

# SITE CONTROL, LAND DISPOSITION REPORT AND DUE DILIGENCE CHECKLIST COMMON COUNCIL OF THE CITY OF MILWAUKEE

## DATE

May 31, 2023 – Common Council

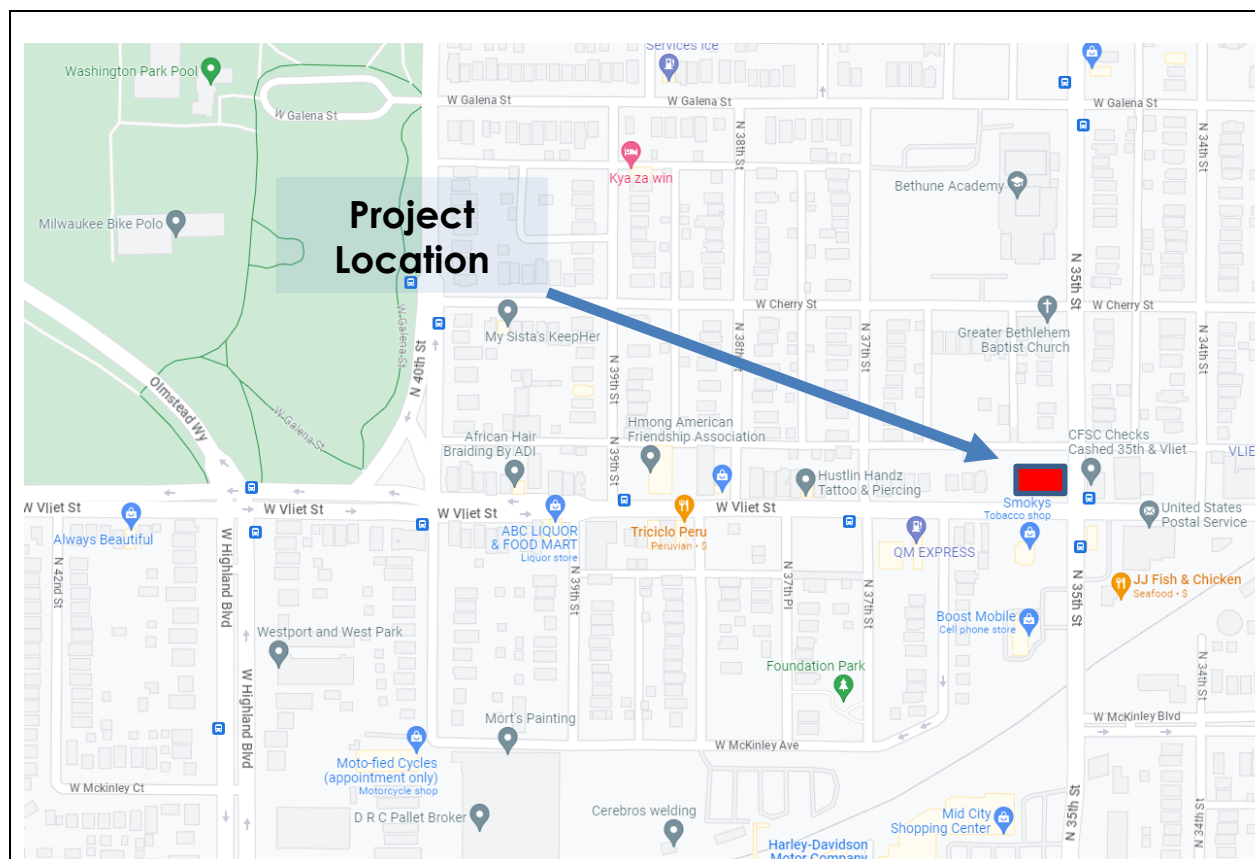
June 13, 2023 – Zoning & Neighborhood Development

