

LAND DISPOSITION REPORT

COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

June 27, 2023

RESPONSIBLE STAFF

Matt Haessly, Real Estate, Department of City Development

CITY PARCEL ADDRESS & DESCRIPTION AND PAST APPROVALS

1136-46 East North Avenue (the "Property"). A former City Ward Yard previously occupied by the Department of Public Works until 1991. The City of Milwaukee, Common Council adopted File No. 031163, in 2004, declaring the Property surplus for municipal needs. The Property is an irregularly shaped 1.34-acre parcel. Portions of the western and northern Property boundaries have retaining walls. The City Parcel previously received Common Council approval for a market rate development and Detailed Planned Development ("DPD") zoning. The previously approved development never materialized and because a new developer with a new building design and uses has emerged, a new sale file and DPD zoning is required.

Past Council Files and Approvals:

File No. 200933; Resolution authorizing an Exclusive Right to Negotiate to allow General Capital Group, LLP and KG Development Group, LLC (the "Developer") to seek Wisconsin Housing and Economic Development Authority ("WHEDA") financing. WHEDA financing was awarded.

File No. 211510: On April 4, 2022, the City Plan Commission recommended approval of the new DPD for 1132, 1136-46 and 1164 East North Avenue.

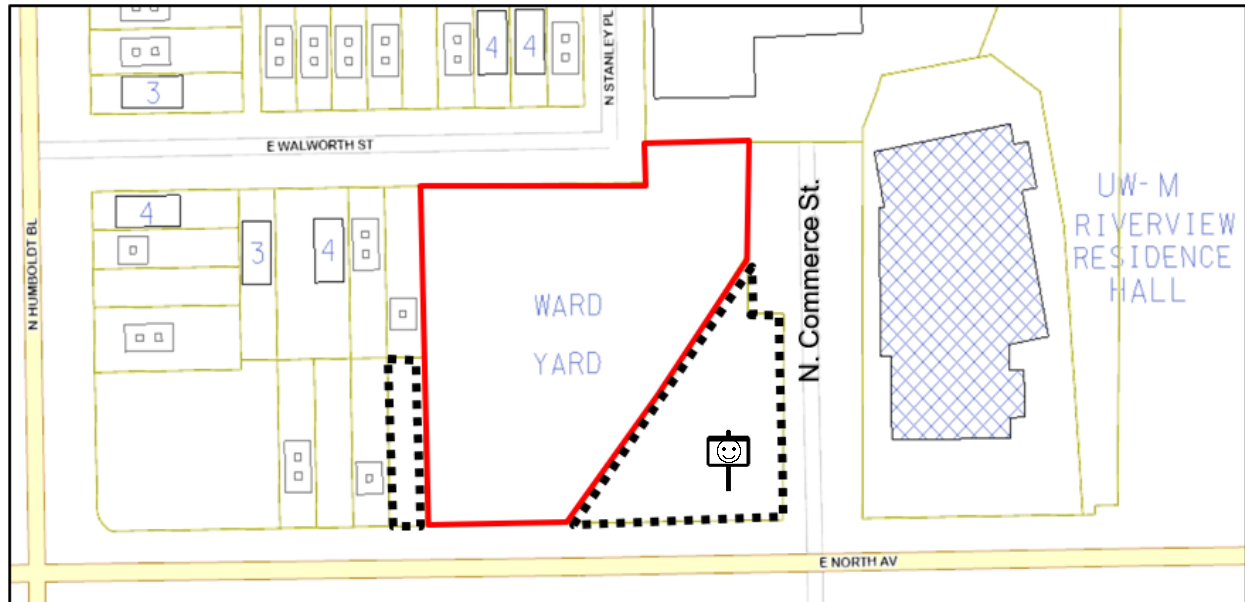
File No. 10966: On June 15, 2023, the Redevelopment Authority of the City of Milwaukee ("RACM") approved a resolution adopting the boundaries and project plan for the Tax Incremental Financing District No. 116.

File No. 220969: Resolution authorizing an award of \$1-million dollars to the Developer from the Housing Trust Fund.

PROJECT SITE: The City Property will be assembled with the adjoining privately owned properties at 1132 and 1164 East North Avenue, (the "Private Properties") to create a 1.87-acre development site. Because of the land assemblage, a Certified Survey Map ("CSM") will be required at closing. The Property and Private Properties when combined represent the ("Project Site.")

The Developer has an accepted offer to purchase to acquire the Private Properties. The Private Property at 1164 East North Avenue is occupied by a static billboard. The Developer will be responsible for the removal of the billboard as part of the overall development.

All three parcels are zoned DPD.



