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Draft Report

State of Indiana 2022 Action Plan

PREPARED FOR:

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Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The State of Indiana is eligible to receive grant funds from the U.S. Department of Housing and Urban Development (HUD) to help address housing and community development needs. These grant funds include the: Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Solutions Grant (ESG), Housing Opportunities for People with AIDS (HOPWA) and the National Housing Trust Fund (HTF). The dollars are primarily meant for investment in the State's less populated and rural areas ("nonentitlement" areas), which do not receive such funds directly from HUD.

The Indiana Office of Rural and Community Affairs (OCRA) receives and administers CDBG. The Indiana Housing & Community Development Authority (IHCDA) receives and administers HOME, ESG, HOPWA, and HTF. As a condition for receiving HUD block grant funding, the State must complete a five-year strategic plan called a Consolidated Plan for Housing and Community Development (Consolidated Plan). The Consolidated Plan identifies the State's housing and community development needs and specifies how block grant funds will be used to address the needs. Each year, the state completes an Annual Action Plan which determines how the funds will be spent in the coming program year (PY).

The 2020-2024 five-year Consolidated Plan was approved by HUD in July 2020. This document, the 2022 Annual Action Plan, is the third action plan in the 2020-2024 Five-year Consolidated Plan cycle. It describes how OCRA and IHCDA plan to allocate HUD block grant funds during the 2022 program year (PY2022), which runs from July 1, 2022 through June 30, 2023.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

During PY2022, the State of Indiana will receive: Please note: these amounts are based on the FY2021 allocations. As of March 3rd, 2022 HUD allocations were not yet available. If allocations are similar to FY 2021, the distribution of funds may reflect similar priorities.

- $32,387,302 in the Community Development Block Grant (CDBG);
- $14,705,184 in the HOME Investment Partnerships grant (HOME);
- $3,944,639 in the Emergency Solutions Grant (ESG);

OMB Control No: 2506-0117 (exp. 09/30/2021)

- $1,736,515 in the Housing Opportunities for Persons with HIV/AIDS grant (HOPWA);
- $823,604 in the new Recover Housing grant program;
- $10,674,428 for the National Housing Trust Fund (HTF).

CDBG will prioritize wastewater and drinking water improvements (40% of CDBG funds) and public facilities (23%); stormwater improvements (12%); Blight Clearance (12%); planning grants (5%); as well as pilot programs (6% combined) to reinstate the owner-occupied rehabilitation program and historic revitalization to support economic development. Technical assistance and admin set-asides are 1% and 2% respectively.

HOME funds will prioritize rental construction projects (50% of HOME funds); innovative developments that serve persons with special needs including persons with disabilities, persons with substance abuse challenges, and persons with mental illness disorders (20%); tenant based rental assistance (TBRA, 8%), and affordable homeownership development (7%). The remaining 15% goes to Administration (10%) and CHDO Operating (5%).

For ESG, IHCDA plans to allocate funding to approximately 10-12 agencies to administer the ESG Rapid Rehousing and Homeless Prevention Components of the ESG program for line items: Housing Relocation & Services (financial and services), Rental assistance and administration. IHCDA also allocates ESG funds to agencies to administer to emergency shelters and street outreach.

HOPWA will continue to assist persons with HIV and/or AIDS and who also have an income below 80% of AMI with housing placement and rental subsidies. IHCDA intends to allocate all of its HTF dollars for affordable rental housing, specifically for supportive housing for persons with disabilities. The HTF will also provide gap financing for Rental Housing Tax Credit developments.

IHCDA intends to allocate all of its HTF dollars for affordable rental housing, specifically for supportive housing for extremely low income households, (<30% AMI) which may include persons transitioning from homelessness and persons with disabilities. The HTF will also provide gap financing for Rental Housing Tax Credit developments.

The State of Indiana will be combining the special allocations for the two Recovery Housing Program Grants from 2020 (B-20-RH-18-0001) of $853,000 and 2021 (B-21-RH-18-0001) of $823,604 into one action plan totaling $1,676,604. The combined allocation will be used for ORCA's Recovery Housing Program.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

OCRA proposed changes to its funding allocation early in development of the 2020-2024 Five-year Consolidated Plan in response to past challenges in deploying funds. OCRA held two webinars and three focus groups with stakeholders to discuss the proposed changes and evaluate past programs. The proposed changes included: 1) Modifying the Main Street program to maximize impact through density and organizational capacity; 2) Merging the Wastewater Drinking Water Program and Stormwater Improvement Programs and modifying the point system for awards; and 3) Creating a new Needs Response fund. After stakeholder input through webinars and the public comment period, OCRA adjusted the programs to respond to community concerns about the proposed modifications, including keeping the wastewater and stormwater programs separate. Following that round of input, and as the effects of the COVID-19 pandemic became clear, OCRA modified its proposed allocation to focus on business and economic recovery needs. Given that community needs related to the pandemic continue to exist, OCRA will not make significant changes to its program allocations during PY22 yet will implement a Pilot Program to re-introduce the owner-occupied rehabilitation and historic preservation programs. Both pilot programs (OOR and PreservINg Main Street) were launched in 2021.

Four (4) competitive OOR awards were announced in November 2021 for a total of $939,000. These 4 communities and one (1) additional Stellar community, who received $250,000 to extend their existing OOR program, are currently piloting OCRA's OOR program. No additional funds will be added to the 2022 Action Plan MOD for OOR as some of the funds originally allocated for this pilot have not yet been awarded/expended and while OCRA continues to evaluate the possibility of continuing this program in the future.

PreservINg IN was also launched as a pilot program focused on historic preservation and downtown revitalization. Two designees were selected to participate as part of a competitive round in Summer 2021. These communities/designees are currently engaged in activities related to this program. OCRA will allocate an additional $2 million for this pilot in 2022.

IHCDA values strong performance of organizations that receive these monies. To ensure this occurs, the agency monitors sub-recipients funding for compliance on an annual basis. These reviews inform the performance of sub-grantees and their future funding opportunities. Moreover, IHCDA has mechanism throughout the program year to track and review compliance for performance.

IHCDA efforts include:

- IHCDA continually tracks commitments and expenditures of its HOME and HTF programs.
- IHCDA routinely updates its project pipeline for both HOME and HTF and tracks how projects are committed in IDIS.
- IHCDA tracks data regarding partner performance on HOME applications. Information tracked included the distribution of points across scoring categories and the number of clarifications and technical corrections for each partner. This data was used to update and refine IHCDA's existing policies. Changes included, but were not limited to, the revision of program policies to remove

burdensome or unclear requirements and the reevaluation of scoring categories and point distributions across both policies.

- To incentivize more CHDO-development, IHCDA has raised the total amount that certified CHDOs may request with their HOME construction application. IHCDA has also increased the amount of CHDO Operating allowed in a second year of Construction for eligible CHDOs. IHCDA has also implemented a policy which expands the number of eligible project locations by allowing for non-profits certified as CHDOs to request funding for projects located in participating jurisdictions receiving less than $500,000 of HOME funding within a Program Year. To increase the number of total applicants for the HOME program, IHCDA has developed scoring criteria for new HOME applicants to ensure diversity in applications. IHCDA is also tracking the number of rental units and homeownership units awarded each Program Year and those projects closed every year. IHCDA also updated its Environmental Review Guide and included more guidance and instruction on the required forms to allow for greater ease in the submission of those forms.

Please see the "Summary" section for the continuation of this response.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

Stakeholder interviews – Interviews were conducted with local government officials, organizational leaders, housing and social service providers, emergency shelter staff, and affordable housing developers.

Stakeholder survey – A statewide survey of residents and stakeholders who work in the fields of housing, homelessness, and community development was conducted between in February and March 2022. This survey collected data on current housing and community development needs in Indiana's nonentitlement communities. It also asked stakeholders about the state's allocation of HUD block grant funds among activities and if changes are needed to better address current needs.

Public comment period – A 60 day public comment period was held between March 7th, 2022 through May 6th, 2022. The draft plan was posted on both the OCRA and IHCDA websites beginning on March 7th, 2022.

Public hearings – Two public hearings on the Draft 2022 Action Plan were held on March 21st, 2022 at 10am ET and 5pm ET via Zoom. Notifications of the hearings were posted through RED notices and reached more than 4,000 people.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

This section will be completed when all public comments are received, and the comment period is complete.

6. Summary of comments or views not accepted and the reasons for not accepting them

This section will be completed when all public comments are received, and the comment period is complete.

7. Summary

Response continued from "Evaluation of Past Performance" above:

Continued evaluation efforts include:

- IHCDA will continue to track the number of clarifications and technical errors issued to each partner during HOME application rounds in order to evaluate partner capacity and the clarity and ease of use of its own program policies.
- IHCDA will also continue to assess public comments on their respective policies and continue to make changes, when appropriate to the policies.

To end long-term homelessness, ESG funded organizations are required to work in coordination with Balance of State Continuum of Care (CoC) funded organizations to reduce the length of time people experiencing homelessness stay in shelters. This strategy manifests itself through the uses of IHCDA's Coordinated Entry and HMIS systems to ensure clients vulnerability is assessed and the correct program is applied to their needs. These programs are administered within the same IHCDA division, Community Services, that partners with the CoC Balance of State Bboard of Directors. This allows for continuity across programs policies and procedures, ensuring individuals are tracked throughout their experience in homelessness.

PR-05 Lead & Responsible Agencies - 91.300(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	Christmas Hudgens	Office of Community and Rural Affairs
ESG, HOPWA Administrator	Kristin Svyantek Garvey	Indiana Housing and Community Development Authority

Table 1 – Responsible Agencies

Narrative

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Consolidated Plan Public Contact Information

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AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

This section describes the consultation efforts undertaken for the 2022 Action Plan.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies

Enhanced Partnerships and Efforts during the Pandemic

The response to the COVID-19 pandemic during 2020 and 2021 required enhanced partnerships and coordination among housing, health care, and service providers.

IHCDA, OCRA, in partnership with the several other State Agencies under the Lt. Governor's Family of Business, and in partnership with Ball State University and Purdue University released the Rural Road to Recovery Plan. This plan identified goals and priorities for both units of local government, social services agencies, and non-profits, to identify challenges caused by the COVID Pandemic, and outline a framework to aid in recovery of rural cities and towns throughout Indiana.

IHCDA will continue to coordinate with partners on recovery and identify how to streamline policies when appropriate and allowable, collaborate with health organizations and the development community to ensure the pipeline of safe and affordable housing across the housing spectrum, and work with non-profit partners on trainings, and will continue to work on identifying additional support for those non-profits so they can continue to serve their communities.

Please see the "Narrative" field for a continuation of this response.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

The IN-502 Continuum of Care (CoC) Board serves and acts as the oversight and planning body on preventing and ending homelessness for the CoC General Membership Body. The Board comprises a diverse set of geographically representative stakeholders with the knowledge and expertise to create policy priorities and make funding decisions related to homelessness. The CoC Board or the Executive Committee meets a minimum of 4 times per year. IN-502 covers every county in the state except for Marion County (equivalent to the City of Indianapolis).

The CoC Board members represent populations in the homeless community, as well as subpopulations including chronic homeless, seriously mentally ill, chronic substance abuse, families, domestic violence, youth and veterans. There are two representatives from the Regional Planning Councils on Homelessness across the Balance of the State. As the Collaborative Applicant and HMIS lead for the CoC BoS board, IHCDA works closely with both CoC's in Indiana. The division assigned to these roles is the Community Services team at IHCDA. In that division they oversee the HMIS system as well as funding sources including CoC, ESG, ,and HOPWA funds. This structure allows for open communication between the CoC and the ESG sub-recipients. It also allows for continuity across funding sources so performance is measured as equally as possible. Being located in Indianapolis means IHCDA is able to easily meet and partner with the Indianapolis CoC for statewide communication and coordination.

The CoC board has committees set up to help reach special populations experiencing homelessness as well as governance of the CoC and its funds. The BoS CoC has begun a strategic plan process to bolster their work, including the special population committees, that will conclude in August 2022. The State ESG program presents their program plans to the CoC Board, in addition to entitlement cities at their meeting annually. Through the strategic plan, further collaboration will begin to build a more efficient and performance-based system to end homelessness. Metrics for performance will be considered and as appropriate will become CoC policy. Currently, the Indiana BoS CoC RRH policies for both COC and ESG are being reviewed and revised and should be completed in summer 2022.

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

In determining the ESG Allocation, a request for proposals is distributed to all the Regional Planning Councils on the Homeless throughout the Balance of State, current subrecipients of the ESG program, and current permanent supportive housing rental assistance programs who have had experience with rental assistance. The application is also available publicly on the IHCDA website and any new partners interested in the funds are sent a reminder once it is public.

Each proposal is reviewed by at least one IHCDA Community Services staff person. The reviewer completes a built in scoring tool in the application, assigning points based on the following program design components: outreach system, commitment to the coordinated access intake point, systems coordination, organizational capacity, permanent housing placement strategy, history of administering the rental assistance programs, amount of match provided and coordination with ESG Entitlement City funds (as applicable). Once applications have been scored they are presented to the IHCDA board for approval and the CoC Board as a courtesy.

The performance standards for ESG were developed in collaboration with the governing body for the Balance of State CoC Board through the Funding & Resource Committee and approved by the Balance of

State CoC Board by using the national standards outlined in Section 427 of the McKinney-Vento Act, as amended by the HEARTH Act.

2. Agencies, groups, organizations and others who participated in the process and consultations

This section will be completed when all public comments are received, and the comment period is complete.

Identify any Agency Types not consulted and provide rationale for not consulting

None; all relevant organizations and agencies were invited to participate in the process. OCRA and IHCDA utilized email notifications that reach more than 4,000 stakeholders and residents to encourage participation in the survey and public hearings.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	IHCDA	ESG goals are developed in collaboration with CoC planning.
IHCDA Strategic Plan	IHCDA	Both housing and community development goals support self-sufficiency initiative and improve resident quality of life and strengthen communities in rural areas.
2020 Next Level Agenda	State of Indiana Governor's Office	CDBG goals and priorities support many aspects of the plan including supporting recovery from substance abuse addiction and enhancing educational attainment and broadband access.

Table 2 - Other local / regional / federal planning efforts

Narrative

Continued from above.

Continued partnerships and involvement in state taskforces with multiple state agencies and key stakeholders include:

- The "Housing as Medicine" taskforce that includes representatives from the state's health department and Medicaid office.
- The "Social Determinants of Health" task force includes representatives from the state's health department and Medicaid office. The group is currently reviewing and evaluating a spectrum of state programs and policies for alignment opportunities and to promote healthy outcomes.
- The "Recovery Housing" task force led by the Governor's Office and the Family and Social Services Agency's Division of Mental Health and Addiction and is reviewing best practices in recovery housing models to identify gaps and potential legislative proposals needed to better fund and operate recovery housing in the state.

OMB Control No: 2506-0117 (exp. 09/30/2021)

- IHCDA has partnered partnering with the State's Division of Mental Health and Addiction and the Family and Social Service Agency to provide capital HOME funding to support the construction of housing specifically for persons at risk of homelessness who have a Substance Use Disorder or Mental Health Disorder.
- IHCDA also manages the CHDO Working Group – of which 8-10 Community Housing Development Organizations meet quarterly to discusses best practices in their implementation of HOME-funded affordable housing projects.

IHCDA also offers training and webinars to partner organizations on topics ranging from program application requirements to funds management to weatherization courses. IHCDA maintains a Resource Center on its website with detailed manuals that instruct its partners on how to develop and administer programs.

IHCDA has also continued to partner with the State Department of Heath on Lead based Paint and is partnering with ISDOH on the Lead Hazard Reduction Demonstration Grant. Continuum of Care and ESG recipients are taking Lead Based Paint training to be able to better assist clients with identifying health concerns in units older than 1978.

IHCDA has also established a strong relationship with the Family and Social Services Administration (FSSA) to coordinate affordable assisted living rental housing production and housing for persons with intellectual or developmental disabilities, or persons who have a chemical addiction.

IHCDA has taken a leadership role among Indiana Public Housing Authorities to promote the development of Permanent Supportive Housing and increase utilization of the VASH program. IHCDA has utilized its housing choice voucher program to provide rental assistance in PSH developments around the state. In the VASH program IHCDA has developed relationships with PHAs around the state to allow veterans to utilize the VASH program where they would like regardless of if the local PHA has a VASH program.

The Continuum of Care continues its work with entitlement cities that receive ESG funds to provided consultation and review project performance. The is a collaboration between the Cities, State and the HUD CPD office to begin the process of utilizing funding with efficiency and to meet the most pressing needs statewide. IHCDA will continue to sponsor a host of learning opportunities for ESG and HOPWA grantees on the topics of Fair Housing, Rapid ReHousing (RRH), Housing First and other case management trainings to support their work statewide.

Finally, IHCDA and OCRA staff participate in unofficial partnerships where key staff meet on a regular basis to train and partner. These include but are not limited to the Department of Education's McKinney Vento liaison coordinators, the Department of Workforce Development Work

One centers, the Indiana Commission on Higher Education outreach coordinators, and the CoC network for the Balance of State and Marion County.

AP-12 Participation - 91.115, 91.300(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation
Summarize citizen participation process and how it impacted goal-setting

Stakeholder consultation and resident participation for the 2022 Action Plan included an online survey, available in February and March 2022; and interviews of housing providers, organizations that assist persons at-risk of and experiencing homelessness, advocacy organizations, units of local government, and community and economic development organizations and officials.

OCRA marketed the survey using the Community Liaison Team through their assigned districts. It was also posted on OCRA's social media pages and discussed during relevant stakeholder meetings.

Expected Resources

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

This section specifies the expected amount of resources for the PY2022 Action Plan, based upon sources of funds. Please note: these amounts are based on the FY2021 allocations. As of March 3rd, 2022 HUD allocations were not yet available. If allocations are similar to FY 2021, the distribution of funds may reflect similar priorities.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	32,387,302	0	0	32,387,302	97,161,906	$13 million for Wastewater Drinking Program, $7.5 million for Public Facilities, $4 million for Blight Clearance Programs, $4 million for Stormwater Improvements, $2 million for Pilot Programs (including Owner Occupied Rehabilitation (OOR) $0 and PreservINg Main Street $2 million), $1.5 million for Planning Grants, $200,000 for Technical Assistance, and $687,302 for Admin Costs.

OMB Control No: 2506-0117 (exp. 09/30/2021)

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	14,705,184	4,210,887	27,540,622	46,456,693	44,115,552	Please note: these amounts are based on the FY2021 allocations. As of March 3rd, 2022 HUD allocations were not yet available. If allocations are similar to FY 2021, the distribution of funds may reflect similar priorities—except for the HOME Innovation Round which will be $4.5 million. $7.35 million rental projects/ construction; $1 million homeownership projects/ construction; $1.2 million Tenant Based Rental Assistance (TBRA) (if not utilized, will be converted to rental construction). TBRA may be used in other Participating Jurisdictions. $850,000 for CHDO operating and predevelopment; $1.3 million administrative uses; $4.5 million for the HOME Innovation Round (TBA). If these funds are not utilized, they may convert to HOME rental construction and made available for rental, homebuyer or CHDO operating funds. Any Program Income collected in PY 2021 can be utilized in PY 2022.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	1,736,515	0	0	1,736,515	5,209,545	$700,000 in TBRA $350,000 for housing information activities $300,000 short-term rental, utilities and mortgage assistance $150,000 support facility operations and supportive services $65,000 Permanent Housing Placement $170,000 subrecipient and grantee administration

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	3,944,639	0	0	3,944,639	11,833,917	$2.2 million emergency shelters with operations, essential services, and outreach $1.5 million rental assistance for rapid re-housing $250,000 for administration

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HTF	public - federal	Acquisition Admin and Planning Homebuyer assistance Multifamily rental new construction Multifamily rental rehab New construction for ownership	10,674,428	0	0	10,674,428	18,000,000	IHCDA will allocate all of its HTF dollars for affordable rental housing, specifically for supportive housing for extremely low income households, (<30% AMI) which may include persons transitioning from homelessness and persons with disabilities. The HTF will also provide gap financing for Rental Housing Tax Credit developments.

Table 3 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

Please note: these amounts are based on the FY2021 allocations. As of March 3rd, 2022 HUD allocations were not yet available. If allocations are similar to FY 2021, the anticipated match may include the following.

Anticipated matches for PY2022 include:

- $4.9 million from required local government contributions on all CDBG projects,
- In-kind services match for ESG shelter operations projects,
- $1 million in in-kind services match for ESG RRH projects,
- $1.5 million in cash matches from ESG subrecipients,
- $22,000 cash match from subrecipients in assisting clients (in-kind),
- $3.7 million from HOME recipients.

OCRA match. Matching funds include local public or private sector in-kind services, cash or debt allocated to the CDBG project. The level of local matching funds for CDBG projects is 10 or 20 percent of the total estimated project costs. This percentage is computed by adding the proposed CDBG grant amount and the local matching funds amount, and dividing the local matching funds amount by the total sum of the two amounts. The current definition of match includes a maximum of 5 percent pre-approved and validated in-kind contributions. The balance of the 10 percent must be in the form of either cash or debt. Any in-kind over and above the specified 5 percent may be designated as local effort. Grant funds provided to applicants by the State of Indiana are not eligible for use as matching funds.

IHCDA match. Recent influxes of program funding from the Federal government, along with several new initiatives that expand IHCDA's vision and overall mission into more comprehensive developments, sometimes pose an issue with obtaining the required level of match/leveraging funds. IHCDA continues to use the match pool, which is a collection of resources taken from closed HOME-funded projects that documented match in excess of the required 25 percent. These eligible sources of match are kept on record and may be used as match for future IHCDA-funded projects. The pool allows applicants that, after exploring all possible avenues of meeting the requirement, are left with a shortfall to still proceed with an award application.

ESG match. ESG subrecipients are required to match 100 percent of the ESG award, and can include cash, grants, and in-kind donations.

HOPWA Leveraging. HOPWA Project Sponsors provide leveraging totaling $5,383,995. The primary sources of funding are from the Ryan White Grants and public funding from the Indiana State Department of Health and HIV Care Coordination.

HOME match. The HOME program requires a 25 percent match, which is a Federal requirement. Please note match requirements were suspended for PY 2020-2021. As Program Year 2022 begins, the Match requirement is reinstated. Applicants must demonstrate eligible matching funds equal to 25 percent of the amount of HOME funds requested, environmental review and CHDO operating costs. If the applicant is proposing to utilize banked match for the activity:

1) To use the applicant's own banked match, the match liability on the previous award during which the match was generated must already be met and documented with IHCDA for the match to be eligible as of the application due date. Only HOME-eligible match generated on IHCDA awards made in 1999 or later are eligible to be banked.

2) To use another Recipient's match, the applicant must provide an executed agreement with the application verifying that the Recipient is willing to donate the match.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

N/A; the State does not have publicly owned land or properties that will be used to address housing and community development needs during the five-year planning period. If publicly owned and donated land is used for match, that will be listed in the CAPER Match section.

Prior year resources. Prior Year funds will be used for eligible HOME projects, including rental and homebuyer. Prior Year AD funds can be used for additional admin (up to the allowable cap, and for training contracts).

Discussion

Please see above.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Please note: these amounts are based on the FY2021 allocations. As of March 3rd, 2022 HUD allocations were not yet available. If allocations are similar to FY 2021, the distribution of funds may reflect similar priorities.

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Improve Community Water, Wastewater and Stormwater	2020	2024	Non-Housing Community Development		Water, wastewater and storm water system	CDBG: $17,000,000	Other: 35 Other
2	Support Community Revitalization	2020	2024	Non-Housing Community Development			CDBG: $13,000,000	Other: 20 Other
4	Provide Planning Grants to Local Governments	2020	2024	Non-Housing Community Development			CDBG: $1,500,000	Other: 200 Other
5	Owner preservation, aging in place, accessibility	2020	2024	Affordable Housing Non-Homeless Special Needs		Housing for low and very low income persons Homeownership opportunities low income households	CDBG: $0 HOME: $1,000,000	Homeowner Housing Rehabilitated: 100 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
6	Create and Preserve Affordable Rental Housing	2020	2024	Affordable Housing		Housing for low and very low income persons	HOME: $11,850,000	Rental units constructed: 15 Household Housing Unit Rental units rehabilitated: 15 Household Housing Unit
7	Build Nonprofit Housing Developer Capacity	2020	2024	Affordable Housing		Support of comprehensive community development	HOME: $850,000	Other: 10 Other
8	Rapid Re-Housing and TBRA to Prevent Homelessness	2020	2024	Homeless Non-Homeless Special Needs		Tenant based rental and rapid re-housing	HOME: $1,200,000 ESG: $1,500,000	Tenant-based rental assistance / Rapid Rehousing: 8000 Households Assisted
9	Provide Operating Support for Shelters	2020	2024	Homeless Non-Homeless Special Needs		Assistance to homeless shelters	ESG: $2,200,000	Other: 50000 Other
10	Assist HIV/AIDS Residents Remain in Housing- STRMU	2020	2024	Non-Homeless Special Needs HIV/AIDS		Housing for low and very low income persons Tenant based rental and rapid re-housing	HOPWA: $300,000	Housing for People with HIV/AIDS added: 1000 Household Housing Unit
11	Provide Housing Information and Placement Services	2020	2024	Non-Homeless Special Needs		Support of comprehensive community development	HOPWA: $415,000	Other: 250 Other

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Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
12	Support Facilities Serving HIV/AIDS Residents	2020	2024	Non-Homeless Special Needs HIV/AIDS			HOPWA: $150,000	Other: 250 Other
13	Assist HIV/AIDS Residents Remain in Housing--TBRA	2020	2024	Non-Homeless Special Needs		Tenant based rental and rapid re-housing	HOPWA: $700,000	Tenant-based rental assistance / Rapid Rehousing: 700 Households Assisted

Table 4 – Goals Summary

Goal Descriptions

1	**Goal Name**	Improve Community Water, Wastewater and Stormwater
	Goal Description	OCRA will allocate $13,000,000 of its FY 2022 CDBG funds for the Wastewater Drinking Water (WDW). Applications will be accepted in rounds, and awards will be made on a competitive basis. The specific threshold criteria and basis for scoring are provided in Attachment C and D hereto. WDW shall have a maximum grant amounts based on present combined user rates (water, wastewater, and stormwater). The amount of CDBG funds granted will be limited to $5,000 cost per project beneficiary. Matching funds of at least 20% of the total project cost are required for all this program. OCRA will allocate $4,000,000 of its FY 2022 CDBG funds for the Stormwater Improvements Program (SIP). Applications will be accepted in rounds, and awards will be made on a competitive basis. The specific threshold criteria and basis for scoring are provided in Attachment C and D hereto. The SIP shall have a maximum grant amount of $600,000. The amount of CDBG funds granted will be limited to $5,000 cost per project beneficiary. Matching funds of at least 10% of the total project cost are required for all this program.

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2	**Goal Name**	Support Community Revitalization
	Goal Description	OCRA will allocate $4,000,000 of its FY 2022 CDBG funds for the Blight Clearance Program (BCP) 2.0. BCP 3.0 is currently under evaluation while OCRA determines the feasibility of expanding the program in the future to include residential properties. Applications will be accepted in rounds, and awards will be made on a competitive basis. OCRA will award such grants that meet the criteria outlined in Attachments C and D hereto. The BCP shall have a maximum grant amount of $500,000. The amount of CDBG funds granted will be limited to $5,000 cost per project beneficiary. Matching funds of at least 10% of the total project cost are required for all this program. OCRA will allocate $7,500,000 of its FY 2022 CDBG funds for the Public Facilities Program (PFP) 2.0. Applications will be accepted in rounds, and awards will be made on a competitive basis. The specific threshold criteria and basis for scoring are provided in Attachment C and D hereto. The PFP shall have a maximum grant amount of $500,000. The amount of CDBG funds granted will be limited to $5,000 cost per project beneficiary. Matching funds of at least 10% of the total project cost are required for all this program. OCRA will allocate $2,000,000 of its FY 2022 CDBG funds for pilot programs. During the program year, OCRA plans to continue these two pilot programs. 1. Owner Occupied Rehabilitation (OOR) $0 – OCRA piloted an OOR program with a 2019 Stellar Finalist during the 2020 program year and extended that pilot to include (5) additional communities in the 2021 program year. The purpose of the pilot is to determine OCRA's capacity to offer an OOR program in the future. 2. PreservINg Main Street $2,000,000 – OCRA is assisting 2 pilot communities with historic preservation efforts and how those efforts support economic revitalization over a two (2) year period. The purpose of the pilot is to determine OCRA's capacity to offer an OOR program in the future. OCRA reserves the right to initiate additional or discontinue pilots at any time during the program year.

4	**Goal Name**	Provide Planning Grants to Local Governments
	Goal Description	OCRA will allocate $1,500,000 of its FY 2022 CDBG funds for planning-only activities. ORCA will make planning-only grants to units of local government to carry out planning activities eligible under 24 CFR 570.205 of applicable HUD regulations. OCRA will award such grants that meet the minimum scoring criteria outlined in Attachment D on a quarterly basis. The Planning Grant program shall have a maximum grant amount of $90,000. The amount of CDBG funds granted will be limited to $5,000 cost per project beneficiary. Matching funds of at least 10% of the total project cost are required for all this program. A list of eligible plans and their specific maximum grant amounts are available on OCRA's CDBG website. The Office reserves the right to prefer one type of plan over other types of plans when making awards.
5	**Goal Name**	Owner preservation, aging in place, accessibility
	Goal Description	OCRA plans to continue these two pilot programs. 1. Owner Occupied Rehabilitation (OOR) $0 – OCRA piloted an OOR program with a 2019 Stellar Finalist during the 2020 program year and extended that pilot to include (5) additional communities in the 2021 program year. The purpose of the pilot is to determine OCRA's capacity to offer an OOR program in the future. 2. PreservINg Main Street $2,000,000 – OCRA is assisting 2 pilot communities with historic preservation efforts and how those efforts support economic revitalization over a two (2) year period. The purpose of the pilot is to determine OCRA's capacity to offer an OOR program in the future. OCRA reserves the right to initiate additional or discontinue pilots at any time during the program year. $1 million of HOME will be allocated for homeownership projects.

6	**Goal Name**	Create and Preserve Affordable Rental Housing
	Goal Description	HOME and NHTF will be used to create and preserve affordable rental housing. HOME dollars will provide subsidies in the form of grants and loans to selected applicants for the acquisition, rehabilitation, and/or new construction of rental housing for low and very low income households. $7.35 million will be allocated to rental projects and new construction. $4.5 million will be allocated to the HOME Innovation Round (TBA). If these funds are not utilized, they will convert to HOME rental construction.
7	**Goal Name**	Build Nonprofit Housing Developer Capacity
	Goal Description	This goal builds nonprofit capacity through pre-development funds and operating funds for CHDOs. CHDO pre-development funds are also available to eligible CHDOs on a rolling basis until funds are exhausted. CHDO operating fund dollars are also available to eligible CHDOs if they are funded for a CHDO Reserve project.
8	**Goal Name**	Rapid Re-Housing and TBRA to Prevent Homelessness
	Goal Description	The $1.2 million of HOME funds allocated to TBRA will be converted to rental construction if not used. TBRA may be used in other participating jurisdictions.
9	**Goal Name**	Provide Operating Support for Shelters
	Goal Description	There will be approximately 60 agencies that will apply for the emergency shelter component that includes operations, essentials, and financial assistance and approximately 5-6 agencies that may apply for an outreach component. No more than the maximum allowed 60 percent of ESG funds will be allocated to operations, essentials, and street outreach. A request for proposals will be distributed to all the Regional Planning Councils on the Homeless throughout the State, to the current subrecipients of the ESG program, current permanent supportive housing rental assistance programs (mental health centers, housing agencies, community action agencies, nonprofits) who have had experience with rental assistance and will be published on the IHCDA and Balance of State C of C website.

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10	**Goal Name**	Assist HIV/AIDS Residents Remain in Housing- STRMU
	Goal Description	Funds will be made available in the following percentages of the total awards made to project sponsors: 1) At least 60 percent to direct housing assistance: long-term rental assistance, short-term rental assistance, and facility based operations; 2) No more than 7 percent to subrecipient administration and 3 percent to grantee/recipient administration; 3) No more than 35 percent to housing information and permanent housing placement activities; and 4) No more than 35 percent to supportive services that positively affect recipients' housing stability.
11	**Goal Name**	Provide Housing Information and Placement Services
	Goal Description	$350,000 for housing information activities and $65,000 for permanent housing placement. Funds will be made available in the following percentages of the total awards made to project sponsors: 1) At least 60 percent to direct housing assistance: long-term rental assistance, short-term rental assistance, and facility based operations; 2) No more than 7 percent to subrecipient administration and 3 percent to grantee/recipient administration; 3) No more than 35 percent to housing information and permanent housing placement activities; and 4) No more than 35 percent to supportive services that positively affect recipients' housing stability.
12	**Goal Name**	Support Facilities Serving HIV/AIDS Residents
	Goal Description	Care Coordination Sites for one-stop shopping for persons to access the level of care that is needed. Persons will be able to receive testing, diagnosis, medical information, supportive services, and housing as needed.

13	**Goal Name**	Assist HIV/AIDS Residents Remain in Housing--TBRA
	Goal Description	Funds will be made available in the following percentages of the total awards made to project sponsors: 1) At least 60 percent to direct housing assistance: long-term rental assistance, short-term rental assistance, and facility based operations; 2) No more than 7 percent to subrecipient administration and 3 percent to grantee/recipient administration; 3) No more than 35 percent to housing information and permanent housing placement activities; and 4) No more than 35 percent to supportive services that positively affect recipients' housing stability.

AP-25 Allocation Priorities – 91.320(d)

Introduction:

The State of Indiana does not prioritize the allocation of CDBG, HOME or ESG geographically. For CDBG awards, OCRA allocate funds to the areas of greatest need, based on stakeholder and resident consultation and the needs assessment and market analysis. This information is used to guide the funding priorities for each program year. Due to the COVID-19 pandemic OOR was temporarily paused for FY2020. This pause gave the State the ability to reallocate the funds help in the response to COVID-19 as well as to reassess the impact of OOR. The OOR pilot was expanded in 2021. The Indiana Office of Community and Rural Affairs announced the CDBG Owner Occupied Rehabilitation pilot program was open for competitive applications on July 22, 2021. Four Indiana communities were awarded Owner Occupied Rehabilitation Grants totaling $939,900 on Sept 24,2021. One (1) additional Stellar Community was also awarded additional funds in the amount of $250,000. At this time, we are still working with these communities to explore OCRA's capacity to implement a yearly granting program. Exact criteria vary by program, yet all programs prioritize assisting low income households. Most of IHCDA's housing programs prioritize 50 percent AMI households; ESG and HOPWA generally reach to lower income levels due to the nature of the populations they serve.

Funding Allocation Priorities

	Improve Community Water, Wastewater and Stormwater (%)	Support Community Revitalization (%)	Provide Planning Grants to Local Governments (%)	Owner preservation, aging in place, accessibility (%)	Create and Preserve Affordable Rental Housing (%)	Build Nonprofit Housing Developer Capacity (%)	Rapid Re-Housing and TBRA to Prevent Homelessness (%)	Provide Operating Support for Shelters (%)	Assist HIV/AIDS Residents Remain in Housing- STRMU (%)	Information and Placement Services (%)	Support Facilities Serving HIV/AIDS Residents (%)	Assist HIV/AIDS Residents Remain in Housing--TBRA (%)	Total (%)
CDBG	52	40	5	0	0	0	0	0	0	0	0	0	**100**
HOME	0	0	0	7	70	15	8	0	0	0	0	0	**100**
HOPWA	0	0	0	0	0	0	0	0	19	26	10	45	**100**
ESG	0	0	0	0	0	0	41	59	0	0	0	0	**100**
HTF	0	0	0	0	100	0	0	0	0	0	0	0	**100**

Table 5 – Funding Allocation Priorities

Reason for Allocation Priorities

ESG allocates emergency shelter and rapid re-housing, homeless prevention and outreach activities statewide.

The HOPWA grant does rely on a geographic allocation, determined through the Continuum of Care regions. Because IHCDA allocates HOPWA to all ISDH-established care coordination regions except Region 7, it was determined that IHCDA will fund one HOPWA project sponsor per every care coordination region. This will remain true for all care coordination regions. If a distinct eligible population with specific needs exists in a region, IHCDA will work with the regional sponsor to tailor services to meet the needs of the population.

IHCDA launched a “Project Development Track” as part of its HOME Innovation Round. Three non-profit development teams were selected to go through an intensive multi-month training regimen led by a HUD-approved technical assistance provider. Upon completion, these teams will be eligible to apply for HOME Homebuyer and Rental funds. The teams were required to identify an unmet need in their community and propose an innovative method of addressing this need through an affordable housing project utilizing HOME funds. IHCDA will be continuing this track in partnership with OCRA and DMHA to produce rental housing for persons with substance abuse disorders and/or mental health disorders. IHCDA will be providing training to selected non-profits and their respective teams on the HOME program and how to produce and manage units.

IHCDA will also continue its competitive rental round, to be held 1-2 times a year (depending on the availability of funds). IHCDA will allow for non-profit partners who are proposing HOME rental projects in PJs that receive less than $500,000 to apply for IHCDA HOME fund through the competitive stand-alone HOME round. IHCDA will also allow for the use of HOME funding as supplemental gap financing for tax-credit projects.

IHCDA will also continue to hold $1 million of HOME Funding aside for Homebuyer Construction activities.

The Indiana Supportive Housing Institute is an important element of the Indiana Permanent Supportive Housing Initiative (IPSHI), which was launched by IHCDA and the Corporation for Supportive Housing (CSH) in 2008 to further the strategy to end long-term and recurring homelessness. The focus is on funding lasting solutions instead of stop-gap programs. The 2022 Institute will address issues of homelessness with a focus on serving people with high needs who are on the Coordinated Entry System. The Institute will help supportive housing partners learn how to navigate the complex process of developing housing with supportive services to prevent and end homelessness. Participation in the Institute is expected to reduce the time it takes to obtain funding for supportive housing by improving the planning and development process. This year’s Institute developments will be eligible for HOME Investment Partnerships Program American Rescue Plan (HOME-ARP) funds and National Housing Trust Fund (HTF) dollars for a total of up to $5 million dollars per project. Consideration will only be given to responses proposing 100% permanent supportive housing developments.

The 2022 Institute will provide targeted training, technical assistance, and the opportunity to apply for predevelopment financing for both new and experienced development teams. Teams will receive over 80 hours of training including individualized technical assistance and resources to assist in completing their project. In addition, industry experts, including staff from the Indiana Housing and Community Development Authority (IHCDA), will provide insight on property management, financing, and building design.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

IHCDA's method of distribution continues to target the various housing and homelessness priorities identified in the Consolidated Plan. IHCDA targets low and very low income persons through its HOME Rental Program and TBRA Program; IHCDA will continue to target this population through the second Innovation Round. IHCDA also has higher subsidy limitations on HOME rental projects for units which target households at or below 50% AMI; IHCDA also awards competitive points through this policy for projects which have 20% of the units targeting 30 or 40% AMI households. IHCDA will continue to hold funding for HOME Tenant Based Rental Assistance, targeting persons who had been formerly incarcerated.

IHCDA will also continue to set aside funding for the Homeownership Program and will continue to provide technical assistance to those organizations interested in participating. IHCDA has continued to streamline the application process for those who wish to apply under this program. IHCDA will also continue to work with the State Habitat for Humanity Office to provide technical assistance on the program. IHCDA will continue working with the first HOME Innovation round cohort on their projects throughout PY 2022.

To meet the priority need of supporting comprehensive community development, IHCDA will maintain its training schedule, and will work alongside OCRA on both the re-launch of the Stellar Program, as well as the Rural Opportunity Zone Initiative (ROZI). The Stellar Program remains under evaluation and has not been relaunched. On March 25, 2021, the Indiana Office of Community and Rural Affairs, in partnership with the Purdue Center for Regional Development (PCRD) and the Indiana Housing and Community Development Authority (IHCDA), announced a second round of the Rural Opportunity Zone Initiative. Five additional communities were selected for ROZI Round 2 cohort. The purpose of the program is to build the capacity of rural-based Opportunity Zones in Indiana to attract private, public and/or philanthropic sector resources through the development and implementation of a locally-driven Opportunity Zone Investment Prospectus.

The distribution of housing funds addresses the critical, and growing, need for affordable rental housing. IHCDA, through its HOME and HTF programs accesses market need, developer financial capacity, the experience of the developer, the financial capacity of the project through the period of affordability. IHCDA also scores these applications on the past performance of the applicant, if the location of the proposed project is near areas of opportunity through its “Opportunity Index” (.e.g., in counties with low unemployment), if the location of the project promotes positive health outcomes through it’s “Health Needs Index” (e.g., proximity to pharmacies and health care providers) and if the project will provide a high level of broadband access.

CDBG funds are prioritized for basic health and safety improvements—specifically water and sewer infrastructure investments and emergency and public health and safety needs—in rural areas that do not have the financial capacity or resources to make such critical improvements. Nearly half of the distribution of CDBG allocates these priority needs. The balance address priority needs of economic growth and revitalization of rural communities.

AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction:

This section summarizes the Methods of Distribution (MOD) for CDBG, HOME, HTF, ESG, and HOPWA for PY2022. Full MODs are appended to this Action Plan.

