

Schedule D1 - DRAFT 1/24/2023

Tax-exempt bonds and 4% Rental Housing Tax Credits (“RHTC”) will be awarded through a competitive application round in conjunction with the Indiana Affordable and Workforce Housing Tax Credit (“AWHTC”).

AWHTC is a state tax credit enacted via legislation in 2022 (see [Indiana Code 6-3.1-35](#)). IHCD may only allocate AWHTC in conjunction with an award of multifamily tax-exempt bond volume and federal 4% RHTC.

A. Application Process

1. IHCD will not accept requests for tax-exempt bonds without an accompanying request for 4% RHTC and AWHTC. Applicants must submit one application to request all sources (tax-exempt bonds, 4% RHTC, and AWHTC). Applications not requesting all three sources will not be considered in the round.
2. Applicants must follow the application instructions of the Qualified Allocation Plan (“QAP”), including the instructions in Schedule G “Application Package Submission Guidelines.” IHCD will issue an application form specific to the bond/4% RHTC/AWHTC round.
3. Applicants must agree to use IHCD as bond issuer and must submit Form J along with the application.
4. Applications are due to IHCD by 5:00 PM Eastern Time on July 1, 2023.

B. Funding Limitations

1. Applications will be limited to a maximum request of \$25,000,000 in tax-exempt bonds. Applicants will be limited to a maximum of \$80,000,000 in bonds in a calendar year. If IHCD determines it is in the interest of the State to allocate additional bond volume to one entity, then IHCD, with approval from the Indiana Finance Authority, may waive such limitation.
2. The project must be financed at least 50%, but no more than 55%, with tax-exempt bonds.
3. The aggregate AWHTC request for the five-year state tax credit period must be at least 40% of the anticipated aggregate federal RHTC amount, but no more than 100% of the anticipated aggregate federal RHTC amount (per Indiana Code 6-3.1-35 Section 7(d)). The amount allocated will be determined on a case-by-case basis contingent upon underwriting and subsidy layering review.
4. Applicants must maximize their 4% RHTC request. An applicant cannot use AWHTC or other IHCD gap sources to supplant available RHTC.

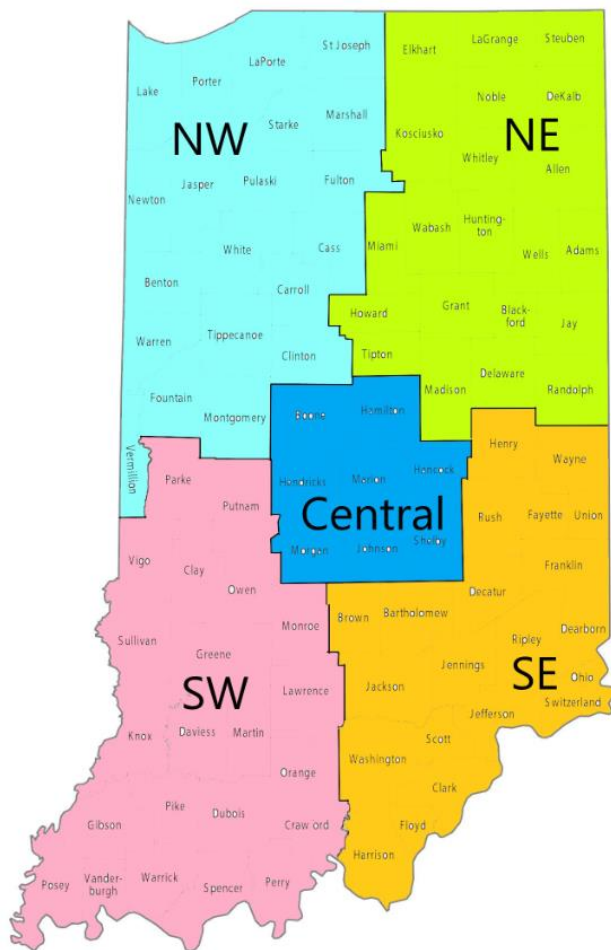


5. Applicants may request additional IHCDAs gap sources in the form of a Development Fund and/or HOME loan, if eligible, per Schedules E and J of the 2023-2024 QAP.

