



Meeting Date: 12/19/2013 - 6:30 PM

Category: Reports and Communications from the Superintendent




Type: Action

Subject: 2. Action on a Request for Authorization to Waive Administrative Policy 5.01 and to Sell a Property Located at 619 East Dover Street

Strategic Plan Compatibility Statement: Goal 6
The district is accountable for measurable results

Policy: Admin Policy 5.01 - Facilities

Attachments: 1. Request for Proposal
2. Selection Sheet
3. Proposed Term Sheet and Property Disposition Report

File Attachment:  Request for Proposal.pdf
 Selection Sheet.pdf
 Proposed Term Sheet & Property Disposition Report.pdf

In recent years, the Board has declared under-used or vacant properties to be surplus on a case-by-case basis. The property under consideration, the former Dover Street School, located at 619 East Dover Street., however, has not been declared surplus and so will require a waiver of Administrative Policy 5.01.

In Fall 2012, the Administration recognized that MPS will be hiring a significant number of teachers over the next few years. While this is an exciting opportunity, it is also a challenge. With the large number of positions to fill, there is a need to attract and retain the new teachers. Superintendent Thornton reached out to the Greater Milwaukee Committee (GMC) for creative ways to welcome and support new teachers in Milwaukee. In February 2013, the Teachtown MKE initiative was introduced by the GMC. One of the ideas introduced by the GMC was the development of housing for teachers. This concept is aimed at fostering an environment of collaboration and mentoring among educators. Similar developments in Baltimore and Philadelphia have been completed and are showing promising results.

Summary: MPS felt that this initiative could be replicated in Milwaukee, with the understanding that this new generation of teachers, referred to as "Millennials," prefer to live in communities that have easy access to public transportation and in neighborhoods that are walkable with local restaurants, coffee shops, and entertainment. Working within these parameters, the Bay View neighborhood is an ideal location. MPS has inventoried its assets and examined the former Dover Street School. The building's size, configuration, and structural design lend themselves to conversion to housing.

MPS and the City of Milwaukee have worked collaboratively on preparing and releasing a Request for Proposal (RFP) for the redevelopment of the Dover Elementary School for teacher housing.

A community meeting was held on October 9, 2013, to introduce the idea to the Bay View community. The RFP was released on November 5, 2013, and a pre-bid meeting with potential developers was held on November 11, 2013. A second community meeting, designed to engage the community and solicit more detailed feedback on the RFP, was held on November 19, 2013.

MPS wants the Dover School converted to desirable and affordable

housing for new teachers. The asking price for the property is \$350,000. Proposals were received on December 3, 2013. The highest ranking response was that of the Maures Development Group, LLC.

See attached for the detailed RFP requirements and selection criteria.

The Board may vote, pursuant to Board Rule 1.09(2), to receive public testimony prior to taking action on this item.

Fiscal Impact Statement: This item does not authorize expenditures. Sale proceeds shall be deposited into the school construction fund, pursuant to Wis. Statute 119.60(1).

Upon the Board's approval, the Administration will submit a request to the City to sell this property in accordance with the attached term sheet.

Implementation and Assessment Plan: The Board President and the Superintendent will be authorized to execute an option-to-purchase agreement, purchase-and-sale agreement, and other documents as necessary to carry out the land sale transaction to Maures Development Group, LLC, or a related entity specifically created for this project.

The Administration recommends that the Board:

1. waive Administrative policy 5.01, which requires the declaration of surplus before sale of property;

Recommendation 2. authorize the Administration to submit a request to the City to sell the property located at 619 East Dover Street, pursuant to the attached RFP's highest-ranking response as described in Attachment 2, and the terms outlined in the attached term sheet; and

3. authorize the Superintendent and Board President to execute all customary documents in accordance with paragraph 2, above, necessary to complete the sale of the Property located at 619 East Dover Street.

