



## Legislation Text

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### CITY COUNCIL AGENDA ITEM

#### **ACTION REQUESTED:**

Adopt the resolution authorizing execution of the Affordable Senior and IDD Housing Major Business Terms between the City of Naperville and Gorman & Company, LLC

**DEPARTMENT:** Transportation, Engineering and Development

**SUBMITTED BY:** Amy Emery, AICP, TED Operations Manager

#### **BOARD/COMMISSION REVIEW:**

N/A

#### **BACKGROUND:**

In September of 2021, the City Council issued RFP 21-315 to leverage the City-owned property located southeast of IL Route 59 and 103<sup>rd</sup> Street on Tower Drive (the "Project Property") to address affordable housing needs to serve seniors and individuals with intellectual and/or developmental disabilities ("IDD").

Four responses were received and evaluated in accordance with the Naperville Procurement Code. The two highest scoring vendors, Mercy Housing-Lakefront and Gorman & Company, LLC, participated in a community meeting on March 7, 2022. The meeting was hosted by the Human Rights and Fair Housing Advisory Commission (HRFHC) and vendors were asked to present their initial concepts for public feedback. The two vendors also participated in follow-up meetings hosted by the Accessible Community Task Force and the Senior Task Force.

In accordance with RFP 21-315, both vendors independently negotiated with the City to create a single Major Business Terms (MBTs) document.

On June 13, 2022, staff was notified by Mercy Housing-Lakefront that though they remain strong supporters of the proposed project, they no longer wish to be considered for selection.

On June 21, 2022, the City Council approved the form and substance of the MBTs negotiated with Gorman & Company, LLC that highlight the following:

1. Minimum number of units (60)
2. Tenant age and income restrictions (e.g., seniors age 62 and over; individuals with Intellectual Disabilities and/or Development Disabilities age 18 and over)
3. Expectations for site amenities and service availability, including transportation
4. Timeframes for project financing, construction, and leasing
5. Financial, legal, and reporting obligations

## 6. Required Owner's Acknowledgement and Development Agreement

### **DISCUSSION:**

On July 5, 2022, Gorman & Company, LLC submitted its bid for purchase of the approximately 6.1-acre Project Property. In accordance with the requirements of RFP 21-315, the bid includes two elements, 1) purchase price and 2) a minimum affordability period.

The purchase price and minimum affordability period are now incorporated into the MBTs. Specifically, the MBTs include a 99-year affordability period and establish a minimum purchase price of \$100,000 (equal to approximately 5% of the market value) subject to a higher purchase price if certain contingencies tied to entitlement and funding approvals were to occur. Unfortunately, there is no means of accurately predicting whether the contingencies will come to pass.

With respect to the minimum affordability period, the proposed 99-year timeframe provides an affordability guarantee that is an important benefit for the community. It is also a significant increase from the initial 30-year minimum affordability period included in the written proposal submitted by Gorman & Company, LLC in December 2021.

Regarding the purchase price it is important to note that, throughout the RFP 21-315 process, each of the participating teams indicated the possibility of a land purchase bid well below market rate or even a full donation of the property. During the negotiation of the MBTs it became increasingly clear that a bid amount for the property at less than market rate (even a bid of zero) was likely in order to direct more project funds to desired site amenities and maintain overall affordability.

### **Next Steps:**

Authorization of the MBTs will conclude the RFP process and officially select Gorman & Company, LLC as the site developer.

Gorman & Company, LLC will commence with final site design, requests for zoning approval, and pursuit of funding for the project.

In accordance with the MBTs, the Project Property will not be sold, and no funds will be exchanged, until zoning entitlements are approved by the City and site development funding is secured by Gorman & Company, LLC (anticipated on or before June 2024).

### **FISCAL IMPACT:**

Total fiscal impact of this project is yet to be determined as final development plans have not been prepared, entitlements have not been authorized and funding sources have not been secured. Said plans will determine the project value and taxable benefit.

Fiscal impact will also be based, in part, on direct City expenditures (e.g., estimated \$2 million investment for the IL Route 59 access improvement which will benefit the Project Property as well as other adjacent properties) and direct payment received for purchase of the property, which is proposed to be at least \$100,000 and up to \$1.26 million.