Distribution Methods

Table 6 - Distribution Methods by State Program

1	**State Program Name:**	Emergency Solutions Grant (ESG)
	Funding Sources:	ESG
	Describe the state program addressed by the Method of Distribution.	The ESG application and more information can be found at: https://www.in.gov/ihcda/program-partners/emergency-solutions-grant-esg/. ESG uses different applications for each activity type (street outreach, shelter, rapid re-housing). Funding through the Emergency Solutions Program assists persons and families who are homeless find shelter, avoid homelessness and transition into permanent housing.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	IHCDA plans to allocate funding to approximately 10-12 agencies to administer the ESG Rapid Rehousing and Homeless Prevention Components of the ESG program for line items: Housing Relocation & Services (financial and services), Rental assistance and administration. There will be approximately 60 agencies that will apply for emergency shelter component that includes operations, essentials, and financial assistance and approximately one-two agencies that may apply for an outreach component. No more than the maximum allowed 60 percent of ESG funds will be allocated to operations, essentials and street outreach. A request for proposals will be distributed to all the Regional Planning Councils on the Homeless throughout the State, to the current subrecipients of the ESG program, current permanent supportive housing rental assistance programs (mental health centers, housing agencies, community action agencies, non-profits) who have had experience with rental assistance and will be published on the IHCDA and Balance of State CoC website. Each proposal will be reviewed by at least one IHCDA Community Services staff person. The reviewer will complete a built in scoring tool in the application, assigning points based on the following program design components: outreach system, commitment to the coordinated access intake point, systems coordination, organizational capacity, permanent housing placement strategy, history of administering the rental assistance programs, amount of match provided and coordination with ESG Entitlement City funds (as applicable). Each subrecipient will be awarded based upon the average of their proposal score and the amount of funding that will be available.
	If only summary criteria were described, how can potential applicants access application manuals or other **state publications describing the application criteria? (CDBG only)**	N/A

	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	IHCDA plans to allocate funding to approximately 12-14 agencies to administer the ESG Rapid Rehousing and Homeless Prevention Components of the ESG program for line items: Housing Relocation & Services (financial and services), Rental assistance and administration. There will be approximately 60 agencies that will apply for emergency shelter component that includes operations, essentials, and financial assistance and approximately one-two agencies that may apply for an outreach component. No more than the maximum allowed 60 percent of ESG funds will be allocated to operations, essentials and street outreach. A request for proposals will be distributed to all the Regional Planning Councils on the Homeless throughout the State, to the current subrecipients of the ESG program, current permanent supportive housing rental assistance programs (mental health centers, housing agencies, community action agencies, non-profits) who have had experience with rental assistance. Each proposal will be reviewed by at least one IHCDA Community Services staff person. . The reviewer will complete a built in scoring tool in the application, assigning points based on the following program design components: outreach system, commitment to the coordinated access intake point, systems coordination, organizational capacity, permanent housing placement strategy, history of administering the rental assistance programs, amount of match provided and coordination with ESG Entitlement City funds (as applicable). Each subrecipient will be awarded based upon the average of their proposal score and the amount of funding that will be available.
	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	N/A

	Describe how resources will be allocated among funding categories.	No more than the maximum allowed of 60 percent of ESG funds will be allocated to operations and TBRA.
	Describe threshold factors and grant size limits.	The amount of each award could be between $50,000 - $350,000
	What are the outcome measures expected as a result of the method of distribution?	The goal of ESG is to prevent homelessness and assist families and individuals experiencing homelessness to find housing as quickly as possible. Please see the ESG MOD for the performance standards expected of ESG subrecipients.
2	**State Program Name:**	HOME
	Funding Sources:	HOME

	Describe the state program addressed by the Method of Distribution.	The HOME applications and information can be found at: https://www.in.gov/ihcda/4084.htm Tenant based rental assistance programs funded with HOME have a separate application, found here: https://www.in.gov/ihcda/4102.htm HOME Partnerships Investment Program is used to fund affordable rental unit construction and rehabilitation, develop affordable owner-occupied housing, assist special needs and homeless residents with housing needs (including through TBRA) and support the work of CHDOs.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Scoring appears in the HOME MODs for rental and homeownership programs. Those going through the Indiana Permanent Supportive Housing Institute or the Rental Housing Tax Credit Program must meet the requirements of those applications to be eligible as well as HOME regulations. HOME rental applications are evaluated based on: Project characteristics (33 points), Development Features (33 points), Readiness (8 points), Capacity (21 points), Leveraging Other Sources (6 points), Unique Features/Bonus (9 points). The scoring incorporates points for accessibility and visitability features in housing developments. HOME homebuyer applications will be accepted on a rolling basis. If there are not eligible homebuyer applications, these funds may revert to rental. The scoring incorporates points for accessibility and visitability features, as well as units with 3+bedrooms in housing developments. IHCDA will sponsor a second HOME Innovation Round. A select number of nonprofit teams will be able to respond to a competitive RFQ. Those chosen will be required to go through an intensive four- to five-month project development training facilitated by a HUD approved TA provider. Upon successful completion, those teams may be eligible for additional HOME funding on a rolling basis. CHDO Pre-Development Funds are also available to eligible CHDOs on a rolling basis until funds are exhausted. CHDO Operating Fund are also available to eligible CHDOs if they are funded for a CHDO Reserve project.

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	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	N/A
	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	N/A
	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	N/A

	Describe how resources will be allocated among funding categories.	Please note: these amounts are based on the FY2021 allocations. As of March 3rd, 2022 HUD allocations were not yet available. If allocations are similar to FY 2021, the distribution of funds may reflect similar priorities. For the 2022 program year, the $14,705,184 (2022 Allocation) expected HOME funding will be allocated among the following programs: $7,355,184 rental construction projects $1 million homebuyer construction projects $1.2 Tenant Based Rental Assistance (TBRA) (if not utilized, will be converted to rental construction). TBRA may be used in other Participating Jurisdictions $850,000 CHDO Operating and CHDO Pre-Development loans $1.3 administrative uses - $600,000 organizational capacity, $700,000 admin $4.5 million for the HOME Innovation Program, Rental housing construction. If these funds are not utilized, they may convert to HOME rental construction. The balance of funds, and program income, will be used for rental and homeownership construction. If IHCDA does not receive eligible homebuyer applications or TBRA applications, that set-aside may revert to rental construction after two years.

	Describe threshold factors and grant size limits.	The maximum request amount per application is $1,000,000 for Rental (non-CHDO or CHDO in an eligible PJ); $1,500,000 (CHDO); $500,000 for homebuyer projects; and $3,000,000 for the Project Development track. HOME funds used for acquisition, rehabilitation, new construction, soft costs, relocation, rent-up reserve, and developer fee combined cannot exceed the following for units designated 50% AMI or higher on rental units : $72,000 for a studio, $84,000 for a 1-bedroom unit, $96,000 for a 2-bedroom unit, $117,000 for a 3-bedroom unit; and $128,000 for a 4-bedroom+ unit; or the following for units designated 40% or lower: $90,000 for a studio, $105,000 for a 1-bedroom unit, $120,000 for a 2-bedroom unit, $145,000 for a 3-bedroom unit and $160,000 for a 4-bedroom+ unit The minimum amount of HOME funds to be used for rehabilitation or new construction is $1,000 per unit. HOME funds cannot be used for reserve accounts for replacement or operating costs but may be used as a Rent-Up Reserve. Lead hazard and homebuyer counseling are limited to $1,000 per homeowner or homebuyer. Tenant Based Rental Assistance will be made available to Partners through a Request for Qualifications. TBRA may pay for rent, security deposits and utility deposits. Eligible participants under this program are households in which at least one household member was formerly incarcerated. TBRA is available statewide. Information on the TBRA Administration Plan and the RFQ may be accessed here: https://www.in.gov/ihcda/4102.htm

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	What are the outcome measures expected as a result of the method of distribution?	Actual outcomes will depend on the types of applications received. All programs have the same goal of improving the quality of existing housing stock in Indiana. Metrics are typically expressed in number of households or units assisted.
3	**State Program Name:**	Housing Opportunities for Persons with HIV/AIDS
	Funding Sources:	HOPWA
	Describe the state program addressed by the Method of Distribution.	The HOPWA award manual and request for qualifications for applicants can be found at: https://www.in.gov/ihcda/program-partners/housing-opportunities-for-persons-with-aids-hopwa/ Housing Opportunities for Persons with HIV/AIDS assists persons with HIV and/or AIDS and who also have an income below 80% of AMI with housing placement and rental subsidies.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	IHCDA will facilitate a request for qualifications (RFQ), advertised through the CoC network and posted online, for HIV/AIDS service providers. The RFQ will gather information on the number of persons/households they plan to serve, housing plans, housing services, organizational capacity, performance goals, supportive services, and their proposed budget. The RFQ applicants need to meet the following thresholds: • Required to be a non-profit organization • Required to be a current Indiana State Department of Health Care Coordination Site. • Previous experience providing HOPWA assistance. Actively attending the local Regional Planning Council/Committees/Leadership roles within their Region

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	N/A
	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	N/A

	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	IHCDA will facilitate a request for qualifications (RFQ), advertised through the CoC network and posted online, for HIV/AIDS service providers. The RFQ will gather information on the number of persons/households they plan to serve, housing plans, housing services, organizational capacity, performance goals, supportive services, and their proposed budget. The RFQ applicants need to meet the following thresholds: • Required to be a non-profit organization • Required to be a current Indiana State Department of Health Care Coordination Site. • Previous experience providing HOPWA assistance. Actively attending the local Regional Planning Council/Committees/Leadership roles within their Region. By having all subrecipients to be current Indiana State Department of Health - Care Coordination Site, we are providing a one stop shop for persons to access level of care that is needed. Persons will be able to receive testing, diagnosis, medical information, supportive services and housing if needed.
	Describe how resources will be allocated among funding categories.	Funds will be made available in the following percentages of the total awards made to project sponsors: • At least 60 percent to direct housing assistance: long-term rental assistance, short term rental assistance, and facility based operations; • No more than 7 percent to subrecipient administration and 3 percent to grantee/recipient administration; • No more than 35 percent to housing information and permanent housing placement activities; • No more than 35 percent to supportive services that positively affect recipients' housing stability. Once the Federal budget is determined, IHCDA will make adjustments proportionally to increase or decrease the above HOPWA allocation MOD.

	Describe threshold factors and grant size limits.	Because IHCDA allocates HOPWA to all ISDH-established care coordination regions except Region 7 and parts of Region 11, it was determined that IHCDA will fund one HOPWA project sponsor per every care coordination region. This will remain true for all care coordination regions. If a distinct eligible population with specific needs exists in a region, IHCDA will work with the regional subrecipient to tailor services to meet the needs of the population.
	What are the outcome measures expected as a result of the method of distribution?	For HOPWA, IHCDA will use the following indicators to measure subrecipient's ability to achieve the desired outcomes: • Rental Assistance households/units • Short-term rent, mortgage and utility assistance households/units • Facility based housing operations support units • Housing information services households • Permanent housing placement services households Supportive services households
4	**State Program Name:**	National Housing Trust Fund
	Funding Sources:	HTF
	Describe the state program addressed by the Method of Distribution.	National Housing Trust Fund will be allocated in conjunction with HOME, HOME-ARP, and/or LIHTC funding to teams who complete the Permanent Supportive Housing Institute.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Applicants will be evaluated with the following criteria: 1) Eligible activities, 2) Needs of community, 3) Target populations to be served by the activities (<30% AMI and experiencing homelessness), 4) Support geographic diversity and link to comprehensive revitalization of existing neighborhoods, 5) Organizational capacity, 6) Energy efficiency of project, 7) Use of M/WBE contractors.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	N/A
	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	N/A

	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	N/A
	Describe how resources will be allocated among funding categories.	All funds will be allocated to support rehabilitation and/or new construction of supportive housing in conjunction with RHTC or HOME developments that have completed the Indiana Supportive Housing Institute.
	Describe threshold factors and grant size limits.	The maximum request amount per application is $1,000,000 for eligible rental projects. At IHCDA's discretion, IHCDA may allow recipients to apply for additional HTF funding or award additional HTF funding if the project demonstrates additional needs and meets all subsidy layering and underwriting guidelines. HTF funds used for acquisition, rehabilitation, and new construction combined cannot exceed the following per bedroom limits: Studio - $96,750 1-bedroom - $112,875 2-bedroom - $129,000 3-bedroom - $155,875 4-bedroom+ - $172,000 Minimum amount of HTF funds to be used for rehabilitation or new construction is $1,000 per unit. All funds are provided as grants.

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	What are the outcome measures expected as a result of the method of distribution?	
5	**State Program Name:**	State Allocation of CDBG
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The CDBG MOD discusses the allocation of funds to subrecipients within the State programs of: • Stellar Regions Program, • Blight Clearance Program 2.0 & 3.0, • Downtown Renewal, • Public Facilities Program 2.0, • Wastewater Drinking Program, • Stormwater Improvements Program, • Needs Responsive Fund, • Urgent Need Fund, • Pilot Programs, • Planning Grants, • Technical Assistance, and • Administration

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Program criteria vary. In general, applications are accepted, and awards are made on a competitive basis throughout the program year. Criteria to select applications are located in attachments to the CDBG MOD.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Please see the MOD attached to this Action Plan.
	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	N/A

	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	N/A
	Describe how resources will be allocated among funding categories.	For the 2021 program year, the $31.9 million expected CDBG funding will be allocated among the following programs: • $13 million for Wastewater Drinking Program, • $7.5 million for Public Facilities, • $4 million for Blight Clearance Programs, • $4 million for Stormwater Improvements, • $2 million for Pilot Programs (including Owner Occupied Rehabilitation (OOR) $0 and PreservINg Main Street $2 million), • $1.5 million for Planning Grants, • $200,000 for Technical Assistance, and • $687,302 for Admin Costs.
	Describe threshold factors and grant size limits.	Please see the program specific grant limits and factors located in the CDBG MOD.

	What are the outcome measures expected as a result of the method of distribution?	The expected outcomes vary by program; full details are contained in the CDBG MOD.

Discussion:

Please see above.

AP-35 Projects – (Optional)

Introduction:

Please note: these amounts are based on the FY2021 allocations. As of March 3rd, 2022 HUD allocations were not yet available. If allocations are similar to FY 2021, the distribution of funds may reflect similar priorities.

For the 2022 program year, the State proposes to allocate funding to the following activities:

CDBG funds:

- $13 million for Wastewater Drinking Program,
- $7.5 million for Public Facilities,
- $4 million for Blight Clearance Programs,
- $4 million for Stormwater Improvements,
- $2 million for Pilot Programs (including Owner Occupied Rehabilitation (OOR) $0 and PreservINg Main Street $2 million),
- $1.5 million for Planning Grants,
- $200,000 for Technical Assistance, and
- $687,302 for Admin Costs

HOME funds:

- $7.35 million rental projects/construction
- $1 million homeownership projects/construction
- $1.2 million Tenant Based Rental Assistance (TBRA) (if not utilized, will be converted to rental construction). TBRA may be used in other Participating Jurisdictions.
- $850,000 for CHDO operating and predevelopment
- $1.3 million administrative uses ($700,000 internal and $600,000 organizational capacity
- $4.5 million for the HOME Innovation Round, for Rental housing construction. If these funds are not utilized, they may convert to HOME

rental construction.

- The balance of funds, and any Program Income collected during PY2022 will be made available for rental, homebuyer or CHDO operating funds (up to the allowable cap). Any Program Income collected in PY 2022 can be utilized in PY 2023.

ESG funds:

- $2.2 million emergency shelters with operations, essential services, and outreach
- $1.5 million rental assistance for rapid re-housing
- $250,000 for administration

HOPWA funds:

- $700,000 in TBRA
- $350,000 for housing information activities
  $300,000 short-term rental, utilities and mortgage assistance
- $150,000 support facility operations and supportive services
- $65,000 Permanent Housing Placement
- $170,000 subrecipient and grantee administration

HTF: $10,700,000 for acquisition, rehabilitation, and new construction of supportive housing to serve <30% AMI households and persons experiencing homelessness.

#	Project Name

Table 7 – Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

No

Available Grant Amounts

N/A

Acceptance process of applications

N/A

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

No

State's Process and Criteria for approving local government revitalization strategies

N/A.

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

The State of Indiana does not prioritize the allocation of CDBG, HOME or ESG geographically. Instead, OCRA and IHCDA allocate funds to the areas of greatest need, based on stakeholder and resident consultation and the needs assessment and market analysis. This information is used to guide the funding priorities for each program year.

Exact criteria vary by program, yet all programs prioritize assisting low income households. Most of IHCDA's housing programs prioritize 50 percent AMI households; ESG and HOPWA generally reach to lower income levels due to the nature of the populations they serve.

For IHCDA's HOME program, applications for rental and homeownership projects located within non-participating jurisdictions and those Participating Jurisdictions which receive less than $500,000 of HOME funding directly from HUD will be considered for funding.

Several IHCDA programs are available for projects statewide. This includes IHCDA's HOME Tenant Based Rental Assistance Program, and projects selected through its Supportive Housing Institute, which utilize HOME and HTF. Evaluation of the HTF includes a geographic diversity components and leverage of comprehensive community revitalization.

The HOPWA grant does rely on a geographic allocation, determined through the Continuum of Care regions because IHCDA allocates HOPWA to all ISDH-established care coordination regions except Washington, Harrison, Floyd, and Clark counties. These four counties are served by Louisville/Jeffersonville, KY-IN MSA. In addition, Dearborn, Franklin, Ohio, and Union Counties are served by the Cincinnati, OH-KY-IN MSA. It was determined that IHCDA will fund one HOPWA project sponsor per every care coordination region. This will remain true for all care coordination regions. If a distinct eligible population with specific needs exists in a region (for example, homeless men in Lake County), IHCDA will work with the regional subrecipient to tailor services to meet the needs of the population.

Rationale for the priorities for allocating investments geographically

The State agencies that receive funds determine geographic allocation based on grants that are awarded each year. Both OCRA and IHCDA monitor geographic distribution of funds to ensure that application criteria do not have the effect of disproportionately allocating funds into specific geographic areas.

Discussion

Please see above.

Affordable Housing

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction:

This section lists the one year goals for numbers of households supported through HOME funding. These numbers are based on prior year accomplishments (reported in the CAPER) and projected project costs.

One Year Goals for the Number of Households to be Supported	
Homeless	20
Non-Homeless	255
Special-Needs	20
Total	295

Table 8 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	75
The Production of New Units	200
Rehab of Existing Units	20
Acquisition of Existing Units	0
Total	295

Table 9 - One Year Goals for Affordable Housing by Support Type

Discussion:

The precise number of households to be supported through production of new units, rehab of existing units and acquisition of existing units is not yet known. It will be based upon the number of applications received.

AP-60 Public Housing - 24 CFR 91.320(j)

Introduction:

This section describes IHCDA's efforts as a public housing authority to improve the needs of renters receiving public housing subsidies.

Actions planned during the next year to address the needs to public housing

Since January of 2019, IHCDA has approved eight Rental Assistance Demonstration projects, preserving 1,081 units across the State of Indiana.

Ten percent (10%) of available annual Rental Housing Tax Credits will be set aside for Developments involving the substantial rehabilitation of existing federally assisted affordable housing and/or the demolition and decentralization of federally assisted affordable housing units utilizing the same site (over 50% of the units must be replaced in the Development/Application).

This includes:

1. Developments that propose the preservation of HUD or USDA affordable housing; or RHTC Developments with Compliance Periods that have expired or are expiring in the current year and the extended use agreement is still in place; or
2. Federally assisted developments which entail demolition and decentralization of units with replacement of units on the same site as described above.

To be eligible for the set-aside, a Development must meet the following requirements:

- If a Development contains multiple building and construction types, at least 50% of the units must qualify as preservation units; and

- Rehabilitation hard costs must be in excess of $30,000 per unit excluding the costs of furniture, construction of community buildings and common area amenities. However, USDA Rural Development Section 515 properties may include the cost of construction for community buildings and common area amenities in the minimum per unit amount. Note: for Developments competing in all other set-asides, rehabilitation hard costs must be in excess of $20,000 per unit.

In addition, IHCDA also offers points to Rental Housing Tax Credit Applications who propose the preservation of HUD or USDA affordable housing (including, but not limited to Project Based Section 8, Public Housing or RD 515 Properties).

Actions to encourage public housing residents to become more involved in management and

participate in homeownership

N/A; the State does not own or operate public housing developments.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

IHCDA is a High Performing Section 8-only PHA.

Discussion:

Please see above.

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

For the 2022 Action Plan, the State considered feedback from service providers and shelters about the growing challenges of assisting residents experiencing homelessness. Stakeholders continued to express concerns about the limited housing and services to assist persons recovery from addiction, especially those leaving the criminal justice system. Housing with an integrated care model is imperative for these residents, and needed for persons with disabilities and seniors.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The State relies on its partners to conduct outreach to persons who are homeless, assess their needs and communicate these needs to the State. To that end, the State will:

- Require all HUD McKinney Vento Funded programs to utilize HMIS for all shelter or transitional housing or permanent supportive housing programs serving homeless individuals and families.
- Require all HUD McKinney Vento Funded programs to participate in the annual, statewide homeless Point-in-Time Count in late January and timely submission of this data to IHCDA.
- Require all HUD McKinney Vento Funded programs subrecipients actively participate in their Regional Planning Council on the Homeless meetings regularly.
- Require all HUD McKinney Vento Funded programs to participate in the Coordinated Entry in their Region.

Addressing the emergency shelter and transitional housing needs of homeless persons

In addition to the allocation of ESG to meet the needs of persons who are homeless (see AP-25), emergency shelter and transitional housing needs are addressed through the ESG's participation in their local Regional Planning Council on Homeless in their Region but also through each Committee under the CoC Board. The Committees have been updated by the new CoC Board. They are: Executive Committee, Resources and Funding Committee, Strategic Planning Committee, Performance and Outcomes Committee and Ad Hoc Committees as needed. The State ESG program is part of the work of each committee in some way or another.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals

and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

Rapid re-housing activities include housing relocation and stabilization services and financial assistance with rent, utilities, arrears, and deposits. The function of these funds is to provide short-term assistance to individuals and families. The State offers shelters a version of RRH that did not include rental assistance, and instead covers one time assistance to support a direct connection from shelter to permanent housing including housing relocation and stabilization services, utilities, arrears, and deposits.

Sub-recipients that receive RRH funds are required to create a Memorandum of Understanding (MOU) with shelters in their region to further strengthen the connection from emergency housing to permanent options including rentals with short/medium term subsidy.

A persistent barrier to the transition to permanent housing is lack of employment. This remains especially difficult in rural areas. Emergency shelters also reported that clients face challenges in moving from the shelter into permanent or transitional housing within the 40-day timeframe, which was the objective. Lack of affordable housing availability continues to be a key factor in extended lengths of stay in shelter while the housing search is in process.

IHCDA released an RFP on January 31, 2022 to evaluate IHCDA's supportive housing initiatives. IHCDA is seeking a qualified researcher to evaluate whether supportive housing developments are meeting the goals of serving the most vulnerable households experiencing homelessness in their communities, providing appropriate supportive services for those households, and creating positive permanent housing outcomes for those households. The purpose of this study is to determine whether IHCDA's policies and training are effective in meeting these goals or if there are gaps that IHCDA can address with new or existing programs.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

The Indiana Supportive Housing Institute is an important element of the Indiana Permanent Supportive Housing Initiative (IPSHI), which was launched by IHCDA and the Corporation for Supportive Housing (CSH) in 2008 to further the strategy to end long-term and recurring homelessness. The focus is on funding lasting solutions instead of stop-gap programs. The 2022 Institute will address issues of homelessness with a focus on serving people with high needs who are on the Coordinated Entry System. The Institute will help supportive housing partners learn how to navigate the complex process of developing housing with supportive services to prevent and end homelessness. Participation in the Institute is expected to reduce the time it takes to obtain funding for supportive housing by improving the planning and development process. This year's Institute developments will be eligible for HOME Investment Partnerships Program American Rescue Plan (HOME-ARP) funds and National Housing Trust Fund (HTF) dollars for a total of up to $5 million dollars per project. Consideration will only be given to responses proposing 100% permanent supportive housing developments.

The 2022 Institute will provide targeted training, technical assistance, and the opportunity to apply for predevelopment financing for both new and experienced development teams. Teams will receive over 80 hours of training including individualized technical assistance and resources to assist in completing their project. In addition, industry experts, including staff from the Indiana Housing and Community Development Authority (IHCDA), will provide insight on property management, financing, and building design.

Discussion

Please see above.

AP-70 HOPWA Goals – 91.320(k)(4)

One year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	225
Tenant-based rental assistance	125
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	25
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	0
Total	375

AP-75 Barriers to affordable housing – 91.320(i)

Introduction:

In 2016, the State of Indiana updated its Analysis of Impediments to Fair Housing Choice (AI) to incorporate the new Assessment of Fair Housing framework for identifying barriers to housing choice—as well as access to economic opportunity.

The following fair housing issues were identified in the 2016 AI, which included quantitative analysis, input from stakeholders in two rounds of surveys, focus groups and interviews, and a statistically significant resident survey with oversampling of persons with disabilities and non-White residents.

Housing Issues

- Poor condition of affordable housing stock according to residents and stakeholders. Inability of residents to make needed improvements due to low incomes.
- Disproportionately high levels of cost burden and lower levels of homeownership for minority populations other than Asian residents.
- Cost burden gaps are greatest for minority residents earning between 30 and 50 percent of the area median income—those just over the poverty level (lower middle class).
- Minority residents and residents with disabilities are most likely to express challenges with home buying associated with down payments and mortgage loan qualifications.
- High mortgage loan denial rates for non-White residents, even when adjusting for income level.
- Higher use of publicly-supported housing by African American residents, suggesting challenges obtaining private market housing.
- Housing choice for residents with disabilities restricted by the lack of available, affordable, accessible housing. Nearly one-fourth of residents say the home they live in does not meet their family's disability needs and nearly two-thirds cannot afford to make improvements. The most needed improvement is ramps and handrails.
- Landlords not accepting service animals and charging higher rents or deposits for persons with disabilities requesting reasonable accommodations.
- Lack of rental housing for families with children: on average 72 percent of Housing Choice Voucher wait lists are families with children. PHAs surveyed for the AI consistently rated families with children as the demographic group with the most trouble finding rental housing—even more so than residents with criminal backgrounds.

Economic Opportunity Issues

- Gaps in educational attainment for Hispanic residents.
- Residents with disabilities face challenges finding employment and those who are employed

earn less than those without a disability.

- Economic differences contributing to segregation, mostly in urban areas. In some areas, systemic steering, lack of opportunity and lack of available housing perpetuate racially homogenous neighborhoods.
- Limitations (property tax caps) on State and local tax revenue generation.
- Severe lack of services and trained staff to deliver mental health and supportive services.

In conjunction with the Housing Working Group, comprised of 12-14 housing industry thought leaders from across the state, IHCDA has published and will maintain the Indiana Housing Dashboard, a collection of over 25 charts, displayed county by county and ready for comparison, including data on demographics, housing supply and affordability, and various economic conditions. A full report from the dashboard allows IHCDA, local government leaders, housing developers, and advocates alike, to determine general trends, economic challenges and opportunities, gaps in housing production and affordability, and much more.

Also, in its 2023-2024 QAP, IHCDA will require all developments in the housing tax credit program to create an Affirmative Fair Housing Marketing Plan (AFHMP) using HUD Form 935.2A. This requirement will affect nearly all rental developments assisted with HOME Funds and HTF.

Please see the "Discussion" section below for the remainder of this response.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

Since the 2016 AI was developed, OCRA and IHCDA have worked closely with the Fair Housing Center of Central Indiana (FHCCI) and the Indiana Civil Rights Division (ICRC) to address the identified barriers. These partnerships will continue during the 2022 Program Year and will focus on: Fair housing testing; Fair housing training and education and outreach; and inspecting and testing IHCDA funded properties for fair housing compliance.

Land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations and policies affecting the return on residential development and largely determined at the local level and are outside of the State’s purview.

Discussion:

Continued from above.

The factors contributing to these issues are:

- Economic weaknesses in some nonentitlement areas preventing residents from making needed repairs.
- Lack of accessible housing stock.
- Historically lower incomes of non-White and Hispanic residents and, for Hispanic residents, lower rates of educational attainment.
- Residents with disabilities facing lower employment opportunities and discrimination in housing markets.
- Families with children and non-White and Hispanic residents experiencing discrimination in rental market transactions.
- Landlords not complying with and/or not understanding fair housing laws, particularly reasonable accommodations.
- Insufficient resources to fund ADA improvements to public buildings and infrastructure, particularly in rural areas.

AP-85 Other Actions – 91.320(j)

Introduction:

This section describes a variety of other efforts the state will continue during the program year to help address housing and community development needs.

Actions planned to address obstacles to meeting underserved needs

The state will continue to provide training for the application process associated with the HUD grants to ensure equal access to applying for funds, and continually review and update its proposed allocation with current housing and community development needs, gathered through the citizen participation plan and demographic, housing market and community development research.

As an example, the IHCDA HOME Rental Policy contains an Opportunity Index scoring section. The purpose of this category is to incentivize developments in areas of opportunity. The Opportunity Index awards points for locating projects in areas close to public transportation and fresh produce as well as in areas with low unemployment rates, high job growth, and high median household incomes.

Together, these categories enable IHCDA to ensure projects are being funded in areas of opportunity and in areas where there is a high need for assistance.

IHCDA will also allow for CHDOs to apply for HOME funding if their project is located within a PJ who receives less than $500,000 of HOME if the PJ also commits HOME funding to the project; this policy can assist with financing HOME projects which otherwise may have significant financial gaps in markets in which a larger LIHTC project may not be feasible, or in which there is not a market.

IHCDA has also worked on providing and supporting capacity building of non-profits and CHDOs, offering a myriad of trainings including, but not limited to: National Development Council Rental Housing Development Certification, CHDO and Non-Profit Executive Course, HOME Fundamentals Training, Project Development Training, Green Building Certification, Lead and RRP Training and Certification, Aging in Place Certification, Universal Design Certification, Fair Housing Training, and training on Environmental Reviews and Section 106. Though this training, IHCDA hopes to continue to provide quality training on how to use its federal funding and to ensure the highest quality of affordable housing. IHCDA will continue to sponsor and/or offer these trainings throughout PY 2022.

IHCDA has also increased the amount of funding for its Tenant Based Rental Assistance. IHCDA has designed its TBRA program to improve the range of housing options for income qualified formerly incarcerated individuals. Under IHCDA's TBRA Program, IHCDA may provide security deposits, utility deposit assistance, or rental assistance. Waivers and extensions which were granted and subsequently extended by HUD in response to the COVID-19 pandemic expired on September 30, 2021. Therefore, all original program requirements have been reinstated.

Actions planned to foster and maintain affordable housing

The primary activities to foster and maintain affordable housing are the state's CDBG, HOME and HTF funded activities that include the production of new units, homeownership opportunities, home rehabilitation and capacity support for affordable housing developers. IHCDA uses each of its programs to target a variety of needs and populations including, though not limited to: seniors, persons who are homeless, persons with physical or developmental disabilities, persons with mental impairments, persons with chemical addictions, single parents, victims of domestic violence, abused children families with children six and under veterans, and the re-entry population. IHCDA has supported numerous trainings on different facets on developing and maintaining affordable housing, and supporting fair housing and access to safe, quality housing across the state.

IHCDA's HOME program is focused on the following goals:

3. Demonstrate they are meeting the needs of their specific community;
4. Reach low and very low-income levels of area median income;
5. Link the project to the revitalization of existing neighborhoods, preferably through a comprehensive approach (i.e. as part of a published and approved community revitalization plan);
6. Advance projects that promote aging-in-place strategies for seniors, persons with disabilities, and families with seniors or persons with disabilities;
7. Propose projects that are energy-efficient and are of the highest quality attainable within a reasonable cost structure.

Applicants of IHCDA's programs and funds are encouraged to engage in an array of activities necessary to attain the solutions desired by a community, such as:

- Pre-development and seed financing – limited to eligible nonprofits
- Permanent Supportive Housing – Applicants must participate in the Indiana Supportive Housing Institute to be considered for an IHCDA investment.
- Rental assistance
- Acquisition, rehabilitation, guarantees, refinance, or (re)construction of rental housing
- Homeownership counseling and down payment assistance (not available using HOME funding)
- Acquisition, rehabilitation, guarantees, refinance, or (re)construction of homebuyer housing

Additionally, the State utilizes other programs (summarized earlier in this section) to help foster and maintain affordable housing and include:

- Affordable Housing and Community Development Fund;
- Indiana Foreclosure Prevention Network;
- Low Income Housing Tax Credits (LIHTC); and
- Section 8 voucher program.

IHCDA has also updated its housing counseling requirements for its HOME Homebuyer applicants.

The HOME regulations at 92.254(a)(3) require all homebuyers who receive HOME assistance or purchase units developed with HOME funds must receive housing counseling. In a final rule published by HUD's Office of Housing Counseling, HUD established housing counseling certification requirements provided in connection with a HUD program. All adult household members who will hold title and be a party to the senior loan are required to complete homebuyer counseling.

Under the rule, all homebuyers assisted under the HOME program must receiving housing counseling that is performed by a certified housing counselor who has passed the HUD certification examination **and** is employed by a HUD-approved housing counseling agency.

The Housing Counseling must be independent, expert advice customized to the need of the consumer to address the consumer's housing barriers and to help achieve their housing goals and must, at a minimum include the following process:

- Intake
- Financial and housing affordability analysis
- An Action Plan
- Reasonable effort to have following up communication with the client when possible.

The content and process of housing counseling must meet the standards outlined in 24 CFR part 214. The counseling **must be individualized** to the specific potential homebuyer. The counseling must address all homeownership topics relevant to the client, including:

- The decision to purchase a home;
- The selection and purchase of a home;
- Issues arising during and affecting the period of ownership of a home (including refinancing, default, and foreclosure and other financial decisions);

- The sale or other disposition of a home.

In addition, the counselor must communicate on the importance of obtaining an independent home inspection using the materials available.   All homebuyers must be given the two HUD brochures referenced below about the importance of home inspections. The recipient must ensure that each homebuyer signs a receipt acknowledging they were given these items. Both items may be accessed here: https://www.hudexchange.info/resource/4747/for-your-protection-get-a-home-inspection/

Eligible housing counseling is not services that provide only housing information, placement or referral services, routine administrative activities (such as intake), case management that provides housing series as incidental to a larger case management and does not fund housing counseling, fair housing advice and advocacy (such as filing claims), or group education without individualized services.

IHCDA will offer pre-purchase and post-purchase counseling as eligible under this policy. The delivery method may be flexible (in-person, by phone or via the internet), but the counseling must be specific to the homebuyer. The counselor at a minimum must provide eight hours of training; at least six hours must be pre-purchase. The certificate is valid for one year after completion of the training. The applicant, prior to entering into the sales contract, must submit documentation of the training to IHCDA for approval. If the pre-purchase training was not conducted or approved by IHCDA at time of the signed sales contract, the grantee will be required to repay HOME funds to IHCDA.

The recipient may not charge servicing, origination, processing, inspection, or other fees for the costs of providing homeownership program assistance.

Actions planned to reduce lead-based paint hazards

Utilize the Healthy Homes Production Grant

Healthy Homes Production Grant funding is exclusively for direct costs associated with the identification and remediation of housing related health and safety hazards using the Healthy Home Rating System (HHRS). Those costs allowable with the Healthy Homes Supplemental funding include costs for the assessment of housing units, for housing-related health and safety hazards, development of scopes of work for remediation of identified housing-related health hazards, conducting such remediation, re-evaluation of the completed work, reporting, notification to occupants and owners, if different, of the nature and results of the remediation.

The Healthy Home Hazard Assessment, with approval of IHCDA, shall be conducted by a qualified person who has been trained and certified by HUD in accordance with the grant policy.

The Healthy Homes inspection process is a risk-based assessment and will consider the effect on the occupant health. This assessment will be incorporated into the initial lead hazard risk assessment to minimize disruption to the occupants. The top six weatherization deferments include mold, structural issues, roof leaking, standing water, access issues, and electrical.

From the list of 29 hazards in the Healthy Homes rating chart, IHCDA has determined the following hazards, in order of priority, to be addressed based on funding:

- Radon
- Moisture Intrusion
- Electrical Hazards
- Access issues
- Structural issues
- Lead Based Paint

IHCDA may also consider the following additional hazards as needed:

- Carbon Monoxide and fuel combustion products
- Pests and Refuse

Lead-based paint hazards will primary be addressed through HOME funded rehabilitation activities. IHCDA has developed new lead program application forms, and has provided multiple trainings on how to address lead-based paint through both of these programs in partnership with HUD. IHCDA will continue to offer workshops on the Lead Safe Housing Rule and the HUD Lead regulations to administrators and contractors. IHCDA will also be addressing the dearth of eligible risk assessors, inspectors and licensed contractors by working with the Indiana Builders Association to advertise trainings. IHCDA has also developed a program to allow for reimbursement for contractors to receive their appropriate lead licenses.

In addition, IHCDA has been awarded the Lead Hazard Reduction Demonstration Grant through HUD; this award was extended and is scheduled to end on July 31, 2022. In partnership with the Indiana State Department of Health, IHCDA is using these funds will for the identification of lead hazards in units occupied by children who have been lead poisoned or are at-risk of becoming lead poisoned; the remediation of the lead hazards through appropriate control or abatement procedures; and ancillary activities such as training, outreach, and casework. Healthy Homes funding will promote and develop coordination of the lead hazard control activities with other healthy homes steps. These and other activities include providing smoke detectors, providing carbon monoxide detectors, installing anti-scald devices on bathtubs and installing and/or checking handrails. IHCDA is in their third year of executing this vital grant.

IHCDA will also be keeping a database of lead-free housing for rental units which undergo lead hazard control through the LHRD grant program.

Lastly, IHCDA in partnership with the Indiana State Department of Health has created the Lead Protection Program, which offers multiple resources to qualified residents. IHCDA keeps a website of all state-lead programming, a Lead Paint Safety guide, applications in both English and Spanish for interested families on this website: https://www.in.gov/ihcda/homeowners-and-renters/lead-protection-program/.

Actions planned to reduce the number of poverty-level families

Indiana has a history of aggressively pursuing job creation through economic development efforts at the state and local levels. This emphasis on creating employment opportunities is central to a strategy to reduce poverty by providing households below the poverty level with a means of gaining sustainable employment.

The Governor's 2020 Next Level plan focuses on expanding educational and skill development opportunities in rural areas; attracting Defense Department-related jobs, and investing in broadband statewide.

In recent years, IHCDA has made several program adjustments to more directly target funds to benefit poverty-level families. IHCDA has added an Opportunity Index to incentivize the construction of HOME projects in areas with public transit, low unemployment, high job growth, proximity to employers, low poverty rate, and higher household income at the county and census tract level. IHCDA also added a new scoring category on Health and Quality of Life Factors to incentive HOME developments near primary care physicians, fresh produce, and proximity to positive land uses.

The State also utilizes the Section 3 requirement (a provision of the Housing and Urban Development

Act of 1968). Section 3 applies to employment opportunities generated (jobs created) as a result of projects receiving CDBG or HOME funding through OCRA or IHCDA, whether those opportunities are generated by the award recipient, a subrecipient, and/or a contractor. The requirements of Section 3 apply to all projects or activities associated with CDBG or HOME funding, regardless of whether the Section 3 project is fully or partially funded with CDBG/HOME. A detailed description of Section 3 requirements is included in OCRA/IHCDA's award manual. A notice of Section 3 requirements is included in bid solicitations and is covered during the award trainings.

Actions planned to develop institutional structure

OCRA and IHCDA will continue to build capacity, leadership, and institutional structure in rural areas through:

- Regional Capacity Building workshops;
- Webinars and regional meetings to discuss funding opportunities and answer questions from grantees;
- Participation in state conferences to market programs;
- The Indiana Permanent Supportive Housing Institute;
- CHDO working group – a group of eight to ten CHDO across the State of Indiana to discuss successes and challenges with the HOME Program, and to provide peer-to-peer support on non-profit capacity building.
- Trainings on Fair Housing and Reasonable Accommodations, Lead Based Paint, Certified Green Professional Certification, Certified Aging in Place Training and Universal Design; and
- Affordable housing development training.

IHCDA continues to offer many of these trainings in an online format due to COVID and other continuing health concerns. This has made many of the trainings lower-cost or free for participants.

Actions planned to enhance coordination between public and private housing and social service agencies

The State has an active network of community development corporations, many of which have become increasingly focused on housing and community development issues. These organizations are engaged in a variety of projects to meet their communities' needs, from small-scale rehabilitation programs to main street revitalization. Public housing authorities exist in the major metropolitan areas and in small to medium-sized communities throughout the State.

The State also has several organizations that advocate for State policies and organize housing and community development activities at the State level. Prosperity Indiana provides policy coordination, as well as training and technical assistance, to support nonprofit housing and community development activities. The Back Home in Indiana Alliance is composed of Indiana leaders in several affordable-housing and disability-related organizations and help people with disabilities become homeowners in several Indiana communities.

Through provision of training and technical assistance (discussed above), OCRA and IHCDA support coordination and help to build partnerships with and among these organizations. Examples from prior program years, which will be continued in PY2022, include:

IHCDA's and OCRA's executive leadership and staff speak at public and private housing and community development events. IHCDA staff have spoken at a variety of conferences for Accelerate Indiana Municipalities (AIM); the Indiana Association of Regional Councils (IARC); Indiana Housing Conference; and the Indiana Township Trustees Association. OCRA regularly presents and attends conferences hosted by AIM, Association of Indiana Counties (AIC), and IARC as well.

OCRA holds regular "listening sessions" in nonentitlement areas throughout the state to gather information on economic development and housing challenges. Those sessions provide an opportunity for various housing, service, and community development interests to explore solutions to their needs and foster working relationships.

OCRA's community liaisons (OCRA's can be found at https://www.in.gov/ocra/2330.htm) partner with local units of government, the private sector, and nonprofits to locate and proactively work to locate funding and other resources for community and economic development projects, as well as facilitate the meeting of local officials, state, and federal agencies. They also provide technical assistance on all OCRA programs.

IHCDA’s two Real Estate Production Analysts each cover a region of the state (North and South) and provide frequent outreach and technical assistance. Outreach is provided by email, over the phone, and in-person when requested. Production Analysts also traditionally attend ribbon cutting, groundbreakings, and other promotional events.

IHCDA conducts regional outreach meetings every year. These meetings are held three to five times a year and are each located in a different area of the state in order to ensure that partners in all areas of the state are able to easily attend. The information provided at these meetings is also tailored to address the specific needs of the region in which the meetings is being held. Local projects are highlighted as well. Production Analysts and other IHCDA staff utilize their existing contacts to invite current and potential partners to these meetings. Outreach meetings provide an opportunity for partners to meet their analysts as well as ask questions and provide input on IHCDA policy. Due to COVID precautions, these meetings have been held virtually and can continue to be conducted as webinars if necessary.

IHCDA also sponsors, in partnership with the Indiana Affordable Housing Council, the Indiana Housing Conference. The Indiana Housing Conference is an annual conference for affordable housing professionals in which industry news and best practices are discussed. The conference also provides an opportunity for networking between affordable housing professionals from across the state and country.

The 2022 Permanent Supportive Housing Institute will address issues of homelessness with a focus on serving people with high needs who are on the Coordinated Entry System. The Institute will help supportive housing partners learn how to navigate the complex process of developing housing with supportive services to prevent and end homelessness. Participation in the Institute is expected to reduce the time it takes to obtain funding for supportive housing by improving the planning and development process. This year's Institute developments will be eligible for HOME Investment Partnerships Program American Rescue Plan (HOME-ARP) funds and National Housing Trust Fund (HTF) dollars for a total of up to $5 million dollars per project. Consideration will only be given to responses proposing 100% permanent supportive housing developments.

The 2022 Institute will provide targeted training, technical assistance, and the opportunity to apply for predevelopment financing for both new and experienced development teams. Teams will receive over 80 hours of training including individualized technical assistance and resources to assist in completing their project. In addition, industry experts, including staff from the Indiana Housing and Community Development Authority (IHCDA), will provide insight on property management, financing, and building design.

IHCDA and OCRA will also partner on the re-launch of Stellar and will work with DMHA on the HOME Innovation Program to target housing for persons with SUDs and mental health disorders.

