

LAND DISPOSITION REPORT AND DUE DILIGENCE CHECKLIST

REDEVELOPMENT AUTHORITY

COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

July 2, 2024

RESPONSIBLE STAFF

Matthew Haessly, DCD Real Estate

REDEVELOPMENT PROJECT AREA, PARCEL ADDRESSES AND DESCRIPTION

This Bronzeville Cultural and Entertainment District Redevelopment Plan No. 2 to the North 7th Street-West Garfield Avenue Redevelopment Project Area adopted in 2005, replaces both the original North 7th Street-West Garfield Avenue Redevelopment Plan approved by the Redevelopment Authority on April 28, 1983, and adopted by the Common Council on May 17, 1983, and Amendment No. 1 to the Redevelopment Plan for North 7th Street-West Garfield Avenue Project Area approved by the Redevelopment Authority on January 5, 1984, and adopted by the Common Council on January 24, 1984.

The development site consists of eight RACM owned parcels: 2307-09 N. 6th Street, 2317-25 N. 6th Street, 616-18 W. North Avenue, 622 W. North Avenue, 626 W. North Avenue, 628-30 W. North Avenue, 2316-18 N. 7th Street and 2322 N. 7th Street (collectively, the "Properties"). Seven of the parcels are vacant lots and one parcel is occupied a one-story commercial building that has raze order. The Properties are zoned LB2 or Local Business and have a combined area of approximately 48,725 Square Feet.



BUYER:

FIT Investment Group:

Michael Adetoro, Managing Partner

Michael Adetoro is Managing Partner of FIT Investment Group, LLC, and has over 17 years of business and technology experience including 10+ years with a focus on Real Estate Investment and Development. Michael started FIT Investment Group understanding that impactful real estate development first and foremost emphasizes community and economic development. Taking this innovative approach, Michael and his firm are investing in the redevelopment of distressed scattered site housing units and vacant retail spaces on commercial corridors, which is shown to be an effective strategy for reducing neighborhood blight, increasing neighborhood stability, and building community wealth. Michael is a proud graduate of the Associates in Commercial Real Estate Certificate (ACRE) program and holds a Master's degree in Electrical Engineering.

Lutheran Social Services (Co-Developer):

Dennis Hanson, Vice President of Residential/Housing Services/Facility & Asset Management.

LSS has proudly served the subsidized and affordable housing market for more than 40 years. LSS has developed/co-developed over 10 affordable housing tax credit projects. As an owner and contracted management agent, LSS is responsible for leasing, management, financial reporting, and regulatory compliance.

Mr. Hanson, oversees housing-related programs for Lutheran Social Services. Programs include HUD-subsidized multifamily communities for older adults and people with disabilities, market-rate housing for seniors, non-subsidized housing for persons with disabilities, housing service coordination/case management, the Thompson Community Center, the facilities management staff leased and owned facilities and properties held for sale. He joined LSS in 1993 as a program supervisor for a residential facility and previously worked in home health administration, supportive home care and residential facility management.

PROJECT DESCRIPTION

The proposed development includes a one primary structure at approximately 124,000 square feet. The Commercial portion of the building will be four stories tall, with a footprint of approximately 8,000 square feet per floor. The property will have approximately 47 parking spaces along with bicycle parking.

Ownership Structure: The redevelopment of the Properties is contemplated to include residential and commercial components (collectively referred to as "Bronzeville Creative Arts and Tech Hub") comprising two condominium units, each a separate project for the purposes of ownership and financing; with Bronzeville Apartments, LLC acting as the initial purchaser of the Properties (the "Buyer"). It is contemplated that the Buyer will retain ownership of the residential component, and Bronzeville Arts and Tech Hub, LLC will own the commercial component.

Mixed-Income Housing: The residential component will include 60-unit mixed-income, multifamily residential building to serve residents of all incomes. Leveraging Low Income Housing Tax Credits financing, this development will provide 48 quality 1, 2, and 3-bedroom apartments

that are affordable to families earning 30%-60% AMI. There will also be 12 market-rate units. Nine of the units will be walkup units along West North Avenue with three of these units available for flexible live-work. The housing portion of the development will provide: parking, access to a creative ecosystem space, a resident community room and secure storage.

Arts and Technology Hub (commercial facility): The commercial component will add approximately 29,000 square feet of total commercial buildable area of which approximately 11,000 square feet will be common area and 18,000 square feet will be usable commercial space situated near the northeast corner of W. North Avenue and N. 6th Street.

The Buyer has obtained letters from interest from the following entities that are seeking to lease commercial space: Wisconsin Conservatory of Music, Black Arts MKE and Creative Incubator Share Work Space. These uses along with other tenant groups with arts, music, technology-based missions along with a café are being planned within the commercial spaces.





The estimated budget is \$29,000,000. The proposed financing structure includes and is not limited to: Equity from low income housing tax credits, WHEDA tax exempt bond financing, Milwaukee Housing Trust Funds, Tax Incremental Financing, Brownfield Revolving Loan Fund, potential New Market Tax Credits, and deferred developer fees and other grants and loans.

PURCHASE TERMS AND CONDITIONS

The purchase price for the Property is \$65,000. The Purchase, Sale and Development Agreement ("PASA") will specify that the conveyance will be on an "as is, where is" basis. The Properties will be combined with a Certified Survey Map that will be recorded at closing. The deed of conveyance will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status per Milwaukee Code of Ordinances 304-49-13. The deed will also contain certain performance covenants / restrictions on transfer in connection with the substantial completion of the Project components. In particular, it is contemplated that there will be liquidated damages and the possibility of reversion in the event of a failure to complete the commercial component. That the Property sale proceeds, less sale and marketing expenses and a thirty percent (30%) disposition cost reimbursement to the RACM, shall be deposited into TID 59.

The residential component shall be subject to the Anti-Displacement Neighborhood Preference Policy in Common Council File No. 190401. Since the Property is within the 53212-zip code the Preference Policy shall designate and prioritize at least 20 percent of the affordable housing units within the Project Site to existing residents within the 53212-zip code.

The PASA will require Buyer's acceptance of responsible party status of the following open files at the Wisconsin Department of Natural Resources:

- 2307-09 N. 6th St.: DNR BRRTS Files: 02-41-594503 and 03-41-551687