Recommended By:

Signed By: *Signature*
Nate, Michelle - Chief

Approvals: **Signed By:** *Signature*
Thomas, Johnny L - Budget Analyst

Signed By: *Signature*
Thornton, Gregory - Superintendent

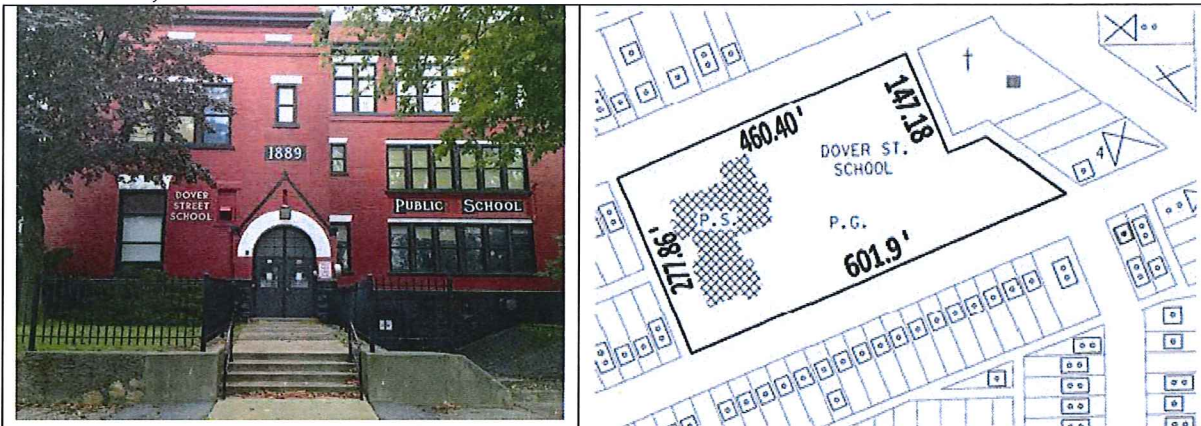
(ATTACHMENT 3) AUTHORIZATION TO WAIVE ADMINISTRATIVE POLICY 5.01 AND ACTION ON A REQUEST TO SELL A PROPERTY LOCATED AT 619 EAST DOVER STREET

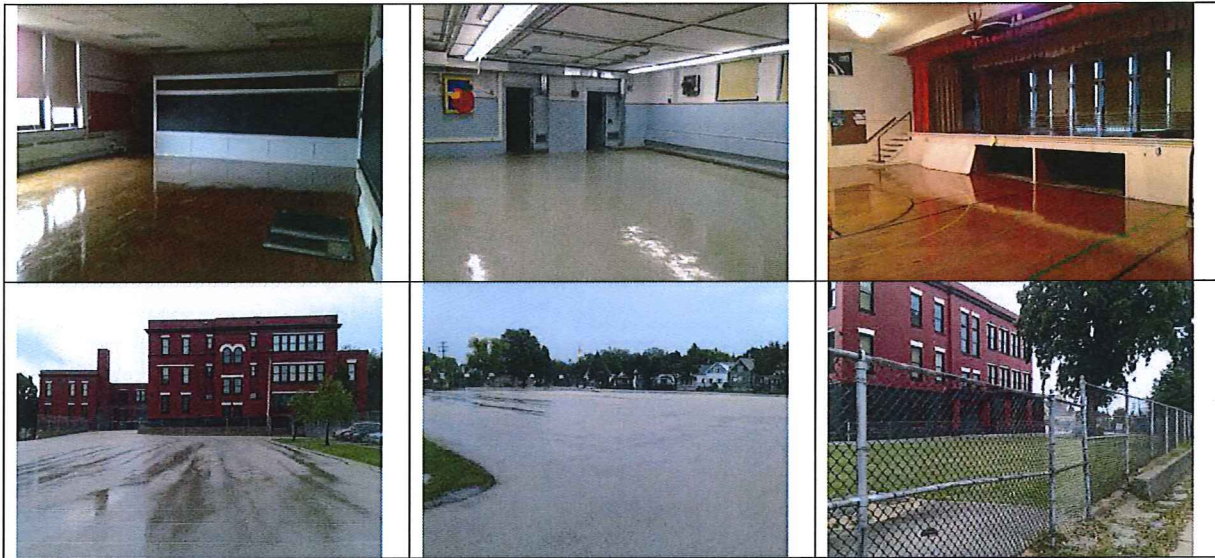
**PROPOSED TERM SHEET & PROPERTY DISPOSITION REPORT
FOR SALE OF PARCEL AT
619 East Dover Street
Milwaukee Board of School Directors
Common Council of the City of Milwaukee**

