

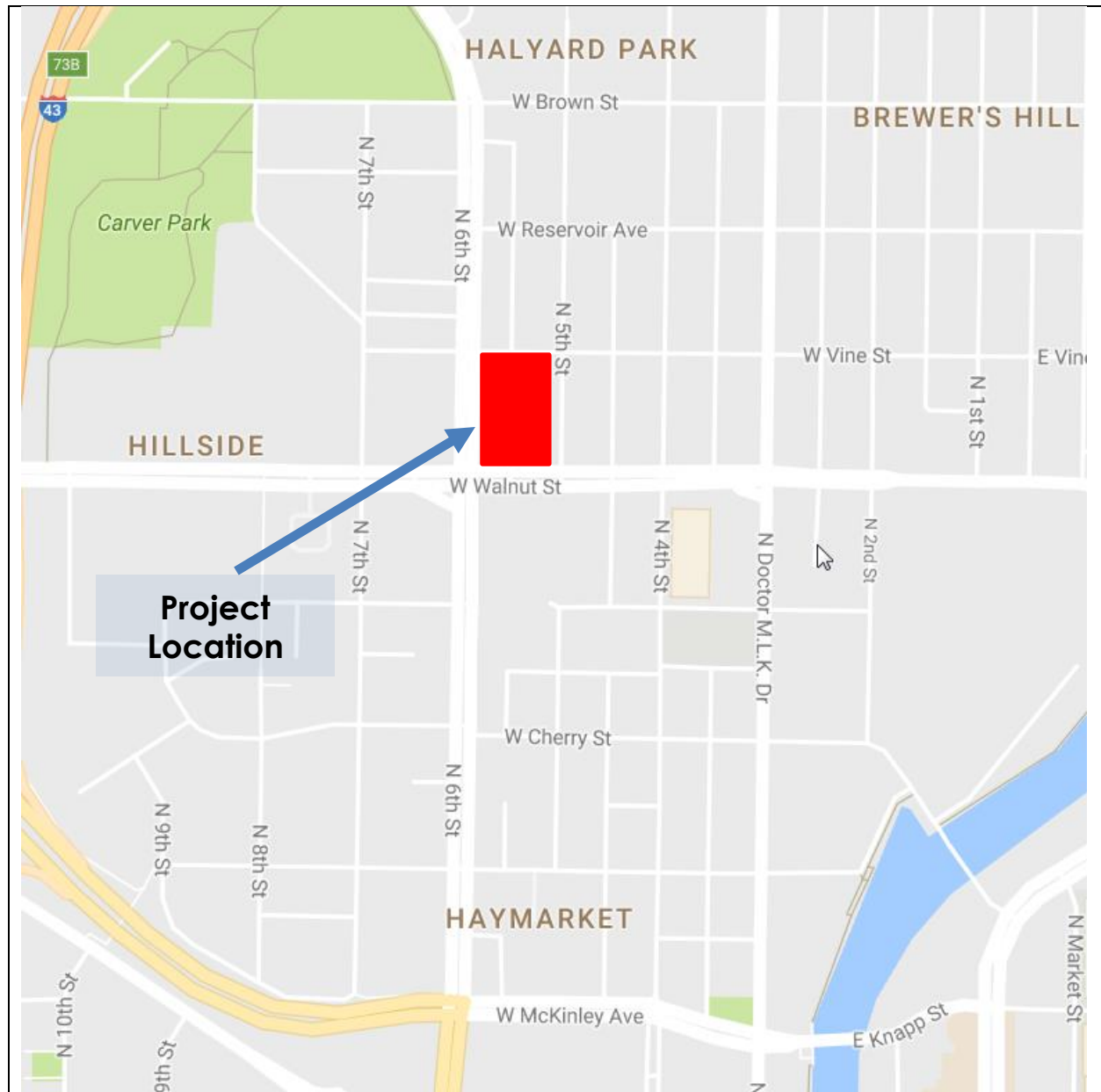
**LAND DISPOSITION REPORT  
REDEVELOPMENT AUTHORITY  
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

**DATE** May 31, 2017

**RESPONSIBLE STAFF** Yves LaPierre, Real Estate Analyst, DCD

**REDEVELOPMENT PROJECT AREA**

North 5<sup>th</sup> – West Vine Street: The Redevelopment Plan was adopted in 1993 to eliminate blight and promote commercial and industrial development. The site is situated near the Haymarket Square Industrial Area and the downtown business district. The Redevelopment Plan was amended in 2006, to include residential and commercial uses. The parcel at the northeast corner of 6<sup>th</sup> and Walnut was sold by the Redevelopment Authority of the City of Milwaukee (RACM) in 1995 to Time Warner.



