

# LAND DISPOSITION REPORT COMMON COUNCIL OF THE CITY OF MILWAUKEE

## DATE

October 22, 2019

## RESPONSIBLE STAFF

Dwayne Edwards, Program Manager, DCD

## PARCEL ADDRESS AND DESCRIPTION

3811 West Hampton Avenue (the "Property"): A 5,328 square foot, two-story, eight-unit apartment building situated on a 4,720 square foot lot. The building was built in 1931 and was acquired by the City of Milwaukee ("City") on September 14, 2015 through property tax foreclosure. The Property is located in the Old North Milwaukee Neighborhood in the 7th Aldermanic District.



**CITY MULTI-FAMILY PROPERTY FRONT VIEW**



**CITY PROPERTY**

## BUYER

Mayfield Holding Company, LLC (the "Buyer"), or its assigns, is owned and managed by Antonio Mayfield. The Buyer is seeking to purchase and renovate the apartment building for market-rate rental units. The Buyer currently has several rental properties in Milwaukee, including a recent City purchase and rehab of six-unit apartment building at 3273 North 17th Street.

The Buyer brings over 10 years of experience in the rental property industry. Mayfield Holding Company, LLC will oversee all aspects of property renovations and management, including tenant screening, evictions, landscaping and property maintenance. These measures will help activate a property that has been neglected and a blighting influence on the surrounding neighborhood.

## PROJECT DESCRIPTION

Proposed renovations to all of the interior units will include, but will not be limited to, electrical and plumbing upgrades, bathroom vanities, new mechanicals, flooring, doors, painting, window replacement and ceiling work. Exterior repairs include power washing of brick, as needed, roof replacement, tuck pointing, doors and some landscaping features. The Buyer's estimated renovation costs are approximately \$175,000.

All work will be completed by the Buyer's construction company. Certain City approvals may be required in addition to the approval of the Land Disposition Report. Closing is contingent upon the Buyer obtaining all necessary approvals and financing.

**PURCHASE TERMS AND CONDITIONS**

The purchase price is \$15,000. Purchase and renovation expenses will be financed by the Buyer's lender, F Street Investments, LLC and will be personally guaranteed by the Buyer.

The conveyance of the Property will be on an "as is, where is" basis. The deed of conveyance will contain a restriction prohibiting the Buyer from applying to the City for tax-exempt property status. At closing, subtracted from the sale proceeds will be sale and marketing expenses and a 30 percent disposition fee to the Redevelopment Authority of the City of Milwaukee; the remaining proceeds shall be credited to the Delinquent Tax Fund.

## Due Diligence Checklist

Address: 3811 West Hampton Avenue

<p>The Commissioner's assessment of the market value of the property.</p>	<p>The "Property" at 3811 West Hampton Avenue is being sold "as is, where is," without any guarantees. The Property is zoned RM3 or Residential Mixed-Use. The two-story, six-unit building was previously occupied as an apartment building.</p> <p>The purchase price for the Property is \$15,000. The building has considerable deferred maintenance, including water damage, roof leaks and significant deferred interior damage that has negatively affected the building, along with defective electrical and plumbing.</p>
<p>Full description of the development project.</p>	<p>The Buyer's renovation scope of work includes a total interior rehab of all units, including, but not limited to, electrical and plumbing upgrades, bathroom vanities, mechanicals, flooring, doors, painting, window replacement, security systems and ceiling work. Exterior repairs include power washing of brick, as needed, and roof repair.</p>
<p>Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.</p>	<p>Facade modifications will include doors, window replacements, tuck pointing and landscaping features as needed.</p>
<p>Developer's development project history.</p>	<p>The Buyer has approximately 13 rental properties in Milwaukee and has more than 10 years of experience in the rental property industry, which includes property management, tenant screening, evictions and landscaping services.</p>
<p>Capital structure of the project, including sources, terms and rights for all project funding.</p>	<p>The estimated renovation and improvement costs are \$175,000. The Buyer is considering conventional financing and/or personal equity to finance renovations.</p>
<p>Project cash flows for the lease term for leased property.</p>	<p>Not applicable.</p>
<p>List and description of project risk factors.</p>	<p>If the building remains vacant, the deferred maintenance and costs to cure will continue to increase. Continued vacancy of the building will serve as a hindrance to efforts to redevelop the Property.</p>
<p>Tax consequences of the project for the City.</p>	<p>The Buyer anticipates investing \$175,000 in the project. The Property will be fully taxable. The deed of conveyance will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status.</p>