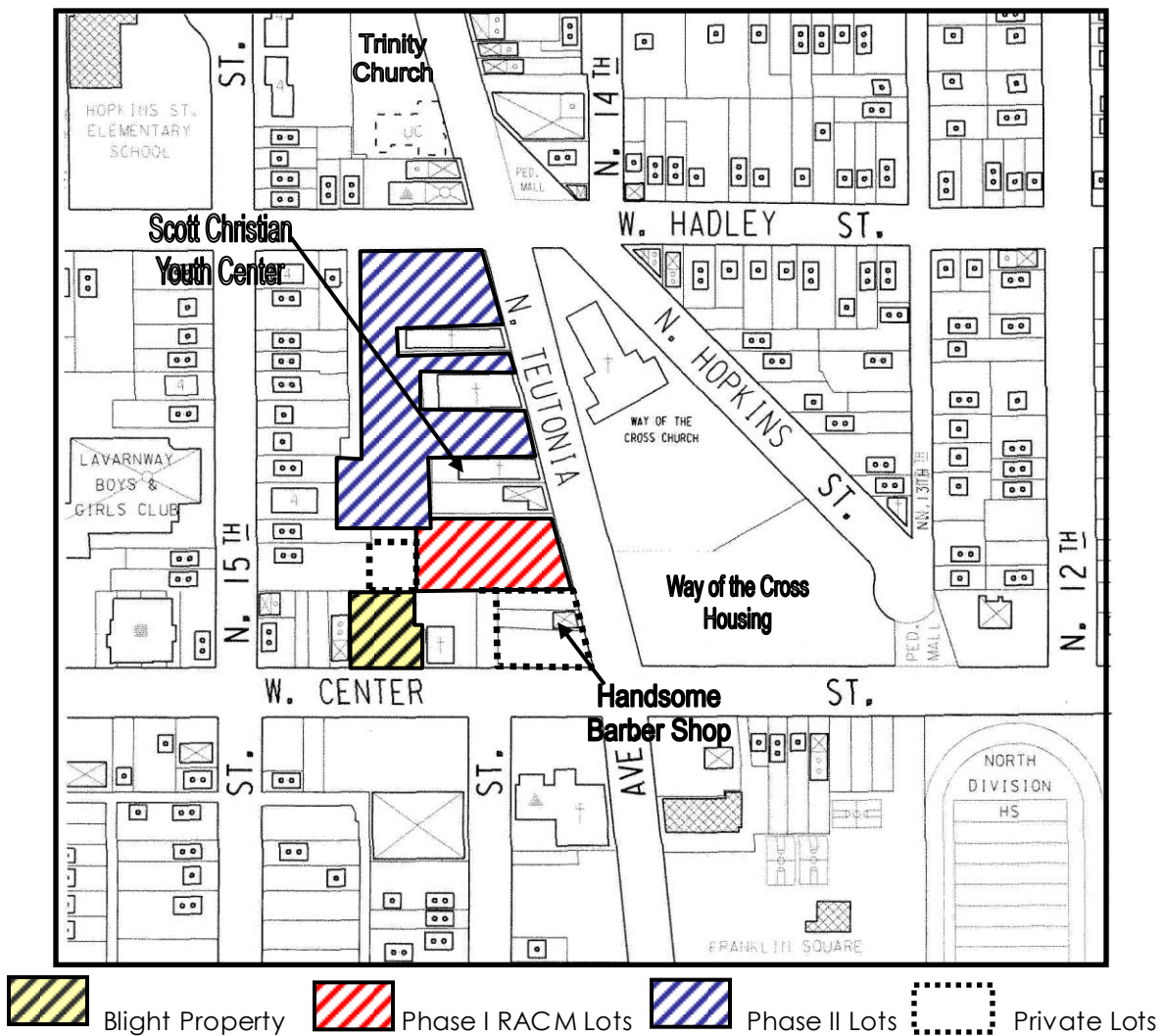


**LAND DISPOSITION REPORT  
REDEVELOPMENT AUTHORITY  
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

**DATE**  
November 16, 2006

**RESPONSIBLE STAFF**  
Dwayne Edwards, Neighborhood Business Development Team (286-5735)

**REDEVELOPMENT PROJECT AREA**  
Hopkins-Teutonia, Teutonia-Hadley & Blight Elimination. The redevelopment project areas were created in 1980-81 to eliminate blighting properties and assemble development sites. Land use controls for both plans have expired. In 1990, the adjacent City-owned properties on Teutonia Avenue and West Hadley were declared blighted for acquisition by the Authority. The City-owned vacant lots at 1408-20 West Center Street would be declared blighted for acquisition.



The Teutonia and Center neighborhood has seen recent investment with the Way of the Cross Housing in the 1300 Block of West Center, the Trinity Baptist Church at 2829 North Teutonia and expansion of the LaVarnway Boys and Girls Club with the Academy of Learning and Leadership on 15th Street and Commonwealth Housing at 18th and Center.

