

**LAND DISPOSITION REPORT
540 WEST NORTH AVENUE**

DATE

November 18, 2004

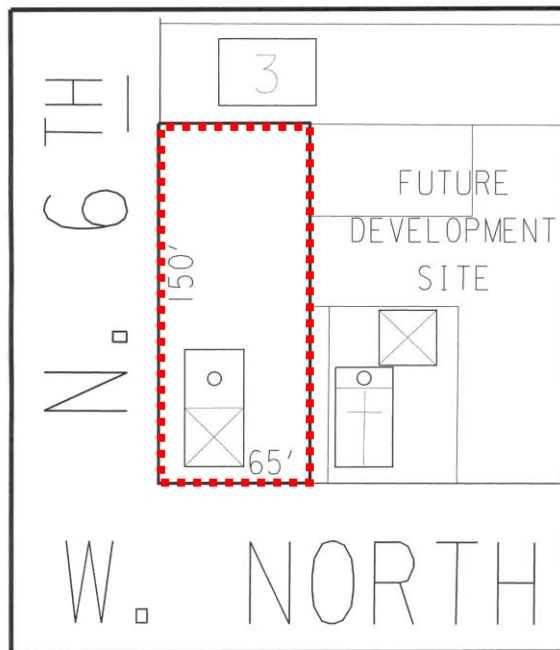
REDEVELOPMENT PROJECT AREA

7th & Garfield/Future Bronzeville Cultural and Entertainment District: The Redevelopment Authority expanded the 7th & Garfield project boundary to create a district to promote African American culture and create entertainment venues. The district was inspired by "Bronzeville," the area near 8th and Walnut that was destroyed with freeway construction. This location was selected because it could build on the success of the America's Black Holocaust Museum at 4th and North and Historic King Drive redevelopments as well as the proximity to the original Bronzeville. A redevelopment plan is being prepared and should be presented to the Authority in the near future. In advance of the plan, the Authority acquired several properties using "blight designation/spot acquisition" authority.

BACKGROUND/REQUEST FOR PROPOSAL

A Request for Proposal was advertised in newspapers and on our website. Dozens of parties contacted staff and the website received hundreds of "hits." Four proposals were received prior to the established deadline and reviewed by staff and a community representative, Welford Sanders of the MLK Economic Development Corporation. A final interview process determined a primary developer and a secondary buyer that meets the specified development criteria and cultural aspects.

PROPERTY DESCRIPTION



540 West North Avenue is a historic cream-city brick mixed use structure constructed in 1886. The property has approximately 2,414 square feet above grade and a full basement. Prior use included the first floor tavern and a three-bedroom apartment upstairs. The site also has a detached garage. Given its prime corner location in the heart of the district, redevelopment can serve as a catalyst for district development.

Given the small land area with the original building, a larger development site was assembled with portions of three adjoining lots. The new 9,750-square foot lot should ensure adequate on-

site parking and open space to satisfy market demands and the zoning code, but will leave the Authority with development sites to the east. A certified survey map will be prepared once the neighboring property is acquired. The site has some minor environmental concerns that can be capped by the proposed site improvements. The Authority will retain an access easement at the rear to ensure adequate access to the adjoining development site.

REDEVELOPER & PROPOSED REDEVELOPMENT

Urbanworks, LLC, a local real estate development company formed in 2000 that focuses on historical rehabilitation. Tom VanHoof, an architect, is the principal. Two recent efforts involve properties acquired from the Redevelopment Authority: the rehabilitation of the mixed use building at 2578 North Martin Luther King, Jr. Drive and the redevelopment of an old industrial building at 2044 North Martin Luther King Drive for a daycare center.

Urbanworks, LLC plans to renovate the building for full commercial use at an estimated cost of \$150,000. Interior renovations will include plumbing, electrical and HVAC updates as well as a "white box" finished retail space. Site improvements include wrought iron fencing and landscaping along the street frontage and parking in the rear in accordance to the RFP's standards. A portion of the rear parking lot may be subject to an access easement for the adjoining Redevelopment Authority property.

Urbanworks did not have a specific tenant when the proposal was submitted, but has since joined forces with the CanCleve Group, which submitted the next acceptable proposal. This group will operate an ethnic restaurant/cabaret on the first floor and provide artist and gallery space on the second floor. The operation will include a training component for young artists. Dasha Kelly, Shelly Davis and Tiffany Miller are the principals of the CanCleve Group. After a lease period, the group expects to purchase the property from Urbanworks.

SALE TERMS AND CONDITIONS

The purchase price shall be \$50,000, which was the Authority's asking price. A \$2,000 option fee shall be paid upon Common Council approval. The base option period will be six months with two three-month extensions available if the buyer is making satisfactory progress toward obtaining final plans and financing and pays a \$500 non-refundable renewal fee for each request. Closing will be contingent on approved construction plans and evidence of financing. No Option Fee will be charged, but a \$5,000.00 Performance Deposit will be required at closing to guarantee satisfactory completion of the improvements. At closing, RACM will deduct a 20% development fee from the gross sale proceeds. The net sale proceeds will be returned to RACM.

PAST ACTIONS

The Redevelopment Authority held a public hearing on November 18, 2004, after which it conditionally accepted the offer from Urbanworks, LLC. In the event Urbanworks fails to acquire the property, the Authority is authorized to accept a secondary offer directly from the CanCleve Group.

FUTURE ACTIONS

Upon approval of this Report by your Honorable Body, and receipt of requisite approvals by regulatory bodies, the Redevelopment Authority will negotiate an Agreement for Sale and proceed to close in accordance with the terms and conditions expressed in this report.

Respectfully submitted,

**REDEVELOPMENT AUTHORITY
OF THE CITY OF MILWAUKEE**

Joel T. Brennan
Assistant Executive Director-Secretary