

**BLIGHT DESIGNATION SUMMARY & LAND DISPOSITION REPORT  
REDEVELOPMENT AUTHORITY  
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

**DATE**

November 17, 2009

**RESPONSIBLE STAFF**

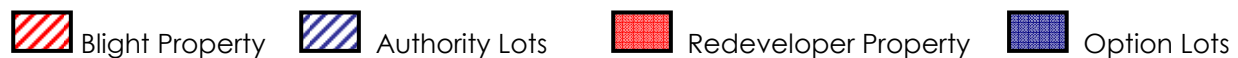
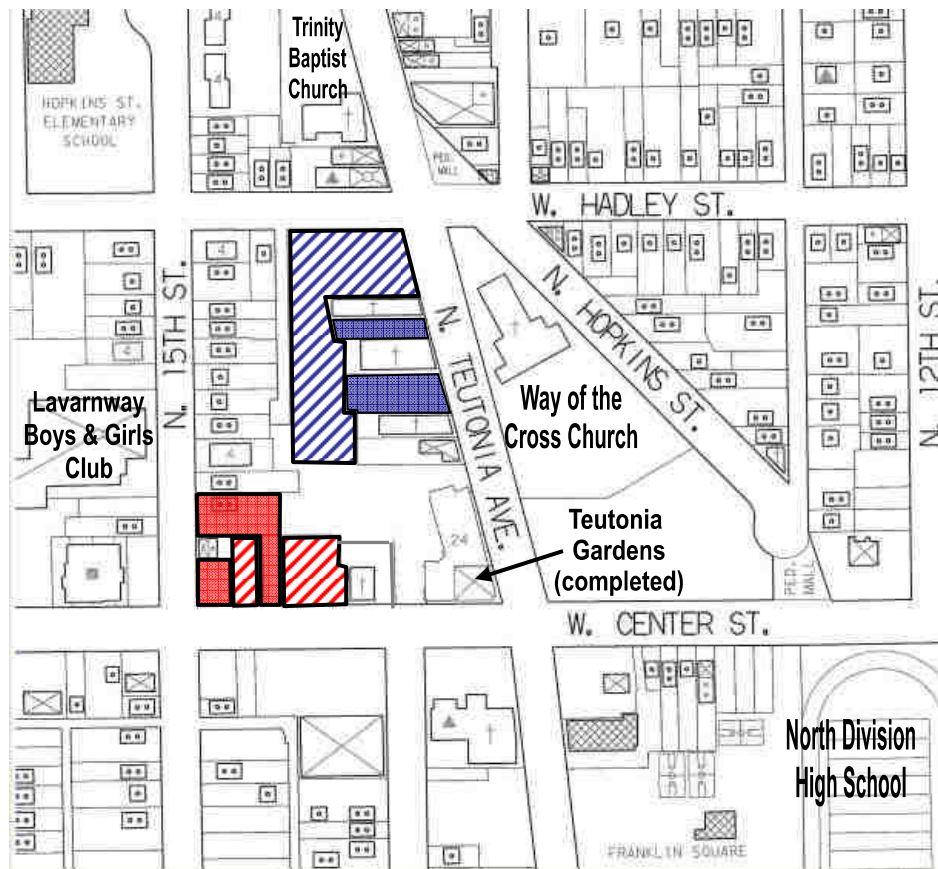
Matthew Haessly, Real Estate Section (286-5736)

**PROPOSED ACTIVITIES**

Declare five City-owned vacant lots blighted for acquisition. The lots are on a block with two redevelopment project areas where the Authority owns property. The City lots and the Authority-owned property will be conveyed for development of Franklin Square, an affordable housing project. Also, the action authorizes an option to purchase for the remaining Authority-owned lots for a subsequent phase.

**REDEVELOPMENT PROJECT AREAS**

Hopkins-Teutonia & Teutonia-Hadley. The redevelopment project areas were created in 1980 and 1981 to eliminate blighted properties and assemble development sites. Land use controls for both plans have expired.



The Teutonia and Center neighborhood has seen recent investment with the completion of Teutonia Gardens at the corner of Center and Teutonia, Trinity Baptist Church at 2829 North Teutonia and the expansion of the LaVarnway Boys & Girls Club with the Academy of Learning and Leadership on 15th Street.

