

LAND DISPOSITION REPORT COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

November 7, 2022

RESPONSIBLE STAFF

Dwayne Edwards, Program Manager, Department of City Development ("DCD")

PARCEL ADDRESS AND DESCRIPTION

3953 North 76th Street (the "Property") consists of a multi-story brick office building constructed in 1970, having 21,000 square feet of space on a 19,200 square foot parcel with approximately 30 surface parking spaces. The Property is located along a high traffic commercial corridor and was previously occupied as a multi-tenant office building located within walking distance to the West Capitol Drive Plaza.

The Property is zoned LB1 or Local Business and located within the Nash Park Neighborhood and was acquired through property tax foreclosure on November 14, 2011.



City commercial property (southeast view)



City Property

BUYER

Daniel Taylor, President/CEO of Jefferson Crest, LLC ("Buyer") has worked in the real-estate arena since 2006 starting with his company's first acquisition in Milwaukee of a single-family, 4-bedroom home. Over the last 18 years, Daniel Taylor has purchased and remodeled three (3) additional properties that have been converted into CBRF's bringing the portfolio of Jefferson Crest, LLC to 3 CBRF's and a five-unit apartment building, along with a four-bedroom single-family home that serves as rental income for the company.

Mr. Taylor has not only worked in the Milwaukee area, he has purchased and remodeled two (2) condos and two (2) two single-family homes in the Dallas Fort Worth area. As he continues to grow the company's portfolio, his newest development project will include a 40-acre farm in Mount Pleasant, Texas with an event center.



CONCEPTUAL ARCHITECTURAL RENDERING FRONT VIEW



CONCEPTUAL ARCHITECTURAL RENDERING REAR VIEW

PROJECT DESCRIPTION

The Buyer will renovate the building to lease out about 17 small to midsize office suites. The plan calls for luxury office space for small businesses and the community. The Buyer hopes to attract professional services, wellness services, provide meeting spaces and community rentable space.

Jefferson Crest, LLC and Building New Pathways Assisted Living operations will be located on the top floor. The Buyer also proposes a conference room/meeting space i.e., a multi- purpose room or boardroom.

The Buyer's proposed renovation to the building includes new roof, plumbing, electrical updates, flooring, ceiling repairs and an HVAC system. The Buyer also will install an elevator at the rear of the building, providing service to all floors to meet ADA accessibility requirements. The estimated renovation and improvement costs are approximately \$495,000. The Buyer is considering conventional financing, personal equity, and will also explore available City funding resources that may be applicable.

The Buyer understands that any changes or modifications to the exterior facade may require approval and permits from the City of Milwaukee.

PURCHASE TERMS AND CONDITIONS

The purchase price is \$75,000. The building has considerable deferred maintenance, including a leaking roof, that has affected the interior of the building and defective electrical and plumbing.

The conveyance will be on an "as is, where is" basis. The deed of conveyance will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status. The Buyer will pay a \$10,000 performance deposit at closing regarding Buyer's duty to renovate the building and obtain a Certificate of Completion by May 23, 2024.

At closing, a 30 percent disposition fee shall be paid to the Redevelopment Authority of the City of Milwaukee, less sale and marketing expenses, and the remaining proceeds shall be credited to the Delinquent Tax Fund.

Due Diligence Checklist
Address: 3953 North 76th Street

<p>The Commissioner's assessment of the market value of the property.</p>	<p>3953 North 76th Street consists of a multi-story brick office building constructed in 1970, having 21,000 square feet of space on a 19,200 square foot parcel with approximately 30 surface parking spaces. The property was previously occupied as a multi-tenant medical office building and is located near the West Capitol Drive business corridor. The property is zoned LB1 or Local Business and located within the Nash Park Neighborhood and was acquired through property tax foreclosure on November 14, 2011.</p> <p>The purchase price for the Property is \$75,000. The building has considerable deferred maintenance, including a leaking roof and defective electrical and plumbing. The leaking roof has negatively affected the interior of the building.</p>
<p>Full description of the development project.</p>	<p>The Buyer will have 17 small to midsize office suites available for lease. The plan calls for creating space for small businesses providing professional services, health care and wellness services. The third floor will house offices for Jefferson Crest and Building New Pathways Assisted Living. Renovations will include a conference room/meeting space i.e., a multi-purpose room or boardroom.</p>
<p>Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.</p>	<p>Facade modifications and landscaping plans were reviewed and approved by the City Planning staff. The Buyer agreed with recommendations and understands that any future changes or modifications to the exterior facade may require approval from the City of Milwaukee.</p>
<p>Developer's development project history.</p>	<p>This is the Buyer's first City commercial development project. The Buyer has assembled a team of experienced trade members to complete the project within 18 months.</p>
<p>Capital structure of the project, including sources, terms and rights for all project funding.</p>	<p>The estimated renovation and improvement costs are approximately \$495,000. The Buyer is considering conventional financing, private investors and/or personal equity, while also exploring available City grants that may be applicable.</p>
<p>Project cash flows for the lease term for leased property.</p>	<p>Not applicable.</p>
<p>List and description of project risk factors.</p>	<p>If the building remains vacant, the deferred maintenance and costs to cure will continue to increase. Continued vacancy of the building will serve as a hindrance on efforts to redevelop the property and continue to be a blight along West Capitol Drive businesses.</p>

Tax consequences of the project for the City.	The property will be fully taxable. The deed of conveyance will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status.
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