

HOME Investment Partnerships Program Rental Construction Fiscal Year 2022 DRAFT Application Policy

SUMMARY

The purpose of the HOME Investment Partnerships Program (HOME) rental construction program is to provide subsidies in the form of grants for the acquisition, rehabilitation, and/or new construction of rental housing for low-income households. Through this program, the Indiana Housing and Community Development Authority (IHCD) seeks to create or preserve affordable housing options for Indiana renter households.

This policy applies to allocations of HOME funding during the 2022 Fiscal Year (July 2022—June 2023) for the purposes of rental construction. This document is not applicable to allocations of HOME Homebuyer or HOME funds used as gap for Rental Housing Tax Credit projects.

The HOME Rental Policy sets forth (1) the role of the Indiana Housing and Community Development Authority (“IHCD”) in administering the HOME program for rental construction; (2) IHCD’s development goals based on housing needs throughout the state; (3) minimum threshold requirements which all Applicants and Developments must meet in order to be considered for HOME Financing; and (4) the evaluation factors IHCD will use to score applications.

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Available Online

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Part 1: Application Process

1.1 Funding Priorities:

IHCDA’s goal is to fund developments that:

1. Demonstrate they are meeting the needs of their specific community;
2. Serve extremely low and very low-income households;
3. Demonstrate capacity and readiness to proceed;
4. Contribute to community revitalization;
5. Promote aging-in-place and accessibility strategies to provide independent living for seniors and persons with disabilities;
6. Utilize energy-efficient and high-quality design features, within a reasonable cost structure; and
7. Include certified Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Federal Disadvantaged Business Enterprise (DBE), Veteran-Owned Small Business (VOSB), and/or Service Disabled Veteran Owned Small Business (SDVOSB) contractors and development team members.

1.2 HOME Application Forms and HOME Policy Discrepancies

In the event of a conflict or inconsistency between the HOME Rental Policy and the HOME Application Form and/or Additional Documents, the procedures described in the HOME Rental Policy will prevail.

1.3 Funding Round Timeline

Note: This is an anticipated schedule subject to change or extension. Final dates will be announced via a RED Notice.

Application Available / Round Begins	January 2023
Application Webinar	January 2023
CHDO Certifications Due	January 2023
Application Due Date	February 2023
Tentative Award Announcements	May 2023

1.4 Application Webinar

An application webinar will be conducted prior to the application deadline with date and registration link to be announced via RED Notice. During the webinar, IHCDA staff will describe the requirements of the HOME program, threshold and scoring criteria, how to complete the required forms, and how to submit the application documents. Organizations intending to apply are *strongly encouraged* to attend.

1.5 Technical Assistance

An applicant may request a technical assistance meeting with their regional IHCDA Real Estate Allocation Analyst to discuss the proposed project and IHCDA’s application process.

1.6 Application Submission

The applicant must submit the following items:

- Via IHCDA’s OneDrive site:
 - CHDO Application Workbook and supporting documentation (if applying for CHDO Certification)
 - Completed copy of the HOME application form in both Excel and PDF formats
 - All supporting documents as separate, labeled PDF documents under the required labeled tabs. Do not send one PDF combining all supporting documentation.





- Signed Environmental Review Record (PDF)
- Via IHCD's Online Payment Portal
 - Application fee of \$500. All fees must be paid through the [IHCD Online Payment Portal](#).
 - Exception: Applicants that are pre-certified as CHDOs as described in Section 5.1 are not required to submit application fees.

Applicants that are submitting multiple applications in a single round must submit ALL required documentation with EACH application. Multiple applications from the same applicant will be reviewed separately. Supporting documentation submitted with one application may not be used to satisfy a threshold or scoring requirement of another application.

All required application items are due no later than 5:00 p.m. Eastern Time on the due date. Applications received after the deadline will not be accepted. Applicants encountering technical issues with application forms, supporting documentation, or the submittal process should contact their IHCD Real Estate Allocation Analyst as soon as possible.

If IHCD staff are unable to open or view submitted electronic documentation due to file corruption, incompatible file types, etc., staff will enlist IT support to remedy the issue. If the issue cannot be resolved, the applicant will not be allowed to submit a new or updated document and the application will be reviewed as if the document in question was not submitted. This may result in the application failing threshold and/or not receiving points in a scoring category.

Instructions on how to utilize OneDrive will be explained during the application webinar.

- Applicants may not set up folders in OneDrive themselves.
- Applicants must contact the Real Estate Department Coordinator to request the creation of a folder. The Real Estate Department Coordinator will then share that folder with the applicant and the applicant may then upload their application.
- Applicants must notify the Real Estate Department Coordinator and their regional Real Estate Allocation Analyst when they have uploaded documents to OneDrive, including documents for preliminary CHDO certification. Failure to notify IHCD when documentation is uploaded may result in delayed review or disqualification of the application.
- Please notify the Real Estate Department Coordinator if the applicant would like to add an additional contact person for communications regarding its application.

Applicants must retain a copy of the application package submitted to IHCD. Applicants that receive funding will be bound by the commitments made therein.

1.7 Application Review

Each application must address only one development. Applications are reviewed in a three-step process:





- Step One - Completeness** On or before the application deadline, the applicant must provide all required documents, signatures, and attachments.

- Step Two - Threshold** The application must meet each of the applicable threshold criteria, including underwriting guidelines found in Section 6.5 below. After initial threshold review, IHDCDA staff may contact an applicant to notify them of required corrections as well as to request clarification of additional questions raised during threshold review. The applicant will have the opportunity to respond on or before the due date provided by IHDCDA. If the applicant does not respond to IHDCDA’s letter identifying necessary corrections and clarifications, or if the applicant’s response does not address all concerns, the application may be disqualified.

For definitions of technical corrections and clarifications, please consult the glossary at the end of this policy.

- Step Three - Scoring** After initial scoring review, IHDCDA staff may contact the applicant for further clarification of a scoring item. Failure to respond to the requested scoring clarification items by the due date and in the manner requested may impact final score or result in application denial. Supporting documentation for scoring categories will not be accepted after the initial application submission.

Awards will be announced at the published IHDCDA board meeting and award or denial letters and final score sheets will then be uploaded to OneDrive. Applications not funded will not automatically be rolled over into the next funding round, however, the applicant may choose to resubmit.

1.8 Minimum Score Requirement

An application must score at least 50 points to qualify for funding.

1.9 IHDCDA HOME & HTF Program Manual

The IHDCDA *HOME & HTF Program Manual* outlines the requirements for administering an IHDCDA HOME award. A copy of the Manual is available on IHDCDA’s [compliance webpage](#).

1.10 Environmental Review Record and Section 106 Historic Review User’s Guide

The *Environmental Review Record (ERR) and Section 106 Historic Review User’s Guide* and the ERR Workbook provide additional information to help applicants complete the mandated environmental review. These documents can be found on IHDCDA’s [environmental review webpage](#).

1.11 IHDCDA Waiver Policy

IHDCDA, in its sole discretion, will consider a request for a waiver of the IHDCDA Per Unit Subsidy Limitations found in Section 5.1. However, IHDCDA cannot approve a waiver request that would exceed HUD’s federal Per Unit Subsidy Limitations. Waivers requesting a total HOME award in an amount above the established per project award limit will not be accepted.





IHCDA must receive the waiver request no later than 30 days prior to the application deadline. The waiver request must include the following:

- A detailed description as to why the Applicant needs a waiver of the Per Unit Subsidy Limitations
- A development budget
- Any additional information the Applicant would like IHCDA to consider with the request

IHCDA does not accept waiver requests for any federal HOME regulation or scoring requirements.

1.13 Development Fund

Applicants may apply for a Development Fund loan in conjunction with their HOME application. Applicants must identify an alternate source of funding to be used in the case that the Development Fund application is denied or Development Fund is not available.

Additional information on Development Fund may be found in Part 10.





Part 2: Eligible Applicants

2.1 Eligible Applicants

Eligible applicants are as follows:

- Local units of government (cities, towns, or counties) located within Indiana, except in the excluded Participating Jurisdictions listed below
- Community Housing Development Organizations (CHDOs)
- 501(c)3 and 501(c)4 nonprofit organizations
- Public Housing Agencies (PHAs)
- Joint Venture Partnerships

For-profit entities are not eligible to apply.

Applications from, or housing activities proposed to be located within, the following Participating Jurisdictions are **NOT** eligible to apply for IHCDA HOME funds:

Bloomington	Gary	Lafayette Consortium**
Evansville	Hammond	Muncie
Fort Wayne	Indianapolis/Marion County*	South Bend Consortium***
	Lake County	

*Except for the cities of Beech Grove, Lawrence, Speedway, and Southport. Applications for projects to be located in the Town of Cumberland are eligible when the housing activity is outside of Marion County.

**Lafayette Consortium consists of the City of Lafayette, the City of West Lafayette, and the unincorporated areas of Tippecanoe County. Other incorporated areas in Tippecanoe County are eligible to apply.

***South Bend Consortium consists of the City of South Bend, the City of Mishawaka, and the unincorporated areas of St. Joseph County. Other incorporated areas in St. Joseph County are eligible to apply.

2.2 CHDO Applicants Proposing Projects Located in Certain Participating Jurisdictions

CHDOs may apply for IHCDA HOME funding if the proposed project is in a Participating Jurisdiction that receives less than \$500,000 of HOME funding within IHCDA’s HOME Program Year. At the time of publication, the Participating Jurisdictions that qualify are:

Anderson	East Chicago	Terre Haute
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To be eligible, the applicant must have received a preliminary commitment of HOME funds from the Participating Jurisdiction for the project for which they are applying for IHCDA funding. Documentation





of this commitment by the Participating Jurisdiction must be submitted at the time of application. CHDOs proposing projects located in Participating Jurisdictions will be eligible to request up to \$1,000,000 in IHCD A HOME funding. These CHDOs would also be eligible for CHDO Operating Supplement, as described in Section 4.4, and CHDO Predevelopment Loans, as described in Section 4.5.

2.3 Ineligible Applicants

Any entity currently on a federal debarment list, on IHCD A's suspension or debarment list, or in default on an IHCD A loan is ineligible to submit an application. IHCD A's Suspension and Debarment Policy can be found in Chapter 17 of the IHCD A HOME and HTF Program Manual.

Additionally, IHCD A does not fund requests from:

- Individuals
- Political, social, or fraternal organizations
- Institutions that discriminate, in policy or in practice, on the basis of race, color, national origin, sex, religion, familial status, disability, ancestry, sexual orientation, gender identity, or against victims of domestic violence, dating violence, sexual assault, stalking, or human trafficking

2.4 Religious and Faith-Based Organizations

- *Equal treatment of program participants and program beneficiaries.* (1) *Program participants.* Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the HOME program. Neither the Federal Government nor a State or local government receiving funds under the HOME program shall discriminate against an organization on the basis of the organization's religious character or affiliation. Recipients and subrecipients of program funds shall not, in providing program assistance, discriminate against a program participant or prospective program participant on the basis of religion or religious belief.
- *Beneficiaries.* In providing services supported in whole or in part with federal financial assistance, and in their outreach activities related to such services, program participants shall not discriminate against current or prospective program beneficiaries on the basis of religion, a religious belief, a refusal to hold a religious belief, or a refusal to attend or participate in a religious practice.
- *Separation of explicitly religious activities.* Recipients and subrecipients of HOME program funds that engage in explicitly religious activities, including activities that involve overt religious content such as worship, religious instruction, or proselytization, must perform such activities and offer such services outside of programs that are supported with federal financial assistance separately, in time or location, from the programs or services funded under this part, and participation in any such explicitly religious activities must be voluntary for the program beneficiaries of the HUD-funded programs or services.
- *Religious identity.* A faith-based organization that is a recipient or subrecipient of HOME program funds is eligible to use such funds as provided under the regulations of this part without impairing its independence, autonomy, expression of religious beliefs, or religious character. Such organization will retain its independence from Federal, State, and local government, and may continue to carry out its mission, including the definition, development, practice, and expression of its religious beliefs, provided that it does not use direct program funds to support or engage in any explicitly religious activities, including activities that involve overt religious content, such as worship, religious instruction, or proselytization, or any manner prohibited by law. Among other





things, faith-based organizations may use space in their facilities to provide program-funded services, without removing or altering religious art, icons, scriptures, or other religious symbols. In addition, a HOME program-funded religious organization retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.

- *Alternative provider.* If a program participant or prospective program participant of the HOME program supported by HUD objects to the religious character of an organization that provides services under the program, that organization shall, within a reasonable prompt time after the objection, undertake reasonable efforts to identify and refer the program participant to an alternative provider to which the prospective program participant has no objection. Except for services provided by telephone, the Internet, or similar means, the referral must be to an alternate provider in reasonable geographic proximity to the organization making the referral. In making the referral, the organization shall comply with applicable privacy laws and regulations. Recipients and subrecipients shall document any objections from program participants and prospective program participants and any efforts to refer such participants to alternative providers in accordance with the requirements of §92.508(a)(2)(xiii). Recipients shall ensure that all subrecipient agreements make organizations receiving program funds aware of these requirements.
- *Structures.* Program funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for explicitly religious activities. Program funds may be used for the acquisition, construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under this part. When a structure is used for both eligible and explicitly religious activities, program funds may not exceed the cost of those portions of the acquisition, new construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to the HOME program. Sanctuaries, chapels, or other rooms that a HOME program-funded religious congregation uses as its principal place of worship, however, are ineligible for HOME program-funded improvements. Disposition of real property after the term of the grant, or any change in the use of the property during the term of the grant, is subject to government wide regulations governing real property disposition (see 24 CFR parts 84 and 85).
- *Supplemental funds.* If a State or local government voluntarily contributes its own funds to supplement federally funded activities, the State or local government has the option to segregate the federal funds or commingle them. However, if the funds are commingled, this section applies to all of the commingled funds.



Part 3: Eligible Activities & HOME Program Requirements

3.1 Eligible Activities

The program is intended for the rehabilitation and/or new construction of rental housing.

