

EXHIBIT B

Challenge Grant Fund Term Sheet – Summary terms to be incorporated into each Sale and Development Agreement

Project:

The project shall consist of the acquisition and redevelopment of City tax foreclosed properties for owner-occupancy, affordable rental and lease/option opportunities with the goal of addressing 15 properties in a 12-month period in the _____ target area. Properties will be clustered and developed in a targeted manner. The project also will include strong collaboration with the local neighborhood organization to leverage development activities and achieve the maximum impact for the neighborhood.

Developer Responsibilities:

- Developer will undertake the redevelopment of properties purchased from the City in the designated target area.
- Developer will be required to take title to the properties being redeveloped. For properties being developed as rental projects, developers must maintain ownership of the property for a minimum of five years.
- For each property selected, Developer must provide a scope of work (incorporating the minimum rehabilitation standards described below), and a sources and uses of funds/budget for the selected property (or group of properties).
- Developer shall actively work in collaboration with the local neighborhood organization () to leverage and support its development activity. This may include identifying tenants and prospective homeowners for redeveloped properties, making improvements to City-owned vacant lots in the neighborhood, efforts to address quality of life issues in the neighborhood, working with non-profit home buying counseling agencies for referrals of prospective homeowners, etc. This list is not intended to be all-inclusive – efforts and activities will reflect the needs and priorities of the target neighborhood.
- 40 percent of the contracted work in the project will be awarded to City of Milwaukee Small Business Enterprises.

City Responsibilities:

- City Real Estate will reserve properties within the target area for development team for the initiative.
- Funds of up to _____ will be set aside to provide gap financing for the properties that would be redeveloped under the initiative. The gap shall be determined based on the review of the project's development budget. The gap will be determined based on the

difference between total development costs and the after-rehabilitation value/sales price of the property.

- City Challenge Grant funds will be the “last” money in the project, or, if Developer finances 100 percent of project, City funds will be reimbursed upon completion and submission of documentation of eligible project expenditures.

Rehabilitation Standards:

Scopes of work for properties in the project should address all existing code violations and visible lead hazards. Additionally, the replacement of roofs, porches, siding/exterior painting, and major mechanicals that appear to have less than 5 years life remaining should be included in scopes of work. Furnaces and hot water heaters installed under the program should be high-efficiency, Energy Star rated models. To the extent the development budget allows, additional exterior and energy efficiency upgrades are encouraged.

Contract Term:

The Sale and Development Agreements will have a one-year term. Extensions may be granted based on performance.

Financial Statements:

Developer shall keep accurate, full and complete books and accounts for activity under the program. Developer shall grant to the City, or its designees, access to its records pertaining to the project to conduct reviews of activity under the program.

Reporting:

Developer will provide the City with regular progress reports on the status of activity under the program, including status of rehabilitation, lease-up, sales, SBE contracting activity and other information as required by the City.