

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

DATE

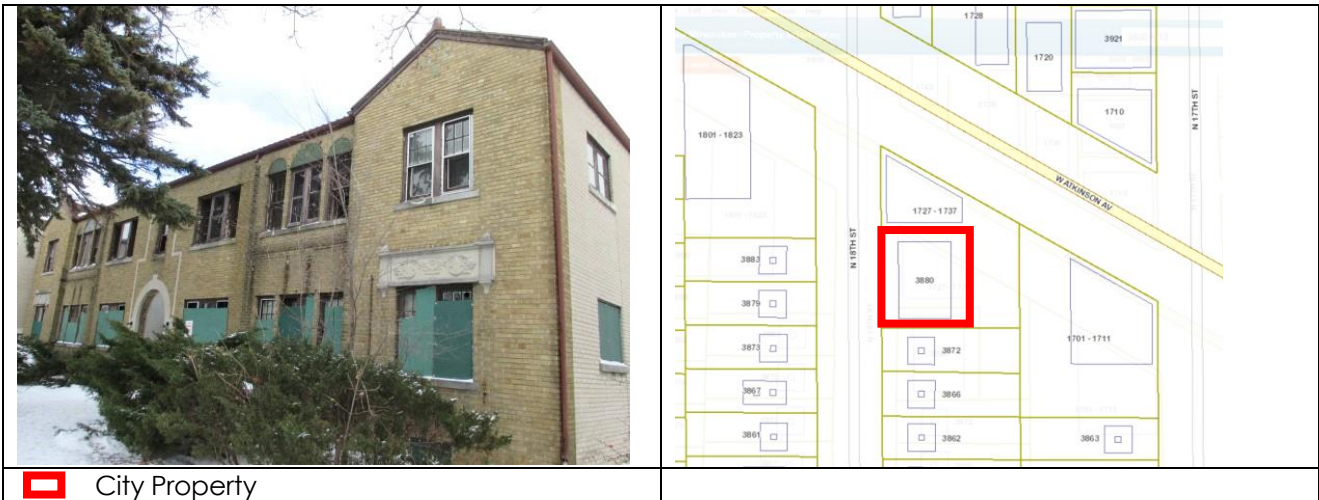
September 1, 2015

RESPONSIBLE STAFF

DCD Yves LaPierre

PROPERTY

3880 North 18th Street: An 8,030 square-foot, eight-unit apartment building that is severely deteriorated. The building is on a 6,960 square-foot lot located in the Arlington Heights neighborhood. The property was acquired through tax foreclosure in July, 2012.



BUYER

EVI Milwaukee LLC ("EVI") is headed by Daren Daniels, Ernst Valery and Michael Harper. EVI was organized this year and this will be its first project in Milwaukee. EVI's principals have developed dormitory housing, senior housing, family housing and mixed-use projects in Baltimore, Washington DC, New York and Pennsylvania. Locally, they have worked on developments with Bishops Creek. EVI's Baltimore affiliate, SAA, along with EVI, is currently developing a 50-unit LIHTC project with a Milwaukee church.

PROPOSED DEVELOPMENT

Full renovation of the building based on existing, eight-unit layout, along with appropriate landscaping. The total project budget is \$300,000 and renovations are projected to be between \$250,000 and \$275,000. The project will be funded with Buyer equity and private financing. The Buyer is applying for NIDC rental rehabilitation funds and will apply them to the budget if available.

OFFER TERMS AND CONDITIONS

The purchase price is \$10,000. A Purchase and Sale Agreement will be executed with the Buyer to outline performance obligations and assure satisfactory compliance through reversion of title power. A Certificate of Occupancy must be provided within twelve months following closing as evidence of satisfactory redevelopment and conformance with City of Milwaukee ("City") code. A \$1,000 performance deposit will be required. Conveyance will be by quit claim deed on an "as is, where is" basis, with a deed restriction prohibiting tax-exempt status. The sale proceeds, less sale and marketing expenses and a 30 percent disposition fee to the Redevelopment Authority of the City of Milwaukee, shall be credited to the Delinquent Tax Fund.

DUE DILIGENCE CHECKLIST**ADDRESS: 3880 NORTH 18TH STREET**

Market value of the property.	The property is an 8,030 SF blighted apartment building acquired by the City in 2012 through property tax foreclosure. The property is in the Arlington Heights neighborhood in the 6th Aldermanic District. The property is being sold "as is, where is," without any guarantees. The property has been marketed for over two years, with an asking price of \$24,000. Sales price for the property is \$10,000, based on its deteriorated condition, lack of offers received and Buyer's investment.
Full description of the development project.	Full renovation of building based on existing, eight-unit layout, along with appropriate landscaping. The total project budget is \$300,000 and renovations are projected to be between \$250,000 and \$275,000. The project will be funded with Buyer equity and private financing. The Buyer is applying for NIDC rental rehabilitation funds and will apply them to the budget if available.
Complete site, operations and scope of work for development.	Please see the Land Disposition Report for details.
Developer's project history.	EVI Milwaukee LLC ("EVI") is headed by Daren Daniels, Ernst Valery and Michael Harper. EVI was organized this year and this will be its first project in Milwaukee. EVI's principals have developed dormitory housing, senior housing, family housing and mixed-use projects in Baltimore, Washington DC, New York and Pennsylvania. Locally, they have worked on developments with Bishops Creek. EVI's Baltimore affiliate, SAA, along with EVI, is currently developing a 50-unit LIHTC project with a Milwaukee church.
Capital structure of the project, including sources, terms and rights for all project funding.	EVI will fund the project with its private equity and financing. If available, EVI will use NIDC rental rehabilitation funds as well. EVI is committed to renovation of property even if NIDC funds are not available.
Project cash flows for the lease term for leased property.	Not applicable.
List and description of project risk factors.	Department of City Development staff determined that there is low risk in selling the property to EVI, based on its development experience and committed funds. The renovation of this building will remove a blighting influence from the area and will add stability and value to the Arlington Heights neighborhood.
Tax consequences of the project for the City.	The deed of conveyance will contain a restriction prohibiting the Buyer, its assignee or its successors from applying to the City for tax-exempt property status. Thus, a formerly vacant, tax-exempt property will be returned to the property tax rolls.