Acquisition only is not an eligible activity; however, acquisition in conjunction with another activity is permitted. If HOME funds are used for acquisition of vacant land or demolition in conjunction with another activity, then construction must commence within nine months of the demolition or acquisition.

Eligible activities include:

- Rehabilitation, new construction, acquisition/rehabilitation, or acquisition/new construction of rental housing in the form of traditional apartments, single room occupancy units (SROs), or single-family housing.
 - SRO housing consists of single room dwelling units that are the primary residence of the occupant(s). Neither kitchen nor bathroom facilities are required to be in each unit. However, if individual units do not contain bathroom facilities, the building must contain bathroom facilities that are shared by tenants. SRO housing does not include facilities for students. Rent limits for SRO units are treated differently than rent limits for other HOME-assisted units. Please see Part 3.2 B of IHCDA's *Federal Programs Ongoing Rental Compliance Manual* for additional instructions.
- Rehabilitation of Rental Housing Tax Credit (RHTC) developments with compliance periods that have expired prior to the due date for this application. RHTC developments still in the 30-year extended use period are eligible to apply for HOME funds, assuming the initial 15-year federal compliance period has expired.
- Rehabilitation of existing HOME developments with HOME affordability periods that have expired prior to the due date for this application.
- Manufactured/mobile homes are eligible only if they meet all the following standards or if rehabilitation will bring the unit up to these standards:
 - A single dwelling unit designed and built in a factory, installed as a permanent residence, which bears a seal certifying that it was built in compliance with the Federal Manufactured Housing Construction and Safety Standards law
 - Was constructed after January 1, 1981
 - Is attached to a permanent foundation of masonry construction and has a permanent perimeter enclosure constructed in accordance with the One and Two Family Dwelling Code
 - Has wheels, axles, and towing chassis removed
 - Has a pitched roof
 - Is located on land held by the beneficiary in fee-simple title or 99-year leasehold and is the principal residence of the beneficiary

3.2 Ineligible Activities

The following are ineligible activities:

- Per 24 CFR 92.214 (a)(4) HOME funds may not be invested in public housing projects.
- Owner-occupied rehabilitation;
- Homebuyer development;





- Group homes;
- Creation of secondary housing attached to a primary unit;
- Acquisition, rehabilitation, or construction of nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, or student dormitories;
- Rehabilitation of mobile homes;
- Acquisition, rehabilitation, refinancing, or new construction if any part of a development or its land is located within the boundaries of a 100-year floodplain. A flood determination must be provided for each parcel associated with the project;
- Acquisition, rehabilitation, or construction of any developments that will be applying for RHTC. These developments must apply for HOME funds as part of the RHTC application in accordance with the Qualified Allocation Plan;
- Any housing activity funded under Title VI of NAHA, prepayment of mortgages insured under the National Housing Act, or acquisition, rehabilitation, or construction of any developments funded under HUD's former Rental Rehabilitation Program;
- Costs for supportive services, homeless prevention activities, operating expenses, or for the use of commercial facilities for transient housing;
- Acquisition, rehabilitation, or construction of transitional housing;
- Acquisition, rehabilitation, or construction of emergency shelters that are designed to provide temporary daytime and/or overnight accommodations for homeless persons;
- Payment of HOME loan servicing fees or loan origination costs;
- Tenant-based rental assistance;
- Payment of back taxes;
- Any other activity not specifically listed as an eligible activity in Section 3.1 above.

3.3 HOME Program Requirements

The proposed HOME project must follow these minimum requirements, and all other requirements laid forth in the Program Manual, to be eligible for funding. For further details on each requirement, please see IHCDA's HOME, HTF, and CDBG Program Manual [here](#).

- Recipients must comply with all regulatory requirements listed in 24 CFR Part 92.

Applicants should familiarize themselves with IHCDA's CDBG, HOME & HTF Program Manual. Requirements include, but are not limited to the following:

- **Lead Based Paint:**
 - Each recipient of a HOME award is subject to the HUD requirements of addressing lead-based paint hazards pursuant to 24 CFR Part 35. If a risk assessment is required, then all lead-based paint issues must be addressed.
 - Anyone who conducts lead-based paint activities in the State of Indiana must be licensed. Licenses are issued only after an applicant has successfully completed course certification by an accredited training facility and has passed the licensing examination administered by the ISDH. A separate license is required for each of the authorized lead disciplines. All licenses must be renewed every three years by successfully completing refresher training approved by the ISDH. Activities requiring licensing include:
 - Inspection for lead-based paint





- Risk assessment for lead hazards
 - Clearance examination following lead abatement
 - Abatement of lead-based paint
 - Project design, supervision, and work in abatement projects
- Anyone who is paid to perform work that disturbs paint in housing and child-occupied facilities built before 1978 must be EPA certified. This includes all firms, even sole proprietorships. Firms can't advertise or perform renovation activities covered by the regulation in homes or child occupied facilities built before 1978 without firm certification. Examples of the types of firms covered:
 - Residential rental property owners/managers
 - General contractors
 - Special trade contractors, including
 - Painters
 - Plumbers
 - Carpenters
 - Electricians
- Federal law requires that a "certified renovator" be assigned to each job and that all involved individuals be trained in the use of lead-safe work practices.
 - To become a certified renovator, a person must complete a renovator training course accredited by EPA or an EPA authorized program which will teach them how to work lead safe.
 - All remaining individuals must also be trained. They can either be certified renovators (meaning they successfully completed the accredited training) or they can have been trained on the job by a certified renovator (such training must be documented and the documents must be retained).
- **Section 504:**
 - Housing must meet the accessibility requirements of 24 CFR Part 8 which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covers multifamily dwellings, as defined in 24 CFR Part 100.201. It must also meet the design and construction requirements of 24 CFR 100.205 and implement the Federal Fair Housing Act Amendments of 1988 (42 U.S.C. 3601-3619).
- **Uniform Relocation Act:**
 - Each recipient of a HOME award is subject to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). See IHCDA's [Program Manual](#) Chapter 4 for guidance on the regulatory requirements of the URA, as amended, the Federal regulations at 49 CFR Part 24, and the requirements of Section 104(d) of Title I of the Housing and Community Development Act of 1974, as amended.
- **Affirmative Marketing Procedures:**
 - Rental housing with five or more HOME-assisted units must adopt IHCDA's Affirmative Marketing Procedures. See the IHCDA [Program Manual](#) for guidance on Affirmative Marketing Procedures.
- **Section 3:**
 - Any recipient receiving an aggregate amount of \$200,000 or more from one or more of the HUD CPD programs (i.e. CDBG, HOME, NSP, HOPWA, ESG, etc.) in a program year must comply with the Section 3 requirements. Section 3 provides preference to low- and very-





low-income residents of the local community (regardless of race or gender) and the businesses that substantially employ these persons, for new employment, training, and contracting opportunities resulting from HUD-funded projects.

• **Income Verification:**

- An income verification is valid for a period of six months. If more than six months pass between income verification and contract execution/lease execution/purchase agreement, then a new income verification must be completed.

• **Procurement Procedures:**

- Each recipient of a HOME award will be required to provide proof of adequate builder’s risk insurance, property insurance, and/or contractor liability insurance during construction and property insurance following construction for the assisted property throughout the affordability period of the award.
- If the recipient of the HOME award is a Local Unit of Government, or a non-profit not acting as a developer, the recipient must follow competitive procurement procedures when procuring all materials, supplies, equipment, and construction or professional services related to the HOME award. Please note that public non-for-profits (i.e. Housing or Redevelopment Authorities and public agencies may not act as Developers and must competitively procure.
- If the non-for-profit recipient is acting as a developer, competitive procurement standards are not required. To be considered a non-for-profit developer, the non-profit must meet the following criteria:
 - Must have site control (either through ownership or a lease) of the property;
 - Must be in sole charge of the development processes - and not just acting as a contractor, which includes:
 - Obtaining zoning and other approvals;
 - Obtaining other non-HOME financing for the project;
 - Selecting the architect, engineers, general contractors, and other members of the development team; and,
 - Overseeing the progress of the work and cost reasonableness.

• **Environmental Review:**

- To help facilitate timely expenditure of HOME funds, all applicants are required to complete and submit the Environmental Review Record (ERR) and Section 106 Historic Review at the time of application.
- To complete the forms and the Release of Funds process, refer to the ERR Guidebook found [here](#).
- As part of the Section 106 Historic Review process, IHCDA is required to submit all new construction projects to the Indiana Department of Natural Resources’ State Historic Preservation Office (SHPO) for archaeology review. SHPO is statutorily required to complete this review within 30 days. Please plan your project timeline accordingly.
- The applicant will receive their fully executed HOME award documents and will be allowed to draw funds only after the applicant has been allowed to publish a public notice and when the Release of Funds process is complete.
- Applicants may not purchase any property to be assisted with HOME funds, sign contracts, or begin rehab/construction until the ERR/Release of Funds process has been completed and approved.





- IHCDA will not fund projects located in a floodway or that have any portion of the project site in a 100-year flood plain. If the project site has any area that is designated as any variation of Zone A or as a floodway, then the project is ineligible for IHCDA funding. Re-platting and/or re-parceling a site out of any variation of Zone A will not be allowed. Instead, the applicant must consult with and follow FEMA procedures to change the flood designation; this process should be completed prior to submitting a funding application to IHCDA.
- For sites within the shaded Zone X or sites outside of Zone A but without a Base Flood Elevation (BFE; this information will be indicated on the FEMA map), then the potential adverse impacts of being directly adjacent to a flood prone area must be minimized. Therefore, the applicant must demonstrate to IHCDA that design modifications are included in the project scope. The information must be submitted with the ERR Workbook upon funding application to IHCDA. These requirements can also be found in the ERR Workbook. These design modifications include:
 - Flood minimization techniques like permeable surfaces, storm water capture and reuse, and/or green roofs.
 - New construction and substantial improvement projects must be elevated at or above the 100-year floodplain.
 - The inclusion of early warning systems and emergency evacuation plans.
- If your project involves new construction and has either mapped wetlands or potential wetlands, the project is not eligible for IHCDA funding. If your project involves site excavation, installation of wells or septic systems, grading, placement of fill, draining, dredging, channelizing, filling, diking, impounding, and any related activities, and has either mapped wetlands or potential wetlands, you must consider project alternatives, including a new site
- **Construction Standards and Physical Inspections:**
 - All IHCDA-assisted units must be inspected twice during the award period. The first inspection will occur when 50% of funds are drawn for single site projects, or when half the units are complete for scattered site projects. The second inspection will be conducted upon completion of construction for the award. Site visits during construction may be conducted to monitor progress of all projects. The IHCDA Inspector or IHCDA's third-party Inspector will conduct the physical inspections. Failure to comply with these inspection requirements may result in the loss of points in future applications and/or findings during IHCDA post-award compliance monitoring.
- **Match:**
 - The match requirement for the HOME program is 25% of the total amount of HOME funds requested except HOME funds used for environmental review costs (pursuant to §92.206(d)(8)), planning costs (pursuant to §92.207); CHDO operating expenses (pursuant to §92.208); capacity building (pursuant to §92.300(b)) of CHDOs; and predevelopment or seed money loans to CHDOs (pursuant to §92.301) when IHCDA waives repayment under the provisions of §92.301(a)(3) or §92.301(b)(3).
 - Labor, property, funds, or other sources of match contribution donated by the applicant to itself, or by a principal or investor in the development, are not eligible for match as defined in §92.220(b)(4).





- If utilizing banked match, the applicant must have sufficient unencumbered banked match available at time of application.
- All required match must be committed by the time closeout documentation is submitted.
- If utilizing a tax exemption as a source of match, the applicant must have a signed letter from the local unit of government that lists the property or properties receiving the exemption, the length of the exemption, and the total value of the exemption.
- **Davis Bacon:**
 - Each recipient of a HOME award must follow the Davis Bacon requirements found in 29 CFR Parts 1, 3, and 5 to ensure workers receive no less than the prevailing wages being paid for similar work for the following type of projects:
 - Rehabilitation or new construction of a residential property containing 12 or more HOME-assisted units; and
 - Affordable housing containing 12 or more units assisted with HOME funding regardless of whether HOME funding is used for construction or non-construction activities.
 - Such properties may be one building or multiple buildings owned and operated as a single development.
 - Public Housing Authorities (PHAs) using PHA funds in conjunction with IHCDA funds are subject to Davis Bacon requirements.
- **Meaningful Access for Limited English Proficient Persons**
 - Persons who, as a result of national origin, do not speak English as their primary language and who have limited ability to speak, read, write, or understand English (“limited English proficient” or “LEP”) may be entitled to language assistance under Title VI in order to receive a particular service, benefit, or encounter. In accordance with Title VI of the Civil Rights Act of 1964 and its implementing regulations, the recipient must agree to take reasonable steps to ensure meaningful access to activities funded by federal funds for LEP persons. Any of the following actions could constitute “reasonable steps”, depending on the circumstances: acquiring translators to translate vital documents, advertisements, or notices; acquiring interpreters for face to face interviews with LEP persons; placing advertisements and notices in newspapers that serve LEP persons; partnering with other organizations that serve LEP populations to provide interpretation, translation, or dissemination of information regarding the project; hiring bilingual employees or volunteers for outreach and intake activities; contracting with a telephone line interpreter service; etc.
- **Registering Vacancies:**
 - Applicants that are proposing to develop rental housing must register vacancies for assisted housing in the IndianaHousingNow.org affordable housing database.
- **Other HOME Construction Standards:**
 - Units must, at a minimum, meet the stricter of the local rehabilitation standards or the Indiana State Building Code.
 - If a property is applying for project based vouchers, the units must be built to comply with the stricter of PBV Housing Quality Standards or local building code.
 - Any units utilizing gas appliances must provide carbon monoxide detectors in addition to standard smoke detectors.





