

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: August 13, 2024

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Angela Mesaros, Director of Economic and Community Development

Topic: Cook County Class 8 Incentive – 1005 175th Street

PURPOSE

William I. Sandrick/Homewood 175th LLC purchased the former Girl Scouts of America building property at 1005 175th Street. The Village is being asked to support a Class 8 property tax designation for this property. Upgrades to the building utilities and substantial interior renovations have been necessary, thus enhancing the commercial viability of the Village by improving commercial infrastructure.

The Class 8 program encourages commercial development throughout Cook County by stimulating expansion, retaining existing businesses, and increasing employment opportunities. If the property qualifies, it would be assessed at 10% during the first 10 years and for any subsequent 10-year renewal period. If the incentive is not renewed, it would be assessed at 15% in year 11, 20% in year 12, and 25% in subsequent years.

PROCESS

Homewood 175th LLC recently purchased the 11,800-square-foot office building which was vacant at the time of the real estate closing. Under the previous ownership, the property was tax exempt. The property is currently under building permit for construction and is eligible for a Cook County Class 8 Tax Incentive.

The Cook County Assessor administers the Class 8 real estate tax incentive. The incentive is designed to encourage industrial and commercial development in areas experiencing economic stagnation. Under this incentive program, qualified commercial real estate is assessed at 10 percent of market value for the first 10 years, 15 percent in the 11th year, and 20 percent in the 12th year. The Class 8 designation may be renewed during the last year in which a property is entitled to a 10 percent assessment level or when the incentive is still applied at the 15 percent or 20 percent assessment level upon approval of the Village Board and the passing of a resolution consenting to the renewal.

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The Cook County tax system places a heavy tax burden on commercial properties. These properties are in competition with the lower tax rates in adjacent counties and in Indiana where the property tax rate is as much as 45% less. Cook County recognized the property tax issue for the Chicago Southland and created the Class 8 Cook County Tax Incentive Program. The program identifies five (5) Cook County townships that have automatic certification for the incentive; the subject property is located in Thornton Township, one of the five designated townships.

OUTCOME

The property taxes for 1005 175th Street, without an incentive, would be approximately \$96,446 annually. With a Class 8 incentive, property taxes for the property would be reduced to \$38,457 annually, resulting in an annual savings of \$57,989. The office space would add 27 new full-time jobs and relocate 16 existing jobs to Homewood.

FINANCIAL IMPACT

- **Funding Source:** N/A
- **Budgeted Amount:** N/A
- **Cost:** N/A

LEGAL REVIEW

Completed

RECOMMENDED BOARD ACTION

Pass a resolution supporting and consenting to a Class 8 Cook County tax classification for the property owned by Homewood 175th, LLC at 1005 175th Street.

ATTACHMENT(S)

- Resolution
- Request for Class 8