

Underwriting Memo – Taft and Exmoor

HOME Investment Partnerships Program - Affordable Permanent Supportive Housing New Construction Project

1. Overview

Full Circle Communities (FCC) proposes to build a three-story, elevatored, 42-unit integrated permanent supportive housing development serving both working families and persons with disabilities. The development will include a mix of studio, one-bedroom, and two-bedroom apartments and amenities including on-site laundry, a business center, a resident lounge, a community room, and a fitness room. Tenants will be able to access optional supportive services such as case management, financial literacy and credit counseling, benefits coordination, counseling, and health and wellness services. Full Circle will partner with the Association for Individual Development (AID) to offer services free of charge.

The development will target family households with incomes up to 30%, 50%, 60%, and 80% of Area Median Income (AMI). The unit mix will include 11 studio units, 17 one-bedroom units, and 14 two-bedroom units.

Of the 42 units, 26 units will receive Project-Based Voucher (PBV) rental subsidy through the DuPage Housing Authority (DHA), allowing residents to pay income-based rents of up to 30% of their incomes. Of these 26 units, seven units will provide permanent supportive housing for households with special needs and/or experiencing homelessness or at-risk of experiencing homelessness and will be filled through referrals from the State Referral Network (SRN).

The preliminary total project cost is estimated at \$21,400,909. The primary funding source will be Low-Income Housing Tax Credits (LIHTC).

2. Executive Summary

2.A Challenges/Opportunities Presented

Full Circle seeks HOME funds of **\$1,750,000** of the total project costs of **\$21,400,909**. The development process, including site control, entitlements, financing, closing, and construction monitoring, will be handled by Full Circle Communities, Inc., which has completed 10 LIHTC projects in Illinois, comprising 616 units. Site control will be obtained from the current property owner upon closing of the real estate transaction, which has been agreed upon via an executed purchase and sale agreement.

FCC is working to secure other financing required for the project.

The properties have been rezoned for residential use. The Village of Glen Ellyn is in support of the project.

2.B Affordability

10 out of 42 units will be designated as County HOME units. While regulations only require 20% of HOME units in projects with five or more HOME units designated as Low-HOME rent units, FCC has requested a deeper income targeting for the proposed project. Therefore, all ten County HOME units will be designated as Low-HOME rent units and will serve households at or below 50% AMI. The County proposes three zero-bedroom, four one-bedroom, and three two-bedroom HOME units.

2.C Permanent Sources

Bank Mortgage	\$2,150,000
Low Income Housing Tax Credits (LIHTC)	\$16,150,274
Deferred Developer Fee	\$743,597
DuPage HOME Funds (Development Subsidy)	\$1,750,000
ComEd Energy Efficiency Grant	\$147,038
Illinois Affordable Housing Tax Credit (IAHTC)	\$460,000
Total	\$21,400,909

2.D Risks

Pertinent risk factors for this project are:

Market	Low – The project will be located at 640 Taft Avenue Glen Ellyn, IL 60137. A site and market study performed by Vogt Strategic Insights (VSI) concluded that there is extensive demand for both families and persons with disabilities in the market area. Within the Primary Market Area (PMA), VSI concluded the proposed project will be marketable. Per a competitive analysis of the subject project with both market-rate and Tax Credit projects within the site PMA, it was concluded the development as proposed will be comparable to, or exceed, what limited affordable housing is already in the community. The high occupancy among affordable rental housing properties within the Site PMA indicates pent-up demand for additional affordable rental housing in this market. The proposed development will fulfill an unmet need for non-subsidized and subsidized affordable housing in the Glen Ellyn Site PMA.
Construction	Low - similar to existing projects by the Developer.
Developer	Low - many years of experience; highly capitalized.
Community Opposition	Low – the Village supports the project.
Financing	<p>Moderate - Developer working to secure commitments from other funding sources. Terms of the DuPage County HOME loan under negotiation.</p> <p>Developer applied for \$1.5M in FHLB AHP in June 2025. The Developer anticipates learning of application results in October 2025. As the project will have already closed prior to confirmation of an AHP award, the Developer has increased their DDF. Reduction to other financing sources, other than HOME funding, may also occur.</p> <p>Approval of a HOME Agreement will be contingent upon securing funding sources.</p>
Underwriting Assumptions	<p>Low – 6.14% vacancy loss rate, as calculated using a blended vacancy rate per IHDA standards, which requires 8% for non-subsidized units and 5% for PBV units. Reserves are at \$450 per unit annually, which is higher than the target. Debt Coverage Ratio (DCR) is currently estimated to be 1.50 in year 1 and 1.25 in year 20. However, this may change as financing terms are finalized, including those for the DuPage County HOME loan.</p> <p>The project would create 10 HOME units at a cost of \$175,000 per unit, which is within HOME Program allowances. (See the remainder of this memo for further discussion.)</p>
Other	Moderate – ERR clearance required. Approval of a HOME Agreement will be contingent upon satisfactory completion of and ERR and HUD's AUGF.