## PARCEL ADDRESSES & DESCRIPTION

Phase I: 2723 and 2725-27 North Teutonia Avenue, and a small portion of 1445R West Hadley (24,108 SF) owned by the Authority and the blight parcels at 1408-20 West Center Street (11,313 SF). These lots, with a combined area of 35,421 SF, will be assembled with adjacent property, including property owned by Handsome Barber Shop, a project co-sponsor, to create a 53,517-SF or 1.22 acre site at the Northwest Corner of Teutonia and West Center Street.

Phase II: 2745, 2767 and 2777 North Teutonia and 1445R West Hadley contain 67,866-SF.

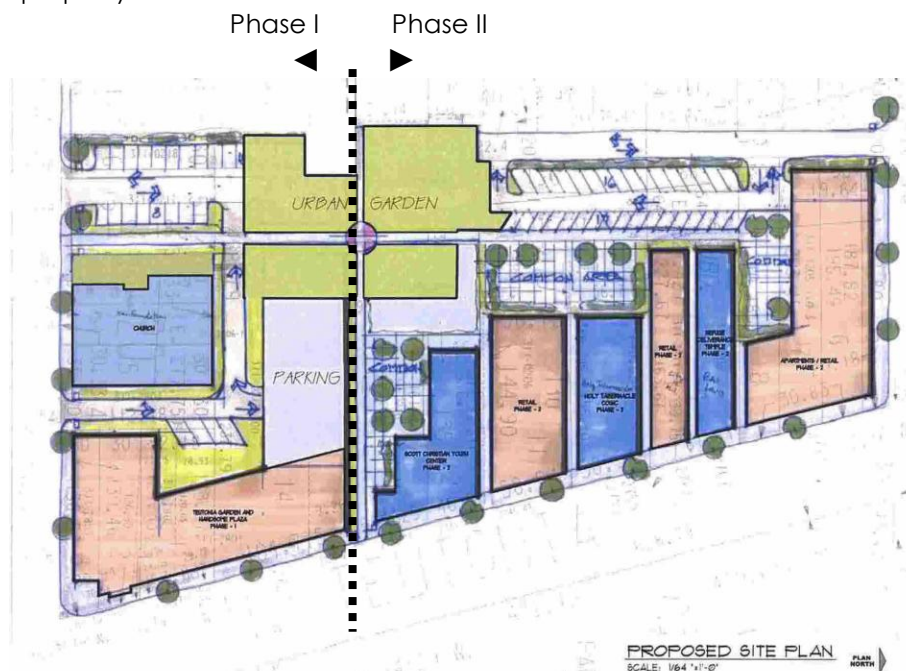
## REDEVELOPERS

GFG Real Estate is a certified Minority Business Enterprise (MBE) and a product of the Associates in Commercial Real Estate (ACRE) Program at Marquette University. The firm was established in 2006 to develop urban retail, office, mixed-use, multi-family and senior housing projects. GFG currently participates in WHEDA's Mentor-Protégé Program with Horizon Development Group. Melissa Goins is the principal member. GFG is also representing Handsome Barber Shop and Scott Christian Youth Fellowship in the project.