## RESPONSIBLE STAFF

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

## PROJECT AREA

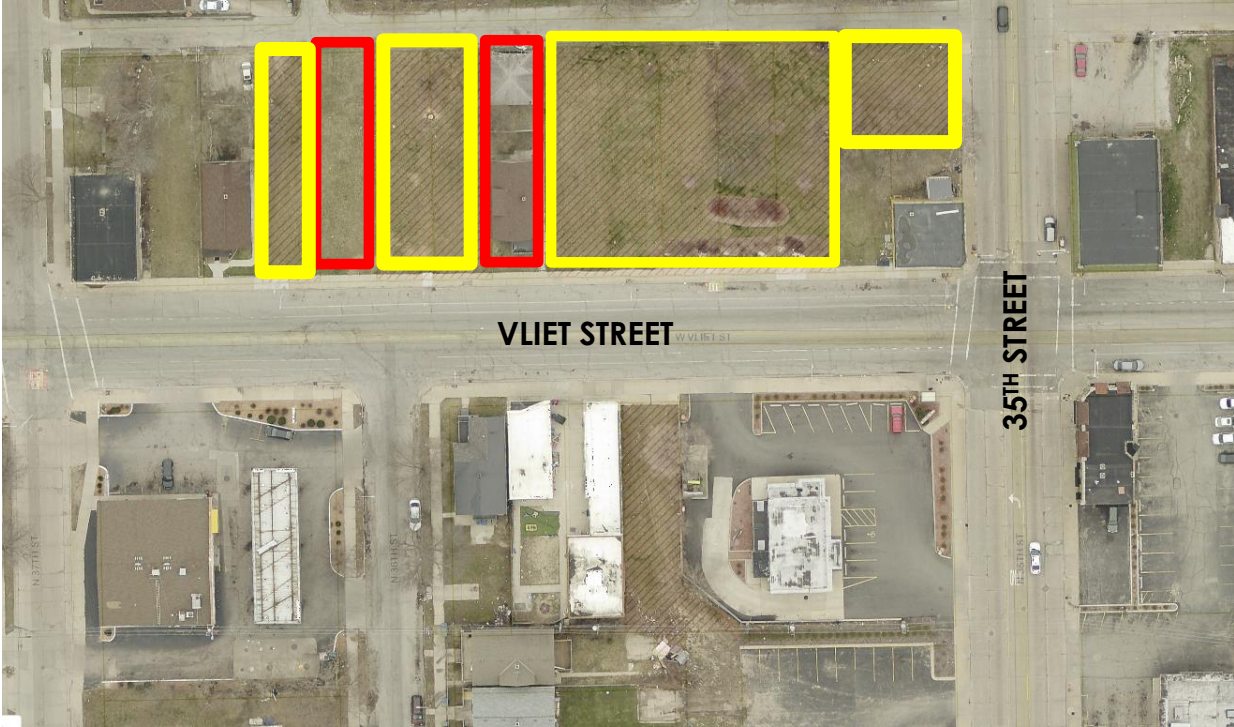
Washington Park Neighborhood. Eight vacant City of Milwaukee ("City") lots acquired through tax foreclosure.



## PARCEL ADDRESS & DESCRIPTION

3510, 3514, 3516, 3526, 3534, 3538 and 3602 West Vliet Street and 1415 North 35th Street.

Development site consists of eight vacant city-owned parcels (the "Property") of approximately 30,000 square feet, zoned RT4. Lots to be combined with buyers two adjoining lots into one development site.



**Vliet Street Development LLC Property**

**City Property**

#### **BUYER**

Vliet Street Development LLC is behind the development of the Art Intersection at the corner of 35th and Vliet Street. Vliet Street Development LLC is headed by Derrick Cainion.

#### **PROJECT DESCRIPTION**

Vliet Street Development LLC is looking to expand the Art Intersection Project to include the City owned properties that are adjacent to those owned by Vliet Street Development LLC. The Art Intersection Expansion Project looks to create art, community and programming in an open-air environment. Along with art, the site is to be landscaped with green infrastructure to manage stormwater on site.

Future plans call for studio buildings, galleries and artist residences.



Art Intersection Site Plan and Green Infrastructure







Art Intersection Conceptual Rendering



Art Intersection Conceptual Rendering

## **SITE CONTROL AND SALE CONDITIONS**

Site Control will be granted by an Exclusive Right to Negotiate which will be in effect until June 30, 2025 with an option for a one-year extension if substantial progress to finance the project is achieved. Once Vliet Street Development LLC meets its fundraising goals DCD will negotiate with a Development Agreement and prepare a Land Disposition Report and a Due Diligence Checklist for Common Council of the City of Milwaukee ("Common Council") consideration so that the Common Council may determine whether, under Milwaukee Code of Ordinances 304-49, to allow sale and conveyance of the Properties to Vliet Street Development LLC. Sales price for the City lots will be \$1.00 per lot.

The DCD may convey parcels to Vliet Street Development LLC if required for the green infrastructure development. Any such sale must be approved by the local alderperson. Sale of lots for green infrastructure development will be by quit claim deed with a no build easement. Removal of such no-build easements will occur once development plans for construction of improvements on site are reviewed by the DCD, financing is in place for construction and presented to the Common Council for review and approval.

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 to the Tax Delinquent Fund. At closing, Developer shall pay a performance deposit of \$5,000 to City, to be refunded if Developer meets the respective occupancy certificate date.

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

**DUE DILIGENCE CHECKLIST****ADDRESS: 3510, 3514, 3516, 3526, 3534, 3538 AND 3602 WEST VLIET STREET AND 1415 NORTH 35TH STREET**

Market value of the property.	The property is being sold "as is, where is," without any guarantees. Development of site will create a public amenity. Sales price is \$1.00 and equal to land sale prices to other entities.
Full description of the development project.	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.	Vliet Street is partnering with experienced architects and builders.
Capital structure of the project, including sources, terms and rights for all project funding.	Development is funded with private equity and financing.
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 lot to Street due to its long-standing commitment to the area and site control structure that delays sale until fundraising goals are met.
Tax consequences of the project for the City.	Total development will be fully taxable. Former vacant property will be added to City tax rolls.