

# 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 residents, 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.
  
- 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.
  - For proposed projects for DDS residents, Developers must be sure to comply with the [2023 Program Design and Cost Guide](#). If any elements of the project's design will not meet the guidelines, Developers should contact CEDAC to discuss. Please see the Design section below for more information.
  - For proposed projects for DDS residents, 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.

### Initial Site Feasibility

- When conducting initial site feasibility, Developers should keep in mind several 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. The results of any additional testing required must also be submitted with the full application.

- If the Developer anticipates that greater than 12 months will elapse between the FCF application and loan closing process, the OneStop budget should include the cost of an updated Phase 1, which will be required for closing.
  - If the Developer plans to purchase and renovate an existing building, a hazardous materials survey should be submitted with the application. The cost of any remediation work required should be considered when negotiating the price of the property and determining project feasibility.
  - For any remediation work completed prior to applying for FCF financing, the Developer should provide 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. CEDAC strongly encourages Borrowers to prioritize hiring Minority Business Enterprises (MBE) and Women Business Enterprises (WBE). Affirmative hiring practices in line with the Commonwealth's Executive Orders No. 592 and 599 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. Contact CEDAC for a list of development consultants.
  - **Purchasing a fully built "turnkey" home is discouraged. Developers should reference the FCF turnkey policy when contemplating this model. Please contact your CEDAC project manager for a copy of the turnkey policy.**

## 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
  - No pre-payment penalties

## 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 DDS residents should reference the [2023 FCF Program Design and Cost Guide for DDS Community Residences](#) on CEDAC's website for detailed information regarding design requirements and cost-conscious practices.
- Homes for residents with acquired brain injuries (ABI) need to be fully accessible, and Developers must submit the completed ABI Site Feasibility Report from DDS with their FCF applications.

- Developers contemplating building a duplex should reference the FCF duplex policy on CEDAC's website, and contact CEDAC to discuss further.
- 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 and designing for aging-in-place
  - Will there be a lift system, either now or in the future? If so, does the ceiling need to be reinforced?
  - Is 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?
  - Sustainability and green building
- 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 select a contractor that can obtain a payment and performance bond (i.e. is bondable).
- Developers should consider hiring an owner's representative or clerk of the works to provide oversight during the construction phase.

### **Development Budgets**

- Developers should use the OneStop Excel format when submitting a budget. Please contact CEDAC if you need this form.
- The sum of the development fee, overhead and consultant line items are not to exceed 15% of the sum of the acquisition, final construction and general development costs. For all projects, developer's fees must be demonstrably reasonable. EOHLC and CEDAC may request and review a detailed breakdown of developer's fees showing the scope of the consultant work by task, and the amount of fee attributable to each task.

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