



July 18, 2016

Mr. Ken Reecy, Director of Multifamily Programs
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: [Kaden Place RFA 2015-105 \(2015-274G\)](#)
Financing to Build Smaller Permanent Supportive Housing for Persons with
Developmental Disabilities

Dear Mr. Reecy:

At the request of Florida Housing Finance Corporation (“Florida Housing” or “FHFC”), First Housing Development Corporation of Florida (“First Housing”) has reviewed the response to the Request for Application [RFA 2015-105](#) provided by [The Arc Jacksonville, Inc.](#) (“Applicant” or “[ARCJack](#)”) for the construction of a new development to be known as [Kaden Place](#). The Applicant is requesting funding in the amount of [\\$392,000](#) to construct a [Community Residential Home](#) (“[CRH](#)”) with the sole intent to provide affordable, permanent, and supportive housing to individuals with developmental disabilities.

The Applicant is committed to providing 100% of the newly constructed units to persons with developmental disabilities. For the new development, [33%](#) or two ([2](#)) bedrooms will be set aside for tenants classified as being Extremely Low Income (“ELI”) with incomes that are at or below 35% of the AMI; the four ([4](#)) remaining bedrooms, or [67%](#), will be set aside for tenants with incomes are at or below 60% of AMI; all set asides will remain in place for an affordability period of 10 years.

The newly constructed development will be located at [6233 118th Street](#), [Jacksonville, Duval County, FL 32244](#), and will be situated on approximately [1.84](#) acres of land. As proposed, the single-story, shared dwelling unit will consist of some 3,400 square feet of living space, six ([6](#)) bedrooms and three and a half ([3.5](#)) bathrooms to house up to six ([6](#)) developmentally disabled individuals. The $\frac{1}{2}$ bathroom will be designated for staff and visitor use. Not only will each resident be provided with their own private bedroom, but the home will also feature a living room, dining room, kitchen, laundry, office, and storage with covered front and back porches. In addition, the home will feature Energy Star Qualified appliances and additional Accessibility, Adaptability, Universal Design and Visitability features.

Applicant

The Applicant, a Florida 501(c)(3) not-for-profit corporation, formed on May 26, 1965, has a Board of Directors comprised of 16-members. The Applicant was formed with the sole purpose of creating new opportunities for individuals with intellectual and developmental disabilities. The development will be self-managed by the Applicant and its personnel upon completion of construction. Construction of the development will be completed by [Harrell Construction Company, Inc.](#)

DEVELOPMENT & SET-ASIDES																			
Development Name:	Kaden Place	Grant Awarded	\$392,000																
Program Numbers:	RFA 2015-105	2015-274G	Property Acquisition w/ Transaction	Yes															
Address:	6233 118th Street	City:	Jacksonville	Zip Code: 32244															
County:	Duval	County Size:	Large																
Construction Category:	New Construction	Structure Type:	Single Family																
Demographic Commitment:	Persons with Developmental Disabilities	Year Built:	TBD																
Construction Type:	Frame Construction with Wood Studs		Buildings:	1															
Total Residents:	N/A	Current Bdrms:	N/A	Adding Bdrms: Yes # of Addt'l Bdrms: 6															
Current Bthrms:	N/A	Adding Bthrms:	Yes	# of Addt'l Bthrms: 3.5 HC Accessible: Yes															
Required ELI Bdrms:	2	Current ELI Units:	0																
Set Asides:	<table border="1"> <thead> <tr> <th>Program</th> <th>% of Units</th> <th># of Bedrooms</th> <th>% AMI</th> <th>Term (Years)</th> </tr> </thead> <tbody> <tr> <td>2015-274G</td> <td>67%</td> <td>4</td> <td>60%</td> <td>10</td> </tr> <tr> <td>2015-274G</td> <td>33%</td> <td>2</td> <td>35%</td> <td>10</td> </tr> </tbody> </table>				Program	% of Units	# of Bedrooms	% AMI	Term (Years)	2015-274G	67%	4	60%	10	2015-274G	33%	2	35%	10
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2015-274G	67%	4	60%	10															
2015-274G	33%	2	35%	10															
Site Acreage:	1.84	Flood Zone Designation:	AE																
Zoning:	RM-6, Multi-Family Residential	Flood Insurance Required?:	Yes																

