



**DUPAGE
COUNTY**

COMMUNITY SERVICES

630-407-6500
Fax: 630-407-6501
csprograms@dupageco.org

www.dupageco.org/community

TO: HOME Advisory Group

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

DATE: March 26, 2025

SUBJECT: HOME Program Application - \$2,400,336 – Gorman & Company, LLC –
Tower Court Residences – Preliminary Set-Aside

Action Requested:

Staff recommend approval of a Preliminary Set-Aside of \$2,400,336 of HOME Investment Partnerships (HOME) Program funds for the Gorman & Company, LLC (Gorman) Tower Court Residences development subject to the following:

1. Approval of all other funding sources; and
2. Completion of an Environmental Review per regulations found at 24 CFR Part 58; and
3. Successful purchase by Gorman from the City of Naperville of the site needed for the project; and
4. Further County underwriting once all other funding sources are obtained by Gorman; and
5. That the project includes fourteen (14) County HOME units, three (3) of which are low-HOME units; and
6. Agreement upon the terms associated with the County HOME loan; and
7. That the project has 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. Removal of "Local Preference" language within the Purchase and Sale Agreement, Tenant Selection Plan, and all other documentation related to the project; and
9. County approval of a Tenant Selection Plan, Affirmative Marketing Plan, HOME unit lease, and other required documentation to effectuate the transaction; and
10. Any additional review and underwriting that County staff deem necessary to complete the County's due diligence prior to advancing the project to a Conditional Commitment.

Details: 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). The proposed development will be located 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

**Community
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630-407-6600
Fax: 630-407-6601

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422 N. County Farm Rd.
Wheaton, IL 60187
630-407-2450
Fax: 630-407-2451

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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 4.68 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 and two-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 \$39,250.00 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 HAG under a conditional commitment recommendation 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 \$47,100, the current 30% AMI for a one-person household is \$23,600.

Seven one-bedroom units will be dedicated as State Referral Network (SRN) units, which will be filled through referrals from the SRN. Gorman has requested Section 811 Project-Based Vouchers (PBVs) from IHDA. IHDA administers the Section 811 Supportive Housing for Persons with Disabilities Program and awards rental subsidy to property owners via a selection

process. While this project anticipates 15 Section 811 PBVs, Gorman has been informed that IHDA will not award the subsidy until closer to the real estate closing. Therefore, this preliminary set-aside underwriting does not assume the 811 subsidy in case the vouchers are not committed to the project. Should the 811 subsidy be awarded, HOME underwriting will be updated to include the increased rent limits allowable under the 811 program for designated units.

HOME Program regulations require a 20-year affordability period for new construction projects. The Operating Cash Flow Projection indicates sufficient debt coverage ratios throughout the affordability period from a strong 1.27 to a weaker 1.15 in year twenty. This is largely due to the higher rate of increase for operating expenses versus gross income potential increases. The gross income potential increase of 2.0% is based upon historical increases in the HUD-defined HOME rent limits.

Any changes to the County's HOME application and/or underwriting will be presented to the HAG committee as part of a conditional commitment recommendation.