

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

DATE

January 10, 2012

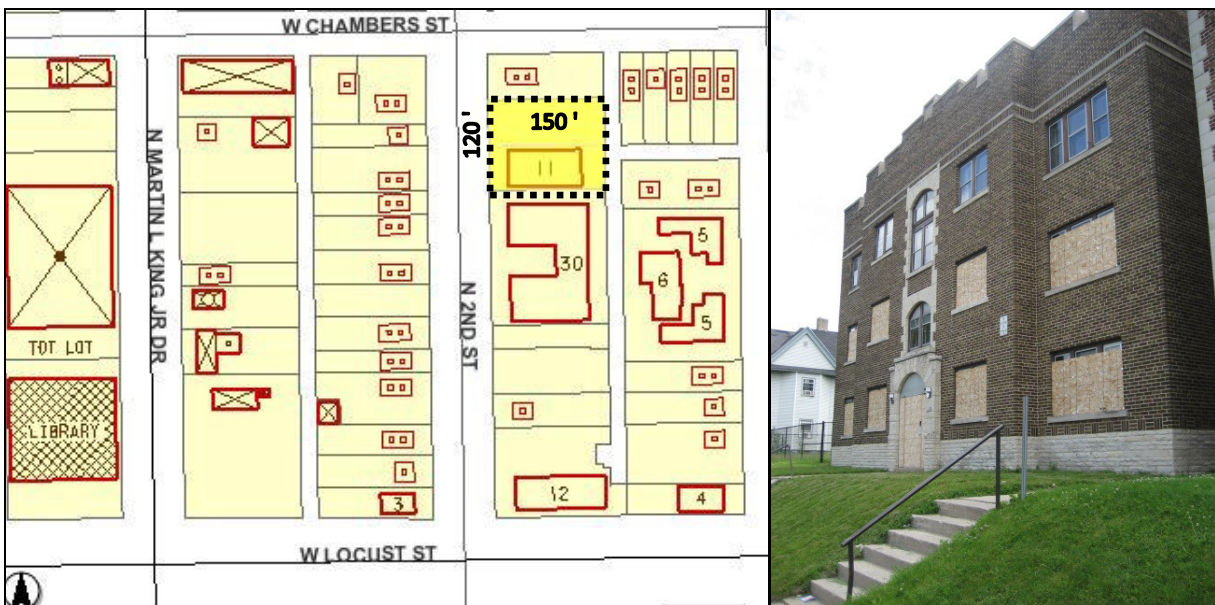
RESPONSIBLE STAFF

Matthew Haessly, Real Estate Specialist, & Clifton Crump, Program Manager

MULTI-FAMILY PARCEL DESCRIPTION & HISTORY

2958-68 North 2nd Street: A vacant, three-story 10-unit apartment building and an adjacent vacant lot. The masonry building was constructed in 1929 and is a mix of one- and two-bedroom units. The site has a total land area of 18,000 SF. The building was acquired through tax foreclosure in July 2010, is in fair to poor condition and in need of significant rehabilitation.

DCD marketed the property on its commercial website and also targeted developers experiences with Wisconsin Housing Economic Development Authority (WHEDA) tax credits and the City's Rental Rehabilitation Program. Five proposals were received prior to the listing deadline.



BUYER

Gorman & Company, Inc., a firm founded by Gary J. Gorman in 1984 to develop, syndicate and manage multi-family housing properties throughout Wisconsin. Gorman has completed a variety of urban community developments in Milwaukee such as the Dr. Wesley L. Scott Living Facility, Metcalfe Park Homes Owner Initiative, Windsor Court, Lindsay Commons, Blue Ribbon Lofts, Majestic Loft Apartments, Kunzelmann-Esser Lofts, Historic Fifth Ward Lofts, Park East Enterprise Lofts, Villard Square and the Sherman Park Commons. Mr. Gorman also has expertise in sustainable architecture and development, finance, tax credit investments, historic preservation, construction and supporting emerging businesses.

MULTI-FAMILY REDEVELOPMENT

Renovation of the existing apartment building for 10 units of affordable rental housing. Planned improvements include a new roof, windows, electrical, plumbing and HVAC systems, flooring, kitchen cabinets, kitchen appliances, video security system and landscaping to the adjoining lot. The building will also be abated of lead paint, mold and asbestos.

The project costs are estimated to be \$1,600,000 and will be financed in part with WHEDA affordable tax credits as part of a larger tax-credit application. The property will be fully taxable as required by the commercial listing.