3. Property Description

The project consists of new construction of a three-story, elevator, 42-unit integrated permanent supportive housing development serving both working families and persons with disabilities. The development will target family households with incomes up to 30%, 50%, 60%, and 80% of Area Median Income (AMI). The unit mix will include 11 studio units, 17 one-bedroom units, and 14 two-bedroom units.

Amenities are proposed to include on-site laundry, a business center, a resident lounge, a community room, and a fitness room. Tenants will be able to access optional supportive services such as case management, financial literacy and credit counseling, benefits coordination, counseling, and health and wellness services. 45 open-lot parking spaces are proposed.

Current HOME Program guidelines allow Low-HOME unit rents up to \$1,050 per month, including utilities, for a zero-bedroom (studio) unit, \$1,125 per month, including utilities, for a one-bedroom unit, and rents up to \$1,350 per month, including utilities, for a two-bedroom unit. Per HOME regulations, HOME rent limits do not apply to any rental assistance or subsidy payment provided under a Federal, State, or local rental assistance or subsidy program. Therefore, Federal, State, or local subsidized units in this development may have a higher rent than the established HOME rent limit, so long as the tenant does not pay more than 30% of the household's monthly adjusted income as their rent contribution.

The proposed unit mix includes 11 zero-bedroom units, 17 one-bedroom units, and 14 two-bedroom units. In an effort to serve households with very limited income, the applicant proposes 6 zero-bedroom units at \$598 per month and 5 zero-bedroom units which will receive PBV subsidy at \$1,320 per month. Three PBV subsidized units will also be designated as SRN units.

In addition, the proposed project would include 17 one-bedroom units. Of which, 1 one-bedroom unit at \$641 per month, 13 one-bedroom units at \$1,420 per month, all of which will receive a PBV subsidy from the DHA, and four of which will be SRN units, 1 one-bedroom unit at \$1,068 per month, and 2 one-bedroom units at \$1,573 per month.

The project will also contain 2 two-bedroom units at \$769 per month, 1 two-bedroom unit at \$1,282 per month, 8 two-bedroom units at \$1,620 per month, which will receive PBV subsidy from the DHA, and 3 two-bedroom units at \$1,886 per month.

Full Circle will pay for all utilities. Tenants will not be responsible for any utilities.

4. Development Entity and Capacity

Mr. Joshua C Wilmoth, President & CEO. Mr. Wilmoth has more than 17 years of executive experience in affordable housing, development, and management. Ms. Mary Donoghue, Project Manager for Full Circle Communities, will oversee the project from the conceptual phase through the transition to operations. Ms. Donoghue will oversee the day-to-day aspects of the development process, including site control, entitlements, financing, and management of the architect and general contractor. Ms. Donoghue has 9 years of experience in LIHTC applications and projects. As well as disbursement and reporting for grant funds including HOME projects.

4.A Prior Developments

Full Circle Management LLC is the property management subsidiary of Full Circle Communities, Inc. Full Circle Management has been managing HUD income-restricted units since 2005. Types of affordable units

under management include: LIHTC, HOME, and Project-Based Vouchers through local housing authorities. Property managers have been trained and hold certifications in blended property management for affordable housing, utilizing multiple financing sources with varying restrictions. As well as low-income housing tax credit compliance and fair housing & affirmative marketing certifications. FCC currently owns and successfully operates similar projects in Carol Stream as well as other nearby properties in Cook, Kane, and McHenry Counties. FCC also has LIHTC projects in the states of Iowa and Michigan.