IHCDA has also continued to partner with the State Department of Heath on Lead based Paint and is partnering with ISDOH on the Lead Hazard Reduction Demonstration Grant. IHCDA has started a Lead Advocacy Group which meets monthly to discuss lead-based paint issues throughout the state. The group consists of IHCDA, ISDH, and the Indiana Community Action Agency.

IHCDA has also established a strong relationship with the Family and Social Services Administration (FSSA) to coordinate affordable assisted living rental housing production and housing for persons with intellectual or developmental disabilities, or persons who have a chemical addiction.

Finally, when funding rounds are open, OCRA and IHCDA both hold webinars and regional visits were held to educate potential grantees about the application process.

Discussion:

Please see above and refer to the uploaded Appendix for the continuation of responses that exceeded the character limit in this section.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

Introduction:

This section outlines the program specific requirements for all funding sources.

Community Development Block Grant Program (CDBG)
Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	**0**

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	80.00%

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HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

   N/A

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

   The recipient must implement recapture restrictions for any homebuyer property purchased, in whole or in part, by a homebuyer that received a direct buyer subsidy from the recipient in an amount greater than or equal to One Thousand and 01/100 Dollars ($1,000.01) from HOME funds. A homebuyer subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise directly subsidizes the purchase (e.g., down-payment or closing cost assistance, subordinate financing). Developers, other than CHDOs, are not allowed to provide down-payment or closing cost assistance.; However, a developer may provide a direct subsidy by reducing the purchase price from fair market value to an affordable price.

   There are two different consequences that may be associated with a recapture provision: (1) the recapture provision can be triggered (as described just below) or (2) an event of non-compliance can occur (as described further below). The recapture provisions are triggered if any of the following occur during the Affordability Period:

   1. The homebuyer transfers or conveys the property by deed, land contract, or otherwise;

   2. Foreclosure proceedings are commenced against the property;

   3. The property is transferred by an instrument in lieu of foreclosure; or,

   4. The title to the property is transferred from the homebuyer through any other involuntary means.

   The amount of the homebuyer subsidy shall be reduced by multiplying the homebuyer subsidy by the Forgiven Ratio (defined below) in order to determine the amount that will be forgiven. The amount to be recaptured and shall be limited to the Net Proceeds of the sale. Net Proceeds is defined as the sales price minus superior loan repayment (other than HOME funds) and closing costs. If there are no Net Proceeds, the amount to be recaptured will be zero and the HOME loan is considered satisfied. In the event there is significant market appreciation, once the HOME obligation is recaptured, the homebuyer can retain any appreciation. The amount recaptured cannot exceed the Net Proceeds, if any. Forgiven Ratio means a ratio that calculates the amount of the Direct Subsidy that is forgiven. This ratio shall be calculated by dividing the number of full months that owner occupies the property as its principal residence by the total of number of months in the

Affordability Period.

The recipient will be required to ensure that a lien and restrictive covenant agreement , drafted by IHCDA has been executed and recorded on any HOME-assisted property.

In accordance with CPD Notice 12-003, the recipient must also execute a HOME written agreement with the homebuyer before or at the time of sale. The purpose of the agreement is to ensure that all parties are aware of the provisions related to the lien and restrictive covenant agreement and HOME requirements applicable to the HOME assisted unit (i.e., period or affordability, principal residency requirement, etc.). The recipient will be required to use IHCDA's form of Homebuyer Recapture Agreement.

3. If there is both a development subsidy and a direct homebuyer subsidy or just a direct homebuyer subsidy, a recapture provision must be implemented. In cases where a direct homebuyer subsidy was not provided and there is only a development subsidy, resale restrictions must be executed on the property. Under recapture guidelines the Affordability Period is based upon the total amount of the direct homebuyer subsidy that the homebuyer received in HOME funds. A direct homebuyer subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise directly subsidizes the purchase (e.g., down-payment or closing cost assistance, subordinate financing).A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

   Please see the Grantee Unique Appendices for the guidelines. IHCDA does use the home affordable homeownership limits published by HUD.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

   N/A

Emergency Solutions Grant (ESG)
Reference 91.320(k)(3)

1. Include written standards for providing ESG assistance (may include as attachment)

   Please see the Grantee Unique Appendices for the guidelines.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

   The Coordinated Assessment Committee of the Balance of State Continuum of Care Board is working with the State ESG program to develop and coordinate regional centralized intake and triage centers to ensure access to assistance is driven by the needs of persons experiencing homelessness. IHCDA is the collaborative applicant within the CoC and IHCDA was awarded the Coordinated Access Grant. With the assistance of the CoC Board, IHCDA has developed and continues to improve upon the coordinated access system.

Access: The Coordinated Assessment will be in the HMIS system and utilized by the Coordinated Access agency within the Region within the Balance of State CoC whether they are an ESG subrecipient or other programs funded by McKinney Vento. Each Region will determine if their Coordinated Access will be a centralized or decentralized system.

Assessment: Each homeless person will be assessed and triaged based on their needs in order to prioritize the most vulnerable and those with the highest barriers for first assistance. This priority would include the chronic homeless population.

Assign: Once assessed the person/family then will be assigned to the right type of housing that best suits their needs whether it is permanent supportive housing, rapid rehousing or VASH voucher and whether it is available in that area or Region.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

IHCDA plans to allocate funding to a maximum of 15 agencies to administer the ESG Rapid Rehousing and Homeless Prevention Activities of the ESG program for line items such as: housing relocation and services (financial and services), rental assistance and administration.

There will be approximately 60 agencies that will apply for emergency shelter component that includes operations, essentials, and financial assistance and approximately two - six agencies that may apply for the Annual Action Plan street outreach activity. No more than 60% of ESG funds will be allocated to operations, essentials and street outreach. A request for proposals will be distributed to all the Regional Planning Councils on the Homeless throughout the Balance of State, to the current subrecipients of the ESG program, current permanent supportive housing rental assistance programs (mental health centers, housing agencies, community action agencies, non-profits) who have had experience with rental assistance. Each proposal will be reviewed by at least one IHCDA Community Services staff person and by a member of a Committee under the CoC Board. Each reviewer will complete a scoring tool, assigning points based on the following program design components: outreach system, commitment to the coordinated access intake point, systems coordination, organizational capacity, permanent housing placement strategy, history of administering the rental assistance programs, amount of match provided and coordination with ESG Entitlement City funds (as applicable). Each subrecipient will be awarded based upon the average of their proposal score and the amount of funding that will be available. The amount of each award could be between $60,000 and $250,000 each.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

   The State ESG recipient- IHCDA - has a member of the Resource & Funding Committee and the Balance of State CoC Board who has been formerly homeless and currently lives in a permanent home after recently leaving permanent supportive housing. As a member of the committee Board of Directors, this representative considers all committee provides guidance to our CoC Programs and their policies and procedures and is currently participating in the CoC's Strategic Planning Process. The State of Indiana recognizes the invaluable perspective of individuals who are currently homeless and formerly homeless in developing an effective person-centered program and system. The State program strongly encourages subrecipients of the ESG program to incorporate this participation, to the maximum extent practicable, in a policy-making function of both the organization and the respective regional Planning Council on the Homeless. The State ESG program application requires subrecipients to demonstrate how participation and input of people experiencing homelessness is utilized at both an organizational level and within their regional Planning Councils on Homelessness. This will be a threshold item and will require the subrecipient to provide documentation around their policies for verification. This issue is also reviewed during program monitoring visits.

5. Describe performance standards for evaluating ESG.

   The performance standards were developed in collaboration with the governing body for the Balance of State CoC Board and the Resource & Funding Committee and approved by the Balance of State CoC Board by using the national standards outlined in Section 427 of the McKinney-Vento Act, as amended by the HEARTH Act.

   Baseline performance measurements will be reports generated by the HMIS system and mainly from the ESG CAPER reports for the current grant prior year. Two of the standards are specific to the subrecipients program performance and the remaining two are specific to system outcomes.

   ESG subrecipients will be able to set their own goals for the next years on areas such as: discharging persons to permanent housing, increasing employment income and increasing overall income by persons who exit the emergency housing.

   Below are goals that IHCDA would like to reach on an annual basis:

   ESG RR -rental assistance program subrecipients: At discharge from program, 82 percent of persons assisted will still be permanently housed, and 65 percent will increase their income.

   ESG program subrecipients that are Emergency shelters that have activities such as operations, essential services and financial assistance: 50 percent of persons will discharge to permanent housing, and 25 percent will increase their income.

ESG program subrecipients that have outreach component: 50 percent of identified caseload will be permanently housed.

ESG program subrecipients that have outreach component: 50 percent identified caseload will increase their income.

The average length of stay of participants in ESG funded and other CoC programs should decrease by at least 10 percent.

Housing Trust Fund (HTF)
Reference 24 CFR 91.320(k)(5)

1. How will the grantee distribute its HTF funds? Select all that apply:

☑ Applications submitted by eligible recipients

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter “N/A”.

N/A

3. If distributing HTF funds by selecting applications submitted by eligible recipients,

a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

Eligible applicants include CHDOs, non- and for-profit affordable housing developers, and joint venture partnerships. Awards will be allocated based on the following criteria:

1. Whether the development demonstrates a need for HTF in order to make a greater number of units affordable to extremely low and very low households;
2. Whether the development meets State and Federal requirements of all programs for which the applicant is applying, including the threshold requirements;
3. Successful completion of the Permanent Supportive Housing Institute;

4. If the development ranking is sufficient for it to be awarded RHTC pursuant to the RHTC process as outlined in the current QAP; and,
5. The availability of HTF funds.

b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Application requirements are described in detail in Part I of the 2021 HTF Draft Policy which is part of Appendix A (Methods of Distribution) in the Grantee Unique Appendices. Appendix A MOD also includes HOME Rental Application Policy, HOME Homebuyer Policy, and HOME Innovation Round RFP, and Institute RFP.

Eligibility will be determined based on:

1. Whether the development demonstrates a need for HTF in order to make a greater number of units affordable to extremely low and very low households;
2. Whether the development meets State and Federal requirements of all programs for which the applicant is applying, including the threshold requirements;
3. Successful completion of the Permanent Supportive Housing Institute;
4. If the development ranking is sufficient for it to be awarded RHTC pursuant to the RHTC process as outlined in the current QAP; and,
5. The availability of HTF funds.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Selection criteria are described in detail in Part I of the HTF Draft Policy which is part of Appendix A (Methods of Distribution) in the Grantee Unique Appendices. Applicants will be evaluated with the following criteria: 1) Eligible activities, 2) Needs of community, 3) Target populations to be served by the activities (<30% AMI and experiencing homelessness), 4) Support geographic diversity and link to comprehensive revitalization of existing neighborhoods, 5) Organizational capacity, 6) Energy efficiency of project, 7) Use of M/WBE contractors.

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

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Eligible developments can be located in any city, town or county located in Indiana. There is no geographic preference for the use of the HTF.

e. Describe the grantee’s required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

Timely Undertaking- moderate priority: As stated under the Threshold Items Section 6.3 (d) of the HTF Policy, the applicant is required to demonstrate their ability to undertake the activities set forth in its application upon receipt of the HTF award, to begin construction within 12 months of receipt of the award, and to complete the development within a 24 month period.

6.3(d): The applicant must demonstrate experience and capacity to conduct an eligible HTF activity as evidenced by its ability to:

Own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development; or

1. Design, construct, or rehabilitate, and market affordable housing for homeownership. Describe the grantee’s required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

Project-Based Rental Assistance- high priority: As stated under Threshold Items Section 6.3(c) and 6.3 (e), in order to be eligible for the permanent supportive housing set-aside of the QAP and for HTF funding, the applicant must demonstrate how units will be made affordable to the targeted population of persons experiencing homelessness. All developments are required to identify a source of project-based rental assistance for the supportive housing units, generally through Project-Based Section 8 vouchers or CoC funding. Developments that have not identified an operating subsidy source do not meet threshold and will not be considered for funding. As stated under Section 7.1 Rents Charged, Applicants may be eligible for 16 points for rent targeting.

6.3(c): The Applicant must identify all subsidy sources. Funding commitments must be provided with the RHTC application. If the funding has not yet been committed, application must provide proof of application, a narrative describing the selection process, and a narrative plan on how the development will move forward if the application is denied. HTF cannot be committed until all other sources have been committed.

6.3 (e): The Development must serve populations that are extremely low income and experiencing homelessness. The target population served by the development must be the target population that was identified based on community need and relevant data through the Supportive Housing Institute process and align with the goals of the Consolidated Plan.

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Affordability Period- low priority: As stated under the Threshold Criteria Section 6.3 (a), applicants must meet the minimum 30-year period of affordability to be eligible for funding.

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Priority Housing Needs of Indiana- high priority: Through the 2020-2024 Consolidated Plan, the State of Indiana includes extremely low income households and permanent supportive housing/integrated supporting housing as housing priority needs.

To be eligible for the supportive housing set-aside in the QAP and for HTF, the applicant must further the creation of community-based housing that targets the extremely low income (less than 30% AMI) with intensive service programs that have a direct impact on reducing homelessness through the Housing First model, to meet the State's priority housing needs of serving extremely low income households. Applicants who have not successfully completed the Supportive Housing Institute and/or who do not meet the set-aside criteria as identified in both the QAP and in Sections 2.1 and 6.3 (e) of this Allocation Plan will not be eligible for funding.

In addition, IHCDA may award additional scoring of 93 points under Sections 7.1 Rents Charged; 7.2 Development Characteristics; and 7.3 Sustainable Development to prioritize projects which best serve.

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

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Extent of Non-Federal Funding- moderate priority: As stated under the Threshold Items Section 6.3 (c), the applicant must demonstrate all subsidy sources. IHCDA may also award up to 11 points for projects that meet the criteria as outlined in Sections 7.2 (l) Tax Credit Per Unit; 7.2 (m) Tax Credit per Bedroom; 7.4 (a) Leveraging Capital Resources; and 7.4 (c) Previous Funding in a Local Government.

4. Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

6. **Performance Goals and Benchmarks.** The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

7. **Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds.** Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds.

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

See Part 4.1 Subsidy and Budget Limitations of the HTF Policy (pp. 16-17) for the per unit subsidy limits. A description of how the limits were determined by be found in the same section.

8. **Rehabilitation Standards.** The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.

In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; and Capital Needs Assessments (if applicable).

All HTF funded projects must meet the property standards outlined in 93.301. The rehabilitation standards are set in a separate appendix.

- Developments must use Uniform Physical Condition Standards (UPCS). A listing of those standards can be found in the Multi-Family Checklist. Beyond the UPCS standards, projects must also comply with IHCDA Rehabilitation Standards (see Exhibit A); and the stricter of the local rehabilitation standards or the Indiana State Building Code.
- The development must meet the accessibility requirements at 24 CFR Part I, which implements Section 504 of the Rehabilitation Act of 1973.
- Covered multi-family units, as defined at 24 CFR 100.201, must meet the design and construction requirements at 24 CFR 100.205, which implements the Federal Fair Housing Act Amendments of 1988.
- Any units utilizing gas appliances must provide carbon monoxide detectors in addition to standard smoke detectors.
- Newly constructed units must meet additional energy efficiency standards for new construction pursuant to section 109 of the Cranston-Gonzalez National Affordable Housing Act.
- Where relevant, the housing must be constructed to mitigate the impacts of potential disaster, in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish.

9. **Resale or Recapture Guidelines.** Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

N/A

10. **HTF Affordable Homeownership Limits.** If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

N/A

11. **Grantee Limited Beneficiaries or Preferences.** Describe how the grantee will limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population to serve unmet needs identified in its consolidated plan or annual action plan. If the grantee will not limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population, enter "N/A."

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

The purpose of this Housing Trust Fund (HTF) application is to provide subsidies in the form of grants to selected applicants for the acquisition, rehabilitation and/or new construction of supportive housing for persons with extremely low income (at or below 30% of area median income) and experiencing homelessness. For this funding cycle, HTF funds will be offered exclusively to Rental Housing Tax Credit developments that (1) apply for funding under the Qualified Allocation Plan (QAP) for the Rental Housing Tax Credit Program (RHTC) and (2) successfully completed the Indiana Supportive Housing Institute and/or HOME Rental Applications.

Eligible applicants for tax credits and HTF funds must have successfully fulfilled all requirements and demonstrated meaningful and successful participation in the Indiana Supportive Housing Institute for the specific development for which they are applying. The Indiana Supportive Housing Institute provides training and support to organizations that plan to create supportive housing. Tenant outreach, selection, property management and service plans must be approved as part of the Institute process and prior to submission of a RHTC application. Participation in the Institute is based on a competitive RFP selection process.

12. **Refinancing of Existing Debt.** Enter or attach the grantee's refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee's refinancing guidelines must, at minimum, demonstrate that rehabilitation is the

primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter “N/A.”

N/A; refinancing of existing permanent debt is not eligible under IHCDA's HTF program.

Discussion:

For HOPWA: IHCDA will facilitate a request for qualifications (RFQ), advertised through the CoC network, posted online, and provided to current HIV/AIDS service providers. The RFQ is available to all agencies who meet the threshold requirements. Many of the programs that apply through the RFQ started off as grassroots agencies years go by starting a non-profit program based upon the growing HIV/AIDS epidemic and the need in their community. There was a growing need of resources that were not readily available for this population. The non-profits utilized their partners in the community to build their board membership and collaborated with local hospitals, clinics, and housing agencies to assist in providing education, testing, supportive services, financial assistance, and housing. Nonprofit community organizations that apply are usually mental health centers, HIV/AIDS programs specifically, or local hospital.

The RFQ will gather information on the number of persons/households they plan to serve, housing plans, housing services, organizational capacity, performance goals, supportive services, and their proposed budget. The RFQ applicants need to meet the following thresholds:

- Required to be a non-profit organization
- Required to be a current Indiana State Department of Health Care Coordination Site.
- Previous experience providing HOPWA assistance.
- Actively attending the local Regional Planning Council/Committees/Leadership roles within their Region.
- No current outstanding findings with HUD or IHCDA.

By having the threshold that all applicants must be current Indiana State Department of Health Care Coordination Site, we are providing a one stop shop for persons to access level of care that is needed. Persons will be able to receive testing, diagnosis, medical information, supportive services and housing if needed. Care Coordination is a specialized form of HIV case management. Its mission is to assist those living with HIV disease with the coordination of a wide variety of health and social services. Case Management services are available statewide. It provides an individualized plan of care that includes medical, psychosocial, financial, and other supportive services as needed. It is offered free of charge to the person. The primary goals of the program are to ensure the continuity of care, to promote self-sufficiency, and to enhance the quality of life for individuals living with HIV. The trained professionals provide assistance such as: access to health insurance, housing programs, emergency funds, medications, utility assistance, mental health and substance abuse programs, and HIV testing and prevention programs.

The RFQ will be evaluated through a tool that will verify that each applicant meets the threshold requirements and have financial capacity by meeting accounting and financial standards. It will be verified that each subrecipient are certified to be a care coordination site by requiring they attach the certificate or agreement showing they meet the standard.

APPENDIX A.

METHODS OF DISTRIBUTION AND FUNDING APPLICATIONS

CDBG.

METHOD OF DISTRIBUTION (MOD)

STATE OF INDIANA

**STATE COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG) PROGRAM (CFDA: 14-228)**

**INDIANA OFFICE OF COMMUNITY AND RURAL AFFAIRS
FY 2022 PROGRAM DESIGN AND METHOD OF DISTRIBUTION
AMENDMENT ONE**

GENERAL BACKGROUND INFORMATION AND NATIONAL CDBG OBJECTIVES

The State of Indiana, through the Indiana Office of Community and Rural Affairs (OCRA), assumed administrative responsibility for Indiana's Small Cities Community Development Block Grant (CDBG) Program in 1982, under the auspices of the US Department of Housing and Urban Development (HUD). Per 570.485(a) and 24 CFR Part 91, the State must submit a Consolidated Plan to HUD by May 15 of each year following an appropriate citizen participation process according to 24 CFR Part 91.325, which prescribes the State's Consolidated Plan process as well as the proposed method of distribution of CDBG funds for 2017. **The State of Indiana's anticipated allocation of federal Community Development Block Grant (CDBG) funds for FY 2022 is $32,387,302.**

This document applies to all federal Small Cities CDBG funds allocated by HUD to the State of Indiana through OCRA.

The primary objective of Indiana's Small Cities CDBG Program is to assist in the development and redevelopment of viable Indiana communities by using CDBG funds to provide a suitable living environment and expand economic opportunities, principally for low- and moderate-income persons.

Indiana's program will emphasize making Indiana communities a better place in which to reside, work, and recreate. Primary attention will be given to activities, which promote long-term community development and create an environment conducive to new or expanded employment opportunities for low- and moderate-income persons.

OCRA will pursue this goal of investing CDBG wisely and all applicable strategic priorities by distributing CDBG funds in a manner, which promotes exploration of all alternative resources (financial and personnel) when making funding decisions respective to applications for CDBG funding.

PROGRAM AMENDMENTS

OCRA reserves the right to transfer up to twenty-five percent (25%) of each fiscal year's available allocation of CDBG funds between the programs described herein to optimize the use and timeliness of distribution and expenditure of CDBG funds, without formal amendment of this Annual Action Plan.

OCRA will provide citizens and general units of local government with reasonable notice and opportunity to comment on any substantial change to be made in the use of CDBG funds for any open grant year. "Substantial Change" shall mean the movement between programs of more than twenty-five percent (25%) of the total allocation for each fiscal year's CDBG allocation. The twenty-five percent (25%) does not include the reallocation of reverted funds. OCRA, in consultation with the Indianapolis office of the HUD, will determine those actions, which may constitute a "substantial change."

OCRA will submit any Consolidated Plan, Annual Action Plan, or other related documents to HUD before it implements any changes embodied in the given document and before posting the final version publicly.

ELIGIBLE ACTIVITIES/FUNDABILITY

All activities, which are eligible for federal CDBG funding under Section 105 of the Federal Housing and Community Development Act of 1974, as amended (Federal Act), are eligible for funding under the OCRA's CDBG program. However, the OCRA reserves the right to prioritize funding of those eligible activities; the OCRA prefers to expend federal CDBG funds on activities/projects which will produce tangible results for low- and moderate-income persons in Indiana. Funding decisions will be made using criteria and rating systems, which are used for the State's programs and are subject to the availability of funds. It shall be the policy under the state program to give priority to using CDBG funds to pay for actual project costs and not to local administrative costs. **The State of Indiana certifies that not less than seventy-percent (70%) of each fiscal year's CDBG funds will be expended for activities principally benefiting low- and moderate-income persons, as prescribed by 24 CFR 570.484, et. seq.**

ELIGIBLE APPLICANTS

1. All Indiana counties, cities, and incorporated towns that do not receive CDBG entitlement funding directly from HUD or are not located in an "urban county" or other areas eligible for "entitlement" funding from HUD.

2. All Indian tribes meeting the criteria outlined in Section 102 (a)(17) of the Federal Act.

To be eligible for CDBG funding, applicants may not be suspended from participation in any CDBG funded programs or by OCRA due to findings/irregularities with previous CDBG grants, overdue reports, overdue responses to monitoring issues, or overdue closeout documents on current grants, or other reasons that call into an applicant's ability to be able to comply with all elements of the State's CDBG program. In addition, applicants may be suspended from participation in the state CDBG-funded projects administered by the Indiana Housing & Community Development Authority (IHCDA).

All applicants must fully expend all CDBG Program Income as defined in 24 CFR 570.489(e) before or as a part of the proposed CDBG-assisted grant to be eligible for further CDBG funding from the State.

Other specific eligibility criteria are outlined in the **General Selection Criteria** provided herein.

FY 2021 FUND DISTRIBUTION

Sources of Funds:

Anticipated FY 2022 CDBG Allocation	**$32,387,302**
CDBG Program Income	$0
Total:	**$32,387,302**

Uses of Funds:

1. Stellar Regions	$ 0
2. Blight Clearance Program 1.0 and 3.0	$ 4,000,000
3. Wastewater Drinking Water	$ 13,000,000
4. Stormwater Improvements Program	$ 4,000,000
5. Downtown Renewal	$ 0
6. Public Facilities Program 2.0	$ 7,000,000
7. Responsive Needs Fund	$ 0
8. Urgent Need Fund	$ 0
9. Pilot Programs	$ 2,000,000
10. Planning Fund	$ 1,500,000
11. Technical Assistance	$ 200,000
12. Administration	$ 687,302
Total:	**$32,387,302**

The State of Indiana, through the Office of Community and Rural Affairs (OCRA), does not expect receipt of any CDBG program income for the period covered by this Annual Action Plan. In the event the OCRA receives CDBG Program Income, such funds will be placed in the Blight Clearance Program (BCP) to make additional grants under that program. Reversions of other years' funding will be allocated based on current needs as determined by OCRA. OCRA will allocate and expend all CDBG Program Income funds received before drawing additional CDBG funds from the US Treasury. However, the following exceptions shall apply:

1. This prior-use policy shall not apply to housing-related grants made to applicants by the Indiana Housing & Community Development Authority (IHCDA), a separate agency, using CDBG funds allocated to the IHCDA by the OCRA.

2. Program income generated by CDBG grants awarded by the OCRA using CDBG funds must be returned to the OCRA if such amounts are equal to or greater than $35,000 per calendar year according to 24 CFR 570.489.

All obligations of CDBG program income by grantee require prior approval by the OCRA. This includes the use of program income as matching funds for CDBG-funded grants from the IHCDA. Applicable parties should contact the CDBG Program Director for guidance on the use of program income before the obligation of such funds.

Local Governments that have been inactive in using their program income are required to return their program income to OCRA. Local governments that have been approved to use their program income to fund at least one project in the previous twelve (12) months will be considered active.

Furthermore, US Department of Treasury regulations require that CDBG program income cash on hand balances be expended on any active CDBG grant being administered by a grantee before additional federal CDBG funds can be requested from the OCRA. These US Treasury regulations apply to projects funded both by IHCDA and OCRA. Eligible applicants with CDBG program income should strive to close out all active grant projects presently being administered before seeking additional CDBG assistance from the OCRA or IHCDA.

METHOD OF DISTRIBUTION

The choice of activities on which the State's CDBG funds are expended has been determined through a robust review that engaged a variety of stakeholders and considered comments from the public. The eligible activities enumerated in the following Method of Distribution are eligible activities as provided for under Section 105(a) of the Federal Act, as amended.

All projects/activities funded by the OCRA will be made on the basis that addresses one (1) of the three (3) national objectives of the Small Cities CDBG Program as prescribed under Section 104(b)(3) of the Federal Act and 24 CFR 570.483 of implementing regulations promulgated by HUD. CDBG funds will be distributed according to the following Method of Distribution (program descriptions):

A. Stellar Regions Program: $ 0

OCRA will allocate $0 of its FY 2022 CDBG funds for the Stellar Region Designee as the program was suspended and no region(s) selected as finalists or designees in 2020 due to the Covid-19 pandemic.

Indiana's Stellar Regions Program is a collaborative effort of the Office of Community and Rural Affairs (OCRA), the Indiana Housing and Community Development Authority (IHCDA), Department of Natural Resources (DNR), Indiana Office of Tourism Development (IOTD), Indiana Arts Commission (IAC), Department of Workforce Development (DWD), Indiana Bond Bank (IBB), Indiana State Department of Health (ISDH), and the Indiana Department of Transportation (INDOT). The Stellar Regions Program seeks to engage one (1) region to achieve a three-year revitalization strategy that will leverage unified state investment and funding from the partnering agencies to complete projects comprehensively. In the revitalization strategy, communities will identify areas of interest and types of projects, produce a schedule to complete projects, produce cost estimates, identify local match amounts, sources, and additional funding resources, indicate the level of community impact, and describe the significance each project will have on the overall comprehensive revitalization of the region. From this revitalization strategy, regions will produce a three-year regional development plan which will identify capital and quality of life projects to be completed during that period.

Evaluation and selection of the final regions to the Stellar Regions Program will be based on:

- Summary of the Regional Development Plan
- Identify at least one project to be completed in the first three (3) years of the designation. The total number of projects is solely limited to the Community's ability to complete the projects successfully;
- Identify/document project cost estimates, local match amounts, and sources, and funding resources;

- Completion of outlined requirements of the Stellar Designation;
- Document the level of need and significance of each project in overall community revitalization efforts;
- Capacity of the applicant to administer the funds; and
- The long-term viability of the plan;

All projects funded by OCRA will be eligible for funding under a national objective of the Federal Act and requirements of 24 CFR 570.208 and 24 CFR 570.483 of applicable HUD regulations. All projects funded by IHCDA with HOME, ESG, and/or HOPWA funds will meet the specific requirements set forth by those programs.

B. Blight Clearance Program 2.0 & 3.0: $4,000,000

OCRA will allocate $4,000,000 of its FY 2022 CDBG funds for the Blight Clearance Program (BCP) 2.0. BCP 3.0 is currently under evaluation while OCRA determines the feasibility of expanding the program in the future to include residential properties.

Applications will be accepted in rounds, and awards will be made on a competitive basis. OCRA will award such grants that meet the criteria outlined in Attachments C and D hereto. The BCP shall have a maximum grant amount of $500,000. The amount of CDBG funds granted will be limited to $5,000 cost per project beneficiary. Matching funds of at least 10% of the total project cost are required for all this program.

C. Downtown Renewal: $0

OCRA will allocate $0 of its FY 2022 CDBG funds for the Downtown Renewal program in order to evaluate potential changes to this program.

~~OCRA will award Downtown Renewal grants to eligible applicants to assist Indiana communities with streetscape and façade activities intended to revitalize their downtown area. Each applicant must meet the following prerequisites:~~

1) ~~Have a designated Indiana Main Street Organization that:~~
    a. ~~Is nationally accredited; or~~
    b. ~~Is a traditional Indiana Main Street that is at least three (3) years old;~~
2) ~~The Main Street Organization is in good standing and has met all the reporting requirements;~~
3) ~~The Main Street Organization has attended all required workshops associated with the Indiana Main Street Program during the past calendar year;~~
4) ~~The Main Street organization is functioning within the Main Street 4 Point Approach of Organization, Design, Economic Vitality, and Promotion;~~
5) ~~The Main Street organization has current Work Plans for each of its Committees that have been submitted to Indiana Main Street;~~
6) ~~The Community has completed a downtown revitalization plan within the past five (5) years that meets OCRA's Minimum Plan Requirements. If a community has an alternative plan that meets OCRA's Minimum Plan Requirements for a downtown revitalization plan, they can use that alternative plan with approval from the CDBG Program Director.~~
7) ~~The Indiana Main Street Organization has been involved in the project development process for the application, and there is a plan for their continued involvement if awarded.~~

~~Applications will be accepted in rounds, and awards will be made on a competitive basis. The specific threshold criteria and basis for scoring are provided in Attachment C and D hereto. The MSRP shall have a maximum grant amount of $1,000,000. The amount of CDBG funds granted will be limited to $5,000 cost per project beneficiary. Matching funds of at least 20% for streetscape projects and 30% for façade projects of the total project cost are required for this program.~~

~~To encourage communities and Main Street organizations to achieve National Main Street Accreditation, OCRA will set aside $1,000,000 of this allocation for projects that come from communities that have nationally-accredited Main Street Organizations. Funds may be used for Indiana-accredited Main Street Organizations if no nationally-accredited organization is fundable.~~

~~Grantees must ensure that the local Indiana Main Street Organization remains in good standing with OCRA until the completion of the project. If the local Indiana Main Street Organization falls out of good standing, then de-obligation or repayments of CDBG funds is possible.~~

D. Public Facilities Program 2.0: $7,500,000

OCRA will allocate $7,500,000 of its FY 2022 CDBG funds for the Public Facilities Program (PFP) 2.0.

Applications will be accepted in rounds, and awards will be made on a competitive basis. The specific threshold criteria and basis for scoring are provided in Attachment C and D hereto. The PFP shall have a maximum grant amount of $500,000. The amount of CDBG funds granted will be limited to $5,000 cost per project beneficiary. Matching funds of at least 10% of the total project cost are required for all this program.

E. Wastewater Drinking Water: $13,000,000

OCRA will allocate $13,000,000 of its FY 2022 CDBG funds for the Wastewater Drinking Water (WDW).

Applications will be accepted in rounds, and awards will be made on a competitive basis. The specific threshold criteria and basis for scoring are provided in Attachment C and D hereto. WDW shall have a maximum grant amounts based on present combined user rates (water, wastewater, and stormwater) as shown in the matrix below. The amount of CDBG funds granted will be limited to $5,000 cost per project beneficiary. Matching funds of at least 20% of the total project cost are required for all this program.

Maximum Grant Amounts	**Rates for 4,000 gallons**		
	User Rates (Over $65)	**User Rates ($35 to $65)**	**User Rates (Under $35)**
Projects over $1 million in total project cost	$700,000	$600,000	$550,000
Projects under $1 million in total project cost	$600,000	$550,000	$500,000

F. Stormwater Improvements Program: $4,000,000

OCRA will allocate $4,000,000 of its FY 2022 CDBG funds for the Stormwater Improvements Program (SIP).

Applications will be accepted in rounds, and awards will be made on a competitive basis. The specific threshold criteria and basis for scoring are provided in Attachment C and D hereto. The SIP shall have a maximum grant amount of $600,000. The amount of CDBG funds granted will be limited to $5,000 cost per project beneficiary. Matching funds of at least 10% of the total project cost are required for all this program.

G. Needs Responsive Fund: $0

OCRA will allocate $0 of its FY 2022 CDBG Funds to the Needs Responsive Fund. The purpose of this fund is to allow OCRA flexibility to respond to the needs of eligible communities. Specifically, this program will allow OCRA to fund projects that are eligible activities under CDBG but are not covered by other programs.

OCRA will award such grants that meet the minimum scoring criteria outlined in Attachment D throughout the program year. The Needs Responsive Fund shall have a maximum grant amount of $1,000,000. The amount of CDBG funds granted will be limited to $5,000 cost per project beneficiary. Matching funds of at least 10% of the total project cost are required for all this program.

H. Urgent Need Fund: $0

The Urgent Need Fund will be available to eligible applicants on a continuing basis. These activities must be eligible for funding under the "urgent need" national objective of the Federal Act and requirements of 24 CFR 570.208 and 24 CFR 570.483 of applicable HUD regulations.

The Urgent Need Fund will be available to eligible applicants to meet an imminent threat to the health and safety of local populations. The grants may be funded as made available through the Public Facilities Program or reversions when not budgeted from the annual allocation. Particular selection factors include need, proof of recent threat of a catastrophic nature, statement of a declared emergency, and inability to fund through other means. Projects will be developed with the assistance of the Office of Community and Rural Affairs as a particular need arises. To be eligible, these projects and their activities must meet the "urgent need" national objective of Section 104(b)(3) of the Federal Act. Generally, projects funded are those, which need immediate attention and are, therefore, inappropriate for consideration under OCRA's regular programs. The types of projects, which typically receive funding, are municipal water systems (where the supply of potable water has been threatened by severe weather conditions) and assistance with demolition or clean-up after a major fire, flood, or other natural disasters. Although all projects will be required to meet the "urgent need" national objective, the Office of Community and Rural Affairs may choose to actually fund the project under one of the other two national objectives if it deems it expedient to do so. Applicants must adequately document that other financial resources are not available to meet such needs pursuant to Section 104(b)(3) of the Federal Act and 24 CFR 570.483 of HUD regulations.

Only that portion of a project, which addresses an immediate need, should be addressed. This is particularly true of municipal water or sewer system projects, which tend to need significant reinvestment in existing plants or facilities, in addition to the correction of the immediate need. The amount of grant award is determined by the individual circumstances surrounding the request for emergency funds. A community may be required to provide a match through cash, debt, or the provision of employee labor.

The eligibility of any project is at the complete discretion of the Office of Community and Rural Affairs.

I. Pilot Programs:

OCRA will allocate $2,000,000 of its FY 2022 CDBG funds for pilot programs. During the program year, OCRA plans to continue these two pilot programs.

1. Owner Occupied Rehabilitation (OOR) $0 – OCRA piloted an OOR program with a 2019 Stellar Finalist during the 2020 program year and extended that pilot to include (5) additional communities in the 2021 program year. The purpose of the pilot is to determine OCRA's capacity to offer an OOR program in the future.
2. PreservINg Main Street $2,000,000 – OCRA is assisting 2 pilot communities with historic preservation efforts and how those efforts support economic revitalization over a two (2) year period. The purpose of the pilot is to determine OCRA's capacity to offer an OOR program in the future.

OCRA reserves the right to initiate additional or discontinue pilots at any time during the program year.

J. Planning Grants: $1,500,000

OCRA will allocate $1,500,000 of its FY 2022 CDBG funds for planning-only activities. ORCA will make planning-only grants to units of local government to carry out planning activities eligible under 24 CFR 570.205 of applicable HUD regulations. OCRA will award such grants that meet the minimum scoring criteria outlined in Attachment D on a quarterly basis. The Planning Grant program shall have a maximum grant amount of $90,000. The amount of CDBG funds granted will be limited to $5,000 cost per project beneficiary. Matching funds of at least 10% of the total project cost are required for all this program.

A list of eligible plans and their specific maximum grant amounts are available on OCRA's CDBG website. The Office reserves the right to prefer one type of plan over other types of plans when making awards.

The specific threshold criteria and basis for scoring for Planning Grant are provided in Attachment C and D hereto. CDBG-funded planning costs will exclude final engineering and design costs related to specific activities, which are eligible activities/costs under 24 CFR 570.201-204.

K. Technical Assistance Set-aside: $200,000

Pursuant to the federal Housing and Community Development Act (Federal Act), specifically Section 106(d)(5), the State is authorized to set aside up to one percent (1%) of its total allocation for technical assistance activities. The amount set aside for such Technical Assistance in the State's FY 2022 Action Plan is $200,000, which constitutes less than one percent (1%) of the State's FY 2022 CDBG allocation of $32,387,302. The State of Indiana reserves the right to set aside up to one percent (1%) of open prior-year funding amounts for the costs of providing technical assistance on an as-needed basis.

The amount set aside for the Technical Assistance Program will not be considered a planning cost as defined under Section 105(a)(12) of the Federal Act or an administrative cost as defined under Section 105(a)(13) of the Federal Act. Accordingly, such amounts set aside for Technical Assistance will not require matching funds by the State of Indiana. The Department reserves the right to transfer a portion or all of the funding set aside for Technical Assistance to another program hereunder as deemed appropriate by the Office of Community and Rural Affairs, in accordance with the "Program Amendments" provisions of this document.

The Technical Assistance Program is designed to provide, through direct Office of Community and Rural Affairs staff resources or by contract, training and technical assistance to units of general local government, nonprofit and for-profit entities relative to community and economic development initiatives, activities, and associated project management requirements. The Technical Assistance Program will also be used by the Office to conduct pilots of new programs or adjustments to current programs.

1. **Distribution of the Technical Assistance Program Set-aside:** Pursuant to HUD regulations and policy memoranda, the Office of Community and Rural Affairs may use alternative methodologies for delivering technical assistance to units of local government and nonprofits to carry out eligible activities, to include:

    a. Provide the technical assistance directly with Office of Community and Rural Affairs or other State staff;
    b. Hire a contractor to provide assistance;
    c. Use sub-recipients such as Regional Planning Organizations as providers or securers of the assistance;
    d. Directly allocate the funds to nonprofits and units of general local governments to secure/contract for technical assistance.
    e. Pay for tuition, training, and/or travel fees for specific trainees from units of general local governments and nonprofits;
    f. Transfer funds to another state agency for the provision of technical assistance; and,
    g. Contracts with state-funded institutions of higher education to provide the assistance.

2. **Ineligible Uses of the Technical Assistance Program Set-aside:** The 1% set-aside may not be used by the Office of Community and Rural Affairs for the following activities:

    a. Local administrative expenses not related to community development;
    b. Any activity that cannot be documented as meeting a technical assistance need;
    c. General administrative activities of the State not relating to technical assistance, such as monitoring state grantees, rating and ranking State applications for CDBG assistance, and drawing funds from the Office of Community and Rural Affairs; or,
    d. Activities that are meant to train State staff to perform state administrative functions, rather than to train units of general local governments and nonprofits.

L. Administrative Funds Set-aside: $687,302

The State (Office of Community and Rural Affairs) will set aside up to $687,302 of its FY 2022 CDBG funds for payment of costs associated with administering its State Community Development Block Grant (CDBG) Program (CFDA Number 14.228). This amount ($687,302) constitutes less than two percent (2%) of the State's CDBG allocation ($32,387,302). The amount of $587,302 is subject to the $1-for-$1 matching requirement of HUD regulations. A $100,000 is not subject to state match per HUD regulations. These funds will be used by the Office of Community and Rural Affairs for expenses associated with administering its State CDBG Program, including direct personal services and fringe benefits of applicable Office of Community and Rural Affairs staff, as well as direct and indirect expenses incurred in the proper administration of the state's program and monitoring activities respective to CDBG grants awarded to units of local government (i.e., telephone, travel, services contractual, etc.). These administrative funds will also be used to pay for contractors hired to assist the Office of Community and Rural Affairs in its consolidated planning activities.

PRIOR YEARS' METHODS OF DISTRIBUTION

This Annual Action Plan and statement of Method of Distribution is intended to amend all prior Consolidated and Action Plans for grant years where funds are still available to reflect the new program designs. The Methods of Distribution described in this document will be in effect commencing on July 1, 2022, and ending June 30, 2023, unless subsequently amended, for all FY 2022 CDBG funds as well as remaining residual balances of previous years' funding allocations, as may be amended from time to time subject to the provisions governing "Program Amendments" herein.

In the case that prior years' funds should become available, they will be placed in any of the currently open programs and become subject to the requirements and allowances set forth in this plan. Non-expended funds, which revert from the financial settlement of projects funded from other programs, will be placed in any open program for use in that ongoing program.

APPLICATION PROCESSES

Planning Grant applications are accepted on a quarterly basis. Eligible units of local governments should first contact their regional Community Liaison to discuss their interest in a planning grant. Then an initial application can be submitted for scoring. Note planning grant applications are not considered fully submitted until a Public Hearing is completed and all FEEPs materials are submitted. If an application meets the minimum threshold and scoring criteria, it will be regarded as fundable but will not be considered awarded until the application is fully submitted.

Stellar Regions Program is a single competitive application process over the course of a calendar year. Interested applicants submit a Letter of Intent from which up to six (6) finalists are selected by the partner organizations. Finalists take part in numerous capacity-building, teamwork, and planning activities throughout the year as they build their Regional Development Plan (RDP). Each finalist must an RDP and present before the partner organizations. The partner organizations the Designee based on consensus.

The application process for the Blight Clearance Program (BCP), Public Facilities Program (PFP), Stormwater Improvements Program (SIP), the Main Street Revitalization Program (MSRP), and the Wastewater Drinking Water (WDW) will be a two-stage competitive application process. Grant rounds are held twice each calendar year, with additional rounds possible. Programs available during each round will be announced with the opening of each round.

