

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

**DATE**

January 10, 2017

**RESPONSIBLE STAFF**

Dwayne Edwards, Program Manager

**PARCEL ADDRESSES AND DESCRIPTION**

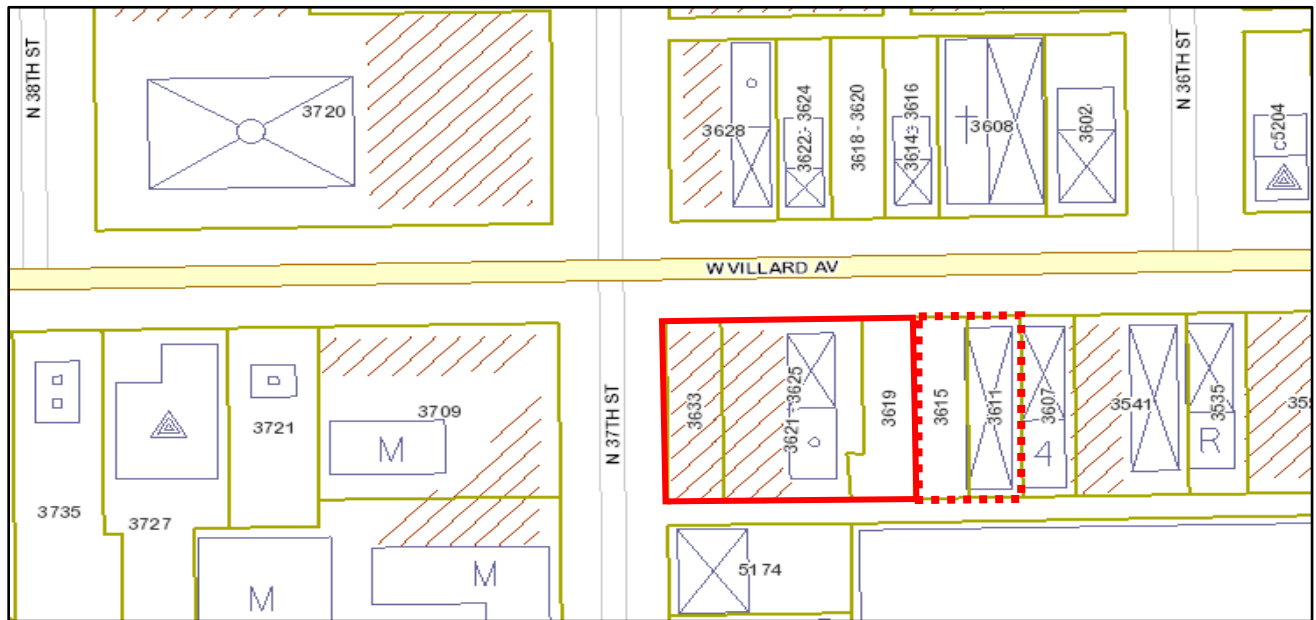
3619, 3621-25 and 3633 West Villard Avenue (the "Properties") have a combined area of approximately 17,231 SF. The Properties consist of a vacant lot, a vacant building and an adjoining parking lot. The Properties are zoned LB2 or Local Business. They are located within the Villard Avenue Business Improvement District No. 19 and the Old North Milwaukee Neighborhood.



CITY REAL ESTATE



PRIVATELY OWNED REAL ESTATE



#### BUYER

Index Development Group, LLC (the "Buyer"), a limited liability company founded in 2016, is a Milwaukee-based, minority-owned real estate firm that specializes in developing and redeveloping affordable housing. The firm is active with multi-family, retail and office projects as an owner/developer, development manager and land use planning. The partners of Index Development Group are recent graduates of the Associates in Commercial Real Estate ("ACRE") Program. ACRE is a partnership among the City of Milwaukee, Marquette University and the Local Initiatives Support Corporation ("LISC") to increase minority representation in the local real estate field.

Index Development Group is partnering with Brinshore Development, LLC, which is a Northbrook, Illinois, real estate development firm founded in 1994. The company has an extensive portfolio of residential projects ranging from large-scale, master-planned communities to major historic renovations. Brinshore has developed over 5,000 units having a combined value of approximately \$1 billion of affordable, mixed-income and/or senior housing in Illinois, Indiana and Wisconsin. Several Milwaukee projects include Franklin Square Apartments and Townhomes at Teutonia Gardens, Heart and Hope Place on King Drive, Century City Lofts on 35<sup>th</sup> Street and the Westpointe Building in the SoHi neighborhood, to name a few. Brinshore's principals are David Brint and Richard Sciortino, both of whom have extensive experience in the housing and financial sectors.

