

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

DATE

April 25, 2022


RESPONSIBLE STAFF

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

PARCEL ADDRESSES AND DESCRIPTION

2631-39 West Clybourn Street (the "Property"), is a vacant single-tenant store building with approximately 3,058 square feet of commercial space and having a 12-space surface parking lot on a 9,000 square foot parcel. The City of Milwaukee ("City") acquired the property on September 23, 2019 through property tax foreclosure.



 City property

BUYER

Agora Direct LLC (the "Buyer"), is owned and managed by Jeremy Shanks who will completely renovate and modernize the building to become the company's design center.

The Buyer proposes to provide a one stop service center for residential housing clients to meet and consult with contractor on potential renovations. The Buyer envisions this will be a hub to provide affordable contracting services for housing needs of all sizes in and around Milwaukee.

PROJECT DESCRIPTION

The Buyer is an experienced contractor who has worked on several neighborhood projects. Mr. Shanks, a Merrill Park resident, will manage the renovations. As part of the City's Near West Side comprehensive plan, the Near West Side Partners and Marquette University are aggressively recruiting businesses to the corridor. Near West Side Partners staff, met with Mr. Shanks to discuss the project and have provided a letter of support for his project, which is included with the report.

The property renovations at 2631-39 West Clybourn Street will include interior improvements for electrical and plumbing upgrades, indoor seating, restrooms and new showroom to display materials. The Buyer plans larger windows with clear glazing, roof repair, lot paving, landscaping, security cameras and exterior lighting features. Signage, tuck-pointing of brick and power washing will provide enhancements to the buildings' exterior.

Total estimated renovation costs are approximately \$128,000, with a portion of the renovations being completed through "sweat equity" and with the assistance of the City's Brew City Match program. The Buyer also intends to seek resources from the City's Commercial Corridor Team. 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.



PURCHASE TERMS AND CONDITIONS

The purchase price is \$5,000, which factors in the overall condition of the property. The Buyer will also seek conventional financing, while also exploring other available City 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 Occupancy by October 23, 2023. Buyer will be required to meet the City's General Buyer Policies.

The deed will contain a restriction 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: 2631-39 WEST CLYBOURN STREET

The Commissioner's assessment of the market value of the property.	<p>The Property at 2631-39 West Clybourn Street is a single-tenant store building with approximately 3,058 square feet of commercial space and having a 12-space surface lot on a 9,000 square foot parcel. The City acquired the property on September 23, 2019.</p> <p>The purchase price for the property is \$5,000. The property has considerable interior deferred maintenance, including defective electrical and plumbing and deferred exterior maintenance.</p>
Full description of the development project.	<p>Agora Direct LLC (the "Buyer"), will completely renovate and modernize the building to become the company's design center. The Buyer proposes a one-stop service center for residential housing clients to meet and consult with contractors on renovation projects.</p>
Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.	<p>The Buyer was advised that any changes or modifications to the exterior facade may require approval from the City and monitored by the City's Commercial Corridor Team.</p>
Developer's development project history.	<p>The Buyer brings a wealth of renovation experience from residential projects. This will be the Buyer's first commercial development in Milwaukee.</p>
Capital structure of the project, including sources, terms and rights for all project funding.	<p>Total estimated renovation and improvement costs are approximately \$128,000. The Buyer will use Chase Bank for financing. The Buyer also was approved for a Brew City Match grant and may apply for other City funding resources that may be available.</p>
Project cash flows for the lease term for leased property.	<p>Not applicable.</p>
List and description of project risk factors.	<p>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 Near West Side Business Corridor.</p>
Tax consequences of the project for the City.	<p>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 including in the City's Purchase and Sale Agreement and the recorded deed.</p>