For grant programs with a two-stage process, eligible applicants will first submit an abbreviated proposal. After submitting a proposal, eligible projects under the Federal Act will be invited to submit a complete application. A proposal that is incomplete, contains cursory narratives, or has statements similar to "will complete by application" may not be invited to submit an application. For each program, the entire application will be reviewed and evaluated. OCRA, as applicable, will provide technical assistance to the communities in the development of complete applications and require an in-person site visit with the Community prior to application.

An eligible applicant may submit only one application at a time. OCRA reserves the right to deny applications lacking credible readiness to proceed.

OTHER REQUIREMENTS

While administrative responsibility for the Small Cities CDBG program has been assumed by the State of Indiana, the State is still bound by the statutory requirements of the applicable legislation passed by Congress, as well as federal regulations promulgated by the U. S. Department of Housing and Urban Development (HUD) respective to the State's CDBG program as codified under Title 24 of the Code of the Federal Register, and with consideration to non-regulatory guidance from HUD. HUD has passed on these responsibilities and requirements to the State, and the State is required to provide adequate evidence to HUD that it is carrying out its legal responsibilities under these statutes.

As a result of the Federal Act, applicants who receive funds through OCRA's selection process will be required to maintain a plan for minimizing displacement of persons as a result of activities assisted with CDBG funds or to assist persons actually displaced as a result of such activities. Applicants are required to provide reasonable benefits to any person involuntarily and permanently displaced as a result of the use of assistance under this program to acquire or substantially rehabilitate the property. The State has adopted standards for determining reasonable relocation benefits in accordance with HUD regulations.

CDBG "Program Income" may be generated as a result of grant implementation. The State of Indiana may enter into an agreement with the grantee in which program income is retained by the grantee for eligible activities. Federal guidelines require that program income be spent prior to requesting additional drawdowns. Expenditure of such funds requires prior approval from the Office of Community and Rural Affairs (OCRA). The State (Office of Community and Rural Affairs) will follow HUD regulations set forth under 24 CFR 570.489(e) respective to the definition and expenditure of CDBG Program Income.

All statutory requirements will become the responsibility of the recipient as part of the terms and conditions of the grant award. Assurances relative to specific statutory requirements will be required as part of the application package and funding agreement. Grant recipients will be required to secure and retain certain information, provide reports, and document actions as a condition to receiving funds from the program. Grant management techniques and program requirements are explained in the OCRA's CDBG Handbook, which is posted on the Office's website.

Revisions to the Federal Act have mandated additional citizen participation requirements for the State and its grantees. The State has adopted a written Citizen Participation Plan, which is available for interested citizens to review. Applicants must certify to the State that they are following a detailed Citizen Participation Plan which meets Title I requirements. Technical assistance will be provided by the Office of Community and Rural Affairs to assist program applicants in meeting citizen participation requirements.

The State has required each applicant for CDBG funds to certify that it has identified its housing and community development needs, including those of low- and moderate-income persons, and the activities to be undertaken to meet those needs.

INDIANA OFFICE OF COMMUNITY AND RURAL AFFAIRS (OCRA)

The Indiana Office of Community and Rural Affairs intends to provide the maximum technical assistance possible for all of the programs to be funded from the CDBG program. Lieutenant Governor heads OCRA. Principal responsibility for the CDBG program is vested in the Executive Director of OCRA. OCRA also has the responsibility of administering compliance activities respective to CDBG grants awarded to units of local government through a partnership with the Grant Services Division of the Lieutenant Governor's business office.

Primary responsibility for providing “outreach” and technical assistance for the Stellar Regions Program, Main Street Revitalization Fund, Stormwater Improvement Program, Wastewater Drinking Water, Public Facilities Program, and Planning Grants process resides with the OCRA. Primary responsibility for providing “outreach” and technical assistance for the Housing award process resides with the Indiana Housing & Community Development Authority, who will act as the administrative agent on behalf of the OCRA.

The LG’s Business Office will provide internal fiscal support services for program activities. The OCRA has the responsibility for the development of the Consolidated Plan and the CAPER, CDBG program management, compliance, and financial monitoring of all CDBG programs. The Indiana State Board of Accounts pursuant to 2 CFR 200 will conduct audits. Potential applicants should contact the OCRA with any questions or inquiries they may have concerning these or any other programs.

Information regarding the past use of CDBG funds is available at the:

Indiana Office of Community and Rural Affairs
CDBG Program
One North Capitol, Suite 600
Indianapolis, Indiana 46204-2288
Telephone: 1-800-824-2476
FAX: (317) 233-6503

ATTACHMENT A

DEFINITIONS

Green Infrastructure - The range of measures that use plant or soil systems, permeable pavement or other permeable surfaces or substrates, stormwater harvest and reuse, or landscaping to store, infiltrate, or evapotranspiration of stormwater and reduce flows to sewer systems or to surface waters as defined by Section 502 of the Clean Water Act.

Low- and Moderate-Income - 80% of less than the median family income (adjusted by size) for each county. For a county applicant, this is defined as 80% of the median income for the state. The income limits shall be as defined by the U. S. Department of Housing and Urban Development Section 8 Income Guidelines for "low-income families." Certain persons are considered to be "presumptively" low and moderate-income persons as set forth under 24 CFR 570.208(a)(2); inquiries as to such presumptive categories should be directed to the CDBG Program Director.

Matching funds - local public or private sector in-kind services, cash, or debt allocated to the CDBG project. The level of local matching funds required for CDBG projects based on each program. This percentage is computed by adding the proposed grant amount and the local matching amount and dividing the local matching fund amount by the total sum of the two amounts. A maximum of 5% of the total match can be pre-approved and validated in-kind contributions. Any in-kind over and above the specified 5% may be designated as an ineligible cost. Other funds provided to applicants by OCRA are not eligible for use as matching funds.

Proposal - A document submitted by a community that briefly outlines the proposed project, the principal parties, and the project budget, and how the proposed project will meet a goal of the Federal Act. OCRA encourages communities to submit a proposal that is basically a draft of the application.

Reversions - Funds placed under contract with a community but not expended for the granted purpose because expenses were less than anticipated and/or the project was amended or canceled, and such funds were returned to OCRA upon financial settlement of the project.

Slums or Blight - an area/parcel which: (1) meets a definition of a slum, blighted, deteriorated, or deteriorating area under state or local law (Title 36-7-1-3 of Indiana Code); and (2) meets the requirements for "area basis" slum or blighted conditions pursuant to 24 CFR 570.208(b)(1) and 24 CFR 570.483(c)(1), or "spot basis" blighted conditions pursuant to 24 CFR 570.208(b)(2) and 24 CFR 570.483(c)(2). More Specifically, OCRA defines blight as:

> An area possessing a substantial amount of buildings (public or privately owned) and or public improvements which demonstrate:
>
> 1. General deterioration, seen through:
>   a. Neglect or lack of maintenance on the property; or
>   b. Facilities of plumbing, heating, sewage, and/or others that have been disconnected, destroyed, removed, or rendered inadequate; or
>   c. Impaired structural condition, making the building(s) unsafe to a person or property (IC 36-7-9-4); or
>   d. Any combination of these factors
> 2. Significant noncompliance with current building code, safety code, health code, fire code, state statute, or local ordinance, as seen by:

a. Excessive vacancy and/or abandonment of properties; or
b. Environmental hazards; or
c. Fire hazards; or
d. Lack of ventilation, light, or sanitary facilities; or
e. any combination of these factors

3. Building(s) are conducive to ill health, the transmission of disease, infant mortality, juvenile delinquency, increased criminal activity compared to other areas, and detrimental to public health, safety, morals, or welfare through any of the following conditions:

a. Age; or
b. Dilapidation; or
c. Overcrowding of structures and/or high-density population; or
d. Excessive land coverage; or
e. Impairment of the overall economic vitality of Community through declines in property value, substantially lower property value than surrounding community areas; or
f. any combination of these factors

Urgent Need - is defined as a severe and immediate threat to the health and welfare of the Community. The Chief Elected Official must certify that an emergency condition exists and requires immediate resolution and that alternative sources of financing are not available. An application for CDBG funding under the "urgent need" CDBG national objective must adhere to all requirements for the same set forth under 24 CFR 570.208(c) and 24 CFR 570.483(d).

ATTACHMENT B

DISPLACEMENT PLAN

1. The State shall fund only those applications, which contain projects and activities, which will result in the displacement of a few persons or businesses as necessary to meet the goals and objectives of the state and local CDBG-assisted program.

2. The State will use this criterion as one of the guidelines for project selection and funding.

3. The State will require all funded communities to certify that the funded project is minimizing displacement.

4. The State will require all funded communities to maintain a local plan for minimizing displacement of persons or businesses as a result of CDBG funded activities, pursuant to the federal Uniform Relocation and Acquisitions Policies Act of 1970, as amended.

5. The State will require that all CDBG funded communities provide assistance to all persons displaced as a result of CDBG funded activities.

6. The State will require each funded Community to provide reasonable benefits to any person involuntarily and permanently displaced as a result of the CDBG funded program.

ATTACHMENT C

GENERAL SELECTION CRITERIA

The Office of Community and Rural Affairs (OCRA) will consider the following general criteria when evaluating a project proposal. Although projects will be reviewed for this information at the proposal stage, no project will be eliminated from consideration if the criteria are not met. Instead, the Community will be alerted to the problem(s) identified. Communities must have corrected any identified deficiencies by the time of application submission for that project to be considered for funding.

A. General Criteria (all programs, except pilots):

1. The applicant must be a legally constituted general purpose unit of local government and eligible to apply for the state program.

2. The applicant must possess the legal capacity to carry out the proposed program.

3. If the applicant has previously received funds under CDBG, they must have successfully carried out the program. An applicant must not have any overdue closeout reports, State Board of Accounts audit findings, or unresolved OCRA/IHCDA monitoring findings (where the Community is responsible for resolution.) Any determination of "overdue" is solely at the discretion of the Indiana Office of Community and Rural Affairs.

4. An applicant must not have any overdue CDBG semi-annual Grantee Performance Reports, subrecipient reports, or other reporting requirements of the OCRA/IHCDA. Any determination of "overdue" is solely at the discretion of the Indiana Office of Community and Rural Affairs.

5. The applicant must clearly show the manner in which the proposed project will meet one of the three national CDBG objectives and meet the criteria set forth under 24 CFR 570.483.

6. The applicant must show that the proposed project is an eligible activity under the Act.

7. The applicant must first encumber/expend all CDBG program income receipts before applying for additional grant funds from the Office of Community and Rural Affairs; EXCEPTION – these general criteria will not apply to applications made directly to the Indiana Housing & Community Development Authority (IHCDA) for CDBG-funded housing projects.

8. To be eligible to apply at the time of application submission, an applicant must not have any of the following:
   a. Overdue grant reports, sub-recipient reports or project closeout documents; or
   b. More than three (3) CDBG grants that are open or pending award (Indiana cities and incorporated towns), or four (4) CDBG grants that are open or pending award (Indiana counties) from OCRA;
   c. For those applicants with an open MSRP, WDW, PFP, SIP, or BCP, a "Notice of Release of Funds and Authorization to Incur Costs" must have been issued for the construction activities under the open MSRP, WDW, PFP, SIP, or BCP contract, and a contract for construction of the principal (most significant funding amount) construction line item (activity) must have been executed prior to the deadline established by OCRA for receipt

of applications for funding.

d. For those applicants who have open Planning Fund grants, the Community must have the final plan approved by the Office of Community and Rural Affairs prior to submission of MSRP, SIP, WDW, PFP, or BCP application for the project.

9. To be eligible to apply at the time of application submission, an applicant must not have:
    a. Any unresolved complaints filed against the applying party with the Indiana Civil Rights Commission or any other local human relations commission with the jurisdiction (collectively "Commissions")[1]
        i. A complaint during the investigation stage can be resolved for the purposes of this application if the applying party provides the response is submitted to the Commissions and provides verification that it is cooperating in the investigation.
        ii. To resolve a complaint for the purposes of the application that has received a finding of Probable or Reasonable Cause, the complaint must be closed in a manner that includes the applying party taking a fair housing training and implementing a relevant policy to prevent future possible discriminatory incidents. The applying party need not take the training or implement the policy prior to the application being submitted if the applying party can provide proof that it intends to complete the training and implement the policy within a reasonable period of time. If a complaint has been closed and the closure did not include training or the implementation of a policy, then the applying party can elect to contact the Commissions to voluntarily complete training and have Commissions assist in the implementation of a relevant policy.
        iii. To resolve a complaint that merits litigation, the applying party must submit evidence that the complaint cannot be settled (i.e., settlement ask too high, etc.) and evidence that training and a policy are not the impediments to settlement. Possible evidence can include offer letters, statements of disputed legal questions, statements of disputed facts, statements on behalf of the Commission that they are unwilling to settle the case, or any similar document that illustrates the case is not ripe for settlement.
    b. An unresolved pattern of complaints filed against the applying party with the Indiana Civil Rights Commission or any other local human relations commission with the jurisdiction (collectively "Commissions")
        i. A pattern for purposes of this application is defined as any more than an average of two complaints over a period of four years, regardless of the outcome.
        ii. To resolve a pattern of complaints for purposes of the application, the applying party must partner with the Commission or other equivalent housing organization to thoroughly review the applying party's current policies for best practices as well as for compliance with the Indiana Fair Housing Act and Indiana Civil Rights Law. Additionally, the applying party must show proof that the applying party intends to undergo annual fair housing training for all of its employees that regularly interact with tenants and biannual training for all supervising employees for at least one year.

[1] If agreeable, it would be the Indiana Civil Rights Commissions obligation to provide timely responses as well as to provide data retrieved from other relevant local human relations commissions.

10. The cost/beneficiary ratio for all CDBG funds will be maintained at $5,000. Housing-related projects are to be submitted directly to the Indiana Housing & Community Development Authority (IHCDA) under its programs.

11. Required leveraging based on the program (as measured against the CDBG project, see definitions) must be proposed. The Indiana Office of Community and Rural Affairs may rule on the suitability and eligibility of such leveraging.

12. The applicant may only submit one proposal or application per round per program. Counties may submit either for their own project or an “on-behalf-of” application for projects of other eligible applicants within the county. However, no application will be invited from an applicant where the purpose is clearly to circumvent the “one application per round” requirement for other eligible applicants.

13. The application must be complete and submitted by the announced deadline.

ATTACHMENT D

GRANT EVALUATION CRITERIA
700 POINTS TOTAL

Applications must pass threshold review and achieve a minimum score of 450 points to be eligible for an award.

NATIONAL OBJECTIVE SCORE (100 POINTS):

Depending on the National Objective to be met by the project, one of the following two mechanisms will be used to calculate the score for this category.

1. National Objective = Benefit to Low- and Moderate-Income Persons: 100 points maximum awarded according to the percentage of low- and moderate-income individuals to be served by the project. The total points given are computed as follows:

National Objective Score = % Low/Mod Beneficiaries X 1

2. National Objective = Prevention or Elimination of Slums or Blight: 100 points maximum awarded based on the characteristics listed below. The total points given are computed as follows:

National Objective Score = (Total of the points received in each category below)

- Applicant has a Slum/Blight Resolution for project area (25 pts.)
- The project site is a brownfield* (25 pts.)
- The building or district is listed on or is eligible for listing on the Indiana or National Register of Historic Places (25 pts.)
- The building is on the Historic Landmarks Foundation of Indiana's "10 Most Endangered List" (25 pts.)

* The State of Indiana defines a brownfield as an industrial or commercial property that is abandoned, inactive, or underutilized, on which expansion or redevelopment is complicated due to actual or perceived environmental contamination. Points are awarded for sites listed with IFA's Brownfield program, which indicates involvement in the program, and a letter is provided from the IFA's Brownfield program staff that states the site is a brownfield.

COMMUNITY DISTRESS FACTORS (175 POINTS):

Various factors are used to determine the distress of a community. OCRA has partnered with Stats Indiana, an Indiana University entity, to analyze and calculate the distress of Indiana's small cities, towns, counties, and townships. Factors used to calculate the Community Distress points used for CDBG scoring include:

Percentage of Households with Income under Poverty Level
Median Household Income
Percent of Housing Units that are Vacant
Median Home Value
Unemployment Rate
Labor Force Participation

Local government scores, which are updated and published annually, can be found at www.stats.indiana.edu.

LOCAL MATCH CONTRIBUTION (75 POINTS):
A maximum of 75 points is based on the percentage of local funds devoted to the project. This total is determined as follows:

Total Match Points = % Eligible Local Match X 1

The points total is capped at 75 points or 75% match, i.e., a project with 75% match or greater will receive 75 points. Below 75% match, the formula calculation will apply.

The eligible local match can be local cash, debt, or in-kind sources. Federal, state, and local government grants are considered an eligible match. In-kind sources may provide the eligible local match for the project, but the amount that can be counted as a local match is limited to 5% of the total project budget or a maximum of $25,000. Use of in-kind donations as eligible match requires approval from the CDBG Program Director approximately two (2) weeks prior to application submission (date of the deadline will be announced each round).

PROJECT DESIGN FACTORS (300 POINTS):
A maximum of 300 points awarded according to the evaluation in three areas:

Project Description – Is the project clearly defined to determine eligibility? – 50 points
Project Need - Is the community need for this project documented and compelling? – 125 points
Financial Impact - Why is grant assistance necessary to complete this project? – 125 points

The points in these categories are awarded by the OCRA Scoring Committee when evaluating the projects**.** Scoring questions for these categories are defined for each round and are provided to applicants that submit a proposal at the site visit. The questions are subject to change each round. **Applicants should refer to the application packet, scoring guide, and other resources to address all questions present.** Applicants are encouraged to work with their OCRA Community Liaison to identify ways to increase their project's competitiveness in these areas and of the application as a whole.

PROGRAM SPECIFIC POINTS (50 POINTS):
Blight Clearance Program (BCP)
- **Environmental Impact** – 25 points will be awarded for projects that address documented environmental contamination at the project site.
- **Site Development Plan** - 25 points will be awarded for projects that have a site development plan the outlines the planned future use of the project site. Development plans must cover the five (5) year follow-up period and consist of an eligible CDBG activity.

Planning Grants (PL.)
- **Community Input and Collaboration** – 25 points are awarded for communities that document public input and collaboration efforts in the development of the application beyond letters of support, and the two (2) required Public Hearings.
- **Connection to Previous Planning Effort** – 15 points are awarded for documentation that the plan that is being applied for connects to a previous planning effort done by the Community.
- **Implementation of Previous Plan, or First-time Plans** – 10 points are awarded for communities that document the successful implementation of a previous plan or for communities that have never received a planning grant for the type of plan before.

Public Facilities Program (PFP)
- **Philanthropic Contributions** - Points are assigned based on philanthropic contribution as a percentage of total project costs.

- Less than 1% - 0 points
- 1-1.99% - 10 points
- 2-2.99% - 15 points
- 3-3.99% - 20 points
- 4%+ - 25 points

- **Project Sustainability** - A maximum of 25 points for the establishment of a (or documentation of existing) permanent Community Facility Fund to be used for ongoing operation and maintenance activities of the project.
  - 0 points – Less than $3,000
  - 10 points - $3,000-$5,000
  - 25 points – More than $5,000

Downtown Renewal

- Community is designated as a Nationally-Accredited Main Street Organization (10 points)
- The district is listed on the Indiana or National Register of Historic Places (5 points)
- Documentation of active and continued involvement in the application and project by the Main Street organization (10 points)
- The Main Street Organization has a long-term Strategic Plan. (Maximum of 5 points)
- The Main Street Organization has a sustainability/fundraising plan in place. (Maximum of 5 points)
- For streetscape projects:
  - The project has unique design elements or is part of a community branding effort. (Maximum of 15 points)
- For façade projects:
  - Up to 15 points can be awarded for projects that have a lower density. Density is calculated as the Linear Feet (LF) of all the facades in the project divided by the total Linear Feet (LF) of building frontage within the project area. Points are awarded as follows:
    - 0 points – Less than 30%
    - 5 points – 30%-40%
    - 10 points – 40%-50%
    - 15 points – More than 50%

Wastewater Drinking Water (WDW) & Stormwater Improvement Program (SIP)

- **Financial Gap** – A maximum of 10 points per each $1 in the financial gap. The result of the OCRA Gap Calculation Worksheet is the amount that your Community would have to increase the monthly utility rate charged to each customer without grant assistance. This is the “gap,” which is the amount by which grant funds will reduce or “buy down” your utility rates. This amount added to the actual rates anticipated with OCRA grant funds will give you the rates needed “without OCRA grant funds.” (Maximum 10 points)
- **Green Infrastructure** – 15 points for the inclusion of green infrastructure elements in the project. (Maximum of 15 points)
- **Project Sustainability** - A maximum of 25 points for the establishment of or documentation of the existing combined utility rate for the ongoing operation and maintenance activities of the wastewater, drinking water, and/or stormwater systems.

  0 points – Less than $35 combined user rates
  10 points – $35-$65 combined user rates
  25 points – More than $65 combined user rates

BONUS POINTS:

It is OCRA's policy to reward communities that engage in best practices to proactively address their needs. As such, OCRA will award bonus points for the following items. To receive bonus points, an applicant must submit the required documentation approximately two (2) weeks prior to application submission for each round (deadline will be announced each round). Bonus point approvals are only good for the active round, so they will not be reviewed prior to the opening of the round they will apply.

- **Regional Collaboration** - 10 points – Points are awarded for projects that have a regional impact.
- **Comprehensive Planning** – 10 points – Points are awarded for projects that are included in a community's active comprehensive planning efforts. Efforts must be actively occurring and go beyond the creation or updating of a comprehensive plan.
- **Positive Environmental Impact** - 10 points – Points are awarded for projects that include elements that have a positive environmental impact on the Community.

POINTS REDUCTION POLICY:

It is the policy of OCRA not to fund more than one phase or component of a single project type in different funding rounds. This applies to all project types, although it is particularly relevant to utility projects. If a community needs to phase a project in order to complete it, they should consider which phase would be most appropriate for CDBG assistance. Even if a community doesn't intentionally phase a project, OCRA will take into account previously awarded projects for the same project type. A Community that has previously been awarded a grant for the same project type will likely not be competitive and will be subject to the following point reduction. This applies to all project types, although it is particularly relevant to utility projects.

0 – 5 years since previous funding – -50 points

Example: Community submits and receives a Wastewater Drinking Water (WDW) grant in 2015. When applying for a WDW grant in 2020, they would be subject to a point reduction of 50 pts. In 2021 they would have no point reduction.

ATTACHMENT E

CITIZEN PARTICIPATION PLAN
INDIANA OFFICE OF COMMUNITY AND RURAL AFFAIRS (STATE)

The State of Indiana, Office of Community and Rural Affairs, pursuant to 24 CFR 91.115, 24 CFR 570.431 and 24 CFR 570.485(a) wishes to encourage maximum feasible opportunities for citizens and units of general local government to provide input and comments as to its Method of Distribution (MOD) set forth in OCRA's annual Consolidated Plan and Annual Action Plans for CDBG funds submitted to HUD and overall administration of the State's Small Cities Community Development Block Grant (CDBG) Program. In this regard, the Office of Community and Rural Affairs will perform the following:

1. Require each unit of general local government to comply with citizen participation requirements for such governmental units as specified under 24 CFR 570.486(a), to include the requirements for accessibility to information/records and to furnish citizens with information as to proposed CDBG funding assistance as set forth under 24 CFR 570.486(a)(3), provide technical assistance to representatives of low-and-moderate income groups, conduct a minimum of two (2) public hearings on proposed projects to be assisted by CDBG funding, such hearings being accessible to disabled persons, provide citizens with reasonable advance notice and the opportunity to comment on proposed projects as set forth in Title 5-3-1 of Indiana Code, and provide interested parties with methods for submitting grievances and complaints.

2. Consult with local elected officials and other stakeholders, through interviews and surveys, on the development of the MOD set forth in the State's Consolidated Plan for CDBG funding.

3. Publish a draft Consolidated Plan and/or Action Plan and afford citizens and units of general local government the opportunity to comment thereon.

4. Furnish citizens and units of general local government with information concerning the amount of CDBG funds available for proposed community development and housing activities and the range/amount of funding to be used for these activities. This will typically take the form of the MOD.

5. Hold one (1) or more public hearings respective to the State's draft Consolidated Plan during the draft comment period, virtually or in person, at the state's discretion, to obtain the views of citizens on proposed community development and housing needs. Notify the availability of the plan by email to local officials, nonprofit entities, and interested parties statewide in an effort to maximize citizen participation in the planning process, and post the notice on the OCRA website.

6. Provide citizens and units of general local government with reasonable and timely access to records regarding the past and proposed use of CDBG funds as requested.

7. Make the Consolidated Plan available to the public after the plan is approved by HUD by hosting on OCRA's website.

8. Follow the process and procedures outlined in items 2 through 7 above with respect to any amendments to a given Consolidated Plan and/or annual Action Plan.

The State will respond within thirty (30) days to inquiries and complaints received from citizens and, as appropriate, prepare written responses to inquiries or complaints received from such citizens. The Performance and Evaluation Report will be available for public review and comment for 15 days, available on OCRA's website.

HOME.

HOMEBUYER PROGRAM POLICY

1.1 Overview and Funding Priorities

The purpose of this HOME Investment Partnership Program (HOME) Homebuyer Program is to provide subsidies in the form of grants and loans to selected applicants for the acquisition, rehabilitation and/or new construction of housing for purchase to serve low income beneficiaries. Through this program, the Indiana Housing and Community Development Authority (IHCDA) seeks to improve the quality of existing housing stock in Indiana.

This program is designed to allocate HOME funds to be used for the rehabilitation and/or new construction of single-family homebuyer housing among selected applicants having developments that meet the requirements of the program and IHCDA's goals for the program.

1. Demonstrate they are meeting the needs of their specific community;
2. Serve low-income households (at or below 80% of area median income);
3. Proceed with the activity upon receipt of the award and begin construction within 12 months of receipt of the award;
4. Link the project to the revitalization of existing neighborhoods, preferably through a comprehensive approach (i.e. as part of a published and approved community revitalization plan).
5. Propose projects that are energy-efficient and are of the highest quality attainable within a reasonable cost structure; and
6. Propose the use of state certified Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Federal Disadvantaged Business Enterprise (DBE) Participation, Veteran-Owned Small Business (VOSB), and/or Service Disabled Veteran Owned Small Business (SDVOSB) contractors, employees, and products when applicants are planning and undertaking their housing activities.

1.2 HOME Application Forms and HOME Policy Discrepancies

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

1.3 Funding Round Timeline

For Program Year 2021, IHCDA is accepting applications under the Homebuyer Policy on a rolling basis until funds are expended. If no funds are expended, the funding will be made available for eligible rental projects.

1.4 Technical Assistance

The applicant may schedule a technical assistance meeting with the Director of Real Estate Strategic Initiatives and Engagement to discuss both the proposed development and IHCDA's application process. Technical assistance may be required at IHCDA's discretion if the recipient does not have experience with IHCDA awards or if the applicant's past performance was poor. Applicants are urged to contact IHCDA early in the planning process to obtain guidance and technical assistance.

1.5 Application Submission

- Via IHCDA's OneDrive site (Please ensure notary seals are visible on any scanned documents):
    - CHDO Application Workbook and supporting documentation (if applying for CHDO Certification)

- One completed copy of the HOME application form.
- All supporting documents required in the tabs. Please submit this information as separate, labeled PDF documents under the required labeled tabs. **Do not send one PDF containing all of the supporting documentation**.
- Signed Environmental Review Record (May be submitted as a PDF)

The application fee of $250 must be submitted via the IHCDA Online Payment Portal located here.

Faxed applications will not be accepted.

Applicants encountering technical issues with application forms, supporting documentation, or the submittal process should contact their IHCDA Real Estate Production Analyst as soon as possible. If informed of the problem in a timely manner, IHCDA staff may be able to correct the issue and/or provide additional guidance for specific non-Federal requirements on a case-by-case basis. However, assistance cannot be provided for applicants that do not notify IHCDA of an issue prior to the application deadline.

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

- **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 the application form and all other required documents to the created folder.**

All applicants must retain a copy of this application package. Applicants that receive funding will be bound by the information contained herein.

IHCDA will send an email confirmation to the applicant contact within one week of submission notifying the applicant that the application was received by IHCDA. Please notify the Real Estate Department Coordinator if the applicant would like to add an additional contact person for communications regarding its application.

1.6 Application Review

Each application must address only one development or phase. Applications are reviewed in a two 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. After initial threshold review, IHDCA staff may contact an applicant to request clarification of threshold information contained in the pending application. The applicant will have the opportunity to respond on or before the due date provided by IHCDA. If the applicant does not respond to the threshold clarification letter and therefore threshold item(s) are still in question, the application will

be disqualified. Points will be awarded to those applications where no clarifications are required.

Step Three - Scoring	Applications that pass the completeness and threshold reviews are then scored according to IHCDA's published scoring criteria. After initial score review, IHCDA 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 result in application denial. Supporting documentation for scoring categories will not have the opportunity to be submitted after the initial application submission.

Applications proposing homebuyer activities will be scored separately from, and will not compete with, applications proposing rental activities. An amount of funding, determined at the discretion of IHCDA, will be set aside for homebuyer projects each year. If additional funds are available after this round that were originally reserved for homebuyer activities (either due to lack of sufficient number of homebuyer applications in general or lack of homebuyer applications meeting threshold requirements), these funds will be redirected and used for rental development.

Funded applications will be announced at the published IHCDA board meeting date. Confirmation letters will be uploaded to the OneDrive site by the close of business on the day of the board meeting. Applications that are not funded will be notified by IHCDA via denial letters and final score sheets being uploaded to the FTP site by the close of business on the day of the board meeting.

1.7 Past HOME Awards

Before an Applicant can apply for a new HOME award, any other HOME awards that the applicant has received from IHCDA must be drawn by a minimum of 25% of the award's total funding amount. HOME funds awarded within the last six months (from the last day signed on the contract agreement), or those which have not received Release of Funds are exempt from this requirement.

1.8 Minimum Score Requirement

An application must score at least 48 points to be considered for funding.

1.9 IHCDA CDBG, HOME & HTF Program Manual

The IHCDA CDBG, HOME and HTF Program Manual outlines the requirements for administering IHCDA's CDBG, HOME and HTF awards. A complete copy of the Program Manual and all exhibits is available on IHCDA's website at https://www.in.gov/ihcda/4273.htm.

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 provides additional background information about the federally required processes including why the review is necessary, how to perform the review, and other resource information to help you complete the ERR Workbook. These documents can be found on IHCDA's website here. Please note that no choice limiting actions can take place until the Release of Funds has been issued by the U.S. Department of Housing and Urban Development.

1.11. IHCDA Waiver Policy

IHCDA will not accept waivers on underwriting, or federal regulations. IHCDA may consider waivers to subsidy layering on a case-by-case basis.

1.12 Development Fund

Applicants may apply for the Development Fund with their HOME application; however, Development Fund may not be available for supplemental funding at IHCDA's discretion. Applicants must provide documentation and explanation on an alternative source of finding if the Development Fund application is denied, or if Development Fund is not available.

More information on the Development Fund may be found in Part 10.

Part 2: Eligible Applicants

2.1 Eligible Applicants

HOME Investment Partnerships Program (HOME)	**Cities, Town, and Counties (Non-HOME Participating Jurisdiction)**	**Community Housing Development Organizations (CHDO)**	**501(c)3 and 501(c)4 Not-for-Profit Organizations and PHAs**	**Joint Venture Partnerships**	**For Profit Entities organized under the State of Indiana**
Homebuyer New Construction and/or Homebuyer Rehabilitation	✓	✓	✓	✓	Not eligible

Eligible applicants include cities, towns, or counties that are located within Indiana but outside of the following participating jurisdictions. Applications from, or housing activities located within, the following participating jurisdictions are NOT eligible for HOME funds:

Bloomington	Gary	Lafayette Consortium**
Evansville	Indianapolis*	South Bend Consortium***
Fort Wayne	Lake County	South Bend Consortium***

*Excluding the Marion County Cities of Beech Grove, Lawrence, Speedway, and Southport. The Town of Cumberland is excluded when the housing activity is outside of Marion County.

**Lafayette Consortium is made up of the Cities of Lafayette and West Lafayette and the unincorporated areas of Tippecanoe County. Other incorporated areas are eligible to receive assistance.

***South Bend Consortium is made up of the Cities of South Bend and Mishawaka and the unincorporated areas of St. Joseph County. Other incorporated areas are eligible to receive assistance.

2.2 Eligible CHDO Applicants Proposing Projects Located in Selected Participating Jurisdictions

IHCDA will allow for non-profits that certify as CHDOs to apply for IHCDA HOME funding if the project is in a participating jurisdiction that receives less than $500,000 of HOME funding within IHCDA's HOME Program Year. At time of publication, the participating jurisdictions that qualify are:

Anderson	East Chicago	Hammond	Muncie	Terre Haute

In order to be eligible, the applicant must have received a preliminary commitment of HOME funds from the participating jurisdiction for the project for which the applicant is 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 $500,000 in IHCDA 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.

IHCDA may, at its discretion, require CHDO's proposing projects located in participating jurisdictions to attend IHCDA trainings or participate in one-on-one technical assistance as a condition of funding.

2.3 Ineligible Applicants

IHCDA reserves the right to disqualify from funding any application that has an applicant, sub-recipient, administrator, preparer, or related party of any of the aforementioned, with a history of disregarding the policies, procedures, or staff directives associated with administering any IHCDA program or program administered by any other State, Federal, or affordable housing entity. This includes, but is not limited to, the Indiana Office of Community and Rural Affairs, the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture - Rural Development, or the Federal Home Loan Bank.

Additionally, any entity currently on IHCDA's suspension or debarment list is ineligible to submit an application. IHCDA's Suspension and Debarment Policy can be found in the Program Manual Chapter 17.

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 reasonably 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.

3.1 Eligible Activities

This program is intended to have a long-term impact on the availability and quality of the affordable housing stock in Indiana. The program is intended for the rehabilitation and/or new construction of single-family housing for homebuyer activities. Acquisition only is not an eligible activity; however acquisition in conjunction with another activity is permitted.

- Rehabilitation, new construction, acquisition/rehabilitation or acquisition/new construction of single-family housing.
- If HOME funds are used for acquisition of vacant land or demolition in conjunction with another activity, then construction must commence within 9 months of the demolition or acquisition.
- Manufactured homes are eligible if they meet IHCDA's Manufactured Housing Policy 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 and which also complies with the following specifications:
        - Shall have been constructed after January 1, 1981, and must exceed nine hundred fifty (950) square feet of occupied space per I.C. 36-7-4-1106 (d);
        - 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;
        - Consists of two or more sections which, when joined, have a minimum dimension of 20' X 47.5' enclosing occupied space; and
        - Is located on land held by the beneficiary in fee-simple title or 99-year leasehold and is the principal residence of the beneficiary.
        - All other manufactured or mobile homes that do not meet the aforementioned criteria are ineligible to receive rehabilitation assistance funded by IHCDA.

3.2 Ineligible Activities

The following are ineligible activities:

- Rental housing;
- Performing owner-occupied rehabilitation;
- 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 home 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 development;
- 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 (also called the Qualified Allocation Plan);

- 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 or 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;
- Standalone downpayment assistance.

In addition, IHCDA **does <u>not</u>** fund:

- Requests from individuals, political, social, or fraternal organizations;
- Endowments, special events, arts, or international developments;
- Scholarships requested by individuals;
- Institutions that discriminate on the basis of race, color, national origin, sex, religion, familial status, disability, sexual orientation, gender identity, or against victims of domestic violence, dating violence, sexual assault, or stalking in policy or in practice;
- Developments in furtherance of sectarian religious activities, impermissible lobbying, legislative or political activities;
- Medical research or medical profit-making enterprises.

3.3 HOME Program Requirements

The proposed HOME development 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 Program Manual at http://www.in.gov/myihcda/2490.htm.

- 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, though are not limited to the following

- **Policy Requirements**:
  - Homebuyer activities must assist households at or below 80% of the Area Median Income for the county, as published by HUD and distributed by IHCDA. Households must also meet the definition of "low-income families" at 24 CFR 92.2 which limits occupancy based on certain student status rules.
- **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 which 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 and homebuyer housing with five or more HOME-assisted units must adopt IHCDA's Affirmative Marketing Procedures.
- **Section 3:**
    - Any recipient receiving an aggregate amount of $200,000 or more from one (1) 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/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 (ie 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 architect the, engineers, general contractors and other members of the development team; and,
      - Overseeing the progress of the work and cost reasonableness.
  - Public Housing Authorities (PHA's) using PHA funds in conjunction with IHCDA funds are subject to Davis Bacon requirements. Each recipient of a HOME award must follow competitive procurement procedures when procuring all materials, supplies, equipment, and construction or professional services related to the HOME award.
- **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. IHCDA may Tier the ERR.
  - To complete the forms and the Release of Funds process, refer to the ERR Guidebook found at IHCDA's ERR webpage.
  - 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 <u>only after</u> 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 that are 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 the following 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
  - 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:**
  - 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.
  - A listing of all eligible match sources may be found in the IHCDA CDBG, HOME & HTF Program Manual and within the match workbook.
  - All required match must be committed by the time closeout documentation is submitted.

- The match requirements for the 2020 and 2001 HOME rounds, including the Homebuyer Round are waived, effective April 21, 2020. Applicants may still submit eligible sources of match for purposes of accruing banked match.

- **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 twelve (12) or more HOME-assisted units; and
    - Affordable housing containing twelve (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 (1) building or multiple buildings owned and operated as a single development.
- **Other HOME Required Construction Standards:**
  - Units must, at a minimum, meet the stricter of the local rehabilitation standards or the Indiana State 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 required under Chapter 11, and the applicable amendments to the 2020 Indiana Residential Code.
- **Housing Counseling:**
  - The recipient of HOME funds must ensure that every HOME-assisted homebuyer receives housing counseling before purchasing a home. Information on the requirements may be found in Section 6 of this policy.
- **Selling unit to eligible buyer:**
  - Any HOME-assisted homeownership unit that has not been sold by the recipient to an eligible homebuyer within **nine months** of completion must be converted to a HOME-assisted rental unit.
  - In accordance with CPD Notice 12-003, the recipient must also execute a HOME written agreement with the homebuyer before or at the time of sale. The purpose of the agreement is to ensure that all parties are aware of the provisions related to the lien and restrictive covenant agreement and HOME requirements applicable to the HOME-assisted unit (i.e., period or affordability, principal residency requirement, etc.). The recipient will be required to use IHCDA's form of Homebuyer Recapture Agreement.
- **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 persons" 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 (Title VI) and its implementing regulations, the recipient must agree to take reasonable steps to ensure meaningful access to activities funded by federal funds by 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 development, hiring bilingual employees or volunteers for outreach and intake activities, contracting with a telephone line interpreter service, etc.

- **VAWA**
  - 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.

3.4 Affordability Requirements

HOME subsidized activities must be secured throughout the affordability period by a recorded lien and restrictive covenant agreement created by IHCDA. The affordability period begins after development completion. The affordability period begins on the date the activity is completed in IDIS. To be completed in IDIS, the project must be completed, completion and close out documents submitted and approved, final monitoring is completed and, when any findings or concerns are resolved, all of the funds are drawn and/or de-obligated. For more information, see IHCDA Program Manual, Lien and Restrictive Covenants & Affordability Requirements Chapter 15.

The following affordability periods apply to all HOME homebuyer activities:

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

Annual Certification of Compliance:

In order to ensure compliance with the Affordability Period and principal place of residency requirements of the HOME Program for HOME-assisted homebuyer units, the recipient must submit a "Homebuyer Activity Annual Certification of Compliance" annually throughout the Affordability Period. The Certification confirms the owner is using the property as his or her principal place of residence. Verification of income in not required as part of this certification.

Confirmation that the buyer is using the property as his or her principal residence can often be accomplished by verifying that the buyer's name appears on utility company records and/or insurance company records for the home. In addition, postcards or letters mailed with "do not forward" instructions can demonstrate whether the buyer is receiving mail at the home.

This will require the recipient to certify compliance to IHCDA annually, under penalties of perjury, for each year of the Affordability Period. The recipient must certify that each home/homeowner assisted with HOME funds under this Award meets the affordability requirements. This will require the recipient to request each homeowner to sign the "Exhibit A: Principal Place of Residency Certification."

The "Homebuyer Activity Annual Certification of Compliance" is due on or before January 31st of each year and will certify information for the preceding twelve (12) month period. The first annual owner certification is due by January 31st of the year following closeout date (i.e. the first year of the affordability period) of this Award.

A complete submission includes the Certification, Exhibit A, and Exhibit B. The "Homebuyer Activity Annual Certification of Compliance" and related exhibit forms are made available on the compliance and asset management page of IHCDA's website at http://www.in.gov/myihcda/2342.htm. IHCDA will not send these forms to the recipient annually. Rather, it is the responsibility of the recipient to download the necessary forms and to contact IHCDA if there are any questions or concerns.

Repeated failure to submit reports or to comply with requests for reports could result in repayment of HOME funds associated with these home-assisted homebuyer units or suspension or debarment of the recipient. For more information on IHCDA's suspension and debarment policy, refer to Chapter 17 of IHCDA's Program Manual.

3.4 Homebuyer Recapture Guidelines

The recipient must implement recapture restrictions for any homebuyer property purchased, in whole or in part, by a homebuyer that received a direct buyer subsidy from the recipient in an amount greater than or equal to One Thousand and 01/100 Dollars ($1,001) from HOME funds. A homebuyer subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise directly subsidizes the purchase (e.g., down-payment or closing cost assistance, subordinate financing). Developers, other than CHDO's, are not allowed to provide down-payment or closing cost assistance; however a developer may provide a direct subsidy by reducing the purchase price from fair market value to an affordable price. Please note that the buyer subsidy cannot exceed $40,000/unit.

There are two different consequences that may be associated with a recapture provision: (1) the recapture provision can be triggered (as described just below) or (2) an event of non-compliance can occur (as described further below).

The recapture provisions are triggered if any of the following occur during the Affordability Period:

1. The homebuyer transfers or conveys the property by deed, land contract, or otherwise;
2. Foreclosure proceedings are commenced against the property;
3. The property is transferred by an instrument in lieu of foreclosure; or,
4. The title to the property is transferred from the homebuyer through any other involuntary means.