Horizon Development Group is a Wisconsin-based housing and commercial developer with offices in Verona, Milwaukee and Dubuque. The firm has been developing housing for over 23 years and has extensive experience with WHEDA's affordable housing tax credit program. Recent Milwaukee area projects include Clare Heights Senior Housing at 7th & Holt, Granville Heights, 63 units of affordable senior housing at 8719 North 68th Street and Woodland Ridge in Greenfield. Charles Heath is the President and Phillip Schultz is a managing partner.

## PROJECT DESCRIPTION

The Teutonia Avenue Togetherness Redevelopment Project is a mixed-use initiative involving local businesses and community organizations that will be developed in two phases over the next two to three years. The goal of the project is to anchor each corner with a major, mixed-use building, develop in-fill buildings along the Teutonia frontage. The center of the block will provide an urban garden in the center of the project for both open space and storm water management as well as parking for all property owners.



Phase I is a three-story, mixed-use building known as Handsome Retail Plaza and Teutonia Gardens at the northwest corner of Teutonia Avenue and Center Street. The retail component will contain approximately 7,000 SF of space, including a replacement location for Handsome Barber Shop,

which has been in business for over 30 years. The upper floors will have 24 apartments of which 80% will be affordable units for those with 60% of median income and 20% will be market rate units. Phase I cost will be \$4 million, a portion of which will be financed by affordable housing tax credits allocated by WHEDA.



Phase II will anchor the southwest corner of Teutonia and Hadley with another three-story, mixed-use building with 24 affordable residential units with first floor commercial space. This phase will also involve GFG Real Estate working with adjacent Teutonia Avenue property owners to assist them with renovating existing structures and providing new construction on the Authority's mid-block parcels. Plans for the Phase II buildings have not been fully refined, but designs will conform to the City's urban design principals.



Total costs are about \$7,900,000, of which Phase I costs are estimated at \$4.0 million. The project will be financed in part through federal affordable housing tax credits allocated by WHEDA.

Additional funding will be provided through conventional financing. The Redeveloper is committed to a strong EBE involvement and is aiming for 25% EBE participation.

#### **OPTION TERMS AND CONDITIONS**

The purchase price will be \$10,000 for each Phase of the project. A reduced price from market value has been established to ensure project feasibility while covering the Authority's administrative expenses. The difference in market value will be considered by WHEDA as a city contribution to the project (approximately \$43,000 for Phase I and \$91,800 for Phase II based on a market value of approximately \$1.50 per SF of land area). A \$2,000 non-refundable Option Fee (\$1,000 for each Phase) is required within 10 days of Council approval. The Phase I portion shall be credited toward the Phase I purchase price if the sale closes prior to December 31, 2007. The Phase II fee will be credited for a closing on or before December 31, 2009. Performance deposits of 10% of the market value – \$5,000 for Phase I and \$10,000 for Phase II – are required at closing for each phase and shall be held until satisfactory completion of each phase.

The option periods will correspond to WHEDA's tax credit schedule. For Phase I, the initial option is until February 15, 2007, 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, 2007. 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. Additional extensions and terms may be granted by the Authority based on project progress. 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 elect to terminate the option or to recommend different terms to the Authority.

The Phase II option shall be until February 15, 2009 to allow for completion of Phase I and plan preparation for Phase II. Redeveloper shall be required to update the Executive Director on or before December 31, 2008 on the status of Phase I construction and Phase II plan preparation. If Redeveloper makes a timely application to WHEDA and receives Phase II tax credits, the option shall be automatically extended until December 31, 2009. Like Phase I, a six-month extension may be granted by Executive Director upon submission of a \$500 non-refundable renewal fee and satisfactory progress report on the project. Additional extensions and terms may be granted by the Authority based on project progress or if the project does not receive WHEDA tax credits during the initial application.

In addition to the aforesaid terms, the sale will be further conditioned as required in the Redevelopment Authority resolution adopted on November 16, 2006, 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 November 16, 2006, 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.