#### PROJECT DESCRIPTION

The Buyers propose to assemble the City-owned Properties with two privately owned properties located at 3611 and 3615 West Villard Avenue to construct a new four-story building. The building will have approximately 43 residential units comprising of one, two and three-bedroom units. The project will include 1,700 square feet of new commercial retail space and up to 26 parking spaces. The exterior of the building will be a combination of brick and metal cladding. The Buyers will seek WHEDA financing to fund the project. A condition of the WHEDA financing will require that 40 percent of the units will be restricted to individuals or families with incomes at or below 60 percent of the county median income with the remainder being available as market-rate rentals. Unit amenities will likely include, high-efficiency appliances, a roof top terrace, in-unit laundry hookups, community room, fitness center, heated parking and on-site property management. The total project costs are estimated to be \$9.7 million and will be financed in part with WHEDA low-income

housing tax credits. Additional funding will be provided through conventional financing, along with exploring available City funding resources. The Buyers shall use best efforts to achieve Small Business Enterprises ("SBE") participation of 25 percent of the overall hard construction costs and professional services and RPP participation of 40 percent of the total worker hours for the Project. The Buyers shall execute a Human Resources Agreement prior to closing reflecting these SBE and RPP requirements. The proposed development may include new curb cuts along with signage and landscaping. The Properties will be combined with a Certified Survey Map.

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

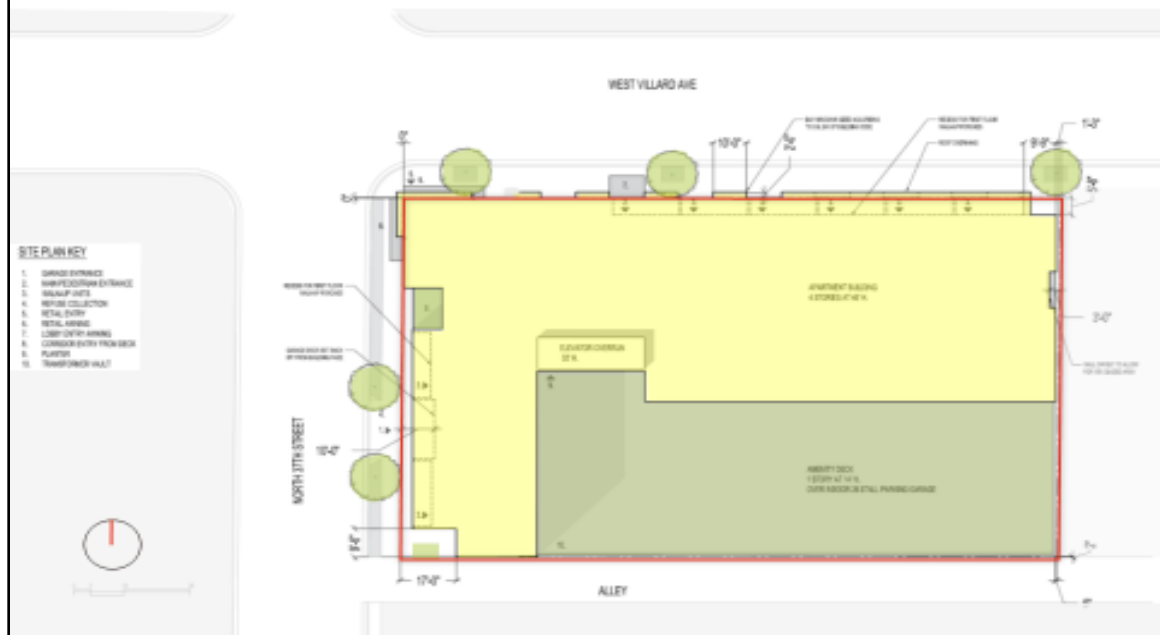
The purchase price is \$20,000 and is based on the land value and not any improvements on the Properties. A \$1,250 non-refundable Option Fee is required within 10 days of Common Council approval and shall be credited toward the purchase price if the sale closes prior to December 31, 2017.

