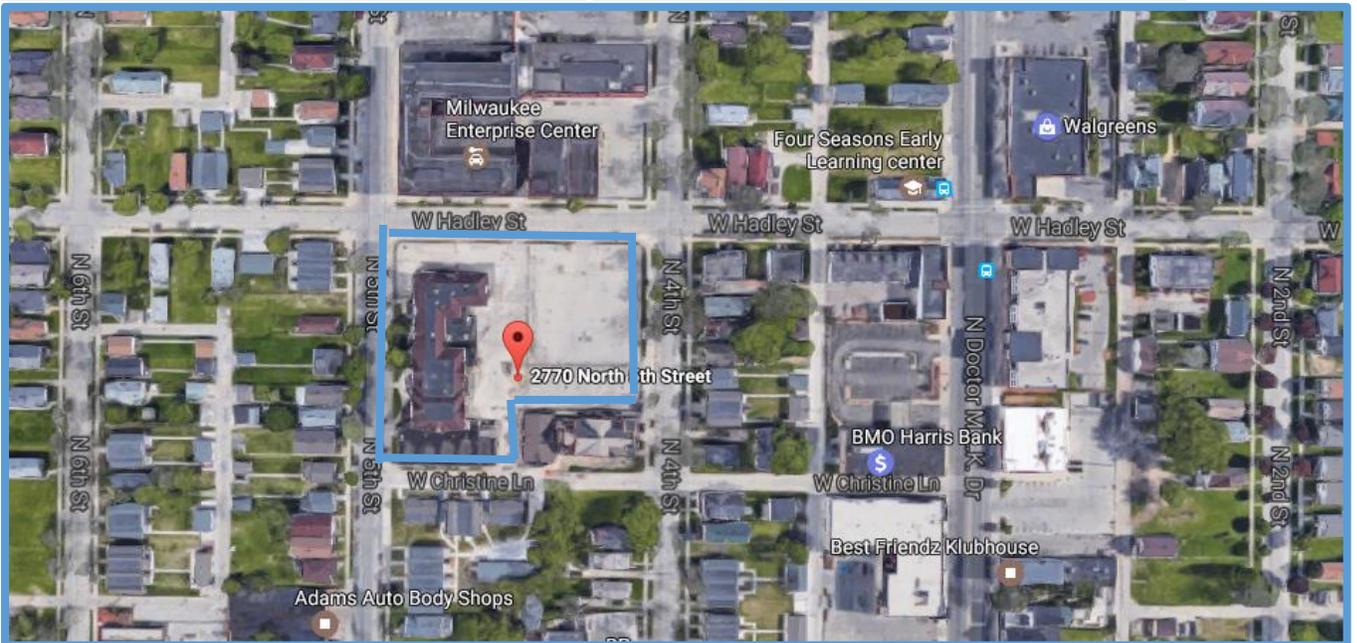


# Land Disposition Report

## Sale of 2770 North 5<sup>th</sup> Street to Gorman & Company



### **Date**

May 25, 2017

### **Responsible Staff**

Martha Brown, Deputy Commissioner, DCD

### **Parcel Address and Description**

2770 North 5<sup>th</sup> Street (the "Property") is a vacant 67,795 square-foot building situated on an 82,600 square-foot parcel located in the Harambee neighborhood. The property was built in 1888, with additions in 1908 and 1958. It was occupied by the Fifth Street School, a Milwaukee Public School, until the 1970s. When the school closed, the property was leased to the Milwaukee Health Department for use as the Isaac Coggs Health Clinic. The property has been vacant since the clinic closed in 2006.

In 2013, the property was the subject of a Community Design Charrette conducted by the UW-Milwaukee Community Design Solutions unit. The charrette recommended conversion of the property

to senior housing and further recommended that the buyer work with the adjacent Mt. Moriah Baptist Church to accommodate the congregation's parking needs. In 2014, the property was marketed via a Request for Proposals (RFP). The RFP sought redevelopment for residential or office use. The RFP received only one response from Gorman & Company.

### **Buyer**

Gorman & Company (the "Buyer") is a Wisconsin development firm founded in 1984 that specializes in affordable housing development, workforce housing and the adaptive reuse of significant historic buildings. The Milwaukee office is located at 310 West Vliet Street. The Buyer has a substantial portfolio of work in Milwaukee, including Dr. Wesley L. Scott Senior Living, Historic Lofts on Kilbourn, Historic 5<sup>th</sup> Ward Lofts, Knitting Factory Lofts and Kunzelmann-Esser Lofts. This will be the Buyer's second adaptive reuse project involving a vacant Milwaukee Public School building. The first was Sherman Park Senior Living Community, which converted the former Jackie Robinson Middle School into affordable apartments for seniors. The Buyer is currently working to redevelop the former Hills Building into a new mixed-use building that will include a new Mitchell Street branch of the Milwaukee Public Library.

### **Project Description**

The Buyer will convert the property to a 48-unit apartment building for seniors. The building will be a mix of studio, one-bedroom and two-bedroom units. Of the 48 units, 44 will be affordable to tenants whose income is at 30 percent, 50 percent and 60 percent of the area median income. The building will include a community room, leasing office, fitness room and theater. The Buyer has a shared parking understanding to provide off-street parking for the Mt. Moriah Baptist Church, located next door.

Through a partnership between the Buyer and the Milwaukee Builds construction training program operated by Northcott Neighborhood House, the project will provide construction trades training to about 40 individuals, including many who have been released from the correctional system.

The Buyer will manage the building when it is occupied. The development also includes on-site programming provided by Lutheran Social Services, with a particular emphasis on services needed by low-income senior veterans.

Financing for the project is provided by an allocation of affordable housing tax credits from the Wisconsin Housing and Economic Development Authority; Federal Historic Tax Credits; State Historic Tax Credits and additional financing from Associated Bank. Total investment is estimated at \$9.7 million.

Construction will start in the summer of 2017, with occupancy anticipated in the summer or fall 2018.

### **Purchase Terms and Conditions**

The Property will be sold AS IS.

The purchase price is \$250,000. Proceeds from the purchase will be deposited in a Milwaukee Public Schools account.

The Property will be subject to a deed restriction prohibiting the owner from applying for property tax exemption, unless the Common Council approves otherwise per Milwaukee Code of Ordinances Section 304-49-13.