City Property



Private Properties



Billboard



DEVELOPER SELECTION

In early 2020, the City of Milwaukee ("City") sent out a Request for Proposal for the development of 1136-46 East North Avenue. The Department of City Development ("DCD") received multiple proposals and selected the development team that is a joint venture between General Capital Group, LLP and Anthony Kazee of the KG Development Group, LLC, operating as GenCap KG North Avenue 91, LLC (the "Developer").

The Developer submitted a WHEDA application in December 2020 and was awarded WHEDA tax credits in the Spring of 2021.

DEVELOPMENT TEAMS:

General Capital Group, LLP

General Capital has developed or acquired more than 50 affordable housing properties since its founding in 1996.

General Capital developed its first Low Income Housing Tax Credit ("LIHTC") property in 1999. Since then, the primary partnership at General Capital has been active in the LIHTC industry throughout the upper Midwest. The firm has more than 20 years of LIHTC experience and 23 years of multifamily experience. General Capital will be the Lead Developer and its affiliate, Bedrock Construction, will be the General Contractor. KG Development is General Capital's development partner and Catalyst Construction will serve as the project's Construction Manager.

Building on years of experience in real estate, banking, law, accounting, architecture and urban planning, General Capital has established a solid reputation as one of Wisconsin's leading real estate developers. In 1998, the firm made a strategic decision to diversify its commercial development strength and pursue affordable housing as an additional core business. Over the past several decades, General Capital has focused its housing effort on producing quality affordable apartment communities, including the Berkshire brand of affordable senior communities. By building an identifiable brand that is recognized throughout the region, the

Berkshire projects have earned a great reputation as high quality, well managed properties. Over the past four years, General Capital has tripled its portfolio of workforce housing. We understand this product type and know how to develop/market/manage it successfully.

KG Development Group, LLC

Anthony Kazee's background is in construction project management and estimating. He is responsible for KG Development Group's overall real estate development and project management from site acquisition to project closeout. Anthony fosters an environment of teamwork and ensures that strategy is clearly defined while overseeing performance and maintain morale. He has an excellent track record of strong working relationship with owners, government, city inspectors, architects, and engineers, resulting in successful construction experiences.

Anthony is a 2019 graduate of LISC's Milwaukee ACRE real estate program and earned his certification as a Rental Housing Development Finance Professional from the National Development Council. Anthony also received the Young Professional in Construction Award. Anthony is committed to community involvement and has participated in several community events. Anthony currently sits on the United Methodist Children Services Board and the Friends of Lakeshore State Park board.

