

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: April 8, 2025

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Angela Mesaros, Director of Economic and Community Development

Topic: Amendment to Redevelopment Agreement with HCF Homewood LLC

PURPOSE

The Village of Homewood has a redevelopment agreement (RDA) with HCF Homewood, LLC for the construction of a mixed-use building known as the Hartford Building, located at the southwest corner of Martin Avenue and Ridge Road. The RDA provides for financial assistance due to high Cook County taxes, the inability of projected revenues from the development to cover the construction costs, and the risk associated with an unproven market in our downtown area. The developer is requesting to amend the RDA by removing language that (1) guarantees a minimum return on cost – potentially obligating payments from the Village's General Fund and (2) provides for revenue sharing with the Village once certain profit metrics were accomplished.

PROCESS

In November 2019, the Village of Homewood and the developer, HCF Homewood, LLC, entered into a redevelopment agreement for the property located at the southwest corner of Ridge Road and Martin Avenue, commonly referred to as the Hartford Building. There were amendments made to this initial agreement as listed below:

- On July 27, 2021, the Village and the developer entered into a restated redevelopment agreement for the same property.
- In February 2022, the Village approved an assignment of the Redevelopment Agreement and TIF note to CNB Bank and Trust, N.A.
- On March 14, 2023, the Village and the developer approved a minor amendment to the RDA, which made a technical correction.
- In December 2023, the Village approved the assignment of the Redevelopment Agreement and TIF Note to Co Vantage Credit Union.

The developer is requesting to amend the RDA by removing language that guarantees a minimum return on cost and provides revenue sharing with the Village if the developer's return on cost exceeds a benchmark established in the RDA. The developer's lender has agreed to this amendment. To clarify and correct this language in the RDA, the Village Board must now approve

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a second amendment to the restated redevelopment agreement, which was approved in July 2021. The amendment will modify no other provisions of the RDA.

Results of Language Removal

The revised RDA means that the Village is no longer required to conduct an annual audit of the developer's financial records to verify the return on cost. Additionally, it eliminates the Village's obligation to make up any shortfalls from the General Fund if the developer's return on investment is less than the benchmark established in the agreement. Because the current agreement language is heavily weighted in esoteric terms and profit-metric processes, the removal of the language transforms the agreement into a standard Tax Increment Financing agreement; thereby, eliminating misunderstandings and skewed interpretations by future building owners should the building be sold/transferred.

OUTCOME

The development benefits the community by attracting additional people to downtown, who in turn frequent the restaurants and stores, spur further mixed-use developments, and increase overall property values in the vicinity.

FINANCIAL IMPACT

- **Funding Source:** Downtown TOD TIF Fund
- **Budgeted Amount:** N/A
- **Cost:** N/A

LEGAL REVIEW

Completed

RECOMMENDED BOARD ACTION

Pass an ordinance approving a second amendment to the restated redevelopment agreement between HCF Homewood, LLC and the Village of Homewood removing language obligating Village support of a minimum annual return and return-on-costs participation.

ATTACHMENT(S)

- Partial copy of First Restatement with strikethrough marking
- Ordinance approving Second Amendment to the Restated Redevelopment Agreement
- Second Amendment to the First Restatement of the Redevelopment Agreement