**CITY PROPERTIES/BLIGHT DESIGNATIONS**

1408 West Center Street	112.18' deep by irregular widths	2,227 SF
1414 West Center Street	51' by 112.18'	5,721 SF
1418-20 West Center Street	30' by 112.18'	3,365 SF
1426 West Center Street	32' by 112.18'	3,590 SF
1432 West Center Street	18.5' by 112.18'	<u>2,075 SF</u>

Total City Area 16,978 SF

The five lots were acquired by the City of Milwaukee through tax foreclosure between 1978 and 1995. The properties can be considered blighted pursuant to Wisconsin Statutes for the following reasons:

- The lots are undersized in today's market and have irregular and obsolete platting in relation to the surrounding neighborhood.
- The vacant status negatively impacts the surrounding neighborhood.

**REDEVELOPMENT PROPERTY/DEVELOPMENT SITE**

2777 North Teutonia Avenue: A 38,544 SF lot assembled in 2007 by a Certified Survey Map prepared for the Teutonia Gardens project. The CSM combined the remaining portion of 1445R West Hadley Street, a former City parking lot that was conveyed to the Authority in 1990, and 2777 North Teutonia Avenue, a vacant lot acquired by the Authority in 1982.

The Authority's property will be combined with the following lots acquired by the Redeveloper to create a total development site of 31,883 SF for the mid-rise building and 38,544 SF for the townhouses:

1422 West Center Street	28' by 112.18'	3,141 SF
1436-38 West Center Street	30.79' by 73.18'	2,692 SF
2720 North 15 <sup>th</sup> Street	67.6' Avg. by 134.2' Avg.	<u>9,072 SF</u>

Total Redeveloper Area 14,905 SF

Also, the action allows an option-to-purchase and short-term leases for non-residential uses at 2745-49 North Teutonia Avenue and 2761 North Teutonia Avenue, 9,946 SF and 9,890 SF, respectively. Because the lots have no direct alley access, the Authority will require an access easement across the rear area of 2777 North Teutonia Avenue in the event the Redeveloper does not acquire the land.

**REDEVELOPER**

Franklin Square Apartments, LLC, a limited liability company recently formed by Maures Development Group, LLC and Brinshore Development, LLC.

Maures Development is a Milwaukee-based women and minority-owned real estate service firm founded in 2006 by Melissa Goins, a product of the Associates in Commercial Real Estate (ACRE) Program at Marquette University. The firm is active with multi-family, retail and office projects as an owner/developer, development manager for other companies and land use planning. Maures' most recent project is Teutonia Gardens, a mixed-use affordable housing development at the Northwest corner of Teutonia Avenue and North Center Street.

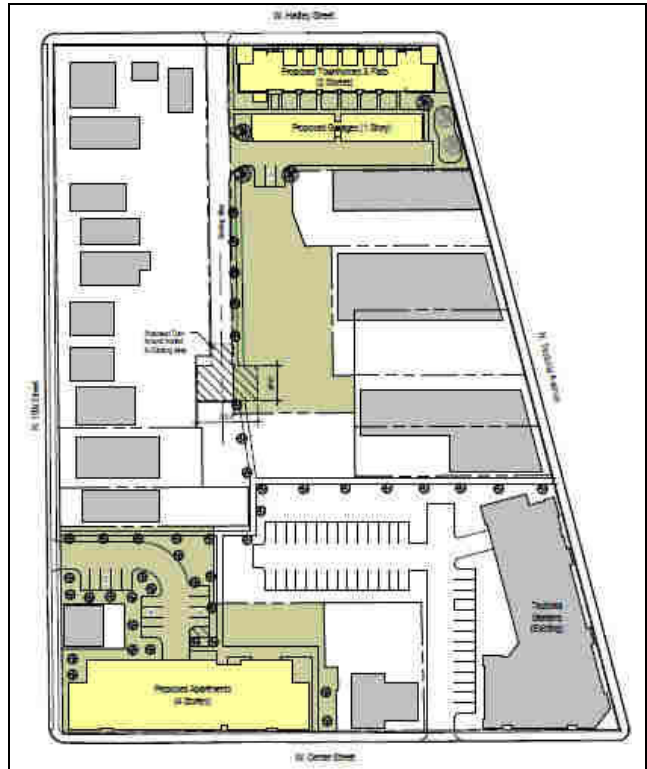
Brinshore Development, LLC, is a Northbrook, Illinois real estate development firm founded in 1994. The company has an extensive portfolio of residential projects ranging from large-scale, master planned communities to major historic renovations. Brinshore has developed over 5,000 units with more than \$1.0 billion in value of affordable, mixed-income and/or senior housing in Illinois, Indiana and Wisconsin. The company's recent Milwaukee project is Hopkins Place at 5415-85 North Hopkins Street. Brinshore's principals are David Brint and Richard Sciortino, both of whom have extensive experience in the housing and financial sectors.

