was acquired through tax foreclosure after years of vacancy due to fire damage and vandalism. The property has an area of approximately 95,988 square feet. The Property is zoned DPD. The Property is improved with a 60,000 square foot building. The building was originally constructed in 1885, with additional portions built in later years. The property is being sold for \$1.00 due to the extremely damaged condition of the premises, and the contamination of the property.
Full description of the development project.	The development will include completing required environmental remediation and renovating the existing building on the Property into an affordable housing development, featuring 35 affordable housing units for veterans, including two and three bedroom units. The development will also feature four single family homes along the north property line (Vliet Street). The single family homes will be available for purchase.
Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.	See Land Disposition Report.
Developer's development project history.	Buyer is McKinley School Apartments, LLC, a subsidiary of Gorman and Company, LLC. Gorman and Company, LLC has developed significant tax credit projects throughout Wisconsin, and focuses on providing affordable multi-family housing in both rural and urban settings. Previous historic renovation projects include the Jackie Robinson School in Milwaukee that was renovated into senior housing and the Red Brick School in Oregon, Wisconsin, which serves as Gorman's Wisconsin headquarters.
Capital structure of the project, including sources, terms and rights for all project funding.	The Buyer was awarded WHEDA LIHTC for this project, and historic tax credits.
Project cash flows for the lease term for leased property.	Not applicable.
List and description of project risk factors.	Project is dependent upon approval of City financing.
Tax consequences of the project for the City.	The Buyer anticipates investing \$12.6 million in the project. The deed of conveyance will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt

	property status.
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