DEVELOPMENT TEAM		
Developer/Applicant	The Arc Jacksonville, Inc.	
Co-Developer:	N/A	
General Contractor:	Harrell Construction Co., Inc.	
Architect	CRG Architects/Palatka, Inc.	
Engineer	N/A	

Please note the application indicated that the building would include concrete masonry exterior walls and metal studs. However, due to elevated construction costs, the Applicant requested that the development be changed to allow frame construction with wood studs. This change from application was approved by FHFC staff on April 27, 2016.

Source of Funds

Sources	Lender	Application	Underwriter
RFA 2014-112 Grant	FHFC	\$392,000	\$392,000
Owner Equity	The Arc Jacksonville, Inc.	\$75,000	\$332,820
Total		\$467,000	\$724,820

FHFC Grant

The Applicant has requested funding in the amount of \$392,000 via FHFC RFA 2015-105. Terms and conditions of Grant funding will be clearly defined in the Restrictive Covenant and Grant Agreement issued by FHFC, and will be recorded in the public records of the county in which the newly constructed development is located. In the event of a violation of any of the terms and conditions set forth in the Restrictive Covenant and Grant Agreement, or the awarded grant funds be used for any purpose other than those stated in the Request For Application submitted by the Applicant, or if funds awarded or disbursed to Grantee were based upon fraud or misrepresentation committed by the Grantee during the Compliance Period, grant funds may be revoked.

It should be noted that a portion of the Total Grant Awarded (\$17,000), may be used for predevelopment costs such as underwriting fees, plan and costs analysis, accessibility review, etc. In the event that the predevelopment costs are not fully expended at the completion of construction, the Applicant may be reimbursed up to the total amount remaining of these costs.

Borrower Equity

In order to balance the sources and uses of funds, First Housing estimates that ARCJack must contribute \$332,820 to partially offset the construction costs of the newly developed project. Funds required to complete construction of the project over and above grant funds will be provided by ARCJack as cash deposited at initial closing. Cash deposited will be in an amount less those expenses already paid on behalf of the project by ARCJack, and will be verified by First Housing.

It should be noted that First Housing has added a 5% hard cost contingency and a 5% soft cost contingency to the development budget. In the event that the total hard cost and soft cost contingencies are not fully expended at the completion of construction, the Applicant may be reimbursed up to the total amount remaining of these contingencies. In no event shall the total reimbursement of the contingencies and the predevelopment costs exceed the owner equity and be paid in excess of the allowable 10% developer fee.

Use of Funds

CONSTRUCTION COSTS:	Applicant Costs	Underwriters Total Costs - CUR
Site Work	\$0	\$62,725
New Construction	\$539,474	\$476,749
General Condition/Builders Fees	\$75,526	\$75,526
Total Construction Contract/Costs	\$615,000	\$615,000
Hard Cost Contingency	\$30,750	\$30,750
Total Construction Costs:	\$645,750	\$645,750

Notes to Construction Costs:

1. First Housing reviewed a Standard Form of Agreement between Owner and Contractor for a Residential or Small Commercial Project, dated May 17, 2016, between [The Arc Jacksonville, Inc.](#) (“Owner”) and [Harrell Construction Co., Inc.](#) (“Contractor” or “HCCI”). The contract sum is \$615,000, and the date of commencement shall be 240 days from receipt of the building permits. The contractor shall substantially complete the work on this project no later than 240 calendar days from the date of commencement. First Housing also reviewed an executed change order dated June 3, 2016. The change order amends the GC Contract by guaranteeing the Cost of the Work and the Contractor’s Fee to not exceed \$615,000, subject to no additional adjustments to allowances or scope of work.
2. Overhead and Profit was indicated in the cost break down at [\\$75,526](#), which is 14% of the total construction contract minus the GC Fee, which meets the requirement of no more than 18%.
3. The underwriter included a 5% hard cost contingency.
4. Insurance is included within the GC Contract.
5. Costs of Building Permits are included within the GC Contract.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Underwriters Total Costs - CUR
Appraisal	\$250	\$250
Architect’s Fee - Site/Building Design	\$17,500	\$17,500
Builder’s Risk Insurance	\$1,500	\$1,500
Environmental Report (TSP)	\$895	\$895
FHFC Credit Underwriting Fee	\$8,000	\$8,000
FHFC Compliance Fee	\$1,000	\$1,000
Construction Inspection Fee	\$2,200	\$4,600
Draw Approval	\$2,500	\$3,060
Plan and Cost Review Analysis	\$1,500	\$1,675
Soil Test	\$1,800	\$1,800
Survey	\$1,000	\$1,000
Title Report	\$715	\$715
Soft Cost Contingency:	\$1,943	\$2,003
Total General Development Costs:	\$40,803	\$43,998

