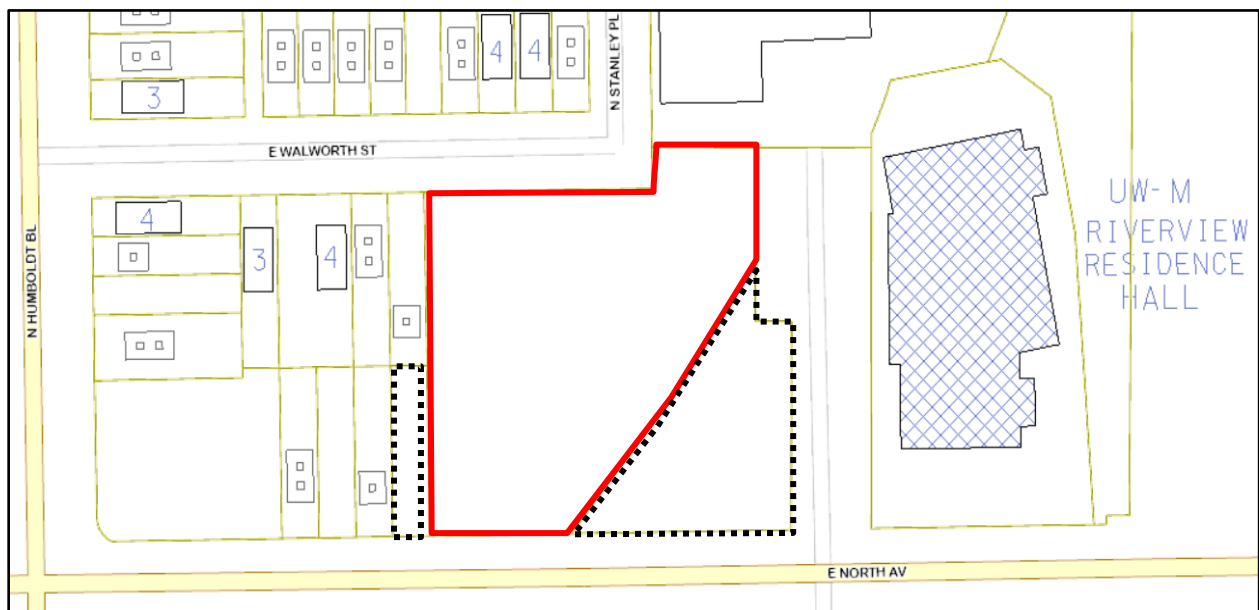




SITE CONTROL REPORT
COMMON COUNCIL OF THE CITY OF MILWAUKEE
GH 10-23-2020, CAO 271969

DATE
November 9, 2020

RESPONSIBLE STAFF
Matt Haessly, Real Estate Specialist, Department of City Development

CITY PROPERTY AND INCORPORATION OF ADJACENT PARCELS INTO THE PROJECT SITE
1136-46 East North Avenue (the "City-Owned Property") is a surplus City ward yard previously occupied by the Department of Public Works until 1991. The City-Owned Property is located in the Riverwest Neighborhood. The zoning is Planned Development.



The City-Owned Property  Privately-owned properties 

DEVELOPER SELECTION

In February 2020, The Department of City Development ("DCD") issued a Request for Proposal ("RFP") for development of the City-Owned Property. The RFP advertised the City-Owned Property for sale at \$750,000 and also referenced the two adjacent privately-owned parcels that were previously part of a different proposed development that never happened. DCD stated in the RFP, that if the buyer wanted to submit a response to this RFP that included the City-Owned Property and one or both of the privately-owned parcels, then the developer was to be clear about that and state how the developer intended to acquire and consolidate the private parcel(s) into the developer's project.

DCD received 6 submittals by the RFP due date, May 15, 2020. The submittals were reviewed and scored based upon the criteria set forth in the RFP. General Capital Group, LLC and KG Development Group LLC (the "Developer") scored the highest. The RFP emphasized a desire to

incorporate a mix of affordable housing units into the overall development. The Developer's overall project envisions purchasing the City-Owned Property for \$750,000 and developing the City-Owned Property and both of the adjacent privately-owned parcels that, combined, make up the entire "Project Site."

TERMS AND CONDITIONS OF EXCLUSIVE RIGHT TO NEGOTIATE; WHEDA & LIHTC

The Developer is seeking an Exclusive Right to Negotiate Letter that will be in effect until December 31, 2022. During this time, the Developer will: (a) conduct neighborhood outreach meetings to discuss the project; (b) refine their Project Site and building plans; (c) continue to work with the privately-owned parcel owners concerning Developer acquisition of the privately-owned parcels; and (d) apply to Wisconsin Housing and Economic Development Authority ("WHEDA") for Low Income Housing Tax Credits ("LIHTC"). Site control through December 31, 2022 allows the Developer to reapply for tax credits if necessary.

