

## LAND DISPOSITION REPORT

**COMMON COUNCIL OF THE CITY OF MILWAUKEE – JANUARY 19, 2021**

**REDEVELOPMENT AUTHORITY – FEBRUARY 18, 2021**

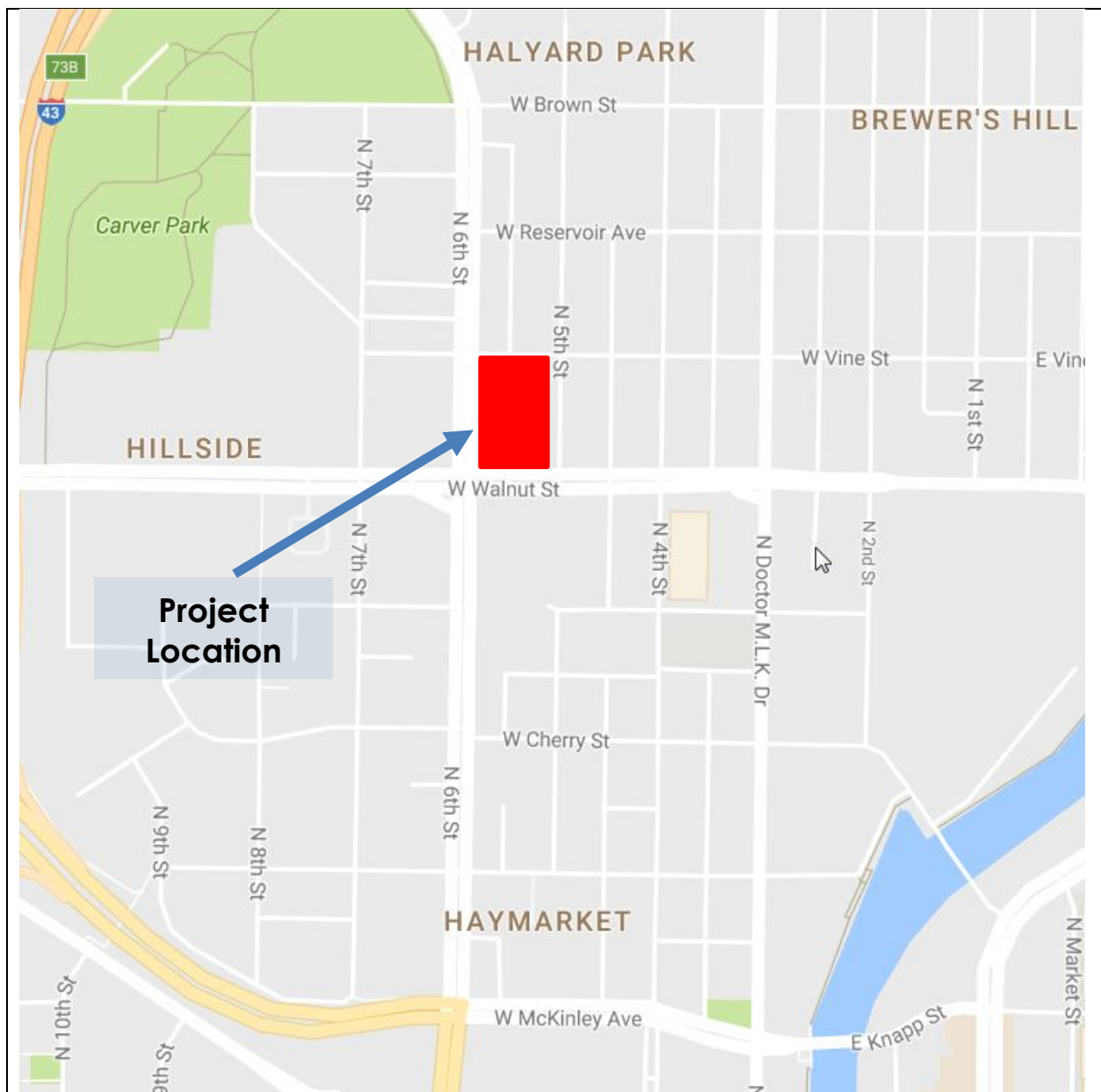
**CITY PLAN COMMISSION – MARCH 8, 2021**

