

LAND DISPOSITION REPORT

COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

March 1, 2017

RESPONSIBLE STAFF

Matthew Haessly, Real Estate Specialist, DCD

PARCEL ADDRESS AND DESCRIPTION

2311 West Capitol Drive (the "Property"): An 8,037 SF, 12-unit apartment building situated on a 3,666 SF parcel located in the Franklin Heights neighborhood. The Property was acquired through property tax foreclosure in 2014. When the City acquired foreclosure judgment for the Property, it was occupied with tenants that were participating in a transitional housing program operated by Gateway to Change, LLC.



City Property

BUYER

Capitol Building, LLC (the "Buyer") was established in 2017 by Glenda Hampton, Manager/Member, and Ariam Kesete, Manager/Member.

Ms. Hampton founded Gateway to Change, LLC ("Gateway") at 2311 and 2319 West Capitol Drive in 2003. Gateway provides multiple different services, including a clinic focusing on treatment of substance use disorder and mental health, and it operates multiple housing programs. The treatment clinic is located next door to the Property, and the transitional independent living housing component is within the Property.

Ariam Kesete, President of AK Development, LLC is a graduate of the Associates in Commercial Real Estate ("ACRE") program. AK Development currently owns and manages four residential properties, with a total of 14 units. Ms. Kesete also has a background in social services, including over five years of experience working with individuals who have experienced or are living with mental health problems.

PROJECT DESCRIPTION

The Buyer is proposing to restore the parapet wall and tuck-point the building as needed. The apartments are currently occupied by Gateway participants; however, the Buyer will remodel the residential apartments, when participants transition into alternate housing, prior to new participants moving in. The estimated cost to renovate the property is \$175,000.

**2311 West Capitol Drive - After Exterior Improvements**

2311 West Capitol Drive is a 12-unit building that Gateway manages for its treatment aftercare program. Residents in the 2311 West Capitol Drive location are transitional independent living housing participants of Gateway. Residents are required to participate in the Gateway aftercare program to support their recovery. The residents are either employed or receiving an income and some are pursuing educational opportunities as well. Gateway's offices and supportive housing units are located to the west of the Property, in an adjacent building at 2319-29 West Capitol Drive. Sale of the Property to the Buyer will allow the Buyer to continue to provide services that are needed in the community.

The 2319-29 West Capitol Drive property also was acquired by the City through property tax foreclosure in 2014. A companion file to this file will seek approval of the sale of the 2319-29 West Capitol Drive to the owner of the commercial space within that building, who has agreed to lease the apartment units to Gateway to ensure continuation of the full suite of treatment and recovery services Gateway offers.

PURCHASE TERMS AND CONDITIONS

The purchase price is \$10,000. The conveyance will be on an "as is, where is" basis. The deed of conveyance will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status. At closing, the sale proceeds, less all sale and marketing expenses and a 30 percent disposition fee to the Redevelopment Authority of the City of Milwaukee shall be credited to the Delinquent Tax Fund.