SCATTERED SITE HOUSING REHABILITATION

Gorman also submitted an unsolicited offer to acquire up to 54 units in scattered site, tax-deed single-family and duplex homes in a variety of northside neighborhoods. These units will be included with the multi-family building for two WHEDA tax credit applications. The preliminary property lists are attached to this report. In the event that more suitable properties become City-owned through tax foreclosure, existing units become vacant or authorized properties prove infeasible for rehabilitation, the DCD Commissioner may substitute a property upon approval of the local member of the Common Council.

Seven duplexes will be part of Gorman's tax credit application for the 10-unit apartment and the 20-unit Edgewood Terrace Apartment at 5329 North Teutonia Avenue, a mortgage foreclosure that will be acquired from WHEDA. Total cost for the Northside Neighborhood Initiative II will be approximately \$ 6.3 million

Forty single-family homes will be packaged for a rent-to-own WHEDA application. The units will be renovated and rented for a 15-year compliance period, after which the units may be sold to the occupants. Estimated costs for the Northside Homeowners Initiative II is approximately \$ 7.0 million.

EBE participation is projected to be 25% for both projects.

OPTION TERMS AND CONDITIONS

Purchase Price:

Multi-Family Building: \$30,000, which was the advertized listing price.

Scattered Site Houses: \$5,000 per structure.

At closing, the DCD Commissioner is authorized to make a price adjustment based on demonstrated financial infeasibility.

Option Fee:

\$1,500 non-refundable fee for each project. The fee must be submitted within 10 days of Common Council approval and shall be credited toward the purchase price if the Buyer closes on or before December 31, 2012.

Performance Deposit:

\$3,000 for each project shall be submitted at closing and shall be held until satisfactory completion of the respective project.

Option Terms:

The base option period for both projects is until December 31, 2012 to allow the Buyer time to apply in February 2012 to WHEDA tax credits. The period will also allow time after a WHEDA award is received in April to prepare final rehabilitation plans and obtain firm financing and equity. If the Buyer requires additional time beyond the base period, the Commissioner may extend the option for three three-month periods upon submission of a \$500 non-refundable renewal fee and satisfactory progress report on the project. In the event the project does not receive a 2012 tax credit allocation, the Commissioner may terminate its agreement with the Buyer.

FUTURE ACTIONS

After receipt of a tax credit allocation, the Buyer must obtain a firm commitment from the equity investor, other financing as needed and approval of final construction plans or rehabilitation scopes of work prior to closing for each component. DCD will negotiate and execute an Agreement for Sale for each component with the Buyer to outline the terms and conditions of the development, including reversion of title provisions in the event of non-performance. In addition, the deed of conveyance for the multi-family property will contain a deed restriction prohibiting tax exempt status by the buyer or any successors as required by ordinance for Development Property.

If the Buyer fails to acquire the multi-family building, DCD will evaluate the other offers to purchase that were submitted prior to the deadline. If the recommended party is still interested in purchasing and rehabilitating the building, a resolution will be presented to the Council.

SCATTERED-SITE, TAX-DEED PROPERTY LIST

Duplex units for the Northside Neighborhood Initiative II, which includes the multi-family building at 2958-68 North 2nd Street and the Edgewood Terrace Apartments at 5329 North Teutonia Avenue.

3339-41 North 20th Street	2613-15 North 45th Street
1956-58 West Vienna	2904-06 North 17th Street
3228-30 North 24th Street	5717-19 North 46th Street
2427-29 North Teutonia	

Single Family units for the Northside Homeowners Initiative II

3018 North 24th Street	3170 North 13th Street
3363 North 25th Street	3627 North 25th Street
3619 North 26th Street	2444 North Buffum Street
3281 North 29th Street	3220 North 39th Street
3328 North 30th Street	3126 North 40th Street
3354 North 30th Street	1717 North 36th Street
2757 North 23rd Street	2652 North 37th Street
2461 North 26th Street	2947 North 24th Place
2523 North 27th Street	4909 North 21st Street
2858 North 30th Street	3521 North 24th Place
2571 North 33rd Street	3032 North 10th Street
2511 North 34th Street	2867 North 28th Street
2170 North 35th Street	2124 West Keefe Avenue
2657 North 37th Street	3444 North 24th Place,
2420 West Clarke Street	5316 North 39th Street
2400 North 49th Street	5834 North 38th Street
3223 West Walnut Street	3064 North 30th Street
2412 North 45th Street	4872 North 27thth Street
3543 North 14th Street	5943 North 42th Street
3539 North 15th Street	5127 North 31st Street