**ZONING NEIGHBORHOOD DEVELOPMENT – APRIL 12, 2022**

**RESPONSIBLE STAFF** Yves LaPierre, Real Estate Analyst, Department of City Development ("DCD")

### REDEVELOPMENT PROJECT AREA

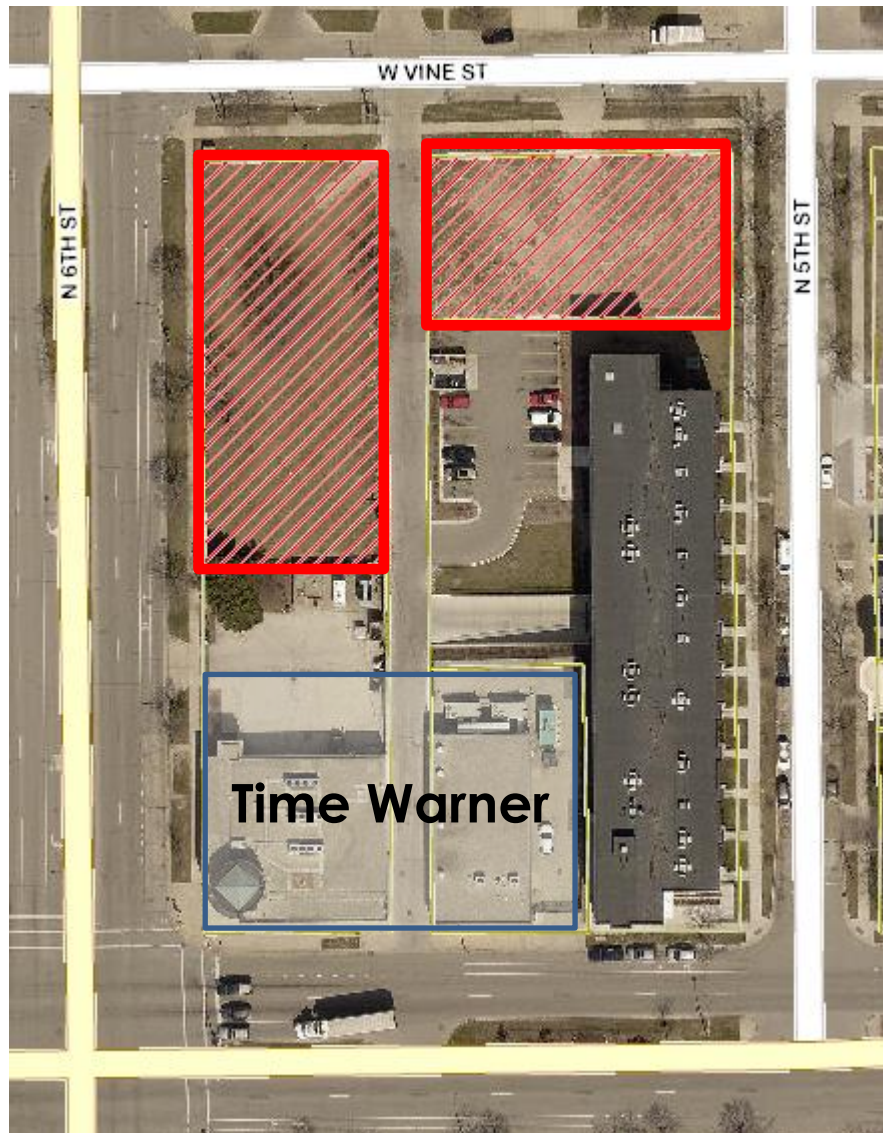
North 5th–West Vine Street: The Redevelopment Plan was adopted in 1993 to eliminate blight and promote commercial and industrial development. The site is situated near the Haymarket Square Industrial Area and the downtown business district. The Redevelopment Plan was amended in 2006, to include residential and commercial uses. The parcel at the northeast corner of 6th and Walnut was sold by the Redevelopment Authority of the City of Milwaukee ("RACM") in 1995 to Time Warner.




### PARCEL ADDRESSES AND DESCRIPTION

Development consists of two parcels, 1728 North 6th Street and 513 West Vine Street ("Properties").

RACM prepared environmental evaluation reports for select parcels and contracted with an environmental consultant to conduct Phase II Environmental Site Assessments on select parcels located within the project boundaries. RACM shall not conduct any additional environmental assessment on the Properties.



