

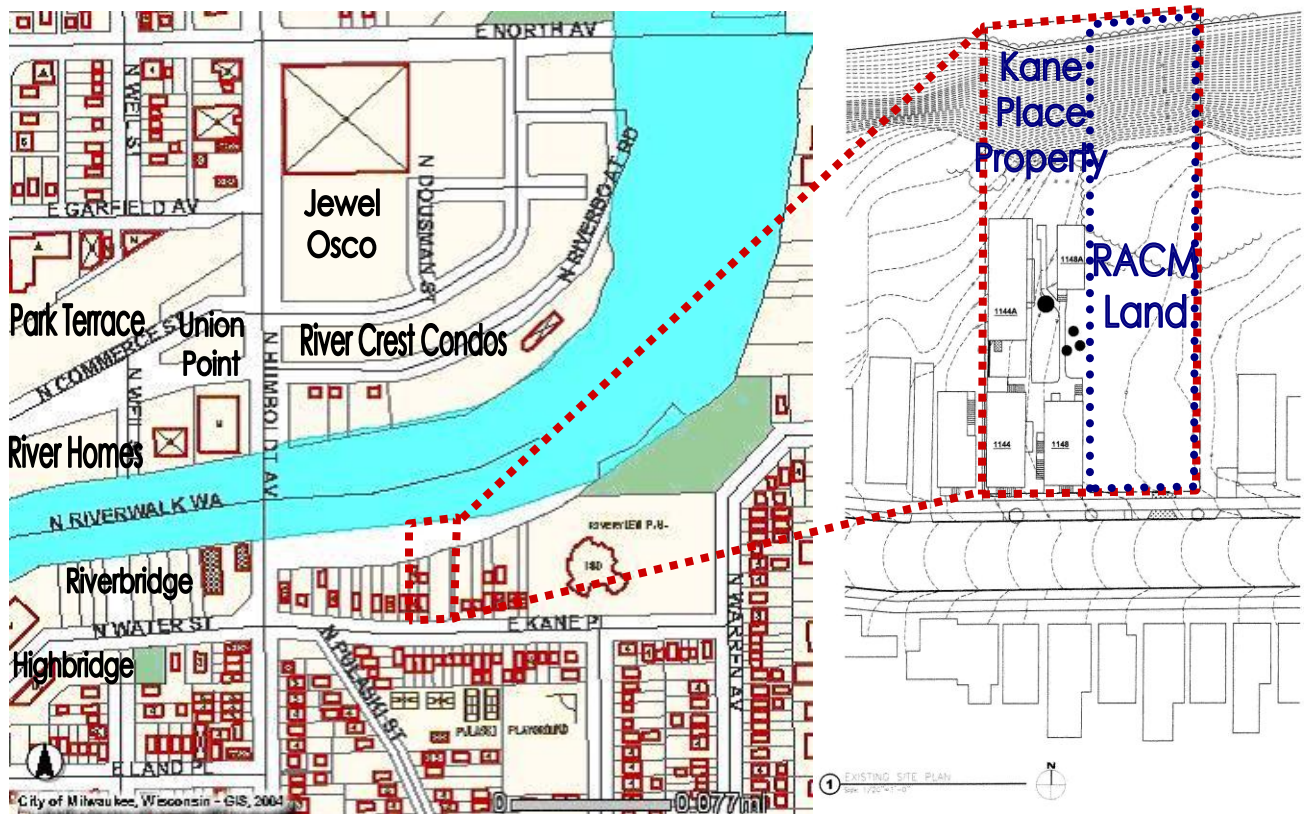
**LAND DISPOSITION REPORT
REDEVELOPMENT AUTHORITY
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

DATE May 19, 2005

RESPONSIBLE STAFF Elaine Miller, Real Estate Section, 286-5732

REDEVELOPMENT PROJECT AREA

Blight Elimination/East Village Neighborhood: In 1999, the Redevelopment Authority approved the blight designation and acquisition of two tax-deed properties on East Kane Place. The Authority was determined to be an appropriate forum to evaluate development opportunity. The East Village neighborhood was experiencing development pressures due to the growth in the downtown, Beerline and Brady Street neighborhoods and the City wanted to ensure development would be compatible. In 2004, the City of Milwaukee approved the East Village Neighborhood Conservation Overlay District to guide future development and protect existing housing.



