

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: June 27, 2023

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Angela Mesaros, Director of Economic and Community Development

Topic: Purchase Option, Purchase Contract, and Letter of Intent – 1313 & 1351 175th Street

PURPOSE

John LaRoy is the owner and CEO of Apparel Redefined, a custom-decorated apparel screen printing & monogramming company founded in 1970 that currently operates out of a facility in Crestwood, IL. Apparel Redefined is a leading nationwide supplier of custom silk screening and embroidery products across the country. Apparel Redefined specializes in highly customized athletic apparel. The company has outgrown its current location. It employs 60 people and plans to more than double the size once its relocation and expansion are complete.

Mr. La Roy has an interest in the purchase and redevelopment of property on 175th Street. This includes two properties (approximately 6 acres): (1) 1351 175th Street is a four-acre vacant land, which is owned by the Village; and (2) 1313 175th Street, an office building directly to the east of the village's four-acre site that is currently on the market for sale. The Village is in the process of negotiating the purchase of 1313 175th and will sell the properties to Apparel Redefined. Both properties are located within the Northeast Tax Increment Financing District. Acquisition of the properties – purchase (from the current owner) and sale (to Apparel Redefined) are eligible expenses for TIF reimbursement.

The Village Board action includes (1) a Purchase option on 1313 175th Street; (2) a Contract to purchase 1313 175th Street; and (3) a Letter of Intent with Apparel Redefined for 1313 & 1351 175th Street.

PROCESS

In 1992, the Village purchased 178 acres of land along 175th Street (the Prairie Lakes Business Park) in the Washington Park Tax Increment Financing (TIF) District. (The TIF expired in 2009/2010.) In 1996, the Village of Homewood completed infrastructure improvements to promote the development of 41 of the 178 acres. The subject property, a four-acre parcel, is the only remaining parcel in the Prairie Lakes Business Park PUD. The Village has tried for many years to market the property for development with no success.

VILLAGE OF HOMEWOOD



The owner of Apparel Redefined contacted the Village staff in June 2022, seeking available space for the relocation and expansion of its offices and production facility. Homewood was one of several communities under consideration for relocation by the company. Village staff met with the owner, toured the existing company, and sent a proposal for the redevelopment of the village's four-acre site.

During this process, Mr. LaRoy indicated a need for two additional acres of land (a total of 6 acres). The office building at 1313 175th Street, directly to the east of the village's four-acre site, is currently on the market for sale. The Village offered to purchase the property at 1313 175th and transfer both properties to Apparel Redefined. The office building would be used for company offices and meeting rooms; and the village's four acres would be the site of the new production facility (machinery, printers, presses, etc.).

Apparel Redefined has begun its due diligence on the Village's four-acre site including environmental evaluation, financial analysis, and negotiation of terms with the village. The lease for their current location expires at the end of September 2023. The Village wishes to enter a contract to purchase to prevent the 1313 175th building from being sold to another buyer while Apparel Redefined completes its due diligence. The contract will include an option for purchase on the 1313 building to protect against expending funds on the purchase without a guarantee of sale to the developer.

The Village Attorney has prepared a purchase option and contract for the 1313 175th Street building to be approved by the Village Board with the following key points:

- Purchase price \$400,000 cash, which is a TIF-eligible expense
- Non-refundable option payment of \$25,000 by the Village. Ten Thousand Dollars (\$10,000.00) of the Option Fee shall be credited towards the Purchase Price if the Buyer exercises the option and completes the purchase. If the Village does not buy the property, the Seller keeps the \$25,000.
- Village must notify Seller it will proceed on October 25, 2023, and close by November 30, 2023.
- Seller must have no leases or tenancies that terminate later than November 30, 2023.
- Seller to provide ALTA survey at closing.
- Seller to provide the developer reasonable access to the building during the option period to inspect for potential repairs.
- Seller to re-prorate property taxes after closing.

Apparel Redefined and the Village of Homewood have prepared a letter of intent to be approved by the Village Board with the following terms of the agreement:

VILLAGE OF HOMEWOOD



1. Apparel Redefined will purchase and redevelop the properties at 1313 175th Street and 1351 175th Street from the Village for \$2.
2. Apparel Redefined will construct a manufacturing facility on 1351 175th Street and occupy 1313 175th Street as its corporate headquarters.
3. Apparel Redefined has 60 days to perform due diligence.
4. Apparel Redefined will have 90 days after the due diligence period to secure all zoning approvals.
5. The Village would not market or negotiate with other parties during this term of the Contract.
6. Apparel Redefined would be given access to the property.
7. Apparel Redefined and the Village will enter into a redevelopment agreement (RDA) for the sale and redevelopment of the Property.
8. 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.

Once the letter of intent is finalized, the Village and Apparel Redefined will negotiate a redevelopment agreement and the developer will complete the zoning entitlement process for a planned unit development. Both require approval by the Village Board at a future meeting.

OUTCOME

The sale of the property will result in the redevelopment of a vacant parcel. The redevelopment of both properties is expected to generate a TIF increment, which would be used to provide incentives to the developer, reimbursed over the remaining 15 years of the TIF. The benefit of such a development is that it would return an underutilized property to productive use and strengthen and enhance the Village's tax base.

The long-term benefits of this development project are the following:

- Development and return to the tax rolls of a Village-owned property that has been vacant for over 31 years.
- The project complies with the Village's plan and established zoning for the area: light manufacturing, assembly, and office buildings.
- The proposed addition of an assembly and distribution development on previously vacant land increases the Village's overall Equalized Assessed Valuation (EAV).
- The proposed development would bring an established, growing business to Homewood that would provide sustainable wage employment and potential for future job creation.

VILLAGE OF HOMEWOOD



FINANCIAL IMPACT

- **Funding Source:** Northeast Tax Increment Financing District. The Northeast TIF currently has \$2.1 million in funds with no pending obligations. The Northeast TIF generates approximately \$1 million in TIF increment per year.
- **Budgeted Amount:** \$0
- **Budget Amendment:** \$425,000 to the Northeast TIF Fund
- **Cost:** \$425,000

LEGAL REVIEW

Completed

RECOMMENDED BOARD ACTION

Approve a budget amendment of \$425,000 in the Northeast TIF Fund; and approve the option to purchase, contract to purchase, and Letter of Intent for the redevelopment of vacant land at 1351 175th Street and an office building at 1313 175th Street for the operation of an assembly and production facility for Apparel Redefined.

ATTACHMENT(S)

- Option to Purchase, 1313 175th Street
- Contract to purchase, 1313 175th Street
- Letter of Intent, 1313 & 1351 175th Street