

LAND DISPOSITION REPORT COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

January 24, 2023

RESPONSIBLE STAFF

Matt Haessly, Real Estate, Department of City Development

CITY PARCEL ADDRESSES & DESCRIPTION AND APPROVALS

310 West Locust Street (the "MPL Parcel"). Between 1968-1970, the City of Milwaukee ("City") acquired four parcels with a combined area of approximately 30,600 square feet to construct the Dr. Martin Luther King Milwaukee Public Library. The library opened in 1971 and has been in operation since.

- On January 12, 2023, the Milwaukee Public Library Building and Development Committee declared the MPL Parcel surplus to municipal needs.
- On January 23, 2023, the City Plan Commission declared the MPL Parcel surplus to municipal needs and authorized the Department of City Development ("DCD") to facilitate the sale of the MPL Parcel.

2971-75 North Dr. Martin Luther King Jr. Drive (the "2971 Parcel"): This vacant lot is approximately 4,500 square feet and was acquired through property tax-foreclosure in 1997.

2977-79 North Dr. Martin Luther King Jr. Drive (the "2977 Parcel" and collectively with the 2971 Parcel, the "City King Parcels"): This vacant mixed-use building is situated on a nearly 6,200 square foot parcel and was acquired through property tax-foreclosure in 2015.

- The Developer (defined below) submitted an unsolicited offer to acquire and develop the City King Parcel's.

Zoning: The MPL Parcel when combined with the two City King Parcel's, referenced above, (the "City Parcels") are zoned LB2 or Local Business.

Past Council Files and Approvals

File No. 200932: Resolution authorizing an Exclusive Right to Negotiate to allow General Capital Group, LLP and Emem Group, LLC (the "Developer") to seek Wisconsin Housing and Economic Development Authority ("WHEDA") financing. WHEDA financing was awarded.

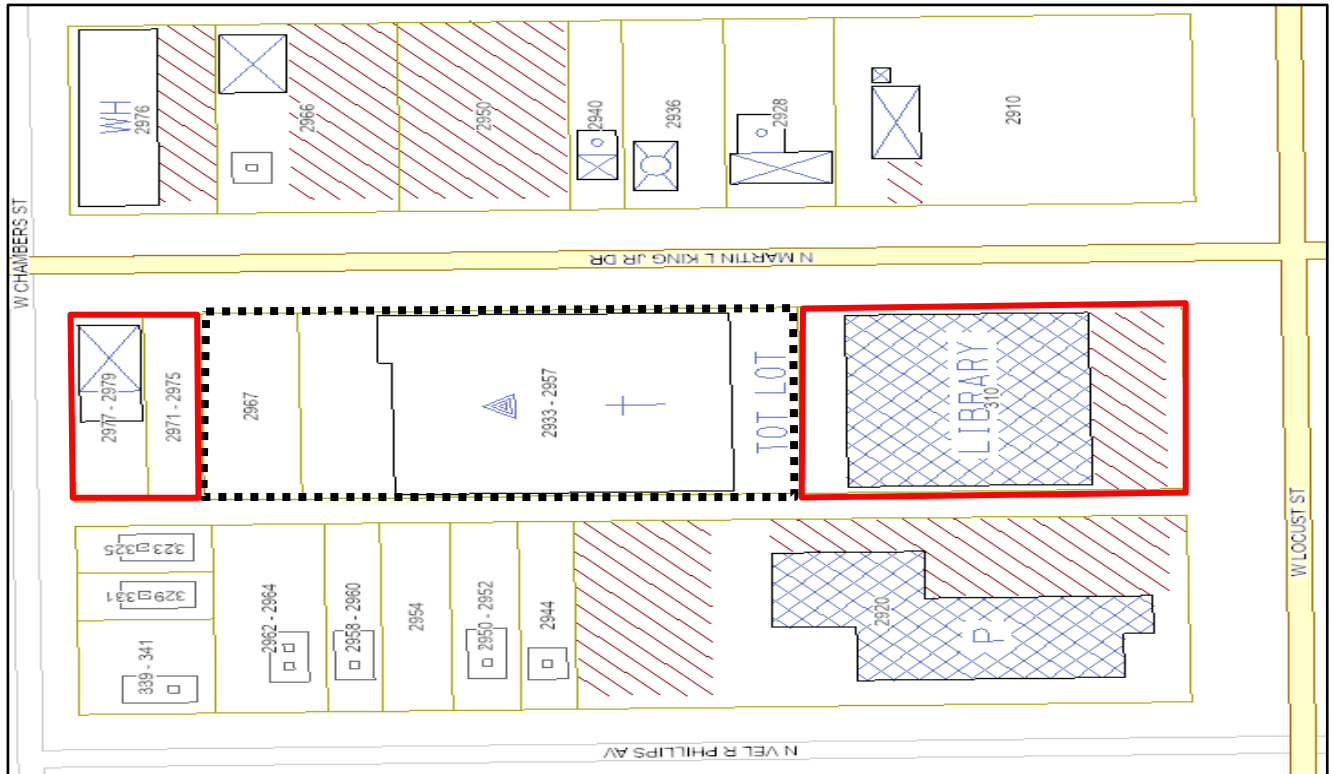
File No. 10932: On November 17, 2022, the Redevelopment Authority of the City of Milwaukee ("RACM") approved a resolution adopting the boundaries and project plan for the Martin Luther King Library Tax Incremental Financing District. A Common Council file approving tax incremental district 112 is submitted and to be considered as a companion file to File No. 221541.

