

**LAND DISPOSITION REPORT
REDEVELOPMENT AUTHORITY
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

DATE
December 15, 2005

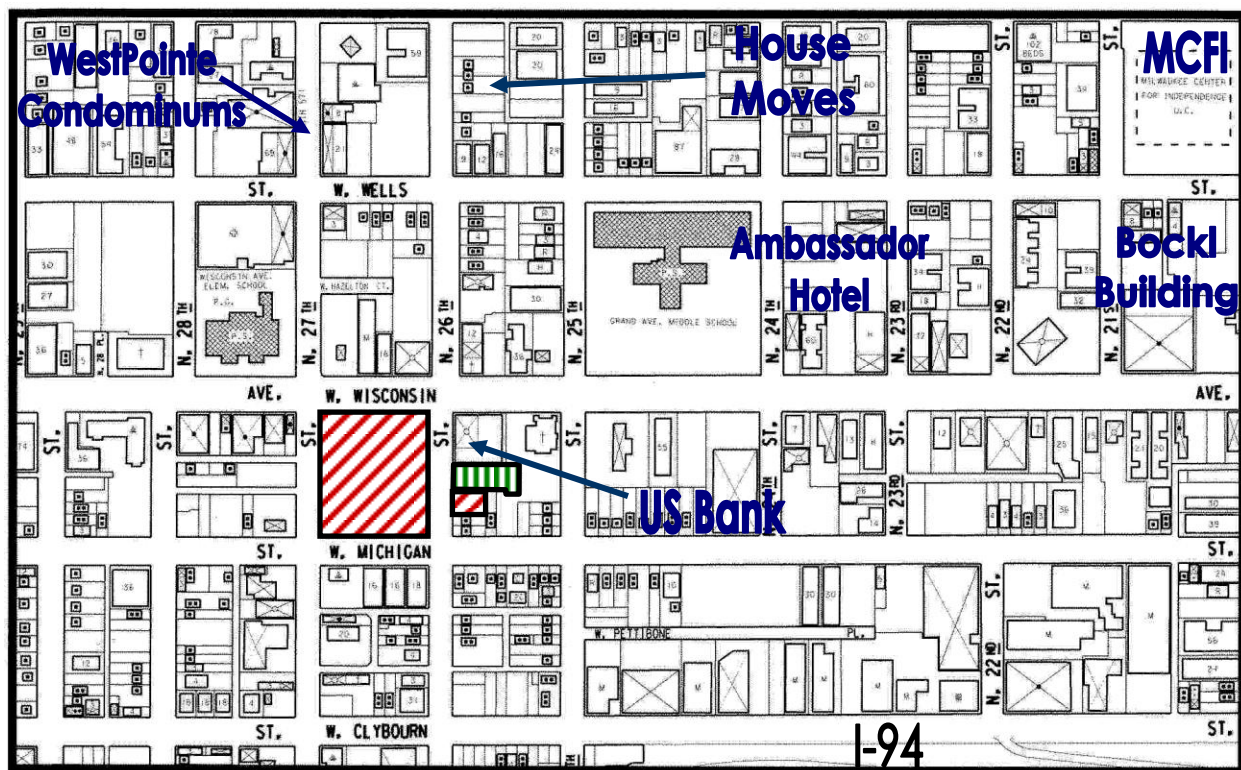
RESPONSIBLE STAFF
Maria Prioletta, Development Team (286-5903)

REDEVELOPMENT PROJECT AREA

27th & Wisconsin: A redevelopment project area created in 1998 in conjunction with Tax Incremental District No. 35 to assemble land and promote commercial redevelopment at a major Westside intersection. In 2000-01, the Authority acquired the properties in the block bounded by 27th Street, West Wisconsin Avenue, North 26th Street and West Michigan Street, demolished the improvements and vacated the intersecting alley.

The Avenues West neighborhood has seen considerable investment recently including the \$12 million renovation of the Ambassador Hotel at 2308 West Wisconsin, the \$25 million Bockl Building renovation and conversion from office to apartments, the \$11.5 million Milwaukee Center for Independence at 22nd and Wells, the relocation and rehabilitation of three homes to 26th & Kilbourn at a cost of about \$140,000 each and the \$2.2 million WestPoint condominium conversion at 27th Street and Wells. 27th Street is one of four designated Mainstreets in the City. The site is also in BID No. 10, the Avenues West District, and a key site in the Near West Side Neighborhood Plan.

Blight Elimination Parcels: This action also approves the blight designation and acquisition of the City-owned, tax-deed vacant lot at 620 North 26th Street. This lot is adjacent to the lot at 612 North 26th Street that the Authority acquired as a spot acquisition from Campus Neighborhood Associates in 1998.



