

# SITE CONTROL REPORT

## COMMON COUNCIL OF THE CITY OF MILWAUKEE

### DATE

October 16, 2018

### RESPONSIBLE STAFF

Matt Haessly, Real Estate Specialist, DCD

### PARCEL ADDRESS AND DESCRIPTION

The Common Council of the City of Milwaukee ("Common Council"), in File No. 170201, authorized, under MCO 308-22-2-c, City of Milwaukee ("City") acquisition, by tax foreclosure, of the tax-delinquent brownfield properties at 1313 and 1329 West National Avenue (the "Properties").

The Properties were previously owned by Esperanza Unida and were used primarily for vehicular-related purposes. Sigma conducted environmental testing and determined releases above regulatory guidelines. DCD had issued an RFP for a Wisconsin State Statutes Section 75.106 developer, but DCD rejected the submittals and consequently the City proceeded to acquire the Properties.

The City acquired the Properties (Parcels 183 and 184 in the City's 2017 No. 2 In Rem File, 2017-CV-002457) by tax foreclosure judgment on August 8, 2017. Thereafter, DCD issued another RFP for a developer. Two developers responded, one of which is Rule Enterprises, LLC ("RULE").

The combined square footage of both Properties is approximately 72,218 square feet in the Walker's Point Neighborhood.

The buildings currently on the Properties are in poor condition.



### BUYER

The sole owner, sole manager and sole member of RULE is Brandon Rule. Mr. Rule is currently completing the construction of a 60-unit affordable housing development named, "Seven04 Place Apartments," near South 7<sup>th</sup> Street and West National Avenue. Mr. Rule also is a Clarke Square resident and 2011 ACRE Program graduate.

### DEVELOPER SELECTION AND PROJECT DESCRIPTION

RULE was one of the two respondents to DCD's RFP. RULE proposes: to demolish the existing structures at the Properties; to agree to the two Properties being combined by deed restriction into one lot; to remediate environmental issues as needed; and to construct on the combined Properties an affordable housing development.

RULE's proposal scored considerably higher than the second place RFP respondent.

RULE's preliminary budget is \$17 million. One of the primary funding sources for RULE's proposed development is the Wisconsin Housing and Economic Development Authority's ("WHEDA") low income housing tax credit program.

RULE is seeking an "exclusive right to negotiate" with the City for the Properties in order to allow RULE time to apply to WHEDA for the tax credits and to determine whether WHEDA will allow the credits for this development. The WHEDA applications are due December 14, 2018 and a decision by WHEDA is expected in 2019.

During the WHEDA application and review period, DCD will work with RULE to refine RULE's site and building elevations, budget and financing strategy and development plans.

**TERMS AND CONDITIONS OF EXCLUSIVE RIGHT TO NEGOTIATE**

The Exclusive Right to Negotiate letter shall be in effect until May 31, 2019 or until WHEDA makes its 2019 award announcement, whichever comes first.

In the event RULE is awarded WHEDA tax credits, DCD may extend the site control letter for up to two, six-month periods, based upon the Buyer's written request and DCD approval of a satisfactory progress report. After WHEDA tax credit approval, DCD will negotiate with RULE a Development Agreement and prepare a Land Disposition Report and a Due Diligence Checklist for Common Council consideration so that the Common Council may determine whether, under MCO 304-49, to allow sale and conveyance of the Properties to RULE.

If RULE does not obtain WHEDA tax-credit approval for the project, then the Exclusive Right to Negotiate shall terminate.