**PARCEL ADDRESSES AND DESCRIPTION**

The total development site consists of 19 vacant RACM-owned parcels (the "Properties") that have a combined area of approximately 65,200 square feet:

- 504-04A and 506-08 West Walnut Street
- 1715-17, 1719, 1721, 1725, 1729, 1743, 1745 and 1749 North 5th Street
- 513, 523-25, 527, 531-33 and 535 West Vine Street
- 1728-28C, 1732-32A, 1734 and 1734A North 6th Street

RACM prepared environmental evaluation reports for select parcels and contracted with an environmental consultant to conduct Phase II Environmental Site Assessments on select parcels located within the project boundaries. RACM shall not conduct any additional environmental assessment on the Properties.



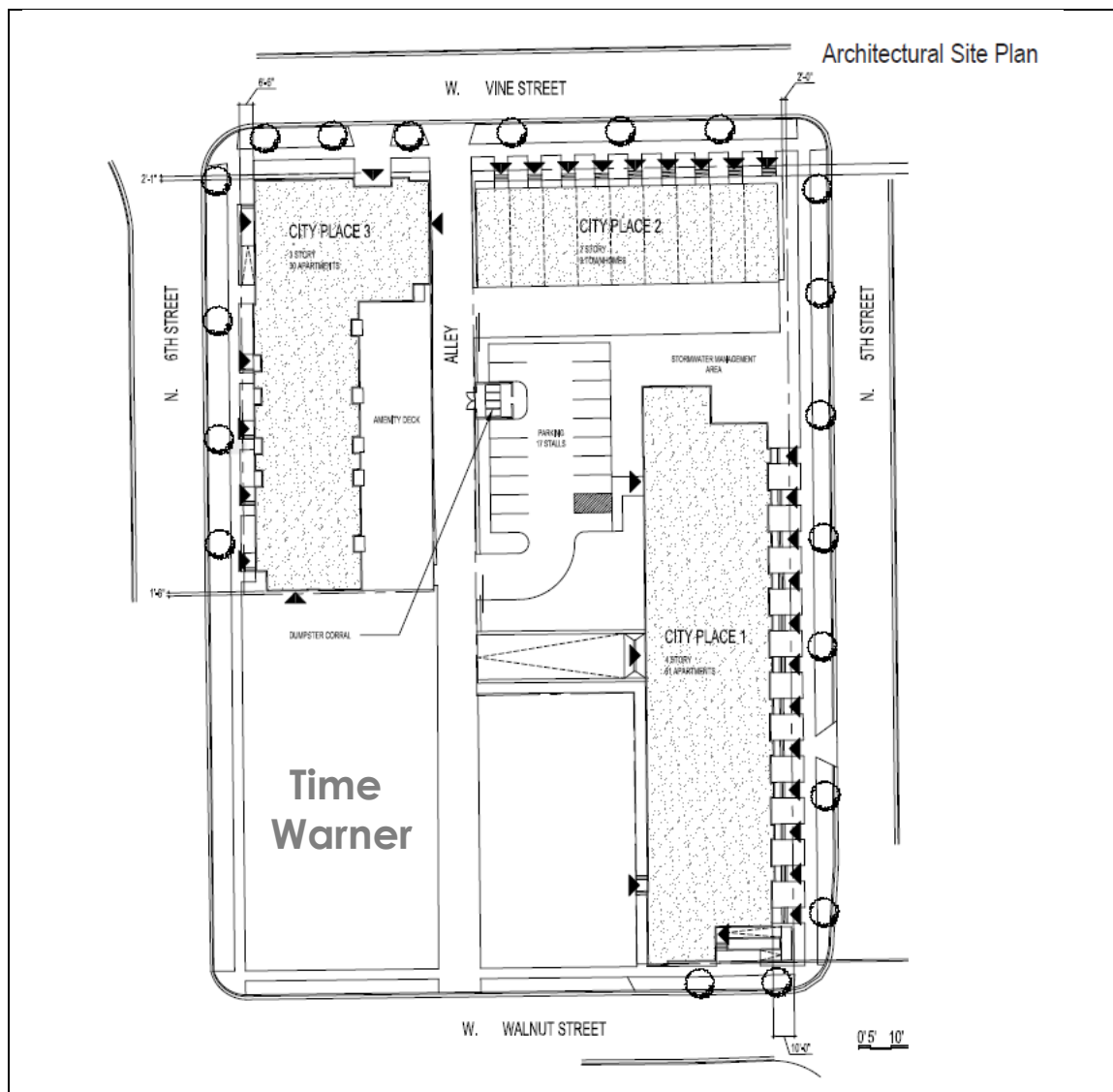
**RACM-Owned Vacant Lots**

**DEVELOPER**

The development team includes Vanguard Group, LLC and Cardinal Capital Management, Inc., or its assignees or affiliates ("Redeveloper"). As President of Vanguard Group, LLC, Kalan R. Haywood, Sr., together with other partners, has significant development history in the Milwaukee area and nationally. Previous and current projects include Pete's Fruit Market on the corner of West North Avenue and North Dr. Martin Luther King Jr. Drive, renovation of the historic Germania Building at 135 West Wells Street, the Flatiron Condominiums in the Park East Corridor, as well as hundreds of other residential and commercial units throughout his career in development. The development team has formed an affiliate called CityPlace, LLC in anticipation that the Properties will be conveyed to CityPlace, LLC or subsidiary assignees of CityPlace, LLC for holding and financing purposes.

**PROJECT DESCRIPTION**

Redeveloper intends to complete construction of three multi-family residential buildings in accordance with a Detailed Planned Development ("DPD") that has been submitted to the Common Council for consideration and approval. The estimated total development cost for the project is \$17,500,000.