The amount of the homebuyer subsidy shall be reduced by multiplying the homebuyer subsidy by the Forgiven Ratio ("defined below") in order to determine the amount that will be forgiven. The amount to be recaptured and shall be limited to the Net Proceeds of the sale. "Net Proceeds" is defined as the sales price minus superior loan repayment (other than HOME funds) and closing costs. If there are no Net Proceeds, the amount to be recaptured will be zero and the HOME loan is considered satisfied. In the event there is significant market appreciation, once the HOME obligation is recaptured, the homebuyer can retain any appreciation. The amount recaptured cannot exceed the Net Proceeds, if any. “Forgiven Ratio” means a ratio that calculates the amount of the Direct Subsidy that is forgiven. This ratio shall be calculated by dividing the number of full months that owner occupies the property as its principal residence by the total of number of months in the Affordability Period.

The recipient will be required to ensure that a lien and restrictive covenant agreement, drafted by IHCDA has been executed and recorded on any HOME-assisted property.

In accordance with CPD Notice 12-003, the recipient must also execute a HOME written agreement with the homebuyer before or at the time of sale. The purpose of the agreement is to ensure that all parties are aware of the provisions related to the lien and restrictive covenant agreement and HOME requirements applicable to the HOME-assisted unit (i.e., period or affordability, principal residency requirement, etc.). The recipient will be required to use IHCDA’s form of Homebuyer Recapture Agreement.

If there is both a development subsidy and a direct homebuyer subsidy or just a direct homebuyer subsidy, a recapture provision must be implemented. In cases where a direct homebuyer subsidy was not provided and there is only a development subsidy, resale restrictions must be executed on the property.

Under recapture guidelines the Affordability Period is based upon the total amount of the direct homebuyer subsidy that the homebuyer received in HOME funds. A direct homebuyer subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise directly subsidizes the purchase (e.g., down-payment or closing cost assistance, subordinate financing).

Non-Compliance - Occurs during the Affordability Period when any of the following occur: 1) the original homebuyer no longer occupies the unit as his or her principal residence (i.e., unit is rented or vacant), or 2) the home was sold during the Affordability Period and the recapture provisions were not enforced. In the event of noncompliance, the recipient must repay the entire amount of the HOME funds invested in the property. Net Proceeds (“as defined above”) and the Forgiven Ratio (“as defined above”) are not applicable when there is a non-compliance.

3.5 Homebuyer Resale Provisions

Applicants are encouraged to structure homebuyer projects to include a direct subsidy which can be achieved by reducing the sales price below the fair market value of the property. IHCDA does not recommend the use of resale provisions due to the risks associated with foreclosure, non-compliance and the administrative burdens associated with ensuring a fair return.

When a homebuyer property is constructed, redeveloped, rehabilitated, or acquired, in whole or in part, with HOME funds and the HOME funds are provided to the homebuyer property in the form of a development subsidy and there is no homebuyer subsidy the recipient must implement resale requirements. A direct homebuyer subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise directly subsidizes the purchase (“homebuyer subsidy”). The development subsidy consists of the difference between the cost of producing the unit and the market value of the property.

There are two different consequences that may be associated with a resale provisions (1) the resale provision can be triggered and its requirements must be met (as described below) or (2) an event of non-compliance can occur (as described further below).

The resale provisions are triggered if any of the following occur during the Affordability Period:

1. The homebuyer transfers or conveys the property by deed, land contract, or otherwise;

2. Foreclosure proceedings are commenced against the property;
3. The property is transferred by an instrument in lieu of foreclosure; or
4. The title to the property is transferred from the homebuyer through any other involuntary means.

The resale provision requires that the property:

1. Be marketed to families at or below 80% AMI;
2. Be resold to another individual or family whose income is at or below 80% of the area median income;
3. Be occupied by that individual or family as its primary residence for the remainder of the Affordability Period;
4. Be resold at a price that does not exceed 29% of the reasonable range of low income buyer's income towards the principal, interest, taxes and insurance for the property on a monthly basis ("Affordable Price"); and
5. Be affordable for a reasonable range of low income families between 50% and 80% of the median area income for the geographic area published annually by HUD.

The homebuyer is entitled to a fair return on its investment (as described below) upon the sale of the property. The fair return will be based on the percentage change in the Consumer Price Index for All Urban Consumers Owners' Equivalent Rent of Primary Residence category in Table I of the CPI Detailed Report (the "CPI Index") during the period of the homebuyer's ownership of the property. Accordingly, the CPI Index during the month the residence was completed (the month during which the completion reports were received by and approved by IHCDA) will be compared to the CPI Index during the month the homebuyer sells the residence to determine the percentage of the return. This percentage will be multiplied by the homebuyer's investment. Here is an example:

Original sales price = $100,000
Initial homebuyer investment = $5,000
Capital investment = $9,000
Percentage change in CPI = 3.5%

($5,000 + $9,000) x 3.5% = $490 fair return
$5,000 + $9,000 + $490 = $14,490 total return to original homebuyer at sale

$100,000 + $14,490= maximum allowable subsequent sales price.

The homebuyer's investment will include any down payment, plus any capital improvements. A capital improvement is any property enhancement that increases the overall value of the property, adapts it to new uses, or extends its life such as: adding windows, insulation, a new drive way, a new furnace, a garage, bedroom, new roof, remodeling kitchen, etc. Any capital improvement will be valued based on actual cost as documented by the homebuyer's receipts submitted to, and approved by IHCDA.

Generally, replacing worn or dated components such as appliances or carpet would not be considered an improvement that adds value or adapts it to new uses. In certain circumstances, such as a declining housing market where home values are depreciating, the homebuyer may not receive a return on his or her investment because the home sold for less or the same price as the original purchase price and a loss on investment may constitute a fair return.

IHCDA will provide HOME assistance to the subsequent homebuyer to ensure that the original homebuyer received a fair return and that the unit is affordable to the defined low-income population.

The recipient will be required to ensure that a lien and restrictive covenant agreement, drafted by IHCDA has been executed and recorded on any HOME-assisted property. In accordance with CPD Notice 12-003, the recipient must also execute a HOME written agreement with the homebuyer before or at the time of sale. The purpose of the agreement is to ensure that all parties are aware of the provisions related to the lien and restrictive covenant agreement and HOME requirements applicable to the HOME-assisted unit (i.e., period or affordability, principal residency requirement, etc.). The recipient will be required to use IHCDA's form of Homebuyer Resale Agreement.

Non-Compliance - Occurs during the Affordability Period when an owner (1) vacates the unit or rents the unit to another household, (2) sells the unit to a buyer that is not income-eligible, (3) sells the unit to a buyer that will not agree to use the property as its principle residence for the remainder of the Affordability Period (will not sign a lien and restrictive covenant agreement), or (4) does not sell it to the buyer at a reasonable price. In the event of noncompliance, the recipient must repay the entire amount of HOME funds invested in the housing.

Under resale guidelines the Affordability Period is based upon the total amount of HOME funds invested into the property and this is the amount that would need to be repaid by the recipient in the event of non-compliance or foreclosure that occurs during the affordability period.

Applicants are encouraged to structure homebuyer projects to include a direct subsidy which can be achieved by reducing the sales price below the fair market value of the property. IHCDA does not recommend the use of resale provisions due to the risks associated with foreclosure, non-compliance and the administrative burdens associated with ensuring a fair return.

Part 4: Community Housing Development Organizations (CHDOs)

4.1 IHCDA CHDO Set-Aside
IHCDA must allocate at least 15% of its HOME funds for CHDO developments.

4.2 CHDO Eligible Activities
For this round, single-family homebuyer 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 develop the homeownership activity. As Developer, the CHDO must solely own the property in fee simple during the development period. The CHDO must further arrange financing for the development and be in sole charge of construction.

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 at the time of submitting a HOME application. The CHDO application can be found as a separate document on the IHCDA website here: http://www.in.gov/myihcda/2541.htm. The CHDO application must be submitted at the same time as submittal of the HOME application.
- Treatment of Program Income by a CHDO:
  - CHDOs receiving loan repayments back from homebuyers during the affordability period may retain these funds. The funds must be utilized for housing activities that benefit low-income families as provided in 24 CFR 92.300(a)(2). However, if at any time during the affordability period, the CHDO becomes decertified or no longer has a mission of providing affordable housing then all CHDO proceeds must immediately be remitted to IHCDA. Additionally, 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. Please contact your Compliance Monitor for further assistance in this area.
- An application for a CHDO eligible undertaking must demonstrate the following:
  - Low- and moderate-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.
  - Certify that the organization continues to meet the definition of a CHDO by being a certified CHDO by IHCDA.
  - Complete the CHDO related sections in the Application Forms.
- Homebuyer provision for CHDO-eligible activities: HOME funds may be provided as a homebuyer deferred payment or forgivable loan and must carry a 0% interest rate and the term must not exceed the affordability period.

4.4 CHDO Operating Supplement
CHDOs may apply for supplemental funds in the HOME application forms. A CHDO may not receive CHDO operating supplement funds in an amount to exceed $50,000 within one program year.

Eligible costs include:

- Accounting Services/Audit
- Communication Costs
- Education/Training
- Equipment/Software
- Insurance
- Lead-Based Paint Equipment
- Legal Fees
- Postage
- Professional Dues/Subscriptions
- Rent
- Staff Salary/Fringe
- Taxes
- Travel
- Utilities

CHDOs can be eligible for a second year of CHDO Operating Support. CHDOs funded within the past 12-24 months for a HOME project can apply for additional supplemental operating support of up to $25,000, if they have met the following criteria:

- Have begun construction within the first 12 months of the executed agreement with IHCDA;
- Have drawn a minimum of 25% of the IHCDA housing development award;
- Have drawn 100% of the original CHDO Operating Support award.

CHDO Operating Support cannot exceed to greater of $50,000 within one program year. The HOME program year is July 1st through June 30th.

4.5 CHDO Predevelopment and Seed Money Loans

CHDOs are eligible for development specific predevelopment or seed money loans. Applicants may request up to $30,000 in loans for special project-specific pre-development expenses. 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 or seed money through a separate application process.

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 being submitted.
- All claims under the CHDO Loan must be submitted and approved by IHCDA prior to claiming on the Homebuyer award.

Please contact your Real Estate Production Analyst for more details.

Part 5: Subsidy Limitations & Eligible Activity Costs

5.1 Subsidy & Budget Limitations

The maximum request amount per application is $500,000 for homebuyer activities. Under this policy, the applicant must provide construction costs estimates and a per-unit pro-forma to support the amount of HOME funding requested per unit. Cost must be determined to be reasonable. Please note that acquisition alone is not an eligible expense under this policy.

Minimum amount of HOME funds to be used for rehabilitation or new construction is $1,001 per unit.

Budget Limitations

- All subsidies must be secured throughout the affordability period by a written, legally binding, recorded restrictive covenant.
- HOME funds budgeted for developer's fee cannot exceed 15% of the HOME award.
- A minimum of $1,000 of the HOME funding must be used as the buyer subsidy. This cost may also not exceed $40,000/unit.

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 may include, but are not limited to: award agreement, resolution, and a lien and restrictive covenant agreement.

The applicant may then provide the HOME award as a forgivable, amortized, or deferred loan to as many other entities as they choose, known as subgrantees (beneficiaries if a homebuyer award). However, subgrantees must be identified in the application and approved by IHCDA.

A title company is required to be used for all loans that occur between the IHCDA recipient and the beneficiary or subgrantee of the program. For example, an IHCDA recipient providing funds for a homebuyer activity must use a title company when the loan is made to the homeowner. Another example is when an IHCDA recipient is assisting a property that that it does not own. When the loan is made from the IHCDA recipient to the subgrantee, a title company must be used.

The IHCDA recipient must execute a promissory note, mortgage, lien and restrictive covenant agreement, security agreement, UCC Financing Statement(s), and other documents as directed by IHCDA in order to secure IHCDA's investment in the assisted property. The recipient is required to deliver these documents to the county recorder's office for recording. These documents will be reviewed during monitoring visits.

The homebuyer must execute a lien and restrictive covenant agreement and in accordance with CPD Notice 12-003, the recipient must execute a HOME written agreement with the homebuyer before or at the time of sale. The purpose of the agreement is to ensure that all parties are aware of the provisions related to the lien and restrictive covenant agreement and HOME requirements applicable to the HOME-assisted unit (i.e., period or affordability, principal residency requirement, etc.), and assists the recipient in enforcing those requirements.

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 Production Analyst.

ACQUISITION – Limited to the purchase price and related costs associated with the acquisition of real property. Recipients must use a title company when purchasing or selling assisted properties.

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

DEVELOPER'S FEE – Developer's fees are only available with HOME funded activities and cannot exceed 15% of the HOME award.

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. 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 Chapter 11 of the IHCDA CDBG, HOME & HTF Program Manual.

HOMEOWNERSHIP COUNSELING – Costs associated with formal training provided to prospective homebuyers. This item is limited to $1,000 per homebuyer. This line item applies to homebuyer developments only.

Eligible costs include:

- Course material development
- Credit reports
- Income verification
- Intake
- Loan processing
- Marketing and advertising
- Postage
- Professional services
- Program management
- Related travel
- Training location
- Underwriting

LEAD HAZARD TESTING – Costs associated with lead hazard testing includes 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 CMC

SOFT COSTS – Soft costs are those costs that can be directly tracked by address. They include soft costs and client-related costs that are reasonable and necessary for the implementation and completion of the proposed activity. Recipients are allowed to draw down this line item as costs are incurred. Additionally, program delivery may be used to pay off a HOME CHDO Predevelopment or CHDO Seed Money loan.

Eligible costs include:

- Appraisals
- Builders 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
- Impact fees
- Inspections
- Legal and accounting fees
- Other professional services
- 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 testin26-g
- 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 - off-site connections from the property line to the adjacent street are eligible when it 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 CMC

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 / CHDO Proceeds

Income generated by CHDOs acting as owners, sponsors or developers of HOME units may be retained by the CHDOs 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, are subject to the requirements of 24 CFR 92.503(b) and must be returned to IHCDA.

Additionally, all legal documents, such as mortgages, security agreements, UCC financing statements, and liens executed by the IHCDA recipient, beneficiary, or subrecipient receiving assistance, must be recorded at the county recorder's office. These documents must be submitted to IHCDA at closeout along with the IHCDA recipient's completion reports and will be reviewed during monitoring visits conducted by IHCDA staff.

Part 6: Homebuyer Requirements

6.1 Eligible Beneficiaries

Each household must have an annual income equal to or less than 80% of the area median family income (adjusted for household size) at the time the contract to purchase the home is signed. The Part 5 definition of household income applies. See the CDBG, HOME and HTF Program Manual for instructions on calculating and verifying household 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.

To be eligible for homebuyer activities, the prospective purchaser beneficiary must be low-income and must occupy the property as a principal residence upon purchase.

The purchasing household must be low-income at either:

- In the case of a contract to purchase existing housing, at the time of purchase; or
- In the case of a contract to purchase housing to be constructed, at the time the contract is signed.

Recipients are required to identify and qualify homebuyers for the program; however, HOME-assisted units are not considered completed until the unit has been sold to an income eligible homebuyer, all closeout documentation and the final claim for the entire contract has been submitted and approved by IHCDA. IHCDA will hold 25% of the Developer Fee per unit; the full developer fee cannot be claimed until the unit is occupied by an eligible applicant, and the paperwork is submitted and approved by IHCDA staff.

Any HOME-assisted homeownership unit that has not been sold by the recipient to an eligible homebuyer within nine months of completion of construction or rehabilitation (meaning all necessary title transfer requirements and construction work has been performed and the housing unit complies with the property standards as evidenced by a final inspection) must be converted to a HOME-assisted rental unit subject to all compliance requirements of HOME-assisted rental housing in accordance with 24 CFR 92.252

6.2 Homebuyer New Construction Provisions

All new construction homebuyer units must meet the "visitability" standard (see below). In addition, all units shall be made accessible upon the request of the prospective buyer.

Visitability is defined as design concepts that allow persons with mobility impairments to enter and stay, but not necessarily live, in a residence. There are three specific design elements that must be incorporated to satisfy the visitability mandate:

- Each unit must contain at least one zero-step entrance on an accessible route. This can be any entrance to the unit;
- All main floor interior doors (including bathroom doors and walk-in closets) in each unit must provide at least at least 31 ¾ inches of clear opening width; and
- Each unit must contain at least one half or full bathroom on the main level that is accessible per ICC A117.1.Section 1004.11.

6.3 Homebuyer Rehabilitation Provisions

Applicants also performing rehabilitation on the housing in this activity must purchase:

- Homebuyer residential units, or
- Rental units that have been vacant for three or more months.

See the IHCDA's Program Manual for further guidance.

6.4 Underwriting Standards – Commitment & Financial Resources

Applicants must evaluate housing debt and overall debt of the family, the appropriateness of the HOME assistance, the monthly expenses of the family, the assets available to acquire the housing and the financial resources to sustain ownership.

The applicant must submit the HOME Homebuyer Pro-forma, with the Commitment Tab completed upon application to IHCDA. The applicant must submit the Pro-forma for each unit. Applicants must resubmit an updated tool to IHCDA if there are changes in the targeted household.

Under the **Development Budget**, the applicant will identify the total cost by activity for the unit and identify the amount of HOME funding requested by activity. Please note that free-standing accessory structures, landscaping and seller's closing costs are not eligible for reimbursement under the HOME program.

Under **Buyer's Analysis**, the applicant will estimate the amount of "buyer subsidy" projected for the proposed unit.

- *Closing costs/prepaids*: The applicant must identify the estimated closing costs or pre-paids funds for the unit.

- *Allowable LTV*: The applicant must also identify the Loan-to-Value (LTV). IHCDA does not have an allowable LTV, but recommends no higher than 95%. (Note: this should be entered in as a percentage).

- *Interest Rate*: Applicants should estimate the interest rate for the first mortgage.

- *Mortgage Insurance Premium Rate:* The applicant should identify the MIP/PMI, if applicable.

- *Term (years):* This analysis must be based on the borrower's payment for a minimum of a 20 year mortgage; please note this may not exceed a 30 year mortgage.

- *Total Monthly Escrow (Taxes, Insurance and Associate Fees)*: The applicant should estimate annual taxes, insurance and associate fees (if applicable) for the proposed unit. If the activity is for new construction, at least $50 per month must be budgeted for property taxes, unless documentation is provided that indicates that taxes will be lower than this amount.

The Buyer Analysis will calculate a total monthly payment, and the minimum income for an unassisted buyer required to purchase the home. This analysis includes an affordable payment (principal, interest, taxes, insurance,) with a front-end ratio of 29% or lower of gross income.

- *Projected Buyer Cash*: IHCDA requires the Homebuyer contribute a minimum of $250 toward the purchase price of the home. This amount should be included under "projected buyer cash".

- *Maximum Total Buyer Assistance available*: The applicant should estimate the maximum total buyer assistance which may be provided through either the HOME Buyer Subsidy, and/or other sources of funding. Please note this may not exceed the "Assistance needed for DPA/Closing" amount. This amount should not exceed $40,000.

The applicant may not provide a uniform amount of assistance to each homebuyer irrespective of income, assets or other circumstances. Each household must be independently evaluated. IHCDA must finalize an approval of an eligible household purchasing a HOME unit prior to the signing of the ratified sales contract.

- *50% AMI Limit for 4-person household*: The applicant should identify the 50% AMI limit for a 4-person household for their respective County. This information may be found through IHCDA's RED notice.

The pro-forma will calculate the minimum income needed to purchase the unit based on the front-end ratio, and the approximate AMI limits by household.

IHCDA may consider waivers to the homebuyer underwriting on a case-by-case basis on the front end ratio, back end ratio, reoccurring monthly expenses and cash reserves.

Under **Development Sources**, the applicant should identify other sources of funding for the construction/rehabilitation of the unit.

- *Other Grants (applied to Dev. Subsidy)*: The applicant should identify the amount of other grant applied to the Development Subsidy, if applicable. Volunteer labor, if providing a cost savings, should be included in this line-item.

- *Equity (repayable from proceeds)*: The applicant should identify any equity that is repayable from proceeds. This may include cash provided by the applicant.

- *Construction loan (repayable from proceeds)*: The applicant should identify the amount of any construction loan (repayable from proceeds).

The **Total HOME Investment Needed** will identify the amount of Development Subsidy, the amount of Buyer Assistance and the total public invested needed. The amount of HOME funding requested under the **Development Budget** must not exceed this amount.

Under the **Financial Resources Tab**, the applicant will identify the specific amounts from other resources. Please provide letters of commitment for each identified resource.

6.5 Underwriting Standards – Closing
Prior to closing, the HOME Administrator must re-submit the HOME Homebuyer Pro-forma, with the Closing Tab Completed.

Sales Prices at Appraised/Market Value: The HOME administrator should identify the final Sales Price at Appraised/Market Value.

Under the **Development Budget**, the HOME administrator will identify the total final cost by activity for the unit Please note this includes the total cost, not just the amount provided under the HOME funding.

Under **Buyer's Analysis - Closing**, the administrator will calculate the amount of "buyer subsidy" for the unit; this amount will be reflected in the Restrictive Recapture Covenant and will be subject to the Recapture Provisions.

- *Closing costs/prepaids*: The HOME administrator must identify the final closing costs or pre-paids funds for the unit. The total cash needed for the transaction will be calculated.
- *Buyer's cash investment (deposit + cash at closing)*: IHCDA requires the Homebuyer contribute a minimum of $250 toward the purchase price of the home.
- *Buyer's Investment for "paid outside closing items"*: if the buyer had any additional items in which lowered the mortgage, please enter that amount in the cell. This may include sweat equity.
- *Buyer's Mortgage*: Please put the amount of the first mortgage.
- *Other Assistance*: The HOME administrator should identify the amount of other downpayment or closing cost assistance the buyer may have received to purchase the unit.
- *Interest Rate*: Please include the annual interest rate for the first mortgage.
- *Mortgage Insurance Premium Rate:* The HOME administrator should identify the MIP/PMI, if applicable. The yellow cell should be the rate; the orange cell should include the annual payment.
- *Term (years):* This analysis must be based on the borrower's payment for a minimum of a 20 year mortgage; please note this may not exceed a 30 year mortgage.
- *Total Monthly Escrow (Taxes, Insurance and Associate Fees)*: The HOME administrator should include annual taxes, insurance and associate fees (if applicable) for the unit. If the activity is for new construction, at least $50 per month must be budgeted for property taxes, unless documentation is provided that indicates that taxes will be lower than this amount.
- *Annual Income*: The HOME Administrator must calculate the annual income of the buyer. **Please note that this process is different than the Part 5 income qualification, which must be**

calculated first to determine initial eligibility. To underwrite those who have an ownership interest the following adjustments must occur:

- The income of adults who will not have an ownership interest in the property will be excluded. For example, in a circumstance where an elderly parent is part of the household but is neither being listed on title to the property nor included on the loan documents, that individual's income will not be included in calculations of the income available to make the mortgage payment.
- However, this exclusion for "non-purchasing" adults is not intended to artificially exclude the income of a household member with marginal credit. In the case of married couples, the income of both spouses will always be included for underwriting purposes.
- Significant sources of income such as social security benefits, child support payments, or the like that will not continue for three (3) years will be excluded. For example, while child support received for a 16 ½ year old is included in the Part 5 definition of income because it will continue over the upcoming 12 months, the source of income will cease in about a year and a half when the child turns 18 and should not be counted on in sizing the buyer's mortgage.
- Any imputed income from assets will be excluded for these underwriting purposes.

- *Existing Non-housing Consumer Debt – Monthly*: In accordance with 92.254(f)(l), homebuyers recurring monthly expenses must be evaluated. The HOME Administrator is required to assess the effect of other substantial monthly living expenses on the buyer's ability to repay a mortgage.
  - For example, fixed monthly living expense such as utilizes and costs for transportation to work are essential expenses that reduce the amount of income available to the homebuyer for the payment of the mortgage and other associated housing costs.
  - This analysis may include car loans, student loans and credit cards if those payments are expected to occur throughout the period of affordability.

- *Housing Ratio*: This cell will automatically fill. IHCDA will require a 41% back end ratio (or lower), which is calculated through an analysis of the principal and interest payment, mortgage insurance, escrow, and existing non-housing consumer debt.

- *Buyer's starting liquid assets* : The homeowner must have adequate cash reserves to pay for unanticipated emergencies. IHCDA requires two-four months of cash reserves. These reserves may be from savings, checking, money market or other non-retirement accounts, which that after closing there are financial resources of at least two times the total monthly housing expense, including principal, interest, taxes, and insurance (**Total Pmt**). The HOME Administrator should identify the Buyer's starting liquid assets (prior to sale); the remaining assets/monthly payment should be at least double the amount under Total Payment.

The applicant <u>may not</u> provide a uniform amount of assistance to each homebuyer irrespective of income, assets or other circumstances. Each household must be independently evaluated. IHCDA must finalize an approval of an eligible household purchasing a HOME unit prior to the signing of the ratified sales contract.

IHCDA may consider waivers to the homebuyer underwriting on a case-by-case basis on the front end ratio, back end ratio, reoccurring monthly expenses and cash reserves.

6.6 Lending Standards

HOME assisted homebuyers must be protected from risky mortgage features that may threaten the long-term sustainability of the mortgage. IHCDA is required to review each primary mortgage to secure the loan is sustainable to the low-income population to be served. Those features include:

- The mortgage cannot exceed a 30 year term, and must require periodic payments without risky features and terms such as negative amortization, interest-only periods and balloon payments.
- Lender fees and points are restricted to a percentage of the loan amounts.
- The Consumer Financial Protection Bureau's Qualified Mortgage standards defined "higher priced" loans as first mortgages with interest rates more than 1.5% above the "average prime offer rate" reported by the Federal Financial Institutions Examinations Council.
- Adjustable rate mortgage productions are not allowed under this policy, buyers may only obtain fixed rate loans.
- The purchaser must be qualified by their lender to spend at least 20% of their monthly gross income on housing. Lenders often qualify borrowers to spend between 28-33% of monthly gross income, so buyers qualifying only at payment levels below 20% of income usually have high consumer debt which increases both subsidy costs and the likelihood for foreclosure later.
  - Note, this criterion is not intended to eliminate buyers whose loan is limited by the lender's loan-to-value ratio resulting in a monthly payment less than 20% of income.

The primary mortgage, and final underwriting must be submitted to IHCDA for final approval prior to closing. IHCDA recommends grantees submit this information at least 14 days prior to closing to their Real Estate Production Analyst.

6.7 Homebuyer Counseling

The HOME regulations at 92.254(a)(3) require all homebuyers who receive HOME assistance or purchase units development with HOME funds must receive housing counseling. In a final rule published by HUD's Office of Housing Counseling, HUD established housing counseling certification requirements provided in connection with a HUD program. All adult household members who will hold title and be a party to the senior loan are required to complete homebuyer counseling.

Under the rule, all homebuyers assisted under the HOME program must receiving housing counseling that is performed by a certified housing counselor who has passed the HUD certification examination **and** is employed by a HUD-approved housing counseling agency.

The Housing Counseling must be independent, expert advice customized to the need of the consumer to address the consumer's housing barriers and to help achieve their housing goals and must, at a minimum include the following process:

- Intake
- Financial and housing affordability analysis

- An Action Plan
- Reasonable effort to have following up communication with the client when possible.

The content and process of housing counseling must meet the standards outlined in 24 CFR part 214. The counseling **must be individualized** to the specific potential homebuyer. The counseling must address all homeownership topics relevant to the client, including:

- The decision to purchase a home;
- The selection and purchase of a home;
- Issues arising during and affecting the period of ownership of a home (including financial, refinancing, default, and foreclosure and other financial decisions);
- The sale or other disposition of a home.

- In addition, the counselor must communicate on the importance of obtaining an independent home inspection using the materials available. All homebuyers must be given the two HUD brochures referenced below about the importance of home inspections. The recipient must ensure that each homebuyer signs a receipt acknowledging they were given these items. Both items may be accessed here: https://www.hudexchange.info/resource/4747/for-your-protection-get-a-home-inspection/

Eligible housing counseling is not services that provide only housing information, placement or referral services, routine administrative activities (such as intake), case management that provides housing series as incidental to a larger case management and does not fund housing counseling, fair housing advice and advocacy (such as filing claims), or group education without individualized services.

IHCDA requires both pre-purchase and post-purchase counseling as eligible under this policy. The delivery method may be flexible (in-person, phone or the internet), but the counseling must be specific to the homebuyer. The counselor at a minimum must provide eight (8) hours of training; at least six must be pre-purchase. The certificate is valid for one year after completion of the training. The applicant, prior to entering into the sales contract, must submit documentation of the training to IHCDA for approval. If the pre-purchase training was not conducted, or approved by IHCDA at time of the signed sales contract, the grantee will be required to repay HOME funds to IHCDA.

The recipient may not charge servicing, origination, processing, inspection, or other fees for the costs of providing homeownership program assistance.

6.7 After Rehab/Construction Value, Appraisals and Purchase Price

Recipients will be required to provide an “after rehab” or “construction value” appraisal; whichever is appropriate, from a licensed appraiser for all property assisted with the award with the first draw that includes hard costs. If the applicant is acquiring property, an “as-is” appraisal is required with the first draw request for acquisition reimbursement. See IHCDA’s Program Manual for details.

According to 24 CFR 92.254(a)(2) in the case of acquisition of newly constructed housing or standard housing, the property must have a purchase price that does not exceed the Homeownership Values as determined by HUD.

For newly constructed housing, the value limits are 95% of the median purchase price for the area based on the Federal Housing Administration (FHA) single family mortgage program data for newly constructed housing. HUD has established a minimum limit, or floor, based on the 95% of the U.S. median purchase price for new construction.

For existing housing, the value limits are 95% of the median purchase price for the area based on Federal FHA single family mortgage program data for existing housing and other appropriate data that is available. HUD has established a minimum limit, or floor based on 95% of the state-wide nonmetropolitan area median purchase price for existing housing.

HUD released both sets of limits effective April 1, 2020.. Please contact your regional analyst if you have questions regarding the limit or are unable to access the limits. The limits by be accessed from HUD here: https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/

It is important to note that while these are the maximum limits, the amount may not be affordable to a potential HOME-buyer. IHCDA, through its underwriting as defined in the earlier section, may deny the final sales contract if the purchase price (the mortgaged amount), even reduced, is determined to be higher than the homebuyer may safely afford.

The HOME-assisted housing unit must be occupied as the homebuyer's principal residence throughout the affordability period.

6.8 Affordability Periods and Resale/Recapture Requirements

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

The recipient must implement resale or recapture provisions through a recorded lien and restrictive covenant agreement as described in Parts 3.5 and 3.6 of this document.

6.9 Market Assessment Guidelines for Homebuyer Projects

The following market assessment guidelines must be followed for any homebuyer development. The numbers submitted should accurately reflect the market feasibility of the proposed activity.

COMMUNITY CONDITIONS – Evaluate general demographic, economic and housing conditions in the community.

MARKET AREA – Describe the market area from which the majority of the development's homebuyers 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 homebuyers for the development.

POOL OF ELIGIBLE BUYERS - Quantify the pool of eligible buyers in terms of household size, age, income, tenure (homeowner or rental) and other relevant factors.

CAPTURE RATE AND ABSORPTION PERIOD – Provide an estimate of the capture rate for the development (project's units divided by the number of eligible homebuyers from the market area), and estimate the absorption period to ensure the sale of all units within nine months of construction completion.

HOUSING OPPORTUNITIES – Analyze the competition by evaluating other housing opportunities with an emphasis on other affordable sales opportunities in the market area, including those financed through either the HOME program or other federal programs. Describe the demand for the units to be developed.

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 development must satisfy the Federal requirements of the HOME program 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

- Timeliness – All documentation must be turned in by the application due date.
    - On or before the application submission, the applicant must provide all documentation as instructed in this application policy as well as required documentation listed in the HOME Application Form.
    - If IHCDA requests additional information from the applicant, all requests are due on or before the date provided by IHCDA staff.
    - Any forms that are late will be denied review and will be sent back to the applicant.
- Responsiveness – All questions must be answered and all supporting documentation must be provided.
    - The applicant must provide all documentation as instructed in this application policy as well as required documentation listed in the HOME Application Forms.
    - The applicant must provide all documentation as requested (i.e. uploaded or hard copies, labeled correctly, etc.)
    - Required signatures must be originally signed.

7.2 Threshold Requirements

Completeness	Location
Application and Supporting Documents • Submit two copies of fully-completed HOME Homebuyer application, one as an Excel file and one as a searchable PDF. • Submit all required supporting documents via the IHCDA Syncplicity Site. Mail one complete original copy of the signed application and the signed Environmental Review Record (ERR) to IHCDA by the application deadline. Do not submit paper copies of any other supporting documents.	Uploaded to OneDrive site and mailed to IHCDA
Threshold	**Location**
SAM Registration • Submit a copy of the applicant's System of Award Management (SAM) registration. https://www.sam.gov/portal/SAM/#1	Tab A_SAM Registration
Debarment Information • Submit a copy of the debarment information for each development team entity identified in the application. The website for identifying this information can be found here.	Tab B_Debarment

Grievance Procedures • Submit applicant's Grievance Procedures. Grievance Procedures must address (1) how grievances will be submitted, (2) who will review them, (3) timeframe for the review, and (4) the appeal process.	Tab C_Grievance Procedures
Market Need • HUD requires that IHCDA certify that there is adequate need for each home based on the neighborhood's housing market. In order to help make this determination please answer all of the questions in the Market narrative in the application. Attach any relevant support material such as market studies, planning documents, and maps. The applicant must also submit a marketing plan, if homeowners are not identified.	Tab D_Market Need
Home-Assisted Households at or Below 80% AMI • Commit to assisting households at or below 80% of the area median income for the county.	Application
Not-for-Profit Applicant Documentation (if applicable) • Submit an IRS determination letter for 501(c)3 status. • Provide a copy of the Certificate of Existence from the Indiana Secretary of State to provide proof that the organization is in good standing.	Tab E_Not-for-Profit
Audited Financial Statements • 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.	Tab F_Capacity
Current Year-to-Date Financials • Submit current year-to-date financials for the applicant. This should include the balance sheet, income statement, and cash flow.	Tab F_Capacity
Homebuyer Proforma • Complete Homebuyer Unit Pro-Forma workbook for each unit proposed. • Applicants should fill out the "Commitment" Tab of the workbook. • Homebuyers are not required to be identified prior to application. Potential homebuyers are encouraged to be pre-qualified at time of application. • Prior to the sales contract, the grantee will be required to the Pro-Forma with the "Closing" Tab completed. Completion of homebuyer counseling is not required at time of application. Please note, any HOME-assisted homeownership unit that has not been sold by the recipient to an eligible homebuyer within nine months of completion of construction or rehabilitation (meaning all necessary title transfer requirements and construction work has been performed and the housing unit complies with the property standards as evidenced by a final inspection) must be converted to a HOME-assisted rental unit subject to all compliance requirements of HOME-assisted rental housing.	Tab G_Pro-Forma

Previous HUD or USDA-RD Funding • 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 sending.	Tab H_Notifications
Application Submission Resolution • All applicants for IHCDA funding 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: • One HOME Application Submission Resolution signed by the applicant's Board of Directors (found in the HOME Application Additional Documents Folder)	Tab H_Notifications
Site Map and Photos • Submit a clear, colored, site map • Submit clear, colored site photos including views from all cardinal directions.	Tab J_Site Map
Architect License • 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.	Application
Title Search • Submit evidence of clear title with a title insurance commitment, title search documentation, or an attorney's opinion letter.	Tab K_Readiness
Construction Cost Estimate • Submit detailed construction cost estimate for the development. Please include this for the project, and for each proposed unit.	Tab K_Readiness
Site Control • Submit a purchase option or purchase agreement that expires no less than 30 days subsequent to the award announcement date.	Tab K_Readiness
Unit Plans • Submit unit plans that include the square footage for each type of unit.	Tab K_Readiness
Appraisals • 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. • Applicants must submit a fair market appraisal (completed by a qualified appraiser) completed 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.	Tab K_Readiness
Development Fund • Developments requesting a Development Fund loan must designate at least 50% of the Development Fund-assisted units for households at or below 50% AMI with the remaining Development Fund-assisted units designated for households at or below 80% AMI.	Application

Funding Committed Prior to Application • All other development funding, including AHP funds, must be committed prior to submitting an application for HOME funding to IHCDA. Please complete the sources and uses tab in the application. • If the project is utilizing funding committed more than one year prior to the application due date please provide a letter confirming that the funds are still available and accessible to the applicant.	Application
Environmental Review and Flood Map • Submit completed environmental review forms. Instructions and forms can be found in Chapter 11 of the IHCDA CDBG & HOME Program Manual. • 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.	Tab L_Environmental Review
Letters of Commitment • Submit signed letters of commitment for all funding sources with funding terms and amounts. This includes Deferred Developer Fee.	Tab M_Financial Commitments
CHDO Applicants Proposing Projects in Selected Participating Jurisdictions • 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.	Tab M_Financial Commitments
CHDO Operating Supplement • 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.	Application

Match Requirement
• The match requirements for the 2020 and 2001 HOME rounds, including the Homebuyer Round are waived, effective April 21, 2020. Applicants may still submit eligible sources of match for purposes of accruing banked match.
• Match must be committed prior to submitting an application for HOME funding to IHCDA.
  ○ Submit the relevant sections of the Match Spreadsheet.
  ○ Submit letters of commitment for each source of Match.
	Tab M_Financial Commitments

Universal Design Features • 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 Forms" link on the IHCDA HOME Program website: http://www.in.gov/myihcda/home.htm. • 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.	Tab N_Development Features
CHDO Operating Supplement • If an applicant is applying for CHDO Operating Supplemental Funding, please submit the required CHDO workbook, and required documents and complete D1-CHDO Operating Supplement. • Please see the policies on the maximum allowable CHDO Operating as outlined in Section 4.4 of this policy.	Tab O_CHDO, Application
Homebuyer Counseling • Completion of homebuyer counseling is not required at time of application. • The application however should provide a narrative describe the counseling services applicants will be provided to homebuyer.	Tab P_Homebuyer Counseling
Displacement • Although permanent displacement may not be anticipated, a housing activity may still incur temporary or economic displacement liabilities. The Uniform Relocation Act contains specific requirements for HOME assisted units involving displacement and/or acquisition. For further explanation of the URA requirements see Chapter 4 of the IHCDA CDBG and HOME Program Manual and its Exhibits for additional guidance and copies of the required notices. • Please complete the applicable Tabs of the Application Form (D3-Displacemnet Assessment; D4-Displacement Plan and D5-Displacement Affidavit).	Tab Q_ Displacement, Application

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 persons" or "LEP") may be entitled to language assistance or Title VI of the Civil Rights Act of 1964 (Title VI) assistance in order to receive a particular service, benefit, or encounter. • Please list or describe in the narrative section of D6-LEP, the actions taken or that will be taken by recipients to ensure meaningful access by LEPs to the project and/or activities being funded with HOME funds.	Application

Universal Design Features		
Column A	**Column B**	**Column C**
Front loading washer and dryer with front controls, raised on platforms or drawers in each unit or all laundry facilities	At least one entrance to the ground floor of a unit shall be on a circulation path from a public street or sidewalk, a dwelling unit driveway, or a garage. That circulation path shall be a ramp or sloped walking surface. Changes in elevation shall not exceed ½” (All one & two family dwellings only)	Audible and visible smoke detectors in each unit
Walk-in Bathtub or shower with a folding or permanent seat (Senior Living Facilities 10% of the units, and 5% of the units for non-senior)	In kitchens, provide pull out shelves or Lazy Susan storage systems in base corners cabinets	Light switches located 48” maximum above the finished floor in each unit
Range/oven with controls located to not require reaching over burners in 10% of the units	All interior doors shall have a minimum clear width opening of 31-3/4”	Lighting controls are rocker, or touch sensitive control
Wall oven with 27” minimum knee clearance under the door in the open position and controls 48” maximum above the floor in 10% of the units	Adjustable height shelves in kitchen wall cabinets in each unit	Over bathroom lavatories, mirrors with the bottom edge of the reflecting surface 40 inches maximum above the floor or a tilt mirror that provides a similar view in each unit

Toilets that meet the provisions for location, clearance, height and grab bars in 2009 ICC A117.1 Section 604.5 in one bathroom in each unit	Where provided, telephone entry systems shall comply with ANSI.SASMA 303.-2006, Performance Criteria for Accessible Communication Entry Systems	Lever handle faucets on lavatories and sinks in each unit
Provide an accessible route from the garage into the dwelling in 10% of the units with attached private garages	Provide one of the following in one bathroom within each unit: 1. Adjustable height shower head that allows for a shower head to be located below 48" above the tub or shower floor; or 2. Hand-held showerhead with a flexible hose 59" minimum in length	Full length mirrors with the bottom of the reflecting surface lower than 36" and top to be at least 72" above the floor in each unit
Detectable Warnings at curb cuts throughout the development in accordance with 2009 ICC A117.1 Sections 406.13 and 705	Remote control heating and cooling in each unit	Where provided, signage identifying unit numbers shall be visual characters, raised characters and braille
Side by side refrigerators in each unit	In the kitchen, provide a 30" x 48" clear floor space adjacent to the sink, dishwasher, cooktop, oven, refrigerator/freezer and trash compactor	Where room lighting is provided, provide remote controls or motion sensor controls
Where private garages are provided, automatic garage door openers on the garage doors	At least one section of the counter or a pull out surface shall provide a work surface with knee and toe clearances in accordance with ICC A117.1 Section 1003.12.3	Bathtub/shower controls located 48" maximum above the tub floor in each unit
Provide in the kitchen a sink and a work surface in accordance with ICC A117.1 Sections 1003.12.3.2 and 1003.12.4.2 in 10% of the units	Built in microwave with an adjacent clear floor space and controls located 48" maximum above the floor in each of the units	Pulls on drawers & cabinets in each unit
Provide Motion detector controls for the outside lights at least on entrance in each unit	For kitchen and bathroom countertops, provide a visual contrast at the front edge of the counter or between the counter and the cabinet in all units	At least one garden area raised to a minimum of 15" above the adjacent grade

A removable base cabinet in kitchens at the sink and one work surface and at the lavatory in at least one bathroom in accordance with ICC A117.1 Sections 1003.12.3.1, 1003.12.4.1 and 1003.11.2 in all bottom level units	Provide a 30" x 48" clear floor space in each bathroom. Where bathroom doors swing in, the clear floor space must be beyond the swing of the door	Provide 10 fc lighting for at least one work surface in each unit
In kitchens, provide pull out shelving for all standard base cabinets in each unit	All hallways 42" or wider in each unit	Controls for bathtubs or showers located between the centerline of the bathtub or shower stall and the front edge of the opening in at least one bathroom in each unit
Provide a roll-in shower in at least one bathroom in accordance with ICC A117.1 Section 608.2.2 or 608.2.3 in each unit	All wall reinforcements for a second handrail at stairways in each unit	All closet rods adjustable or provide a portion of each closet with two clothes rods at different heights in each unit
In 10% of the units, provide cook top with toe & knee clearance underneath in accordance with ICC A117.1 Section 1003.12.5.4.2. The underside of the cook top shall be insulated or otherwise configured to protect from burns, abrasions or electric shock	Where walls are provided adjacent to toilets, bathtubs or showers, provide blocking for a future installation of grab bars in accordance with ICC A117.1 Section 1004.11.1	Slide or bi-folding closet doors for reach-in closets in all units
Dishwasher unit with all operable parts and shelving between 15" and 48" above the flooring 10% of the units	All doors intended for user passage shall have a minimum clear width opening of 31-3/4"	Levers hardware doors intended for user passage in each unit
A fixed or fold down seat in the shower or a bathtub with a seat in at least one bathroom of 10% of the units	Kitchen Faucet with pull out spout in lieu of side mount sprayer in each unit	Electric outlets raised 15" minimum above the finished floor in each unit. Dedicated outlets and floor outlets are not required to comply with this section
Grab bars in bathroom and shower in 10% of the units (1st bathroom only for two bathroom units)	Provide a means of identifying visitors without opening the door in accordance with ICC A117.1 Section 1006.5.2	Provide a lighted doorbell at the outside of the primary entrance door to each unit in accordance with ICC A117.1 Section 1006.5.1

Remote controlled drape, blinds and/or curtains in 5% of the units	Significant color contrast between floor surfaces and trim in each unit	Countertop lavatories with lavatories located as close to the front edge as possible in 10% of the units
Carpet complying with ICC A117.1 Section 302.2 or slip resistant flooring	Visual contrast between stair risers and stair treads in each unit that contains stairways	Self-closing drawers on kitchen cabinets
		Mailboxes located between 24"-48" above the ground

Part 8: Scoring

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

Scoring Category	Points Possible
Development Characteristics	22
Development Features	27
Readiness	8
Capacity	27
Leveraging of Other Sources	6
Bonus	5
Total Possible Points	**95**

When there is a scoring criteria based on the county being served and there are 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 **48 points** to be considered for funding.

