

LAND DISPOSITION REPORT COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

November 1, 2011

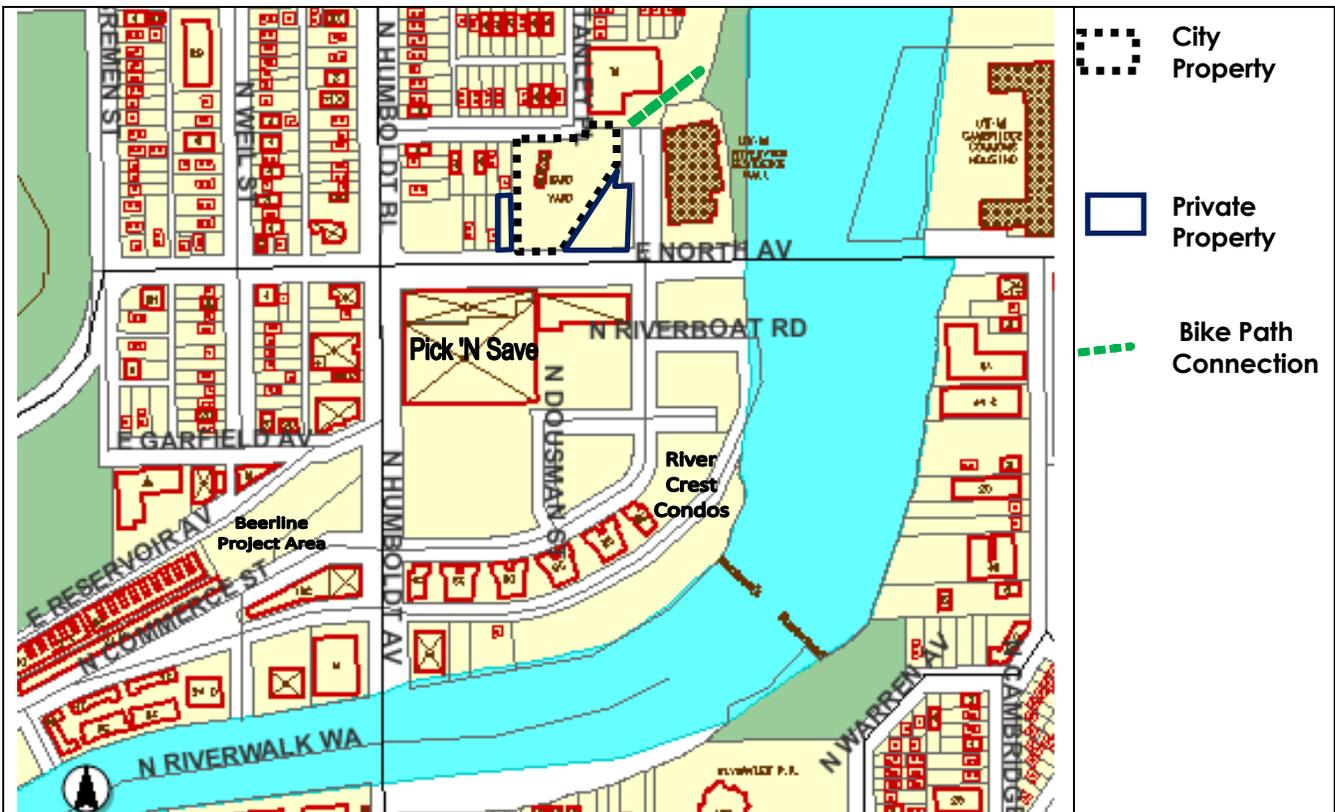
RESPONSIBLE STAFF

Matthew Haessly, Real Estate Specialist, DCD

PARCEL ADDRESSES & DESCRIPTION

1136-46 East North Avenue: A former City Ward Yard previously occupied by the Department of Public Works until 1991. The property is an irregularly shaped 1.34 acre parcel with a 2,700 square-foot garage. The City property faces a development challenge due to the topography that drops rapidly from the North Avenue frontage, but rises steeply to the rear to Walworth Place. A portion of the former Ward Yard structure serves as a retaining wall. The site has minor environmental concerns that will be remediated by the Buyer, with partial funding assistance by the City to the extent of an available EDI HUD grant. The site also has geotechnical issues likely due to the proximity of the river and historic fill activities. Further, the site lacks a water connection to North Avenue.

The City's property will be assembled with the Buyer's adjoining properties at 1132 and 1164 East North Avenue to create a 1.87 acre development site. Such assemblage results in a superior development site than if the City property was developed on its own.



PROJECT HISTORY

In 2004, the Common Council declared the City Ward Yard surplus and also authorized an option to purchase with Readco and/or assigns for mixed-use development. Readco did not acquire the property as outlined in the resolution due to the change in market conditions and the demands of developing a new UW-Milwaukee dormitory on its adjacent property. The Buyer continued to work on a development proposal for the site.

In 2006, the Common Council approved the General Planned Development for the City-owned and Readco properties. A Detailed Planned Development is being considered concurrently with this real estate sale file.

BUYER

1150 North, LLC is a new limited liability company formed by Todd Davies. Other members of the LLC include Cindy and Rick Read of Readco.

Mr. Davies operates HD Development Group ("HD"), a Milwaukee-based real estate company specializing in building, marketing and managing urban and suburban multi-family and student housing projects. The company has been involved in over \$50 million of development in the last five years. HD was the site developer and UW-Milwaukee's representative for the \$28 million Riverview Residence Hall on the adjacent property.

PROPOSED DEVELOPMENT



A market-rate apartment building that will include approximately 122 units and about 1,500 square feet of retail space. The project will include 60 indoor and 62 outdoor parking spaces. The green space adjacent to the parking lot will be enhanced with bio-swales to complement storm water management practices at the site. The existing two-sided static billboard at 1164 East North Avenue will be relocated and incorporated into the building roof.

The apartment units provide a mix of 19 studio units, 80 one-bedroom units and 23 two-bedroom units. All of the units will have operable windows, nine-foot high ceilings, walk-in closets, energy star appliances, washer and dryer and will be pre-wired for cable and satellite.

The Buyer will construct a bicycle path to connect North Commerce Street to the existing bike trail. Currently, the bike trail runs along the east side of the Riverview Residence Dorm and under the North Avenue Bridge. All aspects of the development will be in accordance with the terms of the Detailed Planned Development.

The total project costs are estimated to be \$15.4 million. The Buyer also will be required to provide and extend a new water main to the project site at its sole expense. The project will be financed with conventional lending that may be backed by a U.S. Department of Housing and Urban Development ("HUD") guarantee.

SALE TERMS AND CONDITIONS

The purchase price is \$666,000, based on an appraisal obtained by the City. The Buyer will be responsible for installing a new water main, a factor considered in the City's appraisal and, environmental concerns that will be addressed by the HUD Grant. The conveyance will be on an "as is, where is" basis.

Sale proceeds, less closing expenses and a 30percent disposition cost reimbursement to the Redevelopment Authority of the City of Milwaukee, shall be deposited in the City of Milwaukee's

General Fund. Closing contingencies include DCD approval of final construction plans that are consistent with the Detailed Planned Development (including the bicycle path connection from Commerce Street to the bike trail) and evidence of firm financing. The Buyer will execute a Purchase and Sale Agreement that will contain reversion of title provisions for non-performance and submission of a \$10,000 performance deposit to be held until satisfactory completion of the project.