

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

DATE
June 11, 2019

RESPONSIBLE STAFF
Amy Turim, Real Estate Development Services Manager, DCD

PARCEL ADDRESS AND DESCRIPTION
3934-36 West Fond du Lac Avenue: A commercial property with two units on a 14,157 square-foot lot, acquired by the City of Milwaukee through tax foreclosure in December of 2016. The property is located in the Roosevelt Grove neighborhood and the Near North Side Plan area.



Property is outlined and shaded in blue

BUYER

Former owner, Pleasant Hill Missionary Baptist Church (“Buyer”) or assignee. Buyer is a church that occupies the building in the larger of the two units, 3934-36 West Fond du Lac Avenue. The Buyer was established as a church approximately 31 years ago and has occupied the Property since 2004. The congregation leader is Pastor Lester R. Barnes. The Buyer provides services in addition to its ministry, including distributing food and clothing for people in need on a bi-monthly basis and offering breakfast every Sunday morning. The Buyer is a 501(c)(3) with current tax exemption standing with the Internal Revenue Service. At the time of acquisition, the Property did have open code violations. The Buyer has worked with DCD to remedy issues, and will have full responsibility for code issues after sale. The Buyer meets all guidelines to purchase a City-owned property, except for having lost property in tax foreclosure. The Buyer attempted to vacate the foreclosure judgement, but in seeking financing, had someone take advantage of him. The Buyer wants to purchase the property to continue operations.

PROJECT DESCRIPTION

Sale of a two-unit commercial property to its former owner, who is an occupant in one unit of the premises.

PURCHASE TERMS AND CONDITIONS

The purchase price is \$10,000. The conveyance will be on an “as is, where is” basis including all environmental and geotechnical conditions, if any. Entering into a Payment in Lieu of Taxes (PILOT) agreement will be required as part of the sale. The property was previously fully tax exempt, and was foreclosed on due to special charges on the tax bill. A PILOT is required due to the second commercial unit on the premises operating as a salon. At closing, subtracted from the sale proceeds will be sales expenses and a 30 percent disposition fee shall be paid to the Redevelopment Authority; the remaining sale proceeds shall be deposited in the Delinquent Tax Fund.

Due Diligence Checklist
Address: 3934-36 West Fond du Lac Avenue

<p>The Commissioner's assessment of the market value of the property.</p>	<p>An occupied two-unit commercial property located in the Roosevelt Grove neighborhood. The Property was acquired through property tax foreclosure on December 12, 2016. The property is being sold "as is, where is," including all environmental and geotechnical conditions, without any guarantees.</p> <p>The price for the Property is \$10,000.</p>
<p>Full description of the development project.</p>	<p>The Buyer, Pleasant Hill Missionary Baptist Church, or its assignee, proposes to continue to occupy the building as an owner-occupied church and a salon.</p> <p>The Buyer understands it will be responsible for ensuring the property is up to code and all other City ordinances related to occupancy are followed.</p>
<p>Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.</p>	<p>Not applicable.</p>
<p>Developer's development project history.</p>	<p>The Buyer owned property previously.</p>
<p>Capital structure of the project, including sources, terms and rights for all project funding.</p>	<p>Not applicable.</p>
<p>Project cash flows for the lease term for leased property.</p>	<p>Not applicable.</p>
<p>List and description of project risk factors.</p>	<p>The Buyer lost other property to tax foreclosure and had previous DNS issues.</p>
<p>Tax consequences of the project for the City.</p>	<p>The Buyer will be required to agree to a PILOT agreement of the City and MPS portion of the tax levy for the assessed value as determined by the Assessor's Office. A previously tax-exempt property will be paying a PILOT agreement to the City.</p>