BACKGROUND: MPS in conjunction with the Greater Milwaukee Committee have been researching and collaborating on ways to attract and retain new teachers. This research resulted in various strategies, one of which was the the desire to develop teacher housing. This type of development has been completed in Baltimore and by indications of one hundred percent occupancy and a current waiting list, is very successful. The teacher housing concept provides amenities to encourage peer collaboration and support along with affordable housing units.

This new generation of teachers often wants to be in a community that has easy access to public transportation, is walk-able, has a variety of local restaurants and local shops. When assessing these needs, the Bay View community met all of the criteria and was considered desirable for this type of development. Once the community was selected, MPS staff identified the vacant Dover Elementary School in the Bay View neighborhood as a potential site for “Milwaukee TeachTown” and issued a Request for Proposal. As stated, Bay View is an attractive neighborhood for many new professionals starting their careers and the building would lend itself to adaptive re-use in a manner similar to the redevelopment of the former Jackie Robinson Middle School into senior housing now known as the Sherman Park Commons. Two community meetings were held by MPS. A meeting held on October 9, 2013 introduced the TeachTown concept and informed the community about the merits of teacher housing. Another meeting was held on November 19, 2013 to solicit input on building and land uses specific to the redevelopment of the Dover property.

PROPERTY: The former Dover Elementary School is at 619 East Dover Street in Milwaukee, Wisconsin and consists of a 66,629 SF building situated on a 4.56-acre lot (the “Property”). The building, constructed in 1890 with an 1893 addition, is three stories and includes a gymnasium, auditorium, cafeteria and kitchen as well as about 23 classrooms.





The large land area offered potential for additional housing units and the continuation of use by the adjacent St. Lucas School for parking and playground purposes. The Property is being sold as is/where is. The property was recently rezoned on an interim basis to LB2, Local Business, to allow multiple housing units, but the developer will be required to apply for Detailed Planned Development zoning to institutionalize the uses outlined in the RFP.

BUYER: Dover, LLC, a new company to be formed by CommonBond Communities, Inc., Maures Development, LLC and Seawall Company. The Buyer was one of two parties that made qualified RFP submittals prior to the established deadline and was selected by a review team.

CommonBond is the Midwest's largest nonprofit provider of affordable housing. The company, based on St. Paul Minnesota, owns or manages over 5,400 affordable apartments or townhomes in Wisconsin, Minnesota and Iowa. Milwaukee projects include Bishop's Creek Apartments, Brewery Point, Florid Gardens and Teweles Seed Tower.

