

Land Disposition Report

Common Council of the City of Milwaukee

Date

September 1, 2020

Amended: November 2, 2021

Responsible Staff

Rhonda Szallai, Real Estate Specialist, Department of City Development

Parcel Address and Description

Former Edison Middle School, 5372 North 37th Street (the "Property") consists of a 152,240 square foot school building constructed in 1928 with an addition built in 1956 on a 4.06-acre site. The Property has been vacant since 2008 and was declared surplus by Milwaukee Public Schools ("MPS") in 2017. Under the requirements imposed by Section 119.61, Wisconsin Statutes, the Property was made available for sale to education operators only for a two-year period that ended in July 2019. The Property was not sold to an education operator during that time and was listed for sale for adaptive re-use in October 2019. One Proposal was received and evaluated by the Department of City Development ("DCD").

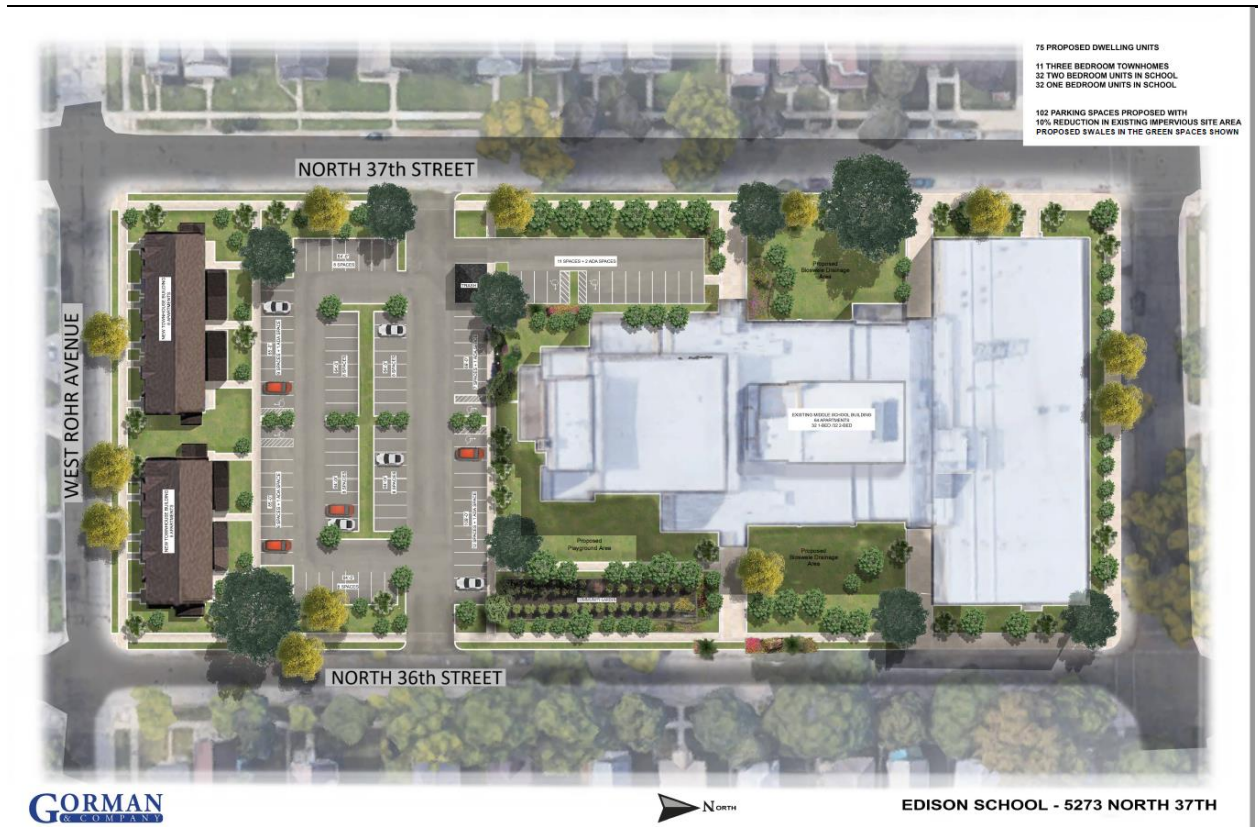


Buyer

Gorman & Company, LLC ("Buyer") or its affiliated entity.

Buyer has completed or is currently working on projects in the Milwaukee area such as: Sherman Park Commons, Washington Park Townhomes, Blue Ribbon Lofts, Brew House Inn & Suites, Kilbourn Lofts, 5th Street School, and Frederick Lofts.

Rendering and Site Plan



Project Description

Edison School Redevelopment (the "Project") as proposed by the Buyer will feature two residential buildings with a total of 75 units of family housing. The unit mix is estimated as follows: The former school building will be renovated into 32-one bedroom units and 32-two bedroom units. In addition, 11 new three bedroom townhomes will be constructed. Surface parking will be provided with 102 spaces. A community garden and playground area is also planned on site.

The Project will create two full-time and one part-time Property Management jobs.

The Project will preserve the character and defining features of the existing school building and plans for the new construction will be reviewed and approved by the City of Milwaukee Design Review Team.

Project funding will be a combination of conventional debt, tax credit equity, historic tax credit equity, Developer equity and Affordable Housing Finance funds from the Federal Home Loan Bank.

Purchase Terms and Conditions

The purchase price is \$600,000 due at closing and the scope of work is estimated at \$20 million. The building contains asbestos and lead-based paint that will require remediation during the redevelopment. Conveyance is on an "as is, where is" basis,

including all known and unknown environmental and geotechnical conditions and acceptance of the Buyer Contingencies included in the Buyer's purchase proposal.

The purchase is contingent on the Buyer:

- Obtaining an allocation of Low Income Housing Tax Credits ("LIHTC") from the Wisconsin Housing and Economic Development Authority ("WHEDA").
- Obtaining allocations of State and Federal Historic Tax Credits.
- Obtaining local and state approvals associated with the proposed use by July 30, 2021.
- Due Diligence assessment of the Property until December 30, 2021.

LIHTC application will be submitted to WHEDA by December 2020 and tax credit awards will be announced around March 2021. Buyer is required to enter into a Purchase and Sale Agreement ("PASA") that outlines the Buyer's obligations by July 1, 2021. **PASA date amended to December 30, 2021.** Closing is required by December 31, 2021. **Closing date amended to June 30, 2022.** A year-long construction period is anticipated.

The PASA will require that the Buyer must:

- Provide a \$10,000 performance deposit to be returned upon completion of the project and issuance of a Certificate of Occupancy.
- Receive a building permit.
- Present evidence of full project financing prior to closing on the sale.
- Close on the purchase by December 31, 2021 with the option of extending the closing date for one year only should the Buyer need to re-apply for LIHTC in the 2021 allocation round. **Closing date amended to June 30, 2022.**

At closing sales proceeds, less sales expenses, shall be deposited in the MPS Operations Fund.

The deed of conveyance will contain restrictive covenants for performance, prohibitions for tax exemption and certain uses, conditions under which a liquor license may be issued, and reversion of title provision for non-compliance.