The base option period is until December 31, 2017, which allows time for an April, 2017 award from WHEDA for a tax credit allocation, sale of the tax credits to equity investors, obtaining firm financing and finalization of construction plans, securing a signed offer to purchase to acquire the two privately owned properties and receipt of firm financing without contingencies for the proposed development. The City is permitted to terminate the option early if the Buyers fail to submit a tax-credit application to WHEDA or the project is not awarded a WHEDA tax-credit allocation. The City may extend the option for up to three six-month periods based upon the Buyer's submission of a \$500 non-refundable renewal fee and DCD-approval of a satisfactory progress report on the Buyer's effort to sell the tax credits, obtain financing, a signed offer to purchase to acquire the two privately owned parcels and final building plans.

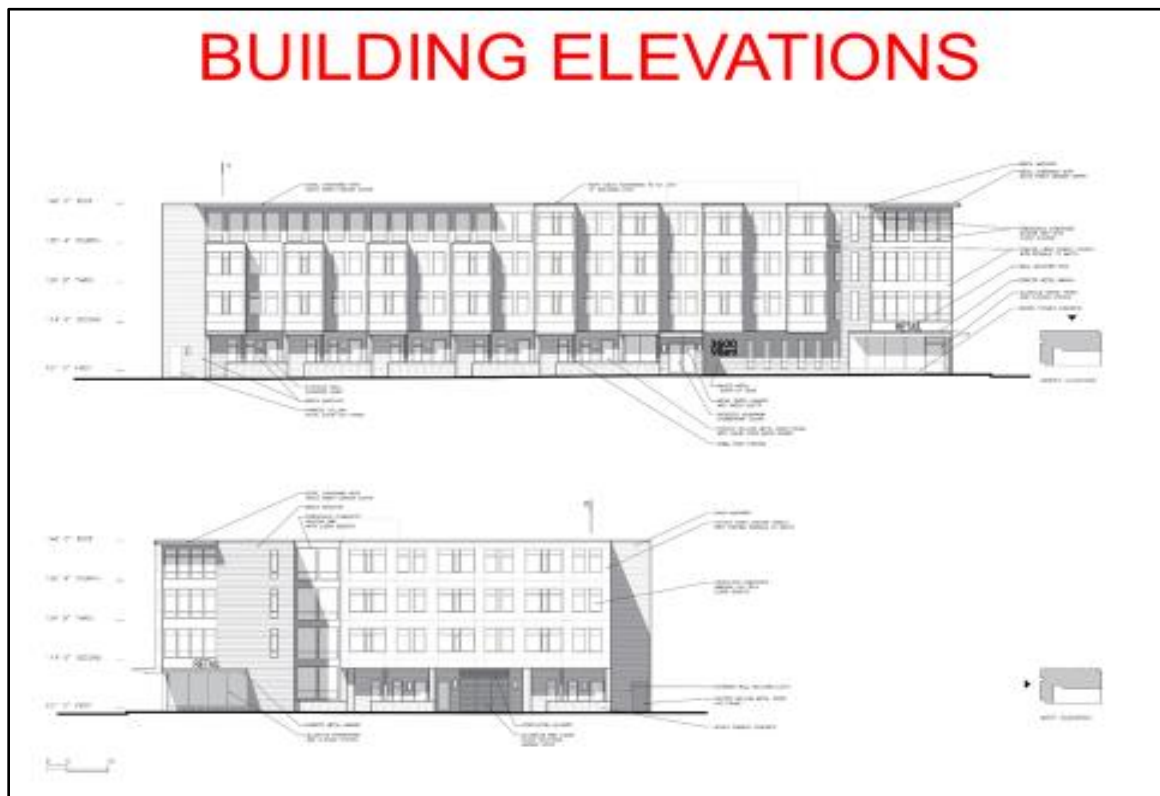
The City's closing contingencies include approval of final construction plans, a signed offer to purchase for the privately owned parcels, evidence of firm financing, negotiation and execution of an Agreement for Sale that will contain reversion of title provisions for non-performance and submission of a \$5,000 performance deposit to be held until satisfactory completion of the project. At closing, the Buyers also will be required to apply for Certificates of Occupancy that are required by WHEDA.

The conveyance will be on an "as is, where is" basis, including all environmental and geotechnical conditions, if any. The Buyers will be responsible for all demolition costs, surveying costs and all other development-related activities. The deed of conveyance will contain a restriction prohibiting the Buyers or successors from applying to the City for tax-exempt property status. At closing, a 30 percent disposition fee shall be paid to the Redevelopment Authority of the City of Milwaukee, less sale and marketing expenses, with the remaining proceeds credited to the Delinquent Tax Fund.

# SITE + LANDSCAPE PLAN



# BUILDING ELEVATIONS



## VIEW ALONG VILLARD AVE



## VIEW ALONG N 37<sup>TH</sup> ST

