



VILLAGE OF HOMEWOOD

Amended Business District Plan #2 For Washington Park Plaza

PROJECT BACKGROUND AND SUMMARY

Washington Park Plaza Partners, LLC plans to redevelop the Washington Park Plaza shopping center at Halsted Street and Ridge Road in Homewood, Illinois. For one of the partners of Washington Park Plaza Partners, LLC, Mid-America Development Partners, LLC of Oakbrook Terrace, Illinois, this will be their fourth retail development project in Homewood in the last six years. The other developments have included Target, Home Depot, Jewel/Osco and Office Max, and Kohl's.

Village authorities are currently considering plans for the 19.2-acre redevelopment. Washington Park Plaza Partners, LLC proposes to redevelop (1) approximately 105,906 square feet of the existing former Venture Building, (2) approximately 62,623 square feet of existing in-line buildings, (3) the demolition of the former Jewel Store, construction of a Best Buy store in its place of approximately 30,038 square feet, (4) the construction of three or four new free standing buildings, (5) one in-line building, (4) and (5) ranging in size from 2,448 to 15,099 square feet. The first phase of construction for the redevelopment of the center is expected to be undertaken in Spring 2005 for delivery in Fall of 2005.

Washington Park Plaza Partners, LLC has requested economic assistance from the Village of Homewood for a portion of the redevelopment costs of the project. The total project cost is estimated to be approximately \$26 million. Tax incentives in an amount not to exceed ~~\$3.5 million~~ \$5.0 million are being requested.

VILLAGE OF HOMEWOOD STATEMENT OF INTENT

The President and Board of Trustees have the authority to designate an area within the Village as a "Business District", to approve specific business district development and/or redevelopment plans, and to enter into contracts with private agencies or persons to implement such business district plans. This authority may be found in Article IV of Section 78 of the Homewood Municipal Code and in state law at 65 ILCS 5/11-74.3 et. Seq.

Washington Park Plaza Partners, LLC has represented to the Village that the cost of development of the Project is substantially increased due to the extreme renovation and demolition

August 9, 2005
revised 5/23/2023

costs. In addition, the highly stabilized taxes at this location contribute to the extreme difficulty of attracting desirable national retailers and negotiating market rents. Washington Park Plaza Partners, LLC has also represented to the Village that the Washington Park Plaza redevelopment will generate new sales tax revenues for the Village and will expand the property tax base of the units of local government.

Washington Park Plaza Partners, LLC has requested economic assistance from the Village government in furtherance of the Project. Washington Park Plaza Partners, LLC has represented to the Village that without such economic assistance, the Project would not be viable for Washington Park Plaza Partners, LLC to undertake on its own.

The Village desires to attract viable national retailers and facilitate Washington Park Plaza Partners, LLC's proposed redevelopment of the former Washington Park Plaza shopping center. The Village is willing to provide certain economic assistance to Washington Park Plaza Partners, LLC for the Project in order to assist retailers to locate in the Village of Homewood and to revitalize the final vacant parcel in Homewood's Halsted Street Corridor.

CONFORMANCE WITH COMPREHENSIVE PLAN

The subject property is located within the Washington Park/Halsted Street commercial corridor. The proposed Project is consistent with the Village's land use plan.

PROJECT FINANCING

The up front costs of the entire project will be borne wholly by Washington Park Plaza Partners, LLC. The proposed redevelopment agreement will state that the Village and the units of local government will reimburse Washington Park Plaza Partners, LLC in an amount not to exceed \$3.5 million in annual installment payments.

The property tax incentive will be 12.5% of the annual total incremental real estate tax generated by the property in annual installment payments not to exceed ten (10) years. The total property tax incentive is not to exceed \$850,000 for a term not to exceed ten (10) years, whichever first occurs. The property tax portion of the incentives is being shared by the Village of Homewood, the Homewood-Flossmoor Park District, Homewood Elementary School District 153, Homewood-Flossmoor High School District 233 and the Homewood Library District.

The sales tax incentive will be distributed as follows: The Village will retain the first \$92,500; the developer will retain the next \$62,500 of sales tax revenue. Thereafter, the remaining sales tax shall be held by the Village and distributed 50% to the Village and 50% to Washington Park Plaza Partners, LLC.

*\$5,000,000

The Village will pay Developer a portion of the municipal sales tax revenues generated by the Project annually until the Developer receives a combined total of ~~\$3,500,000~~* in real estate and municipal sales taxes incentives. However, the Village's obligation to make municipal sales tax payments will terminate when ~~\$3,500,000~~ in incentives has been paid to the Developer, or after ~~15 years~~, whichever occurs first. The incentive is not a general obligation of the Village, but is payable only from the increment generated by the project.

** 23 years

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revised 5/23/2023