

# VILLAGE OF HOMEWOOD



**BOARD AGENDA MEMORANDUM**

**DATE OF MEETING: August 13, 2024**

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

**Through:** Napoleon Haney, Village Manager

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

**Topic:** Redevelopment Agreement for Property at 3233 183<sup>rd</sup> Street (Ford of Homewood)

## **PURPOSE**

Steve Phillipos owner of Homewood Ford Inc. proposes to expand the dealership and parking lot area, remodel the facility, and make site improvements including substantial stormwater drainage enhancements for the property at 3233 183<sup>rd</sup> Street (formerly Van Drunen Ford). Mr. Phillipos has requested financial assistance for the property improvements. The Village agrees to reimburse TIF-eligible incentives by approving a redevelopment agreement.

## **PROCESS**

Steve Phillipos, who also owns Chevrolet of Homewood on Halsted Street, purchased Van Drunen Ford in June 2021. Van Drunen Ford was a family-owned dealership established in 1930. In July 2021, the Village Board passed a resolution approving a 15-year/\$1M sales tax sharing agreement to reimburse Mr. Phillipos for his costs associated with the acquisition of the property.

### *Incentive Considerations*

On October 12, 2021, the Village established a new Tax Increment Financing (TIF) District (Kedzie Gateway TIF) for the area at Kedzie Avenue and 183rd Street, which includes the Ford dealership. Mr. Phillipos has requested reimbursement of TIF-eligible expenses to assist with the remodel and expansion. Mr. Phillipos obtained bids totaling \$4,902,843 in TIF-Eligible costs/expenses for the expansion, renovation and remodeling of the property. The Village's incentive consideration would be to reimburse 50% of TIF eligible expenses up to a maximum of **\$2,451,422** over the remaining 20-years of the Kedzie Gateway TIF. An initial upfront payment of \$200k would be available to the developer, leaving a remaining incentive of \$2,251,422 to be reimbursed over the life of the TIF.

### *The Incentive*

Developer's Eligible TIF Expenses	\$4,902,843
<b>Village's Incentive Consideration (50% of Eligible TIF Expenses)</b>	<b>\$2,451,422</b>
Incentive Payment Paid after Construction	- \$200,000
TIF Increment from Property Tax paid out over 20 years of TIF	\$2,251,422

# VILLAGE OF HOMEWOOD



The proposed incentive summary detail is listed below.

1. The Village agrees to provide the developer with \$200,000 within 30 days of project completion. *This payment is available from the Village's "assigned fund balance." These are funds available outside of and separate from the Village's 5-months of "Reserves." These funds are authorized by the Board to be used for Economic Development Incentives.*
2. After completion of construction, the Village would annually reimburse 100% of the incremental property taxes generated by Homewood Ford, not to exceed \$2,251,422.
  - a. Based on the increment analysis performed by the Village's TIF consultant, Ryan LLC, Homewood Ford could reach the maximum reimbursement amount (\$2.2M) in approximately 14 -15 years.

## OUTCOME

Mr. Phillipos plans to invest in the property through expansion of the facility and improvements to the property. The dealership employs approximately 150 individuals. According to sales data of regional Ford dealerships, Chevrolet of Homewood (owned by Mr. Phillipos) is ranked fourth in the region. Mr. Phillipos plans to improve performance at the Ford dealership to make this store one of the best in the Midwest.

## FINANCIAL IMPACT

- **Funding Source:** Kedzie Gateway Tax Increment Financing (TIF) Fund
- **Budgeted Amount:** \$0
- **Cost:** \$2,451,422

## LEGAL REVIEW

Completed

## RECOMMENDED BOARD ACTION

Authorize the Village President to enter into a redevelopment agreement with Steve Phillipos, owner of Ford of Homewood of Homewood, IL for up to \$2,451,422 in incentive payments at 3233 183rd Street.

## ATTACHMENT(S)

Redevelopment Agreement