

# LAND DISPOSITION REPORT

## REDEVELOPMENT AUTHORITY & COMMON COUNCIL OF THE CITY OF MILWAUKEE

### DATE

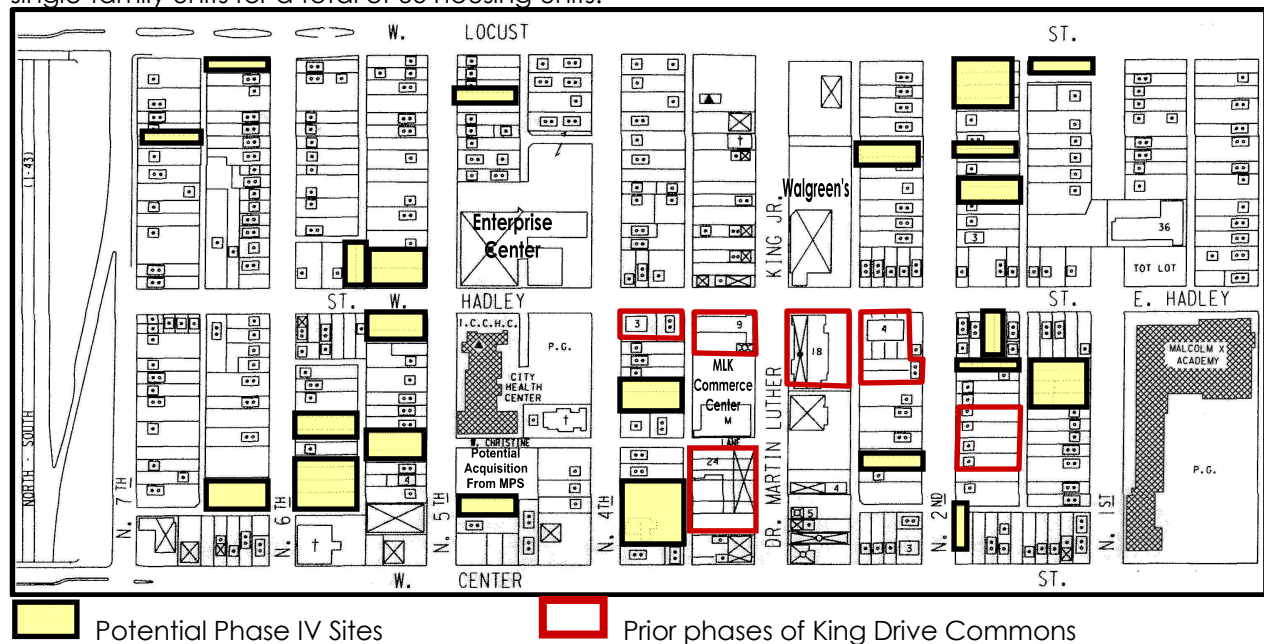
January 13, 2011

### RESPONSIBLE STAFF

Elaine Miller, Real Estate Manager (286-5732)

### PREVIOUS ACTIONS

In 2002, the Redevelopment Authority authorized conveyance of properties for King Drive Commons, a comprehensive commercial and residential redevelopment from 1<sup>st</sup> to 7<sup>th</sup> Streets and between Center and Locust. Three phases of the project have been completed and includes three mixed-use buildings on King Drive and scattered site housing in a mix of townhouse and single-family units for a total of 66 housing units.



Phase I Mixed-Use Building



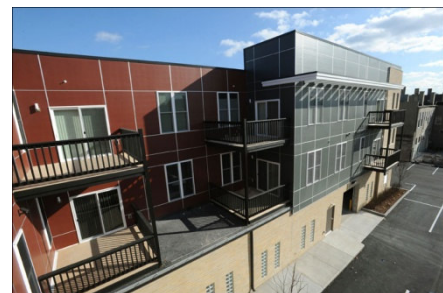
Phase II Rowhouses



Phase II Single-Family



Phase II Townhouse



Phase III Mixed-Use Building

**REDEVELOPMENT PROJECT AREA**

West Hadley Street - North 3rd Street: A redevelopment district created in 1979 to promote retail and commercial-service development on North 3<sup>rd</sup> Street (now King Drive) between Meinecke and Locust Streets. In addition to King Drive Commons, a recent development includes a new Walgreens at 2826 King Drive and the Ameritech King Commerce Center at 2745 King Drive.

Blight Elimination: The vacant lots in the King Drive Commons target area were declared blighted and authorized for acquisition by the Authority as part of the initial 2002 approval. This action also allowed additional properties acquired by the City in tax foreclosure in the target area to be transferred to the Authority for inclusion in the project.

**REDEVELOPER & DEVELOPMENT TEAM**

Martin Luther King Economic Development Corporation: A non-profit development corporation created in 1993 to partner with individuals and organizations for entrepreneurial initiatives that create wealth and jobs in the King Drive and Harambee neighborhoods. Welford Sanders is Executive Director. Mr. Sanders was recently nominated for the Harris Bank Cornerstone Award for his long-standing commitment to the neighborhood and demonstrated effectiveness in area redevelopment.

A new limited liability company will be formed with the equity investor to take title and develop the project. The project architect is Brian Miller, Miller Architectural Group, the architect for the previous phases. Wisconsin Redevelopment will be the project development consultant. The general contractor is Universal Construction Solutions, the same contractor for Phases I, II and III.

**PHASE IV PROJECT DESCRIPTION**

35 to 40 units of affordable rental housing that will be developed on a scattered site basis in a combination of townhouse and single-family buildings. The units will be rent-to-own where occupants can build up equity during the rental period and purchase the units at the end of the compliance period for affordable rental housing. Initially, these lots had been targeted for homeownership, but market conditions made such a strategy infeasible.

Phase IV costs are approximately \$9.3 million. The project will be financed in part with federal housing tax credits administered by the Wisconsin Housing and Economic Development Administration (WHEDA). The developer projects EBE participation of 30% of construction costs.

**OPTION TERMS AND CONDITIONS**

The purchase price will be \$1.00 per lot. A \$1,000 Option Fee is required to cover the Authority's administrative expenses and shall not be credited toward the purchase price.

The base option period is until December 31, 2011, which allows time for a February 2011 application to WHEDA for a tax credit allocation, sale of the tax credits to an equity investor, preparation of final construction plans and receipt of firm financing without contingencies. The Authority's Executive Director may extend the option for up to three six-month periods based upon buyer submission of a \$500 non-refundable renewal fee and satisfactory progress report on buyer's efforts to obtain financing and final building plans.

The Authority's closing contingencies include approval of final construction plans, evidence of firm financing, negotiation and execution of an Agreement for Sale that will contain reversion of title provisions for non-performance and submission of a \$1,000 performance deposit to be held until satisfactory completion of the project. Final lot selection will be prior to closing in consultation with the local member of the Common Council and may include privately acquired properties, including a possible lot acquisition from MPS, or additional properties acquired by the City through tax foreclosure and transferred to the Authority for disposition to the Redeveloper.