

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: April 25, 2023

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Angela Mesaros, Director of Economic and Community Development

Topic: Amendment to the Redevelopment Agreement with Homewood Brewing Company, 18225 Dixie Highway

PURPOSE

In April 2022, the Village approved zoning entitlements, support of a Cook County Class 8, and entered into a redevelopment agreement (RDA) with Homewood Brewing Company to construct a restaurant and craft brewery on the former Bogart's property at 18225 Dixie Highway. The RDA provided for financial assistance to cover the cost of site improvements for the development of an underutilized vacant property at the gateway to downtown Homewood. During the permitting process, the project costs have increased beyond the original reimbursement amount approved by the Board and established in the RDA. Therefore, the Village must amend the redevelopment agreement.

PROCESS

The Village acquired the property at 18225 Dixie Highway in a tax foreclosure sale in 2018. At that time, the building had been vacant for approximately nine years. In 2020, the Village established the Dixie Highway/Miller Court Tax Increment Financing District (TIF), which includes this property. The intent was to secure the property and provide incentives for suitable development.

The Village's participation in the redevelopment agreement includes reimbursement of the following TIF eligible items:

- Demolition/construction of the parking lots;
- Reconstruction of Miller Court, including curb, gutter, and paving improvements;
- Underground stormwater detention; and
- Site utilities, including re-routing/burial of electric power lines to serve and accommodate the redevelopment of the property.

Eligible costs for reimbursement were approved by the Village Board at \$970,000 and the RDA put a cap on the incentives at that amount. Through the design, permitting, and bid process, the costs have increased to \$1,700,000 - an increase of \$730,000. The increased costs are due to inflation and supply chain conditions, but also changes to the site improvements related to

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the permit requirements of the Village of Homewood and Thorn Creek Sanitary Basin. The revisions to the site improvements include the items listed below:

- Dixie Highway parkway restoration;
- Additional walks, curbs, and guardrail at Miller Court;
- Revision to sanitary service;
- Stormwater Control design revisions;
- Underground ComEd service; and
- Asphalt cost increases.

The projections of TIF revenues and the budget in the Dixie Highway/Miller Court TIF Plan are adequate to cover the costs.

OUTCOME

Redevelopment of the former Bogart's property, a vacant property at the gateway to downtown Homewood, will improve the overall physical conditions of the area and augment the area's mix of commercial uses. Homewood Brewing Company plans to construct a restaurant and craft brewery. A restaurant is a targeted business and will be an attraction to Homewood. The revised RDA covers the increased costs necessary to complete public improvements required by the Village, Metropolitan Reclamation District (MWRD) and Thorn Creek Basin Sanitary District.

FINANCIAL IMPACT

Funds for the public improvements of this development will come from the Dixie Highway/Miller Court TIF District. \$970,000 of TIF incentives were initially budgeted and approved for this project, but cost increases have created another \$730,000 in TIF eligible expenses. The \$1,700,000 of TIF eligible costs will be reimbursed to the developer over the next 20 years. Funding comes from the tax increment generated by the Brewery development. The Dixie Highway/Miller Court TIF was created in 2020 and expires in 2043.

- **Funding Source:** Dixie Highway/Miller Court Tax Increment Financing (TIF) Fund
- **Initial TIF Incentive Amount:** \$970,000 (*Approved by Village Board August 26, 2022*)
- **Request for Amended TIF Incentives:** \$730,000
- **Updated TIF Incentive Amount :** \$1,700,000

LEGAL REVIEW

Completed

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RECOMMENDED BOARD ACTION

Authorize an amendment to the redevelopment agreement between Homewood Brewing Company and the Village of Homewood, originally approved on April 26, 2022, to facilitate development of a restaurant and craft brewery in the Village's Dixie Highway/Miller Court Tax Increment Financing District.

ATTACHMENT(S)

First Amendment to the Redevelopment Agreement