

LAND DISPOSITION REPORT AND DUE DILIGENCE CHECKLIST COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

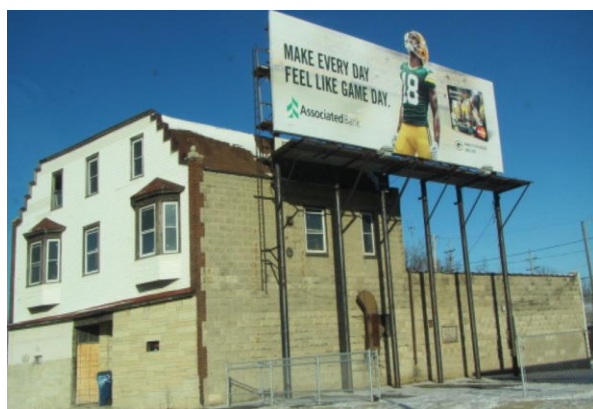
September 2, 2021

RESPONSIBLE STAFF

Dwayne Edwards, Program Manager, Department of City Development

PARCEL ADDRESS AND DESCRIPTION

3733 North 7th Street (the "Property"): A 5,644 square foot, two-story mixed-use building, with three residential apartments and a lot area of approximately 3,740 square feet. The City of Milwaukee ("City") acquired the Property on October 14, 2013 through property tax foreclosure.



City Property

BUYER

Marcus and Tamara Reed ("Buyers") or assignee. Mr. Reed, will oversee the day-to-day operations. The Buyers contacted Department of City Development ("DCD") real estate staff about the Property after the Property was re-advertised on the City's website and MLS.

The Buyers, who grew up in Milwaukee, currently own "Spotlight" barbershop and "Computer Coding and Tutoring Academy" at 2673 North Buffum Street in the 6th Aldermanic District and seeks a new space to expand the family's business endeavors.

PROJECT DESCRIPTION

The Buyers will purchase and renovate the property to convert the first floor commercial space into a barbershop and also have plans for a small commercial kitchen on the second floor to accommodate the family's food truck business.

Renovations include a total interior rehab that will include, but not limited to, electrical and plumbing upgrades, bathroom updates, new mechanicals, flooring, painting, insulated windows and ceiling work. Exterior repairs include new windows, updates to the facade, security camera, doors, lighting and new signage for the barbershop business.

The Buyers estimated rehabilitation costs are approximately \$90,000 and a portion of the work will be completed through "sweat equity." Mr. Reed has purchased and renovated several residential properties.

The Buyers may need certain City approvals in addition to the approval of the Land Disposition Report. Closing is contingent upon the Buyers obtaining all necessary approvals, financing and DCD approval of the final exterior design plans.



Buyer's conceptual rendering for 3733 North 7th Street (SE View)

PURCHASE TERMS AND CONDITIONS

The purchase price is \$15,000, which factors in the overall condition of the property.

The conveyance of the Property will be on an "as is, where is" basis. The deed of conveyance will include a restriction prohibiting the Buyers from applying to the City for tax-exempt property status.

At closing, subtracted from the sale proceeds will be sale and marketing expenses and a 30 percent disposition fee to the Redevelopment Authority of the City of Milwaukee; the remaining proceeds shall be deposited in the Delinquent Tax Fund.

DUE DILIGENCE CHECKLIST**ADDRESS: 3733 NORTH 7TH STREET**

The Commissioner's assessment of the market value of the property.	<p>The "Property" at 3733 North 7th Street is being sold "as is, where is," without any guarantees. The Property is zoned LB2 or Local Business. The two-story, mixed-use building, with two residential apartments, was previously occupied as a small religious assembly space.</p> <p>The purchase price is \$15,000. The building has considerable deferred maintenance, including defective electrical, HVAC and plumbing. Extensive interior damage to ceilings, floors and walls have negatively affected the overall value of the building.</p>
Full description of the development project.	<p>The Buyers, plan to convert the first floor commercial space into a barbershop for the family's expanding business and have a small commercial prep kitchen for the family's food truck business upon completion of all renovations.</p> <p>Renovations include a total interior rehab and repairs. Work will include, but not limited to, electrical and plumbing upgrades, bathroom updates, new mechanicals, flooring, painting, and ceiling work. Exterior repairs include new windows, exterior lighting, security camera, doors and signage for the business.</p>
Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.	<p>Facade modifications will include new doors, windows with clear glazing and new signage.</p>
Developer's development project history.	<p>The Reed family have no outstanding violations on any properties in Milwaukee.</p>
Capital structure of the project, including sources, terms and rights for all project funding.	<p>The estimated renovation and improvement costs are \$90,000. The Buyers are considering conventional financing and/or personal equity to finance renovations.</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 building will serve as a hindrance on efforts to redevelop the Property.</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 tax exempt property status.</p>