

LAND DISPOSITION REPORT AND DUE DILIGENCE CHECKLIST COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

November 7, 2022

RESPONSIBLE STAFF

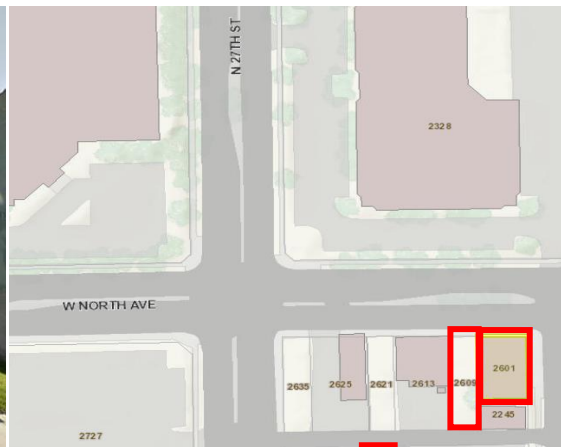
Dwayne Edwards, Program Manager, Department of City Development ("DCD")

PARCEL ADDRESSES AND DESCRIPTION

2601-05 West North Avenue, a vacant church having approximately 3,084 square feet and was acquired through property tax foreclosure in 2013 and 2609-11 West North Avenue, a vacant lot was acquired through property tax foreclosure in 2011. The improved parcel and vacant lot that together (the "Properties") have a combined lot area of approximately 9,996 square feet.



2601 West North Avenue (front view)



Map of City property

BUYER

Evolution Properties LLC (the "Buyer"), is owned and managed by Murtaza Sajan who will completely renovate and modernize the building to operate an adult care day center.

The Buyer has an experienced contractor and architect for the project. Mr. Sajan will oversee the day-to-day renovations. As part of the City's Fond du Lac and North Avenue comprehensive plan, City staff met with Mr. Sajan and his architect to discuss the project and he has received support from the planning staff for exterior renovations of the building.

