

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

DATE

September 16, 2004

REDEVELOPMENT PROJECT AREA

Blight Elimination/Riverworks: The property was acquired as a spot acquisition in June 2000 with two other properties from Recycling Industries in a bankruptcy settlement. The property is in the Riverworks Business Improvement District.

The Milwaukee Economic Development Corporation (MEDC) funded the acquisition and listed the property with MLG Commercial Real Estate in 2002 for an asking price of \$140,000. In the past, several prior offers in the price range of \$90,000 were received, but were rejected for inappropriate land uses or withdrawn by the buyer.

PARCEL ADDRESS & DESCRIPTION

3607 North Richards Street: A one-story, 7,783 SF concrete-block warehouse/garage on a 20,106 SF lot. The property has asphalt parking lots to the side and rear. The property was last used as a salvage yard. The building and site improvements are in fair to poor condition.



The property had environmental concerns, but the Authority/MEDC completed an environmental cleanup (i.e. abandoned drums with hazardous waste) and removed trash and debris from the yard. The site has DNR closure, but the property is subject to soil and groundwater restrictions. The site is required to be "capped" by the building and parking lot to prevent groundwater infiltration and direct contact with soils.

REDEVELOPER & PROPOSED REDEVELOPMENT

Heartland Development Group, Ltd. is a real estate developer that has been in business for ten years. The company has several prominent development projects in the Milwaukee area including the Columbia St. Mary's office complex on Port Washington Road in Glendale. David Holzem is the owner. The company currently operates out of 243 East Buffalo Street in Milwaukee and plans to consolidate its property management operations at this site. The company is expanding and two to three managerial jobs will be created initially for further growth within the next several years.

Heartland offered \$110,000, or \$14.13 per square foot, as a purchase price and estimate renovation costs of \$45,000 for a total project cost of \$155,000. Interior renovations will include plumbing, electrical and HVAC updates as well as finished office space. Site improvements included wrought iron fencing and landscaping along the street frontage in accordance to the Riverworks Development Corporation's goals and objectives.

SALE TERMS AND CONDITIONS

Upon Council approval, the Authority shall accept the Offer to Purchase and shall proceed to negotiate an Agreement for Sale. Closing will be contingent on approved construction plans and evidence of financing

and must occur within 90 days of Common Council approval. No Option Fee will be charged, but a \$9,000.00 Performance Deposit will be required at closing to guarantee satisfactory completion of the improvements. At closing, RACM will pay a 4.5% brokerage fee to MLG Commercial and will deduct a 20% development fee from the gross sale proceeds. The net sale proceeds will be returned to MEDC.

SECONDARY OFFER

The Authority also received a second offer from McCotter & Hansen, Inc., a manufacturer's representative of HVAC equipment located in Port Washington. The offer was lower -- \$90,000, or \$11.56 per square foot -- and contained contingencies for environmental review and structural evaluation. The offer was acceptable to MEDC on a secondary basis. This company proposed to renovate the building and relocate its offices Milwaukee.

PAST ACTIONS

The Redevelopment Authority held a public hearing on September 16, 2004, after which it conditionally accepted the primary offer from Heartland Development Group, Ltd. and the secondary offer from McCotter & Hansen, Inc.

FUTURE ACTIONS

Upon approval of this Report by your Honorable Body, and receipt of requisite approvals by regulatory bodies, 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 form of contract and resolution referred to above.

Respectfully submitted,

**REDEVELOPMENT AUTHORITY
OF THE CITY OF MILWAUKEE**

Joel T. Brennan
Assistant Executive Director-Secretary