

# LAND DISPOSITION REPORT

## COMMON COUNCIL OF THE CITY OF MILWAUKEE

### DATE

January 26, 2021

### RESPONSIBLE STAFF

Matt Haessly, Real Estate Specialist, Department of City Development

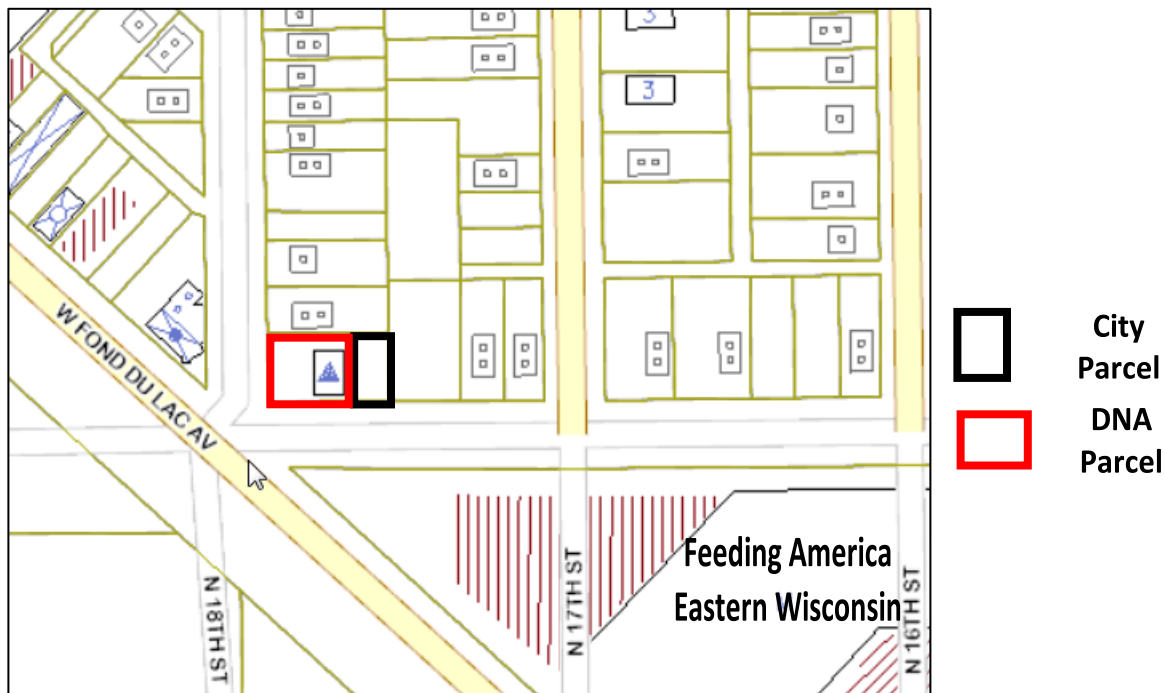
### PARCEL ADDRESS AND DESCRIPTION

1722 West Lloyd Street (the "City Parcel"): A 2,560 square foot vacant lot. The City Parcel was acquired through property-tax foreclosure in November 2002.

1726 West Lloyd Street (the "DNA Parcel"): A 5,120 square foot parcel with a one story commercial building built in 1952. The DNA Parcel has historically operated as a blacksmith/metal shop, used car dealer, auto repair shop and car wash. A historical land use investigation revealed possible adverse environmental issues associated with the real estate underlying this DNA Parcel (not the building thereat). Because of that, the DNA Parcel has been on the City's do not acquire list. The building at the DNA Parcel is currently leased to and used by Apple Tree Educational Services, LLC ("Apple") as a child day care facility. Apple's sole managing member is Charlotte Randolph. Neither Apple (as the current occupant and operator of the DNA Parcel) nor the Department of City Development ("DCD") are aware of any risk to any occupant regarding environmental conditions at the land under the building.

The DNA Parcel is currently owned by Dykeman Properties 1726 LLC and is tax delinquent for years 2007-2020, with a January 2021 payoff amount due of \$81,260.18.

The City Parcel and DNA Parcel (together the "Properties") are located within the Triangle North Neighborhood.