- Recipients of HOME funds must meet additional energy efficiency standards for new construction as described in 24 CFR 92.251.
- **Capital Needs Assessment:**
 - Projects performing the rehabilitation activity with a total of 26 or more units (the total of HOME-assisted and non-HOME assisted units) must complete and provide a Capital Needs Assessment (CNA).
- **Federal Programs Ongoing Rental Compliance:**
 - Recipient must ensure that each owner of a HOME-assisted rental project enters tenant events into IHCDA's Indiana Housing Online Management System at <https://ihcdaonline.com/> within 30 days of the tenant's event date. Tenant events include move-ins, move-outs, recertification, unit transfers, and rent and income changes. In addition, Annual Owner Certification Rental Reports must be submitted electronically using the Indiana Housing Online Management System throughout the affordability period in the Annual Rental Report. See IHCDA's [Program Manual](#) for further guidance.
 - Recipient must ensure that there is a written lease between any tenant and the owner of rental housing assisted with HOME funds. The term of the lease may not be less than one year, unless a shorter period is specified upon mutual agreement between the tenant and the owner. The lease may not contain any of the prohibited provisions set forth in 24 CFR 92.253 (b).
 - In accordance with 92.504(d)(2), the recipient must provide IHCDA with the financial documentation and/or reports needed by IHCDA to conduct its examination of the financial condition of the project, if project has 10 or more HOME-assisted units.
 - Rental housing developments must assist households at or below 60% of the Area Median Income for the county, as published by HUD and distributed by IHCDA. Additionally, those developments with five or more HOME-assisted units must set-aside at least 20% of the units for households at or below 50% of the Area Median Income. Households must also meet the definition of "low-income families" at 24 CFR 92.2 which limits occupancy based on certain student status rules (see Part 4.1G of the Federal Programs Ongoing Rental Compliance Manual).
 - Recipient must follow the non-discrimination requirements of the Fair Housing Act, the Violence Against Women Reauthorization Act of 2013, and the Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity rule.
- **Broadband Infrastructure:**
 - As described in the HUD Final Rule 81 FR 92626, any new construction or substantial rehabilitation of more than four rental units must provide for installation of broadband infrastructure, as defined in 24 CFR 5.100, except when IHCDA determines and documents that one or more of the exceptions listed in HUD Final Rule 81 FR 92626 apply. Each unit should have cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure, including wireless infrastructure, which is capable of providing access to Internet connections in individuals housing units.
- **Tenant Selection Plan**
 - All HOME-funded properties must create a written tenant selection plan that meets all requirements outlined in Part 4.2E of IHCDA's Federal Programs Ongoing Rental Compliance Manual, as amended from time to time. This includes compliance with the nondiscrimination requirements of the Fair Housing Act, Violence Against Women Reauthorization Act, Equal Access to Housing in HUD Programs Regardless of Sexual





Orientation or Gender Identity Rule, and the 2016 HUD Office of General Counsel Guidance on Criminal Records.

3.4 Affordability Requirements

The recipient shall comply with the following requirements of the HOME Program throughout the affordability period:

1. Ensuring that the property meets the Property Standards set forth in 24 CFR 92.251;
2. Ensuring that the tenants meet the eligibility requirements set forth in 24 CFR 92.252 by documenting and verifying the income of tenants as set forth in IHCDA’s [Federal Programs Ongoing Rental Compliance Manual](#), as amended from time to time by IHCDA;
3. Submitting annual tenant events and Annual Owner Certifications of Compliance to IHCDA through its online reporting system as set forth in IHCDA’s Federal Programs Ongoing Rental Compliance [Manual](#);
4. Participating in periodic monitoring and inspections of the Property by IHCDA and/or the U. S. Department of Housing and Urban Development (“HUD”);
5. Complying with the Federal income and rent limits issued by HUD and published annually on IHCDA’s website;
6. Ensuring that each tenant enters into a lease that does not contain HUD prohibited lease language as set forth in IHCDA’s Federal Programs Ongoing Rental Compliance Manual. The affordability period begins after the project has been completed and the completion forms have been submitted to and approved by IHCDA. During the affordability period all HOME program rental requirements apply to the property. See IHCDA’s [Federal Programs Ongoing Rental Compliance Manual](#) for a full discussion of affordability period compliance.

The following affordability periods apply to all HOME rental housing and homebuyer projects:

Amount of HOME subsidy per unit:	Affordability Period
Under \$15,000	5 years
\$15,000 - \$40,000	10 years
Over \$40,000 - or any rehabilitation/refinance combination activity	15 years
New construction or acquisition of newly constructed transitional, permanent supportive, or rental housing	20 years

3.5 Lien and Restrictive Covenant Agreement

Each recipient of a HOME award must ensure that a lien and restrictive covenant is executed and recorded against every property constructed, rehabilitated, or acquired, in whole or in part, with HOME funds. Upon the occurrence of any of the following events during the Affordability Period, the entire sum secured by the lien shall be due and payable by developer and/or owner upon demand. Repayment may be demanded upon: (1) Transfer or conveyance of the real estate by deed, land contract, lease, or otherwise, during the Affordability Period if the new owner does not agree to remain in compliance with the HOME Award Agreement and HOME regulations for the duration of the Affordability Period; (2) Commencement of foreclosure proceedings by any mortgagee (or deed in lieu of foreclosure), within the Affordability Period; (3) The real estate no longer meets the property standards set forth in 24 CFR 92.251; (4) HOME-





assisted units are not being used by qualifying tenants as their principal residence; (5) annual tenant events and Annual Owner Certifications of Compliance are no longer being submitted to IHCDA through its online reporting system as set forth in IHCDA’s [Federal Programs Ongoing Rental Compliance Manual](#); (6) non-compliance with the HOME income and rent limits issued by HUD; and (7) units are not leased in accordance with the requirements set forth in IHCDA’s [Federal Programs Ongoing Rental Compliance Manual](#).

The recipient of the HOME award will be responsible for repaying IHCDA any HOME funds utilized for any housing constructed, rehabilitated, or acquired that does not remain affordable and in compliance in accordance with 24 CFR 92.252 for the entire Affordability Period. The Affordability Period is based upon the total amount of HOME funds invested into the HOME-assisted units as depicted in the chart above. (IHCDA [Program Manual](#), Lien and Restrictive Covenants & Affordability Requirements Chapter 12)





Part 4 : CHDOs

A Community Housing Development Organization (CHDO) is a private, community-based nonprofit organization whose primary purpose is to develop affordable housing for the community it serves. To be recognized as a CHDO, an organization must meet the requirements pertaining to the legal status, organizational structure, capacity, and experience as set forth in 24 CFR 92.2, and be certified by IHCDA. Part 5.1 outlines IHCDA's CHDO certification process.

Organizations that are certified as CHDOs are eligible to request up to \$1,500,000 of HOME rental funding as well as CHDO Operating and Predevelopment funds.

4.1 IHCDA CHDO Set-Aside

IHCDA must allocate at least 15% of its HOME funds for CHDO projects.

4.2 CHDO Eligible Activities

Rental housing is considered a CHDO-eligible activity for purposes of the CHDO set-aside as long as the activity takes place within the CHDO's state-certified service area and the CHDO owns, develops, or sponsors the project.

CHDOs must be certified by IHCDA as a CHDO prior to submission of a HOME rental application and identify which of the three roles the CHDO will undertake with the project:

- The CHDO **“owns”** the activity when the CHDO holds valid legal title in fee simple or has a long-term (99-year minimum) leasehold interest in a rental property. The CHDO may hire and oversee a project manager or contract with a developer to perform the rehabilitation or new construction.
- The CHDO **“develops”** the activity when the CHDO is the owner in fee simple or through a long-term ground lease during both the development and the affordability period. As developer, the CHDO must be in sole charge of all aspects of the development process, including obtaining zoning, securing non-HOME funds, selecting contractors, overseeing the progress of work, and determining reasonableness of costs.
- The CHDO **“sponsors”** rental projects through one of two processes:
 - Rental housing is developed by a CHDO affiliate, defined as a CHDO's wholly owned subsidiary (non-profit or for-profit); a limited partnership of which the CHDO or its wholly owned subsidiary is the sole general partner; or a limited liability company of which the CHDO or its wholly-owned subsidiary must be the sole managing member. If the limited partnership or limited liability company agreement permits the CHDO to be removed as general partner or sole managing member, the agreement must provide that the removal must be for cause and that the CHDO must be replaced with another CHDO.
 - The CHDO develops housing on behalf of another non-profit. The rental housing is transferred by the CHDO to the other nonprofit upon completion. The nonprofit receiving the property upon completion must be identified by the CHDO, not be created by a governmental entity, and assume ownership and all HOME obligations, including any loan repayment. The CHDO must own the property during the development period and be in sole charge of the development process.





4.3 CHDO Program Requirements

CHDOs must adhere to all HOME requirements listed in this Application Package and the additional CHDO specific program requirements:

- Applicants that would like to apply as a CHDO must apply for CHDO certification prior to submitting a HOME rental application. The CHDO application can be found as a separate document on the IHCDA website [here](#).
- Treatment of Program Income by a CHDO:
 - Proceeds generated from a CHDO development activity may be retained by the CHDO but must be used for housing activities that benefit low-income families as provided in 24 CFR 92.300(a)(2). Such proceeds are not considered program income and are not subject to HOME Program requirements. However, funds recaptured because housing no longer meets affordability requirements are not considered CHDO proceeds and are subject to the requirements of 24 CFR 92.503(b) and must be returned to IHCDA.
- An applicant requesting CHDO funding must:
 - Be certified as CHDO by IHCDA prior to submitting the HOME Rental Application
 - Complete the CHDO related sections in the HOME Rental Application Form, including describing how low-income persons have had the opportunity to advise the CHDO in its decision regarding the design, site, development, and management of the affordable housing undertaking.

4.4 CHDO Operating Supplement

A CHDO may apply for a CHDO Operating award in an amount not to exceed \$50,000¹ along with their capital funding request in a HOME rental funding round. However, a CHDO may not receive more than \$50,000 in CHDO Operating funds for new projects within one program year. The HOME program year is July 1st through June 30th.

A CHDO that has already received a CHDO Operating award for a project funded within the previous two HOME program years is eligible to apply for a second CHDO Operating award of up to \$25,000 if they meet the following criteria:

- Began construction within the 12 months of receiving the executed HOME Award Agreement from IHCDA;
- Have drawn a minimum of 25% of the IHCDA HOME award; and
- Have drawn 100% of the original CHDO Operating award.

A CHDO may never receive more than \$75,000 in total CHDO Operating awards within one program year.

Eligible CHDO Operating costs include:

- | | |
|-----------------------------|------------------------------|
| • Accounting Services/Audit | • Equipment/Software |
| • Communication Costs | • Insurance |
| • Education/Training | • Lead-Based Paint Equipment |

¹ However, the CHDO Operating award cannot exceed 50% of the CHDO’s total annual operating expenses within one program year.





- Legal Fees
- Postage
- Professional Dues/Subscriptions
- Rent
- Staff Salary/Fringe Benefits
- Taxes
- Travel
- Utilities

4.5 CHDO Predevelopment Loans

CHDOs are eligible to request up to \$30,000 in project-specific predevelopment loans. All loans may not exceed customary and reasonable project preparation costs and must be repaid from construction loan proceeds or other program income. The CHDO must apply for the predevelopment funds through a separate application process. Overview and application process for the CHDO Predevelopment funds can be found [here](#).

The following limitations apply to CHDOs requesting Predevelopment Loans:

- The CHDO may not have more than five currently open or pending CHDO Predevelopment Loans, including the loan(s) being submitted.

Please contact your Real Estate Allocation Analyst for more details.





Part 5: Subsidy Limitations & Eligible Activity Costs

5.1 Maximum Award Request, Subsidy Limitations & Budget Limitations

Applicant Type	Maximum Award Request
Non-CHDO	\$1,000,000
CHDO	\$1,500,000

Applicants that are not certified as a CHDO, or that are certified as a CHDO **after** the application due date, may request up to \$1,000,000.

Applicants that are certified as a CHDO **before** the application due date may request up to \$1,500,000.

- In order to qualify, applicants must submit a CHDO application and all required CHDO documentation by **5:00 p.m. Eastern Time on January 23rd, 2023**. The CHDO application can be found as a separate document on the IHCDA website [here](#).
- IHCDA staff will review the applicant’s CHDO application. If further clarification is needed, IHCDA will reach out to the applicant for additional information.
- Upon making a final determination, IHCDA will inform each CHDO applicant as to the status of its certification. If the applicant is certified as a CHDO it may request up to \$1,500,000. If the applicant is not certified as a CHDO, it will be limited to the non-CHDO maximum award request limit of \$1,000,000.
- An applicant that submits its CHDO certification after the deadline listed above will NOT be eligible to request more than \$1,000,000. However, its certification status will still be reviewed, it will still be eligible for any scoring category contingent on CHDO status, and it will still be eligible to request CHDO Operating Supplement funds in conjunction with its HOME application.

Subsidy Limitations

HOME funds used for acquisition, rehabilitation, new construction, soft costs, relocation, rent-up reserve, and developer’s fee combined cannot exceed the following per unit subsidy limits:

For units designated as 50% AMI income and rent limits or higher:

Bedroom Size	Per Unit Subsidy Limit
0	\$104,000
1	\$121,000
2	\$139,000
3	\$170,000
4+	\$185,000

For units designated as 40% AMI income and rent limits or lower:





Bedroom Size	Per Unit Subsidy Limit
0	\$130,000
1	\$152,000
2	\$174,000
3	\$210,000
4+	\$232,000

Budget Limitations

- HOME funds cannot be used for replacement reserves or operating reserves.
- HOME funds budgeted for developer fee cannot exceed 15% of the HOME award.
- HOME funds budgeted for soft costs including environmental review and developer fee cannot exceed 20% of the HOME award.

5.2 Form of Assistance

HOME funds will be awarded to the recipient in the form of a grant or loan. Award documents must be executed in order to access funds and will include, but may not be limited to, the HOME award agreement and a lien and restrictive covenant agreement.

5.3 Eligible Activity Costs

The bolded items listed below are included in the application budget. If you have a question about which line item an expense goes under, contact your IHCDA Real Estate Allocation Analyst.

ACQUISITION – Limited to the purchase price and related costs associated with the acquisition of real property. The cost of acquisition will be calculated based upon the lesser of the actual amount paid for the building or the appraised fair market value. Recipients must use a title company when purchasing or selling assisted properties.

