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TO: HOME Advisory Group

FROM: Mary A. Keating, Director,
Department of Community Services

DATE: June 24, 2025

SUBJECT: HOME Program Application - \$2,400,336 – Gorman & Company, LLC –
Tower Court Residences – Conditional Commitment Recommendation &
Policy Waiver Request

Action Requested:

Staff request waiving the Funding-HOME Applications, Risk Analysis and Monitoring/Financial Viability of HOME Funded Projects Policy, Section 5. Conditional Commitment and recommend approval of a Conditional Commitment of \$2,400,336 of HOME Investment Partnerships (HOME) Program funds for the Gorman & Company, LLC (Gorman) Tower Court Residences development contingent upon the following:

1. Completion of an Environmental Review per regulations found at 24 CFR Part 58; and
2. Confirmation of all other funding sources; and
3. Further County underwriting once all other funding sources are obtained by Gorman; and
4. The development including fourteen (14) County HOME units, three (3) of which are low-HOME units; and
5. Agreement upon the terms associated with the County HOME loan; and
6. Debt-Coverage Ratio of at least 1.15 throughout the HOME affordability period; and
7. The project adhering to a twenty (20) year affordability period commencing when the project is complete, County HOME units are leased up, and the project is completed in HUD's Integrated Disbursement and Information System (IDIS); and
8. County receipt and approval of a Tenant Selection Plan, Affirmative Marketing Plan, HOME unit lease, and other required documentation to effectuate the transaction; and
9. Any additional review and underwriting that County staff deem necessary to complete the County's due diligence prior to advancing the project to a HOME Agreement.

Details:

The Funding-HOME Applications, Risk Analysis and Monitoring/Financial Viability of HOME Funded Projects Policy, Section 5. Conditional Commitment states, "A recommendation for a conditional commitment indicates there are no outstanding

contingencies and the project may proceed to a HOME Agreement and placement on the Human Services Committee agenda, and County Board approval". The Developer is seeking to complete the financial closing necessary to acquire the proposed property by late August. Due to the requested closing timeframe, the need for further document review, and the County Board Committee schedules, CDC staff recommend waiving the policy and moving forward with a conditional commitment sooner than the department normally would.

A preliminary set-aside of HOME funding was approved by this committee on 04/01/2025.

Gorman has submitted an application to the County for new construction of a three-story, elevator, 71-unit affordable rental housing development, for low-income seniors aged 62 and older and individuals with Intellectual or Developmental Disabilities (IDD) aged 18 and older. The proposed development will be located at 4231 Tower Court, Naperville, IL 60564 at the southeast corner of the intersection of Highway 59 and 103rd Street on the far southern side of the City of Naperville, IL, in Will County. The City of Naperville is part of the DuPage County Consortium. As such, the City has elected to include their Will County areas as part of the DuPage County Consortium, allowing for HOME investment within Will County portions of the City of Naperville. The project site area is approximately 4.014 acres with nearby amenities including grocery and retail stores, bus service, parks and recreational facilities, healthcare facilities, and educational facilities.

The development will include a mix of one-, two-, and three-bedroom apartments and many common area amenities, including the following: community room, fitness center, computer room, craft room, picnic area, bike storage, and storage units. Additionally, the development will include in-unit amenities such as a security alarm, kitchen appliances, washer and dryer, central air-conditioning, window treatments, as well as cable and internet hookups.

Gorman will partner with Ray Graham Association (RGA) to ensure the project has appropriate supportive services available to residents wishing to access services. RGA will offer person-centered services, which are tailored to the unique needs of each resident who choose to participate. These optional services will include wraparound case management and direct services like financial literacy, along with a robust network of partners for referrals to other services such as behavioral, mental, and physical health care, education, and the arts.

Gorman has been managing Low Income Housing Tax Credit (LIHTC) properties since 1990 and has since expanded to managing over 6,500 income restricted units across six states. Gorman expanded into Illinois with its first project in 2004, a historic preservation and adaptive reuse of the former Moline High School into affordable housing in Moline, IL.

The project proposes to produce 14 County HOME units. HOME regulations require 20 percent, or three of the 14 County HOME units, to be occupied by residents at 50% or less of the Area Median Income (AMI), based upon household size. For a one-person household, that limit is currently \$42,000 annual income. The remaining 11 County HOME units will be occupied by residents at or below 60% AMI upon initial lease up.

Proposed permanent financing sources include a bank loan, LIHTCs, Federal Home Loan Bank Affordable Housing Program grant, deferred developer fee, additional tax credits awarded through the Illinois Housing Development Authority (IHDA), seller note, and County HOME loan. Terms of the County HOME loan are in negotiation and will be presented to the Human Services Committee as part of the HOME Agreement once all financing sources have been secured.

All units will be income restricted and occupied by tenants at or below 60% AMI at initial occupancy. 15 units will be occupied by households at or below 30% AMI, 28 units will be occupied by households at or below 50% AMI, and 28 units will be occupied by households at or below 60% AMI. The current 60% AMI for a one-person household is \$50,400, the current 30% AMI for a one-person household is \$25,200.

Fifteen one-bedroom units will be dedicated as State Referral Network (SRN) units, which will be filled through referrals from the SRN. Gorman had requested Section 811 Project-Based Vouchers (PBVs) from IHDA, unfortunately Gorman was informed the 811 PBVs would not be awarded to this project.

HOME Program regulations require a 20-year affordability period for new construction projects. Currently, the Operating Cash Flow Projection indicates sufficient Debt Coverage Ratios (DCR) throughout the affordability period from a strong 1.23 to a weaker 1.21 in year twenty, which may change once County HOME loan terms are established. A DCR of 1.15 must be maintained throughout the HOME Affordability Period. This project has a 3.0% rate of increase for operating expenses versus 2.0% gross income potential increases. The gross income potential increase of 2.0% is based upon historical increases in the HUD-defined HOME rent limits.

Further changes to the County's HOME application and/or underwriting will be presented to the Human Services Committee as part of the HOME Agreement recommendation.