

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

DATE

May 17, 2007

RESPONSIBLE STAFF

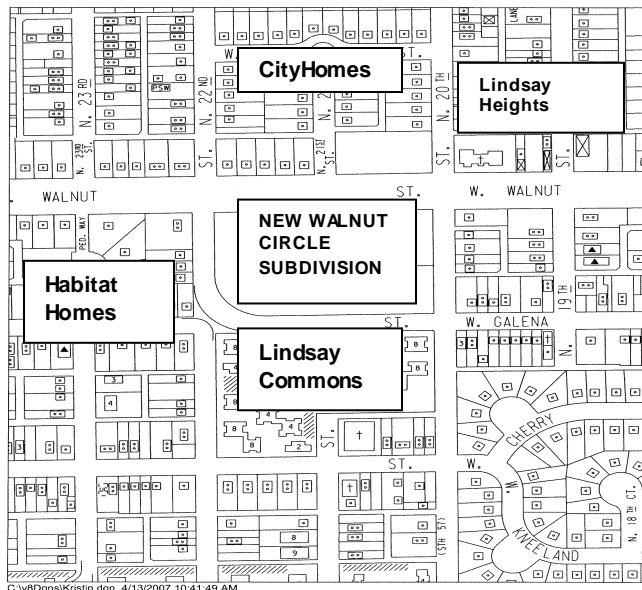
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REDEVELOPMENT PROJECT AREA/PROPERTY BACKGROUND

Blight Elimination (20th and Walnut) and Tax Incremental District No. 58 ("TID No. 58): In 2005, the Redevelopment Authority approved the blight designation and acquisition of the property at 2005 and 2101 West Walnut Street, within the Fond du Lac and North Planning Area. The Authority also created TID No. 58 for the purposes of acquiring the site and installing the improvements necessary to promote market-rate, single-family, owner-occupied residential redevelopment. The parcels were the site of a former Sentry Grocery Store, which was closed in 2001. The site was acquired in 2005 and the existing site improvements were demolished in 2006.

The 20th and Walnut area has been the center of significant new residential development activity on the near north side. CityHomes, the single-family subdivision located on the north side of Walnut at North 20th Street, was developed by the City in 1997. The first phase of this development, containing 43 homes, served as the catalyst for creating interest and demand for new single-family infill housing in the City. Further development followed, including additional new single-family housing surrounding CityHomes, as well as the successful infill efforts in the Lindsay Heights neighborhood, directly northeast of 20th and Walnut and the work of Habitat for Humanity in the area west of the 20th and Walnut intersection.

In December of 2006, a Request for Proposals was issued for the property for market-rate residential owner-occupied development. In order to provide a range of opportunities for builders and developers, RACM prepared a subdivision plat for the site, allowing respondents to submit proposals for lots, or groups of lots within the site.



REDEVELOPERS

Cross Development Group, Inc. was established in 1999 as a real estate development company with the purpose of revitalizing Milwaukee's central city. Carla Cross is the principal. Cross' primary focus is commercial and residential development. Cross Development Group, Inc. developed the Vineyard Terrace project near 4th and Reservoir which consists of 17 units of single-family homes, townhouses and condominiums. It is also developing the Walnut Crossing project directly across from the site, consisting of 6 new owner-occupied homes.

Kuhs Quality Homes, Inc. was established in 1992 as a new construction home builder. Cindy Kuhs is the principal. Kuhs has been an active builder in the Lindsay Heights neighborhood, building an average of 15 new homes a year in the neighborhood in addition to its custom home building activity throughout the metropolitan Milwaukee area. It is also a licensed real estate company and a member of the Metropolitan Builder's Association.

RACM reserves the right to make lots available for sale directly to qualified owner-occupants after the initial six-month reservation period with the Redevelopers. Such individual buyers must construct Authority-approved designs and present firm financing and equity to construct the home prior to closing.

PROJECT DESCRIPTION

The project will consist of the development of a high-quality 32-unit single-family market rate development known as the "Walnut Circle" Subdivision. Sale prices of new homes in the subdivision are anticipated to range from \$230,000 to \$300,000. Infrastructure work is being funded through TID No. 58.



A subdivision plat has been created for the site and Redevelopers will build model homes to market the development. Design guidelines for the subdivision have been established, and all models must be approved by RACM prior to construction. Approximately 50% of the lots will be available for construction in 2007, with the balance of the lots available for construction in 2008 to coincide with the installation of new public improvements to serve the site. Build out of the entire subdivision is anticipated in 2009.

Estimated value from new home construction in the subdivision is \$8 million. Each Redeveloper has agreed to a 25% EBE participation goal.

PURCHASE AND SALE AGREEMENT TERMS AND CONDITIONS

The purchase price per lot will be \$17,500. Cross will build one model home and Kuhs will build two models to market the development. Execution of the Purchase and Sale Agreement and closing on the model-home site must occur within sixty days of Common Council approval. Redevelopers must commence construction on their model lots within 30 days of closing.

The Redevelopers will have lots reserved for them for an initial six-month period after closing: 5 more lots for Cross and 8 more lots for Kuhs as specified in their RFP submissions. The six-month period may be extended by the Executive Director for two three-month periods. These lots shall be transferred to the Redevelopers for resale to qualified owner-occupant purchasers upon submission of an offer to purchase, proof of financing and a signed building contract. Based on performance, additional lots may be reserved for the Redevelopers by the Executive Director for three-month periods until December 31, 2009, the expected build-out date. Further, the Authority reserves the right to sell directly to qualified owner-occupants for construction of approved homes after the initial six-month reservation period. The Executive Director also is authorized to review lot pricing after the initial six-month period based on sales activity and market conditions.

PAST ACTIONS

The Redevelopment Authority held a public hearing on May 17, 2007, after which it conditionally authorized the Purchase and Sale Agreement for the named Redevelopers.

FUTURE ACTIONS

Upon Redevelopers obtaining firm financing and approval of final plans, the Redevelopment Authority will enter into the Purchase and Sale Agreements with the Redevelopers and will proceed to close the lots in accordance with the terms and conditions expressed herein and contained in the resolution adopted by the Authority. The sale proceeds, less sale expenses, shall be returned to the TID No. 58 project account.