DEMOLITION – Costs associated with the demolition and clearance of existing structures.

DEVELOPER FEE – Developer fees are only available with HOME funded activities and cannot exceed 15% of the HOME award. Additionally, the total of developer fee, soft costs, and environmental review cannot exceed 20% of the HOME request.

ENVIRONMENTAL REVIEW – This line item includes expenses associated with the NEPA compliance Environmental Review, which is a requirement of the Release of Funds process. This does not refer to a Phase I Environmental Assessment. Those expenses should be included in the soft costs line item. This line item along with developer’s fee, and soft costs cannot exceed 20% of the HOME request. Eligible costs for this line item are generally between \$2,000 and \$5,000 and include professional services, publication costs, photocopying, and postage. For further information regarding this activity, please read the Environmental Review Guide found in the [Environmental Review/Section 106 User’s Guide](#).

LEAD HAZARD TESTING – Costs associated with lead hazard testing include Risk Assessment, Clearance Test, etc. The limits for this line item are \$1000 per unit.





NEW CONSTRUCTION

Eligible costs include:

- Hard costs associated with new construction activities;
- Utility connections including off-site connections from the property line to the adjacent street;
- Site work related to driveways, sidewalks, landscaping, etc.
- Related infrastructure costs - improvements to the development site that are in keeping with improvements of surrounding, standard developments. Site improvements may include on-site roads and water and sewer lines necessary to the development
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners;
- General Requirements, Contractor Contingency and Construction Manager as Constructor

SOFT COSTS – Soft costs are those costs that can be directly tracked by address. They include costs that are reasonable and necessary for the implementation and completion of the proposed activity. This line item along with developer fee and environmental review cannot exceed 20% of the HOME request. Recipients are allowed to draw down this line item as costs are incurred.

Eligible costs include:

- Appraisals
- Builder’s risk insurance
- Building permits
- Client in-take / Income verification
- Closing costs paid on behalf of homebuyer
- Consultant fees
- Cost estimates
- Credit reports
- Demolition permits
- Engineering/Architectural Plans
- Financing costs
- Impact fees
- Inspections
- Legal and accounting fees
- Other professional services
- Pay off of a HOME CHDO Predevelopment or Seed Money loan
- Phase I Environmental Assessments
- Plans, specifications, work write-ups
- Private lender origination fees
- Realtor fees
- Recording fees
- Title Searches
- Travel to and from the site
- Lead hazard testing
- Utilities of assisted units

REHABILITATION

Eligible costs include:

- Hard costs associated with rehabilitation activities
- Lead-based paint interim controls and abatement costs.
- Mold remediation
- Site work related to driveways, sidewalks, landscaping, etc.
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners
- Utility connections and related infrastructure costs are eligible. Off-site connections from the property line to the adjacent street are eligible when existing infrastructure is deficient and is deemed a threat to health and safety.
- Improvements to infrastructure when there will be no rehabilitation work done on the actual house to be served





- General Requirements, Contractor Contingency and Construction Manager as Constructor

RELOCATION - This includes relocation payments and other relocation assistance for permanently and/or temporarily relocated individuals, families, businesses, not-for-profit organizations, and farm operations where assistance is required and appropriate. Relocation payments include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket expenses for temporary relocation purposes. For additional information on relocation and displacement, please refer to the information provided in the IHCDA's [Program Manual](#) Chapter 4.

RETAINAGE POLICY - IHCDA will hold the final \$10,000 of an award until all match documentation, closeout documentation, and completion reports are received and approved. Closeout documentation will not be approved until the final monitoring and inspection is completed and all associated findings and/or concerns are resolved.

5.4 Ineligible Activity Costs

- Annual contributions for operation of public housing
- Commercial development costs - All costs associated with the construction or rehabilitation of space within a development that will be used for non-residential purposes such as offices or other commercial uses. This does not include the common area used by tenants of rental property or the leasing office of the apartment manager. HOME awards cannot be used to underwrite any portion of commercial development costs. The expenses incurred and income to be generated from commercial space must be reported in a separate "Annual Expense Information" sheet and 15-year proforma
- Costs associated with any financial audit of the recipient
- Costs associated with preparing an application for funding through IHCDA
- Cost of supportive services
- General operating expenses or operating subsidies
- Loan guarantees
- Mortgage default/delinquency correction or avoidance
- Providing tenant based rental assistance
- Purchase or installation of equipment, furnishings, tools, or other personal property that is not an integral structural feature, such as window air conditioner units or washers and dryers
- Purchase or installation of luxury items, such as swimming pools or hot tubs

5.5 Program Income

HOME Program Income is gross income received by the participating jurisdiction (IHCDA), state recipient (local unit of government) or an IHCDA HOME sub recipient directly generated from the use of HOME funds or matching contributions.

Income generated by a CHDO acting as an owner, sponsor, or developer of HOME units may be retained by the CHDO but it must be used for housing activities that benefit low-income families as provided in 24 CFR 92.300(a)(2). However, funds recaptured because housing no longer meets affordability requirements are not considered CHDO proceeds and must be returned to IHCDA.

Income generated by non-CHDOs acting as developers of HOME units may be retained by the developer and is not subject to HOME Program requirements.





More complete definitions and rules regarding Program Income can be found in IHCDA's [HOME Program Manual](#).





Part 6: Rental Housing Requirements

6.1 Eligible Projects

HOME projects can propose rental activities with this policy and corresponding application forms. Homebuyer activities are eligible using the Homebuyer policy and corresponding application forms.

6.2 Eligible Rental Activities

Eligible activities include new construction, rehabilitation, acquisition/rehabilitation, or acquisition/new construction. Acquisition is allowed only in conjunction with either the rehabilitation or new construction activity and is ineligible as a stand-alone activity. Permanent rental housing units may not be used for temporary or emergency housing at any time.

All households occupying HOME-assisted rental units must be income and student status qualified based on HOME regulations. See the [Federal Programs Ongoing Rental Compliance Manual](#) for more information on household qualification.

6.3 Rent Restrictions

HOME-assisted rental units will be rent-restricted throughout the affordability period to ensure that the units are affordable to low- and moderate-income households. Please refer to the most recent HOME rent limits, which can be found on IHCDA's website under [RED Notices](#). The following restrictions apply:

- Published rent limits include the cost of any tenant-paid utilities. For all utilities that the tenant will be responsible for you must subtract approved utility allowance from the published rent limit.
 - For example, if the rent limit in a given county is \$300 with a utility allowance for gas heat of \$28, \$20 for other electric, and \$13 for water, the maximum allowable rent would be \$239 for a unit where the tenant pays all the above utilities (\$300 - \$28 - \$20 - \$13 = \$239).
- All units must be leased for initial occupancy within 18 months.
- If a SRO-unit has both food preparation and sanitary facilities, then use the HOME zero bedroom (efficiency) unit rent or 30% of the household's adjusted income, whichever is most restrictive.
- If a SRO-unit has neither food preparation nor sanitary facilities, or only one of either, then the rent may not exceed 75% of the fair market rent (FMR) for a zero bedroom unit. For example, if the FMR for a zero-bedroom unit in a given county is \$300, then the 40% rent limit in that county for a SRO unit that only has a bathroom and not a kitchen would be \$225 (\$300 x .75 = \$225).
- Gross rent must be at or below the published rent limit. Gross rent = tenant-paid rent + tenant-based rental assistance + utility allowance + non-optional charges.
- If the applicant proposes to receive all or a portion of the rent payment via a tenant-based voucher (rental subsidy), the gross rent (including the rental assistance amount) cannot exceed the published rent limits for the applicable income level.
 - For example, a tenant residing in a unit set-aside for households at or below 40% of the area median income has a voucher that pays \$100 of his/her rent, and the published utility allowance for tenant paid utilities for the unit is \$50. If the published 40% rent limit is \$300, the tenant paid portion of rent cannot exceed \$150 (\$300 rent limit - \$100 Section 8 Voucher - \$50 utility allowance = \$150 maximum tenant paid portion).





- If the development receives a federal or state project-based rent subsidy and the unit is designated as 50% or below, the household is at or below 50% AMI, and the household pays no more than 30% of his/her adjusted income for rent, then the maximum rent may be the rent allowable under the project-based rental subsidy program as set forth in 24 CFR 92.252(b)(2).
- If the development charges non-optional fees for food or the costs of supportive services, then these costs must be included in the gross rent calculation
- All tenants who occupy HOME-assisted rental housing units must be income recertified on an annual basis. The Section 8 definition of household income applies.

6.4 Affordability Periods and Resale/Recapture Requirements

All rental projects are subject to an affordability period as defined in Part 3.4 of this document.

The recipient is subject to recapture provisions through a recorded lien and restrictive covenant agreement as described in Parts 3.5 of this document.

6.5 Underwriting Guidelines for Rental Projects

The following underwriting guidelines must be followed for any rental development. The numbers submitted should accurately reflect the true nature and cost of the proposed activity.

If the underwriting is outside these guidelines, the applicant must provide a written detailed explanation with third party documentation supporting the explanation (approval of underwriting from other financing institutions/funding sources will not constitute acceptable supporting documentation).

TOTAL OPERATING EXPENSES – All developments must be able to underwrite with a minimum operating expense of \$4,500 per unit per year (net of taxes and reserves). Total operating expense calculation includes replacement reserve contributions but excludes debt service.

For developments with Project Based Vouchers, cash flow (minus any acceptable reserve amounts) cannot exceed 10% of total operating expenses. Cash flow is determined after ensuring all debt can be satisfied and is defined as total income to the project minus total expenses.

MANAGEMENT FEE – The maximum management fee allowed is described in the table below, based on the number units within the project. The percentage is based on the “effective gross income” (i.e. gross income for all units, less vacancy rate).

Number of Units	Maximum Management Fee Percentage
1 – 50	7%
51 - 100	6%
101 or more	5%

VACANCY RATE – All developments must be able to underwrite with a vacancy rate between 6% and 8%. Exception: Applications with Section 8 Project Based Rental Assistance (PBRA), Project Based Vouchers (PBV), or Section 811 Project Rental Assistance (811 PRA) on 20% or more of the total units must use a vacancy rate of 4-7%.





RENTAL INCOME GROWTH – All developments must be able to underwrite with a rental income growth of 2% per year.

OPERATING RESERVES –

The greater of (1) at least four months of projected expenses including operating expenses plus debt service payments and replacement reserve payments; or (2) \$1500 per unit. Operating Reserves are not an eligible HOME expense and must come from other eligible sources.

REHABILITATION – When HOME funds are being used for rehabilitation, at least 51% of the total HOME request must be budgeted for rehabilitation costs.

RENT-UP RESERVE – HOME funds may be used to fund a rent-up reserve for new construction and rehabilitation rental housing developments. This reserve can be used to meet shortfalls in development income during the rent-up period and may only be drawn down after all construction is completed at the development. The following terms apply:

- The term of the rent-up reserve account may not exceed six months after all construction is completed, after which time any unused reserves left in the account will be de-obligated by IHCDA.
- These funds can be used only for development operating expenses, scheduled payments to replacement reserves, and/or debt service payments.
- The recipient must receive IHCDA’s approval prior to accessing its rent-up reserve funding.
- The amount of HOME funds that can be utilized for a rent-up reserve is limited to three months development operating expenses plus three months of development debt service.

REPLACEMENT RESERVES – All developments are required to have replacement reserves. Replacement reserves must be included in the operating budget but are not included as part of the operating reserves. Contributions must be made to the reserve account starting at or before the conversion date of the construction loan to permanent loan and must be funded through the entire Affordability Period. Replacement reserve funds must only be used for capital improvements (substantial improvements to the real estate such as re-roofing, structural repairs, or major projects to replace or upgrade existing furnishings, but not including replacement of individual appliances or minor repairs) and must **not** be used for general maintenance expenses. Less restrictive provisions required by lenders must be approved by IHCDA.

Replacement reserves must escalate at a rate of 3% per year.

IHCDA will, at its discretion, adjust the replacement reserve to reflect reasonable and customary capital and replacement expenditures. The following minimum contributions must be used.

Development Type	Minimum Contribution per unit per year
Rehabilitation*	\$350
New Construction- age-restricted	\$250
New Construction- non age-restricted	\$300
Single family units	\$420
Historic rehab*	\$420





* For rehabilitation developments, the Capital Needs Assessment will be reviewed to determine whether sufficient reserves have been established.

OPERATING EXPENSE GROWTH – All developments must be able to underwrite with operating expense growth of 3% per year.

STABILIZED DEBT COVERAGE RATIO – All developments must be able to underwrite with a stabilized debt coverage ratio (DCR) within the following standards:

Development Location	Minimum Acceptable Debt Coverage Ratio for Duration of Affordability Period
Large or Small City	1.15 – 1.45
Rural	1.15 – 1.50
Project Based Vouchers (any location)	1.10 – 1.45

- IHCDA recognizes that some deals may have higher debt coverage at the beginning of the affordability period in order to remain feasible for the duration of the affordability period. Documentation to support these higher debt coverage ratios must be provided.
- Developments without debt will not have a debt coverage ratio, but will be required to have sufficient cash flow. This will be determined by a ratio of Effective Gross Income to Total Annual Expenses (including Replacement Reserves). A ratio of 1.10 shall be the minimum required to be considered feasible by IHCDA, throughout the affordability period.

TAXES AND INSURANCE – Applicant must submit documentation of estimated property taxes and insurance for the proposed development (i.e. a statement of how the applicant determined the estimated taxes and insurance for the development).

6.6 Market Assessment Guidelines for Rental Projects

The following market assessment guidelines must be followed for any rental development. The numbers submitted should accurately reflect the market feasibility of the proposed activity. Only responses to these narrative questions are necessary, a full market study is not required.

MARKET AREA – Describe the market area from which the majority of the development’s tenants are likely to come and provide a map with a scale. Describe how the market area was determined to be appropriate for the development.

SOCIOECONOMIC PROFILE AND TRENDS – Describe the trends in population and households by age and income and estimate the number of eligible tenants for the development.

