

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: April 9, 2024

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Angela Mesaros, Director of Economic and Community Development

Topic: Extension of Letter of Intent – 3003-3025 183rd Street (Park West Plaza)

PURPOSE

In February 2024, the Village approved a letter of intent (LOI) with Rabid Ground LLC, who has an interest in the purchase and rehabilitation of the property at 3003-3025 183rd Street. The property is a commercial strip center (Park West Plaza) which was recently acquired by the Village. The letter of intent held the property for ninety (90) days during which time the developer marketed the property in preparation for redevelopment. The developer has requested an extension of the due diligence period for an additional 180 days (until November 9, 2024). 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 (TIF) 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 183rd Street through the Cook County No Cash Bid Program on December 22, 2023 with the intent to redevelop the property. The property has been partially vacant for several years.

The property is currently within the Kedzie Gateway TIF district. The Village has completed the process to establish a new TIF district that includes this property, the 183rd West TIF. If the Village Board wishes to continue working with this developer, it benefits the Village to delay entering into a redevelopment agreement and selling the property until the new TIF district is established.

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 180 days to perform due diligence.
3. The Village would not negotiate with other parties during this due diligence period.
4. The developer would be given access to the property.
5. The developer must negotiate a redevelopment agreement (RDA) with the Village within 180 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.

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The redevelopment agreement (RDA) would 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 tax revenue at the subject location. This equals an annual places of eating tax of \$32,000 (2% of the total sales tax). The total incentive over five years is \$160,000. (Note: the Village would receive the 1% sales tax during this time.)
4. Village will contribute \$300,000 towards the buildout of the brewery and commercial kitchen. The developer estimates total construction costs of \$1,569,000 for building renovation and site improvements of which \$900,000 would be 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 property is ideally located and has a highly visible location on 183rd Street. The sale of the property will result in the rehabilitation of a partially vacant building with years of deferred maintenance. The benefit of such a development is that it would return an underutilized property to productive use and would also strengthen and enhance the Village's tax base.

FINANCIAL IMPACT

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

LEGAL REVIEW

Completed

RECOMMENDED BOARD ACTION

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

ATTACHMENT(S)

Letter of Intent