Notes to General Development Costs:

1. The underwriter included 8 construction inspection fees of \$575 each.
2. The underwriter included 9 draw approval fees of \$340 each; fees are calculated at \$170/hr. at a minimum of 2 hrs. per draw. Please note that only fees related to four draws are eligible for reimbursement from the grant funding.

- The underwriter adjusted the soft cost contingency to 5% of the General Development Costs less the contingency, as allowed by the RFA.

FINANCIAL COSTS:	Applicant Costs	Underwriters Total Costs - CUR
Grant Commitment Fee	\$0	\$2,000
Total Financial Costs:	\$0	\$2,000

Notes on Financial Costs:

- Grant Commitment Fee is limited to 1% of the amount of the final grant award, up to a maximum of \$2,000.

OTHER DEVELOPMENT COSTS	Applicant Costs	Underwriters Total Costs - CUR
Development Cost Before Developer Fee	\$686,553	\$691,748
Developer Fee	\$0	\$0
Total Other Development Costs:	\$0	\$0

Notes to Other Development Costs:

- Developer Fee is limited to 10% of Development Cost per RFA 2015-105. Per the Applicants request, no Development Fee has been included in this transaction as the Applicant is the sole owner of the property.

LAND ACQUISITION COSTS	Applicant Costs	Underwriters Total Costs - CUR
Land	\$32,553	\$35,000
Total Acquisition Costs:	\$32,553	\$35,000
TOTAL DEVELOPMENT COSTS:	\$719,106	\$726,748

Notes to Land Acquisition Costs:

- First Housing reviewed a General Warranty Deed (“Deed”) dated December 17, 2015 between Bettye Fowler and The Arc of Jacksonville, Inc. The Deed indicates that the Applicant paid \$35,000 for the parcel of land.

Third Party Reports/Approvals

Per an email from Bill Aldinger dated April 5, 2016 FHFC has approved the submitted Resident Community Service Plan of [Kaden Place](#).

The Credit Underwriter has reviewed the Land Appraisal Report dated February 12, 2016, prepared by Hileman Appraisal Group, Inc., which concludes the estimated Market Value of the land to be \$37,300. The market approach to value was considered the most reliable method as it reflects the actions and reactions of buyers/seller and developers/builders in the marketplace. It should be noted that the appraiser did not note any unfavorable factors that would affect the value of marketability of the subject property.

First Housing reviewed the Transaction Screen Process Report (“TSP”) dated February 23, 2016, prepared by GLE Associates, Inc., in accordance with ASTM Standard E 1528-14. No evidence of a Potential Environmental Concern (“PEC”) have been identified in connection with the subject property and no further assessment was warranted.

