

LAND DISPOSITION REPORT

COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

February 16, 2021

RESPONSIBLE STAFF

Dwayne Edwards, Program Manager, Department of City Development

PARCEL ADDRESS AND DESCRIPTION

1905-A South 6th Street (the "Property"): A 2,123 square foot, two-story mixed-use building, with an upper residential unit having five bedrooms and a lot area of approximately 3,990 square feet. The City of Milwaukee ("City") acquired the Property on January 5, 2019 through property tax foreclosure.



1905 South 6th Street

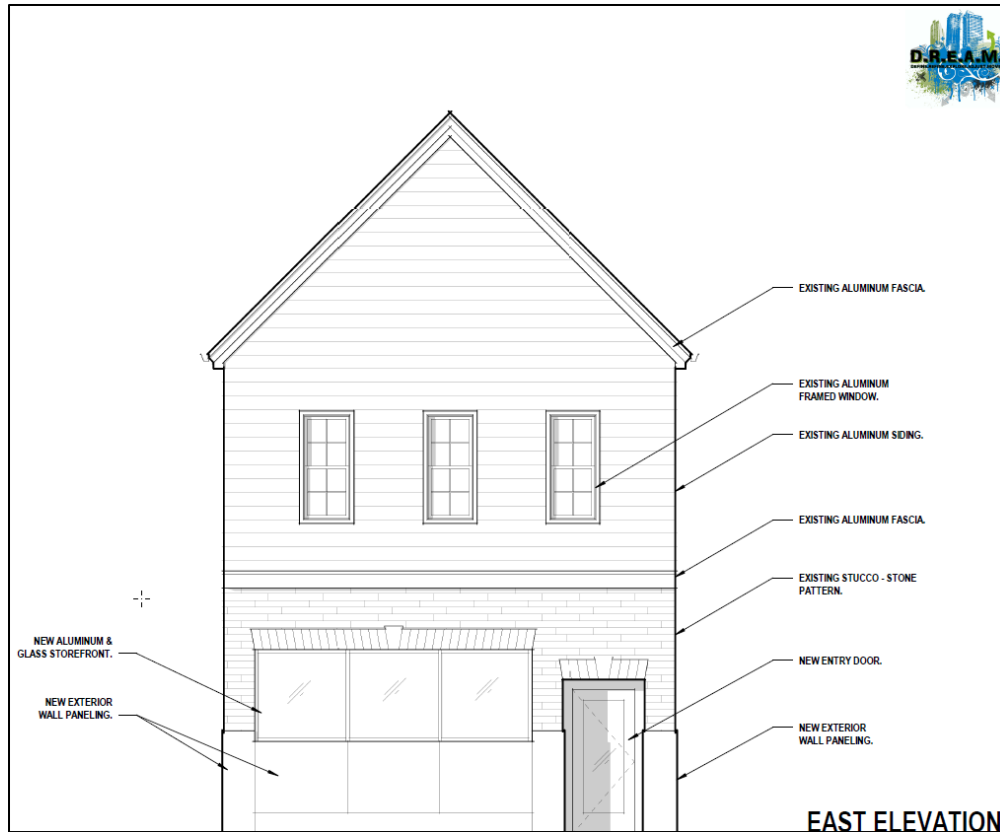


 City Property

BUYER

BVRC Properties, LLC ("BVRC") or its assignee is owned by Jose Pimienta and Jeff Mussa (the "Buyers"). Mr. Pimienta, the managing member, will oversee the day-to-day operations. The Buyers contacted the Department of City Development ("DCD") real estate staff about the Property after the Property was re-advertised on the City's website and MLS.

The Buyers grew up on the south side of Milwaukee, attended Bay View High School and later earned undergraduate degrees from local colleges. The long-time friends partnered three years ago when they started BVRC Properties, LLC. Since 2016, the Buyers have acquired six properties and have been very successful in renovating and managing those units.



PROJECT DESCRIPTION

BVRC will purchase and renovate the property to convert the first floor commercial space into a small office or an apartment unit and also have three market-rate rental units on the second floor available to the public upon completion of renovations. Improvements will include a total interior rehab and repairs will include, but are not limited to, electrical and plumbing upgrades, bathroom updates, new mechanicals, flooring, doors, painting, window repair as needed, security systems and ceiling work. Exterior repairs include new wood siding, door, lighting and roof repair.

The Buyers estimated rehabilitation costs are approximately \$95,000 and a portion of the work will be completed through "sweat equity." BVRC has purchased and renovated several south side residential properties and successfully renovated two City commercial properties at 2665 South 13th Street and 1021 West Grant Street, which both have been satisfactorily renovated and are leased to full capacity.

BVRC may need certain City approvals in addition to the approval of the Land Disposition Report. Closing is contingent upon the Buyers obtaining all necessary approvals, financing and DCD approval of the final landscaping plans.

PURCHASE TERMS AND CONDITIONS

The purchase price is \$10,000. The Buyers may seek City assistance for the renovation work or choose to do the improvements privately. The conveyance of the Property will be on an "as is, where is" basis. The deed of conveyance will include a restriction prohibiting the Buyers from applying to the City for tax-exempt property status.

At closing, subtracted from the sale proceeds will be sale and marketing expenses and a 30 percent disposition fee to the Redevelopment Authority of the City of Milwaukee; the remaining proceeds shall be deposited in the Delinquent Tax Fund.

DUE DILIGENCE CHECKLIST

ADDRESS: 1905-A SOUTH 6TH STREET

The Commissioner's assessment of the market value of the property.	<p>The "Property" at 1905-A South 6th Street is being sold "as is, where is," without any guarantees. The Property is zoned RT4 or Residential. The two-story, mixed-use building, with three residential apartments, was previously occupied as a tavern.</p> <p>The purchase price is \$10,000. The building has considerable deferred maintenance, including defective electrical, HVAC and plumbing. Damage to floors and walls have negatively affected the overall value of the building.</p>
Full description of the development project.	<p>BVRC Properties, LLC, plan to convert the first floor commercial space into a small office or an apartment unit and have three market-rate rental units on the second floor of the building upon completion of all renovations.</p> <p>Improvements include a total interior rehab. Work will include, but is not limited to, electrical and plumbing upgrades, bathroom updates, new mechanicals, flooring, doors, painting, security systems and ceiling work. Exterior repairs include new siding, lighting and roof repair.</p>
Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.	Facade modifications will include new door, windows with clear glazing and new brick paneling on the lower front.
Developer's development project history.	The Buyers have purchased and renovated two City commercial properties at 2665 South 13th Street and 1021 West Grant Street. Both have been satisfactorily renovated and are fully leased. BVRC Properties, LLC has no outstanding violations on any properties.
Capital structure of the project, including sources, terms and rights for all project funding.	The estimated renovation costs are \$95,000. The Buyers are considering conventional financing and/or personal equity to finance renovations.
Project cash flows for the lease term for leased property.	Not applicable.
List and description of project risk factors.	If the building remains vacant, the deferred maintenance and costs to cure will continue to increase and serve as a hindrance to redevelopment efforts.
Tax consequences of the project for the City.	The Property will be fully taxable and conveyance will prohibit tax exempt property status.