

LAND DISPOSITION REPORT
COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

January 23, 2023

RESPONSIBLE STAFF

Dwayne Edwards, Program Manager, Department of City Development (“DCD”)

PARCEL ADDRESS AND DESCRIPTION

5725 West Burleigh Street (the “Property”): An 8,087 square foot, two-story vacant multi-use building built in 1955, with a lot area of approximately 10,277 square feet. The City of Milwaukee (“City”) acquired the Property on January 5, 2015 through property tax foreclosure.



City-owned property

City commercial property front view

BUYER

BKH Electric LLC (the “Buyer”), located in Milwaukee, WI is a newly established minority-owned and operated electrical contracting company. Baron K. Hentz founded the company in 2014 and has been providing services to residential and commercial clients throughout Milwaukee and greater southeastern Wisconsin. The Buyer, employs 17 skilled electricians and plans to locate his business into the 10th Aldermanic District and reside in the upper level apartment.

PROJECT DESCRIPTION

The Buyer plans to purchase, renovate and operate his business to accommodate his growing company's need to address needed services to clients within a 50-mile radius of Milwaukee. Mr. Hentz will provide a one-stop location for equipment, materials, office space and a repair facility for the company's work vehicles. The Buyer plans to create seven additional full-time positions once established at this location.

Renovations will include interior improvements like new mechanicals, HVAC, commercial grade flooring, drywall and painting and energy efficient windows. The Buyer will hire a professional roofing contractor for roof installation and a professional flooring contractor to install a heavy-duty floor in the commercial areas.

Exterior improvements will include restoration of the storefront facade, restoration of the steel overhang on the eastern side of the building, security systems and new garage doors.

The Buyer's estimated renovation costs are approximately \$150,000, however, plans include "sweat equity" and may include City funding resources. The Buyer may need 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 DCD approval of the final building elevations.



FRONT VIEW LOOKING EAST



FRONT VIEW-NORTH



PURCHASE TERMS AND CONDITIONS

The purchase price is \$36,000, which factors in the building's overall condition. The project will be funded with equity from Mr. Hentz' personal funds. The Buyer may seek City assistance for funding to include Storefront Activation funds.

The Conveyance of the Property will be on an "as is, where is" basis. Mr. Hentz agrees to obtain all necessary City permits and approvals, including Board of Zoning Appeals approvals, as needed. The Buyer will also pay a \$5,000 performance deposit at closing regarding Buyer's duty to renovate the building and obtain a Certificate of Completion by July 31, 2024. Buyer will be required to meet the City's General Buyer Policies.

The deed of tax-conveyance will contain a restriction prohibiting the Buyer from applying to the City for tax exempt property status and a restriction prohibiting the Buyer from conveying to another party prior to Buyer obtaining the Certificate of Completion.

At closing, subtracted from the sale proceeds will be sale and marketing expenses, a commission to the commercial broker that submitted the offer on behalf of the Buyer 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
Address: 5725 West Burleigh Street

The Commissioner's assessment of the market value of the property.	5725 West Burleigh Street (the "Property") is an 8,087 square foot multi-story commercial building built in 1955, with a lot area of 10,277 square feet. The City of Milwaukee acquired the Property on January 5, 2015 through property tax foreclosure. The purchase price for the Property is \$36,000.
Full description of the development project.	Baron K. Hentz (the "Buyer") or assignee proposes to purchase and renovate the Property as live work space for his business needs. BKH Electric will occupy the first floor for its electrical contracting company, while Mr. Hentz plans to reside in the upstairs apartment. The estimated renovation costs are \$150,000.
Complete site, operations and scope of work for redevelopment.	Please see the Land Disposition Report for details.
Developer's development project history.	BKH Electric is seeking to establish his business in the Sherman Park Neighborhood. The Buyer, a locally established minority owned electrical contracting company, provides electrical services with in a 50-mile radius of Milwaukee. Mr. Hentz will provide a one-stop location for equipment, materials, office space and repair facility for the company's work vehicles.
Capital structure of the project, including sources, terms and rights for all project funding.	The Buyer will use personal funds and "sweat equity" for rehabilitation of the Property. The Buyer may also seek available City funding resources to include a facade work, new signage and interior improvements through the City's Commercial Corridor Team.
Project cash flows for the lease term for leased property.	Not applicable.
List and description of project risk factors.	If the building remains vacant, the deferred maintenance and costs to cure will continue to increase. Continued vacancy of the building will serve as a detriment on efforts to redevelop the Property in the Saint Joseph business corridor.
Tax consequences of the project for the City.	The Property will be fully taxable. The Buyer or any assignees or successors will be prohibited from applying to the City for tax-exempt property status. Thus, allowing a formerly vacant tax-exempt property to be returned to the property tax rolls.