HOUSING STOCK – Describe the existing housing stock within the market area including the number of housing units, type (single family or multifamily), percent vacant, percent owner-occupied and renter-occupied, etc. In addition, provide a list of all other rent restricted properties in the market area and indicate whether they are age restricted.





CAPTURE RATE AND ABSORPTION PERIOD – Provide an estimate of the capture rate for the development (project’s units divided by the number of eligible tenants from the market area) and estimate the absorption period to ensure lease-up within 18 months of project completion.

NEEDS ASSESSMENT – Describe how the development addresses the community’s housing needs given the market area’s socioeconomic profile, trends, and housing stock.

DEVELOPMENT SITE DESCRIPTION – Explain how the site is adequate in size, exposure, and contour to accommodate the number and type of units proposed. In addition, describe whether there are adequate utilities (water, sewer, gas, and electricity) to accommodate the development.





Part 7: Completeness & Threshold Requirements

Each proposed project must satisfy the Federal requirements of the HOME program listed in 24 CFR Part 92 and any additional requirements established by IHCDA. To be considered for funding, an applicant must meet all of the completeness and threshold requirements listed below.

7.1 Completeness Requirements

- On or before the application deadline, the applicant must provide all documentation as instructed in this application policy as well as required documentation listed in the HOME Application Forms.
- If IHCDA requests additional information from the applicant, all responses are due on or before the date provided by IHCDA staff.
- Any forms that are late will be denied review.

7.2 Threshold Requirements

Completeness	Location
<p><i>Application and Supporting Documents</i></p> <ul style="list-style-type: none"> • Submit the fully completed HOME Rental application in both Excel and PDF formats. • Submit all required supporting documents via OneDrive. <p>Do not submit paper copies of the application or any other supporting documents. Applicants may be issued a Technical Correction for using outdated forms from previous rounds.</p>	<p>Uploaded to OneDrive</p>
Threshold	Location
<p><i>CHDO Applicants Proposing Projects in Selected Participating Jurisdictions</i></p> <ul style="list-style-type: none"> • If a CHDO is proposing a project located in a selected participating jurisdiction as described in Section 2.2, submit a preliminary commitment of HOME funds from the participating jurisdiction for the project for which the applicant is applying for IHCDA funding. 	<p>Tab L_Financial Commitments</p>
<p><i>SAM Status</i></p> <ul style="list-style-type: none"> • Submit a copy of the applicant’s System of Award Management (SAM) status: https://sam.gov/SAM/ 	<p>Tab A_SAM Status</p>
<p><i>Debarment Information</i></p> <ul style="list-style-type: none"> • All entities identified in the application must not be on a federal debarment list, IHCDA’s suspension or debarment list, or in default on an IHCDA loan. • Applicant must agree not to select any contractors or subcontractors on the federal debarment list or IHCDA’s suspension or debarment list 	<p>Application</p>
<p><i>Grievance Procedures</i></p> <ul style="list-style-type: none"> • Submit applicant’s Grievance Procedures. Grievance Procedures must apply to both current and prospective tenants (e.g., applicants) and provide guidance on (1) how grievances will be submitted, (2) who will review them, (3) the timeframe for the review, and (4) the appeal process. Grievance Procedures must be written and made available to current and potential tenants. 	<p>Tab C_Grievance Procedures</p>





<p><i>Area Need</i></p> <ul style="list-style-type: none"> • HUD requires that IHCDA certify there is adequate need for each unit based on the neighborhood’s housing market. In order to help make this determination please answer all of the questions in the application’s Market Narrative. A formal market study is not required. Attach any relevant support material such as previously completed market studies, planning documents, or maps. 	<p>Tab D_Area Need</p>
<p><i>HOME-Assisted Households at or Below 60% AMI</i></p> <ul style="list-style-type: none"> • Commit that all HOME-assisted units will serve households at or below 60% of the area median income for the county. • For developments with 5 or more HOME-assisted units, at least 20% of the HOME-assisted units must serve households at or below 50% AMI. 	<p>Application</p>
<p><i>Not-for-Profit Applicant Documentation (if applicable)</i></p> <ul style="list-style-type: none"> • IRS determination letter for 501(c)3 status • Certificate of Existence from the Indiana Secretary of State 	<p>Tab E_Not-for-Profit</p>
<p><i>Audited Financial Statements</i></p> <ul style="list-style-type: none"> • Submit the most recent copy of the applicant’s audited financial statements. If the organization is not required to have an audited financial statement, submit a compilation report prepared by a third party OR the organization’s most current year-end financials. 	<p>Tab O_Capacity</p>
<p><i>Current Year-to-Date Financials</i></p> <ul style="list-style-type: none"> • Submit current year-to-date financials for the applicant. This should include the balance sheet and income statement. 	<p>Tab O_Capacity</p>
<p><i>Owner Authorization (if applicable)</i></p> <ul style="list-style-type: none"> • If the applicant is different from the proposed owner of the development, provide a letter from the owner authorizing the applicant to apply for funding on behalf of the owner. 	<p>Tab F_Notifications</p>
<p><i>Administrator Documentation (if applicable)</i></p> <ul style="list-style-type: none"> • If the applicant has hired an administrator, please provide documentation demonstrating that the administrator has been properly procured using the Competitive Negotiation (RFP) Procedure. <ul style="list-style-type: none"> • Submit a copy of the Request for Proposals (RFP). • Submit the published advertisement for the RFP that was put in a general circulation newspaper. • Submit a copy of the signed contract between applicant and administrator. 	<p>Tab G_Administrator</p>
<p><i>Previous HUD or USDA-RD Funding</i></p> <ul style="list-style-type: none"> • If development received funding directly from HUD or Rural Development, the applicant must send a notification letter to the appropriate HUD or Rural Development Office and provide proof of delivery. 	<p>Tab F_Notifications</p>



<p><i>Visitability Mandate</i></p> <ul style="list-style-type: none"> • Any development involving the new construction of single-family homes, duplexes, triplexes, or townhomes must meet the visitability mandate. <ul style="list-style-type: none"> ○ Visitability is defined as design concepts that allow persons with mobility impairments to enter and stay, but not necessarily live, in a residence. Visitability features include, but are not limited to, zero-step entrances, proper door width, an accessible bedroom on the main level, etc. VISIBLE units must comply with the Type C unit criteria in ICC A117.1 Section 1005. 	<p>Application</p>
<p><i>Site Map and Photos</i></p> <ul style="list-style-type: none"> • Submit a clear, colored site map with project site and/or parcels outlined and identified. • Submit clear, recent, color site photos. 	<p>Tab H_Site Map</p>
<p><i>Title Search</i></p> <ul style="list-style-type: none"> • Submit evidence of clear title with a title insurance commitment, title search documentation, or an attorney’s opinion letter. 	<p>Tab I_Readiness</p>
<p><i>Construction Cost Estimate</i></p> <ul style="list-style-type: none"> • Submit detailed construction cost estimates for the development. 	<p>Tab I_Readiness</p>
<p><i>Site Control</i></p> <ul style="list-style-type: none"> • Submit either: <ul style="list-style-type: none"> • A purchase option or purchase agreement that expires no less than 30 days subsequent to the award announcement date; or • An executed and recorded deed. 	<p>Tab I_Readiness</p>
<p><i>Unit and Floor Plans</i></p> <ul style="list-style-type: none"> • Unit plans must include the square footage for each type of unit. • Floor plans must show the location of common areas and units and indicate the exact placement of accessible and adaptable units. • Plans may not be hand-drawn. 	<p>Tab I_Readiness</p>
<p><i>Site Plans</i></p> <ul style="list-style-type: none"> • Submit basic site plans that show how the development is to be built, including: <ul style="list-style-type: none"> ○ Any significant demolition ○ Any existing buildings ○ The placement and orientation of new and existing buildings, parking areas, sidewalks, and any amenities ○ Location and size of any proposed commercial areas ○ Scaled drawing elevations for all building types. Exception: Rehabilitation projects may instead submit renderings or photographs if they are accompanied by an architect’s certification that elevations will not change. 	<p>Tab I_Readiness</p>



<p><i>Architect License</i></p> <ul style="list-style-type: none"> If the Development Team includes an architect, provide the license number for the individual identified in the Development Team section of the HOME Application Form. If the architect is licensed via reciprocity, please identify the state in which the architect’s license was issued. 	<p>Application</p>
<p><i>Zoning Approval</i></p> <ul style="list-style-type: none"> Provide a letter no older than six months from the appropriate, authorized government official (e.g., zoning commission) that certifies the current zoning allows for construction and operation of the proposed development and lists any required variances that have been approved. 	<p>Tab I_Readiness</p>
<p><i>Capital Needs Assessment</i></p> <ul style="list-style-type: none"> For rehabilitation developments proposing 26 or more total units, a Capital Needs Assessment is required. 	<p>Tab I_Readiness</p>
<p><i>Environmental Review</i></p> <ul style="list-style-type: none"> Submit completed environmental review forms. Instructions and forms can be found in the Environmental Review/Section 106 User’s Guide. A FIRM floodplain map must be submitted with each parcel identified on the map. (Any property located in any variation of zone “A” on the map is ineligible for funding). HUD requires official FEMA maps – third-party maps, even those created using FEMA data, are ineligible. If a FEMA map is not available for an area, the applicant must submit a printout or screenshot of the FEMA website documenting that no map is available. In this specific instance, the applicant may submit a DNR map in place of a FEMA map. Maps may be downloaded from the FEMA website here: https://msc.fema.gov/portal. 	<p>Tab J_Environmental Review</p>
<p><i>Development Fund</i></p> <ul style="list-style-type: none"> Developments requesting a Development Fund loan must designate at least 50% of the Development Fund-assisted units for households at or below 50% AMI. 	<p>Application</p>
<p><i>Funding Committed Prior to Application</i></p> <ul style="list-style-type: none"> All other development funding, including AHP funds, must be committed prior to submitting an application for HOME funding to IHCDA. Complete the sources and uses tab in the application. 	<p>Tab L_Financial Commitments</p>
<p><i>Letters of Commitment</i></p> <ul style="list-style-type: none"> Submit signed letters of commitment including funding terms and amounts for all funding sources. This includes deferred developer fees. If the project is utilizing funding committed more than one year prior to the application due date, applicant must provide a letter confirming that the funds are still available and accessible to the applicant. 	<p>Tab L_Financial Commitments</p>





<p><i>CHDO Operating Supplement</i></p> <ul style="list-style-type: none"> • If applying for a CHDO Operating Supplement, fill out Section F of the Sources and Uses tab and the CHDO Operating Supplement tab in the Application Forms. 	<p>Application</p>
<p><i>Rental Proforma</i></p> <ul style="list-style-type: none"> • Complete the Rental Proforma tab in the IHCDA HOME Rental Application Forms. 	<p>Application</p>
<p><i>Match Requirement</i></p> <ul style="list-style-type: none"> • The match requirement for the HOME program is 25% of the total amount of HOME funds requested minus environmental review costs. Match must be committed prior to submitting an application for HOME funding to IHCDA. <ul style="list-style-type: none"> ○ Submit the relevant sections of the Match Spreadsheet. ○ Submit letters of commitment for each source of Match. 	<p>Tab L_Financial Commitments</p>
<p><i>Age-Restricted Developments</i></p> <ul style="list-style-type: none"> • New Construction: <ul style="list-style-type: none"> ○ All common areas must be accessible ○ 100% of the units must be Type A or Type B in accordance with Chapter 10 of the ICC A117.1. ○ Elevators must be installed for access to all units above or below the ground floor • Rehabilitation without elevator: <ul style="list-style-type: none"> ○ All common areas on the main floor must be accessible ○ 100% of the ground floor units must be Type A or Type B in accordance with Chapter 10 of the ICC A117.1 • Rehabilitation that contained elevators prior to rehab <ul style="list-style-type: none"> ○ The elevators/lifts must be maintained ○ All common areas must be accessible ○ 100% of the units must be Type A or Type B in accordance with Chapter 10 of the ICC A117.1 	<p>Application</p>



<p><i>Appraisals</i></p> <ul style="list-style-type: none"> • If any portion of HOME funds are being used for acquisition, the cost of acquisition will be calculated based upon the lesser of the actual amount paid for the building or the appraised fair market value. <ul style="list-style-type: none"> ○ Applicants must submit a fair market appraisal (completed by a qualified appraiser) completed by an Indiana licensed appraiser no earlier than six months from the application deadline. The appraisal must be at a minimum an “As Is” appraisal and must adhere to the Uniform Standards of Professional Appraisal Practice. A statement to this effect must be included in the report. • An appraisal is also required at time of application if the applicant is requesting IHCDA Project Based Vouchers (PBV), even if not using HOME funds for acquisition. 	<p>Tab I_Readiness</p>
<p><i>Services</i></p> <ul style="list-style-type: none"> • Applicants must commit to services in each of the three levels listed on the Tenant Investment Plan Matrix. Each applicant must commit to at least one service in level one, two services in level two, and three services in level three. Developments planning to incorporate services not referenced in the Tenant Investment Plan Matrix or that exceed the minimum requirements may merit consideration for additional scoring under the Unique Features category. Applicants must submit: <ul style="list-style-type: none"> ○ One Form C: Tenant Investment Plan Matrix listing all services for the entire proposed project (found in the HOME Application Additional Documents Folder); ○ One Form D: Tenant Investment Plan Service Agreement (MOU) for each service provider with original or a copy of original signatures (found in the HOME Application Additional Documents Folder); <ul style="list-style-type: none"> ▪ If the HOME applicant is providing services, an MOU must still be executed to ensure IHCDA has documentation of the applicant’s commitment. Applicants are required to use the IHCDA provided Tenant Investment Plan Service Agreement (MOU) unless the IHCDA legal department has provided written approval of an alternate MOU prior to application submittal. 	<p>Tab M_Project Characteristics</p>



