

# VILLAGE OF HOMEWOOD



**BOARD AGENDA MEMORANDUM**

**DATE OF MEETING: November 12, 2024**

---

**To:** Village President and Board of Trustees

**Through:** Napoleon Haney, Village Manager

**From:** Angela Mesaros, Director of Economic and Community Development

**Topic:** Second Extension of Letter of Intent – 3003-3025 183<sup>rd</sup> Street (Park West Plaza)

## **PURPOSE**

The Village has a letter of intent (LOI) with Rabid Ground LLC, who has an interest in the purchase and rehabilitation of the property at 3003-3025 183<sup>rd</sup> Street. The property is a commercial strip center (Park West Plaza), which was recently acquired by the Village. The current LOI expired on November 9, 2024. The developer has requested an extension of the due diligence period for an additional 90 days (until February 9, 2025). The extension of the letter of intent must be approved by the Village Board.

## **PROCESS**

In 2021, the Village created a Tax Increment Financing District designating the subject property as part of the redevelopment project area, an economic development tool for future financial assistance for redevelopment activity. The Village of Homewood acquired the Park West Plaza shopping center (American Bagel Plaza) located at 3003-3025 183<sup>rd</sup> Street through the Cook County No Cash Bid Program on December 22, 2023, with the intent to redevelop the property. The property has three tenants who are current with their lease payments, with the remainder of the spaces being vacant. The property is located within the 183<sup>rd</sup> West TIF.

In April 2024, the Village approved an amendment to the letter of intent (LOI) with Rabid Ground LLC, who has an interest in the purchase and rehabilitation of the property at 3003-3025 183<sup>rd</sup> Street. The letter of intent held the property for 180 days during which time the developer marketed the property in preparation for redevelopment. During that time, the developer worked to finalize a business and development plans.

The LOI expired on November 9, 2024. The developer is requesting a second extension of the due diligence period for an additional 90 days (until February 9, 2025) in order to secure funding for the project.

The terms of the LOI will remain as follows:

1. The developer purchases and redevelops the property with appropriately zoned uses.
2. The developer has 90 days to perform due diligence.
3. The Village would not negotiate with other parties during this due diligence period.

## VILLAGE OF HOMEWOOD



4. The developer would be given access to the property.
5. The developer must negotiate a redevelopment agreement (RDA) with the Village within 90 days for purchase and redevelopment of the Property.
6. No money is required upfront from the developer, but if the developer decides not to develop the property, they are responsible for their due diligence costs.

The redevelopment agreement (RDA) is requested to include the following terms:

1. Purchase of the building and property for \$1, with tenants in place.
2. Support of a Cook County Class 8 tax incentive - reducing the property taxes to approximately 60%.
3. Rebate of Places for Eating Tax for five years. The owner estimates \$1.6 million of annual gross food and beverage sales at the subject location. This equals an annual places of eating tax of \$32,000 (2% of the total sales). The total incentive over five years is \$160,000.
4. Village is requested to contribute \$300,000 towards the buildout of the brewery and commercial kitchen. This funding would need to come from the General Fund. The developer estimates total construction costs of \$1,569,000 for building renovation and site improvements of which \$900,000 is for the build-out of the brewpub. The requested Village incentive is approximately 19% of the total costs or 33% of the brewpub buildout, which is consistent with recent incentive agreements.

### OUTCOME

The LOI extension, if approved, would provide additional time for the developer to complete any due diligence. The extension would also allow additional time for the developer to solidify any project funding critical to redeveloping the property.

### FINANCIAL IMPACT

- **Funding Source:** No Financial Impact
- **Budgeted Amount:** N/A
- **Cost:** N/A

### LEGAL REVIEW

Completed

### RECOMMENDED BOARD ACTION

Approve the Second Amendment to the Letter of Intent (LOI) with Rabid Ground LLC for the Village-owned property located at 3003-3025 183rd Street.

### ATTACHMENT(S)

- Letter of Intent
- Request for extension