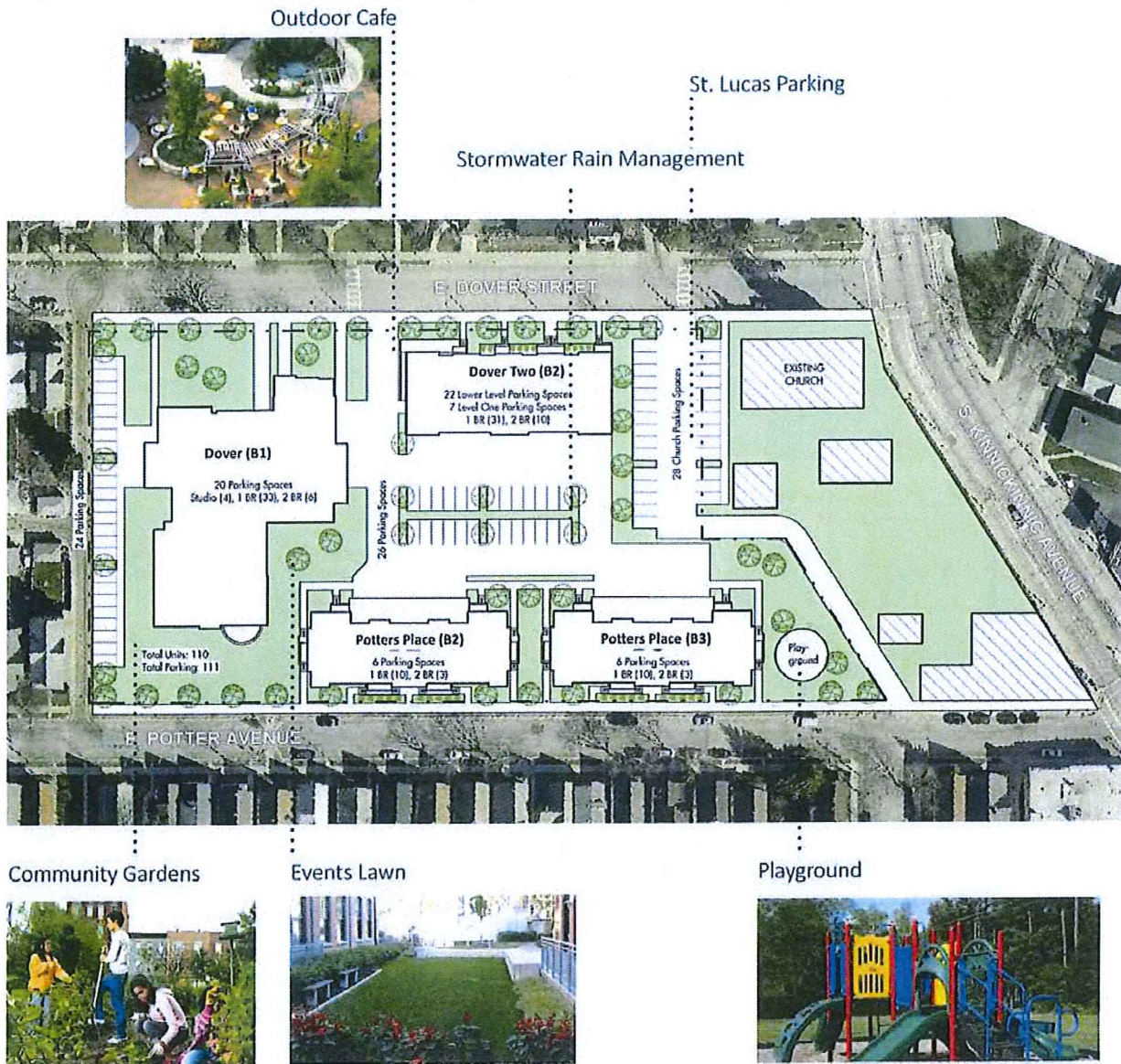
Maures, founded in 2006 by Melissa Goins, is a Milwaukee-based, minority and woman-owned real estate firm that specializes in developing and redeveloping affordable housing. The firm is active with multi-family, retail and office projects as an owner/developer, development manager for other companies and land use planning. Recent multi-family projects include Heart & Hope Place, Teutonia Gardens, Franklin Square and Century City Lofts.

Seawall Development Company is a Baltimore based company was launched in 2007 by Thilbault Manekin who wanted to start a socially conscious real estate company to redevelop urban infill sites. The company has created over 100 units of housing primarily for teachers as well as 64,000 SF of office space for non-profits. The company is also replicating its success in Philadelphia.

PURCHASE PRICE: \$350,000, the asking price specified in the RFP, plus the commitment to redevelop the property as outlined in the RFP submittal. The price is \$5.25 per square foot a building area and represents the contributory value of the building shell for adaptive reuse. This price is similar to that paid for the former Jackie Robinson Middle School.