**PROPOSED DEVELOPMENT**

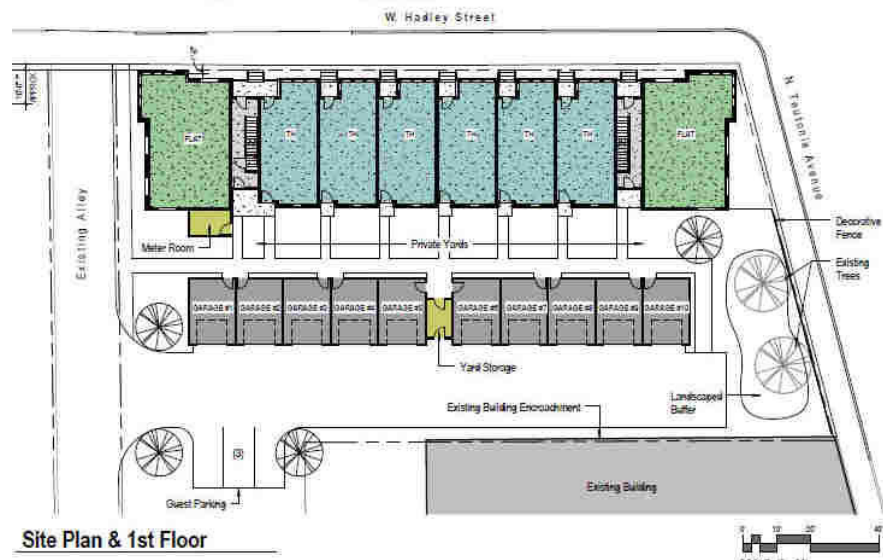
Franklin Square, a 37-unit affordable housing development will be constructed in two buildings on opposite ends of the project site. The project will be a mixed-income project with 100% affordable units for those with 60% of median income.

15<sup>th</sup> and Center is the site for a four-story, 27-unit apartment building with a small amount of ground floor commercial space, which will be occupied by Maures Development Group. Building amenities will include an exercise room, club room, storage lockers and secure first floor parking. The building will boast a green roof and solar panels.

The second building at the southwest corner of Teutonia and Hadley will mix six townhomes with four flats. Each unit will have a washer and dryer, dishwasher, garbage disposal and central air. A row of detached garages will be situated behind the building.



Rowhouse/Flats -- Preliminary Site Plan



Site Plan & 1st Floor

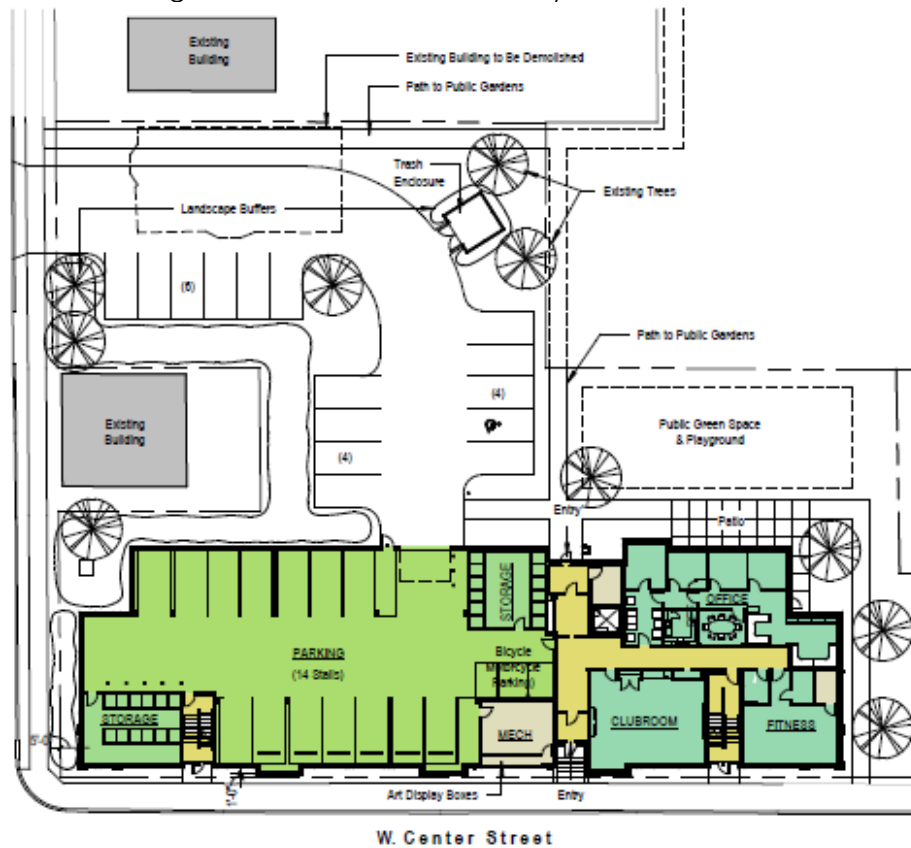
Rowhouse-Conceptual Elevations  
View from Hadley/Teutonia



