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Lofts proposed at former hospital

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Part of a former hospital complex on Milwaukee's west side will be converted into nearly 100 **apartments** under a plan announced Monday by a Madison development firm.

A large portion of Aurora Sinai Medical Center's former western campus, at W. Kilbourn Ave. and N. 22nd St., will be redeveloped into loft-style **apartments** under the \$13 million proposal, said Tom Capp, executive vice president of **Gorman & Co.**

The development would be a significant investment by a well-established firm in a neighborhood showing new signs of commercial life.

Gorman & Co. has done similar conversions of older buildings to loft **apartments** in other reviving areas within Milwaukee's central city. They include the Knitting Factory Loft **Apartments**, 2100 W. Pierce St., which opened this fall and has already rented out 93 of its 100 **apartments**.

Gorman is making the investment on the west side because the neighborhood appears to be improving, Capp said. He said the development at the former hospital could help attract other investments to the area.

Gorman plans to buy a six-story hospital building, at the northwest corner of W. Kilbourn Ave. and N. 22nd St., and the upper floors of an adjacent building just west of there at 920 N. 23rd St.

The space, totaling 160,000 square feet, will be purchased from City on a Hill Inc., a non-profit group that uses portions of the former hospital complex for various programs.

City on a Hill, sponsored by the Wisconsin/Northern Michigan District Council of the Assemblies of God, will keep about 160,000 square feet for its programs, said Diane De La Santos, executive director.

Gorman plans to obtain financing for the development by spring 2004 and will complete its purchase of the properties by summer, Capp said. Construction is scheduled to begin in August, with the **apartments** completed by summer 2005, he said.

Capp said 80% of the **apartments** will be available only to people who earn no more than 60% of Milwaukee County's median income.

For the building's two--bedroom units, that would be families with annual household incomes of roughly \$31,000 to \$40,000. Those units would rent for \$830 a month.

Gorman will offer below-market rents in return for receiving federal affordable housing tax credits. The company also will seek federal historic preservation tax credits in return for redeveloping the building under preservation guidelines.

Those credits, which can be sold to companies that use them to lower their corporate income tax bills, will provide the development's equity financing.

Gorman used a similar financing formula to develop the Knitting Factory Loft **Apartments** and the Fifth Ward Lofts, 133 W. Oregon St., and the Kunzelmann-Esser Lofts, 710 W. Mitchell St.

The former hospital building has historic character, high ceilings and offers good views of downtown's skyline from its hilltop site -- all positive features for an **apartment** development, Capp said.

He also said neighborhood crime would not deter the project. Similar concerns were raised about other **Gorman** projects in the central city, but those **apartments** have been successful, Capp said.

The market for the latest project will include downtown employees and people who work at Marquette University, Capp said.

The 18.5-acre former hospital complex became vacant in 1998 after Aurora Sinai consolidated at its eastern campus, 945 N. 12th St.

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