

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: April 30, 2024

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 3043-3055 183rd Street

PURPOSE

DP Homewood, LLC of Oak Brook, IL represented by David Bossy, and Bana Three Corporation of Tinley Park, IL represented by Silken Patel, propose to develop the property at 3043-3055 183rd Street. The property is a 7.09-acre Village-owned commercial property improved with an approximately 86,000-square-foot commercial retail building located on the southern portion of the property. The building has been vacant for several years.

PROCESS

The subject property was formerly the Brunswick Zone bowling facility, which has been vacant for approximately nine (9) years, and the Big Lots retail store that closed in May 2022. Later, in October 2022, the Village acquired the property. The Village approved a Letter of Intent with David Bossy of Mid-America Development in November 2022. The Village published the solicitation for alternate proposals as required by the Tax Increment Financing (TIF) Act with the deadline for alternate proposal submission being Tuesday, March 26, 2024. No bids were received.

The property is within the Kedzie Gateway Tax Increment Financing Redevelopment Project Area (Kedzie Gateway TIF), established in 2021. At the time this TIF was established, the property was privately owned. Because the Village now owns the property, the Equalized Assessed Value (EAV) will be adjusted to zero due to the tax-exempt status. This is lower than the established Base EAV. To generate increment, the valuation of the property must exceed the Base EAV. The Village is in the process of establishing a new TIF that includes the subject property and the Park West Plaza to the east. Once Cook County certifies the 2023 EAV for the property, the Village intends to remove this property from the Kedzie Gateway TIF and include this in the new 183rd West TIF. This should take place later this year.

At the Village Board meeting on April 23, 2024, the Village approved a subdivision of the property into four lots. DP Homewood, LLC, and Bana Three Corporation will enter into a Purchase and Sale Agreement with the Village. Bana Three will be the developer for the vacant commercial building (Lot 1). DP Homewood will retain the northwest and northeast corners (Lots 2 and 3)

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with the intent to construct two outlot commercial buildings. Lot 4 contains a municipal pump station that will continue to be owned by the Village.

The Village and the developer have agreed to the following terms set in the redevelopment agreement as TIF increment revenue becomes available:

1. No upfront funding to the developer.
2. Once the developer has successfully completed the renovation/construction of 55,000 sq. ft. of retail space, the Village's *right to repurchase* the property for \$1 ends.
3. The Village agrees to sell the property to the developer for \$1.
4. The Village will reimburse the developer in an amount of 75% of the incremental property taxes paid by the developer to reimburse TIF-eligible development costs. The Developer has estimated the TIF Eligible Costs at \$8,127,680 (\$6,122,680 for the Commercial Building; \$1,035,000 for Lot 2; \$970,000 for Lot 3). The projections of TIF revenue for this property are adequate to cover the costs.
5. The Village will support an application for a Cook County Class 8 incentive. Cook County has recognized the property tax issue for the Chicago Southland and created the Class 8 Cook County Tax Incentive Program. The Class 8 real estate tax incentive is designed to encourage 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 subject property is located in Thornton Township, one of the five designated townships. A Class 8 for this property will help bring the tax burden more in line with the competition in neighboring counties where the property tax rate is as much as 45% less.

OUTCOME

The property has a highly visible location on 183rd Street near Kedzie Avenue. The sale and redevelopment of this property will result in the revitalization of a vacant commercial property. The Project will enhance the Village's economic viability by returning the Property to the tax rolls, creating employment opportunities, and adding retail and service options for residents and patrons.

FINANCIAL IMPACT

- **Funding Source:** Kedzie Gateway Tax Increment Financing (TIF) Fund
- **Budgeted Amount:**
- **Cost:** \$8,127,680

LEGAL REVIEW

Completed

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RECOMMENDED BOARD ACTION

1. Approve the redevelopment agreement between the Village of Homewood, DP Homewood, LLC, an Illinois limited liability company, and Bana Three Corporation, an Illinois corporation for property at 3043-3055 183rd Street.
2. Pass a resolution in support of a Cook County Class 8 incentive for the property located at 3053-3055 183rd Street.

ATTACHMENT(S)

- Redevelopment Agreement
- Resolution