RACM Parcel



Blight Parcel

PARCEL ADDRESSES & DESCRIPTION

Primary development site: 2601 West Wisconsin Avenue, a 105,252 SF or 2.42-acre site encompassing a full City block. The parcel has 347 feet of frontage along 26th and 27th Streets and about 303 feet on Wisconsin Avenue and Michigan Street. An intersecting alley was vacated in 2001. The parcel has a slight slope from Wisconsin Avenue down to Michigan Street of about 10 feet.

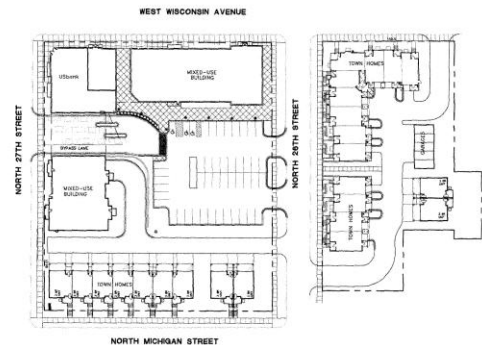
Secondary Parcels: 612 and 620 North 26th Street. Two contiguous vacant lots containing 19,283 square feet. The lots have 140 feet of frontage on 26th Street and irregular depths. The site will be assembled with the privately owned parcel at the southeast corner of 26th and Wisconsin – the US Bank property – to create a more functional development site.

REDEVELOPER

Sherman Associates, Inc., a Minneapolis-based developer of residential and commercial real estate including a number of federal housing tax credit developments. George Sherman is the president and has been involved with multi-family and single-family housing for 25 years. Sherman Associates has developed over 5,000 housing units and over 500,000 square feet of retail space with a value in excess of \$1 billion. The majority of the firm's projects are in Minnesota, but they have several developments in Iowa and North Dakota. This would be their first Wisconsin project.

PROJECT DESCRIPTION

Development of a mixed-use project including about 90-94 housing units and 15,000-17,000 square feet of retail space. The primary development site will contain a mixed-use building with ground floor retail space including a 4,000 square-foot US Bank branch that will relocate from its existing location at the southeast corner of 26th & Wisconsin. The upper floors will contain about 70 rental units – 80% of which will be affordable units for households with incomes of 60% of median income or less and 20% will be market rate units. Approximately 11 owner-occupied townhomes and flats will be built along the southern portion of the site facing Michigan. Across 26th Street, the Authority's land will be combined with the US Bank site and approximately 15 townhouses will be constructed and sold for owner-occupancy. Site plans and elevations for the secondary parcel have not been fully refined, but designs will conform to the City's urban design principals.



Estimated project costs are about \$17,500,000. The project will be financed in part through federal affordable housing tax credits that are allocated through the Wisconsin Housing and Economic Development Authority (WHEDA). Tax credit applications are due to WHEDA in February 2006 and the Redeveloper needs to demonstrate site control for its application. Tax credit reservations will be awarded in April. Additional funding will be provided through conventional financing.

OPTION TERMS AND CONDITIONS

The purchase price will be \$473,634, or \$4.50/square foot for the primary, commercial site and \$5,000 per buildable lot for the secondary site. A \$5,000, non-refundable Option Fee is required and shall be credited toward the purchase price if the Redeveloper closes on or before December 31, 2006. A \$10,000 performance deposit will be submitted at closing and shall be held until satisfactory completion of the project.

The option periods correspond to WHEDA's tax credit schedule. The initial option is until February 15, 2006, to allow the Redeveloper time to submit an application to WHEDA for the federal housing tax credits. When the Redeveloper submits the application, the option will be automatically extended four months, or until WHEDA makes its initial allocation of tax credits. Upon award of the tax credit allocation, the option is automatically extended until December 31, 2006. If the Redeveloper requires additional time beyond December 31st 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 project is rejected by WHEDA at any point in the tax credit process or the Redeveloper fails to make the required submissions, the Executive Director may terminate the option.

In addition to the aforesaid terms, the sale will be further conditioned as required in the Redevelopment Authority resolution adopted on December 15, 2005, and in the Option to Purchase to be negotiated by the Authority and the Redeveloper.

PAST ACTIONS

The Redevelopment Authority held a public hearing on December 15, 2005, after which it conditionally accepted the Option to Purchase of the named Redeveloper.

FUTURE ACTIONS

Upon Redeveloper obtaining firm financing and approval of final plans, the Redevelopment Authority will enter into an Agreement for Sale and proceed to close in accordance with the terms and conditions expressed herein and contained in the resolution adopted by the Authority.