Village approves agreement to attract new convention center operator, hotel

The Village Board on Tuesday approved a 20-year agreement with the Harp Group to manage the Tinley Park Convention Center, as well as approved agreements with Rich Township High School District 227 and Elementary School District 159 to abate 50% of their property taxes on the Holiday Inn property for up to 10 years or a total of $4 million.

The Harp Group, which has significant experience in hotel development and management in the Chicago area, will be purchasing the Holiday Inn property at 18501 S. Harlem Ave., Tinley Park. The Harp Group also will be taking over managerial responsibilities for the Tinley Park Convention Center from Mid Con. Harp expects to upgrade and rebrand the hotel under a higher-quality flag, such as a Sheraton, in the upcoming years.

“A higher-end hotel will attract more conventions, which will in turn increase business in all of the Village’s hotels and restaurants, which translates to an increase in tax revenue for the Village,” Tinley Park Mayor Jacob Vandenberg said. “In the long run, this will be good for everyone.”

With the Oak Park Avenue (Convention Center) TIF expiring at the end of this year, the Village needed to find a way to entice Harp into proceeding, as the TIF had offered financial assistance that helped offset the hotel’s massive $1.6 million property tax bill. For reference, the next highest hotel tax bill in Tinley Park is the Hilton Garden Inn, which is at $230,000.

Part of the tax offset also will include the Village increasing the hotel tax by 1% Village-wide and rebating a portion of this incremental tax in addition to the Village and two school districts abating 50% of their property taxes on the Holiday Inn property.

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“The Village was able to lower the financial assistance to the hotel by $110,000,” Village Manager Dave Niemeyer said. “Besides helping the property tax issue, the hotel tax increase will also generate funds that will be available to spend on tourism and branding initiatives in the Village. Once the abatement ends, the Village will work with the school districts and Harp to extend the subsidy for the remainder of the agreement.”

Under the new management contract, the Village will no longer be responsible for funding the major capital improvements for the Convention Center, and HARP Group will be responsible for setting aside 5% of the gross receipts generated from the Convention Center into a capital improvement fund.

As part of the new management contract, the Village will receive reduced rentals on as many as 10 events per year. District 227 will receive several paid hospitality internships, and both districts will get consolation on new cooking facilities and discounted rates for three school events per year.

When the Convention Center TIF ends this year, it has the potential to generate nearly $1.3 million in new property taxes for District 227 and more than $1.6 million for District 159. The redevelopment that has occurred in the Rich Township portion of the Convention Center TIF has resulted in taxable property values that are nearly 63 times greater than what existed with the TIF was created, making it one of the most successful TIFs of its kind in the state.

“I’d like to thank the school districts for their role in helping bring this new agreement to the table,” Vandenberg said. “We couldn’t have done this without their assistance.”

Harp Group President Peter Dumon said he is excited to be in Tinley Park.

“We have big plans for the Tinley Park Convention Center,” he said. “Together with the Village and the school districts, we’re confident this endeavor will be successful for everyone.”

Vandenberg said Mid Con has provided top-notch management of the Tinley Park Convention Center since it opened its doors in 2000.

“I’d like to thank the family of Reva Stillman for their fantastic work throughout the years,” he said. “The Village owes a debt of gratitude to her for her dedication to providing a high level of service.”

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About the Harp Group
The Harp Group, Inc. operates as a real estate investment and development company that specializes in creating hospitality and mixed-use destinations throughout the United States. Harp engages in the acquisition and development of hotels, restaurants, spas, and commercial spaces.