

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: April 11, 2023

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Angela Mesaros, Director of Economic and Community Development

Topic: Release of Mortgage 18027-18029 Dixie Highway

PURPOSE

Kwan Pil Kim of Matteson, IL, owner of Woori Taekwondo & Hapkido Academy, is in the process of purchasing the property at 18027-18029 Dixie Highway (formerly Vice District Brewery). Kwan Pil Kim has requested that the Village release a \$20,000 mortgage and promissory loan on the property in order to acquire the vacant building and open a martial arts academy on the site.

PROCESS

In 2016, the Village entered into a redevelopment agreement (RDA) with 1731 VD LLC and 4OAKENWALDS LLC (Vice District Brewing) to provide financial assistance from the Non-TIF Business Incentive Program for acquisition and remodel of the property at 18027-18029 Dixie Highway as a craft brewery and tap room.

The facility opened in August 2018. A large portion of the incentives were paid at the time of opening. The remaining incentives were scheduled to be paid over two years, if the brewery remained open. Due to unforeseen costs incurred in opening the business, the developer asked the village to accelerate payment of the final \$20,000. The Village agreed to grant a forgivable loan agreement and promissory note for the \$20,000 in order to guaranty the developer's obligations. However, the brewery closed in 2019. The building has been unoccupied since that time and has fallen into disrepair.

For the acquisition and construction of the brewery, the developer borrowed from Chase Bank. After the brewery closed in 2019, the bank filed a lawsuit seeking repayment of more than \$620,000 from the developer and owners. The lawsuit is still pending. The Village's mortgage is subordinate to the bank's mortgage against the property, and also subordinate to the unpaid property taxes, which total more than \$230,000.

The property has been on the market for the past three years. Kwan Pil Kim has offered \$360,000 to purchase the property in order to open a martial arts academy on the site. Kwan

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Pil Kim currently operates martial arts academies in Midlothian, Matteson, Evergreen Park, and Chicago.

Chase Bank has agreed to release its mortgage against the property in exchange for receiving 100% of the sale proceeds, approximately \$85,000 after payment of all property taxes and closing costs. The Village will receive \$1,698 at closing for all outstanding water and nuisance vegetation liens. Chase Bank has indicated that it intends to pursue each of the owners individually for the unpaid balance of approximately \$535,000.

The release of Homewood's mortgage requires authorization by the Village Board. Staff and Village Attorney recommend the condition that the developer and its owners will receive no proceeds from the real estate sale.

OUTCOME

The release of the mortgage allows the purchase and re-occupation of a commercial building located on a main thoroughfare in downtown Homewood that has been vacant for three years and is in disrepair. The purchase of the property benefits the community by returning a vacant property to a productive use that will bring additional people to the downtown who will frequent the local restaurants and stores, and increases the overall property values in the vicinity.

FINANCIAL IMPACT

- **Funding Source:** General Fund
- **Budgeted Amount:** No Change
- **Cost:** No Change

LEGAL REVIEW

Completed

RECOMMENDED BOARD ACTION

Approve a resolution authorizing the release of a \$20,000 mortgage in favor of the Village of Homewood to facilitate sale and redevelopment of the vacant commercial property at 18027-18029 Dixie Highway in Homewood.

ATTACHMENT(S)

Resolution