View from Teutonia Looking Northwest



Mid-rise Building at 15<sup>th</sup> & Center – Preliminary Site Plan & Ground Floor Plan



Mid-rise Building - Conceptual Elevation



Mid-rise Floor Plans



Total costs are about \$10,000,000. The project will be financed in part through federal affordable housing tax credits allocated by WHEDA. Additional funding will be provided through conventional financing. The Redeveloper is committed to a strong EBE involvement and is aiming for 30% EBE participation.

**OPTION TERMS AND CONDITIONS**

The purchase price will be \$10,000 plus one-half of the Phase II testing costs. A reduced price from market value has been established to ensure project feasibility while covering the Authority's administrative expenses. The difference in market value will be considered by WHEDA as a City contribution to the project (approximately \$83,000 based on a market value of approximately \$1.50 per SF of land area). A \$1,000 non-refundable Option Fee is required within 10 days of Common Council approval and shall be credited toward the purchase price if the sale closes prior to December 31, 2010.

If the Redeveloper requires additional time to sell the tax credits or obtain firm financing or final plans, the Executive Director may extend the option until June 30, 2010, upon submission of a \$500 non-refundable renewal fee and a progress report on the efforts to obtain financing and plans.

Closing contingencies include Authority approval of final construction plans and firm financing. Prior to closing, an Agreement for Sale that provides for reversion of title in the event of non-performance will be negotiated with the Redeveloper. A \$5,000 Performance Deposit must be submitted at closing and shall be held until satisfactory completion of both buildings. Sale expenses, including the Authority's 30% development fee, shall be deducted from the Purchase Price and the net proceeds shall be returned to the Reserve For Tax Deficit Fund.

At closing, the Redeveloper will grant the Authority with access easements for the Authority's remaining lots on Teutonia Avenue across the rear area of 2777 North Teutonia Avenue to the public alley. In addition, the Authority is reserving a small area at the south end of the alley to accommodate possible future alley dedication of a turn-around area. Formal Common Council action would be needed to accept the reservation.

In addition to the aforesaid terms, the sale will be further conditioned as required in the Redevelopment Authority resolution adopted on November 17, 2009, and in the Option to Purchase to be negotiated by the Authority and the Redeveloper.

#### **PAST ACTIONS**

In 2006, the Authority authorized an Option to Purchase with Maures Development for the lots at Teutonia and Hadley. Maures has anticipated a Phase II for Teutonia Gardens that would include the existing buildings along Teutonia Avenue. When the Redeveloper was unable to acquire the properties, the project was revised to construct two buildings at opposite ends of the block.

The Authority held a public hearing on November 17, 2009, after which it approved the blight designation of the City-owned lots and acquisition by the Authority. The hearing concurrently addressed disposition of all of the property and the Authority conditionally accepted the Option to Purchase of the named Redeveloper.

#### **OPTION TO PURCHASE**

A three-year option for the Authority's lots at 2745 and 2761 North Teutonia Avenue will be granted to Maures Development, LLC for future expansion. During the option period, the Redeveloper will work with the Teutonia building owners for redevelopment and/or acquisition in a manner to complement Teutonia Gardens and Franklin Square.

#### **ACCESS EASEMENT/ALLEY RESERVATION**

Since future development of the Authority's remaining Teutonia Avenue lots is not guaranteed, the Authority will require easements for each lot across to the alley and across the rear land (formerly 1455R West Hadley). In addition, the Authority is reserving a small area at the south end of the alley to accommodate possible future alley dedication of a turn-around area.

#### **FUTURE ACTIONS**

Upon the Redeveloper obtaining firm financing and approval of final plans, the Redevelopment Authority will enter into an Agreement for Sale and proceed to close in accordance with the terms and conditions expressed herein and contained in the resolution adopted by the Authority.