First Housing reviewed a report of a geotechnical exploration prepared by Universal Engineering Sciences (“Universal”), dated March 25, 2016. The soil test borings generally encountered very

loose silty fine sand with many organics in the upper 1.0 to 1.5 feet underlain with very loose to medium dense clayey fine sand to the approximated depth range of 7.5 to 9.0 feet below the ground surface. Soft to medium stiff clay was then encountered to the depths of 17.5 feet below the ground surface level, underlain with medium dense fine sand to depths of 27.5 feet. Loose silty fine sand was then encountered to the 30 foot boring termination depth. As an exception, one boring encountered fine sand at a depth range of 2.0 to 3.25 feet and also encountered silty fine sand at a depth range of 17.5 to 20 feet below the existing ground surface. The field test for the geotechnical testing activities were started and completed on March 22, 2016. Field tests for the geotechnical study included two (2) Standard Penetration Test (SPT) borings, including one to a depth of 30 feet and one to a depth of 20 feet below the existing ground surface in accordance with ASTM D 1586. Geotechnical site preparation will generally consist of stripping the site of any vegetation and topsoil, compacting the subgrade, and placing necessary fill material as required. Please note since clayey soils were encountered relatively near the existing ground surface, Universal recommends that a minimum 2 feet separation is maintained between the top of the clayey materials and the bottom of the footing and the bottom of the proposed floor slab. This recommended separation can be achieved by either filling the site or undercutting the clayey materials. This recommendation is based on the assumption that 2 feet or less of elevating fill will be needed. If the fill heights exceed 2 feet, then Universal should be consulted to determine if further testing and evaluation is warranted. The surface clayey soils may also make the site difficult to work during wet weather and excessive vibrations at the site could result in pumping conditions which may lead to the need for overexcavation and replacement.

Provided that the recommended site preparation is followed, the proposed structure may be supported on conventional, shallow spread foundations with an allowable soil bearing pressure of 2,000 pounds per square foot. Using the recommended maximum bearing pressure and the field data collected, Universal estimates that the total settlements of the structure could be one inch or less.

A separate Description of Features and Amenities is attached to this report as Exhibit A.

Development Team

Applicant/Developer

[ARCJack](#) was founded in 1965 with a mission to serve people with intellectual and developmental disabilities in order to help them to achieve their full potential and to participate in community life.

[ARCJack](#)'s residential facilities are complemented by an array of support programs and services which has allowed the agency to construct, manage and supervise an array of residential homes that are tailored to meet the specialized needs of those it serves. [ARCJack](#) offers specific services and facilities designed to support persons with physical and ambulation limitations, persons with medical challenges that require nursing services, persons with severe to profound intellectual disability, persons capable of enjoying the autonomy of apartment living, and in the case of Kaden Place, persons who are aging.

The Applicant provided an un-audited consolidated balance sheet dated April 30, 2016 and fiscal year-end audited financials for September 30, 2015. A recap follows:

The Arc Jacksonville, Inc. Consolidated Balance Sheet Month Ending April 30, 2016		
Cash Operating		
Total Assets		
Total Liabilities		
Equity		

The Arc Jacksonville, Inc. Audited Financial Statements Fiscal Year ending September 30, 2015		
Cash and Equivalents		
Total Assets		
Total Liabilities		
Equity		

First Housing has received two satisfactory bank references and three satisfactory trade references for the Applicant of this Development.

First Housing has reviewed a satisfactory D&B Report for the Applicant.

First Housing has reviewed a statement of financial affairs and contingent liabilities for ARCJack dated February 25, 2016 and February 11, 2016, respectively. Both statements indicate that ARCJack currently has one property operating at a negative cash flow. Please note, no contingent liabilities are listed.

General Contractor (“GC”)

HCCI was established in 1977 and has developed a reputation for professionalism, quality, and performance. HCCI’s mission statement is to provide customers with quality, custom-built structures by utilizing their skills as a developer, design/build and fast track builder. They seek to offer superior customer service in all stages of the project and offer an extensive warranty to ensure customer satisfaction. The underwriter reviewed a contractor license which will expire on August 31, 2016.

The GC provided audited financial statements for the year ending December 31, 2015. A recap follows below:

Harrell Construction Company, Inc. Audited Financial Statements ending December 31, 2015		
Cash and Equivalents		
Total Assets		
Total Liabilities		
Equity		

First Housing has received five satisfactory trade references and three satisfactory bank references for the General Contractor of this Development.

First Housing has reviewed a D&B Report for the General Contractor of this Development.