4.B Current Operational Capacity

Full Circle Communities, Inc. will act as Developer and Owner under the HOME Agreement and will provide financial oversight, grant compliance, and contractor selection for the project. Construction management will be performed by the project manager, who is part of Full Circle's staff. Operational and rental management will be handled by Full Circle Management LLC.

4.C Financial Strength

The most recent audit of Full Circle Communities, Inc. indicates total assets of over \$335 million with net assets of over \$171 million. In addition, the ongoing property management and maintenance allow for the continuation of an affordable and attractive property; therefore, turnover is low. The lack of affordable housing in the Glen Ellyn area and the low expected turnover enhance positive cash flow.

4.D Guaranty/Bonds

Full Circle Communities will be required to sign and abide by the terms of the HOME Agreement, Mortgage and Note, and a Regulatory Land Use Restrictions Agreement. In addition, contractors will be required to supply bonds at the level stated in the HOME Agreement.

5. Location and Market Dynamics

5.A Town/County Characteristics

The property is located in the Village of Glen Ellyn, Illinois, at the corner of S. Exmoor Ave and Taft Ave. Although the building is not on Roosevelt Rd., its close proximity makes it highly marketable. Panfish Park is just across the street, South of Taft Ave, and includes a path for walking, biking, or running. Glen Ellyn Fire Station 62 is 0.1 miles away on Taft Ave. In addition, the Glen Ellyn Police Department is 0.2 miles south on Park Blvd. Nearby businesses include Jewel-Osco, Trader Joe's, Aldi, Ross Clothing Store, Dunkin', Wingstop, Dollar Tree, and many others. As such, the site is extremely well served by the amenities and services needed by future tenants.

5.B Property Location

Both Roosevelt Road and nearby Route 53 serve as major arterials, ensuring excellent access to the site. Downtown Chicago is located approximately 24 miles east of the site. Pace bus 715 stops at the corner of Taft Ave and S Park Blvd, only a one-minute walk away. The Central DuPage Route includes stops at Yorktown Center, College of DuPage, Glen Ellyn Metra, and Addison Walmart. I-355, about a mile away, offers great regional access. This is an important consideration, as the project is designed in part for working families who may commute for employment.

6. Physical Character and Issues

FCC will be responsible for ensuring that the building complies with existing property standards per municipality and/or County CDC policies.

An Environmental Review Record (ERR) is required to be completed in accordance with 24 CFR Part 58. Community Development Commission (CDC) staff are in the process of preparing the ERR. Additional HOME Advisory Group Meeting July 2025

building requirements, including mitigation requirements, identified as a result of the ERR will be incorporated into the HOME Agreement, building plans and specifications, as well as construction contracts.

7. Proposed Financial Structure

Total Development Costs are projected at \$21,400,909. Permanent financing is anticipated to be provided from the following sources:

Permanent Financing	Total	% of Total
Wintrust Bank Mortgage	\$2,150,000	10.0%
Low Income Housing Tax Credits	\$16,150,274	75.5%
Deferred Developer Fee	\$743,597	3.5%
DuPage HOME Funds (Development Subsidy)	\$1,750,000	8.2%
ComEd Energy Efficiency Grant	\$147,038	0.7%
Illinois Affordable Housing Tax Credit	\$460,000	2.1%
Total	\$21,400,909	100%

Full Circle will execute a Mortgage and Note, as well as a Regulatory Land Use Restrictions Agreement (RLURA). The period of affordability for this HOME project will be twenty (20) years per HUD HOME regulations. Once all financing sources are finalized and the term of the County HOME loan has been determined, the County may elect to impose an extended use period, separate and distinct from the regulatory HOME affordability period. Any extended use period will be incorporated into the HOME Agreement.

8. Underwriting

8.A Assisted Units / Rents

The Full Circle project consists of 42 units of rental housing. With the requested \$1,750,000 of HOME financing equaling 8.2% of total development costs, at a minimum, the County would require 8.2% of total units, or 4 units, to be designated as County HOME units, assuming the HOME per unit subsidy was within regulatory limits. The Developer has agreed to 10 HOME units; two of which must be designated as Low-HOME rent units, with the remaining eight to be designated as High-HOME rent units. The HOME agreement will stipulate the mix of HOME units. The tables below represent the preliminary HOME unit mix. HOME units are comparably distributed among non-HOME units.

