

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: June 14, 2024

TO: Marcelia Nicholson, Chairwoman, County Board of Supervisors

FROM: Celia Benton, Economic Development Director, Department of Administrative Services

SUBJECT: Informational Report on the Option to Purchase 1220 West Vliet Street (the Marcia P. Coggs Human Services Center)

REQUEST

This report is for informational purposes only.

POLICY

This report relates to the following Milwaukee County Board file numbers:

- Milwaukee County Board file 20-485: "From the Director, Facilities Management Division (DAS-FMD), Department of Administrative Services providing an informational report regarding an assessment of the Marcia P. Coggs Human Services Center"
- Milwaukee County Board file 21-436: "An informational report from the Director, Department of Administrative Services, Facilities Management Division (DAS-FMD), regarding a financial analysis of the Marcia P. Coggs Human Services Center"
- Milwaukee County Board file 21-1110: "A report from the Director, Department of Health and Human Services, requesting approval of an American Rescue Plan Act (ARPA) Funding Request for the Marcia P. Coggs Human Services Center Renovation"
- Milwaukee County Board file 22-617: "A report from the Director, Department of Health and Human Services, and the Director, Department of Administrative Services, providing further analysis on construction options for the Marica P. Coggs Human Services Center"

BACKGROUND

Milwaukee County has entered into an Option Agreement ("Option") for the sale of 1220 W. Vliet Street (Marcia P. Coggs Human Services Center Building or "Coggs building") with Gorman & Company ("Developer") for the development of an estimated 65 affordable housing units (note this is an increase from the original proposal of 59 units) as well as commercial space for Milwaukee County Behavioral Health Services and a small cafe.

In accordance with State Statute (59.17), the transaction was approved by the County Executive, Comptroller and Intergovernmental Cooperation Council ("ICC") appointee from the City of Milwaukee.

The Marcia P. Coggs Human Services Center was built in 1910 as Schuster's Department Store. It is a three-story, rectangular commercial building located in the King Park

neighborhood. At the June 2024 meeting of the City of Milwaukee's Historic Preservation Commission, the Commission recommended the building receive historic designation.

The Milwaukee County Department of Welfare bought the building in 1963 and the building became the Marcia P. Coggs Human Services Center in 2003. Current occupants include the Milwaukee County Department of Health and Human Services (DHHS), Friedens Food Pantry and The Hunger Task Force.

Milwaukee County DHHS plans to move its current operations out of this building at the completion of construction of their new building, anticipated to be in mid-2025. Part of the new DHHS building scope considered the demolition of the Coggs building to create a surface parking lot for County employees. The Department of Administrative Services will instead meet the parking needs of County employees through maintaining control of the two current parking lots on W. Cherry Street between N. 12th and N. 13th Street as well as through adding additional parking along N. 13th and W. Cherry Streets.

Milwaukee County Economic Development issued a Request for Information (RFI) in February of 2023 to solicit options for adaptive reuse or redevelopment of the Coggs building while also seeking solutions to meet County parking needs. The RFI followed our standard process of a selection committee to review the pool of applicants and identify key criteria for future project selection. There were four proposal teams offering five concepts. Key takeaways from the proposals include:

- Underground parking at the Coggs building is a viable option.
- Market rate housing is not viable at the site but affordable housing is.
- All proposals suggested adaptive reuse of the building rather than redevelopment.

The County reserved the right to negotiate an agreement from the RFI respondents and Gorman and Company was chosen as the Developer from criteria that scored them favorably for their development experience, their property management reputation, their commitment to racial equity and the scope of the development - which includes larger, family-serving affordable units.

Gorman & Company has developed numerous projects that convert historic buildings into housing since 1984. Notable examples of recently completed adaptive reuse projects in Milwaukee County include the Fifth Street School, the Alexander Lofts, the Sherman Park Commons, and the Blue Ribbon Lofts.

Gorman & Company's project will preserve the historic character of the building while providing quality homes for the residents of the King Park neighborhood. Their proposal includes adaptive reuse of the Coggs building into an estimated sixty-five affordable housing apartments for individuals and families. Some of the spaces will be designed as live-work units. Apartments will range between 740 and 1,740 square feet (updated from the original plans) and will include both one and three-bedroom units. Rental rates are defined by the U.S. Department of Housing and Urban Development and are expected to range between \$823 and \$1,576 a month. The first floor will be anchored by Milwaukee County Behavioral Health Services, which is expected to lease approximately 17,000 square feet, and a 1,500 square foot café. The Developer intends to place solar panels on the roof of the Coggs building to reduce energy costs.

Milwaukee County Economic Development expects this project will further catalyze the County's significant investments into the King Park neighborhood while also activating Vliet Street and adding to the affordable housing stock in Milwaukee County.

Purchase Price

The Developer will purchase the land for one million dollars through a seller note.

Next Steps

The Developer intends to acquire the building through a development agreement by or before June of 2025. The option period allows the Developer to acquire the property and to secure financing for the project. The Developer's capital stack currently anticipates a financing gap of \$2.5 million. Economic Development is exploring ways to close this gap that could include some County options and would come back to the Board to seek approval for any potential County resources.

ALIGNMENT TO STRATEGIC PLAN

County strategic priorities in entering the Option, in no particular order, included:

- Strategic Focus Area 3B: Enhance the County's fiscal health and sustainability through vacating an underutilized, costly and inefficient building and putting it back on the tax roll, and through collaborating with an experienced developer.
- Strategic Focus Area 3C: Dismantle barriers to diverse and inclusive communities through bringing additional County services to the neighborhood, adding affordable housing units in the county and supporting a development that aligns with the neighborhood plan and promotes activation of Vliet Street.
- Strategic Focus Area 2C: Apply a racial equity lens to all decisions through supporting a developer that will partner with ACRE graduates (One 5 Olive) on the project.
- Strategic Focus Area 1C: Increase the number of County contracts awarded to minority and women-owned businesses through economic development's community benefits goals.

FISCAL EFFECT

N/A

TERMS

N/A

VIRTUAL MEETING INVITES

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PREPARED BY:

Celia Benton

Celia Benton
Economic Development Director, Department of Administrative Services

ATTACHMENTS:

Option Agreement

cc:

David Crowley, County Executive

Liz Sumner, Comptroller

Economic and Community Development Committee Members

MaryJo Meyers, Chief of Staff, Office of the County Executive

Aaron Hertzberg, Director, Department of Administrative Services

Shakita LaGrant-McClain, Director, Department of Health and Human Services

David Muhammad, Deputy Director, Department of Health and Human Services

James Mathy, Housing Administrator, Department of Health and Human Services

Kelly Bablitch, Chief of Staff, County Board of Supervisors

Allyson Smith, Committee Coordinator

Ken Smith, County Board Research Analyst