

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

DATE

December 18, 2003

REDEVELOPMENT PROJECT AREA

West Hadley Street - North 3rd Street: A redevelopment district created in 1979 to promote retail and commercial-service development on North 3rd Street, now King Drive, between Meinecke and Locust Streets. Recent developments in the project area include the Ponderosa Restaurant at 2730 North King Drive and the Ameritech King Commerce Center at 2745 King Drive. Construction is expected to start in spring on Phase I of the King Commons project at the Southeast corner of King Drive and Hadley.

REDEVELOPER

Martin Luther King Economic Development Corporation will create a new limited liability company to acquire and develop the project. MLKEDC is a non-profit corporation created in 1993 to partner with individuals and organizations and engage in entrepreneurial initiatives that create wealth and jobs. Since 2001, Welford Sanders has served as the Executive Director. MLK EDC is also working with the Local Initiative Support Corporation (LISC) and on the initiative.

PARCEL ADDRESS & DESCRIPTION

2767-79 North Martin Luther King Jr. Drive: A 14,282-square foot vacant lot with approximately 95 feet of frontage along King Drive and 150 feet on West Hadley. The property is immediately north of the King Commerce Center and across King Drive from the site for Phase I of the King Drive Commons building and the new Ponderosa family restaurant. The site was not available when the Redeveloper first proposed the project.

PROJECT DESCRIPTION

The King Drive Commons initiative proposes a mix of commercial and residential development in the area between Center and Locust Streets from 1st Street to I-43/7th Street to be developed in three phases. In November 2002, the Authority authorized sale of a number of properties to the Redeveloper. The first phase is a mixed-use building at the southeast corner of King Drive and West Hadley. Redeveloper has received a 2003 allocation of federal housing tax credits from the Wisconsin Housing and Economic Development Administration (WHEDA) to help finance the project and expects to start construction in Spring 2004.

This sale will include the Authority's land at the southwest corner of King and Hadley in the project. When this site recently became available, the Redeveloper revised its Phase II plan to add a mixed-use building to complement its development at the opposite corner. Conceptual plans call for approximately 2,200 square feet of ground-floor commercial space and two upper level apartments along King Drive. Five additional housing units would be provided in a three-level building section along West Hadley. The residential units would all contain three bedrooms and an enclosed parking space on the ground level. The building is estimated to cost approximately \$2.1 million.

Phase II will also involve 16 additional rental units to be constructed on a scattered-site basis on vacant lots previously approved for sale by the Authority. The Assistant Director will approve final lot selection and preliminary design in January.

The residential component of Phase II will also be financed in part through the federal housing tax credits administered by WHEDA. The Redeveloper expects to apply to WHEDA in January 2004, receive a 2004 tax-credit allocation in spring and start construction in late 2004 or early 2005. After the statutory 15-year rental period, the scattered site units may be available for purchase by the tenants under a Rent to Own Program.

The final phase of King Drive Commons will involve homeownership opportunities on the remaining City or Authority-owned vacant lots in their target area as authorized in November 2002. Preliminary plans call for 20 single-family units to be built on a scattered site basis both on the east and west sides of King Drive.

OPTION TERMS AND CONDITIONS

The purchase price will be \$10,000 to cover the Authority's administrative expenses. A \$500, non-refundable Option Fee is required and shall not be credited toward the purchase price. A single Agreement for Sale will be prepared for Phase II of the project. A \$1,000 performance deposit is required and shall be held until satisfactory completion of the project.

The option periods has been established to correspond to WHEDA's tax credit schedule. The initial option is until February 15, 2004, to allow the Redeveloper time to submit an application to WHEDA for the federal housing tax credits. When the Redeveloper submits the application, the option will be automatically extended four months, or until WHEDA makes its initial allocation of tax credits. Upon award of the tax credit allocation, the option is automatically extended until December 31, 2004. If Redeveloper requires additional time beyond December 31, 2004, in order to obtain financing, the Executive Director may extend the option for a six-month period upon submission of a \$500 non-refundable renewal fee and satisfactory progress report for its efforts to obtain financing. If the project is rejected by WHEDA at any point in the tax credit process or the Redeveloper fails to make the required submissions, the Executive Director may terminate the option.

In addition to the aforestated terms, the sale will be further conditioned as required in the Redevelopment Authority resolution adopted on December 18, 2003, and in the Option to Purchase negotiated by the Authority and the Redeveloper.

PAST ACTIONS

The Redevelopment Authority held a public hearing on December 18, 2003, after which it conditionally accepted the Option to Purchase of the named Redeveloper.

FUTURE ACTIONS

Upon approval of this Report by your Honorable Body, and receipt of requisite approvals by regulatory bodies, the Redeveloper will apply to the Wisconsin Housing and Economic Development Authority for a 2004 tax credit allocation. Preliminary approval is expected Redevelopment Authority will enter into said Agreement for Sale and proceed to close in accordance with the terms and conditions expressed herein and contained in the form of contract and resolution referred to above.

Respectfully submitted,

**REDEVELOPMENT AUTHORITY
OF THE CITY OF MILWAUKEE**



Gregory J. Shelko
Assistant Executive Director-Secretary