

**LAND DISPOSITION REPORT
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

DATE

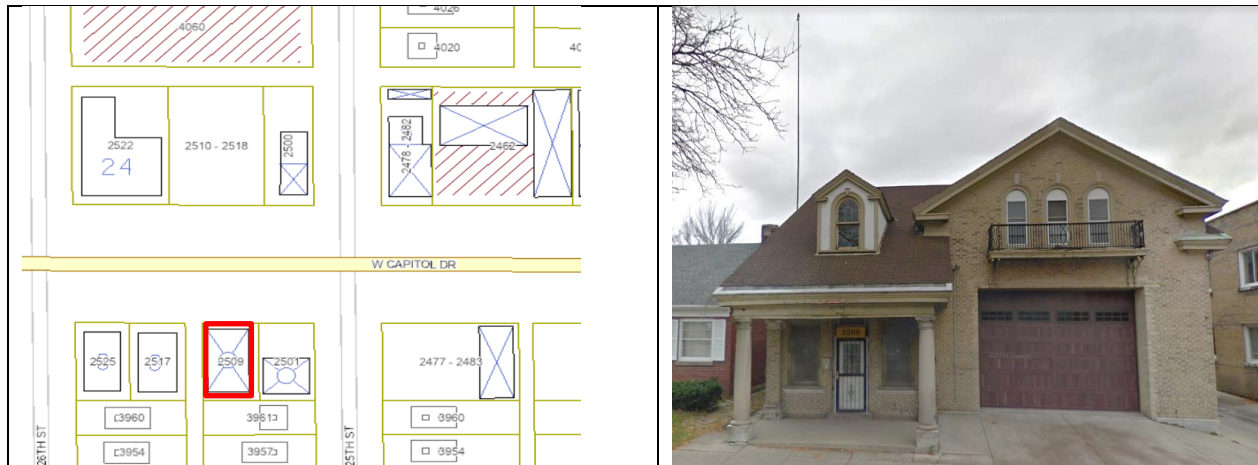
February 4, 2025


RESPONSIBLE STAFF

Dwayne Edwards, Department of City Development, Real Estate Section

PARCEL ADDRESS AND DESCRIPTION

2509 West Capitol Drive (the "Property"): A 4,600 square foot vacant former firehouse building, built in 1966, with a lot area of approximately 3,900 square feet. The City of Milwaukee ("City") acquired the property on January 15, 2019 through property tax foreclosure.



 City-owned Property – 2509 West Capitol Drive

BUYER

Phases Unlimited, LLC, owned by Ms. Tiffany Hawthorne. A Milwaukee native, Ms. Hawthorne is a graduate of Marquette University, with a B.S. in Business Administration. She purchased her first home in the Sunset Heights neighborhood, and her first investment property came soon thereafter. Nearly 25 years later, the Buyer continues to operate and positively affect the community and housing market by turning distressed properties into affordable rental units.

The Buyer had been leasing space for the business on 49th and Lisbon Avenue and now seeks a permanent home for the business. The City's commercial building presents an opportunity to renovate and showcase a former fire house in Milwaukee; own a commercial property and for continued service to the community which will also allow for quicker response to tenant maintenance needs.



Conceptual Rendering of 2509 West Capitol Drive (South view)

PROJECT DESCRIPTION

Phases Unlimited, LLC will purchase and remodel the property for Buyer’s property management business. The Buyer expects to add four full-time workers and two part-time hires. The building will also become the main office for the company’s growing rental property and property management business.

The Buyer will contract with On Point Remodeling as general contractor and will also have subcontractors providing services on the project. Renovation work includes interior clean out, fixtures, lighting, flooring, etc. Glass installation, new electrical work, plumbing, HVAC, signage and a new decorative garage door on the front of the building to enhance the building’s appearance.

The Buyer estimates renovation costs at approximately \$140,000 and will include some “sweat equity.” The Buyer understands that the proposed 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 DCD approval of the final building renderings and signage.

PURCHASE TERMS AND CONDITIONS

The purchase price is \$20,000. The Buyer may seek City assistance for funding the project, including the City’s “Storefront Activation grant,” among other funding resources.

The Buyer is purchasing the City building on an “As Is, Where Is” basis. The deed of conveyance will contain a restriction prohibiting the Buyer, or any successors, from applying to the City for tax-exempt property status. The Buyer shall pay City a \$5,000 performance deposit to ensure timely completion of the project.

If the project has not achieved completion on or before the completion date, City shall retain the performance deposit as its own. The performance deposit also gives the Buyer incentive to renovate a formerly vacant, tax-exempt property in an effort to return the property back to the City’s tax rolls.

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; the remaining proceeds shall be deposited in the City’s Tax Deficit Fund.

Due Diligence Checklist
 Address: 2509 West Capitol Drive

The Commissioner's assessment of the market value of the property.	2509 West Capitol Drive is a vacant 4,600 square foot former firehouse constructed in 1966, with approximately 3,900 square feet of lot area. The City of Milwaukee acquired the property on January 24, 2019 through tax foreclosure. Purchase price is \$20,000, which factors in the building's overall condition. The property is being sold "As Is, Where Is," without any guarantees.
Full description of the development project.	Phases Unlimited LLC ("The Buyer"), owned and managed by Tiffany Hawthorne, seeks to open an office for its property management business. The Buyer is a graduate of Marquette University with a B.S degree in Business Administration. Nearly 25 years after purchasing her first property and first rental property, Ms. Hawthorne continues to operate and positively affect the community and the Milwaukee housing market. Renovation costs are approximately \$140,000.
Complete site, operations and scope of work for redevelopment.	Please see the Land Disposition Report for details.
Developer's project history.	The Buyer has purchased multiple properties from the City's residential team with great success, along with offering housing options to local residents
Capital structure of the project, including sources, terms and rights for all project funding.	The estimated renovation costs include personal funds, a local lender, and "sweat equity" towards the project. The Buyer may also seek City funding resources, if applicable.
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 no foreseen risk in selling the property to this Buyer. Renovating this building will add stability and value to the neighborhood. The proposed use also fits within the area comprehensive plan.
Tax consequences of the project for the City.	The deed of conveyance will contain a restriction prohibiting the Buyer, assignees or successors from applying to the City of Milwaukee for tax-exempt property status. A performance deposit will be required as part of the City's Purchase and Sale Agreement, Thus, providing the Buyer with an incentive to renovate a formerly vacant, tax-exempt property in an effort to return the property to the City's tax rolls.