

LAND DISPOSITION REPORT
COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

June 26, 2019

RESPONSIBLE STAFF

Dwayne Edwards, Program Manager

PARCEL ADDRESS & DESCRIPTION

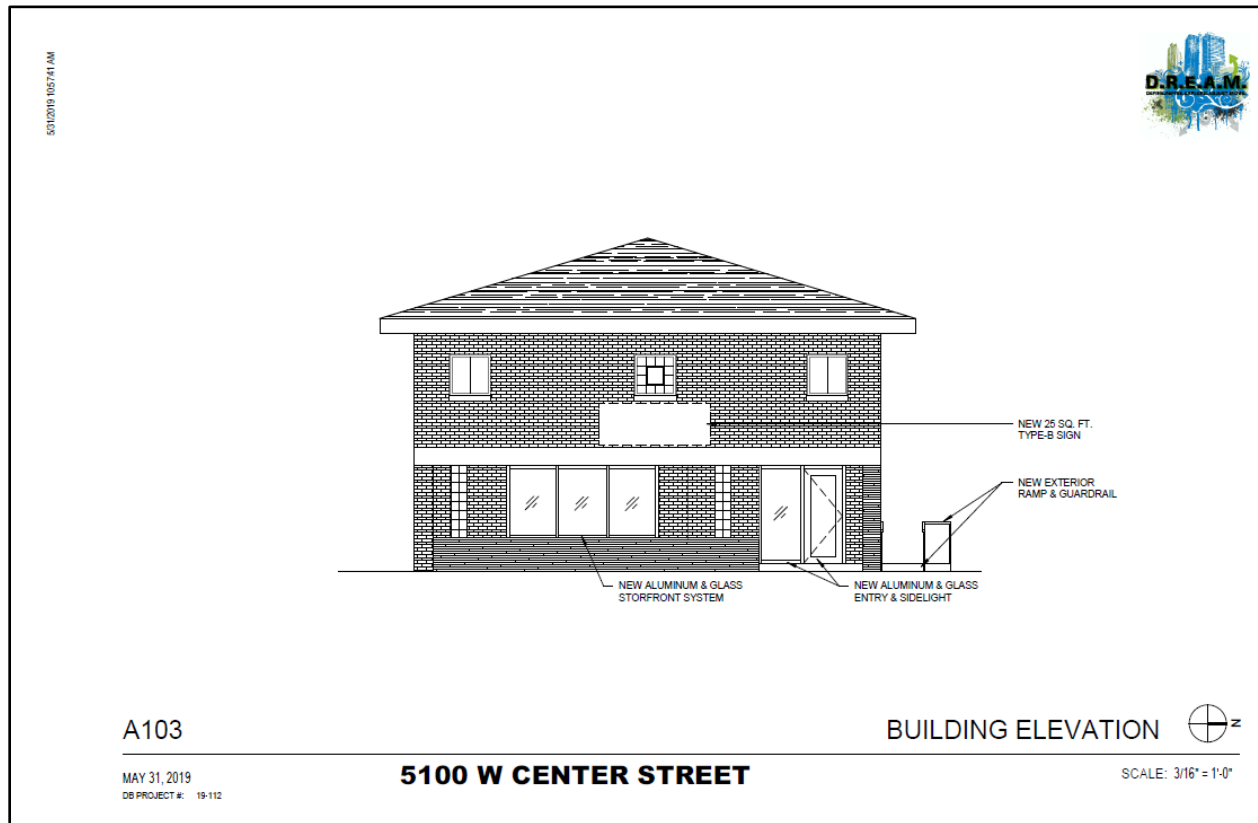
5100-02 West Center Street (the "Property"): A mixed-use building with 3,528 SF located on a 4,572 SF lot. The property was previously occupied as a mixed-use office building and is located within the Center Street Market Place Business Improvement District ("BID No. 39"). The property is zoned LB2 or local business and located in the Saint Joseph neighborhood. On June 8, 2015, the property was acquired by the City of Milwaukee through property tax foreclosure.



BUYER

Fess Properties LLC ("Buyer"), was established in 2008 and is owned and managed by Lee Menefee. Mr. Menefee, is also a member of BID No. 39. Mr. Menefee started investing in commercial and residential real estate over 10 years ago. The Buyer's mission is to provide his valued tenants with safe, affordable and well-maintained places to live. Mr. Menefee is a seasoned

real estate investor who specializes in real estate acquisition and has rehabilitated several multi-unit properties in Milwaukee, including an apartment building at 5112 West Center Street.



Conceptual Rendering of 5100 West Center Street after exterior renovations

PROJECT DESCRIPTION

The Buyer proposes to renovate and expand the existing first floor commercial space for his real estate business and plans to renovate the upper residential units into market-rate apartments.

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 Buyer obtaining all necessary approvals and financing. The Planning staff's Design and Review Team have reviewed and accepted the Buyer's building exterior façade improvements. The Buyer shall provide landscaping at the rear parking lot in accordance with MCO 295-405.

The estimated improvement cost for the Property is \$64,000.

PURCHASE TERMS AND CONDITIONS

The purchase price will be \$3,500. The conveyance will be on an "as is, where is" basis including all environmental and geotechnical conditions, if any. 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, subtracted from the sale proceeds will be sales expenses and a 30 percent disposition fee shall be paid to the Redevelopment Authority of the City of Milwaukee; the remaining sale proceeds shall be deposited in the Tax Deed Fund.

Due Diligence Checklist
Address: 5100-02 West Center Street

The Commissioner's assessment of the market value of the property.	<p>5100-02 West Center Street, consists of a mixed-use building with 3,528 SF of space located on a 4,572 SF parcel. The property was previously occupied as a mixed-use building and is located within the Center Street Marketplace Business Improvement District No. 39.</p> <p>The property is zoned LB2 or Local Business and located within the Saint Joseph Neighborhood and was acquired through property tax foreclosure on June 8, 2015.</p> <p>The purchase price for the Property will be \$3,500. The building has considerable deferred maintenance, including roof damage, defective plumbing and interior water damage.</p>
Full description of the development project.	<p>Fess Properties LLC, (the "Buyer") proposes to renovate the commercial space for the company's real estate business and rent the residential units as market-rate apartments.</p> <p>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 Buyer obtaining all necessary approvals and financing.</p>
Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.	<p>Façade modifications were reviewed and approved by the City Planning staff. The Buyer agreed with recommendations and understands that any future changes of modifications to the exterior façade may require additional City approvals.</p>
Developer's development project history.	<p>The Buyer owns several apartment buildings, including a property at 5112 West Center Street and started investing in commercial and residential real estate over 10 years ago. The Buyer, is also a board member of BID No. 39.</p>
Capital structure of the project, including sources, terms and rights for all project funding.	<p>The estimated renovation cost for the Property is \$64,000. The Buyer will use conventional financing and/or personal equity, while also exploring available City grants that may be applicable.</p>
Project cash flows for the lease term for leased property.	<p>Not Applicable</p>
List and description of project risk factors.	<p>If the building remains vacant, the deferred maintenance and costs to cure will continue to increase. Continued vacancy of the property will serve as a hindrance on efforts to redevelop the building and continue being a blight along the West Center BID.</p>
Tax consequences of the project for the City.	<p>The property will be fully taxable. The deed of conveyance will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status.</p>