Total Development Unit Mix	Units	% of Total Units	HOME Unit Mix	HOME Units	% of HOME Units
0-bedroom	11	26.2%	0-bedroom	3	30%
1-bedroom	17	40.5%	1-bedroom	4	40%
2-bedroom	14	33.3%	2-bedroom	3	30%
	42 total units	100%		10 HOME units	100%

	HOME Units	20% @ Low HOME	High HOME
0-bedroom	3	3	0
1-bedroom	4	4	0
2-bedroom	3	3	0
	10 HOME Units	10	0

FCC intends for the HOME-assisted units to be fixed. Ensuring the unit mix as outlined above will be maintained during the 20-year HOME Program affordability period. See the Units Information & Gross Revenue Potential attachment for a more detailed breakdown of units by bedroom size, income restriction, and contract rent.

8.B Market Units/Rents

There are zero market rate units in this project.

8.C Trending

Rents are projected at a 2% inflation rate. The majority of operating expenses are projected at a 3% inflation rate, with real estate taxes projected at a 4% inflation rate. Debt Coverage Ratio (DCR) of 1.50 in year one and 1.25 in year 20. However, this will change as financing terms are finalized, including those for the DuPage County HOME loan. Over the 20-year HOME Program affordability period, cash flow appears to remain positive.

8.D Vacancy Rate

For underwriting purposes, the property is underwritten at a 6.14% total rent vacancy loss. The vacancy rate is a weighted average, using an 8% vacancy rate for the 16 non-subsidized units and 5% for the 26 units with Project-based vouchers.

8.E Other Income

Full Circle anticipates receiving approximately \$4,368 annually from the on-site laundry facilities in the building.

8.F Operating Expenses

FCC will pay for all utilities, including electric, gas, water, and sewer. Tenants will not be responsible for essential utility services. FCC will provide property management. See the Annual Operating Budget attachment of the underwriting template for a breakdown of underwritten operating expense projections.

8.G. Real Estate Taxes

FCC anticipates paying \$66,111 of real estate taxes in year one, with trending increases of 4% annually.

8.H. Proposed Reserve Deposit

The proposed replacement reserve deposit is \$450/unit/year, totaling \$18,900 annually, with inflation projected at 3% annually. No interest is projected on the reserves balance. This produces positive capital reserves through year 20.

8.I. Other Proposed Reserves

The property is not expected to have any other operating reserves.

8.J Resulting Net Operating Income (NOI) for Debt Coverage Ratio (DCR)

The proposed unit mix at proposed rents, estimated rent loss, and underwritten expenses, and with the proposed reserve deposit, demonstrates that this project will produce stabilized Net Operating Income (NOI) of approximately \$225,398 in year one. After payment of debt service, cash flow is projected at \$75,620 in year one. However, this is anticipated to change upon finalizing all financing terms, including those of the County HOME loan.

9. Additional Considerations

9.a HOME Repayment

The terms for the County's HOME loan of \$1,750,000 are in negotiation. FCC has proposed a cash-flow-dependent annual payment over 40 years. Once all financing sources are known, the terms of the HOME loan will be presented to HS for approval. If any portion of the project is sold, transferred, or if the property is no longer used for the purposes stated in the HOME Agreement during the 20-year HOME affordability period, FCC will be required to pay the full amount of the principal of the loan. The County may also elect to impose an extended use period, which would incorporate extended requirements associated with the HOME loan.

10. Conclusion

The proposed project aligns with the HOME Program requirements and objectives of the County's Five-Year Consolidated Plan. The development also presents a favorable risk profile. CDC staff recommend a conditional commitment of \$1,750,000 in HOME funds for the proposed development. Approval of a HOME Agreement is contingent upon all other financing sources having been secured, an agreement of the County's HOME loan terms, satisfactory completion of an ERR, and any other review and/or underwriting deemed necessary by CDC staff.

11. Attachments

- 0) HOME Rental Compliance Checks
- 1) HOME Rental Production Application
- 2) Utilities & Rent Limits
- 3) Unit Information & Gross Revenue Potential
- 4) Annual Operating Budget
- 5) Operating Cash Flow Projection
- 6) Development Budget
- 7) Construction Budget/Costs
- 8) Sources & Uses Summary
- 9) Capital Needs Assessment