<p><i>Universal Design Features</i></p> <ul style="list-style-type: none"> • Applicants must adopt a minimum of two universal design features from each section listed on the Universal Design Features Form. The Universal Design Features Form can be found using the “Additional Rental Forms” link on the IHCDA HOME Program website here. • Features found in Section A are regarded as being of high cost and/or high burden of inclusion to the development. Features found in Section B are regarded as being of moderate cost and/or moderate burden of inclusion to the development. Features found in Section C are regarded as being of low cost and/or low burden of inclusion to the development. Applicants must identify which features they will be undertaking on the Universal Design Form. Changes to these selections will require submittal of a formal modification request to IHCDA. 	Applicant
<p><i>Application Submission Resolution</i></p> <ul style="list-style-type: none"> • All nonprofit applicants must submit a resolution approved by the applicant’s Board of Directors authorizing the submission of an application for funding to IHCDA. Applicants must submit: <ul style="list-style-type: none"> ○ One HOME Application Submission Resolution signed by the applicant’s Board of Directors (found in the HOME Application Additional Documents Folder) • All local unit of government applicants for IHCDA Funding must submit a resolution approved by the highest local unit of government. 	Tab F_Notifications
<p><i>Smoke-Free Housing</i></p> <p>All Developments must commit to operate as smoke-free housing and to use IHCDA’s Smoke-Free Housing Lease Addendum (Compliance Form #50). Smoke-free includes electronic cigarettes and vaping as forms of prohibited smoking.</p> <p>The Applicant must make one of the following elections on the Application Form:</p> <ul style="list-style-type: none"> • Designate the entire property as smoke-free; or • Establish a designated smoking area on the property. A designated smoking area must not be within 25 feet of any buildings. Smoking must be prohibited in individual units and all interior common space. <p>For preservation of existing housing that currently allows smoking, the smoke-free policies must be implemented no later than the rehabilitation completion date.</p> <p>IHCDA recommends the American Lung Association of Indiana’s “Smoke Free Housing Toolkit” as a resource for creating a smoke-free housing policy. See http://insmokefreehousing.com for more information.</p>	Application





Part 8: Scoring

If an application meets all applicable requirements, it will be evaluated and scored based on:

Scoring Category	Points Possible
Project Characteristics	32
Development Features	30
Readiness	10
Capacity	11
Leveraging of Other Sources	6
Unique Features	4
Total Possible Points	93

When there is a scoring criterion based on the county being served and the proposed development is in multiple counties, the applicant should add up the scores from each county and average them, rounding to the nearest whole number.

An application must score at least 50 points to be considered for funding.

If two or more developments receive an equal total score, the following tie breakers will be used to resolve the tie:

1. First Tie Breaker: Priority will be given to the development located in a community that has not received a HOME award within the past three years. If a tie still remains;
2. Second Tie Breaker: Priority will be given to the development with the lowest average rent restrictions across all units. If a tie still remains;
3. Third Tie Breaker: Priority will be given to the development that requests the lowest amount of HOME funds per unit. If a tie still remains;
4. Fourth Tie Breaker: Priority will be given to the development that scores highest in the Opportunity Index.





8.1 Project Characteristics

Category Maximum Points Possible: 32

1) *Constituency Served*

Maximum Number of Points: 5

If the development commits to serving beneficiaries in IHCDAs-assisted units with maximum incomes lower than required by the HOME program and maintains housing costs at affordable rates, points will be awarded in accordance with the following chart. Percentages are of the area median income (AMI) for the county in which the development is to be located. Awarded recipients will be held to the unit commitment in their award agreement. The AMI level selected applies to both the income and rent restriction on the unit. Changes to the AMI levels will require prior IHCDAs approval.

Constituency Served	Points
20% of units designated at or below 40% AMI; OR	3
20% of units designated at or below 30% AMI	5

2) *Targeted Population*

Maximum Number of Points: 4

Points will be awarded to applicants that target populations with special housing needs under IHCDAs’s priority in accordance with the following guidelines and charts.

Percentages are calculated using the number of total units, including units that are not HOME-assisted.

Target Population- Choose One Option	Points
OPTION 1: Age-restricted housing in which at least 80% of the units in the development are restricted for occupancy by households in which at least one member is age 55 or older OR 100% of the units are restricted for households in which all members are age 62 or older; OR	2





<p>OPTION 2: At least 25% of units are set-aside for households that meet at least one of the “special needs population” definitions in Indiana Code 5-20-1-4.5 listed below</p> <ul style="list-style-type: none"> • Persons with physical or developmental disabilities* • Persons with mental impairments* • Persons with chemical addictions* • Survivors of domestic violence* • Abused children* • Persons experiencing homelessness* • Single parent households (including single grandparents or guardians) • Veterans <p>A household with a disability will be defined as a household in which at least one member is a person with a disability using the Fair Housing definition of disabled (see glossary).</p> <p>*Applicants electing these target populations must enter into a referral agreement with a qualified organization that provides services for the target population. See part 4.1(F) of the Federal Programs Ongoing Rental Compliance Manual for more information on referral agreements.</p> <p>Submit Form E: Special Needs Population Referral Agreement Form in “Tab M_Project Characteristics”. Form E can be found by following the “HOME Additional Forms” link on the IHCDA HOME Program website; OR</p>	<p>4</p>
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In order to receive points under Option 1 above, developments must satisfy the following criteria. The originally signed HOME application will serve as certification that the development will comply with these requirements.

New Construction:

- All common areas must be accessible
- 100% of the units must be Type A or Type B units in accordance with Chapter 10 of the ICC A117.1
- Elevators must be installed for access to all units above or below the ground floor.

For Rehabilitation or Adaptive Reuse developments without elevators:

- All common areas on the main floor must be accessible.
- 100% of the ground floor units must be Type A or Type B units in accordance with Chapter 10 of the ICC A117.1





For Rehabilitation or Adaptive Reuse developments that contained elevators prior to rehabilitation:

- The elevators/lifts must be maintained.
- All common areas must be accessible.
- 100% of the units must be Type A or Type B units in accordance with Chapter 10 of the ICC A117.1.

3) *Opportunity Index*

Maximum Number of Points: 10

Applicants may earn up to ten points (with two points for each feature) for developments located within areas of opportunity. Points for scoring categories calculated using continuously updated statistics (e.g. unemployment rate, job growth, etc.) will be determined based upon the most recent data available **at the time of application submittal**. Changes in data occurring **after** preliminary scores are determined will not be considered when determining final scores.

- **Public Transportation (2 points):** Points will be awarded to developments located within a mile of a public transit station or bus stop. For communities with a population of less than 10,000, point-to-point transportation is eligible as long as it is provided by a public or not-for-profit organization and is available to all residents of the development. Taxis, Uber, or other ride-sharing programs are not eligible for points. For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.

In order to receive points for this scoring subcategory, the applicant must submit in **Tab M_Project Characteristics:**

- For single sites: A mile radius drawn from the project location with transit stations or bus stop locations labeled.
- For scattered sites: A mile radius drawn from each bus stop or transit station with all qualifying scattered sites labeled.
- For point-to-point transportation: Documentation that the point-to-point transportation is provided by a public or not-for-profit organization and is available to all residents.
- **Unemployment Rate (2 points):** Points will be awarded to developments located within a county that has an unemployment rate below the state average. Unemployment rate information can be found [here](#). For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.
- **Job Growth (2 points):** Points will be awarded to developments located within a county that has a 12 month change in employment percentage in the top half of the state using the Department of Labor’s Quarterly Census of Employment and Wages as listed on <https://beta.bls.gov/maps/cew/us>. Scores will be determined using the most recent time period for which data is available for all 92 Indiana counties. For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.





- **Employer Proximity** (2 points): Points will be awarded to developments located within five miles of at least one of a county’s top 25 employers. County employer data can be found at <http://www.hoosierdata.in.gov/buslookup/BusLookup.aspx>. For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.

To be eligible for points in this category, the employer must be listed when searching for the county’s top 25 employers. However, IHCDA reserves the right to determine on a case-by-case basis the eligibility of branches or other locations with addresses not specifically listed in the search results (e.g. bank branches, medical offices, etc.).

In order to receive points for this scoring subcategory, the applicant must submit in **Tab M_Project Characteristics:**

- For single sites: A five-mile radius drawn from the project location with the location of qualifying employers labeled.
 - For scattered sites: A five-mile radius drawn from each qualifying employer with all qualifying scattered site labeled.
- **Poverty Rate** (2 points): Points will be awarded to developments located within a county that has a poverty rate below the state average (<https://www.census.gov/quickfacts/fact/table/US/PST045221>). For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.
 - **County Median Household Income** (2 points): Points will be awarded to developments located within a county that has a median household income above the state average (<https://www.census.gov/quickfacts/fact/table/US/PST045221>). For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.
 - **Census Tract Income Level** (2 points): Points will be awarded to applicants proposing developments located in higher income neighborhoods compared to surrounding areas. Points will be determined according to the Federal Financial Institutions Examination Council's (FFIEC) income level of its census tract. Find the census tract income level by entering the project address at the FFIEC website (<https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx>) and clicking “Census Demographic Data” below the matched address. For scattered site developments, points will be averaged according to the number of units within each income level.

FFIEC Income Level	Points
Upper	2
Middle	1
Moderate	0.5
Low	0





5) Health and Quality of Life Factors

Maximum Number of Points: 10

Applicants may earn up to eight points for developments located in counties with high health outcomes or in areas in close proximity to fresh produce and other positive land uses. Points for scoring categories calculated using continuously updated statistics (e.g. unemployment rate, job growth, etc.) will be determined based upon the most recent data available at the time of application review. Changes in data occurring after preliminary scores are determined will not be considered when determining final scores.

- **Health Factors** (2 points): Points will be awarded to developments located within a county that has a ratio of population to primary care physicians of 2,000:1 or lower. <https://www.countyhealthrankings.org/app/indiana/2020/measure/factors/4/data> (For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.
- **Life Expectancy** (2 points): Points will be awarded to developments located within a census tract that has a life expectancy above the State average of 77.4 years based on the [Centers for Disease Control and Prevention \(CDC\)](#).
- **Fresh Produce** (2 points): Points will be awarded to applicants proposing developments located within a mile of a supermarket or grocery store with fresh produce. For scattered site developments, at least 75% of the proposed homes must meet this requirement to be eligible for points.

Stores with fresh produce must:

- Be currently established;
- Have a physical location; and
- Have regular business hours.

Staff will independently verify that the location meets the above requirements. As part of the clarification process, the applicant may be required to provide additional information. For the purposes of this scoring subcategory, farmers’ markets, produce stands, gas stations, convenience stores, and drug stores do not qualify.

In order to receive points for this scoring subcategory, the applicant must submit in **Tab M_Project Characteristics**:

- For single sites: A mile radius drawn from the project location with store or market locations labeled.
- For scattered sites: A one-mile radius drawn from the fresh produce location(s) with each qualifying scattered site labeled.
- **Proximity to Positive Land Uses** (4 points): Points will be awarded to applicants proposing developments located within three miles of the locations listed in the table below. A maximum of four points is available in this category. For scattered site





developments, at least 75% of the proposed units must meet this requirement to be eligible for points.

Site	Points
Community or recreation center	1
Park or public greenspace	1
Primary care physician or urgent care facility	1
Pharmacy	1
Sidewalks or Trails	.5
Clothing, department store	.5
Bank	.5
Education facility	.5
Licensed childcare facility	.5
Social service center	.5
Government office (e.g. town hall, trustee’s office)	.5
Post Office	.5
Public Library	.5
Cultural arts facility	.5

In order to receive points for this scoring subcategory, the applicant must submit in **Tab M_Project Characteristics:**

- For single sites: A map with a three-mile radius drawn from the project location with each positive land use labeled.
- For scattered sites: Map(s) with a three-mile radius drawn from the qualifying location(s) with each scattered site labeled.

6) Reducing the Impact of Eviction

Maximum Number of Points: 3

Applicants that commit to implementing strategies that reduce the impact of eviction on low income households will receive points as follows, for a maximum of three points:

- Two points will be awarded if the Applicant commits to creating an Eviction Prevention Plan for the property. A qualifying Eviction Prevention Plan must be drafted prior to initial lease-up and submitted to IHCDA for review and approval. The plan must address how the property will implement management practices that utilize eviction only as a last resort and must describe strategies that will be taken with tenants on an individualized basis to attempt to prevent evictions when issues arise. The plan will be reviewed as part of IHCDA ongoing compliance monitoring to ensure it remains in place.
- One point will be awarded if the Applicant commits to implementing low-barrier tenant screening in order to minimize the impact of previous evictions on a household’s ability to secure future housing. The applicant must agree to create a Tenant Selection Plan that meets the following requirement:





- The plan will not screen out applicants for evictions that occurred more than 12 months prior to the date the household applies for a unit.

A qualifying Tenant Selection Plan must be drafted prior to initial lease-up and submitted to IHCDA for review and approval. The plan will be reviewed as part of IHCDA ongoing compliance monitoring to ensure this requirement remains in place.

The originally signed HOME application will serve as certification that the development will comply with the selected scoring options.





8.2 Development Features

Category Maximum Points Possible: 30

1) *Existing Structures*

Maximum Number of Points: 6

Points will be awarded to developments that utilize existing structures on at least 50% of the HOME assisted units. Developments receiving points in the Infill New Construction category are not eligible for points in the Existing Structure category.

Existing Structure	Points
Development is rehabbing at least 50% of the square footage of a vacant structure(s) for housing; OR	5
Development is rehabbing at least 50% of the units or square footage, whichever is greater, of existing housing stock; OR	5
Development is rehabbing existing Federally Assisted Affordable Housing	6

In order to receive points, the applicant must submit in **Tab N_Development Features:**

- Documentation confirming the existing structure is vacant. This requirement can be satisfied by submitting two or more of the following:
 - A letter from the local unit of government;
 - Current interior and exterior photos of the building;
 - Applicant self-certification on official letterhead confirming the building is 100% vacant.
- Documentation of the total square footage of the existing structure and the total square footage that is being rehabbed.
- For existing Federally Assisted Affordable Housing rehabilitation, submit documentation from the entity enforcing affordable housing requirements evidencing the rent and income restrictions applicable to such property including the term of such restrictions.

