

**LAND DISPOSITION REPORT AND DUE DILIGENCE CHECKLIST
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

DATE

May 15, 2023

RESPONSIBLE STAFF

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Department of City Development, Real Estate Section

PARCEL ADDRESSES AND DESCRIPTION

2700-02 West Lisbon Avenue (the "Property"), is a 3,834 square foot vacant mixed-use building built in 1907 and has a lot size of approximately 2,506 square feet. The City of Milwaukee ("City") acquired the property on July 15, 2020 through property tax foreclosure.

	
<p>City commercial property front view, looking northeast on North 27th Street</p>	<p>2700-02 West Lisbon Avenue </p>

BUYER

Potato Heads, LLC (the "Buyer"), is owned and managed by James Ferguson. The Buyer proposes to purchase and renovate the building for a neighborhood eatery and for personal office space. The Buyer plans to use the upper unit to store supplies and manage operations for the business.

James Ferguson, has been in the retail business for several years and has another business in the area at 2806 West Lisbon Avenue, where he has an established tenant who operates a childcare business. The Buyer has passed by this City property on numerous occasions and had his eye on the City commercial property for several years and felt this was the right opportunity to purchase and renovate for his restaurant business.

PROJECT DESCRIPTION

The Buyer proposes to renovate the property for a neighborhood bodega with office space. James Ferguson will also restore the upper unit, for storage and supplies for the business.



Buyer's conceptual rendering (front view at North 27th Street and West Lisbon Avenue)

Planning's DRT recommendations (dated March 29, 2023)

The property renovations at 2700-02 West Lisbon Avenue will include interior improvements for service of four kinds of loaded potatoes, burgers, cheese steaks and multiple breakfast staples and other food items. The Buyer will have limited indoor seating. Other improvements include hard wood flooring, plumbing upgrades and new electrical throughout the building. Exterior improvements will include, but not be limited to enlarging storefront windows with clear glazing, new doors, new security cameras, bollards to the front entrance and east side of property, signage, power washing of brick and other amenities. The City's Commercial Corridor Team will provide technical assistance with renovations and possible funding resources.

The Buyer's financing will come from a local lender, City funding resources and personal savings. The Buyer's project may require certain City approvals in addition to the approval of the Land Disposition Report. Closing is contingent upon the Buyer obtaining all necessary approvals, financing and Department of City Development approval of the final building exterior elevations. Total estimated rehabilitation costs are approximately \$70,000.

PURCHASE TERMS AND CONDITIONS

The purchase price is \$18,750 and Buyer shall pay all costs at closing. The conveyance will be on an "as is, where is" basis. The Buyer agrees to obtain all necessary City permits and approvals, including Board of Zoning Appeals approvals, as required. The Buyer will pay a \$5,000 performance deposit regarding Buyer's duty to complete renovation and obtain a Certificate of Occupancy, by November 15, 2024.

Buyer will be required to meet the City's General Buyer Policies. The Buyer will execute a City Purchase and Sale Agreement, which will outline all terms of the transaction.

The conveyance of the property will be "as is, where is." The deed of conveyance will contain a restriction prohibiting the Buyer, or its successors, from applying to the City for tax-exempt property status and a deed restriction prohibiting the Buyer from conveying to another prior to Buyer obtaining the Certificate of Occupancy. At closing, subtracted from the sale proceeds will be sale and marketing expenses and a 30 percent disposition cost reimbursement to the Redevelopment Authority of the City of Milwaukee, with the remaining proceeds being deposited in the Delinquent Tax Fund.

DUE DILIGENCE CHECKLIST

ADDRESSES: 2700-02 WEST LISBON AVENUE

The Commissioner's assessment of the market value of the property.	<p>The Property at 2700-02 West Lisbon Avenue is being sold "as is, where is," without any guarantees. The property is zoned CS or Commercial Service. The multi-story mixed use building was previously occupied as a neighborhood barber shop.</p> <p>The purchase price for the property is \$18,750. The property has considerable deferred maintenance, including damage to the roof, exterior walls, defective electrical and plumbing, etc.</p>
Full description of the development project.	Potato Heads, LLC, (the "Buyer") owned and managed by James Ferguson will renovate the building for a neighborhood eatery with office space. The Buyer plans to use the upper level for office space and storage of supplies for the business.
Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.	The Buyer was advised that any changes or modifications to the exterior facade may require approval from the City of Milwaukee Planning staff. The City's Commercial Corridor Team has been in contact with the Buyer and hopes to provide technical assistance with renovations.
Developer's development project history.	The Buyer also operates another business within a block of the City commercial property at 2806 West Lisbon Avenue, and saw an opportunity to bring more services to the area with this purchase.
Capital structure of the project, including sources, terms and rights for all project funding.	The estimated renovation and improvement costs are approximately \$70,000. The Buyer's financing was approved by a local lender and will also include personal savings. The Buyer may also explore available City funding resources to assist with the project.
Project cash flows for the lease term for leased property.	Not applicable.
List and description of project risk factors.	If the building remains vacant, the deferred maintenance and costs to cure will continue to increase. Vacancy of the building will serve as a hindrance on efforts of this section of Midtown's business corridor and hamper redevelopment efforts on this stretch of North 27th Street and West Lisbon Avenue.
Tax consequences of the project for the City.	The property will be fully taxable. The deed of conveyance will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status.