After WHEDA and LIHTC approval, DCD will negotiate with the Developer the terms of the sale and development transaction (including assemblage of the City-Owned Property with the privately-owned parcels), and DCD will prepare a Land Disposition Report and Due Diligence Checklist for Common Council of the City of Milwaukee ("Common Council") consideration so that the Common Council may determine whether, under Milwaukee Code of Ordinances 304-49, to allow sale and conveyance of the City-Owned Property to the Developer for the project.

WHEDA applications are due December 11, 2020 and a decision by WHEDA is expected in Spring 2021.

DEVELOPER

General Capital Group, LLC ("Developer") was founded in 1996. It is a leading real estate firm, headquartered in Milwaukee. The firm's core business is the development, acquisition and management of high quality office, industrial, retail and residential properties (market rate and affordable), with an emphasis on build-to-suits.

The firm's partners have been involved in the development, management and ownership of affordable multi-family housing projects since the 1980's. The firm's commitment to affordable housing involves three (3) complimentary pursuits: development of affordable rental housing; acquisition and rehabilitation of affordable housing; and the development of affordable housing for non-profits. Developer has facilitated construction of over 2,000 affordable residential units. The firm has completed numerous projects in the City of Milwaukee including the Beerline B Apartments, Hide House Lofts, and the historic renovation of the School Sisters of St. Francis Convent (Maria Linden).

Developer has a long and successful track record developing affordable housing projects not just in the City of Milwaukee, but throughout Wisconsin, Illinois and Michigan.

KG Development Group

Anthony Kazee, an ACRE graduate, has over 10 years of experience in construction as a construction project engineer and construction estimator. Anthony is the founding partner of KG Development Group LLC ("Developer"), a Wisconsin-based development firm that focuses on affordable development projects. Developer emphasizes amenities for its tenants, serviced-enhanced management, and supportive services.

PROJECT DESCRIPTION

The Developer's project brings a very visible, high impact project to the Project Site that is a "nexus" location, with the potential to connect the Riverwest community to UWM, the East Side,

and Downtown. The project includes high quality, family-focused, affordable workforce housing and a high-profile, food-centered education and entrepreneurship center. The Developer also intends to showcase cutting edge green infrastructure elements throughout the project.

The Developer intends to create a **new neighborhood hub** to bridge the connections among poverty, housing, and health. The Developer combined a sophisticated physical design for the building with a robust programming concept that includes numerous neighborhood organizations and stakeholders to position the project as a neighborhood asset.

The Place: Affordable Workforce Housing and the Riverwest Food Accelerator

At the heart of the concept is the Riverwest Food Accelerator ("Accelerator"). The Developer envisions a highly visible demonstration kitchen and education space with a focus on fresh food, cooking, nutrition education, and food-oriented entrepreneurship. The Accelerator will be located on North Avenue, in a double-height demonstration space with a glass storefront to prominently feature the kitchen equipment and a resource kiosk. As important as the physical space offered by the Accelerator are, the many connections the Developer has made with local organizations to program and use the space. The Developer intends to engage the residents and the surrounding Riverwest community in hands-on opportunities to learn cooking skills, develop products, and potentially bring them to market.

Programming will range from free cooking and nutrition classes (in partnership with the Riverwest Food Pantry), urban agriculture demonstration projects (sponsored by Teens Grow Greens), satellite culinary classes offered by MKE Food School and MATC, and reduced cost kitchen time (inspired by the Union Kitchen Food Business Accelerator <https://unionkitchen.com/>). In the many conversations with stakeholders in the "food space," the Developer recognized that this concept will complement many programs and opportunities already offered by local non-profits. The Developer intends to continue to work with these stakeholders to provide a new resource for the neighborhood, rather than duplicating the efforts of these stakeholders.

In addition to the Accelerator element of the project, the project also provides approximately 90 units of affordable workforce housing atop covered parking. Engberg Anderson Architects designed a sophisticated building to address the unique nature of the Project Site and the proposed building programs. Other features of the project are:

- **The design takes advantage of the challenging topography of the overall Project Site.**
- **The building has a "community forward" design with prominently featured gathering spaces.** The design places the community gathering spaces on the most prominent corner of the building, offering residents the opportunity to enjoy city views while participating in clubs, meeting with neighbors, or taking advantage of the Wi-Fi café. The design approach sends a message to the residents and the Riverwest neighborhood that community, gathering, and sharing are valued and are a priority in the building design and programming.
- **The building caters primarily to families with a majority of 2- and 3-bedroom units.** Developer has a long history of developing successful mixed-use, mixed-income properties and understands from community stakeholders that the greatest need is for high quality, affordable apartments for families with children
- **The Project includes supportive housing units that serve at-risk households with special needs.**

- **Sustainability features are woven into everyday life.** The design includes features that promote sustainable building design and a healthy lifestyle.

The People: Bringing Together a Wide Array of Neighborhood Stakeholders

The combination of the Accelerator hub and the workforce housing promotes connection between housing and positive health outcomes, to benefit residents, the immediate neighbors, and the greater Riverwest neighborhood. The Developer has already reached out to many stakeholders and sponsors who support the project with uniform enthusiasm for the housing and Accelerator concept.

During the planning process, the Developer will continue to engage in outreach to solicit feedback and input from community stakeholders impacted by the project.