2) *Historic Preservation*

Maximum Number of Points: 2

Points will be awarded to a development that contains at least one unit that is a historic resource to the neighborhood.

In order to receive points, the applicant must submit in **Tab N_Development Features:**

- Either a letter or report from the National Park Services, or Department of Natural Resources Division of Historic Preservation and Archaeology that specifically identifies the site as a historic resource or contributing to a historic district; or
- A link from the most recent county [Indiana Sites and Structures Interim Historic Report](#) showing the structure is Contributing, Notable, or Outstanding in the County’s Interim Report.





3) *Infill New Construction*

Maximum Number of Points: 5

Points will be awarded to developments that utilize new construction on at least 50% of the HOME assisted units. Developments receiving points in the Existing Structure category are not eligible for points in the Infill New Construction category.

Points will be awarded to demolition and new construction developments that meet IHCDA’s HOME criteria for infill. For the HOME program, IHCDA defines infill housing as the process of developing on vacant or underused parcels of land within existing areas that are already largely developed or previously developed. At least two sides of the project must be adjacent to occupied residential development, operating commercial development, active public space, or another active community activity.

For purposes of this category, the following will **not** qualify as infill new construction:

- Existing agricultural land; or
- Existing structures that will be rehabilitated.

In order to receive points, the applicant must submit in **Tab N_Development Features:**

- Aerial photos of the proposed site(s) with the site labeled;
- For scattered site projects, all of the proposed development sites must meet the infill attribute scoring criteria to receive points.

4) *Provision of Additional Bedrooms*

Maximum Number of Points: 4

Points will be awarded to developments where at least 20% of the HOME assisted units contain three or more bedrooms.

In order to receive points, the applicant must submit in **Tab N_Development Features:**

- Preliminary floor plans that clearly identify the units with three or more bedrooms.

5) *Design Features*

Maximum Number of Points: 4

Points will be awarded for each design feature chosen, for a maximum of four points in this category.

Design Feature	Points
Exterior walls are at least 50% durable material (brick, stone, cement board, or insulated metal panels)	1
Roofing system has at least a 30-year warranty (must provide supporting documentation from the manufacturer to qualify) for ALL buildings	1
Covered Porch at the front entrance for ALL buildings	1





Deck or patio for each unit with a minimum of 64 square feet that is made of wood or other approved materials	1
Framing consists of 2" X 6" studs to allow for higher R-Value insulation in walls for ALL buildings	1
Garage that is made of approved materials, has a roof, is enclosed on all sides and has at least one door for vehicle access	1
Crawl space or basement for ALL buildings where possible	1
Exterior security system (e.g. cameras monitoring building exterior and lighting that provides coverage of the entire property) for ALL buildings	1
Interior security system (e.g. each unit is provided with an alarm on entry doors or a doorbell monitoring system) for ALL buildings	1
Carport that is made of approved materials, has a roof, and is open on at least two sides	1
Attached or unattached storage space measuring at least 5' x 6' (not a mechanical closet)	1
ALL entrances are no-step entrances for ALL buildings	1
Play areas designed in accordance with ADA Guidelines	1
Community room	1

6) Universal Design Features

Maximum Number of Points: 5

Points will be awarded for applicants that propose developments that go beyond the minimum universal design features threshold requirements. Please refer to the Universal Design Features Form for a list of all qualifying features. This form can be found using the "Additional Rental Forms" link on the [IHCDA HOME Program website](#).

The applicant will be required to submit the Universal Design Features Form identifying the number of features to which the applicant has committed. Changes to intended selections can be made so long as the total number is maintained. These changes will no longer require submittal of a formal modification request to IHCDA. The applicant will be awarded points as follows:

Number of Universal Design Features in Each Column	Points
5	5
4	4
3	3

7) Green Building

Maximum Number of Points: 5

Up to five points will be awarded for the green building techniques listed below. The signed application forms will be proof of these commitments.





Green Building Technique	Points
Orient structures on East/West axis for solar exposure	1
Include new trees in landscaping	1
Low VOC paints and finish materials (The US Green Building Council standards can be found here.)	1
Install flow reducers in faucets and showers	1
Install recycled content flooring and underlayment	1
Install Energy Star certified roof products	1
Ultra low flow (1.00 gallons or less per flush) toilets or dual flush toilets	1
R-Value insulation exceeding Indiana State Building Code	1
Incorporate permeable paving	2
Install high-efficiency, tank-less water heaters	2
Energy Star certified windows	2
Energy Star certified appliances. For New Construction, all appliances must be Energy Star certified. For Rehab, all replacement appliances must be Energy Star certified.	2
Energy Star certified HVAC system	2
Use on-site solar energy to reduce resident utility costs	2

8) *Internet Access*

Maximum Number of Points: 4

Up to four points will be awarded for Developments that provide free internet access to residents. An application can score points in the following ways:

Internet Access – Common Areas	Points
Free wireless high-speed broadband internet is provided in a common area such as a clubhouse or community room. Outdoor common areas, such as dog parks or gazebos, are not eligible.	1 point

Internet Access – Individual Units	Points
Applicant commits to provide each unit with free individual high-speed broadband internet; OR	2 points
Applicant commits to provide each unit with free wireless individual high-speed broadband internet.	3 points

One point for providing wireless internet in a common area is available to applicants regardless of whether free internet is provided to each unit.

Please note that HOME funds may not be used to pay for internet service but may be used for infrastructure costs.

In order to receive points, the applicant’s operating budget must include a line item for internet expenses incurred by the Owner.





The applicant must identify in the HOME application the Internet Service Provider that will be serving the Development.

In order to receive points, the applicant must submit in **Tab N_Development Features**:

- Documentation from the identified Internet Service Provider establishing the total cost of internet service for the development, either as a whole or on a per-unit basis, **OR**, if the applicant is unable to obtain such documentation;
- A narrative from the applicant establishing how the amount budgeted for internet service was calculated





8.3 Readiness **Category Maximum Points Possible: 10**

This category describes the applicant’s ability to begin and timely execute an awarded project.

1) *Predevelopment Activities* *Maximum Number of Points: 5*

Points will be awarded to applicants that have completed some predevelopment activities according to the chart below. Applicants are eligible to receive up to five points. Points will only be awarded if the required supporting documentation, italicized below the activity description, is included in **Tab I_Readiness**.

For scattered site developments, documentation for each site must be submitted in order to receive the points. Documents should be clearly labeled with the site addresses for ease in reviewing the documentation.

Predevelopment Activity Completed	Points
Asbestos Testing <i>Submit a copy of the assessment report.</i>	1
Appraisal <i>Provide an appraisal that is no older than 6 months.</i>	1
Property Survey <i>Provide an electronic copy of the property survey.</i>	1
Capital Needs Assessment/Structural Needs Report <i>Provide a copy of the report performed by a licensed professional.</i>	1
CHDO Predevelopment Loan <i>Applicants with a CHDO Predevelopment Loan for the current HOME application are eligible for two points. .</i>	2

2) *Comprehensive Community Plan* *Maximum Number of Points: 2*

Points will be awarded to applicants who submit ONE community plan for each jurisdiction that meets all of the following criteria.

- Specific references to the creation of or need for housing
- Dated, updated, or amended within 10 years prior to the application deadline date
- Public participation and narrative about the efforts leading to the creation of the plan
- A target area map with the proposed development site(s) labeled
- Resolution showing adoption by the highest local unit of government

3) *Contractor Solicitation & Participation* *Maximum Number of Points: 3*

Contractor Solicitation & Participation	Points
Invite Material Participation in the Proposed Development by Indiana MBE/WBE/DBE/VOSB/SDVOSB contractors	1
Development Team Member is an Indiana MBE/WBE/DBE/VOSB entity	2





One point will be awarded to applicants who invite material participation in the proposed development by Indiana contractors. To qualify, a minimum of five letters inviting contractors to participate in the bidding of the project must be sent, with at least one of these letters going to state certified Minority Business Enterprises (MBE), Women Business Enterprises (WBE), Federal Disadvantaged Business Enterprises (DBE), Veteran- Owned Small Businesses (VOSB), and/or Service Disable Veteran Owned Small Businesses (SDVOSB), collectively XBEs

Two points will be available to applicants with an Indiana XBE entity serving as a formal member of the project’s development team. An applicant that is certified as an Indiana XBE is also eligible for points in this category.

In order to receive points for contractor solicitation, the applicant must submit in **Tab I_Readiness**

- A copy of the letter sent to *each* contractor inviting participation in the bidding of the project,
- Evidence of receipt of invitation, either by certified mail or e-mail read receipt, by at least five contractors, and
- A copy or print out from the State’s certification list clearly indicating that at least one of the contractors solicited meet the MBE/WBE/DBE/VOSB/SDVOSB status requirement.

In order to receive points for having an Indiana MBE/WBE/DBE/VOSB/SDVOSB development team member:

- The qualifying development team member must be listed in the Development Team Member section of the IHCDA HOME Rental Application;
- A letter of intent to participate in the project must be submitted by the qualifying development team member in **Tab I_Readiness**. If the qualifying development team members is the applicant, this letter of intent is not required.
- A copy or print out from the State’s certification list clearly indicating that the qualifying development team member meets the MBE/WBE/DBE/VOSB/SDVOSB status requirement.

Eligible Certification Summary Table		
Certification	Certifying Agency	Website
MBE	Indiana Department of Administration	http://www.in.gov/idoa/2352.htm
WBE	Indiana Department of Administration	http://www.in.gov/idoa/2352.htm
DBE	Indiana Department of Transportation	http://www.in.gov/indot/2748.htm
VOSB	U.S. Department of Veterans Affairs	http://www.va.gov/osdbu/
SDVOSB	U.S. Department of Veterans Affairs	http://www.va.gov/osdbu/

Please note that the above links are still being confirmed by IHCDA, which will be completed prior to the release of the final policy.





8.4 Capacity **Category Maximum Points Possible: 11**

This category evaluates the applicant’s ability to successfully carry out the proposed project based on certifications and/or experience in affordable housing development.

1) *Certifications* *Maximum Number of Points: 3*

Points will be awarded for a member of the development team (as listed in the Development Team Member section of the IHCDA HOME Rental Application) who has completed the following certifications. Three points will be awarded for the completion of two of the certifications listed below. The completion of only one of the certifications below will receive two points. If two staff members hold the same certification, points will be awarded for two certifications.

Required IHCDA Compliance Trainings, IHCDA application and policy webinars, IHCDA application and policy trainings, and IHCDA feedback sessions are not eligible for points in this category.

Attach copies of the certification completion in **Tab O_Capacity**.

Certification	Sponsoring Organization
CHDO Capacity Building Certification (Must have attended all webinars in either 2016 or 2017)	Indiana Housing and Community Development Authority (IHCDA)/HPG Network
CHDO Executive Training (Must have graduated)	Indiana Housing and Community Development Authority (IHCDA)
Housing Development/Rental Housing Development Finance Professional	National Development Council (NDC)
Certified Aging-in-Place Specialist	National Association of Home Builders (NAHB)
HOME Rental Compliance Training (2022)	IHCDA with Costello Compliance

2) *Applicant or Administrator Experience* *Maximum Number of Points: 5*

An application will receive 2 points if either:

- The applicant has completed an IHCDA HOME award that had 1 or less findings on the closeout monitoring; or





- If the applicant does not have IHCDA HOME experience, if the award administrator has completed an IHCDA HOME award that had 1 or less findings on the closeout monitoring.

IHCDA will determine points based on the most recent HOME award to be closed out.

Experience	Points
Administrator's most recently monitored HOME award had no findings.	5

3) CHDO Certification

Maximum Number of Points: 3

An applicant that applies and is certified by IHCDA as a Community Housing Development Organization for this project will receive three points.





8.5 Leveraging of Other Sources

Category Maximum Points Possible: 6

Points will be awarded to applicants whose proposed project has received a firm commitment to leverage other funding sources. A “firm commitment” means that the funding does not require any further approvals.

“Other Funding Sources” include (but are not limited to) private funding, funds from a local community foundation, volunteer labor, Federal Home Loan Bank funding, federal, state or local government funds, tax exemptions or abatements, in-kind donations for labor or professional services, sweat equity, donated material and equipment. Funds structured as loans must have below market interest rates. Only permanent loans, not short-term loans such as construction or bridge loans, will qualify in this category. Labor, property, funds, or other sources of leveraging donated by the applicant to itself, or by a principal or investor in the development, are not eligible. Banked or shared match is not eligible. Other IHCDAs resources (e.g. Development Fund) are not eligible for this scoring category.

Points will be awarded based on the Amount of Funding divided by the Total Development Costs:

Percentage of Total Development Costs	Points
.50% to 1.99%	1
2.00% to 3.99%	2
4.00% to 5.99%	3
6.00% to 7.99%	4
8.00% to 9.99%	5
Greater than 10%	6

To receive points in this category, the applicant must submit the following in **Tab L_Financial Commitments**:

- Provide a letter from the appropriate authorized official approving the funds. The letter must include a description of the type of approved funding for the proposed development and the amount of funding.
- Donated property- Land and building values must be supported by an independent, third-party appraisal. The value counted as leverage is the difference between the appraised value and the purchase price.
- Below-market Permanent Loans – Lender letter must acknowledge that the rate offered is below its current market interest rate.
- In-Kind Donations – Labor or Professional Services: Submit commitment letter from donor(s) specifying number of hours they intend to donate and their professional service pay rate.
- In-Kind Donations – Sweat Equity: Submit a copy of sweat equity policy.





- In-Kind Donations – Donated Material and Equipment: Submit commitment letter from donor(s) specifying either the total value of the donated materials or the rental equipment rate and number of hours the equipment will be donated.





8.6 Unique Features & Bonus

Category Maximum Points Possible: 4

1) *Unique Features*

Maximum Number of Points: 4

Points will be awarded to applicants that offer unique features that contribute to each of the beneficiary units of the proposed project. Unique features should be a creative addition to the proposed program. They should enhance the overall character of the proposed development, improve the beneficiary units and the community’s quality of life, health, and/or safety. Unique features can be included in the financial structure of the project, involve members of the community, or include items specific to the target area/project location.