Supportive Housing Services/Management Agent

ARCJack will provide supportive housing services and act as the Management Agent for [Kaden Place](#). With five decades of experience serving those with intellectual and developmental disabilities, ARCJack has a wealth of experience in the provision of innovative community-based services and supports. ARCJack’s downtown and Westside centers focus on day training programs which include, but are not limited to: Triumph Industries, a facility-based employment program, Life Skills which prepares individuals with significant disabilities to be more functional, SOAR which is an activity based program for individuals who are aging, Max Care which focuses on providing nursing level service to those with significant physical and developmental challenges, and Psychosocial Rehab which provides mental health services. In addition to these supports and services, ARCJack will provide a vehicle to each of its residential homes. This vehicle is not shared with other homes to ensure that residents have the opportunity to participate fully in community life. This will enable residents to have ongoing access to community events, recreational pursuits, dining out, and worshipping at a faith-based organization of choice which all play an important role in a quality inclusive life.

Recommendation

First Housing recommends a Grant in the amount of \$392,000 to be awarded to this development for its new construction of [Kaden Place](#).

Conditions

1. Review and approval of all grant documents by FHFC and its legal counsel.
2. Payment of all costs and fees to FHFC, its legal counsel, and servicer.
3. Payment of Grant Commitment Fee to FHFC at closing.
4. Payment of required Compliance Fee to FHFC at closing.
5. The Applicant will provide a Construction Completion Guaranty to be released at 100% lien free completion of construction.
6. Receipt of evidence of adequate insurance on Development as determined by Florida Housing, or First Housing, but which shall in any case, include fire, hazard and other insurance sufficient to meet the standards established in Part IIIB, Chapter 9, Section 911 of Fannie Mae Multifamily Delegated Underwriting and Servicing (DUS) Guide, effective February 3, 2014.
7. Confirmation that all features and amenities are provided during construction by the construction inspector, David Sanchez, with On Solid Ground.
8. Receipt of a Plan and Cost Review, which is satisfactory to the underwriter.
9. Receipt and satisfactory review of the final signed, sealed “approved for construction” plans and specification by the Construction Consultant and Servicer.
10. Termite prevention and pest control must be provided throughout the entire affordability period.
11. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete. At 50 percent completion, no additional retainage shall be held from the remaining Draws, per the RFA.
12. Secure building permits issued in the name of the General Contractor prior to closing or provide a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions). If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
13. Receipt of an updated signed and sealed boundary survey certified to Florida Housing Finance Corporation which also includes the total acreage of the development.

14. Satisfactory receipt and review of financials for the Applicant and General Contractor which are dated within 90 days of closing, if un-audited and dated within one year of closing, if audited.
15. Evidence of general liability, flood (if applicable), builder's risk and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, with coverage, deductibles, and amounts satisfactory to Florida Housing.
16. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specifications, if applicable.
17. Final sources and uses of funds schedule itemized by source and line item, in a format and in amount approved by the Servicer and a final construction draw schedule showing itemized sources and uses of funds for each monthly draw. The closing draw must include appropriate backup and ACH wiring instructions.
18. If applicable, equity for transaction must be deposited into a separate account, which will be verified by Credit Underwriter. Construction costs associated with the development of the project are to be withdrawn from equity account first. Once equity account is depleted, Applicant will request funds from grant award to complete construction on project. Invoices must be submitted to Credit Underwriter for approval of all funds associated with the construction of the project.
19. Funding of Grant is conditioned upon satisfactory review of all Fair Housing requirements.
20. The grant funding must close by November 30, 2016 and the funding is required by law to be fully expended by November 30, 2017.
21. Any other due diligence required by FHFC, its legal counsel or servicer.
22. The Home shall be continuously licensed by the Agency for Persons with Disabilities pursuant to section 393.393.067, F.S., and section 65G-2.012, F.A.C.
23. Architect, Construction consultant, and Developer Certifications on forms provided by FHFC will be required for both design and as built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.



