

# Facilities Consolidation Fund (FCF)

## Group Home Tip Sheet

This Tip Sheet is intended to supplement the [FCF Program Guidelines](#) and provide Developers with information that will assist them in developing high-quality group homes in accordance with FCF underwriting standards. CEDAC acknowledges that this list is not comprehensive and Developers are strongly encouraged to reach out to CEDAC directly with questions at any point throughout the development process. Further information is available on CEDAC's website, [www.cedac.org](http://www.cedac.org).

### Application Process

- CEDAC accepts FCF pre-applications for group homes on a rolling basis. Pre-applications should be submitted to CEDAC and DDS/DMH simultaneously. In every case, Developers must engage DDS/DMH area staff to discuss the proposed project before submitting a pre-application.
  - For proposed projects for DMH clients, a Certification Letter from DMH must be included in the pre-application package to CEDAC. DMH will only issue Certification Letters for proposed projects that have received the written support of the DMH area director.
  - For proposed projects for DDS clients (DDS residences 3153/4157), a letter from the DDS area director stating that the proposed project complies with both the DDS Home and Community Based Settings [Policy 2014-1](#) and also the EOHHS Siting Policy (in draft) must be included in the pre-application package to CEDAC.
- The Developer will need to share design drawings and specifications with CEDAC prior to CEDAC and its lender advisor conducting a site visit. Following the visit, CEDAC will provide a preliminary review of the proposed project's cost and design to DDS/DMH.
  - For proposed projects for DDS clients, CEDAC's preliminary review will also make a recommendation to DDS as to whether an FCF Certification Letter should be issued. If, based on CEDAC's recommendation and its own analysis, DDS supports the proposed project, it will issue a Certification Letter to the Developer.
- Once a proposed project has received a Certification Letter from DDS/DMH, CEDAC staff will contact the Developer to discuss when a full application should be submitted. The full application process requires the submission of additional documentation, which CEDAC will review to determine whether the proposed project is eligible for a conditional commitment of FCF funds.

**Please note:** Starting shortly, Developers will be required to submit pre-applications and full applications online via the Mass OneStop+ system at the below URL. Please contact CEDAC prior to submitting a pre-application to determine whether the online system should be used for submission.

<https://massonestopplus.intelligrants.com/Login2.aspx?APPTHEME=MADHCD>

### Initial Feasibility

- When conducting initial feasibility, Developers should keep in mind two important FCF application documentation requirements:

- As-is appraisal. Applicants will be required to submit an as-is appraisal dated within six months of purchase as part of the full application in order to justify the value of the acquisition line item in the project's development budget. The FCF budget cannot show an acquisition cost above the appraised value.
- Phase 1 environmental site assessment. Applicants will be required to submit a Phase 1 environmental site assessment, dated within the past 12 months, as part of the full application. If the Phase 1 requires further testing or remediation work, the Developer should consider the cost of this additional testing/work when negotiating the price of the property. The Developer should also consider the impact of remediation on project cost and feasibility. If the Developer plans to purchase and renovate an existing building, the environmental engineer will generally recommend testing for hazardous materials such as lead, asbestos, radon and mold.
- The Developer should keep documentation of the above completed due diligence and submit it with the full application. This documentation should include any certifications that all remediation and disposal of hazardous material was done in accordance with applicable law.
- When forming a development team, all team members, including the architect, contractor and remediation firm, should be licensed, insured and experienced in similar work. The Developer should obtain multiple references and bid the needed services to multiple firms. Affirmative hiring practices in line with the Commonwealth's Executive Order No. 526 are encouraged.
- Developers with limited experience in real estate development are strongly encouraged to seek out a development consultant with experience working with FCF and/or other State funding.
- **Purchasing a fully built "turnkey" home is discouraged. Developers should reference the FCF turnkey policy, available from CEDAC's Director of Housing Development, when contemplating this model.**

### Financing

- Senior permanent debt must meet the following terms:
  - A fixed interest rate for a term of at least 15 years
  - The senior mortgage cannot be cross-collateralized or cross-defaulted with any other properties

### Design

- With limited subsidy resources available, it is critical that all affordable housing in the Commonwealth be built as cost effectively as possible.
- Developers building a home for clients of DDS should reference the [DDS Program Design and Cost Guide](#) on CEDAC's website for detailed information regarding design and cost requirements.
- Homes for tenants with acquired brain injuries (ABI) need to be fully accessible. Any DDS design requirements that differ from a standard DDS home should be documented by the appropriate DDS representative on the DDS Site Feasibility Form.

- Developers contemplating building a duplex should reference the FCF duplex policy on CEDAC's website.
- An FCF loan has a 30-year term and, as such, homes should be designed to last for that period of time. All Developers should keep in mind the following when designing an FCF home:
  - Durability (wall protection, metal door frames)
  - Accessibility
  - Will there be a lift system, either now or in the future? If so, does the ceiling need to be reinforced?
  - Is there a specialized HVAC system needed?
  - Do the bathroom floors slope to the floor drains?
  - Homes should be built with generators included
  - Are there special design elements needed for the population to be served?
- Developers planning to renovate an existing building should reach out to CEDAC at their earliest opportunity to discuss conformance with FCF program and design guidelines.

### **Construction**

- Any construction start prior to FCF closing is solely at the Developer's risk. FCF funding is not guaranteed. CEDAC reserves the right to require design changes as a condition of a funding commitment.
- Developers should seek at least three bids/quotes prior to selecting a general contractor. This process should be documented, and this documentation should be submitted with the FCF application.
- It is strongly recommended that Developers enter into a construction contract with a contractor that can obtain a payment and performance bond (i.e. is bondable).
- The Developer should have an owner's representative (whether an internal employee or outside consultant) present at all construction meetings to work with the general contractor and architect and provide oversight to the project. The representative's scope of work should be clearly defined and documented. This scope and the representative's resume must be submitted as part of the FCF application process.

### **Development Budgets**

- Currently, Developers should use the OneStop Excel format when submitting a budget. Please contact CEDAC if you need this form. Please note that soon Developers will be required to use the online Mass OneStop+ system to submit applications, including budgets.
- The sum of the development fee, overhead and consultant line items are not to exceed 10% of the sum of the acquisition, construction and general development costs.

For questions or additional information, please contact CEDAC's Director of Housing Development at (617) 727-5944.