**RACM-Owned Vacant Lots** 

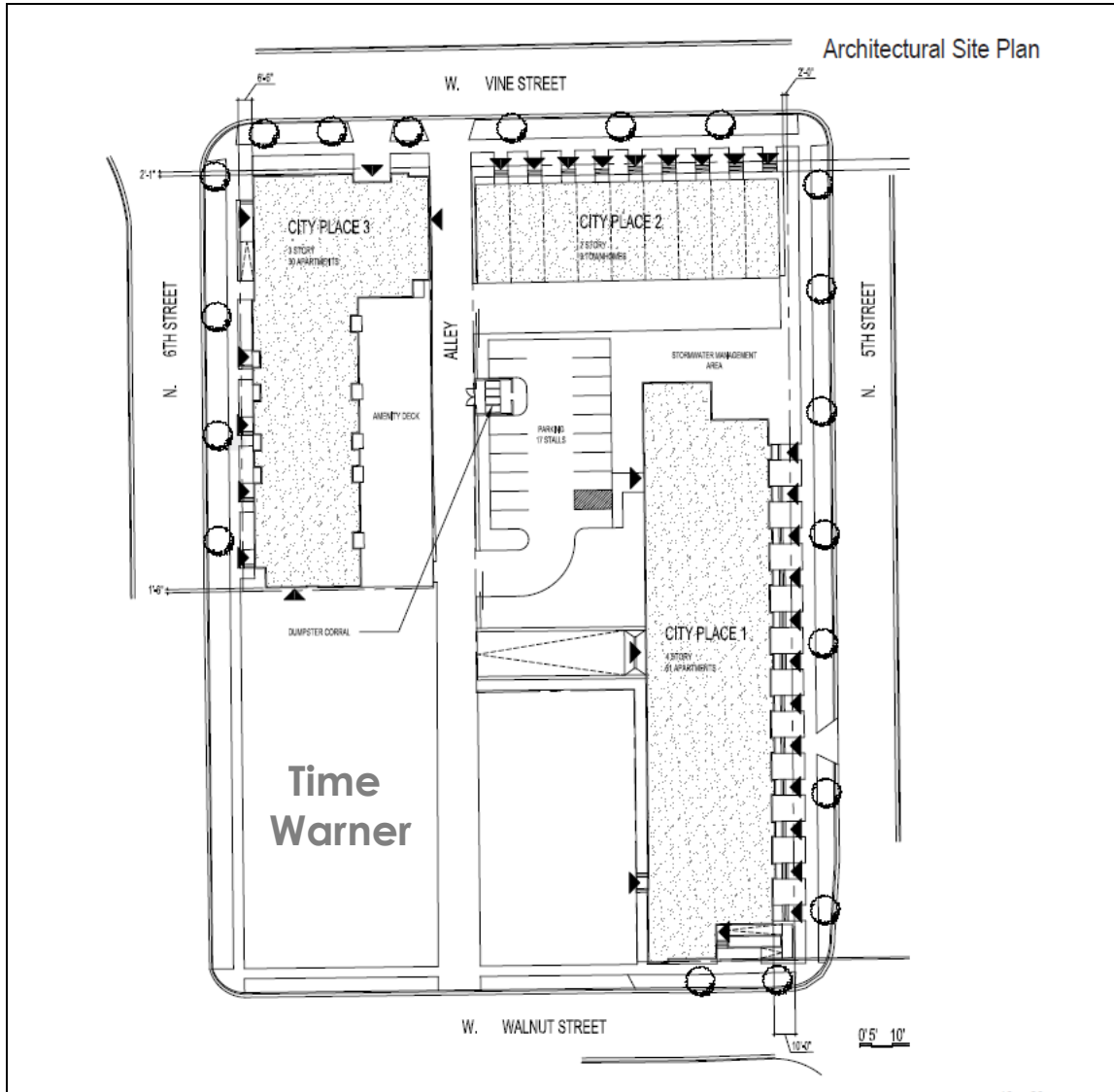
### DEVELOPER

The development team is led by Kalan Haywood of the Haywood Group ("Developer"). Haywood together with other partners, has significant development history in the Milwaukee area. Previous and current projects include Pete's Fruit Market on the corner of West North Avenue and North Dr. Martin Luther King, Jr. Drive, renovation of the historic Germania Building at 135 West Wells Street, the Flatiron Condominiums in the Park East Corridor. The development team has formed an affiliate called CityPlace II, LLC for holding and financing purposes.

### PROJECT HISTORY

In 2017 Haywood was approved for a purchase and sale agreement to develop the site in three phases with three multi-family residential buildings in accordance with a Detailed Planned Development ("DPD") that had been submitted to the Common Council of the City of Milwaukee

("Common Council") for consideration and approval. Cityplace 1 was developed with Low Income Housing Tax Credits ("LIHTC") and completed on schedule. Cityplace 2 and 3 were to be privately financed, market rate developments but were never completed.



CityPlace 2017 Site Plan



**CityPlace One – completed 2018**



**CityPlace Two, Proposed Townhomes at 513 West Vine Street, Not Completed.**

CityPlace Two proposed for the southwest corner of North 5th Street and West Vine Street. The building will have approximately 9 market-rate two-bedroom townhomes. Each townhome will feature a private 1.5 car garage.