File No. 220969: Resolution authorizing an award of \$1.5 million dollars to the Developer from the Housing Trust Fund.

File No. 220467: Resolution which included a sub-award of \$1 million dollars to the Developer from the Library as part of the State of Wisconsin allocated American Recovery Plan Act ("ARPA") funds from Neighborhood Investment Fund Grant Program.

PROJECT SITE

The MPL Parcel and City King Parcels (collectively, "City Parcels") along with the two privately owned properties at 2933-57 and 2967 North Dr. Martin Luther King Jr. Drive (the "Church Parcels") when combined represent the "Project Site." The Project Site has a combined area of approximately 90,000 square feet. All five parcels are zoned LB2 or Local Business. The Developer has an accepted offer to purchase to acquire the Church Properties. The Project Site will be combined with a Certified Survey Map at closing.



City Parcels 

Church Parcels 

DEVELOPER SELECTION

On September 26, 2016, the City, acting through the Board of Trustees of the Milwaukee Public Library (the "Board") sent out a Request for Proposal for the development of a new Milwaukee Public Library facility to replace the Martin Luther King Library at 310 West Locust Street, Milwaukee. On December 20, 2016, the Board selected a development team to construct a mixed-use building incorporating a new library and residential units at 310 West Locust Street, Milwaukee, (the "Locust Parcel").

The project was subsequently expanded to include the construction of additional residential units at 2971-75 and 2977-79 North Dr. Martin Luther King Jr. Drive.

The initial development team including General Capital Group, LLP applied for tax credits through WHEDA in January 2020, and learned in April 2020, that their application was unsuccessful. In July 2020, the Milwaukee Public Library Board of Directors ("MPL") requested that General Capital Group, LLP form a new development team and reapply for tax credits in the subsequent round of awards. MPL approved Michael Emem as the new development partner in October 2020.

The current development team is a joint venture between General Capital Group, LLP and Michael Emem of the EMEM Group, LLC, and is operating as GENCAP EMEM MLK, LLC ("Developer"). In December 2020, the Developer resubmitted under the newly reissued Qualified Allocation Plan. In Spring 2021, WHEDA awarded the Developer WHEDA tax credits.

DEVELOPMENT TEAM

General Capital Group, LLP

General Capital Group, LLP ("Gen Cap") was founded in 1996. Gen Cap is a leading real estate firm, headquartered in Milwaukee, Wisconsin. The firm's core business is the development, acquisition, and management of high-quality office, industrial, retail and residential properties (market rate and affordable), with an emphasis on build-to-suits.