C. Geographic Set-Asides

IHCDAs will divide the state into five funding regions- Northwest, Northeast, Central, Southwest, and Southeast- as shown on the map below. IHCDAs will set aside 20% of available bond volume and 20% of available AWHTC for each of the five regions. IHCDAs intends to allocate resources in a manner consistent with this distribution. If the distribution cannot be met due to the quality or quantity of applications received, IHCDAs may allocate any resources remaining, without regard to these set-aside regions, as long as such allocation is made in accordance with the Code and the QAP.

If a proposed Development consists of multiple sites that are spread across more than one geographic region, the application will be considered under the region that contains the most units (or the most residential square footage if the unit counts are equal).



D. Threshold Requirements

Applicants are required to meet all existing threshold requirements of the QAP, with the addition of the following requirements:

1. Minimum score to pass threshold is 42.
2. Bond counsel on the transaction must be an Indiana firm.
3. To be eligible for 4% RHTC, the tax-exempt bond request must represent 50% or more of the aggregate basis of the building and land of the development. The Applicant must provide IHCD A with an opinion of counsel stating that the applicant is not required to obtain an allocation of tax credits from IHCD A and that the proposed Development meets the requirements of the Qualified Allocation Plan and the Code, including the 50% bond test.
4. The development entity identified as the Developer on the tax credit application must have been issued IRS Form 8609 for at least one development in Indiana that utilized tax-exempt bonds and 4% RHTC and which placed-in-service within the past 10 years as of the application due date. This policy replaces Part 5.1.F of the QAP for purposes of the bond/AWHTC round.
5. The applicant must submit a letter of interest from the anticipated equity provider(s) indicating the equity pricing for federal and state tax credits. This is in addition to the existing requirements of Part 5.1.H.4 of the QAP.

E. Scoring Criteria

IHCD A will utilize the existing scoring requirements of the QAP, with the following exceptions:

1. Applications will not be scored under scoring category 6.1A Rent Restrictions or category 6.1B Income Restrictions.
2. Applications will not be scored under scoring category 6.2F Preservation of Existing Affordable Housing. As noted below, preservation activities are not eligible in this funding round.
3. Applications will not be scored under scoring category 6.4C Previous 9% Tax Credit Funding within a Local Unit of Government.

F. Limitations on Occupancy Type

1. IHCD A will not accept applications for affordable assisted living.

2. The applicant may elect an age restriction (55+ or 62+) but will not receive any preference for such an election.
3. IHCDCA will not accept applications for 100% supportive housing. Applications in which no more than 25% of the total units will be supportive housing for persons experiencing homelessness or persons with intellectual or development disabilities will be considered but will not receive preference.

G. Limitations on Construction Type

1. IHCDCA will not accept applications for preservation of existing housing.
2. By September 1, 2023, if additional tax-exempt bond volume is available, IHCDCA will announce a second competitive round for preservation developments and give 90-day notice prior to the application due date. If a preservation bond round is opened, applicants would be allowed to request tax-exempt bond volume and 4% RHTC, but not AWHTC.

H. Tax-Exempt Bond Requirements- Closing Requirements, Deadlines, and Fees

1. Escrow closings will not be permitted under any circumstance.
2. Applicants who are awarded bonds must file a Notice of Issuance by the date established in the Determination Letter. Applicants must close on bonds within six months of the date of the determination letter. Applicants who fail to meet this closing deadline may request a three-month extension. IHCDCA will allow no more than two extensions, for a maximum extension of six months beyond the original deadline. Each extension request is subject to a \$1000 extension fee as outlined in Section 7.2(C) of the QAP. If the Applicant has not closed by the end of the second extension deadline, they must return the bond volume and credits and reapply.
3. An issuance fee equal to 0.5% of the total bond issuance will be charged to cover IHCDCA costs. Such fee is payable at the closing of the bonds. The Applicant is also responsible for paying for issuer’s counsel. IHCDCA reserves the right to charge a lower fee depending on the structure of the bonds.

I. Refunding of Bonds

An owner may request a refunding of bonds by submitting the following information to IHCDCA:

- Request letter
- Three years of fiscal year-end financial statements for the project.
- Payment of a \$1,500 modification fee via the [online payment portal](#).



IHCDA will inspect the project prior to approval. Bond refunding must be approved by IHCDA’s Board of Directors.