**CityPlace Three, Proposed for 1728 North 6th Street, not completed**

CityPlace Three proposed for the southeast corner of North 6th Street and West Vine Street. The building will have approximately 30 market-rate apartments, including four walk-up townhomes with individual entrances. The building will have an enclosed garage with spaces for approximately 31 vehicles, in addition to bicycle parking.

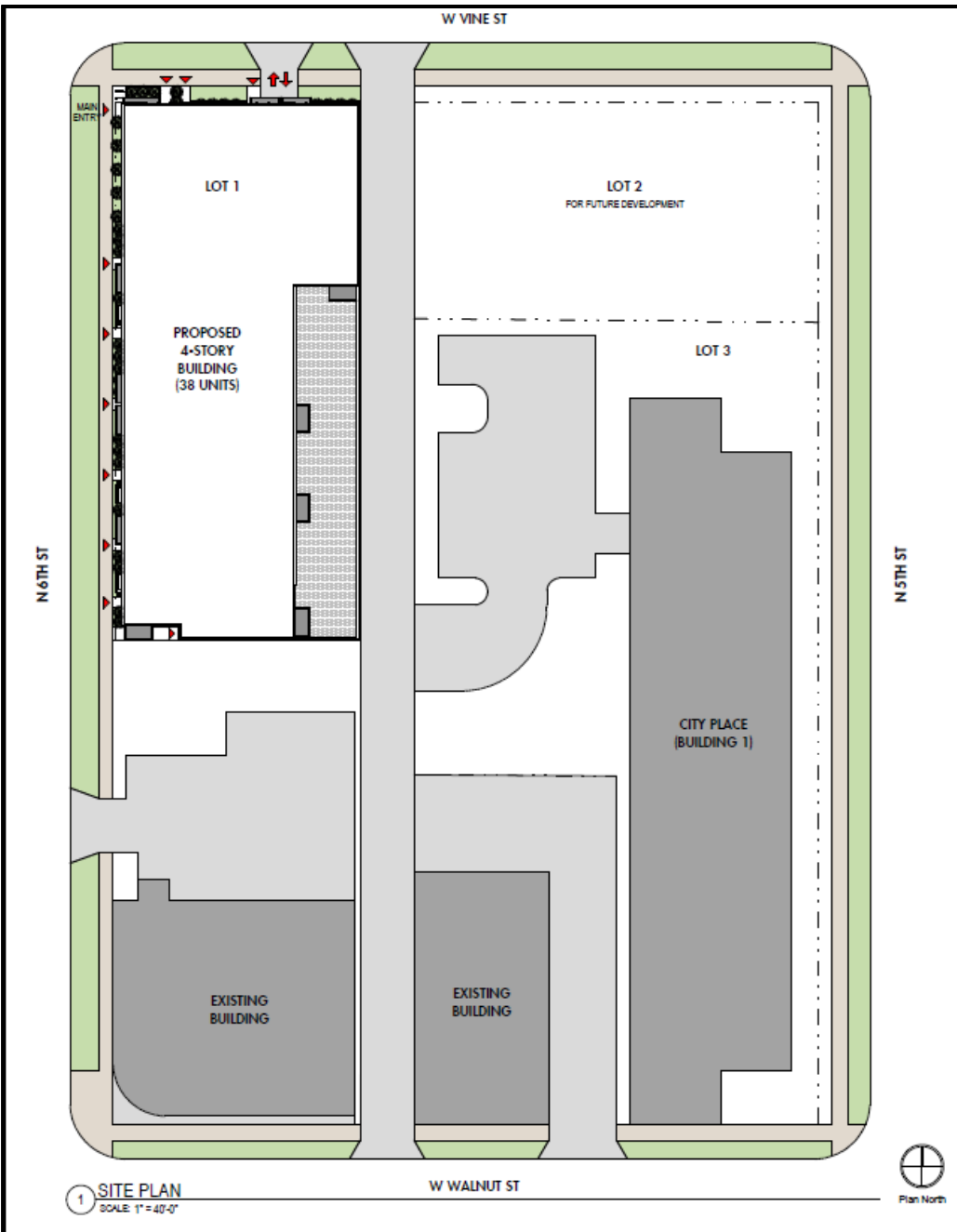
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**New Proposal for 2021**



**1728 North 6th Street**

Proposed building at 1728 North 6th Street will be financed with LIHTC and other funding sources. It will consist of 32, two bedroom, low income units and 6 market rate, three bedroom, walk up townhome style units. The entry sequence will be located on Vine Street. While the townhomes and lobby will front 6th Street. The building includes a ground floor parking structure with 38 parking spots, bicycle parking, and resident storage.