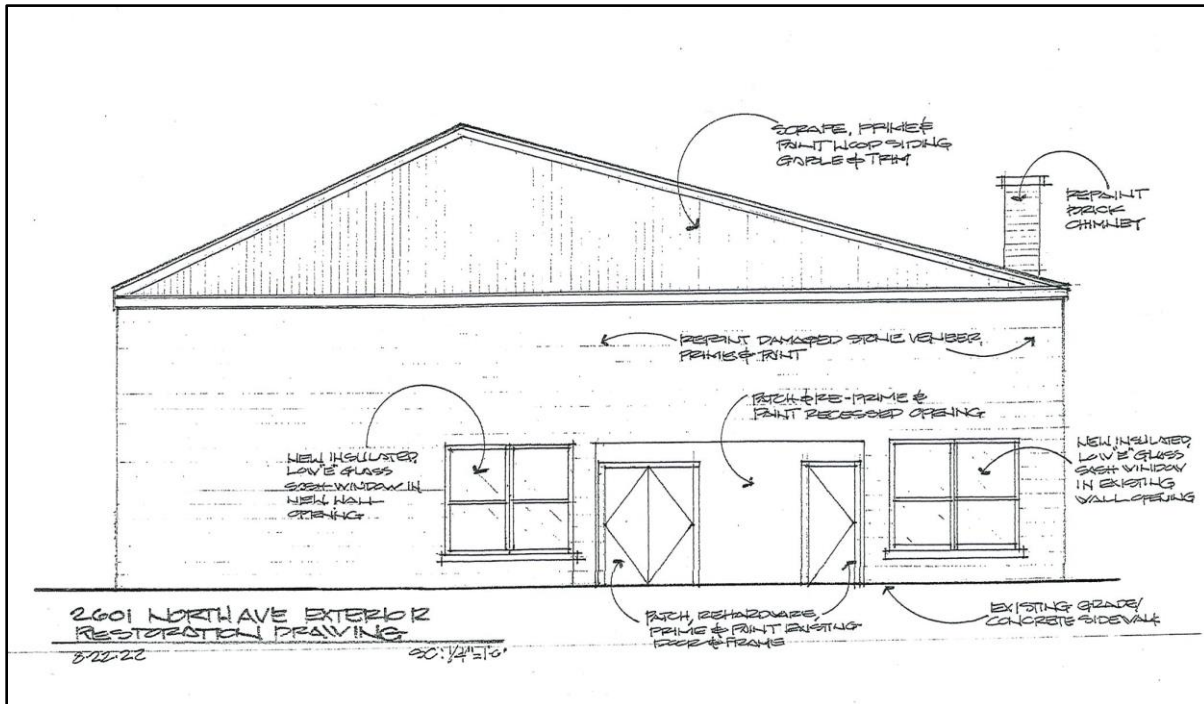
PROJECT DESCRIPTION

Ida's Adult Day Center will provide a safe and secure setting to serve the social needs of participants with a wide range of needs and cognitive, developmental or physical disabilities. This center will provide an opportunity for adults to get out of their house to receive both social and mental stimulation and continuing care they require. Business hours will be Monday through Friday between 7 am and 4 pm. The center will be closed on weekends and major holidays. The center will have approximately eight staff members to assist with day-to-day operations.

The property renovations at 2601-05 and 2609-11 West North Avenue will include but not be limited to interior improvements for electrical and plumbing upgrades, indoor dining area, restrooms and new space for arts, crafts and entertainment. The Buyer plans larger windows

with clear glazing, roof repair, ADA accessibility, landscaping, security cameras and exterior lighting features. This will be the Buyer's first commercial development in Milwaukee. Mr. Sajan's contractor will oversee the day-to-day construction schedule.

Total estimated renovation costs are approximately \$140,000, with the renovations being completed in the Spring of 2024. The Buyer intends to use personal funds towards the project. The Buyer's project may require certain City approvals in addition to the approval of the Land Disposition Report. Closing is contingent upon the Buyer obtaining all necessary approvals, financing and DCD approval of the final building exterior elevations.



2601-05 West North Avenue Rendering

PURCHASE TERMS AND CONDITIONS

The purchase price is \$20,000, which factors in the overall condition of the property. The Buyer has provided proof of conventional financing, but is exploring other available funding resources that may be applicable.

The conveyance of the property will be "as is, where is." The Buyer agrees to obtain all necessary City permits and approvals, including Board of Zoning Appeals approvals, as needed. The Buyer will pay a \$5,000 performance deposit at closing regarding Buyer's duty to renovate the building and obtain a Certificate of Completion by May 23, 2024. Buyer will be required to meet the City's General Buyer Policies.

The deed will contain a restriction combining the Properties under a new single property tax key, prohibiting the Buyer, or its successors, from applying to the City for tax-exempt property status and a deed restriction prohibiting the Buyer from conveying to another party prior to Buyer obtaining the Certificate of Occupancy. At closing, subtracted from the sale proceeds will be sale and marketing expenses and a 30 percent disposition cost reimbursement to the Redevelopment Authority of the City of Milwaukee, with the remaining proceeds being deposited in the Delinquent Tax Fund.

DUE DILIGENCE CHECKLIST

ADDRESSES: 2601-05 AND 2609-11 WEST NORTH AVENUE

The Commissioner's assessment of the market value of the property.	2601-05 West North Avenue is a vacant church having approximately 3,084 square feet and was acquired through property tax foreclosure in 2013 and 2609-11 West North Avenue, a vacant lot that was acquired through property tax foreclosure in 2011. The improved parcel and vacant lot that together (the "Properties") have a combined lot area of approximately 9,996 square feet. The purchase price for the property is \$20,000. The building has considerable interior deferred maintenance, including roof damage.
Full description of the development project.	Evolution Properties LLC (the "Buyer"), will completely renovate and modernize the building to become an adult daycare center. The Buyer proposes to provide services to include field trips, arts, crafts and entertainment activities, and other health related services for senior clients.
Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.	The Buyer was advised that any changes or modifications to the exterior facade may require approval from the City. Buyer has been advised that additional City approvals may be required for the proposed use(s).
Developer's development project history.	This will be the Buyer's first commercial development in Milwaukee. The Buyer does have an experienced contractor who will oversee the day-to-day construction schedule
Capital structure of the project, including sources, terms and rights for all project funding.	Total estimated renovation and improvement costs are approximately \$140,000. The Buyer will use bank financing and personal funds for the project.
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 be a blight on the area. Continued vacancy of the building will serve as a hindrance on efforts to redevelop the property and this stretch of the North Avenue Marketplace Business Corridor.
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. A \$5,000 performance deposit and an Ownership Restrictive Covenant will also be included in the City's Purchase and Sale Agreement and the recorded deed.