PROPOSED REDEVELOPMENT: Renovation of the existing building and construction of three buildings that will provide 110 units of housing marketed toward teachers and new professionals. Building amenities include common areas to foster teacher interaction and collaboration and limited

space for use by educational organizations such as Teach for America or MPS. Existing grounds will be improved with rain/vegetable gardens, an events lawn, added greenspace and a playground that can be used by the adjoining St. Lucas school and neighborhood residents. Parking for 111 will be provided in enclosed or surface parking, of which 28 can be used by St. Lucas School.



Community Gardens



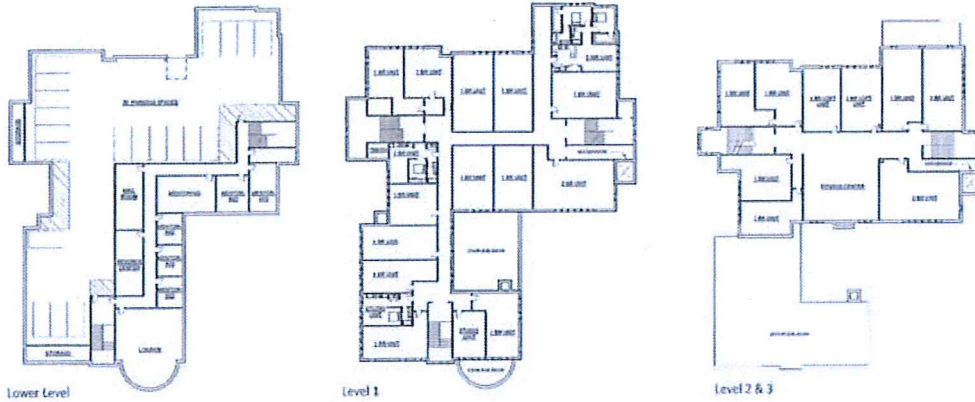
Events Lawn



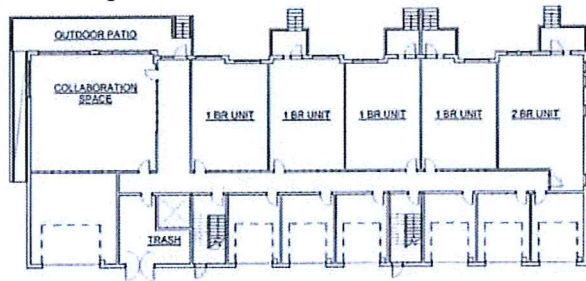
Playground



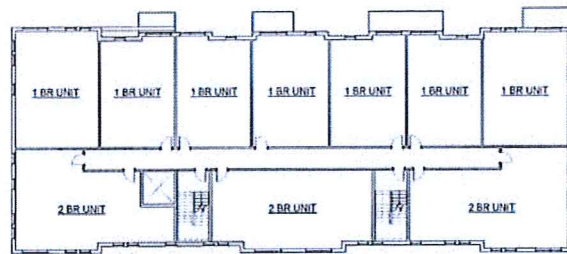
The initial phase will involve renovation of the existing school building to provide 43 apartments and 8,000 SF of common space that will be use for peer collaboration as well as include amenities such as a fitness area and copy room. The adaptive reuse allows 33 one-bedroom, six two-bedroom and four studio apartments. The ground floor will provide the common area rooms including a lounge and resource center as well as 20 enclosed spaces. Additional parking is provided on the existing surfaces spaces along the west alley.



Phase II of the project will involve construction of three buildings along Dover and Potter Streets providing a total of 67 new units. A three-story, 35-unit midrise building is proposed on Dover. The building combines 10 two-bedroom and 25 one-bedroom units with exterior access and those with central corridor accessible by an elevator. Collaboration space is included in this building as well. Parking is provided in 22 lower-level garage space, seven ground level enclosed spaces and surface spaces.