Points are awarded relative to other projects being scored during each application cycle and are awarded in IHCDA’s sole and absolute discretion. Each applicant may identify up to **three** unique features. If more than three unique features are listed, only the first three listed will be considered when scoring. If an applicant submits no unique features they will receive zero points.

The following chart sets forth the anticipated percentage of applications that will receive points using a maximum of four points.

Percentage of Applications	Points
10%	1
40%	2
40%	3
10%	4

In order to receive points in this category, the applicant must submit the following in **Tab N_Development Features:**

- Provide a narrative summary of the proposed unique features. Features receiving points in other sections of this application will not be considered for Unique Feature points. Each applicant may list the **three** most unique features of their project. Only the first three unique features listed will be considered when scoring this category.





Part 9: Glossary of Terms

Below are definitions for commonly used terminology found throughout the IHCDA HOME application policy and forms and applicable to the IHCDA HOME program.

Administrator: A procured entity that will assist carrying out the HOME award.

Aging in Place: - Aging in Place (AIP) refers to adapting our collective living environment so it is safer, more comfortable, and increases the likelihood a person can live independently and remain at home as circumstances change. Primary target populations for aging in place strategies are seniors, families with seniors, and persons with disabilities.

Beneficiary: The household or unit that received homeowner repair work as a result of the HOME award.

CHDO: A Community Housing Development Organization. A non-profit, community- based organization with the capacity to develop affordable housing for the community it serves, as defined in the HOME rule and as certified by IHCDA. Participating Jurisdictions (IHCDA) must set aside a minimum of 15% of their HOME allocations for activities in which CHDOs are the owners, developers, and/or sponsors of the housing.

Clarification: A clarification is any question or concern IHCDA may have regarding an applicant, proposed development, or other issue that does not meet the definition of a technical correction, as defined below. The number of clarifications an applicant receives will not impact its score.

Comprehensive Community Development: Every community strives to be a place where people choose to live, work, and play. Comprehensive development means that a community's potential lies in the identification and creation of a shared vision, planned by local leadership, and carried out by an array of partners. When successful, it yields results beyond what can be achieved by individual organizations or disparate programs because of the unique synergy they generate. A thriving community is a community with job opportunities, strong schools, safe neighborhoods, a full range of housing choices, and a vibrant culture. Comprehensive development marshals resources and deploys coordinated strategies in a concentrated area to create opportunities for others in the community to take prudent risks and reap the rewards. The demolition of blighted structures, the rehabilitation of long-vacant housing and the creation of new community amenities and retail opportunities serve as a tipping point for future development through market forces.

Development: The HOME activity proposed in the application.

Disabled: The Fair Housing Act defines disability as a person who has/is:

- A physical or mental impairment which substantially limits one or more of such person's major life activities; or
- A record of having such an impairment; or





- Is regarded as having such an impairment, but such term does not include current, illegal use of or addiction to a controlled substance (as defined in section 102 of the Controlled Substances Act).

Elderly: Elderly can have one of two definitions as elected by the applicant:

- A person 55 years of age or older. This target population category also includes families with a person living in their home that is 55 years of age or older. For housing using this definition of elderly, at least 80% of the units must be age restricted; OR
- A person 62 years of age or older. This target population only includes households in which all household members are 62 years of age or older. For housing using this definition of elderly, 100% of the units must be age restricted.

HOME: The Home Investment Partnerships Program as created by the National Affordable Housing Act of 1990.

IHCDA: Indiana Housing and Community Development Authority

Income Limits: Maximum incomes as published by HUD for projects giving the maximum income limits per unit for beneficiary (30%, 40%, 50%, 60% and 80% of median) units.

Large City: For purposes of this policy, a large city is defined as a city with a population of 75,000 or more. To qualify as being located within a large city, the project must be located within one mile of the zoning jurisdiction and/or use city utility services (water and sewer).

Median Income: A determination made through statistical methods establishing a middle point for determining income limits. Median is the amount that divides the distribution into two equal groups, one group having income above the median and one group having income below the median.

MOU: A Memorandum of Understanding (MOU) is a document describing a bilateral or multilateral agreement between two or more parties.

Narrative: A written description by the applicant that describes the application question and generally supports the need of the project.

Referral Agreement: An agreement in which the recipient and a qualified organization enter into an agreement in which the recipient agrees to (a) set aside a number of units at the project for a special needs population and (b) notify the qualified organization when vacancies occur, and in which the qualified organization agrees to (a) refer qualified households to the project and (b) notify clients of vacancies at the project.

Rent Limits: The HUD published maximum rent amount, including a utility allowance and any non-optional fees. Rent limits are published by bedroom size and by AMI level.

Rural: A project is considered to be rural if it meets one of the following criteria:





- a. The project is located within the corporate limits of a city or town with a population of 14,999 or less; or
- b. The development is located in an unincorporated area of a county that does not contain a city or town that meets the definition of large city or small city as set forth in this glossary; or
- c. The project is located in an unincorporated area of a county whereas;
 - i. The project is outside the 2-mile jurisdiction of either a large city or small city as defined in this glossary; and
 - ii. The project does not have access to public water or public sewer from either the large city or small city as defined in this glossary.

Small City: For purposes of this policy, a small city is defined as a city with a population of between 15,000 and 74,999. To qualify as being located within a small city, the development must be located within one mile of the zoning jurisdiction and/or use city utility services (water and sewer).

Technical Correction: A technical correction occurs when an applicant does not provide sufficient information or documentation to meet the IHCD HOME program threshold requirements as defined in section 7.2 of this policy. Technical Corrections may occur when the required information or documentation is not submitted, is out-of-date, or is vague or incomplete. IHCD reserves the right to classify other application errors or omissions as technical corrections at its own discretion. Applicants that receive two or less technical corrections may receive bonus points as defined in the Bonus scoring section of this policy.

Visitability: Visitability is defined as design concepts that allow persons with mobility impairments to enter and stay, but not necessarily live, in a residence. Visitability features include, but are not limited to, zero-step entrances, proper door width, an accessible bathroom on the main level, etc. Visitable units must comply with the Type C unit criteria in ICC A117.1 Section 1005.





Part 10: Development Fund

10.1 Overview

The Indiana Affordable Housing and Community Development Fund (“Development Fund”) was established in 1989 to provide financing options for the creation of safe, decent, and affordable housing and for economic development projects in Indiana communities. Development Fund regulations may be found in Indiana Code 5-20-4. Developments also involving federal funding (e.g. HOME Investment Partnership Program or Community Development Block Grant), tax-exempt bonds, or Low-Income Housing Tax Credits (“LIHTC”) must comply with the requirements of those programs.

The maximum Development Fund loan request is \$500,000 per application. Based on availability of funding, IHCDA may, at its discretion, issue a RED Notice prior to a funding round to reduce the amount allowed per application. The \$500,000 maximum request will also apply at a project level. An applicant who divides an existing project or contiguous sites into multiple applications will only be allowed to request \$500,000 total for the project, not \$500,000 per application.

For more detailed information on the Development Fund program please consult the [Development Fund Manual](#).

10.2 How to Apply

Development Fund awards are approved through the supplemental application with the HOME Investment Partnership Program application. IHCDA may request more information for the Development Fund application.

Applicants must provide documentation on how they will fill the financial gap, should the Development Fund not be approved, or if the Development Fund is not available. Applicants who cannot provide adequate documentation or explanation on how all sources are to be committed will not be considered for funding for this round.

In addition, a non-profit applicant must submit a borrowing resolution passed by its Board of Directors authorizing submission of the loan request. The applicant must use IHCDA’s template borrowing resolution form as found on the Development Fund webpage.

10.3 Eligible Applicants

Applicants eligible to apply in conjunction with a HOME application include nonprofit corporations and local units of government. IHCDA must allocate at least 50% of the fund to recognized nonprofit corporations under Section 501(c)(3) of the U.S. Internal Revenue Code.

Awardees with current Development Fund awards are eligible to apply for additional funding. All outstanding awards must be current (if loans), in compliance with all program requirements, and otherwise in good standing in order to be considered for additional awards. However, no individual project sponsor or its affiliates may hold more than 20% of the Development Fund’s total portfolio at any one time.





Individuals or organizations currently on IHCD's suspension or debarment list are not eligible to apply for Development Fund awards.

10.4 Eligible Beneficiaries

All Development fund assisted units must be rent and income restricted at or below 50% of the area median income ("AMI").

Gross rent must not exceed the rent limits of the HOME program.

All tenants who occupy Development Fund assisted units must be income certified and recertified according to the requirements of the HOME program as appropriate.

10.5 Eligible Residential Activities

Eligible HOME activities include, but are not limited to, acquisition, new construction, and/or rehabilitation of homes for sale, permanent rental units, and permanent supportive housing projects that have successfully completed the Indiana Supportive Housing Institute.

10.6 Eligible Activity Costs

For more information on eligible and ineligible activity costs please see §1.8 and §1.9 of the [Development Fund Manual](#). Questions about eligible vs. ineligible soft costs under the Development Fund program can be directed to the IHCD Underwriting and Closing Manager.

10.7 Match Requirements

Applicants for Development Fund must be able to document a local match in an amount of at least 10%. Acceptable match sources include in-kind donations, donated land, owner equity, building materials, loans, cash grants, or any combination of both in-kind and cash. Other sources of match may also qualify, **except for funds administered by IHCD**.

10.8 Development Fund Activity Provisions

The Development Fund may provide loans or grants up to \$500,000 per development. Development Fund grants will only be made in conjunction with special IHCD initiatives as announced by IHCD. Except for these special initiatives, IHCD will only accept Development Fund applications for loans.

The Development Fund may be used for the following types of loans:

- Pre-development: to pay project pre-development expenses;
- Acquisition: to pay for purchase and closing costs for property acquisition;
- Construction: to pay for hard and soft costs of new construction and rehab projects;
- Permanent: to provide permanent financing to the project; and/or
- Bridge: financing to bridge the timing gap between project or program costs and cash from committed sources not yet available (equity).

Homebuyer projects are not eligible for permanent or bridge financing.





10.9 Loan Terms

The applicant may propose a loan term of up to two years of construction financing and up to fifteen years of permanent financing. For Developments with HUD financing (not HOME), the permanent loan term may exceed 15 years to match the term of the HUD loan. Amortization schedule will be a maximum thirty-year amortization schedule or coterminus with first-mortgage financing (whichever is less).

Applicants receiving Development Fund loans must demonstrate the ability to repay the loan. If the loan will not take first or second position behind permanent financing, the developer must receive IHCD approval. The base interest rate for loans is 1.5%. The interest rate offered by IHCD will be determined during underwriting. Underwriting will start at 1.5% and make a final determination based on financial capacity.

10.10 Underwriting Guidelines

For more information on underwriting guidelines please see §2.4 of the [Development Fund Manual](#). Questions about these guidelines can be directed to the IHCD Director of Real Estate Lending.

10.11 Affordability Period/Lien and Restrictive Covenants

Rental developments will be subject to a Lien and Restrictive Covenant Agreement that must be executed against every residential property constructed, rehabilitated, or acquired, in whole or in part, with Development Fund funds. If the award is made in conjunction with HOME or CDBG funding, the development will be subject to the applicable program affordability period.

Upon occurrence of any of the following events during the affordability period, the entire sum secured by the lien, without interest, shall be due and payable by developer and/or owner upon demand. Repayment may be demanded upon: (1) transfer or conveyance of the real estate by deed, land contract, lease, or otherwise, during the affordability period; (2) commencement of foreclosure proceedings by any mortgagee (or deed in lieu of foreclosure), within the affordability period; or (3) determination that units are not being used as a residence by a qualifying tenant or not leased according to the program affordability requirements. The award recipient will be responsible for repaying IHCD. At the end of the affordability period, if the borrower/recipient has met all conditions, the lien will be released.

10.12 Income and Rent Restrictions/Ongoing Compliance

All Development Fund-assisted units in residential developments must be income and rent restricted. If the award is made in conjunction with HOME funding or is Development Fund only, then the HOME program income and rent limits will apply. Developments with Development Fund combined with another program must follow the recertification requirements of that program.

Please note the Development Fund requires 50% of the development funds units to be at 50% or below AMI.





When Development Fund is combined with other funding sources, the audit/inspection cycle will occur based on the cycle and frequency prescribed by that program.

10.13 Determining Development Fund Assisted Units

The percentage of total development costs attributable to the Development Fund represents the percentage of units that will be considered Development Fund assisted. For example, if development costs are \$2,000,000 and the applicant is requesting \$500,000 in Development Fund financing, then 25% of the construction financing is via the Development Fund. As such, 25% of the units will be assisted with the Development Fund and must meet the requirements of the Development Fund program. For projects over 50 units, the number of Development Fund assisted units will be the greater of the number calculated using the formula above or 10 units.

10.14 State Historic Review

The applicant must submit to IHCDA the State Historic Review documentation as required by IC 14-21-1-18. Instructions regarding the documentation required for the Development Fund’s state historic review process can be found in the Environmental Review Record and Section 106 User’s Guide at <https://www.in.gov/myihcda/2650.htm>. Applicants must determine if the development building(s) or structure(s) are listed individually in the State or National Register of Historic Places.

10.15 Modifications

IHCDA may consider requests for changes to the characteristics of a development. **A modification fee of \$500 will be imposed if loan documentation has been finalized. Additionally, a \$1,500 fee will be required if any legal documents, such as the recorded Lien and Restrictive Covenant, need to be amended as a result of the request.**

Approval of modification requests is at the sole discretion of IHCDA. IHCDA must evaluate each request to see how the change would have affected original funding and underwriting of the development as well as to ensure that the proposed change will not cause noncompliance.

When submitting a modification request, please provide the following:

- a. Formal written request from the Owner/Developer detailing the specific request and the reason the request is needed
- b. The impact to the project in the event the modification request is not approved
- c. Modification fee of \$500.00 if loan documentation has been finalized
- d. Updated HOME application pages that reflect changes to the original application based on the current closing projections and/or proposed modification

At its discretion, IHCDA may request additional supporting documentation.