**CityPlace Site Plan**



**CityPlace One**

CityPlace One will be located at the northwest corner of North 5<sup>th</sup> Street and West Walnut Street. The building will consist of approximately 51 apartments (anticipated to be 43 income-restricted units and 8 market-rate units) and an underground garage with approximately 38 parking spots, bicycle parking and tenant storage spaces.

The estimated development cost for City Place One is \$8,800,000. Redeveloper is utilizing federal low-income housing tax credits supplied by the Wisconsin Housing and Economic Development Authority (WHEDA) as part of its financing strategy. Redeveloper shall seek conventional and/or grant programs for the remaining financing for CityPlace One. The Redeveloper shall combine CityPlace One parcels into a single parcel using a certified survey map, shall prepare site and building plans for CityPlace One and obtain Department of City Development (DCD) approval of those plans by June 30, 2017. Closing on CityPlace One shall occur by August 30, 2017. Redeveloper shall substantially complete construction of CityPlace One and obtain an occupancy certificate by December 31, 2018.



**CityPlace Two**

CityPlace Two will be located at the southwest corner of North 5<sup>th</sup> Street and West Vine Street. The building will have approximately 9 market-rate two-bedroom townhomes. Each townhome will feature a private 1.5 car garage.

The estimated development cost for CityPlace Two is \$1,200,000. Redeveloper shall secure firm financing for CityPlace Two by August 1, 2018, combine the CityPlace Two parcels into a single parcel using a certified survey map, shall prepare site and building plans for CityPlace Two and obtain DCD approval of those plans by February 1, 2019. Closing on CityPlace Two shall occur by April 1, 2019. Redeveloper shall substantially complete construction of CityPlace Two and obtain an occupancy certificate by April 30, 2020.



### **CityPlace Three**

CityPlace Three will be located on the southeast corner of North 6<sup>th</sup> Street and West Vine Street. The building will have approximately 30 market-rate apartments, including four walk-up townhomes with individual entrances. The building will have an enclosed garage with spaces for approximately 31 vehicles, in addition to bicycle parking.