Level 1



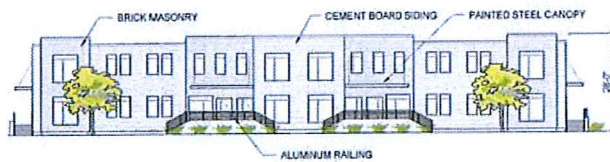
Level 2-4



Front Elevation



Two townhome buildings, each with 13 walk-up units, are proposed along Potter Street. Unit mix will be three two bedroom and 10 one bedroom units. Six garages will be in the building rear and additional parking is available in the surface lot.



Front Elevation



The housing will be mixed rate – 60 market rate units and 50 affordable units that will be financed in part through Low-Income Housing Tax Credits allocated by WHEDA. Estimated rents range from \$860 to 1,400 for market-rate units to \$380 to \$900 for affordable units.

The teacher housing is available to all teachers in all districts and all program types. The marketing program is anticipated to target new MPS teachers as well as teachers in the Teach for America Program, teachers in Montessori training, charter and private school teachers.

Total project costs are estimated to be \$18.15 million. The Buyer proposes to finance the project through mix of conventional financing and LIHTC equity that is estimated to provide \$9.2 million. The Buyer estimates that 35% of the project costs, or \$4.5 million, will involve work by City-certified Small Business Enterprises.

OFFER TERM & CLOSING: The Buyer will be provided with a one-year base term with an option for two one-year renewals. The period is based on timing requirements to apply for affordable housing tax credits allocated by the Wisconsin Housing and Economic Development Authority (WHEDA) that will be used to help finance the project. The Purchase and Sale Agreement will contain performance deadlines requiring the Buyer to apply and obtain financing by certain dates and to obtain rehabilitation and construction plans for City review. If the Buyer fails to perform, the Purchase and Sale Agreement may be terminated by MPS.

Closing shall occur as mutually agreed by the parties, but will be contingent on the Buyer obtaining all equity and firm financing without contingencies for full project costs and obtaining City of Milwaukee Department of City Development approval of final rehabilitation and construction plans to ensure compatibility with the Bay View community. MPS will be responsible for the base title cost as a customary seller expense, but the Buyer will be responsible for obtaining and paying the cost of title updates, gap endorsements and closing fees, if any.

Use Covenants: Conveyance of the property shall be subject to the terms and conditions of the Request for Proposals and the development of the Property for teacher housing.

Other Terms: The transaction documents shall contain the following other terms and conditions:

- The sale documents shall be substantially similar to the sample documents included in the Request for Proposals and shall include performance obligations and reversion of title provisions for non-performance.
- MPS will have a right of first refusal should Buyer ever desire to sell the Property
- The Property will be subject to a deed restriction prohibiting application for tax-exempt status and for any use that has the effect of diminishing the annual average number of pupils enrolled in Milwaukee Public Schools as determined pursuant to Wis. Stat. 121.05, for-profit school, tax-exempt use, church/religious assembly facility, social service office, retail or office use for rent to third parties.
- Buyer and MPS/City will negotiate the terms and conditions of all necessary temporary and permanent easements needed for the construction and operation of the Property and use by St. Lucas School.
- Buyer shall be required to apply for Detailed Planned Development zoning to institutionalize the long-term use of the Property as outlined in the RFP submittal.
- Final rehabilitation and construction plans must be substantially similar to those submitted in response to the RFP except upon the express approval of the Common Council of the City of Milwaukee.
- Buyer shall not be in violation of City of Milwaukee Buyer Policies

FUTURE ACTIONS: Upon approval by the Milwaukee Board of School Directors, the Proposed Term Sheet and Property Disposition Report will be submitted to the Common Council of the City

of Milwaukee for approval pursuant to Wisconsin Statutes. The City Attorney's office will be requested to negotiate and draft a Final Term Sheet and Property Disposition Report, a Purchase and Sale Agreement and additional closing documents necessary to outline the terms and conditions of sale and redevelopment. Closing will occur at a time mutually acceptable to the parties after all City and Buyer closing contingencies have been satisfied.