8.1 Development Characteristics — Category Maximum Points Possible: 22

This scoring category describes the proposed project. The points can be achieved through the following sub-categories: Mixed Income Housing, Targeted Population, Opportunity Index and Health and Quality of Life Index.

1*). Targeted Population* — *Maximum Number of Points: 4*

Points will be awarded to applicants of which 25% or more units target one or more of the following designations:

- Single parent households
- Victims of domestic violence
- Families with children age six and under
- Veterans (as defined in the IHCDA HOME Homebuyer Policy)

2). Opportunity Index — *Maximum Number of Points: 10*

Applicants may earn up to 10 points (with two points for each feature) for developments located within areas of opportunity.

- **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 14,999 or less, point-to-point transportation is eligible as long as it is provided by a public or not-for-profit organization. . Taxis, Uber, or other ride-sharing programs are not eligible for points. For scattered site developments, at least 50% 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 a map in **Tab R_Project Characteristics** including:
- Specific development location,
- Transit station or bus stop location, and
- A mile radius drawn with each qualify unit labeled.

- **Unemployment Rate** (2 points): Points will be awarded to developments located within a county that has an unemployment rate below the state average. (here). For scattered site developments, at least 50% 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. For scattered site developments, at least 50% 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 10 employers. County employer data can be found at http://www.hoosierdata.in.gov/buslookup/BusLookup.aspx. For scattered site development, at least 50% 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 a map in Tab P_Project Characteristics including:
  i. Specific development location;
  ii. The location of the qualifying employer(s)
  iii. A five mile radius drawn from the project location.

- **Poverty Rate** (2 points): Points will be awarded to developments located within a county that has a poverty rate below the state average (http://opportunityindex.org/). For scattered site developments, at least 50% 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 (http://opportunityindex.org/). For scattered site developments, at least 50% 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	.5
Low	0

3) Health and Quality of Life Factors *Maximum Number of Points: 8*

Applicants may earn up to 8 points for developments located in counties with high health outcomes or in areas in close proximity to fresh produce and other positive land uses.

- **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 50% of the proposed units must meet this requirement to be eligible for points.

- **Fresh Produce** (2 points): Points will be awarded to applicants proposing developments located within two miles of a supermarket or grocery store with fresh produce. For scattered site developments, at least 50% 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 a map in **Tab R_Project Characteristics** including:
  - Specific development location;
  - Store or market location; and
  - A 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 50% of the proposed units must meet this requirement to be eligible for points.

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

In order to receive points for this scoring subcategory, the applicant must submit a map in Tab R_Project Characteristics including:

i. Specific development location;
ii. The location of the qualifying site(s)
iii. A three mile radius drawn from the project location.

8.2 Development Features — Category Maximum Points Possible: 25

This category describes the features of the overall proposed HOME project.

1) *Infill New Construction* — *Maximum Number of Points: 5*

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 housing:

- Existing agricultural land,
- Land where agriculture was the last use and it was within the last 5 years except within corporate limits, or
- Existing structures that will be rehabilitated.

In order to receive points, the applicant must submit in **Tab S_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.

2) Provision of Additional Bedrooms *Maximum Number of Points: 5*

Points will be awarded to developments where at least 30% of the HOME assisted units contain three or more bedrooms.

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

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

3) Design Features *Maximum Number of Points: 5*

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

Design Feature	Points
Exterior walls are at least 50% durable material (brick, stone, or cement board)	1
Includes LED lighting in ALL units	1
Roofing system has at least a 30-year warranty (must provide supporting documentation from the manufacturer to qualify) in ALL units	1
Porch with a minimum of 48 square feet with a roof that is permanently attached to the residence	1
Deck or patio 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 units	1
Garage with a minimum of 200 square feet that is made of approved materials, has a roof, is enclosed on all sides and has at least one door for vehicle access	2
Crawl space or basement	2
Security system	2
Carport with a minimum of 200 square feet 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
Play areas designed in accordance with ADA Guidelines	1
Community room	1
All entrances are non-step entrances for ALL units	2

4) 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 Forms" link on the IHCDA HOME Program website: http://www.in.gov/myihcda/home.htm.

The applicant will be required to submit the Universal Design Features Form identifying all features to which the applicant has committed. Changes to these selections will 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

5) *Green Building* *Maximum Number of Points:* *7*

Up to seven 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 to curb winter winds and provide shade	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
Minimize the disruption of existing plants and trees	1
Include recycling bins in the kitchen	1
Install recycled content flooring and underlayment	1
Install a light colored roofing material	1
Low flow toilets (1.28 gallons per flush) or dual flush toilets	1
R-Value insulation exceeding Indiana State Building Code	1
Recycle deconstructed building material	1
Install Energy Star certified roof products	2
Incorporate permeable paving	2
Install high-efficiency, tank-less water heaters	2
Use on-site solar energy to reduce resident utility costs	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

8.3 Readiness Category Maximum Points Possible: 8

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 K_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 *Submit a copy of the assessment report.*	1

Lead Testing *Submit a copy of the assessment report.*	1
Appraisal *Provide an appraisal that is no older than 6 months.*	1
Preliminary Design Plans *Provide electronic copies of architectural and/or engineering plans.*	1
Property Survey *Provide an electronic copy of the property survey.*	1
Structural Needs Report *Provide a copy of the report performed by a licensed professional.*	1
CHDO Predevelopment Loan *Applicants that fully utilized a CHDO Predevelopment Loan for the current HOME application are eligible for one point.* *•The CHDO Predevelopment Loan must have been approved by the IHCDA Board of Directors at least 30 days prior to the HOME application submission.* *•The applicant may not have more than five currently open or pending CHDO Predevelopment Loans, including all loans submitted as part of the current HOME funding round.* *•If the applicant received points in this category in the most recent HOME funding round prior to the current round, the applicant must have expended at least 25% of each CHDO Predevelopment Loan that qualified for points in that round*	1
Comprehensive Community Plan *Provide a copy of ONE plan for each jurisdiction that meets all of the following criteria:* • *Specific references to the creation of or need for housing* • *No older than 15 years* • *Public participation and narrative about efforts leading to the creation of the plan* • *A target area map with the proposed development sites labeled* • *Resolution showing adoption by the highest local unit of government*	2

2) *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 for these points, 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).

An additional two points will be available to applicants with an Indiana MBE/WBE/DBE/VOSB/SDVOSB entity serving as a formal member of the project's development team. An applicant that is certified as an Indiana MBE/WBE/DBE/VOSB/SDVOSB is also eligible for points in this category.

In order to receive points for contractor solicitation, the applicant must submit in **Tab K_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 Application;
- A letter of intent to participate in the project must be submitted by the qualifying development team member in **Tab K_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
	Indiana Minority Supplier Development Council	http://midstatesmsdc.org/
WBE	Indiana Department of Administration	http://www.in.gov/idoa/2352.htm
DBE	Indiana Department of Transportation	http://www.in.gov/indot/2576.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/

8.4 Capacity *Category Maximum Points Possible: 27*

This category evaluates the applicant's ability to successfully carry out the proposed project based on certifications and/or experience in affordable housing development. **Please note that the Overall Performance of Applicant, Administrator Experience, and Applicants with Non-IHCDA Experience categories are mutually exclusive. Applicants may not mix and match entities in order to maximize points (e.g. an applicant with an administrator may not use the applicant experience to earn points in the Overall Performance of Applicant category while using administrator experience to earn points in the Timely Expenditure of Funds and Inspection Performance category).**

Please note that the term "Administrator" encompasses both administrators and consultants. The administrator or consult must be listed as a Development Team Member in the HOME application. The applicant must select the applicable entity in the Capacity scoring section of the HOME application.

The following table lists the eligibility by entity for each scoring category:

Entity (All Experience Must Be Within Five Years of Application Due Date)	Certifications	Overall Performance of Applicant	Administrator Experience	Timely Expenditure of Funds	Inspection Performance	Applicants with Non-IHCDA Experience	CHDO Certification
Applicant w/ IHCDA Experience	Eligible	Eligible	Ineligible	Eligible	Eligible	Ineligible	Eligible
Applicant w/ No IHCDA Experience	Eligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Eligible
Administrator w/ IHCDA Experience	Eligible	Ineligible	Eligible	Eligible	Eligible	Ineligible	Ineligible
Administrator w/ No IHCDA Experience	Eligible	Ineligible	Ineligible	Ineligible	Ineligible	Eligible	Ineligible

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

Points will be awarded for a member of the development team, property management team, applicant, and/or administrator staff who has completed the following certifications. Three points will be awarded for the completion of two of the six 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.

If you do not see a certification you have received on the list that you believe would be relevant, please consult with your Real Estate Production Analyst at least one week prior to the application due date to request that it be eligible for points.

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 F_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
Project Development Training	Prosperity Indiana
Housing Development Finance Professional	National Development Council (NDC)
Certified Aging-in-Place Specialist	National Association of Home Builders (NAHB)
Home Sweet Home: Modifications for Aging in Place	University of Indianapolis / Indiana Housing and Community Development Authority
Grant Administration Certification	Indiana Housing and Community Development Authority (IHCDA)
Certified HOME Program Specialist	HUD/CPD

2) *Overall IHCDA Award Performance of the Applicant* *Maximum Number of Points:* *8*

Applicants with an IHCDA award monitored within the past five years may be eligible for points based on the applicant's overall performance. Only the most recently monitored award is eligible for points. An award may be eligible, whether it is closed or open, as long as an official IHCDA monitoring has occurred. Please list the most recently monitored award number in the application forms.

Applicants cannot qualify for points under both the New Administrator Experience and IHCDA Award Performance.

Description of Overall Award Performance	**Points**
Applicant's most recently monitored HOME award had no findings and no concerns.	8

Applicant's most recently monitored HOME award had no findings, but concerns were noted. **OR** No HOME experience, but **Applicant's** most recently monitored CDBG award had no findings and no concerns.	6
Applicant's most recently monitored HOME award had only one finding. **OR** No HOME experience, but **Applicant's** most recently monitored CDBG award had no findings but concerns were noted.	4
Most recently monitored HOME award had more than one finding and the close-out monitoring review letter was received within:	
• One Year or Less:	**0**
• Two Years to One Year and One Day:	**0.5**
• Three Years to Two Years and One Day:	**1**
• Four Years to Three Years and One Day:	**1.5**
• Five Years to Four Years and One Day:	**2**
The above timeframes will be determined using the HOME application due date. In order to receive points in this category, the applicant/administrator must submit a narrative describing how the identified findings were addressed and remedied. This narrative may be submitted in **Tab F_Capacity.**	
Does not meet any category above. Examples: • More than one finding on most recently monitored award. • Applicant has no experience with IHCDA within the past five years.	0

3) *Administrator Experience* *Maximum Number of Points:* *5*

Only applicants without an IHCDA award in the past five years that have properly procured an administrator with previous IHCDA HOME experience may receive points in this category. Five points will be awarded if the administrator has successful experience administering an IHCDA HOME award that has been monitored within the past five years. In order to qualify for points, the most recently monitored award must not have had any findings. An award may be eligible, whether it is closed or open, as long as an official IHCDA monitoring has occurred. Please list the most recently monitored award number in the application forms.

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

4) *Timely Expenditure of Funds* *Maximum Number of Points: 5*

Points will be awarded to an applicant or administrator that has expended their most recent IHCDA award (HOME or CDBG) funds by the award expiration date without requesting award extensions. The award must be from within the past five years, as determined by the award's execution date. It is not required that the award have been monitored and closed out. If the project has completed and passed its final inspection with no outstanding findings, and If the only outstanding claim for an award is its final retainer it will be considered fully expended for purposes of this scoring category.

For applicants with multiple awards with the same expiration date, ALL awards must meet the requirement to be eligible for points. Please list the award number(s) in the application forms.

Award Length	Points
Applicant or administrator's most recent IHCDA award (HOME or CDBG) completed by the award expiration date.	5

5) *IHCDA Award Inspection Performance of the Applicant* *Maximum Number of Points: 2*

Applicants or administrators with an IHCDA award inspected within the past five years, as determined by the final inspection report, may be eligible for points based on their IHCDA inspection results. Points will be awarded if zero building code issues were noted on the applicable project's inspection report as determined by the priorities described below:
IHCDA will first review the applicant or administrator's most recent standalone HOME award that was inspected in the past five years.

If the applicant or administrator does not have a standalone HOME award that was inspected in the past five years, IHCDA will next review the most recently inspected tax credit award that also received a HOME or Housing Trust Fund award and was inspected within the past five years.
If the applicant or administrator does not have a combined RHTC/HOME or HTF award that has been inspected in the past five years, IHCDA will next review the applicant or administrator's most recently inspected standalone tax credit award that was inspected within the past five years.

If the applicant or administrator does not have any projects that meet the above requirements they will not be eligible for points in this category.

6) *Applicants or Administrators with Non-IHCDA Experience* *Maximum Number of Points: 3*

Applicants or Administrators without a previous monitored IHCDA award in the past five years that may qualify for three points if they can demonstrate relevant prior experience working in affordable housing development within the past five years. In order to qualify for points in this category applicants must submit a narrative summarizing their previous experience.

Supplemental documentation may be submitted as well, including, but not limited to, organizational and personal resumes, pictures and descriptions of previously completed projects, and testimonials from individuals and/or communities that the applicant previously partnered with or served. Points will be awarded at the discretion of IHCDA staff following the review of all documentation submitted.

The applicant narrative and any supporting documentation must be submitted in **Tab F_Capacity.**

Applicants that have previous IHCDA experience or that will be utilizing administrators are **NOT** eligible for points in this category.

7) *CHDO Certification* *Maximum Number of Points:* *3*

An applicant that applies and is certified as a Community Housing Development Organization will receive three points.

The CHDO application must be submitted in Tab O_CHDO.

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 IHCDA 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 M_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.
- 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 Bonus — Category Maximum Points Possible: 5

1) Bonus — *Maximum Number of Points: 5*

Points will be awarded to applications that are submitted according to IHCDA's submittal guidelines (see list below), and which pass Threshold with one or less technical errors or incomplete information.

To receive points in this category, the applicant must:

- Submit a searchable PDF of the application on the OneDrive site;
- Submit an Excel file of the application on the OneDrive site;
- Answer all questions in the policy and application;
- Submit all required threshold items in the correct tabs;
- Submit all required threshold items in the correct form (mailed and/or on the One Drivesite); and
- Label and include all tabs on the OneDrive site as described in the Application Policy. All tabs must be included regardless of whether documentation is required in each tab.

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.

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.

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 developments 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 development 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 development.

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

a. The development 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 development is located in an unincorporated area of a county whereas;

i. The development is outside the 2-mile jurisdiction of either a large city or small city as defined in this glossary; and

ii. The development 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 IHCDA 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 or is vague or incomplete. IHCDA 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.

Veteran: A person who served in the active military, naval, or air service.

Visitability: Visitability is defined as design concepts that allow persons with mobility impairments to enter and stay, but not necessarily live, in a residence. There are three (3) specific design elements that must be incorporated to satisfy the visitability mandate:

- Each unit must contain at least one (1) zero-step entrance on an accessible route. This can be any entrance to the unit;

- All main floor interior doors (including bathroom doors and walk-in closets) in each unit must provide at least at least 31 ¾ inches of clear opening width; and
- Each unit must contain at least one (1) half or full bathroom on the main level that is accessible per ICC A117.1.Section 1004.11.

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 Development Fund provides a loan of up to $500,000 (or a grant in limited special circumstances) for eligible activities as defined within this policy.

For more detailed information on the Development Fund program please consult the Development Fund Manual.

10.02 How to Apply

Development Fund awards are approved through the IHCDA Development Fund Application or in conjunction with LIHTC applications through the Qualified Allocation Plan (“QAP”), HOME applications through the HOME funding round, or with CDBG applications through the CDBG funding round.

Development Fund requests in conjunction with other funding sources must be submitted in accordance with the application procedures and deadlines for those programs.

10.03 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 IHCDA’s suspension or debarment list are not eligible to apply for Development Fund awards.

10.04 Eligible Beneficiaries

The Development Fund can be used to finance assisted units for occupancy by households earning up to 80% of the area median income, as published annually by HUD. Indiana Code governing the Development Fund requires at least 50% of the dollars allocated to be used to serve “very low-income households" (households earning less than 50% of the area median income). **Therefore, at least 50% of the Development Fund assisted units must be designated for households at or below 50% AMI, and the remaining Development Fund assisted units must be designated for households at or below 80% AMI.**

10.05 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.

10.06 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 IHCDA Underwriting and Closing Manager.

10.07 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 IHCDA**.

10.08 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 IHCDA initiatives as announced by IHCDA. Except for these special initiatives, IHCDA 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.

10.09 Loan Terms

The base interest rate for loans is 3%. The interest rate offered by IHCDA will be determined during underwriting. **Underwriting will start at 3% and make a final determination based on financial capacity. The final interest rate will not be less than 3%, but may exceed 3% based on 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 IHCDA Underwriting and Closing Manager.

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 IHCDA. 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.

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 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.

HOME.

RENTAL CONSTRUCTION POLICY

Home Investment Partnerships Program
Rental Construction
2022 Application Policy

SUMMARY

The purpose of this HOME Investment Partnerships Program (HOME) application is to provide subsidies in the form of grants and loans to selected applicants for the acquisition, rehabilitation and/or new construction of rental housing for low and moderate-income people. Through this program, the Indiana Housing and Community Development Authority (IHCDA) seeks to improve the quality of existing housing stock in Indiana.

This program is designed to allocate HOME funds to be used for the rehabilitation and/or new construction of rental housing among selected applicants that meet program requirements as well as IHCDA's goals for the program, as described below.

1. Demonstrate they are meeting the needs of their specific community;
2. Reach low and very low-income levels of area median income;
3. Proceed with the activity upon receipt of the award and begin construction within 12 months of receipt of the award;
4. Link the project to the revitalization of existing neighborhoods, preferably through a comprehensive approach (i.e. as part of a published and approved community revitalization plan);
5. Advance projects that promote aging-in-place strategies for seniors, persons with disabilities, and families with seniors or persons with disabilities;
6. Propose projects that are energy-efficient and are of the highest quality attainable within a reasonable cost structure; and,
7. Propose the use of state certified Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Federal Disadvantaged Business Enterprise (DBE) Participation, Veteran-Owned Small Business (VOSB), and/or Service Disabled Veteran Owned Small Business (SDVOSB) contractors, employees, and products when applicants are planning and undertaking their housing activities.

Part 1: Application Process

1.1 Overview and Funding Priorities:
The purpose of this HOME application is to provide subsidies in the form of grants and loans to selected applicants for the acquisition, rehabilitation, and/or new construction of rental housing for low and moderate-income people. Through this program, the Indiana Housing and Community Development Authority (IHCDA) seeks to improve the quality of existing housing stock in Indiana.

This program is designed to allocate HOME funds to be used for the rehabilitation and/or new construction of rental housing among selected applicants that meet program requirements as well as IHCDA's goals for the program, as described below.

1. Demonstrate they are meeting the needs of their specific community;
2. Reach low and very low-income levels of area median income;
3. Proceed with the activity upon receipt of the award and begin construction within 12 months of receipt of the award;
4. Link the project to the revitalization of existing neighborhoods, preferably through a comprehensive approach (i.e. as part of a published and approved community revitalization plan);
5. Advance projects that promote (1) aging-in-place strategies for seniors, persons with disabilities, and families with seniors or persons with disabilities and (2) safe, affordable housing options for families;
6. Propose projects that are energy-efficient and are of the highest quality attainable within a reasonable cost structure; and,
7. Propose the use of state certified Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Federal Disadvantaged Business Enterprise (DBE) Participation, Veteran-Owned Small Business (VOSB), and/or Service Disabled Veteran Owned Small Business (SDVOSB) contractors, employees, and products when applicants are planning and undertaking their housing activities.

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 and is subject to change or extension.

Application Available / Round Begins	December 2021
Application Webinar	January 2022
CHDO Certifications Due[1]	January 2022
Application Due Date	March 2022
Tentative Award Announcements	May 2022

1.4 Application Webinar
An application webinar will be conducted prior to the application deadline. During the webinar, the IHCDA Real Estate Production Department 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

[1] Please note that certified CHDOs are now eligible to request up to $1,500,000 of HOME funding. To be eligible for these funds, applicants must follow a different CHDO certification process. This process can be found in section 5.1 of the HOME Rental Policy.

documents. Local Units of Government (LUGs) and not-for-profit entities intending to apply are *strongly encouraged* to attend.

1.5 Technical Assistance

The applicant may schedule a technical assistance meeting with its regional IHCDA Real Estate Production Analyst to discuss both the proposed project and IHCDA's application process. Technical assistance may be required at IHCDA's discretion if the recipient does not have experience with IHCDA awards or if past performance was poor. Applicants are urged to contact their Real Estate Production Analyst early in the planning process to obtain guidance and technical assistance.

1.6 Application Submission

The applicant must submit the following items to IHCDA's Real Estate Production Coordinator:

- Via IHCDA's OneDrive site (Please ensure notary seals are visible on any scanned documents):
    - CHDO Application Workbook and supporting documentation (if applying for CHDO Certification)
    - One completed copy of the HOME application form.
    - All supporting documents required in the tabs. Please submit this information as separate, labeled PDF documents under the required labeled tabs. **Do not send one PDF containing all supporting documentation**.
    - Signed Environmental Review Record (May be scanned and submitted as a PDF)
- Via IHCDA's Online Payment Portal
    - Application fee of $250. Payments can be made here. All fees must be paid through the IHCDA Online Payment Portal. Checks will no longer be accepted for application fees.
- Via hard copy:
    - One USB Flash Drive with all documents

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.

Application fees should be made payable to IHCDA. If a check is returned for insufficient funds, the application will be denied. The application fee is non-refundable except, if the applicant applies and is certified as a Community Housing Development Organization (CHDO), the full application fee will be refunded. Applicants that are pre-certified as CHDOs as described in section 5.1 of this policy are not required to submit application fees.

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 IHCDA Real Estate Production Analyst as soon as possible. If informed of the problem in a timely manner, IHCDA staff may be able to correct the issue and/or provide additional guidance for specific non-Federal requirements on a case-by-case basis. However, assistance cannot be provided for applicants that do not notify IHCDA of an issue prior to the application deadline.

If IHCDA staff are unable to open or view submitted electronic documentation as a result of technical errors (e.g. file corruption, incompatible file types, etc.), staff will enlist IT support personnel to correct or bypass 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 applicant failing threshold and/or not receiving points in a scoring category. Therefore, it is in an applicant's best interest to review all electronic documentation to ensure it is complete and compatible with several different devices and/or programs before submittal.

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

- **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 the application form and all other required documents to the created folder.**

The application fee of $250 must be submitted via the IHCDA Online Payment Portal located here.

The USB flash drive should be sent to:

Indiana Housing and Community Development Authority
ATTN: Real Estate Department Coordinator
RE: HOME Application
30 South Meridian Street, Suite 900
Indianapolis, IN 46204

All applicants must retain a copy of this application package. Applicants that receive funding will be bound by the information contained herein.

Applicants must notify the Real Estate Department Coordinator and their Regional Analyst when they have uploaded documents to OneDrive, including documents for preliminary CHDO certification. Failure to notify IHCDA when documentation is uploaded may result in the delay 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.

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, IHDCA staff may contact an applicant to notify them of required technical 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 IHCDA. If the applicant does not respond to the technical correction and threshold clarification letter, or the applicant's response does not address all concerns, the application may be disqualified. Points will be awarded to applicants requiring two or less technical corrections, based upon the scoring table located in the Bonus scoring section of this policy.

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

Step Three - Scoring

Applications that pass completeness and threshold reviews are then scored according to IHCDA's published scoring criteria. After initial score review, IHCDA 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 result in application denial. Supporting documentation for scoring categories will not be accepted after the initial application submission.

Applications proposing rental activities will be scored separately from, and will not compete with, applications proposing homebuyer activities. An amount of funding, determined at the discretion of IHCDA, will be set aside for rental projects each year as prescribed in IHCDA's Consolidated Plan.

Funded applications will be announced at the published IHCDA board meeting date. Award letters and score sheets will be uploaded to OneDrive by the close of business on the day of the board meeting. Applications that are not funded will be notified by IHCDA via denial letters and final score sheets being uploaded to OneDrive by the close of business on the day of the board meeting. Applications not funded will not be rolled over into the next funding round.

1.8 HOME Past Awards

Before an applicant can apply for a new HOME award, any other HOME awards that the applicant has received from IHCDA must be drawn down by a minimum of 25% of the award's total funding amount. Applicants funded during the most recent HOME round or awarded within six months of the starting date of the current round (based on the date of the last signature on the applicant's award agreement) are exempt from this requirement.

1.9 Minimum Score Requirement

An application must score at least 68 points to be considered for funding.

1.10 IHCDA CDBG, HOME & HTF Program Manual

The IHCDA CDBG, HOME & HTF Program Manual outlines the requirements for administering IHCDA's CDBG & HOME awards. A complete copy of the CDBG, HOME & HTF Program Manual and all exhibits are available on IHCDA's website here.

1.11 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 provides additional background information about the federally required processes including why the review is necessary, how to perform the review, and other resource information to help you complete the ERR Workbook. These documents can be found on IHCDA's website here.

1.12 IHCDA Waiver Policy

IHCDA, in its sole discretion, will consider a waiver request from any Applicant, Owner and/or Developer in regards to Section 5.1 (Subsidy Limitations **only**) and Section 6.5 (Underwriting guidelines). IHCDA does not accept waiver requests for any Federal Regulation or scoring requirements. Requests for additional funding 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:

- The details of the specific threshold requirement for which the Applicant is requesting a waiver,
- A detailed description as to why the Applicant cannot meet the threshold requirement,
- Any additional information the Applicant would like IHCDA to consider with the request.

1.13 Development Fund

Applicants may apply for the Development Fund with their HOME application. Applicants must provide documentation and explanation on an alternative source of funding if the Development Fund application is denied, or if Development Fund is not available.

More information on the Development Fund may be found in Part 10.

Part 2: Eligible Applicants

2.1 Eligible Applicants

HOME Investment Partnerships Program (HOME)	Cities, Town, and Counties	Community Housing Development Organizations (CHDO)	501(c)3 and 501(c)4 Not-For-Profit Organizations and PHAs	Joint Venture Partnerships	For Profit Entities Organized Under the State of Indiana
Rental Housing Rehabilitation	✓	✓	✓	✓	Not eligible
Acquisition and Rental Housing Rehabilitation	✓	✓	✓	✓	Not eligible
Rental Housing New Construction	✓	✓	✓	✓	Not eligible

Eligible applicants include cities, towns, or counties that are located within Indiana but outside of the participating jurisdictions listed below. Applications from, or housing activities located within, the following participating jurisdictions are NOT eligible for HOME funds:

Bloomington	Gary	Lafayette Consortium**
Evansville	Indianapolis*	South Bend Consortium***
Fort Wayne	Lake County	South Bend Consortium***

*Excluding the Marion County Cities of Beech Grove, Lawrence, Speedway, and Southport. The Town of Cumberland is excluded when the housing activity is outside of Marion County.

**Lafayette Consortium is made up of the Cities of Lafayette and West Lafayette and the unincorporated areas of Tippecanoe County. Other incorporated areas are eligible to receive assistance.

***South Bend Consortium is made up of the Cities of South Bend and Mishawaka and the unincorporated areas of St. Joseph County. Other incorporated areas are eligible to receive assistance.

2.2 Eligible CHDO Applicants Proposing Projects Located in Selected Participating Jurisdictions

IHCDA will allow for non-profits that certify as CHDOs to apply for IHCDA HOME funding if the project is in a participating jurisdiction that receives less than $500,000 of HOME funding within IHCDA's HOME Program Year. At time of publication, the participating jurisdictions that qualify are:

Anderson	East Chicago	Hammond	Muncie	Terre Haute

In order to be eligible, the applicant must have received a preliminary commitment of HOME funds from the participating jurisdiction for the project for which the applicant is 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 IHCDA 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.

IHCDA may, at its discretion, require CHDO's proposing projects located in participating jurisdictions to attend IHCDA trainings or participate in one-on-one technical assistance as a condition of funding.

2.3 Ineligible Applicants

Per 24 CFR 92.214 (a)(4) HOME funds may not be invested in public housing projects.

IHCDA reserves the right to disqualify from funding any application that has an applicant, sub-recipient, administrator, preparer, or related party of any of the aforementioned, with a history of disregarding the policies, procedures, or staff directives associated with administering any IHCDA program or program administered by any other State, Federal, or affordable housing entity. This includes, but is not limited to, the Indiana Office of Community and Rural Affairs, the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture - Rural Development, and the Federal Home Loan Bank.

Additionally, any entity currently on IHCDA's suspension or debarment list is ineligible to submit an application. IHCDA's Suspension and Debarment Policy can be found in Chapter 17 of the IHCDA HOME, HTF, and CDBG Program Manual.

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 reasonably 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

This program is intended to have a long-term impact on the availability and quality of the affordable housing stock in Indiana. 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.

- Rehabilitation, new construction, and 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.
- Rental Housing Tax Credit (RHTC) Developments with compliance periods or existing HOME developments with affordability periods that have expired prior to the due date for this application. RHTC Developments must be out of the initial 15-year affordability period. RHTC Developments still in the 30-year extended use period are eligible to apply for HOME funds, assuming the initial 15-year affordability period has expired.
- 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.
- Manufactured homes are eligible if they meet IHCDA's Manufactured Housing Policy 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 and which also complies with the following specifications:
        - Shall have been 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; and
        - Is located on land held by the beneficiary in fee-simple title or 99-year leasehold and is the principal residence of the beneficiary.
        - All other manufactured or mobile homes that do not meet the aforementioned criteria are ineligible to receive rehabilitation assistance funded by IHCDA.

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;
- 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 (also called the Qualified Allocation Plan);
- Any housing activity funded under Title VI of NAHA, prepayment of mortgages insured under the National Housing Act, public housing developments, 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.

In addition, IHCDA **does not** fund:

- Requests from individuals, political, social, or fraternal organizations;
- Endowments, special events, or international projects;
- Scholarships requested by individuals;
- Institutions that discriminate on the basis of race, color, national origin, sex, religion, familial status, disability, sexual orientation, gender identity, or against victims of domestic violence, dating violence, sexual assault, or stalking in policy or in practice;
- Projects in furtherance of sectarian religious activities, impermissible lobbying, legislative or political activities;
- Medical research or medical profit-making enterprises.

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

HOME subsidized activities must be secured throughout the affordability period by a recorded lien and restrictive covenant agreement created by IHCDA. 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 affordability 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 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. Providing IHCDA with information regarding unit substitution and filling vacancies, if the project has floating units; and
7. 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

Amount of HOME subsidy per unit:	Affordability Period
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; (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 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 federal 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: CHDO

4.1 IHCDA CHDO Set-Aside

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

4.2 CHDO Eligible Activities

Permanent rental and homebuyer housing are considered CHDO-eligible activities 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 activity.

CHDOs must certify at time of 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 subsidy 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 at the time of submitting a HOME application.[2] The CHDO application can be found as a separate document on

[2] Please note that certified CHDOs are now eligible to request up to $1,500,000 of HOME funding. In order to be eligible for these funds, applicants must follow a different CHDO certification process. This process can be found in section 5.1 of the HOME Rental Policy.

the IHCDA website here. The CHDO application must be submitted at the same time as the HOME application except when applying for precertification.

- 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 application for a CHDO-eligible undertaking must demonstrate the following:
    - Low- and moderate-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.
    - Certify that the organization continues to meet the definition of a CHDO by being a certified CHDO by IHCDA.
    - Complete the CHDO related sections in the HOME Application Forms.

4.4 CHDO Operating Supplement

CHDOs may apply for supplemental funds in a HOME funding round. A CHDO may receive CHDO operating supplement funds in an amount not to exceed $50,000 per project and $50,000 total within one program year, except when receiving a second award of CHDO Operating Supplement, as described below. The HOME program year is July 1st through June 30th.

CHDOs are eligible to apply for a second award of CHDO Operating Supplement for a project that received a CHDO Operating Supplement award at the time of its initial funding. CHDOs funded within the past 12-24 months for a HOME project can apply for additional supplemental operating support of up to $25,000, if they have met the following criteria:

- Have begun construction within the first 12 months of the executed agreement with IHCDA;
- Have drawn a minimum of 25% of the IHCDA housing development award; and
- Have drawn 100% of the original CHDO Operating Support award.

CHDOs receiving a second year of CHDO Operating Supplement may receive funds in an amount not to exceed $50,000 per project and $75,000 total within one program year.

Eligible costs include:

- Accounting Services/Audit
- Communication Costs
- Education/Training
- Equipment/Software
- Insurance
- Lead-Based Paint Equipment
- Legal Fees
- Postage
- Professional Dues/Subscriptions
- Rent
- Staff Salary/Fringe
- Taxes
- Travel
- Utilities

CHDO Operating Support cannot exceed the greater of $50,000 or 50% of the CHDO's total annual operating expense within one program year.

4.5 CHDO Predevelopment and Seed Money Loans

CHDOs are eligible for development specific predevelopment or seed money loans. Applicants may request up to $30,000 in loans for special project-specific pre-development expenses. 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 or seed money through a separate application process.

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 Production 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 **March 15th, 2021** 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

IHCDA HOME income set-asides are defined as follows:

Income Set-Aside	AMI Range
30% AMI	30% AMI and below
40% AMI	40% AMI and below
50% AMI	50% AMI and below
60% AMI	60% AMI and below

HOME funds used for acquisition, rehabilitation, new construction, soft costs, relocation, rent-up reserve, and developer's fee combined cannot exceed:

For units designated 50% AMI or higher:

Bedroom Size	Per Unit Subsidy Limit
0	$72,000
1	$84,000

2	$96,000
3	$117,000
4+	$128,000

For units designated 40% AMI or lower:

Bedroom Size	Per Unit Subsidy Limit
0	$90,000
1	$105,000
2	$120,000
3	$145,000
4+	$160,000

The minimum amount of HOME funds to be used for rehabilitation or new construction is $1,001 per unit.

Budget Limitations

- HOME funds cannot be used for reserve accounts for replacement or operating costs but may be used as a Rent-Up Reserve.
- All subsidies must be secured throughout the affordability period by a written, legally binding, recorded restrictive covenant.
- HOME funds budgeted for developer's fee cannot exceed 15% of the HOME award.
- HOME funds budgeted for soft costs, environmental review, and developer's fee together 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 are not limited to: award agreement, resolution, and a lien and restrictive covenant agreement.

The applicant may then provide the HOME award as a forgivable, amortized, or deferred loan to as many other entities as it chooses, known as subgrantees. However, subgrantees must be identified in the application and approved by IHCDA.

A title company is required to be used for all loans that occur between the IHCDA recipient and the subgrantee of the program. An example is when an IHCDA recipient is assisting a property that it does not own. When the loan is made from the IHCDA recipient to the subgrantee, a title company must be used.

The IHCDA recipient must execute a promissory note, mortgage, lien and restrictive covenant agreement, security agreement, UCC Financing Statement(s), and other documents as directed by IHCDA in order to secure IHCDA's investment in the assisted property. The recipient is required to deliver these documents to the county recorder's office for recording. These documents will be reviewed during monitoring visits.

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 Production 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'S FEE – Developer's fees are only available with HOME funded activities and cannot exceed 15% of the HOME award. Additionally, the total of developer's 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 Chapter 11 of the IHCDA CDBG & HOME Program Manual.

LEAD HAZARD TESTING – Costs associated with lead hazard testing includes 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 CMC

SOFT COSTS – Soft costs are those costs that can be directly tracked by address. They include client-related costs that are reasonable and necessary for the implementation and completion of the proposed activity. This line item along with developer's fee and environmental review cannot exceed 20% of the HOME request. Recipients are allowed to draw down this line item as costs are incurred. Additionally, soft costs may be used to pay off a HOME CHDO Predevelopment or CHDO Seed Money loan but may not exceed the 20% line item cap.

Eligible costs include:

- Appraisals
- Builders 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
- 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 - off-site connections from the property line to the adjacent street are eligible when it 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 CMC

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

Income generated by CHDOs acting as owners, sponsors, or developers of HOME units may be retained by the CHDOs 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 is not considered CHDO proceeds and must be returned to IHCDA.

Income generated by not-for-profits or for-profits, acting as developers of HOME units, may be retained by the developer and is not subject to HOME Program requirements.

Additionally, all legal documents, such as mortgages, security agreements, UCC financing statements, and liens executed by the IHCDA recipient, beneficiary, or subrecipient receiving assistance, must be recorded at the county recorder's office. These documents must be submitted to IHCDA at closeout along with the IHCDA recipient's completion reports and will be reviewed during monitoring visits conducted by IHCDA staff.

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. IHCDA will consider underwriting outside of these guidelines, if supporting documentation is provided.

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.

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%.

RENTAL INCOME GROWTH – All developments must be able to underwrite with a rental income growth between 0% and 2% per year.

OPERATING RESERVES – All developments must be able to underwrite with operating reserves the greater of (1) a minimum of four months of projected expenses, including operating expenses, debt service payments, and replacement reserve payments, OR (2) $1,500 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	$250

* 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 between 1% and 3% per year.

IHCDA requires operating expense growth to be at least 1% higher than rental income growth.

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
Large or Small City	1.15 – 1.40
Rural	1.15 – 1.50

- Stabilization usually occurs in year two; however, the debt coverage ratio for a development must not go below 1.10 during the affordability period to be considered financially feasible.
- 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 hard debt are allowed but will be subject to additional scrutiny from IHCDA. Developments with no debt will not have a debt coverage ratio, but will be required to have cash flow without an undue profit. 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.
- Tax abatement may cause the DCR to be higher than these guidelines.

The following documentation is required for Stabilized Debt Coverage Ratio:

- 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); AND

- 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).

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

- Timeliness – All documentation must be turned in by the application due date.
  - 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 requests are due on or before the date provided by IHCDA staff.
  - Any forms that are late will be denied review and will be sent back to the applicant.
- Responsiveness – All questions must be answered and all supporting documentation must be provided.
  - The applicant must provide all documentation as instructed in this application policy as well as all required documentation listed in the HOME Application Forms.
  - The applicant must provide all documentation as requested (i.e. uploaded or hard copies, labeled correctly, etc.)
  - All required signatures must be originally signed (no electronic signatures) but may be scanned and submitted in PDF form as allowed.

7.2 Threshold Requirements

Completeness	Location
Application and Supporting Documents • Submit two copies of fully completed HOME Rental application, one as an Excel file and one as a searchable PDF. • Submit all required supporting documents via OneDrive. Do not submit paper copies of the application or any other supporting documents. Applicants may also be issued a Technical Correction for using policies or forms from previous rounds.	Uploaded to OneDrive
Threshold	**Location**
CHDO Applicants Proposing Projects in Selected Participating Jurisdictions • 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.	Tab L_Financial Commitments
SAM Status • Submit a copy of the applicant's System of Award Management (SAM) status: https://sam.gov/SAM/	Tab A_SAM Status

Debarment Information • Submit a copy of the debarment information for each development team entity identified in the application. The information can be found by clicking here and selecting the "Advanced Search – Exclusion" option.	Tab B_Debarment
Grievance Procedures • Submit applicant's Grievance Procedures. Grievance Procedures must address both current and prospective tenants 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 should be written and available to current and potential tenants.	Tab C_Grievance Procedures
Area Need • 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.	Tab D_Area Need
Home-Assisted Households at or Below 60% AMI • Commit to assisting households at or below 60% of the area median income for the county.	Application
Not-for-Profit Applicant Documentation (if applicable) • Submit an IRS determination letter for 501(c)3 status. • Provide a copy of the Certificate of Existence from the Indiana Secretary of State as proof that the organization is in good standing.	Tab E_Not-for-Profit
Audited Financial Statements • 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.	Tab O_Capacity
Current Year-to-Date Financials • Submit current year-to-date financials for the applicant. This should include the balance sheet, income statement, and cash flow.	Tab O_Capacity
Owner Authorization (if applicable) • If the applicant is different from the owner of the development, provide a letter from the owner authorizing the applicant to apply for funding for the owner's property.	Tab F_Notifications

Administrator Documentation (if applicable)
• If the applicant has hired an administrator, please provide documentation demonstrating that the administrator has been properly procured using the Competitive Negotiation (RFP) Procedure.
  • 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.
	Tab G_Administrator

Previous HUD or USDA-RD Funding • 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.	Tab F_Notifications
Visitability Mandate • Any development involving the new construction of single family homes, duplexes, triplexes, or townhomes must meet the visitability mandate. o 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.	Application
Site Map and Photos • Submit a clear, colored site map with project site and/or parcels outlined and identified. • Submit clear, recent, color site photos including views from all cardinal directions.	Tab H_Site Map
Title Search • Submit evidence of clear title with a title insurance commitment, title search documentation, or an attorney's opinion letter.	Tab I_Readiness
Construction Cost Estimate • Submit detailed construction cost estimates for the development.	Tab I_Readiness
Site Control • Submit a purchase option or purchase agreement that expires no less than 30 days subsequent to the award announcement date.	Tab I_Readiness
Unit Plans • Submit unit plans that include the square footage for each type of unit. These may not be hand-drawn.	Tab I_Readiness

Site Plans
• Submit basic site plans that show how the development is to be built, including:
  o Any significant demolition
  o Any existing buildings
  o The placement and orientation of new and existing buildings, parking areas, sidewalks, etc.
 	