The partners of Gen Cap have been involved in the development, management and ownership of affordable multi-family housing projects since the 1980s. The firm's commitment to affordable housing involves three complimentary pursuits: development of affordable rental housing, acquisition and rehabilitation of affordable housing and the development of affordable-for-sale housing units. Gen Cap has developed over 35 affordable housing tax credit projects and facilitated construction of over 2,000 affordable residential units. The firm has completed numerous projects in the City including the Beerline B Apartments, Hide House Lofts, Chapel Gardens Apartments and the historic renovation of the School Sisters of St. Francis convent (Maria Linden).

Gen Cap has a long and successful track record developing affordable housing projects not just in the City, but throughout Wisconsin, Illinois and Michigan.

EMEM Group, LLC

Established in 2014, EMEM Group ("EMEM") is a Milwaukee based design build real estate firm specializing in construction management and real estate development consulting services. EMEM is passionate about mission based and community centered projects that strengthen neighborhoods, specifically in areas that have historically lacked investments. EMEM have managed the construction of over 100 new and remodeled homes and over 400 new multifamily apartment units, representing over \$100 million of new development.

Michael Emem is a known leader in the built industry with over 17 years' experience in architectural design, construction management and real estate development. He has a demonstrated ability to oversee projects of various types, and with over 50 new homes built and another 60 homes rehabbed, has played a key role in the revitalization of Milwaukee's inner-city neighborhoods.

PROJECT DESCRIPTION

The Developer shall raze the buildings located on the City Parcels and partially raze the building located on the Church Parcels.

The Developer has an accepted offer to purchase for the Church Parcels that will be combined with the City Parcels with a Certified Survey Map ("CSM") creating two lots that together represent the Project Site. Recording of the CSM is contingent upon Developer obtaining ownership of and paying the delinquent property taxes on the Church Parcels.

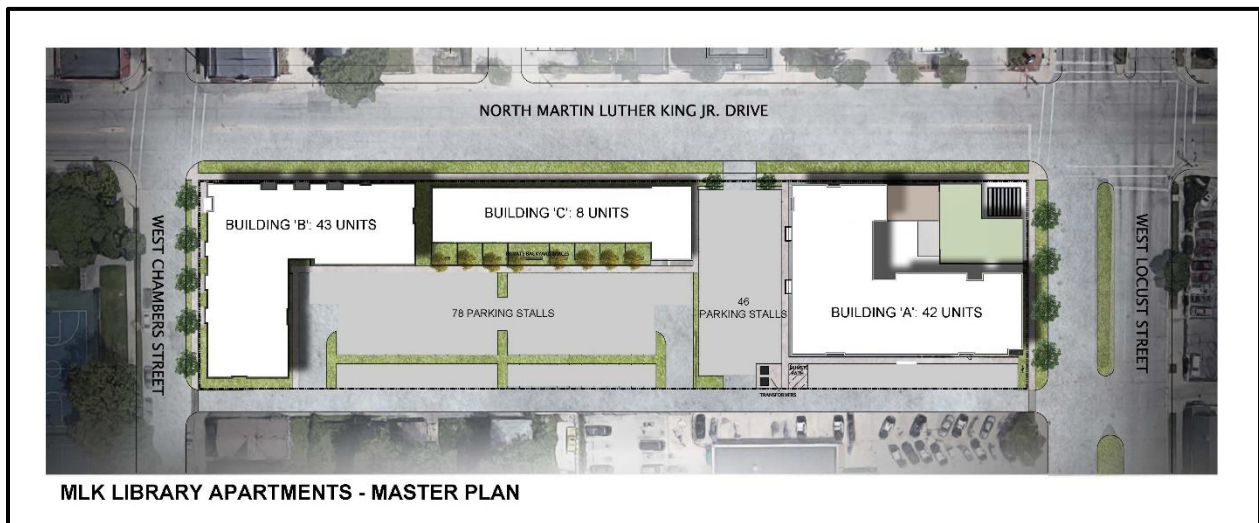
Lot 1 of the CSM, shall be occupied by **Building B** and **Building C** (see site map below). Building C will entail renovating the building frontage of the Church Parcel into 8 residential townhome

style units. Building B will be a new building located near the north end of the Project Site having 43 residential units. Buildings B & C will share an approximate 78-space surface parking lot.

