

LAND DISPOSITION REPORT COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

April 16, 2019

RESPONSIBLE STAFF

Rhonda Szallai, Real Estate Specialist, DCD

PARCEL ADDRESS AND DESCRIPTION

4116 West Silver Spring Drive (the "Property"): The Property was formerly Milwaukee Public Schools Carleton School built in 1927, with an approximately 53,000 SF building on a 3.5-acre parcel. Additions were built in 1927, 1932, 1936, 1940 and 1970. The Property has been vacant since 2005 and was declared surplus in 2012.



BUYER

AndersonWebb LLC and Wisconsin Redevelopment, LLC (jointly referred to as "Buyer") or its newly created LLC or designated affiliate.

The Carleton Court project at the former Carleton School will be the second development project by the development team of AndersonWebb and Wisconsin Redevelopment ("WR"). Their first project was the Mitchell Street Lofts at 1948 West Mitchell Street in Milwaukee.

WR has completed or been involved in the following partial listing of projects in the Milwaukee area that include:

- Johnson Park Lofts at 1862 West Fond du Lac Avenue
- Silver City Townhomes at 3503-09 West Pierce Street and 703-749 South 35th Street
- Welford Sanders Lofts at 2812 North 5th Street
- Enterprise Center at 2821 North 4th Street and 411 West Hadley Street
- Historic Holton Street Lofts at 2443 North Holton Street
- LBWN Lease-to-Own homes – south side scattered sites

PROJECT DESCRIPTION

The Carleton Court redevelopment, as proposed by the Buyer, will feature a number of different living arrangements. Carleton Court will be housed in the historic Carleton School building, which will be redeveloped and redesigned into 30 units of housing, with a limited number of supportive housing units. Immediately to the north of the main school building, 30 new townhomes will be constructed. These townhomes will be mixed-income, rent-to-own, townhouse-style units. The townhomes will be 3-bedroom and 4-bedroom units, with private entrances and access to covered and uncovered parking. Each apartment unit in Carleton Court will have at least one off-street covered parking spot tucked neatly in between the east and west side townhomes, to not be visible from the street. Additionally, in phase 2 of the development, 2 single-family homes will be built on the furthest north-end of the Property. These homes also will have access to private garages.

On-site amenities will include a fitness facility, outdoor play area, community meeting space and garden plots.

The Property is currently zoned RS6 and will need to be rezoned to accommodate this development project. The Buyer understands that the proposed project may require certain City approvals in addition to the approval of this Land Disposition Report. Closing of the sale is contingent upon the Buyer obtaining all necessary approvals, financing and DCD approval of the final building elevations and landscaping plan.

The estimated project cost for the purchase and renovation is \$16,000,000.

Project funding will be a combination of conventional debt, tax credit equity, historic tax credit equity, Developer equity and tax incremental financing.

PURCHASE TERMS AND CONDITIONS

The purchase price is \$220,000, based on the appraised value as of March 23, 2016 of \$220,000. The conveyance will be on an "as is, where is" basis, including all environmental and geotechnical conditions, if any.

The Buyer shall have until May 31, 2020 for a due diligence assessment of the Property. The Buyer must receive local and state approvals associated with the proposed use by July 30, 2020.

Closing of the purchase is contingent on the Buyer:

- Obtaining full financing for the project. The "sources and uses" statement contemplates these potential sources of financing:
 - Obtaining an allocation of Low Income Housing Tax Credits ("LIHTC") from the Wisconsin Housing and Economic Development Authority. The Buyer must submit a Low Income Housing Tax Credit application to WHEDA by December 14, 2019.
 - Obtaining allocations of State and Federal Historic Tax Credits.

- Obtaining additional gap funding. The proposal indicates the Developer's intent to apply for Tax Increment Financing.

The Buyer is required to enter into a Purchase and Sale Agreement ("PASA") that outlines the Buyer's obligations by July 1, 2020. Closing on the purchase of the Property is required by January 1, 2021. A year-long construction period is anticipated.

The PASA will require that the Buyer must:

- Provide a performance deposit of \$10,000 to be returned upon completion of the project and issuance of a Certificate of Occupancy.
- Enter into an agreement requiring best efforts to utilize City Certified Small Business Enterprises and individuals certified through the City's Residents Preference Program for construction activity.
- Receive a building permit.
- Present evidence of full project financing prior to closing on the sale.
- Close on the purchase by January 1, 2021, with the option of extending the closing date for one year should the Buyer need to reapply for LIHTC in the 2020 allocation round. No additional extensions will be granted.

At closing, sales proceeds, less sales expenses, shall be deposited in the Milwaukee Public Schools Operations Fund.

The deed of conveyance will contain restrictive covenants for performance, prohibitions for tax exemption and certain uses, conditions under which a liquor license may be issued and reversion of title provision for non-compliance.

Preliminary Townhouse Rendering

