

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

### **DATE**

March 27, 2013

### **RESPONSIBLE STAFF**

Elaine Miller, Real Estate Manager

### **BUYER**

Center for Veterans Issues, Ltd. (CVI) was organized in 1969 to assist veterans to transition to civilian life. The organization incorporated in 1989 as a 501(c)(3) not-for-profit corporation. The organization has an 11-member Board of Directors and Brigadier General Robert Cocroft is the Chief Executive Officer and Dawn Nuoffer is the Executive Vice President.

CVI is the largest community-based organization serving US veterans in Wisconsin and provides more than 275 units of transitional and permanent housing in seven facilities. The group complements its housing services with a full range of support services to address the employment, health and educational needs of veterans to help them move toward self-sufficiency. A prime example of the organization's mission is Veterans Manor at 35<sup>th</sup> and Wisconsin. Opened in 2011, Veterans Manor provides 52 units of permanent supportive apartments for veterans, plus a Business Center that operates in conjunction with Marquette High School, the Troop Café that provides healthy, low-cost snacks and meals in partnership with the Milwaukee Center for Independence, a medical room that allows VA medical staff to screen and provide medical services in the veteran's home environment and community space for on-site group activities in a drug and alcohol-free environment.

### **PROPOSED REDEVELOPMENT**

Veterans Gardens, a 30-unit, scattered site permanent supportive housing effort for homeless and disabled veterans. Provision of such housing is a key component of the City's efforts to expand housing for homeless individuals. Military veterans comprise a disproportionate share of the City's homeless population.

City tax-deed properties will be fully renovated for occupancy by qualified disabled veterans at minimal or no cost. Units will be a mix of one, two and three-bedroom units in multi-family, single-family or mixed-use buildings. Renovations may involve veterans participating in a vocational training program CVI hopes to establish. CVI also estimates SBE participation of approximately 30%.

Upon completion of the renovations, CVI staff will assess the housing needs of the veterans and will provide intensive case management for both housing and support services for these individuals or families. CVI will provide weekly on-site support services to the participants in their homes. Transportation also will be provided to residents so they may access off-site services at the Veterans Resource Centers.

The project costs are estimated to be about \$1.27 million. CVI has obtained a \$500,000 grant from the US Department of Housing and Urban Development that has been matched dollar-for-dollar by a grant from the Home Depot Foundation and Home Depot Corporation. CVI is exploring additional financial partners to close the project gap.

**CITY PROPERTIES**

City tax-deed properties containing the needed 30 units will be provided. DCD has identified the following properties on a preliminary basis:

<b>Address</b>	<b># Units</b>	<b>Address</b>	<b># Units</b>
8905 West Villard Avenue	14	2459-63 West Michigan Street	4-5
9009 West Villard Avenue	8	805 North 28 <sup>th</sup> Street	8-12
4483 North 84 <sup>th</sup> Street	6	3428-30 West Highland Blvd.	4
7939 West Villard Avenue	2	6330 West Appleton Avenue	3-5

DCD will make additional properties available if properties on the preliminary list are not suitable for the project based on renovation costs, building features, proximity to transportation and support services and neighborhood issues. Additional properties may be acquired by the City through tax foreclosure.

Some properties are partially occupied by parties who rented units prior to the City's tax foreclosure. Because public funds will be used for the renovations, CVI will be required to relocate the occupants according to federal and state regulations, including payment of a housing differential payment and moving costs.

Final property selection will be made in consultation with the local member of the Common Council.

**OPTION TERMS AND CONDITIONS**

The price will be \$2,500 per unit acquired or \$75,000 in total as specified in CVI's proposal submission. At closing, the DCD Commissioner is authorized to make a price adjustment based on demonstrated financial infeasibility.

The base option will be for six months to enable CVI to make its property selection, prepare scopes of work, obtain additional financing and obtain aldermanic approval of the property selection. The base period may be extended by the DCD Commissioner upon submission by CVI of a written progress report to obtain additional financing, prepare scopes of work and obtain necessary building permits.

A \$3,333 option fee is required within 10 days of Common Council approval and shall be credited toward the purchase price. At closing, a \$7,500 Performance Deposit will be required to help guarantee satisfactory performance.

**FUTURE ACTIONS**

Detailed inspections will be conducted and rehabilitation cost estimates will be prepared by CVI. Additional funding will be sought from other prospective partners. Closing shall be contingent on DCD approval of all scopes of work and exterior renovation plans, if applicable, and evidence of full project financing. An Agreement for Sale will be negotiated and executed prior to closing to outline development and use requirements and will contain reversion of title provisions for non-performance. CVI will be required to meet with the Office of Small Business Development to discuss SBE participation in the project and to negotiate an SBE agreement that will be executed at closing.

Net sale proceeds, less a 30% reimbursement fee to the Redevelopment Authority, shall be transmitted to the Reserve For Tax Deficit Fund.