

**LAND DISPOSITION REPORT AND DUE DILIGENCE CHECKLIST (MCO 304-49-5-B)  
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

**DATE**

May 11, 2017

**RESPONSIBLE STAFF**

Matthew Haessly, Real Estate Specialist, DCD

**PARCEL ADDRESS AND DESCRIPTION**

2510-18 West Capitol Drive (the "Property"): a vacant 12,576 SF building situated on a 10,080 SF parcel located in the Garden Homes neighborhood. The City acquired the Property through property tax foreclosure in 2013.



City Property

**BUYER**

Hope Street Ministry, Inc. ("HSM") was founded in 1999 and provides transitional housing services at 2522 West Capitol Drive (next door to the subject Property). HSM provides shelter for individuals and families in recovery. HSM currently provides housing for 33 participants, 11 of which are children. For 18 years, HSM has provided an environment where participants can live with their family unit intact, while overcoming the challenges of alcohol and other drug dependence. This has been accomplished through creating a nurturing community within its building and providing programming that emphasizes individual self-worth and individual accountability. Since inception, over 1,600 men, women and children have made Hope Street their recovery home.

**PROJECT DESCRIPTION, AND PURCHASE TERMS AND CONDITIONS**

The Property will be sold AS IS.

The monetary purchase price is \$1, the non-monetary consideration includes: returning the Property to the tax roll (there will be a restriction prohibiting tax exemption per Milwaukee Code of Ordinances Section 304-49-13); HSM fundraising duty; HSM duty to raze the Property by May 1, 2018; City may enforce its reversionary right if HSM does not timely raze; HSM duty to fundraise for

construction of new building and if not able to raise funds to construct, HSM duty to integrate the vacant Property (no building) into its neighboring operations.

If HSM razes the building and raises enough money to build the new building, HSM will construct a multi-purpose building that may include a community center, commercial use, recreation space, an artisan furniture showroom/shop, a café/diner and potentially an aquaponic greenhouse.

The estimated raze cost is \$100,000 and the estimated construction cost for the new building is \$5,056,000.

The Offer is structured so that if HSM does not raise sufficient funds and complete razing by May 1, 2018, the City may elect to reacquire the Property by reversionary action. If the existing building is razed, HSM must landscape the Property per Milwaukee Code and per plans approved by DCD, and HSM must use the vacant Property in conjunction with its neighboring HSM operations so that HSM's existing parcel and the subject Property will be used together in HSM programming and operations.

The Property will be subject to a deed restriction prohibiting property tax exemption, unless the Common Council approves otherwise per Milwaukee Code of Ordinances Section 304-49-13.



Capitol Drive frontage, showing proposed new building



Side view of proposed new building

### **DUE DILIGENCE CHECKLIST (MCO 304-49-5-B)**

The Property is currently a liability due to its vacant, blighting status, its deferred maintenance and its condition qualifying for razing. MCO 304-49-5-b-1.

Project description is above. MCO 304-49-5-b-2.

Renderings for the possible new building are depicted above and landscape plans and actual building plans will be as per Milwaukee Code of Ordinances and must be approved by DCD. MCO 304-49-5-b-3.

HSM has been in operation next door since 1999, and it renovated its existing building. MCO 304-49-5-b-4.

HSM will pursue fundraising for the razing and conventional financing. MCO 304-49-5-b-5.

Not applicable. MCO 304-49-5-b-6.

Risk factors include HSM not being able to raise funds and the City reacquiring by reversion. MCO 304-49-5-b-6. However, the Property is currently vacant, boarded and a raze candidate.

Deed of Property to HSM will be subject to restriction requiring the Property to be taxable. MCO 304-49-5-b-8 (and MCO 304-49-13).