### BUYER AND PROJECT DESCRIPTION

Dynamic Empowerment Properties, LLC ("Dynamic") is the Buyer. Dynamic's sole managing member is Charlotte Randolph. Ms. Randolph (also the sole managing member of Apple) has owned and operated child care facilities since 1998. Ms. Randolph and Apple have operated a child care facility at the DNA Parcel since 2012 without any incident surrounding any past possible environmental issue that may, possibly, affect the underlying land. The child care facility at the DNA Parcel has been an important part

of the fabric of the neighborhood that has allowed parents to have their children cared for while they work. Apple provides an important and valuable function.

The current owner of the DNA Parcel (Apple's current landlord) is tax delinquent. Dynamic wants to acquire the DNA Parcel and the City Parcel so that Dynamic can then lease the Properties to Apple so that:

- the DNA Parcel and building thereat may be improved, thereby making it a better location for the children and families that Apple serves
- ownership of the DNA Parcel may be restored to responsible tax paying hands
- the City Parcel may be improved by making it a garden that will be used in conjunction with the day care operations, with gardening to be conducted in a safe manner for non-edible plants, and for vegetables in raised garden beds with new soil.

#### **PURCHASE TERMS AND CONDITIONS**

The purchase price for the City Parcel is \$2,500 and for the DNA Parcel is \$1,000. The City's ability to convey the DNA Parcel is contingent upon the City being able to successfully tax foreclose against that parcel. If the City cannot successfully tax foreclose, then Dynamic will not acquire the City Parcel or the DNA Parcel as part of this transaction.

The conveyance of the Properties: will be on an "as is, where is" basis, including all environmental conditions, if any; be contingent upon City being able to successfully tax foreclose against the DNA Parcel; will require the developer to make the improvements to the Properties. The deed of conveyance will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status for any of the Properties, and will impose a joinder deed restriction joining and combining the City Parcel and the DNA Parcel.

The Buyer understands that the proposed project may require certain City approvals in addition to the approval of the Land Disposition Report. Developer will renovate the Properties and comply with permits and landscaping requirements, including MCO 295-405 landscaping. The estimated renovation budget for the City Parcel and DNA Parcel is \$58,500. (see some of the improvements listed above)

**Due Diligence Checklist**  
**Addresses: 1722 and 1726 West Lloyd Street**

The Commissioner's assessment of the market value of the properties.	1722 West Lloyd Street ("City Parcel") is a vacant lot acquired by the City through property-tax foreclosure in November 2002. 1726 West Lloyd Street ("DNA Parcel") is an improved, privately-owned property that is in the City's 2020 No. 2 property-tax foreclosure file. The City Parcel and DNA Parcel together are called the "Properties." The Properties will be sold "as is, where is." The Properties are zoned LB2 or Local Business. The combined purchase price for the Properties is \$3,500.
Full description of the development project.	Ms. Randolph is the owner and operator of Apple Tree Educational Services, LLC ("Apple"). Ms. Randolph is also the sole managing member of Dynamic Empowerment Properties, LLC ("Dynamic"). Dynamic wants to acquire both Properties so they may be improved, and be leased by Dynamic to Apple, with Apple then continuing to operate the child care facility and Apple using the to-be-installed garden on the City Parcel in conjunction with Apple's child care operation.
Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.	Developer will renovate the Properties and comply with permits and landscaping requirements, including MCO 295-405 landscaping.
Developer's development project history.	Each of Dynamic's and Apple's sole managing member is Charlotte Randolph. Ms. Randolph has owned and operated child care facilities since 1998. She has operated the Apple child care facility at the DNA Parcel, as a tenant, since 2012.
Capital structure of the project, including sources, terms and rights for all project funding.	Funding for the improvements will be mostly self-financed, private lending, and Developer's sweat equity.
Project cash flows for the lease term for leased property.	Not applicable.
List and description of project risk factors.	If the City cannot successfully tax foreclose, then Dynamic will not acquire the City Parcel or the DNA Parcel as part of this transaction.
Tax consequences of the project for the City.	Developer anticipates investing approximately \$58,500 in the Properties. The deed of conveyance will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status and also a joinder deed restriction.