

# LAND DISPOSITION REPORT COMMON COUNCIL OF THE CITY OF MILWAUKEE

## DATE

February 16, 2021

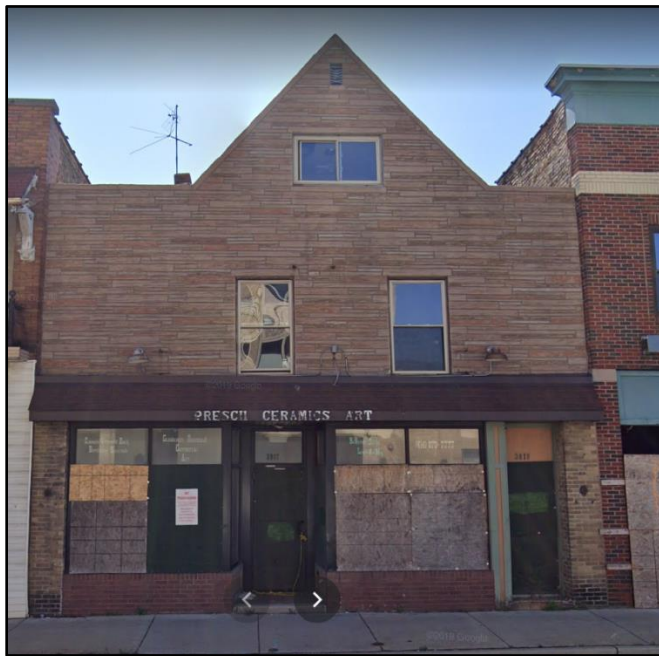
## RESPONSIBLE STAFF

Dwayne Edwards, Program Manager, Department of City Development

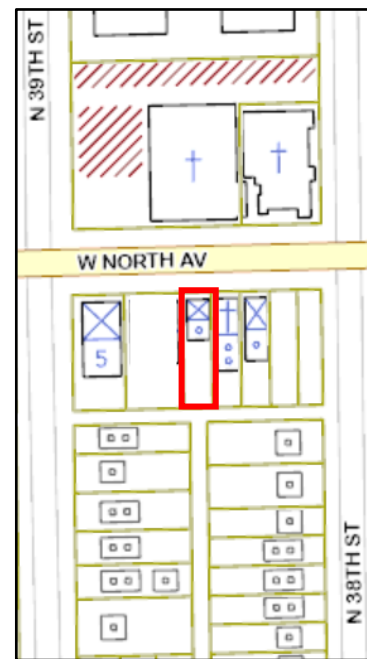
## PARCEL ADDRESSES AND DESCRIPTION

3817-19 West North Avenue (the "Property"), is a 2,671 square foot vacant building having a lot area of approximately 3,600 square feet. The City of Milwaukee acquired the Property on July 14, 2014 through property tax foreclosure.

The Buyer proposes to purchase and renovate the building to operate "Nacho City," a small retail nacho and taco sandwich business and provide a market rate apartment unit on the upper level of the building. The buyer envisions this will be the first of what will be many more Nacho City locations in Milwaukee. If successful, Mr. Gardner's goal is to open a Nacho City Kids Zone and a Nacho City Sports Bar in other locations around the city.



3817-19 West North Avenue



 City Property

## BUYER

Fredrick T. Gardner ("Buyer") who is currently self-employed, was a store manager at Burger King in Delafield, WI. The Buyer, who came up with the concept with his son, will manage the day-to-day operations of the business.

## PROJECT DESCRIPTION

The Buyer proposes to renovate the property primarily as a neighborhood nacho and taco sandwich shop, called "Nacho City," and be part of the resurgence along this portion of West

North Avenue. The business corridor has had recent development that includes a Pizza Hut franchise and the Buyer wants to provide job training resources, life skills and offering housing to neighborhood residents. Buyer wants to provide an approach to achieving doable goals one step at a time through programs, partnerships and training that have proven successful to share with future aspiring small business operators.

- The property at 3817-19 West North Avenue will include interior improvements for indoor seating, new restrooms and new décor for diners. Buyer plans carry out and delivery service as well. Repairs also include roof repair, new flooring, windows, plumbing and electrical upgrades. Exterior improvements will include, but not be limited to new doors, replacing the existing windows, new signage, power washing and tuck pointing of brick, new gutter system.

Total estimated renovation costs are approximately \$65,000, with a portion of the renovations being completed through "sweat equity" and the assistance of the Business Improvement District and 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 Department of City Development 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 use personal savings and sweat equity, while also exploring available City funding resources that may be applicable.

The conveyance of the property will be on an "as is, where is" basis. The deed of conveyance will contain a restriction prohibiting the Buyer, or its successors, from applying to the City of Milwaukee for tax-exempt property status. 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: **3817-19 WEST NORTH AVENUE**

The Commissioner's assessment of the market value of the property.	<p>The Property at 3817-19 West North Avenue is being sold "as is, where is," without any guarantees. The Property is zoned LB2 or Local Business. The single-tenant space at 3817-19 West North Avenue was previously occupied as a retail pottery business.</p> <p>The purchase price for the property is \$5,000. The property has considerable deferred maintenance, including a leaking roof and defective electrical and plumbing. The leaking roof has negatively affected the interior of the building.</p>
Full description of the development project.	<p>Fredrick T. Gardner, ("Buyer") will manage day-to-day operations. The Buyer will purchase and renovate the property to operate a new nacho and taco sandwich business called "Nacho City," and plans to rent the upper level apartment for supplemental income.</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 of Milwaukee and monitored by the City's Commercial Corridor Team.</p>
Developer's development project history.	<p>This will be the Buyer's first commercial development.</p>
Capital structure of the project, including sources, terms and rights for all project funding.	<p>The estimated renovation and improvement costs are approximately \$65,000. The Buyer will use personal savings and sweat equity, while also exploring available Business Improvement District assistance and 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 buildings remain vacant, the deferred maintenance and costs to cure will continue to increase. Continued vacancy of the building will serve as a hindrance on efforts to redevelop the property and this stretch of West North Avenue.</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.</p>