IHCDA reserves the right to request revisions and/or additional site plans if the provided plans are determined to be insufficient.
	Tab I_Readiness

Architect License • 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.	Application
Zoning Approval • Provide a letter no older than six months from the local planning official that certifies the current zoning allows for construction and operation of the proposed development and lists any required variances that have been approved.	Tab I_Readiness
Capital Needs Assessment • For developments proposing 26 or more total units, a Capital Needs Assessment is required.	Tab I_Readiness
Environmental Review • Submit completed environmental review forms. Instructions and forms can be found in Chapter 11 of the IHCDA CDBG & HOME Program Manual. • 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.	Tab J_Environmental Review
Development Fund • Developments requesting a Development Fund loan must designate at least 50% of the Development Fund-assisted units for households at or below 50% AMI with the remaining Development Fund-assisted units designated for households at or below 80% AMI.	Application

Funding Committed Prior to Application • All other development funding, including AHP funds, must be committed prior to submitting an application for HOME funding to IHCDA. Please complete the sources and uses tab in the application. • If the project is utilizing funding committed more than one year prior to the application due date please provide a letter confirming that the funds are still available and accessible to the applicant.	Tab L_Financial Commitments
Letters of Commitment • Submit signed letters of commitment including funding terms and amounts for all funding sources. This includes deferred developer fees.	Tab L_Financial Commitments
CHDO Operating Supplement • 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.	Application
Rental Proforma • Complete the Rental Proforma tab in the IHCDA HOME Rental Application Forms.	Application
Match Requirement • 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. o Submit the relevant sections of the Match Spreadsheet. o Submit letters of commitment for each source of Match.	Tab L_Financial Commitments
Senior Developments • New Construction: o 100% of the units must be accessible or adaptable, as defined by the ADA and the Indiana Accessibility Code. • Rehabilitations: o 100% of the ground floor units must be accessible or adaptable, as defined by the ADA and the Indiana Accessibility Code, and all units above the ground floor must be adaptable as defined by the ADA and the Indiana Accessibility Code unless the building(s) contained elevator(s)/Lift(s) prior to rehabilitation, in which case the elevators/lifts will need to be maintained and 100% of the units above the ground floor will need to be accessible and adaptable.	The originally signed HOME application will serve as certification that the development will comply with these requirements.

Appraisals • 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. ○ Applicants must submit a fair market appraisal (completed by a qualified appraiser) completed 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.	Tab I_Readiness

Services
• 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:
  ○ 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);
    ▪ 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.
	Tab M_Project Characteristics

Universal Design Features • 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.	Tab N_Development Features
Application Submission Resolution • All applicants for IHCDA funding 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: ○ One HOME Application Submission Resolution signed by the applicant's Board of Directors (found in the HOME Application Additional Documents Folder)	Tab F_Notifications

Part 8: Scoring

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

Scoring Category	Points Possible
Project Characteristics	33
Development Features	33
Readiness	8
Capacity	21
Leveraging of Other Sources	6
Unique Features & Bonus	9
Total Possible Points	**110**

When there is a scoring criterion based on the county being served and there are 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 68 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: 33**

1) *Constituency Served* *Maximum Number of Points: 5*

If the development commits to serving beneficiaries in IHCDA-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 IHCDA approval.

Constituency Served	Points
20% of Population served at or below 40% AMI; **OR**	3
20% of Population served at or below 30% AMI	5

2) *Mixed-Income Housing* *Maximum Number of Points: 1*

Community Integration	Points
10% of development units are Market Rate	1

3) *Targeted Population* *Maximum Number of Points: 4*

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

An individual or household that meets the criteria for two or more categories below (e.g. a veteran with a child six and under or a single parent household with a victim of domestic violence) may only be counted for **one** of the categories he or she qualifies for when calculating percentages for this scoring category. Percentages are calculated using the number of total units, including units that are not HOME-assisted.

Target Population	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
OPTION 2: At least 25% of units are set-aside for households that meet one the "special needs population" definitions in Indiana Code 5-20-1-4.5 listed below* • Persons with physical or developmental disabilities • Persons with mental impairments • Persons with chemical addictions *Elderly are included in the Code definition but are excluded in this option as this target population is addressed in Option 1 above. 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). Applicants electing this targeting option 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. 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*	4
OPTION 3: At least 30% of units are set-aside for households meeting at least one of the following designations: • Single parent, grandparent, or guardian head of households • Victims of domestic violence • Abused children • Families with children six and under • Veterans (As defined in the IHCDA HOME Rental Policy Glossary)	4

In order to receive points under Option 1 above, developments must satisfy the following criteria:

New Construction:

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

- The originally signed HOME application will serve as certification that the development will comply with these requirements.

Rehabilitation:

- All common areas on the main floor must be accessible and 100% of the ground floor units must be Accessible units, Type A units, or Type B units in accordance with Chapter 10 of the ICC A117.1. If the building(s) contained elevator(s)/lift(s) prior to rehabilitation, the elevators/lifts will need to be maintained and all common areas must be accessible and 100% of the units above the ground floor will need to be Accessible units, Type A units, or Type B units in accordance with Chapter 10 of the ICC A117.1.
  - The originally signed HOME application will serve as certification that the development will comply with these requirements.

4) *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 14,999 or less, 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 site 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 (http://opportunityindex.org/). 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 (http://opportunityindex.org/). 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: 8*

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.

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

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) Digital Divide Index[3] *Maximum Number of Points: 2*

Up to 2 points will be awarded to Developments based on the Digital Divide Index (DDI) score of the census tract in which the Development is located. The DDI measures a number of different variables related to broadband infrastructure, broadband adoption, and demographic variables known to impact technology adoption. The DDI ranges in value from 0 to 100, where 100 indicates the highest digital divide and, therefore, areas where broadband infrastructure will be most impactful. Applicants may consult the DDI Score Index found on the Rural Indiana Stats website. To determine a county's DDI, select the "DDI Profiles" option from the drop-down box, select the appropriate county, and then click the "Download County Profile" button.

All applicants are eligible for points in this category as broadband infrastructure is required for all new construction or rehabilitation projects of more than four rental units as described in Section 3.3 of this policy. Points will be awarded based upon the following distribution:

[3] Digital Divide Index produced by Dr. Roberto Gallardo, Purdue University Center for Regional Development and Extension Community Development Program; December 2018.

DDI Score Range	Points
0 – 29.45	0.5
29.46 – 39.15	1
39.16 – 49.33	1.5
49.34 – 100	2

For scattered site projects, applicants will receive points corresponding to the DDI Score Range in which the majority of Development units can be found. If there is a tie for the DDI Score Range with the most units, an average will be taken and rounded to the nearest whole number.

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

- A list of the Development address (or addresses if scattered site) with corresponding census tracts.

7) 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 IHCD 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: 33**

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 photocopied page 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 housing:

- Existing agricultural land; or
- Land where agriculture was the last use and it was within the last five years except within corporate limits; 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, or cement board)	1

Includes LED lighting in ALL units	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
Intercom 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 all features to which the applicant has committed. Changes to these selections will 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) *Smoke-Free Housing* *Maximum Number of Points:* *3*

Points will be awarded if the development commits to operate as smoke-free housing.
In order to receive points, the applicant must submit in **Tab N_Development Features:**

A smoke-free lease addendum that addresses (at a minimum) the following items:

- Definition of who the rule applies to (e.g. not only residents but also their guests on the property, staff, etc.);
- Definition of smoking; which must include electronic cigarettes and vaping as a form of prohibited smoking
- Explanation of where smoking is prohibited on the property. Smoking must be prohibited in individual units and all interior common space. The lease addendum must either establish the entire property as smoke-free or identify a designated smoking area on the property. A designated smoking area must prohibit smoking within a minimum of 25 feet of any buildings;
- Explanation of how the smoke-free rules will be enforced; (i.e. what happens if a tenant does smoke in the building)

IHCDA recommends the American Lung Association of Indiana's "Smoke-free Housing Indiana Toolkit" as a resource to create a smoke-free housing policy. See http://insmokefreehousing.com for more information.

8) *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 to curb winter winds and provide shade	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
Low flow (1.28 gallons 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

9) *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: 8**

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 *Submit a copy of the assessment report.*	1
Appraisal *Provide an appraisal that is no older than 6 months. Appraisals submitted by applicants requesting HOME for acquisition purposes are ineligible for points in this category.*	1
Property Survey *Provide an electronic copy of the property survey.*	1
Capital Needs Assessment/Structural Needs Report *Provide a copy of the report performed by a licensed professional.*	1
CHDO Predevelopment Loan *Applicants with a CHDO Predevelopment Loan for the current HOME application are eligible for two points. The following requirements apply to this scoring item:* • *The CHDO Predevelopment Loan must have been approved by the IHCDA Board of Directors at least 30 days prior to the HOME application due date.* • *The applicant may not have more than five currently open or pending CHDO Predevelopment Loans, including all loans submitted as part of the current HOME funding round.* • *If the applicant received points in this category in the most recent HOME funding round prior to the current round, the applicant must have expended at least 25% of each CHDO Predevelopment Loan that qualified for points in that round.*	2

Comprehensive Community Plan *Provide a copy of ONE plan for each jurisdiction that meets all of the following criteria:* • *Specific references to the creation of or need for housing* • *No older than 15 years* • *Public participation and narrative about efforts leading to the creation of the plan* • *A target area map with the proposed development sites labeled* • *Resolution showing adoption by the highest local unit of government*	2

2) *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 for these points, 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).

An additional two points will be available to applicants with an Indiana MBE/WBE/DBE/VOSB/SDVOSB entity serving as a formal member of the project's development team. An applicant that is certified as an Indiana MBE/WBE/DBE/VOSB/SDVOSB 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
	Indiana Minority Supplier Development Council	http://midstatesmsdc.org/
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/

8.4 Capacity **Category Maximum Points Possible: 21**

This category evaluates the applicant's ability to successfully carry out the proposed project based on certifications and/or experience in affordable housing development. **Please note that the Overall Performance of Applicant, Administrator Experience, and Applicants with Non-IHCDA Experience categories are mutually exclusive.** Applicants may not mix and match entities in order to maximize points (e.g. an applicant with an administrator may not use the applicant experience to earn points in the Overall Performance of Applicant category while using administrator experience to earn points in the Timely Expenditure of Funds and Inspection Performance category).

Please note that the term "Administrator" encompasses both administrators and consultants. The administrator or consultant must be listed as a Development Team Member in the HOME application. The applicant must select the applicable entity in the Capacity scoring section of the HOME application.

The following table lists the eligibility by entity for each scoring category:

Entity (All Experience Must Be Within Five Years of Application Due Date)	Certifications	Overall Performance of Applicant	Administrator Experience	Timely Expenditure of Funds	Inspection Performance	Applicants or Administrators with Non-IHCDA Experience	CHDO Certification
Applicant w/ IHCDA Experience	Eligible	Eligible	Ineligible	Eligible	Eligible	Eligible*	Eligible
Applicant w/ No IHCDA Experience	Eligible	Ineligible	Ineligible	Ineligible	Ineligible	Eligible	Eligible
Administrator w/ IHCDA Experience	Eligible	Ineligible	Eligible	Eligible	Eligible	Eligible*	Ineligible
Administrator w/ No IHCDA Experience	Eligible	Ineligible	Ineligible	Ineligible	Ineligible	Eligible	Ineligible

* Applicants and Administrators are only eligible to receive points in this category if they do not have an IHCDA HOME award that has been monitored within the past five years.

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

Points will be awarded for a member of the development team, property management team, applicant, and/or administrator staff who has completed the following certifications. Three points will be awarded for the completion of two of the six 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.

If you do not see a certification you have received on the list that you believe would be relevant, please consult with your Real Estate Production Analyst at least one week prior to the application due date to request that it be eligible for points.

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) /
Project Development Training	Prosperity Indiana
Housing Development/Rental Housing Development Finance Professional	National Development Council (NDC)
Certified Aging-in-Place Specialist	National Association of Home Builders (NAHB)
Home Sweet Home: Modifications for Aging in Place	University of Indianapolis / Indiana Housing and Community Development Authority
Grant Administration Certification	Indiana Housing and Community Development Authority (IHCDA)
Certified HOME Program Specialist	HUD/CPD
HOME Regulatory Trainings (Must have attended all three sessions)	IHCDA

2) *Overall IHCDA Award Performance of the Applicant* *Maximum Number of Points:* *8*

Applicants with an IHCDA award monitored within the past five years, as determined by the date of the IHCDA Monitoring Results letter, may be eligible for points based on the applicant's overall performance. Only the most recently monitored award is eligible for points. An award may be eligible, whether it is closed or open, as long as an official IHCDA monitoring has occurred. Please list the most recently monitored award number in the application forms.

Applicants cannot qualify for points under both the New Administrator Experience and IHCDA Award Performance.

Description of Overall Award Performance	**Points**
Applicant's most recently monitored HOME award had no findings and no concerns.	8

Applicant's most recently monitored HOME award had no findings, but concerns were noted. **OR** No HOME experience, but **Applicant's** most recently monitored CDBG award had no findings and no concerns.	6
Applicant's most recently monitored HOME award had only one finding. **OR** No HOME experience, but **Applicant's** most recently monitored CDBG award had no findings but concerns were notes.	4
Most recently monitored HOME award had more than one finding and the close-out monitoring review letter was received within:	
• One Year or Less:	0
• Two Years to One Year and One Day:	0.5
• Three Years to Two Years and One Day:	1
• Four Years to Three Years and One Day:	1.5
• Five Years to Four Years and One Day:	2
The above timeframes will be determined using the HOME application due date. In order to receive points in this category, the applicant/administrator must submit a narrative describing how the identified findings were addressed and remedied. This narrative may be submitted in **Tab O_Capacity.**	
Does not meet any category above. Examples: • Applicant has no experience with IHCDA within the past five years. Applicant has no HOME experience in the past five years and its most recently monitored CDBG award had findings.	0

3) *Administrator Experience* *Maximum Number of Points:* 5

Only applicants without an IHCDA award in the past five years, as determined by the current HOME round's application deadline, that have properly procured an administrator with previous IHCDA HOME experience may receive points in this category. Five points will be awarded if the administrator has successful experience administering an IHCDA HOME award that has been monitored within the past five years. In order to qualify for points, the most recently monitored award must not have had any findings. An award may be eligible, whether it is closed or open, as long as an official IHCDA monitoring has occurred. Please list the most recently monitored award number in the application forms.

Experience	Points

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

4) *Timely Expenditure of Funds* *Maximum Number of Points:* *5*

Points will be awarded to an applicant or administrator that has expended their most recent IHCDA award (HOME or CDBG) funds by the award expiration date without requesting award extensions. The award must be from within the past five years, as determined by the award's execution date. It is not required that the award have been monitored and closed out. If the project has completed and passed its final inspection with no outstanding findings, and If the only outstanding claim for an award is its final retainer it will be considered fully expended for purposes of this scoring category.

For applicants with multiple awards with the same expiration date, ALL awards must meet the requirement to be eligible for points. Please list the award number(s) in the application forms.

Award Length	Points
Applicant or administrator's most recent IHCDA award (HOME or CDBG) completed by the award expiration date.	5

5) *IHCDA Award Inspection Performance* *Maximum Number of Points:* *2*

Applicants or administrators with an IHCDA award inspected within the past five years, as determined by the final inspection report, may be eligible for points based on their IHCDA inspection results. Points will be awarded if zero building code issues were noted on the applicable project's inspection report as determined by the priorities described below:

IHCDA will first review the applicant or administrator's most recent standalone HOME award that was inspected in the past five years.

If the applicant or administrator does not have a standalone HOME award that was inspected in the past five years, IHCDA will next review the most recently inspected tax credit award that also received a HOME or Housing Trust Fund award and was inspected within the past five years.

If the applicant or administrator does not have a combined RHTC/HOME or HTF award that has been inspected in the past five years, IHCDA will next review the applicant or administrator's most recently inspected standalone tax credit award that was inspected within the past five years.

If the applicant or administrator does not have any projects that meet the above requirements they will not be eligible for points in this category.

6) *Applicants or Administrators with Non-IHCDA Experience* *Maximum Number of Points: 3*

Applicants or Administrators without a previous monitored IHCDA award in the past five years, as determined by the current HOME round's application deadline, may qualify for three points if they can demonstrate relevant prior experience working in affordable housing development within the past five years. In order to qualify for points in this category applicants must submit a narrative summarizing their previous experience. Supplemental documentation may be submitted as well, including, but not limited to, organizational and personal resumes, pictures and descriptions of previously completed projects, and testimonials from individuals and/or communities that the applicant previously partnered with or served. Points will be awarded at the discretion of IHCDA staff following the review of all documentation submitted.

The applicant narrative and any supporting documentation must be submitted in **Tab O_Capacity.**

Applicants or administrators that have previously monitored IHCDA awards within the past five years are **NOT** eligible for points in this category.

7) *CHDO Certification* *Maximum Number of Points: 3*

An applicant that applies and is certified as a Community Housing Development Organization 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 IHCDA 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.
- 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: 9**

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. The first three unique features identified will be the ONLY items considered when scoring this category. 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.

2) Bonus *Maximum Number of Points: 5*

Points will be awarded based upon the scoring table below to applications that are submitted according to IHCDA's submittal guidelines and which pass threshold with two or less technical corrections, as defined in the IHCDA HOME Policy Glossary.

Technical Corrections	Points
One or Less	5
Two	3
Three or More	0

To receive points in this category, the applicant must:

- Submit a searchable PDF of the application on OneDrive ;
- Submit an Excel file of the application on OneDrive;
- Submit one USB Flash Drive with all documents
- Answer all questions in the policy and application;
- Submit all required threshold items in the correct tabs;
- Submit all required threshold items on OneDrive; and
- Label and include all tabs on OneDrive as described in the Application Policy. All tabs must be included regardless of whether documentation is required in each tab.

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 IHCDA 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. IHCDA 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.

Veteran: A person who served in the active military, naval, or air service.

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 IHCDA's suspension or debarment list are not eligible to apply for Development Fund awards.

10.4 Eligible Beneficiaries

At least 50% of the Development Fund assisted units must be occupied by households whose incomes are at or below 50% of the area median income adjusted for household size ("AMI"), and the additional Development Fund-assisted units must be for incomes at or below 80% of AMI. The required number of Development Fund assisted units restricted at 50% AMI income and rent limits is determined by the following calculation:

- 50% of the Development Fund assisted units (as defined below); or
- If there are 50 or more units in the development, the number of units set aside at 50% AMI is the greater of 50% of the assisted units (as defined below) or 10 units.

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 IHCDA 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 IHCDA**.

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 IHCDA initiatives as announced by IHCDA. Except for these special initiatives, IHCDA 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 IHCDA approval. The base interest rate for loans is 3%. The interest rate offered by IHCDA will be determined during underwriting. Underwriting will start at 3% 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 IHCDA 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 IHCDA. 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, 10 units or 50% of the assisted units whichever is greater must be designated at or below 50% of the area median income for both income and rent limits.

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.

NATIONAL HOUSING TRUST FUND.

POLICY

National Housing Trust Fund
Application Policy
Program Year 2021

SUMMARY
This policy describes the manner in which IHCDA will allocate its Fiscal Year 2021 funds under the Housing Trust Fund ("HTF") program.
The Housing Trust Fund is designed to create new housing opportunities for extremely low-income households (at or below 30% of area median income). By regulation, the focus of the HTF program is rental housing.

IHCDA will allocate all of its FY21 HTF funds for affordable rental housing, specifically for supportive housing for persons experiencing homelessness. HTF awards will be made as gap financing in conjunction with applications for Rental Housing Tax Credits ("RHTC") under the Qualified Allocation Plan ("QAP") or in conjunction with applications for HOME awards. Requests for HTF awards must be made as a supplemental request along with an RHTC or HOME application. Additional information about eligible activities can be found within this policy manual. In addition to meeting the requirements of this policy, all proposed developments must also meet the threshold requirements within the QAP or HOME Rental Application Policy in order to be eligible for funding.

Contents

Available Online

HTF Program Webpage

Last Updated: 08/12/21

Part 1: Application Process

1.1 Overview and Funding Priorities:
The purpose of this Housing Trust Fund (HTF) application is to provide subsidies in the form of grants to selected applicants for the acquisition, rehabilitation and/or new construction of supportive housing for extremely low-income households (at or below 30% of area median income).

This program is designed to allocate HTF funds as gap financing in conjunction with Rental Housing Tax Credits (RHTC) or HOME Investment Partnership Program (HOME) funds to be used for the rehabilitation and/or new construction of supportive housing for persons experiencing homelessness.

The applicant must demonstrate the following in its application:

1. The activities proposed are eligible, and provide a certification that the HTF-assisted housing units will comply with all HTF requirements;
2. The activity meets the needs of their specific community;
3. Serve populations that are extremely low-income and experiencing homelessness. The target population served by the development must be the target population that was identified based on community need and relevant data through the Supportive Housing Institute process;
4. Support geographical diversity as to the location of the HTF-funded projects;
5. It will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities by making assurances;
6. The applicant's ability and financial capacity to undertake, comply, and manage the eligible activity;
7. The applicant's familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
8. The applicant's experience and capacity to conduct an eligible HTF activity as evidenced by its ability to:
    - (i) Own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development; or
    - (ii) Design, construct, or rehabilitate, and market affordable housing for homeownership.
    - (iii) That the applicant has the capacity to undertake the activities set forth in its application upon receipt of the HTF award and begin construction within 12 months of receipt of the award and complete the development within a 24-month period.
9. Proceed with the activity upon receipt of the award and begin construction within 12 months of receipt of the award;
10. Link the project to the revitalization of existing neighborhoods, preferably through a comprehensive approach (i.e. as part of a published and approved community revitalization plan);
11. Propose projects that are energy-efficient and are of the highest quality attainable within a reasonable cost structure; and,
12. Propose the use of state certified Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Federal Disadvantaged Business Enterprise (DBE) Participation, Veteran-Owned Small Business (VOSB), and/or Service Disabled Veteran Owned Small Business (SDVOSB) contractors, employees, and products when applicants are planning and undertaking their housing activities.

1.2 HTF Application Forms and HTF Policy Discrepancies
In the event of a conflict or inconsistency between the HTF Rental Policy and the HTF Application Form and/or Appendices, or additional documents the procedures described in the HTF Application Policy will prevail.

1.3 Permanent Supportive Housing
For this funding cycle, HTF funds will be offered exclusively to Rental Housing Tax Credit developments or HOME developments that (1) apply for funding under the Qualified Allocation Plan (QAP) for the Rental Housing Tax Credit Program (RHTC) or the HOME Rental Application Policy and (2) successfully completed the Indiana Supportive Housing Institute. To be eligible to submit an HTF supplemental application, a proposed project must meet all threshold requirements of the QAP or HOME Rental Application Policy, including the specific threshold requirements applicable to supportive housing developments. For FY21 HTF funds, IHCDA will not entertain stand-alone HTF applications.

Supportive housing developments must further the creation of community-based housing that targets the extremely low-income persons experiencing homelessness (less than 30% AMI) with intensive service programs that have a direct impact on reducing homelessness through the Housing First model. Housing First is an evidence-based approach to engage and rapidly house individuals who are homeless into supportive housing and to provide intensive and flexible services to stabilize and support housing tenure.

Eligible applicants must have successfully fulfilled all requirements and demonstrated meaningful and successful participation in the Indiana Supportive Housing Institute for the specific development for which they are applying. The Indiana Supportive Housing Institute provides training and support to organizations that plan to create supportive housing. Tenant outreach, selection, property management and service plans must be approved as part of the Institute process and prior to submission of a RHTC application. Participation in the Institute is based on a competitive RFP selection process.

IHCDA in its sole discretion reserves the right to, and may from time to time, amend this Allocation Plan for any reason, including to assure compliance with applicable federal, State or local laws and regulations thereunder which may be amended and/or enacted and promulgated, to reflect changes in market conditions from time to time, and/or to terminate the program.

1.4 Application Fee

All fees should be made payable to IHCDA. If a check is returned for insufficient funds, the application will be immediately denied.

All applicants must submit a non-refundable Application fee with each Application as a condition of having the Development considered. Application fees are as follows:

RHTC Application Fee	IHCDA Supplemental Application Fee (HTF)
$3,500	$1000

All fees must be paid through IHCDA's Online Payment Portal, located here. Checks will no longer be accepted for application fees.

Applicants should refer to the QAP and HOME Rental Application Policy for guidance on all other applicable fees.

1.5 Application Review

Each application must address only one development. Reviews of applications follows the steps as outlined in the QAP or HOME Rental Application Policy.

Funded applications will be announced at the published IHCDA Board Meeting date. Confirmation letters and score sheets will be uploaded to the OneDrive site by the close of business on the day of the Board Meeting. Applications that are not funded will be notified by IHCDA via denial letters and final score sheets being uploaded to the OneDrive site by the close of business on the day of the Board Meeting. Applications not funded will not be rolled over into the next funding round.

1.6 IHCDA CDBG & HOME Program Manual

The IHCDA *CDBG, HOME, and HTF Program Manual* outlines the requirements for administering IHCDA's CDBG and HOME awards.

A complete copy of the *CDBG, HOME, and HTF Program Manual*, including exhibits, is available on IHCDA's website here.

1.7 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 provides additional background information about the federally required processes including why the review is necessary, how to perform the review, and other resource information to help you complete the ERR Workbook. These documents can be found on IHCDA's website here.

Part 2: Eligible Applicants

2.1 HTF Program Eligibility

Eligibility will be determined based on:

1. Whether the development demonstrates a need for HTF in order to make a greater number of units affordable to extremely-low and very low households;
2. Whether the development meets State and Federal requirements of all programs for which the applicant is applying, including the threshold requirements;
3. Successful completion of the Permanent Supportive Housing Institute;
4. If the development ranking is sufficient for it to be awarded RHTC pursuant to the RHTC process as outlined in the QAP or awarded HOME funds pursuant to the the HOME Rental Application Policy; and,
5. The availability of HTF funds.

2.2 Eligible Applicants

National Housing Trust Fund (HTF)	Community Housing Development Organizations (CHDO)	501(c)3 and 501(c)4 Not-For-Profit Organizations and PHAs*	Joint Venture Partnerships	For Profit Entities Organized Under the State of Indiana**
Rental Housing Rehabilitation/ Adaptive Reuse	✓	✓	✓	✓
Acquisition and Rental Housing Rehabilitation	✓	✓	✓	✓
Rental Housing New Construction	✓	✓	✓	✓

*PHAs are eligible to apply under the conditions set forth in 24 CFR 93.203.

**Applicant may be a non-profit or for-profit developer. The HTF award will be structured as a grant from IHCDA to the entity with the expectation that the entity will then loans the HTF funds to the Limited Partnership to allow the funds to remain in tax credit eligible basis (in accordance with Section 42 rules regarding the exclusion of federal grants from eligible basis).

Eligible developments can be located in any city, town or county located in Indiana. There is no geographic preference to the use of the HTF.

2.3 Ineligible Applicants

IHCDA reserves the right to disqualify from funding any application that has an applicant, sub-recipient, administrator, preparer, or related party of any of the aforementioned, with a history of disregarding the policies, procedures, or staff directives associated with administering any IHCDA program or program administered by any other State, Federal, or affordable housing entity. This includes, but is not limited to, the Indiana Office of Community and Rural Affairs, the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture - Rural Development, and the Federal Home Loan Bank.

Additionally, any entity currently on IHCDA's suspension or debarment list is ineligible to apply. IHCDA's Suspension and Debarment Policy can be found in the Program Manual Chapter 17.

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 HTF program. Neither the Federal Government nor a State or local government receiving funds under the HTF 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 HTF 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 HTF 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 HTF 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 HTF program supported by HUD objects to the religious character of an organization that provides services under the program, that organization shall, within a reasonably 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 HTF program. Sanctuaries, chapels, or other rooms that a HTF program-funded religious congregation uses as its principal place of worship, however, are ineligible for HTF 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 & HTF Program Requirements

3.1 Eligible Activities

This program is intended to have a long-term impact on the availability and quality of the affordable housing stock in Indiana. The program is intended for the rehabilitation and/or new construction of supportive housing in conjunction with RHTC or HOME developments that have completed the Indiana Supportive Housing Institute. RHTC developments must be eligible under the Housing First set-aside or the integrated supportive housing scoring category of the QAP. Acquisition only is not an eligible activity; however, acquisition in conjunction with another activity is permitted.

- Rehabilitation, new construction, and 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.
- If HTF funds are used for acquisition of vacant land or demolition in conjunction with another activity, then construction must commence within 9 months of the demolition or acquisition.

3.2 Ineligible Activities

The following are ineligible activities:

- Preservation of existing affordable housing, including supportive housing. HTF must be used to create new affordable housing units;
- Refinancing of existing permanent debt;
- Development of housing for homebuyer programs;
- Performing owner-occupied rehabilitation;
- Group homes;
- Transitional housing;
- Acquisition, rehabilitation, or construction emergency shelters that are designed to provide temporary daytime and/or overnight accommodations for persons experiencing homelessness;
- 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;
- Any housing activity funded under Title VI of NAHA, prepayment of mortgages insured under the National Housing Act, public housing developments, or acquisition, rehabilitation, or construction of any developments funded under HUD's former Rental Rehabilitation Program;
- Costs for supportive services, homeless prevention activities, or operating expenses;
- The use of commercial facilities for transient housing;
- Payment of HTF loan servicing fees or loan origination costs;

- Tenant-based rental assistance;
- Payment of back taxes.

In addition, IHCDA **does** **<u>not</u>** fund:
- Requests from individuals, political, social, or fraternal organizations;
- Endowments, special events, arts, or international projects;
- Scholarships requested by individuals;
- Institutions that discriminate on the basis of race, color, national origin, sex, religion, familial status, disability, sexual orientation, gender identity, or against victims of domestic violence, dating violence, sexual assault, or stalking in policy or in practice;
- Projects in furtherance of sectarian religious activities, impermissible lobbying, legislative or political activities;
- Medical research or medical profit-making enterprises.

3.3 HTF Program Requirements

The proposed HTF 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 Program Manual here.

- Recipients must comply with all regulatory requirements listed in 24 CFR Parts 91 and 93.

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

- **Lead Based Paint**:
  - Each recipient of a HTF 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 HTF 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 HTF-assisted units must adopt IHCDA's Affirmative Marketing Procedures. See the IHCDA Program Manual Chapter 5 for guidance on Affirmative Marketing Procedures.
- **Section 3**:
    - Any recipient receiving an aggregate amount of $200,000 or more from one (1) 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 HTF 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.

- **Environmental Review:**
  - To help facilitate timely expenditure of HOME and HTF 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 HTF 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 or HTF funds, sign contracts, or begin rehab/construction until the ERR/Release of Funds process has been completed and approved.
  - IHCDA will not fund projects that are 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 the following 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:
    - 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.
  - **For HTF projects that are NOT utilizing another funding source that would trigger a full part 50/58 (e.g. HOME), additional ERR regulations may apply. These include:**
    - NHTF cannot be used to fund any project within 2,5000 feet from the end of a runway at a civil airport or 15,000 feet from the end of a runway at a military airport.

- Projects funded with NHTF must use a potable water system using only lead-free pipes, solder and flux.
- NHTF projects must not result in the conversion of unique, prime, statewide or locally significant agricultural property to urban uses. No mitigation efforts are allowed under the NTHF.
- If the exterior noise level is between 65dB and less than 75dB, mitigation measures must be implemented to meet the interior noise level standard of no more than 45dB. If there are exterior noise levels of 75dB or greater, mitigation measures must be implemented to meet the interior noise levels standards of no more than 45dB, and there must be no outside noise sensitive uses involved in the project.
- Projects that ONLY have NHTF funding are not required to have a Section 106 Review. The project activities (including demolition) must not be performed on properties that are listed in or determined to be eligible for listing in the National Register of Historic Places, unless the project activities meet the Secretary of Interior's Standards for Rehabilitation, either as certified through the Federal and/or State historic rehabilitation tax credit programs or as verified by someone that meets the relevant Secretary of the Interior's Professional qualification Standards.

- **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 the funds 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 the construction for the award. Site visits during construction may be conducted to monitor progress of all projects. The IHCDA Inspector will conduct the physical inspections.
- **Registering Vacancies:**
  - Applicants that are proposing to develop rental housing must register vacancies for HTF-assisted housing in the IndianaHousingNow.org affordable housing database.
- **Capital Needs Assessment:**
  - Projects performing the rehabilitation activity with a total of 26 or more units (the total of HTF-assisted and non-HTF assisted units) must complete and provide a Capital Needs Assessment (CNA).
- **Federal Programs Ongoing Rental Compliance:**
  - Recipient must ensure that each owner of a HTF-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 HTF 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 93.303

- Recipient shall ensure that written tenant selection policies and criteria for the project are adopted and followed that comply with 24 CFR 93.303 and the additional requirements as set forth in IHCDA's Federal Programs Ongoing Rental Compliance Manual, as amended from time to time by IHCDA.
- In accordance with 93.404(d), 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 ten (10) or more assisted units.
- Rental housing developments must assist households at or below 30% of the Area Median Income for the county, as published by HUD and distributed by IHCDA. Units must be both income and rent restricted at the 30% AMI level. Households must meet the definition of "extremely low-income families" families at 24 CFR 93.2.).

- **LEP**:
  - 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.
- **Nondiscrimination Requirements:**
  - 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.
- **SAM and DUNS:**
  - Applicants must register for System Award Management (SAM) and have a valid DUNS in order to apply for HTF.
- **HMIS**:
  - Applicants proposing permanent supportive housing will be required to participate in the Homeless Management Information System (HMIS).
- **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 HTF-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 Property Standards

All HTF funded projects must meet the property standards outlined in 93.301.

- Developments must use Uniform Physical Condition Standards (UPCS). A listing of those standards can be found in Appendix A – HTF UPCS. Property Standards documentation can be found in the "Resources" section of the IHCDA Housing Trust Fund website. Beyond the UPCS standards, projects must also comply with:
    - IHCDA HTF Rehab Standards (found on the IHCDA Housing Trust Fund website); and,
    - The stricter of the local rehabilitation standards or the Indiana State Building Code.
- The development must meet the accessibility requirements at 24 CFR Part I, which implements Section 504 of the Rehabilitation Act of 1973.
- Covered multi-family units, as defined at 24 CFR 100.201, must meet the design and construction requirements at 24 CFR 100.205, which implements the Federal Fair Housing Act Amendments of 1988.
- Any units utilizing gas appliances must provide carbon monoxide detectors in addition to standard smoke detectors.
- Newly constructed units must meet additional energy efficiency standards for new construction pursuant to section 109 of the Cranston-Gonzalez National Affordable Housing Act.
- Where relevant, the housing must be constructed to mitigate the impacts of potential disaster, in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish.

3.5 Affordability Requirements

The affordability period for all HTF developments is 30 years.

HTF subsidized activities must be secured throughout the affordability period by a recorded lien and restrictive covenant agreement created by IHCDA. The recipient shall comply with the following requirements of the HTF Program throughout the affordability period: (1) ensuring that the property meets the Property Standards set forth in 24 CFR 93.301; (2) ensuring that the tenants meet the affordability requirements set forth in 24 CFR 93.205 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 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) providing IHCDA with information regarding unit substitution and filling vacancies, if the Project has floating units; and (7) 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 HTF program rental requirements apply to the property. See IHCDA's *Federal Programs Ongoing Rental Compliance Manual* for a full discussion of affordability period compliance.

3.6 Lien and Restrictive Covenant Agreement

Each recipient of a HTF 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 HTF 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; (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 93.301.; (4) HTF-assisted units are not being used by qualifying tenants as their principal residence; (5) annual tenant events and annual owner certifications 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 federal 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 HTF award will be responsible for repaying IHCDA any HTF funds utilized for any housing constructed, rehabilitated, or acquired that does not remain affordable and in compliance in accordance with 24 CFR 93.302 for the entire Affordability Period. Recapture is not prorated; failure to meet the entire affordability period will result in full repayment of the HTF award.

3.7 Geographic Diversity

IHCDA will make every effort to distribute HTF funds in a geographically equitable manner. The ability to do so may be limited by the location of eligible applications and projects which receive adequate scoring to be funded.

Applicants for HTF funds must have completed the Indiana Supportive Housing Institute. Teams are selected and admitted into the Institute based on the criteria laid out in an annual Request for Proposals (RFP). During review of the RFP responses, IHCDA staff considers geographic diversity as part of its evaluation to ensure that we are creating supportive housing developments throughout the state. In addition, the applicant must demonstrate need for supportive housing as supported by local data sources, including, but not limited to, data from the Point In Time Count and other data sources collected by the Continuum of Care.

3.8 Award Term

The HTF award must be fully expended within a 24-month period. The award generally expires on the last day of the month, 24 months following execution of the award agreement by the recipient and IHCDA.

Part 4: Subsidy Limitations & Eligible Activity Costs

4.1 Subsidy & Budget Limitations

The maximum request amount per application is $1,000,000 for eligible rental projects. At IHCDA's discretion, IHCDA may allow recipients to apply for additional HTF funding or award additional HTF funding if the project demonstrates additional needs and meets all subsidy layering and underwriting requirements

Subsidy Limitations

The maximum per-unit subsidy limits for HTF will be set at IHCDA's applicable HOME maximum per-unit subsidy limits. They will be applied statewide and are adjusted by the number of bedrooms per unit. These limits can be found in the table below. IHCDA has updated the limits based on the increase in the Consumer Price Index.

The decision to use the HOME subsidy limits and apply them statewide is based on an analysis of the actual total development costs of affordable multifamily rental housing applications in Indiana from 2016-2020. Two separate analysis were conducted. The first compared projects in large cities (population of 75,000 or greater), small cities (population of 15,000-74,999) and rural localities (population under 14,999); the second compared the two evaluation regions as set by IHCDA (North and South). While there is some difference in individual project costs, there is relatively little variation in the 2016-2020 averages through both scenarios. The per/unit subsidy for each of the geographical subsets did not greatly differ from either each other or from the state average. The highest total development cost per unit can be found in the large city category; however, only one project since 2016 qualified for this category so the data is not necessarily indicative of any larger trend. The next highest total development cost per unit can be found in the rural category. In this category, the difference between the statewide total development cost average was only 4.87% and the difference between the total development cost per unit was only 3.38%. Small towns had the lowest cost per unit. Analysis of this data suggests that current HOME subsidy limits remain appropriate.

Setting the HTF maximum per-unit subsidy limits at the existing HOME limits is allowed by HUD and cost data indicate the use of the HOME limits is appropriate as the initial baseline cap for the amount of HTF investment that may be put into any HTF-assisted unit. However, it is important to note that the cap is not the only mechanism. IHCDA will use to allocate no more HTF funds than allowable and necessary for project quality and affordability. Each application for HTF funding will be reviewed and analyzed in accordance with IHCDA's underwriting process, which includes a subsidy layering review. IHCDA staff has extensive experience in this area, including through its administration of HOME. The review includes an examination of sources and uses (including any operating or project-based rental assistance) and a determination that all costs are reasonable. Through its underwriting process, IHCDA will ensure that the level of HTF subsidy provided: 1) does not exceed the actual HTF eligible development cost of the unit, 2) that the costs are reasonable and in line with similar projects across the state, 3) the developer is not receiving excessive profit, and 4) HTF funding does not exceed the amount necessary for the project to be successful for the required 30-year affordability period.

Due to the unique costs associated with Permanent Supportive Housing projects that are often not present in non-PSH HOME rental projects and, in light of public comments received, IHCDA has elected to increase the HTF subsidy limits by approximately 7.5% over current HOME subsidy limits. IHCDA will revisit these limits on an annual basis to determine whether they remain appropriate.

HTF funds used for acquisition, rehabilitation, and new construction combined cannot exceed:

Bedroom Size	Per Unit Subsidy Limit
0	$96,750
1	$112,875
2	$129,000
3	$155,875
4+	$172,000

Minimum amount of HTF funds to be used for rehabilitation or new construction is $1,001 per unit.

Budget Limitations

- HTF funds cannot be used for reserve accounts for replacement or operating costs but may be used as a Rent-Up Reserve.
- All subsidies must be secured throughout the affordability period by a written, legally binding, recorded restrictive covenant.

IHCDA may approve, at their sole discretion, requests for higher per unit subsidy limits dependent upon verification of the need for increased costs.

4.2 Form of Assistance

HTF funds will be awarded to the recipient in the form of a grant. Award documents must be executed in order to access funds and will include, but are not limited to: award agreement, resolution, and a lien and restrictive covenant agreement.

The applicant may then provide the HTF award as a forgivable, amortized, or deferred loan to as many other entities as it chooses, known as subgrantees. However, subgrantees must be identified in the application and approved by IHCDA.

A title company is required to be used for all loans that occur between the IHCDA recipient and the subgrantee of the program. The IHCDA recipient must execute a promissory note, mortgage, lien and restrictive covenant agreement, and other documents as directed by IHCDA in order to secure IHCDA's investment in the assisted property. The recipient is required to deliver these documents to the county recorder's office for recording. These documents will be reviewed during monitoring visits.

4.3 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 Production Analyst.

ACQUISITION – Limited to the purchase price and related costs associated with the acquisition of real property. Recipients must use a title company when purchasing or selling assisted properties.

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

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 CMC

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 - off-site connections from the property line to the adjacent street are eligible when it 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 CMC

RETAINAGE POLICY - IHCDA will hold the final $10,000 of an award until, 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.

4.4 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
- Any additional prohibited activities and fees as listed in 93.204.

4.5 Allocating Costs in Mixed-Income Developments

HTF may only pay actual costs related to HTF-assisted units. If the units in a development are comparable (in terms of size, features and number of bedrooms), then the actual costs can be determined by pro-rating total development costs. HTF funds could pay the pro-rated share of the HTF-assisted units. When units are not comparable, the applicant must allocate the HTF costs on a unit-by-unit basis, charging only actual costs to the HTF program. Because units in rental developments with-the "floating" HTF designation must be comparable, an applicant should always pro-rate costs in these developments. When units are generally comparable but vary slightly in size or amenities, a combination of the two approaches may be used.

Unit Size - Comparability in size is defined by the bedroom count and square footage of individual units. Not all units with the same number of bedrooms are comparable in size. If there is a substantial difference in the square footage of two units with the same number of bedrooms, the units are not considered comparable.

Amenities - Comparability in amenities means similar fixtures, appliances, and other features. In many mixed-income developments, to receive varying rents, the quality and types of amenities may vary among units. For instance, a development might charge a higher rent for a unit with wall-to-wall carpeting, garbage disposal, dishwasher, and finer fixtures than for a unit without these amenities. This type of development does not typically have comparability of units unless there is an equal distribution of assisted and non-assisted units that have these amenities.

