

**BLIGHT DESIGNATION SUMMARY & LAND DISPOSITION REPORT
REDEVELOPMENT AUTHORITY AND
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

DATE

February 18, 2010

PROPOSED ACTIVITY

Declare six City-owned vacant lots in the vicinity of 38th-39th & Lisbon blighted for acquisition and conveyance of these and three Authority-controlled properties for development of Phase III of United Methodist Children's Services housing efforts. The City and Authority properties should be under common ownership to facilitate document preparation.

NEIGHBORHOOD

Washington Park: An area plan was adopted as an element of the City's comprehensive plan in June 2006. The plan outlined strategies for strengthening community housing and specifically identified expansion by United Methodist Children's Services as a catalytic project.



- RACM owned or controlled
- City lots to be declared blighted and conveyed to RACM
- ✱ Possible future tax foreclosures

REDEVELOPER

United Methodist Children's Services of Wisconsin, a non-profit corporation created in 1962 to assist pregnant teenagers, will create and be the managing member of a limited liability company that will develop the project. UMCS has refined its mission over the years and provides a variety of family services and housing opportunities. In 2009, UMCS completed its addition to its office/apartment at 3940 West Lisbon Avenue to provide 24 additional affordable housing units for families with children and community serving space. This facility also included a family resource center (food and clothing banks), a fitness center and computer lab. In 2007, UMCS completed three side-by-side duplexes to provide more traditional family housing. Perry Huyck is Executive Director of UMCS.

PARCEL ADDRESSES & DESCRIPTION

City-owned lots: 3800 & 3810-14 West Lisbon to be assembled with UMCS property at 3806-08 West Lisbon to create a 19,241 SF multi-family building site.
1925-27 & 1957-59 North 38th, two building sites with 6,504 SF and 3,600 SF, respectively.

1934-36 and 1938 North 39th, one building site containing 7,200 SF.
 Tax foreclosure of the lot at 1942-44 North 39th may be pursued by City staff.
 The City lots meet the statutory definition of "blight" because of the small lot size, irregular lot platting and vacant status, all of which interfere with the sound development of the neighborhood and the City.

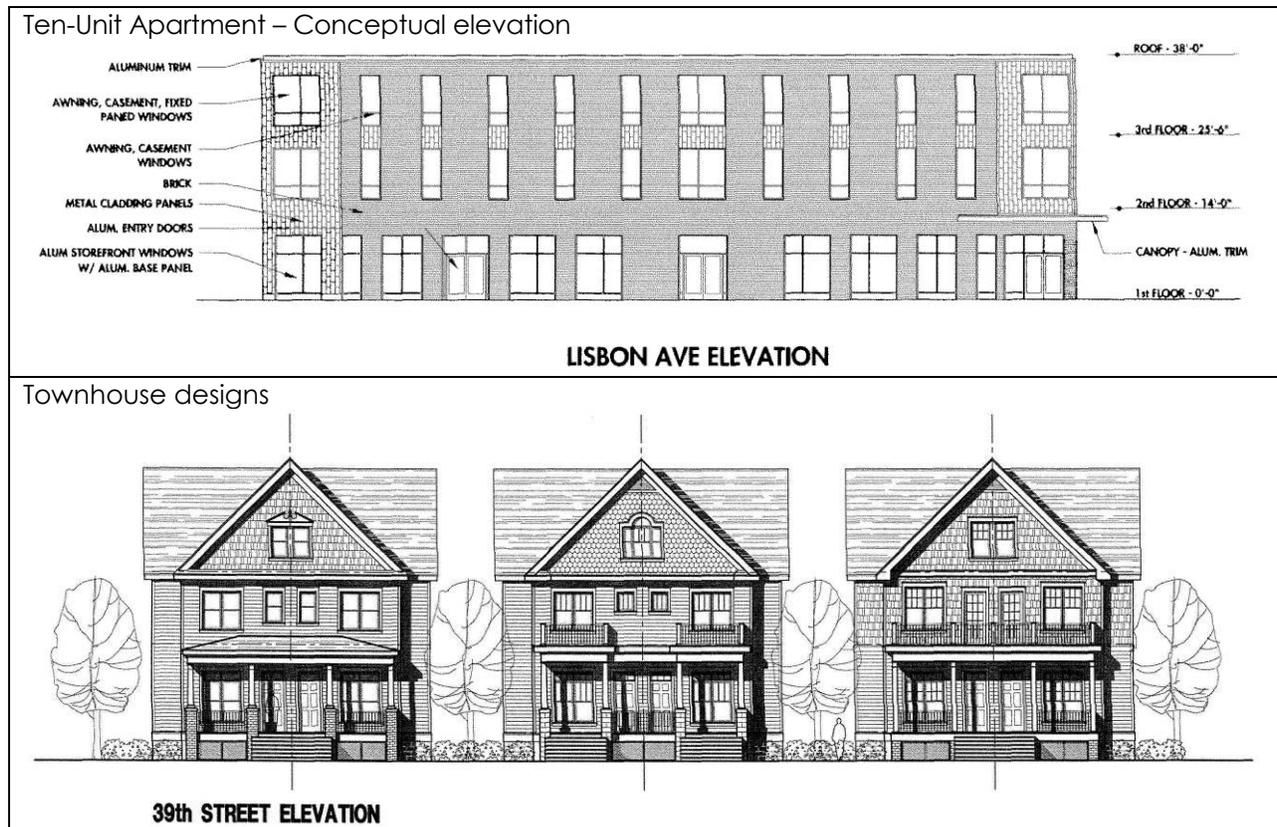
Authority property:

1918, 1924 and 1926 North 39th, creating a 12,324 SF site.
 The duplex/garage at 1918 North 39th is currently being acquired. The duplex at 1922-24 North 39th and the adjacent lot were acquired in 2009 by the Authority.

PROJECT DESCRIPTION

UMCS Phase III will consist of a 10-unit apartment building at 38th & Lisbon and seven side-by-side two-unit townhomes on 38th & 39th Street. As with previous phases, these buildings will focus on family housing, for some families from UMCS's transitional living program. All residents can take advantage of UMCS's family support services such as case management, certified child care, family resource center (food and clothing pantry), computer lab and fitness facility that are located in the recently completed expansion building.

The apartment and townhouse design by Engberg Anderson Design Partnership, which designed Phases I and II, will complement the Washington Park neighborhood and UMCS's other properties. The duplexes will use the same design used by UMCS in Phase I, but will have slight style variations to distinguish each unit. Each townhouse will have three bedrooms, two baths and a detached garage. The three-story apartment will have four two-bedroom and six three-bedroom units, have a full basement will contain about 18,000 SF and will provide 16 surface parking spaces. The project targets families with household incomes that are 50% to 60% of the county median and are expected to rent for about \$650 to \$800 per month.



Total costs are approximately \$5.4 million and will be financed in part through affordable housing tax credits administered by WHEDA or by another WHEDA financing product. The Redeveloper projects EBE participation of 25%, but has achieved much higher EBE rates at past projects.

OPTION TERMS AND CONDITIONS

The purchase price will be \$4,500, which is \$500 per lot. Conveyance will be on an "as is, where is" basis, but the Authority will provide a Phase I environmental site assessment for the Lisbon Avenue commercially zoned properties. A financial feasibility credit may be granted by the 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 period is designed for flexibility over two years to allow multiple WHEDA tax-credit applications in the event the project does not receive a 2010 allocation. The base option is six months to allow the Redeveloper time to submit a 2010 tax-credit application to WHEDA. When tax credits are allocated, the option will be automatically extended until March 31, 2011 to allow the Redeveloper to sell the credits to raise equity and obtain financing. If the Redeveloper requires additional time to obtain financing or final plans, the Executive Director may extend the option for a six-month period upon submission of a \$500 non-refundable renewal fee and satisfactory progress report on the project. If the Redeveloper does not receive a 2010 allocation, the option is extended until March 31, 2011 to allow for a second tax credit application or to enable the Redeveloper to use a different WHEDA funding mechanism. If the Redeveloper fails to make any required submissions to WHEDA, the option may be cancelled immediately by the Executive Director.

In the event that the City acquires additional property in the target block through tax foreclosure, the lots may be transferred to the Redevelopment Authority for inclusion in the Option to Purchase for the project without additional consideration by the Council and/or Redevelopment Authority.