PARCEL ADDRESSES & DESCRIPTION

1152-54 and 1158 East Kane Place: Two adjoining vacant lots containing approximately 11,261 square feet exclusive of the river bluff. The site is long and narrow – about 61.62 feet wide and 180 feet deep. The site then drops 40 feet to the river for 70 to 80 feet. To compound the dimensional and topographical challenges, the subsoil is primarily various fill materials and has geotechnical and environmental concerns. The redeveloper will need WDNR permission to build on the filled site.

The Authority's land will be assembled with Redeveloper's adjoining property to create a development site with about 27,800 square feet, including the bluff. Assemblage of the public and private properties results in greater site usage that if the Authority's property was developed on its own.

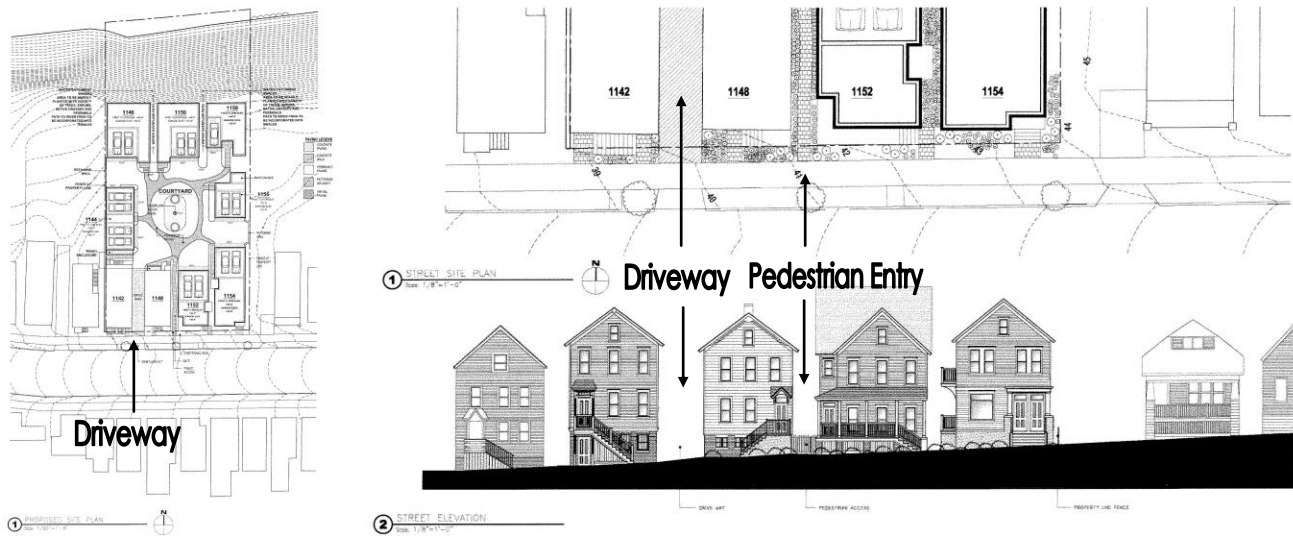
REDEVELOPER

Kane Place, LLC is a limited liability company formed by Julilly Kohler to develop this project. Ms. Kohler developed the Passeggio, a mixed-use project on Brady Street, and has rehabilitated several Brady Street properties. The project architect is Russell LaFrombois, III who assisted in the design of the Passeggio and the general contractor is expected to be Bierman Construction. Also involved are Mike Olson with Olson Real Estate Consultants and Don Wallace, who will be the broker. The developer is also committed to using EBE contractors.