The estimated development cost for CityPlace Three is \$7,500,000. Redeveloper shall obtain firm financing for CityPlace Three by August 1, 2019, combine CityPlace Three parcels into a single parcel using a certified survey map, shall prepare site and building plans for CityPlace Three and shall obtain DCD approval of those plans by February 1, 2020. Closing on CityPlace Three shall occur by April 1, 2020. Redeveloper shall substantially complete construction of CityPlace Three and obtain an occupancy certificate by April 30, 2021.

Each CityPlace building will feature a fitness center for that building's residents, on-site parking, in-unit washers and dryers, a management office and a community room. Each unit also will include kitchen appliances and garbage disposals.

### **PURCHASE TERMS AND CONDITIONS**

The purchase price for the Properties is \$50,000. RACM shall convey the Properties according to Redeveloper's proposed developments.

- CityPlace One – RACM will convey to Redeveloper 504-04A and 506-08 West Walnut Street, 1715-17, 1719, 1721, 1725 and 1729 North 5th Street at a purchase price of \$20,000.
- CityPlace Two – RACM will convey to Redeveloper 1743, 1745 and 1749 North 5th Street and 513 West Vine Street at a purchase price of \$10,000.
- CityPlace Three – RACM will convey to Redeveloper 523-25, 527, 531-33 and 535 West Vine Street and 1728-28C, 1732-32A, 1734 and 1734A North 6th Street at a purchase price of \$20,000.

For each conveyance, closing will be contingent on Redeveloper submitting evidence of Redeveloper's readiness to begin construction. Such evidence may include a first mortgage

loan commitment and construction loan commitment, or any other documentation satisfactory to the RACM Executive Director to demonstrate project financing is secured for the parcels to be developed in that conveyance.

RACM shall convey the Properties to Redeveloper at respective closings via quit claim deeds in an "AS-IS, WHERE-IS" condition, with no warranties or representations, express or implied, and with all faults and defects, including environmental and geotechnical conditions, known or unknown. Such provisions shall bar all tort, warranty and misrepresentation claims, including any action based on non-disclosure. No additional environmental investigation shall be conducted by RACM, but RACM will provide results of any environmental investigations previously conducted on the Properties. Redeveloper shall be responsible for all closing costs.

Each deed will contain a restriction prohibiting the Redeveloper 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 and a 30 percent disposition fee paid to RACM, shall be credited to the City of Milwaukee's Delinquent Tax Fund. At each closing, Redeveloper shall pay a performance deposit of \$10,000 to RACM, to be refunded if Redeveloper meets the respective occupancy certificate date.

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

If Redeveloper is unable to close on or before August 30, 2017 for CityPlace One, April 1, 2019 for CityPlace Two or April 1, 2020 for CityPlace Three, Redeveloper may submit a written request for one (1) three (3)-month extension of this Land Disposition Report for the respective closing to RACM's Executive Director. Extension will require a \$2,500 renewal fee and submission of a progress report on Redeveloper's efforts to secure final construction plans and firm financing. RACM's Executive Director shall grant the extension for the respective closing if Redeveloper's progress can be verified. The renewal fee shall not be credited toward the Purchase Price.

Redeveloper shall enter into a Human Resources Agreement with RACM in which Redeveloper agrees for each CityPlace building to use best efforts to use Small Business Enterprises for 25 percent of the construction and supply costs and 18 percent of professional services costs and to use unemployed and underemployed residents for no less than 40 percent of total "worker hours," pursuant to the City's Residents Preference Program per the recent ordinances changes, effective January 1, 2017.

Failure to comply with the schedule or any terms and conditions outlined in this Land Disposition Report, or any City or RACM policy generally applied to conveyance of RACM-owned land per Wisconsin Statutes or Milwaukee Code of Ordinances, terminates Buyer interest in the Properties not already conveyed.

Upon Redeveloper's written request, RACM may grant Redeveloper a right-of-entry to the portion of the Properties not currently under construction for staging purposes.

The property sale proceeds, less 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.