PROJECT DESCRIPTION

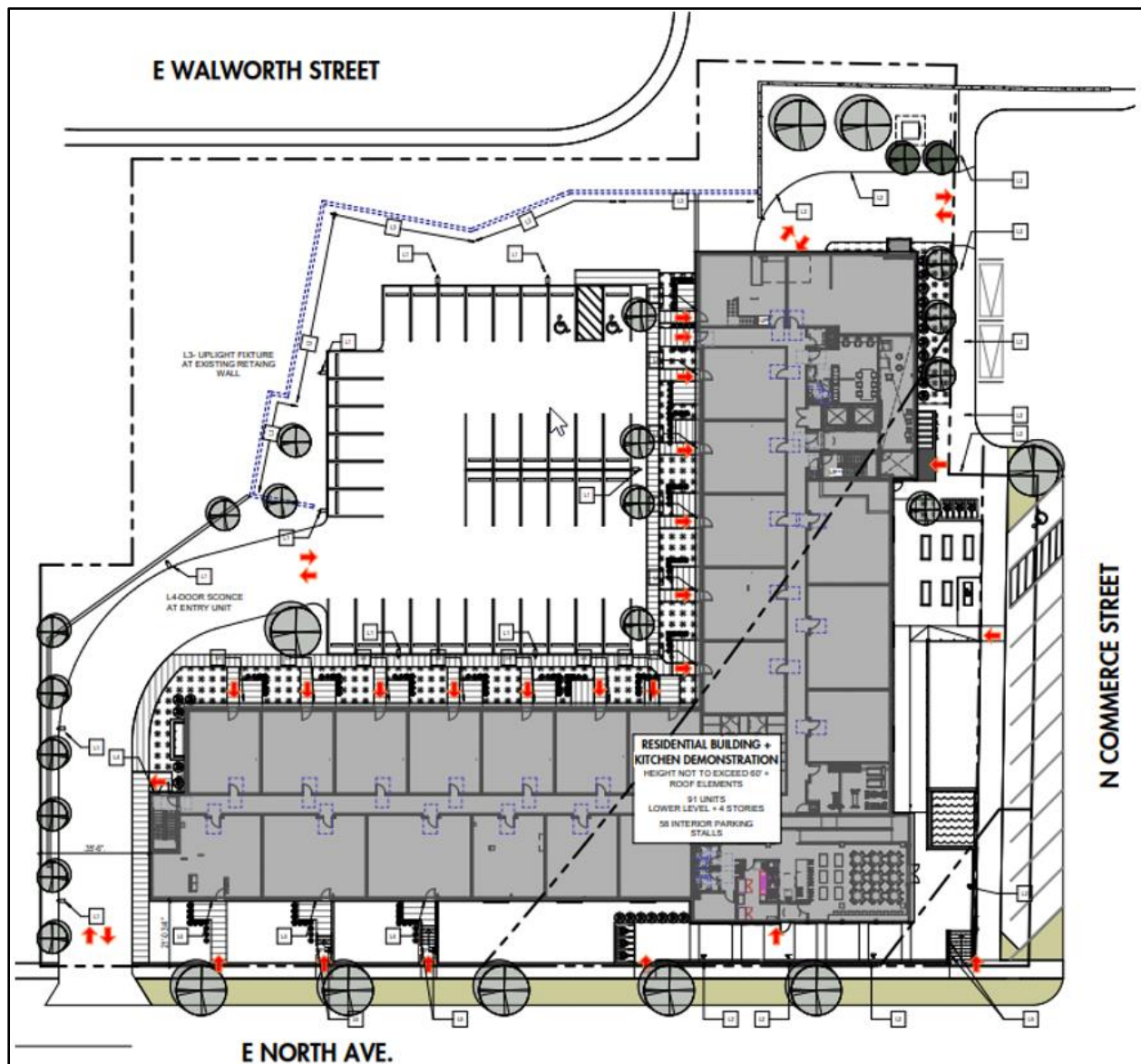
The project is a proposed 91-unit affordable family development with 91 percent of units targeted for families from 30 percent to 80 percent of County Medium Income. The development includes 83 affordable units with income limits and 8 market rate units, with "a subset" of 19 units serving those with a permanent developmental, physical, sensory, medical, or mental health disability. Residents may participate in various programs and classes offered through the Project's Food Accelerator as well as programs hosted onsite by other organizations. The development will have approximately 37-surface parking spots, 58-covered parking spots and 10-public parking spots.

The heart of the project's concept is the Riverwest Food Accelerator (the "Accelerator"). The Accelerator will include a visible demonstration kitchen and education space with a focus on fresh food, cooking, nutrition education, and food-oriented entrepreneurship. The Accelerator will be located on North Avenue, in a double-height demonstration space with a glass storefront to prominently feature the kitchen equipment and a resource kiosk.

The development site is located on the northwest corner of East North Ave and North Commerce Street and consists of the three parcels (1132, 1136-1146, and 1164 East North Avenue). These parcels will be combined with a CSM creating a single parcel.

The Developer has an agreement (with Clear Channel) to remove the static billboard at 1164 East North Avenue as part of the development and shall be responsible for the retaining walls to the north and northwest of the property. The Developer has an accepted offer to purchase the Private Properties that will be combined with the City Property with a CSM creating a single parcel.

The estimated budget is \$30,400,000. The proposed financing structure includes equity from low income housing tax credits, WHEDA tax exempt bond financing, American Recovery Plan Act funds allocated by the State of Wisconsin, Milwaukee Housing Trust Funds, Tax Incremental Financing, deferred developer fees and other grants and loans.



Site Plan



South Elevation



East Elevation



Southeast Elevation

PURCHASE TERMS AND CONDITIONS

The purchase price for the City Property is \$750,000. The Purchase, Sale and Development Agreement ("PASA") 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 Milwaukee Code of Ordinances 304-49-13.

The sale proceeds, less expenses incurred and a 30 percent disposition cost reimbursement to RACM, shall be deposited in the City of Milwaukee's General Fund.

The Developer shall be required to comply with the Anti-Displacement Neighborhood Preference Policy in Common Council File No. 190401. Since the Property is 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.

Prior to closing, Developer must have a signed offer to purchase with the Private Properties and closing with the Private Properties must be in accordance with the agreed upon closing schedule in the City's PASA. The Developer must also provide evidence that the billboard agreement on the 1164 East North Avenue parcel has effectually been terminated.

Simultaneous with closing, Developer shall cause the CSM creating Lot 1 to be recorded. Recording of the CSM shall be contingent upon Developer obtaining title to the City Property and Private Properties.

The PASA will require Developer's acceptance of responsible party status (DNR BRRS 02-41-557602; 1136 East North Avenue) for the City Property that has reported environmental releases.