The Authority worked with the adjoining owner rather than marketing the property since assemblage results in greater investment. Staff first worked with the previous adjoining owner, but his project was never formally submitted because the proposed density was objectionable to neighborhood groups. He then sold the property to Kane Place, LLC and we have been working with Ms. Kohler on site issues a conceptual plan that would address neighborhood concerns.

PROJECT DESCRIPTION

Kane Commons will be a 13-unit courtyard condominium complex that mixes rehabilitation and new construction and housing styles in a manner that complements the East Village and the natural topography. Along Kane Place, two existing buildings will be retained and rehabilitated and two new structures will be built. In the rear, a four-car garage and coach house will be built and four single-family building sites will be developed around a paved and landscaped courtyard. Vehicular access will be provided by a shared driveway between the existing buildings at 1144 and 1148 East Kane. A central pedestrian entry will be provided between 1148 and 1152 East Kane. All development is expected to include green, sustainable and low-impact design features to manage stormwater and complement the natural environment.



Proper development of the Kane Place frontage is key to ensure that the project conforms to the Conservation Overlay District. The existing building at 1144 will undergo gut rehabilitation and will be converted from four one-bedroom apartments to three two-bedroom condominiums. Parking will be provided in the rear garage/coach house. The expected price range is \$175,000 to \$250,000 for these units. The duplex at 1148 is in better condition, but will be repaired and remodeled for rental housing. All rehabilitation will be consistent with the historic character of the houses. Kane Place, LLC will retain these units and will rent them for \$650 to \$750 per month.



Two new structures will be built at 1152 to 1154 East Kane Plant to fill the existing gap in the streetscape. Construction will be in scale and design to the East Village requirements. The structure at 1152 be for single-family occupancy and is expected to have four bedrooms. The 1154 building will contain two condominiums with two bedrooms each. Both buildings will have integrated parking before the main level and will be accessed from the rear using the site's natural topography. Price ranges for the new units are expected to range from \$250,000 to \$485,000.

Four single-family building sites will be created at the rear of the property by demolishing two existing buildings that are in fair to poor condition. The sites will contain the necessary foundation pilings as well as utility services. The sites will sell for approximately \$175,000 and the buyers will contract for their own construction. The four-car garage/coach house with one condominium unit will also be built by the redeveloper in this area. Specific designs for the rear units have not been submitted, but sale documents will include strict design requirements for these units to ensure that the scale and mass are compatible to the neighborhood.

The redeveloper is also applying to the City to have the site zoned for planned development – Detailed Planned for the Kane frontage and General Planned Development for the rear area. A Detailed Planned Development zoning application for the rear will be submitted when individual building plans have been prepared.

OPTION TERMS AND CONDITIONS

The purchase price will be \$110,000, which is \$20,000 per unit for the 5.5 units that will be built on the Authority's portion of the property. The purchase price is based on a 2002 appraisal with adjustment for recent market activity. The price also reflects the adverse geotechnical and environmental conditions. A \$3,300 Option Fee is required after Council approval and shall be credited toward the purchase price if the Redeveloper closes within the initial option period. A \$10,000 performance deposit will be submitted at closing and shall be held until satisfactory completion of the project.

The base option period is six months and will allow the Redeveloper time to obtain financing and final plans that are satisfactory to the Authority. The Executive Director may extend the option for up to two three-month periods upon submission of a \$500 non-refundable renewal fee and satisfactory progress report on efforts to obtain financing and final plans.

In addition to the aforesaid terms, the sale will be further conditioned as required in the Redevelopment Authority resolution adopted on May 19, 2005, and in the Option to Purchase negotiated by the Authority and the Redeveloper.

PAST ACTIONS

The Redevelopment Authority held a public hearing on May 19, 2005, after which it conditionally accepted the Option to Purchase of the named Redeveloper.

FUTURE ACTIONS

Upon Common Council approval, the Redeveloper will obtain firm financing and approval of final plans prior to closing. An Agreement for Sale will be drafted in accordance with the terms and conditions expressed herein and contained in the resolution adopted by the Authority.