Taylor Stephens



Edward Busansky
Senior Vice President

EXHIBIT "A"

RFA 2015-105 Financing to Build Smaller Permanent Supportive Housing Properties for
Persons with Developmental Disabilities

(KADEN PLACE / 2015-274G)

DESCRIPTION OF FEATURES AND AMENITIES

- A. The Development will consist of 6 bedrooms and 3.5 bathrooms
1. Each resident shall have a private Bedroom with a locking door and non-exclusive access to shared living facilities, consisting of a kitchen and a living/dining area.
 2. For every two residents, there must be at least one full bathroom with a locking door;
 3. Community Residential Homes must have no more than six (6) Residents per Unit.
- B. The Development is to be constructed and will conform to requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act as implemented by 24 CFR 100, the 2012 Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, F.S., and Titles II and III of the Americans with Disabilities Act ("ADA") of 1990 as implemented by 28 CFR 30, incorporating the most recent amendments, regulations, and rules, as applicable.
- C. The Development must provide the following General and Green Building Features:
1. Termite prevention and pest control throughout the entire affordability period; and
 2. A full-size range and oven in all Units.
 3. Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
 4. Low-flow water fixtures in bathrooms—WaterSense labeled products or the following specifications:
 - o Toilets: 1.6 gallons/flush or less;
 - o Faucets: 1.5 gallons/minute or less;
 - o Showerheads: 2.2 gallons/minute or less;
 5. Energy Star qualified refrigerator;
 6. Energy Star qualified dishwasher;
 7. Energy Star qualified washing machine, if provided;
 8. Energy Star qualified exhaust fans in all bathrooms; and
 9. Minimum SEER of 15 for air conditioners.
 10. ***Recommended to Applicants during Construction:*** To ensure that that construction is carried out to take the greatest advantage of energy efficiency options, the Corporation recommends minimizing bends in all exhaust ductwork to be less than 90 degrees to provide less restriction on air movement.

D. The Development must provide all of the accessibility, adaptability, universal design and Visitability features listed below:

1. 50 percent of the Bedrooms and a minimum of one (1) bathroom must be fully accessible in accordance with the 2010 ADA Standards for Accessible Design. These fully accessible bedrooms shall provide mobility features that comply with the residential dwelling Units provision of the 2010 ADA Standards for Accessible Design.
2. The Community Residential shall be accessible to persons with visual and hearing impairments in accordance with the 2010 ADA Standards for Accessible Design and shall comply with the communication features described for Residential Dwelling Units with Communication Features in the 2010 ADA Standards for Accessible Design.
3. The Development must provide an accessible route that meets the 2010 ADA Standards for Accessible Design. A continuous, unobstructed path throughout the site and the building that connects all the accessible features, elements, and spaces shall be provided. This shall include the back yard and all amenities of the Development;
4. Primary entrance door shall have a threshold with no more than a ½-inch rise;
5. Thresholds at doorways of exterior sliding doors shall not exceed 1/2-inch in height;
6. When a secondary exterior door exits onto decks, patios, or balcony surfaces constructed of impervious materials, such as concrete or asphalt, the accessible route may be interrupted. In this case, the outside landing surface may be dropped a maximum of 4 inches below the floor level of the interior of the dwelling unit to prevent water infiltration at door sills, as allowed in the Fair Housing Act Guidelines;
7. If the exterior surface is constructed of pervious material, such as a wood deck that will drain adequately, that surface must be maintained to within ½-inch of the interior floor level;
8. All secondary exterior doors at dwelling units that open onto private decks, balconies, and patios shall provide a clear opening of not less than 32 inches;
9. Sliding glass doors that are used as secondary exterior doors must have a 32-inch clear opening. The door assembly for a standard 6-foot sliding glass door must yield a 32-inch clear opening. French doors or other double-leaf doors must provide a 32-inch clear opening;
10. All door handles on primary entrance door and interior doors must have lever handles;
11. Interior doorways shall provide a clear opening of not less than 32 inches;
12. All interior doorways must have flush thresholds;
13. Hall widths must be at least 36 inches wide to allow a person in a wheelchair to make a 90 degree turn into or out of a 32" door opening;
14. Lever handles on all bathroom faucets and kitchen sink faucets;
15. Toilets must be 17 inches to 19 inches in height as measured from the finished floor to the top of the toilet seat; and
16. Mid-point on light switches and thermostats shall not be more than 48 inches above the finished floor level.