Lot 2 of the CSM, shall be occupied with **Building A** (see site map below) having the new approximately 18,000 square foot Martin Luther King Jr. Drive Milwaukee Public Library along with 42-upper residential units and 45 surface parking spaces.

The Project Site will be home to the new Martin Luther King Jr. Milwaukee Public Library, 15 three-bedroom units, 40 two-bedroom units and 38 one-bedroom units totaling 93 residential units, 124 on-site parking spaces, bicycle parking, free internet, community room, laundry room, computer center, storage units, exercise room and onsite leasing office. The residential units will be available for veterans, supporting housing, families, workforce housing and professionals. Developer will also install new landscaping, where applicable, around the perimeter of the Project Site in accordance with Milwaukee Code of Ordinances ("MCO") 295-405.

The estimated budget is \$37,200,000. The proposed financing structure includes equity from low income housing tax credits, WHEDA tax exempt bond financing, ARPA funds allocated by the State of Wisconsin, Milwaukee Housing Trust Funds, Tax Incremental Financing, deferred developer fees and other grants and loans.





PURCHASE TERMS AND CONDITIONS

The purchase price for the MPL Parcel and City King Parcels is \$3.00 plus all associated closing costs. The Purchase, Sale and Development Agreement ("PSADA") will specify that the

conveyance will be on an "as is, where is" basis. The deed of conveyance will contain a restriction prohibiting the Developer or its successors from applying to the City for tax-exempt property status per MCO 304-49-13. The sale proceeds: One dollar shall be deposited with Milwaukee Public Library and two dollars shall be deposited in the Delinquent Tax Fund per MCO 304-49-12.

The Developer shall be required to comply with the Anti-Displacement Neighborhood Preference Policy in Common Council File No. 190401. Since the City Parcels are within the 53212-zip code the Preference Policy shall designate and prioritize at least 20 percent of the affordable housing units within the Project Site to existing residents within the 53212-zip code.

Closing of this transaction is contingent upon Milwaukee Library Board approval declaring 310 West Locust Street surplus, accepting the PSADA, the Condominium Agreement, and execution of any easements, releases of deed restrictions or other agreements and documents needed to effectuate development of the new library branch.

Prior to closing, Developer must have a signed offer to purchase with the Church Parcels and closing with the Church Parcels must be in accordance with the agreed upon closing schedule in the City's PSADA. Developer shall pay all delinquent property taxes attached to the Church Parcels.

Simultaneous with closing, Developer shall cause the CSM creating Lot 1 and Lot 2 to be recorded. Recording of the CSM shall be contingent upon Developer obtaining title to the City Parcels and Church Parcels and paying the delinquent property taxes on the Church Parcels.

The PSADA will require Developer's acceptance of responsible party status (DNR BRRS 02-41-589220; 310 West Locust Street) and (DNR BRRS 02-41-589226; 2971-77 North Dr. Martin Luther King Jr. Drive) for the all City Parcels that have reported environmental releases.

LIBRARY REACQUISITION

A two-unit condominium will be created for **Building A**: The Library Unit and the Developer Unit with both entities having equal votes on condominium ownership and management matters. MPL and the City Attorney will negotiate the condominium documents with the Developer and will present the condominium documents to the Milwaukee Library Board for approval. The condominium documents will be negotiated and agreed upon prior to the closing of the purchase of the City Parcels. At the closing, MPL and an affiliate of the Developer that will own the Project (the "Landlord") and will enter into a lease of the Library Unit. The lease must be mutually acceptable to the Landlord and MPL. The Landlord will complete construction of the **Building A** shell, and after completion of the **Building A** shell, MPL will complete the interior finish of the library.