1728 North 6th Street Site Plan



1728 North 6th Street Floor Plans



1728 North 6th Street Elevations



## 1728 North 6th Street Elevations

### PURCHASE TERMS AND CONDITIONS

RACM will convey to Developer 1728 North 6th Street at a purchase price of \$20,000. Closing shall occur by June 30, 2022. Construction to be completed by May 31, 2023.

RACM will convey to Developer 513 West Vine Street at a purchase price of \$10,000. Closing shall occur by June 30, 2023. Construction to be completed by May 31, 2024.

For each conveyance, closing will be contingent on Developer submitting evidence of Developer's readiness to begin construction. Such evidence may include a first mortgage loan commitment and construction loan commitment, or any other documentation satisfactory to the RACM Executive Director to demonstrate project financing is secured for the parcels to be developed in that conveyance.

RACM shall convey the Properties to Developer at respective closings via quit claim deeds in an "AS-IS, WHERE-IS" condition, with no warranties or representations, express or implied, and with all faults and defects, including environmental and geotechnical conditions, known or unknown. Such provisions shall bar all tort, warranty and misrepresentation claims, including any action based on non-disclosure. No additional environmental investigation shall be conducted by RACM, but RACM will provide results of any environmental investigations previously conducted on the Properties. Developer shall be responsible for all closing costs.

Each deed will contain a restriction prohibiting the Developer or its successors or assignees from applying to the City for tax-exempt property status. At each closing, the sale proceeds, less all sale and marketing expenses and a 30 percent disposition fee paid to RACM, shall be credited to the City of Milwaukee's Delinquent Tax Fund. At each closing, Developer shall pay a performance deposit of \$10,000 to RACM, to be refunded if Developer meets the respective occupancy certificate date.



RACM shall have a Retained Reversionary Interest in the Properties to guarantee Developer's performance. RACM's reversionary right is a material provision to the conveyances of the Properties, without which, RACM would not have entered into this transaction.

If Developer is unable to close on or before June 30, 2022 for 1728 North 6th Street, Developer may submit a written request for one (1) three (3)-month extension of this Land Disposition Report for the respective closing to RACM's Executive Director. Extension will require a \$2,500 renewal fee and submission of a progress report on Developer's efforts to secure final construction plans and firm financing. RACM's Executive Director shall grant the extension for the respective closing if Developer's progress can be verified. The renewal fee shall not be credited toward the Purchase Price.

Developer shall enter into a Human Resources Agreement with RACM in which Developer agrees to use best efforts to use Small Business Enterprises for 25 percent of the construction and supply costs and 18 percent of professional services costs and to use unemployed and underemployed residents for no less than 40 percent of total "worker hours," pursuant to the City's Residents Preference Program per the recent ordinances changes, effective January 1, 2017.

Failure to comply with the schedule or any terms and conditions outlined in this Land Disposition Report, or any City or RACM policy generally applied to conveyance of RACM-owned land per Wisconsin Statutes or Milwaukee Code of Ordinances, terminates Buyer interest in the Properties not already conveyed.

Upon Developer's written request, RACM may grant Developer a right-of-entry to the portion of the Properties not currently under construction for staging purposes.

**DUE DILIGENCE CHECKLIST  
CITYPLACE, 5TH AND VINE**

Market value of the property.	Development site acquired through tax foreclosure. The properties are being sold "as is, where is," without any guarantees. Development of site will create high value housing at a long vacant site. Sales price is \$20,000.
Full description of the development project.	Phased development of tax-credit funded housing and market-rate housing, please see Land Disposition Report for full details.
Complete site, operations and scope of work for development.	Please see the Land Disposition Report for details.
Developer's project history.	Development team has extensive experience developing properties in Milwaukee such as: <ul style="list-style-type: none"> <li>• Germania Building</li> <li>• Pete's Fruit Market</li> <li>• Flatiron Condominiums</li> <li>• Ingram Place Apartments</li> <li>• Lisbon Terrace</li> </ul>
Capital structure of the project, including sources, terms and rights for all project funding.	Development is funded with private equity, financing, tax credits and grants.
Project cash flows for the lease term for leased property.	Not applicable.
List and description of project risk factors.	DCD staff determined that there is low risk in selling the vacant lots at 5th and Vine to Haywood Group Development team, due to Developer's experience and success in developing property in Milwaukee.
Tax consequences of the project for the City.	Total development will be fully taxable. Former vacant property will be added to City tax rolls.