Common Costs - Common costs are costs incurred for acquisition of improved or unimproved real property that benefits all residents of units in a development, rehabilitation or construction of shared systems (heating, plumbing, roofing) or shared facilities (community rooms, laundry facilities located in residential buildings); and on-site improvements. Costs associated with a development's on-site management office or the apartment of a resident manager may be counted as common costs. The way the costs for common elements of a development may be charged is dictated by the method chosen for allocating costs.

Part 5: Rental Housing Requirements

5.1 Eligible Projects

HTF projects can propose rental activities with this policy and corresponding application forms.

5.2 Eligible Rental Activities

Eligible activities include new construction, rehabilitation only, acquisition/rehabilitation, or acquisition/new construction. Acquisition is allowed only in conjunction with the rehabilitation 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. Eligible rental activities also include the rehabilitation or acquisition/rehabilitation of assisted-living facilities as long as they meet IHCDA's definition. IHCDA defines an assisted living facility as living arrangements in which some optional services are available to residents (meals, laundry, medication reminders), but residents still live independently within the assisted-living complex. Residents of such facilities pay a regular monthly rent, and then pay additional fees for the services that they desire.

All households occupying HTF-assisted rental units must be income-qualified based at or below 30% of area median income and all units must be rent restricted at the 30% rent limit. See the *Federal Programs Ongoing Rental Compliance Manual* for more information on household qualification.

5.3 Income Restrictions

HTF-assisted rental units will income-restricted for occupancy by extremely low-income households, defined as households that are certified as having incomes at or below the 30% area median income HTF income limit, as published by HUD.
IHCDA posts income limits – these can be found through IHCDA's RED Notices. IHCDA will release a new RED notice when new limits are available through HUD.

All households that occupy HTF-assisted rental housing units must be income certified at the time of move-in and then recertified on an annual basis. The 24 CFR Part 5 (Section 8) definition of household income applies.

5.4 Rent Restrictions

HTF-assisted rental units will be rent-restricted at the 30% rent restriction throughout the affordability period to ensure that the units are affordable to extremely low-income households. Please refer to the most recent HTF rent limits. Rent limits for Indiana can be found on HUD's website here.

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 any IHCDA or HUD 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 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 30% 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 30% 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 30% 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 30% or below and the household is at or below 30% 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 93.302(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

5.5 Affordability Periods

All rental projects are subject to a 30-year 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.

5.6 Underwriting Guidelines for Rental Projects

The following underwriting guidelines must be followed for any rental development as per 24 CFR 93.300 (b). The numbers submitted should accurately reflect the true nature and cost of the proposed activity. IHCDA will consider underwriting outside of these guidelines, if supporting documentation is provided.

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).

For developments with Project Based Vouchers, cash flow (minus any acceptable reserve amounts) cannot exceed 10% of the 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%. Applicants must substantiate the vacancy rate.

RENTAL INCOME GROWTH – All developments must be able to underwrite with a rental income growth between 0% and 2% per year beyond the 30 year affordability period.

OPERATING RESERVES – All developments must be able to underwrite with operating reserves, using the greater of four-to-six months of expenses (i.e. operating expenses, plus debt service) OR $1,500 per unit.

RENT-UP RESERVE – HTF 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 HTF 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 for the term of the Extended Use Period/Affordability Period.

For multiple construction types, each unit must meet the minimum contributions stated above based on the construction type of that unit. For example, if a development contains 30 age-restricted new construction units and 20 rehabilitation units, the calculation would be 30 units at $250 per unit per year and 20 units at $350 per unit per year.

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/ Adaptive Reuse*	$350
New Construction (if age restricted)	$250
New Construction (if non age-restricted)	$300
Single Family Units	$420
Historic Rehabilitation	$420

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

CAPITALIZED SERVICE RESERVES- All developments receiving an allocation of HTF funds must establish a capitalized service reserve to help ensure that supportive services can be provided to the tenants throughout the affordability period. The service reserve cannot, however, be funded from HTF funds. The developer must account for the source of the service reserves and take this into effect when considering uses for tax credit equity and other sources. The amount of the service reserve must be based on development size and service budget. The application must include a narrative describing the methodology used to determine the size of the service reserve.

IHCDA will, at its discretion, issue additional guidance via a RED Notice to set a more standardized requirement on the allowable size (minimum and maximum) of the capitalized service reserve requirement to reflect reasonable and customary expenditures.

OPERATING EXPENSE GROWTH – All developments must be able to underwrite with operating expense growth between 1% and 3% per year.

IHCDA requires operating expense growth to be at least 1% higher than rental income growth.

STABILIZED DEBT COVERAGE RATIO – All developments must be able to underwrite with a stabilized debt coverage ratio (DCR) within the following standards (stabilization generally occurs in year 2):

Development Location	Minimum Acceptable Debt Coverage Ratio
Large or Small City	1.10 – 1.40
Rural	1.10 – 1.50
Development with Project Based Vouchers	1.10-1.45

- Stabilization usually occurs in year two; however, the debt coverage ratio for a development must not go below 1.10 during the affordability period to be considered financially feasible.
- IHCDA does recognize that rural deals may have higher debt coverage ratios at the beginning of the affordability period in order to remain feasible. Documentation to support these higher debt coverage ratios must be provided.
- For developments with Project Based Vouchers, the debt coverage ratio must be in the range stated in the table above as required under HUD's Subsidy Layering requirements.
- Developments without hard debt are permissible, but will be subject to additional scrutiny from IHCDA. Developments with no debt will not have a debt coverage ratio, but will be required to have cash flow without an undue profit. 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.

The following documentation is required for Stabilized Debt Coverage Ratio:

- 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); AND

- 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).

5.7 Market Assessment Guidelines

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.

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.

5.8 Site and Neighborhood Standards

IHCDA administers the HTF program in a manner that promotes housing opportunities and provides housing that is suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, E.O. 11063, and HUD regulations issued pursuant thereto. For new construction of HTF -assisted rental units, the applicant must demonstrate that the proposed development meets the site and neighborhood standards as given at 24 CFR 983.6(b) and 93.150 by completing the appropriate form in the HTF Section.

- The site must not be located in an area of minority concentration, except as permitted below, and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.
- A project may be located in an area of minority concentration only if:
    - Sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of minority concentration or
    - The project is necessary to meet overriding housing needs that cannot be met in that housing market area
    - "Sufficient" does not require that in every locality there be an equal number of assisted units within and outside of areas of minority concentration. Rather, application of this standard should produce a reasonable distribution of assisted units each year that, over a period of several years, will approach an appropriate balance of housing choices within and outside areas of minority concentration. An appropriate balance in any jurisdiction must be determined in light of local conditions affecting the range of housing choices available for low-income minority families and in relation to the racial mix of the locality's population.
    - Units may be considered "comparable opportunities," if they have the same household type (elderly, disabled, family, large family) and tenure type (owner/renter); require approximately the same tenant contribution towards rent; serve the same income group; are in the same housing market; and are in standard condition.
    - Application of this sufficient, comparable opportunities standard involves assessing the overall impact of HUD-assisted housing on the availability of housing choices for low-income minority families in and outside areas of minority concentration, and must

consider the extent to which the following factors are present, along with other factors relevant to housing choice:
- A significant number of assisted housing units are available outside areas of minority concentration.
- There is significant integration of assisted housing projects constructed or rehabilitated in the past 10 years, relative to the racial mix of the eligible population.
- There are racially integrated neighborhoods in the locality.
- Programs are operated by the locality to assist minority families that wish to find housing outside areas of minority concentration.
- Minority families have benefited from local activities (e.g., acquisition and write-down of sites, tax relief programs for homeowners, acquisitions of units for use as assisted housing units) undertaken to expand choice for minority families outside of areas of minority concentration.
- A significant proportion of minority households has been successful in finding units in non-minority areas under the tenant-based assistance programs.
- Comparable housing opportunities have been made available outside areas of minority concentration through other programs.

- Application of the “overriding housing needs” criterion, for example, permits approval of sites that are an integral part of an overall local strategy for the preservation or restoration of the immediate neighborhood and of sites in a neighborhood experiencing significant private investment that is demonstrably improving the economic character of the area (a “revitalizing area”). An “overriding housing need,” however, may not serve as the basis for determining that a site is acceptable, if the only reason the need cannot otherwise be feasibly met is that discrimination on the basis of race, color, religion, sex, national origin, age, familial status, or disability renders sites outside areas of minority concentration unavailable or if the use of this standard in recent years has had the effect of circumventing the obligation to provide housing choice.

5.9 Project Based Voucher Requirements

If the applicant is applying for Project Based Voucher subsidies through IHCDA, the project must meet the additional underwriting criteria listed in the table below to pass the HUD subsidy-layering review process.

In addition, the applicant must submit an appraisal report, establishing the value of the property before construction or rehabilitation, regardless if HOME or HTF dollars are being used for acquisitions.

Development Costs	HUD Limits
General Conditions	6%
Overhead	2%
Builder's Profit	6%
Total	14%
Developer's Fee	12%
Debt Coverage Ratio	**HUD Limits**
Minimum required	1.10
Maximum allowed	1.45
Trending	**HUD Guideline**
Operating Expenses, Year 1- 3	1-3%
Operating Expenses, Year 4-15	3%
Rent Increases, Year 1-3	1-3%
Rent Increases, Year 4-15	3%
Total Operating Expenses	**HUD Limits**
Years 1-15	Cannot exceed 10% of the total operating expenses.

Part 6: Completeness & Threshold Requirements

Each proposed project must satisfy the Federal requirements of the HTF program listed in 24 CFR Part 93 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.

6.1 Completeness Requirements

a. Timeliness – All documentation must be turned in by the application due date.
    - 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 any other applicable policy.
    - If IHCDA requests additional information from the applicant, all requests are due on or before the date provided by IHCDA staff.
    - Any forms that are late will not be reviewed.

b. Responsiveness – All questions must be answered and all supporting documentation must be provided.
    - The applicant must provide all documentation as instructed in this application policy as well as required documentation listed in the HTF Application Forms.
    - The applicant must provide all documentation as requested (e.g., electronic or hard copies, labeled correctly, etc.)
    - Required signatures must be originally signed.

6.2 HTF Criteria

In accordance with 24 CFR 91.320(5)(i), IHCDA will address and weigh the required priority funding factors in the following manner:

a. *Priority Housing Needs of Indiana – high priority*: Through the 2020-2024 Consolidated Plan, the State of Indiana includes extremely low-income households and permanent supportive housing/integrated supporting housing as "housing priority needs" (see AP-25 Allocation Priorities).

   To be eligible for HTF, the applicant must further the creation of community-based housing that targets the extremely low income (less than 30% AMI) with intensive service programs that have a direct impact on reducing homelessness through the Housing First model, to meet the state's priority housing needs of serving extremely low-income households. Applicants who have not successfully completed the Supportive Housing Institute and/or who do not meet the set-aside criteria as identified in both the QAP (if applying for RHTC) and in Sections 2.1 and 6.3 (e) of this Allocation Plan will not be eligible for funding.

   In addition, IHCDA may award additional scoring of 93 points under Sections 7.1 Rents Charged; 7.2 Development Characteristics; and 7.3 Sustainable Development to prioritize projects which best serve their residents.

b. *Project-Based Rental Assistance – high priority:* As stated under Threshold Items Section 6.3 (c) and 6.3 (e), in order to be eligible for HTF funding, the applicant must demonstrate how units will be made affordable to the targeted population of persons experiencing homelessness. All developments are required to identify a source of project-based rental assistance for the supportive housing units, generally through Project-Based Section 8 vouchers or CoC funding. Developments that have not identified an operating subsidy source do not meet threshold and will not be considered for funding. As stated under Section 7.1 Rents Charged, Applicants may be eligible for 28 points for rent targeting.

c. *Timely Undertaking – moderate priority*: As stated under the Threshold Items Section 6.3 (d), the applicant is required to demonstrate their ability to undertake the activities set forth in its application upon receipt of the HTF award, to begin construction within 12 months of receipt of the award, and to complete the development within a 24-month period.

d. *Extent of Non-Federal Funding – moderate priority*: As stated under the Threshold Items Section 6.3 (c), the applicant must demonstrate all subsidy sources. IHCDA may also award up to 14 points for projects that meet the criteria as outlined in Sections 7.2 (o) Tax Credit Per Unit; 7.2 (p) Tax Credit per Bedroom; 7.4 (a) Firm Commitment; and 7.4 (b) Previous Funding in a Local Government.

e. *Affordability Period – low priority*: As stated under the Threshold Criteria Section 6.3 (a), applicants must meet the minimum 30-year period of affordability to be eligible for funding.

f. *Geographic Diversity – moderate priority*: As identified in Section 3.7, IHCDA will make no preference to geographic diversity in projects during the HTF application scoring process. IHCDA will, however, make every effort to distribute HTF funds geographically. The ability to do so may be limited by the location of eligible applications and projects which receive adequate scoring to be funded. The primary consideration for geographic diversity will be handled through the selection of teams that are admitted into the Indiana Supportive Housing Institute. Completion of the Institute is a threshold requirement for HTF eligibility.

IHCDA will, however, consider geographic factors in scoring related to “desirable sites” as defined within the QAP and HOME Rental Application Policy. An application can score up to 11 points for proximity to positive land uses, transportation, etc. See Chapters 7 and 8 of this manual for a summary of the QAP and HOME Rental Application Policy scoring criteria.

- Undesirable Sites: An application can receive a negative point if the proposed development is located within a ½ mile radius of undesirable facilities and locations that produce objectionable noise, smells, excessive traffic, hazardous activity, etc.

Additionally, IHCDA considers where it has previously allocated funds. The QAP contains two scoring categories worth up to 6 points that attempt to incentivize developments in areas that have not obtained recent IHCDA funding.

- Previous Funding within a Local Government: An application can receive up to 3 points for falling in the boundaries of a unit of local government that has not received an allocation of 9% low-income housing tax credits in the past 3 years. If there has been a 9% tax credit allocation within the last three years, the application will receive points based on the total number of tax credit units funded in the last three years.
- Census Tract without Active Tax Credit Developments: An application can receive 3 points if the proposed development is in a census tract that does not have any active tax credit developments of the same occupancy type (elderly or family). An “active” tax credit project is

one that has received a reservation of credits, is in its compliance period, or is in its extended use period. An application will receive 1.5 points if the proposed development is in a census tract that contains exactly one other active tax credit project of the same occupancy type.

6.3 Threshold Items

Each Development applying for an allocation of Rental Housing Financing and HTF must satisfy the requirements of both Section 42 and 24 CFR 93. In the event that an application is competitive for RHTC but either the application fails the HTF threshold review, or HTF funds are not available to award, IHCDA will allow the application to submit additional information to identify other ways to fill the development's financing gap.

Applicants must meet the threshold requirements are outlined in the QAP or HOME Rental Application Policyas well as the following threshold items for those projects requesting HTF:

a. The HTF-assisted units must meet affordability requirements for not less than 30 years, beginning at development completion. The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. The affordability requirements must be imposed by deed restrictions or covenants running with the land. Please note that the HTF affordability period may differ from that of the RHTC program.

b. IHCDA is required to complete a subsidy layering review at any time a development receives HTF funds, along with other governmental subsidies to assure that the development is not being overly subsidized. In reviewing requests for HTF in conjunction with RHTC, IHCDA will utilize the underwriting analysis as outlined in Section 5. If the applicant is also applying for Project-Based Section 8, the applicant must provide the required documentation as listed in the QAP (if applying for RHTC) and from Section 5.9 of this policy

c. The Applicant must identify all subsidy sources. Funding commitments must be provided with the RHTC or HOME application. If the funding has not yet been committed, application must provide proof of application, a narrative describing the selection process, and a narrative plan on how the development will move forward if the application is denied. HTF cannot be committed until all other sources have been committed.

d. The applicant must demonstrate experience and capacity to conduct an eligible HTF activity as evidenced by its ability to:
    1. Own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development; or
    2. Design, construct, or rehabilitate, and market affordable housing for homeownership.
    3. That the applicant has the capacity to undertake the activities set forth in its application upon receipt of the HTF award and begin construction within 12 months of receipt of the award and complete the development within a 24-month period.

e. The Development must serve populations that are extremely low-income and experiencing homelessness. The target population served by the development must be the target population that was identified based on community need and relevant data through the Supportive Housing Institute process and align with the goals of the Consolidated Plan.

Part 7: Scoring Criteria for RHTC Projects

IHCDA developed five categories of scoring criteria within its QAP, based on the needs assessment conducted and established housing goals. If an application satisfies all applicable threshold requirements in the QAP, and meets the HTF federal regulations under 24 CFR 93, then it will be evaluated and scored based on:

Scoring Section	Total Number of Eligible Points
1. Rents Charged	16 Points
2. Development Characteristics	63 Points
3. Sustainable Development Characteristics	14 Points
4. Financing & Market	18 Points
5. Other	33 Points
Total Number of Points	**144 Points**

Applicants both seeking a Rental Housing Tax Credit Allocation and HTF funding through must score a total of 80 or more points to meet the minimum threshold score and be considered for funding. For more detail, please see the QAP. If there is a discrepancy or conflict between the below categories/points, and the QAP, the QAP will prevail.

7.1 Rents Charged

If the Development intends to charge rents lower than the maximum allowable for the area median income (AMI) required and maintains rents for units at a level to exceed the maximums outlined in the QAP. See the table below. Please note all HTF units must be for persons at or below 30% of the AMI. IHCDA encourages owners to disperse all low-income units evenly amount buildings and units in a mixed income, multi-building development.

Points	% of units at 30% AMI Rent	TOTAL% of units at or below 50% AMI Rent (including 30% units)
16	25%	50%
12	25%	40%
8	25%	25%
4	Less than 25%	33.33%

Maximum Points: 16.

7.2 Development Characteristics

a. Amenities: IHCDA will award points for the development's amenities. All amenities chosen by the Applicant should conform to the needs of the Development and its residents.

Maximum Points: 6.

b. Accessible/adaptable units: IHCDA encourages the adoption of additional accessible or adaptable units.
Maximum Points: 5.

c. Universal Design Features: Applicants are encouraged to adopt universal design features.
Maximum Points: 5

d. Vacant Structure: IHCDA will award up to five points to applications who convert a percentage of a vacant structure into rental housing, or a portion for commercial use.
Maximum Points: 6.

e. Development Historic in Nature: At least 50% of the total units must be located in eligible historic buildings. An additional point can be earned if the development will utilize Federal or State historic tax credits.
Maximum Points: 3

f. Preservation of Existing Affordable Housing: Points may be awarded for either an application which proposes the preservation of an existing Rental Housing Tax Credit affordable housing development or, an application which proposes the preservation of HUD or USDA affordable housing.
Maximum Points: 6

g. Infill New Construction: IHCDA will award points to applications which meet IHCDA's criteria for infill development.
Maximum Points 6.

h. Foreclosed, Abandoned, and Disaster-Affected Properties: Points will be awarded if the proposed development demolishes or redevelops buildings on a property that has been foreclosed, abandoned, or affected by a disaster. At least 50% of the total project units must qualify to receive points.
Maximum Points: 4

i. Community Revitalization Plan: Points will be awarded if there is an adopted community revitalization plan that clearly targets the specific neighborhood in which the project is located. Additional points may be awarded if the plan has been adopted or certified by a local unit of government and meets the criteria as specified under the QAP. Bonus points are available if the plan is adopted by the Local Unit of Government or if the development is located in a Qualified Census Tract.
Maximum Points: 6

j. Federally Assisted Revitalization Award: Points will be awarded if the proposed project is a phase or a component of certain federally assisted awards. See the QAP for a list of eligible awards.
Maximum Points: 4

k. Off Site Improvement, Amenity and Facility Investment: Points will be awarded if an investment of resources is provided that will result in off-site infrastructure improvements.
Maximum Points: 4

l. Tax Credit Per Unit: Points will be awarded for development that implement cost containment measures.
Maximum Points: 2

m. Tax Credit Per Bedroom: Points will be awarded for development that implement cost containment measures.
Maximum Points: 2

n. Internet Access: Up to 4 points will be awarded for Developments that provide internet access to residents.
Maximum Points: 4

7.3 Sustainable Development Characteristics

a. Building Certification: Points will be awarded if the Development commits to going beyond the minimum green standards and all buildings register and receive one of the certifications listed in the QAP.
Maximum Points: 2.

b. Water Conservation: To promise sustainable water uses practices, points may be earned for the integration of water conservation methods. A listing of methods can be found in the QAP.
Maximum Points: 1.

c. Desirable Sites: Desirable sites, which are or will be, located in close proximity and are accessible to desirable facilities tailored to the needs of the development's tenants will be awarded points. The listing of the desirable sites and the targeted area points (urban or rural) can be found in the QAP.
Maximum Points: 11.

7.4 Financing & Market

a. Leveraging Capital Resources: The Development has received a firm commitment that does not require any further approvals for public or private funds that specifically enhance and/or create significant costs savings for the Development.
Maximum Points: 4

b. Non-IHCDA Rental Assistance: Developments that have received a commitment of non-IHCDA funded rental assistance will receive two points.
Maximum Points: 2.

c. Previous funding within a Local Government: Points will be awarded if a Development's proposed site does not fall within the boundaries of a Local Government in which there has been an RHTC, allocation within the last three year calendars years as of the application due date. If a development's proposed site falls within the boundaries of a local unit of government in which there has been a 9% tac credit allocation within the last three years, the application will receive points based on the total number of tax credit units funded within the boundaries of that local unit of government in the past three years.
Maximum Points: 3.

d. Census Tract without Active Tax Credit Developments: Points will be awarded if the proposed project is in a Census Tract without any active RHTC developments of the same occupancy type (elderly or family). An application will receive 1.5 points if the proposed development is in a census tract that contains exactly one other active tax credit project of the same occupancy type.
Maximum Points: 3.

e. Housing Need Index: The proposed Development Site may earn up to 4 points if the area to be served demonstrates a need for affordable housing units.
Maximum Points: 4

f. Lease-Purchase: Development that will offer homeownership opportunities to qualified tenants after 15 years will be eligible (this option is not available for elderly developments).
Maximum Points: 2.

7.5 Other

a. Certified Tax Credit Compliance Specialist Points will be awarded for completion of certified trainings. Please see the QAP for a listing of eligible awardees and certifications.
Maximum Points: 3.

b. MBE/WBE/DBE/VOSB/SDVOSB: Points will be awarded for each certification submitted which meets the criteria outlined in the QAP.
Maximum Points: 4.

c. Unique Features: The Development has unique features that contribute to the Development of affordable housing in the community where the Development is located.
Maximum Points: 4

d. Tenant Investment Plan. Points in this category will be awarded based on the overall Tenant Investment Plan.
Maximum Points: 6

e. Integrated Supportive Housing: Developments proposing to create Integrated Supportive Housing, defined as housing in which 20- 25% of the units, but no less than 7 units, are designated as supportive housing for persons experiencing homeless. Developments proposing that 100% of the units will be supportive housing are eligible to complete in the Housing First Set aside, but are not eligible for points in this evaluation category.
Maximum Points: 6

f. Smoke Free Housing: Points will be awarded to developments that commit to operating as smoke-free housing.
Maximum Points: 3

g. Reducing the Impact of Eviction: Applicants that commit to implementing strategies that reduce the impact of eviction on low-income households will receive points.
Maximum Points: 3

h. Technical Correction: During the funding round, and after IHCDA's review of Threshold for each Application, IHCDA will award bonus points for applications that have two or less technical corrections.
Maximum Points: 4.

i. Lack of Progress on Issuance of Form 8609: If a different development from a previous round was not issued the IRS form 8609 within 36 months of the date of the RHTC Carryover, any applications submitted during the round may be assessed a penalty.
Maximum Negative Points: -5

j. Owners Committed to Serving Qualified Tenants for the Longest Periods: Negative points will be assessed if the Applicant, Owner, and/or Developer has terminated the extended use period on an existing project.
Maximum Negative Points: -4

Part 8: Scoring Criteria for HOME Projects

IHCDA developed five categories of scoring criteria within its HOME Rental Application Policy, based on the needs assessment conducted and established housing goals. If an application satisfies all applicable threshold requirements in the HOME Rental Application Policy and meets the HTF federal regulations under 24 CFR 93, then it will be evaluated and scored based on:

Scoring Section	Total Number of Eligible Points
1. Project Characteristics	33 Points
2. Development Features	33 Points
3. Readiness	8 Points
4. Capacity	21 Points
5. Leveraging of Other Sources	6 Points
6. Unique Features & Bonus	9 Points
Total Number of Points	110 Points

Applicants both seeking a HOME Allocation and funding through HTF must score a total of 80 or more points to meet the minimum threshold score and be considered for funding. For more detail, please see the QAP. If there is a discrepancy or conflict between the below categories/points, and the QAP, the QAP will prevail.

8.1 Project Characteristics

a. Constituency served: Points are awarded for lower income targeting by designating HOME units at 30% or 40% of Area Median Income.
Maximum points: 5

b. Mixed-income housing: Points are awarded for incorporating market rate units.
Maximum points: 1

c. Targeted Population: Points are awarded for serving vulnerable populations including persons over 55 years of age, persons with disabilities, etc.
Maximum points: 4

d. Opportunity Index: Points are awarded if the proposed development is located within an opportunity. The scoring category assesses access to public transportation, unemployment rate, job growth, proximity to major employers, poverty rate, median household income in the county, and income level of the census tract.
Maximum points: 10

e. Health and Quality of Life Factors: Points are awarded based on access to healthcare, access to fresh produce, and proximity to positive land uses.
Maximum points: 8

f. Digital Divide Index: Points are awarded based on the census tract's Digital Divide Index score which indicates areas where broadband infrastructure will be most impactful.

Maximum points: 2

g. Reducing the Impact of Eviction: Points are awarded for applicants who commit to implementing eviction prevention plans and conducting low-barrier tenant screening.
Maximum points: 3

8.2 Development Features

a. Existing Structures: Points will be awarded for developments that utilize existing structures.
Maximum points: 6

b. Historic Preservation: Points are awarded for developments that include a historic resource or contribute to a historic district.
Maximum points: 2

c. Infill New Construction: Points are awarded for developing in infill areas, i.e., for building on vacant or underused parcels of land within existing areas that are already developed.
Maximum points: 5

d. Provision of Additional Bedrooms: Points are awarded for including units that have 3 or more bedrooms.
Maximum points: 4

e. Design Features: Points are awarded for selecting to implement features from a menu of available design features that benefit residents.
Maximum points: 4

f. Universal Design Features: Points are awarded for selecting to implement features from a menu of available universal design features that increase accessibility.
Maximum points: 5

g. Smoke-Free Housing: Points are awarded if the applicant commits that the development will be smoke-free.
Maximum points: 3

h. Green Building: Points are awarded for selecting to implement features from a menu of available green building design features that promote energy efficiency and healthy design.
Maximum points: 5

i. Internet Access: Points are awarded if the applicant commits to providing free internet access. Minimum points are awarded for free internet in common areas, while maximum points are awarded for free wi-fi internet in all units.
Maximum points: 4

8.3 Readiness

a. Predevelopment Activities: Points are awarded if the applicant has completed predevelopment activities, such as appraisals, surveys, capital needs assessments, etc. to demonstrate readiness to proceed with the HOME award.
Maximum points: 5

b. Contractor Solicitation & Participation: Points are awarded if the applicant has started soliciting contractors for the proposed development.
Maximum points: 3

8.4 Capacity

a. Certifications: Points are awarded if a member of the development team has received an eligible training certification.
Maximum points: 3

b. Overall ICHDA Award Performance of the Applicant: Points are awarded if the applicant has previous experience with IHCDA grants. Points are awarded on a sliding scale based on the number of findings and concerns with the previous award.
Maximum points: 8

c. Administrator Experience: Points are awarded if the applicant does not have previous experience with IHCDA grants but is using an award administrator with successful IHCDA experience.
Maximum points: 5

d. Timely Expenditure of Funds: Points are awarded if the applicant or award administrator demonstrated timely expenditure of funds on previous IHCDA grants.
Maximum points: 5

e. IHCDA Award Inspection Performance: Points are awarded if the applicant or award administrator has previous IHCDA grant experience and had zero building code issues on their most recent inspection report.
Maximum points: 2

f. Applicants or Administrators with Non-IHCDA Experience: Points are awarded if the applicant and award administrator do not have previous IHCDA experience but can demonstrate relevant experience.
Maximum points: 3

g. CHDO Certification: Points are awarded if the applicant is certified as a CHDO.
Maximum points: 3

8.5 Leveraging of Other Resources

a. Leveraging: Points are awarded based on the percent of total development costs covered by non-IHCDA funding sources.

Maximum points: 6

8.6 Unique Features & Bonus

a. Unique Features: Points are awarded to applicants that propose unique design features, amenities, or services that will enhance the development and benefit the tenants and community. Points are awarded relative to other applications being scored in the same funding round.
Maximum points: 4

b. Bonus: Points are awarded for applications with few technical issues or missing information.
Maximum points: 5

Part 9: Glossary

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

Development: The HTF activity proposed in the application.

Extremely Low-Income: A household at or below 30% of area median income.

HTF: The Housing Trust Fund program.

IHCDA: Indiana Housing and Community Development Authority

Income Limits: Maximum incomes as published by HUD for projects giving the maximum income limits per household for program units. For HTF, the maximum income limit is 30% of area median income.

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.

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. For HTF, the maximum rent limit is the 30% AMI rent limit.

EMERGENCY SOLUTONS GRANT.

WRITTEN STANDARDS

Emergency Solutions Grant (ESG)
Reference 24 CFR 91.320(k)(3)

1. Include written standards for providing ESG assistance (may include as attachment)

Written Standards for Provision of ESG Assistance

This section includes written standards for providing the proposed assistance and describes the requirements for subrecipients to establish and implement written standards.

1) Describe the standard policies and procedures for evaluating individuals' and families' eligibility for assistance under ESG.

ESG subrecipients serving households experiencing literal homelessness as defined under paragraph (1) of the "homeless" definition in 24 CFR § Part 576.2 or who meet the criteria under paragraph (4) of the "homeless" definition and live in an emergency shelter or other place described in paragraph (1) of the "homeless "definition are encouraged to utilize the Arizona Matrix Tool that is embedded in HMIS as well as completion of a Housing Plan to provide a guide for case management and evaluation of a person or family's needs.

2) Describe the policies and procedures for coordination among emergency shelter providers, essential service providers, homelessness prevention and rapid re-housing assistance providers, other homeless assistance providers, and mainstream service and housing providers.

ESG subrecipients are expected to create MOU's with all shelter providers, housing agencies, community action agencies, township trustees, mental health centers, health clinics and homeless service providers in their proposed service area. Once available in their area, each ESG subrecipient will be required to partner with the Coordinated Access point by providing immediate housing to those persons who are unsheltered, if space is available. Additionally, as part of the proposal process, subrecipients are required to develop a program design that is inclusive not only of other targeted homeless services, but also of other mainstream resources such as public housing programs, programs receiving project-based or tenant-based Section 8, Supportive Housing for persons with disabilities (Section 811), HOME Investment Partnerships Program, Temporary Assistance for Needy Families (TANF), State Children's Health Insurance Program, Head Start, Mental Health and Substance Abuse Block Grants and services funded under the Workforce Investment Act. IHCDA encourages programs to be strategic and comprehensive in their program design by requiring applicants to include all available resources to the maximum extent practicable.

3) Describe the policies and procedures for determining and prioritizing which eligible families and individuals for homelessness prevention assistance and for rapid re-housing assistance.

Persons who are utilizing Rapid Rehousing Funds must meet the criteria under paragraph (1) of the "homeless" definition in 24 CFR § Part 576.2 or meet the criteria under paragraph (4) of the "homeless" definition and live in an emergency shelter or other place described in paragraph (1) of the “homeless “definition to be eligible to receive rapid re-housing assistance.

Those persons who will be utilizing homeless prevention funds must meet the criterion under the interim rule that clarifies the definition of ‘‘at risk of homelessness’’ under section 401(1) of the McKinney-Vento Act. The definition includes three categories under which an individual or family may qualify as ‘‘at risk of homelessness.’’ For an individual or family to qualify as ‘‘at risk of homelessness’’ under the first category of the definition, the individual or family must meet two threshold criteria and must exhibit one or more specified risk factors. The two threshold criteria, as provided in the statute, are:

1. The individual or family has income below 30 percent of median income for the geographic area; and (2) the individual or family has insufficient resources immediately available to attain housing stability. Under the interim rule, the first criterion refers specifically to annual income and to median family income for the area, as determined by HUD.

2. The second criterion is interpreted as, ‘‘the individual or family does not have sufficient resources or support networks, e.g., family, friends, faith based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the homeless definition in 24 CFR § Part 576.2.

For homeless prevention, the risk categories to further ensure consistency of interpretation, the interim rule also clarifies several of the risk factors that pertain to the first category of individuals and families who qualify as ‘‘at risk of homelessness.’’ As provided under the statute, the pertinent risk factors are as follows:

1. Has moved frequently because of economic reasons;

2. Is living in the home of another because of economic hardship;

3. Has been notified that their right to occupy their current housing or living situation will be terminated;

4. Lives in a hotel or motel;

5. Lives in severely overcrowded housing;

6. Is exiting an institution; or

7. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness.

4) ***Describe the standards for determining the share, if any, of rent and utilities costs that each program participant must pay, if any, while receiving homeless prevention or rapid re-housing assistance.***

Participants who receive rental assistance through rapid rehousing or homeless prevention are expected to pay 30 percent of their income for rent and utilities if they have income. IHCDA provides an Excel based worksheet which automatically calculates the tenant rent and utility portion allowable when household income is entered. Subrecipients will be responsible for ensuring that assisted rental units meet reasonable rent standards, are at or below fair market rent and meet habitability standards before any rental payments are approved. The tenant's portion and ESG subsidy will be calculated based upon acceptance into the program and determination of need for rental assistance.

The tenant portion of rent is calculated on the basis of allowable household income. Tenant rents are paid directly to the landlord and are subject to the same timeliness requirements as the overall rent. Any late fees incurred while receiving ESG will be the responsibility of the tenant to pay.

5) ***Describe the standards for determining the duration of rental assistance and whether and how the amount of assistance will be adjusted over time.***

Participants can receive up to 12 months of rental assistance per award year, and up to a maximum of 24 months of rental assistance in a three year period. The award term to subrecipients is 12-18 months. All funds associated with that award year must be expended upon completion of the award term. Program participants receiving rental assistance must pay 30 percent of their household income each month towards rent and utilities throughout the duration of their participation with ESG. Tenant payments will not be adjusted if income has increased. Payment of rental arrears consisting of a one-time payment for up to six months of rental arrears, including any late fees on those arrears is also an eligible expense. All persons assisted with program will qualify for up to 12 months of rental assistance and up to 18 months of services. Case managers will utilize the Arizona Self Sufficiency Matrix tool, which is built into the HMIS, to ensure participants receive the appropriate level of assistance. The Housing Plan is available for case managers to utilize for each household.

6) ***Describe the standards for determining the type, amount, and duration of housing stabilization or relocation services to provide a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive. Limits should include the maximum amount of assistance, maximum number of months the program participant is eligible to receive assistance; and the maximum number of times the program participants may apply for assistance.***

Participants can receive up to 12 months of housing relocation and stabilization services during the award term. Participants cannot receive more than 24 months of these services within a three (3) year period. Housing relocation and stabilization services includes financial assistance activities such as moving costs, rental application fees, security deposits, last month's rent, utility deposits and utility payments; and services such as housing search and placement, housing stability case management, mediation, legal services and credit repair. No limit will be placed on the amount or type of services provided per participant as subrecipients are encouraged to spend the funds as needed by the tenant through active engagement with the participant. The amount and type of services will be determined largely at the time of intake when the housing case manager completes a housing assessment on the participant. The assessment consists primarily of using the Arizona Self-Sufficiency Matrix tool, which uses a vulnerability index to determine the most urgent needs as it relates to housing. This tool is also built into the HMIS. Participants can be assisted with housing stability case management for up to 30 days during the period the program participant is seeking permanent housing and cannot exceed 18 months total during the period the program participant is living in permanent housing.

Training through ESG program Analyst and other formats provided by the CoC Board (CoC Development Day) have been provided to ESG subrecipients and other McKinney Vento funded programs. These trainings have covered areas such as: housing first best practices, motivational interviewing, rule reductions, how to assist in employment, mainstream resources, bed bug prevention, fair housing, best practices for ESG RRH and case management best practice.

Subrecipients will be expected to attend ESG Rapid Rehousing training offered during the grant cycle and participate in peer learning opportunities/trainings offered during the year.

1. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

   The Coordinated Assessment Committee of the Balance of State Continuum of Care Board is working with the State ESG program to develop and coordinate regional centralized intake and triage centers to ensure access to assistance is driven by the needs of persons experiencing homelessness. IHCDA is the collaborative applicant within the CoC and IHCDA was awarded the Coordinated Access Grant. With the assistance of the CoC Board, IHCDA has ~~will~~ developed and improves upon the coordinated access system. **Access:** The Coordinated Assessment will be in the HMIS system and utilized by the Coordinated Access agency within the Region within the Balance of State CoC whether they are an ESG subrecipient or other programs funded by McKinney Vento. Each Region will determine if their Coordinated Access will be a centralized or decentralized system. **Assessment:** Each homeless person will be assessed and triaged based on their needs in order to prioritize the most vulnerable and those with the highest barriers for first assistance. This first priority would include the chronic homeless population. **Assign:** Once assessed the person/family then will be assigned to the right type of housing that best suits their needs whether it is permanent supportive housing, rapid rehousing or VASH voucher and whether it is available in that area or Region.

2. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

   IHCDA plans to allocate funding to a maximum of 15 agencies to administer the ESG Rapid Rehousing and Homeless Prevention Activities of the ESG program for line items such as: housing relocation and services (financial and services), rental assistance and administration.

   There will be approximately 60 agencies that will apply for emergency shelter component that includes operations, essentials, and financial assistance and approximately two - six agencies that may apply for the street outreach activity. No more than 60% of ESG funds will be allocated to operations, essentials and street outreach. A request for proposals will be distributed to all the Regional Planning Councils on the Homeless throughout the Balance of State, to the current subrecipients of the ESG program, current permanent supportive housing rental assistance programs (mental health centers, housing agencies, community action agencies, non-profits) who have had experience with rental assistance. Each proposal will be reviewed by at least one IHCDA Community Services staff person and verified by an independent person or committee as appropriate, which could include members of the CoC Board. The reviewer will complete a scoring tool, assigning points based on the following program design components: outreach system, commitment to the coordinated access intake point, systems coordination, organizational capacity, permanent housing placement strategy, history of administering the rental assistance programs, amount of match provided and coordination with ESG Entitlement City funds (as applicable). Each subrecipient will be awarded based upon the average of their proposal score and the amount of funding that will be available. The amount of each award could be between $60,000 and $250,000 each.

3. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

   The State ESG recipient – IHCDA - consults with the Indiana Balance of State Continuum of Care Board, which is also administered by IHCDA. The CoC Board must have at least one member who is or has been formerly homeless. Currently, the CoC board has two members who meet this criterion and serve as members of critical committees, including the Resource & Funding Committee. This committee provides guidance to our CoC Programs and their policies and procedures. The State of Indiana recognizes the invaluable perspective of individuals who are currently homeless and formerly homeless in developing an effective person-centered program and system.

The State program strongly encourages subrecipients of the ESG program to incorporate this participation, to the maximum extent practicable, in a policy-making function of both the organization and the respective regional Planning Council on the Homeless. The State ESG program application requires subrecipients to demonstrate how participation and input of people experiencing homelessness is utilized at both an organizational level and within their regional Planning Councils on Homelessness. For 2018-19 applications, this will be a threshold item and will require the subrecipient to provide documentation around their policies for verification. This issue is also reviewed during program monitoring visits.

4. Describe performance standards for evaluating ESG.

The performance standards were developed in conjunction with the governing body for the Balance of State CoC Board and the Resource & Funding Committee and approved by the Balance of State CoC Board by using the national standards outlined in Section 427 of the McKinney-Vento Act, as amended by the HEARTH Act.

Baseline performance measurements will be reports generated by the HMIS system and mainly from ~~the Annual Progress Reports and~~ the ESG CAPER reports for the current grant ~~prior~~ year. Two of the standards are specific to the subrecipient's program performance and the remaining two are specific to system outcomes.

ESG subrecipients will be able to set their own goals for the next years on areas such as: discharging persons to permanent housing, increasing employment income and increasing overall income by persons who exit the emergency housing.

Below are goals that IHCDA would like to reach on an annual basis:

ESG RR -rental assistance program subrecipients: At discharge from program, 82 percent of persons assisted will still be permanently housed, and 65 percent will increase their income.

ESG program subrecipients that are Emergency shelters that have activities such as operations, essential services and financial assistance: 50 percent of persons will discharge to permanent housing, and 25 percent will increase their income.

ESG program subrecipients that have outreach component: 50 percent of identified caseload will be permanently housed.

ESG program subrecipients that have outreach component: 50 percent identified caseload will increase their income.

The average length of stay of participants in ESG funded and other CoC programs should decrease by at least 10 percent.

APPENDIX B.

PUBLIC NOTICE AND COMMENTS

NOTICE OF FILING

OF

2022 Annual Action Plan for Housing and Community Development

Notice is hereby given that the Indiana Office of Community & Rural Affairs (OCRA) and the Indiana Housing and Community Development Authority (IHCDA) plans to file their 2022 Annual Action Plan for Housing and Community Development ("2022 Action Plan") with the U.S. Department of Housing & Urban Development on May 14, 2022, contingent on federal funding allocation decisions. In the event that federal funding is delayed, the plan may be submitted to HUD after this date. The draft 2022 Action Plan contains a funding contingency plan.

This document concerns programs that are funded through the U.S. Department of Housing & Urban Development under Title I of the Housing & Community Development Act of 1974 as amended. Annually, the state receives about $64 million for housing and community development funds. This document governs the allocation of those funds among housing and community development activities (e.g., economic development initiatives, infrastructure improvements, and homeownership and rental programs).

The 2022 Action Plan provides information on the housing and community development needs priorities and one year spending plan for the Community Development Block Grant Program, the Home Investment Partnership Program, the National Housing Trust Fund, the Emergency Solutions Grant Program, and the Housing Opportunities for Persons With Aids Program. The 2022 Action Plan will also combine special allocations from the Recovery Housing Program Grants from 2020 and 2021 to be used for OCRA's Recovery Housing Program.

OCRA and IHCDA will have the 2022 Action Plan available for public inspection prior to its submission. Members of the public are invited to review the 2022 Action Plan during the hours of 8:30 a.m. to 5:00 p.m., March 7, 2022 through May 13, 2022, at the Indiana Office of Community and Rural Affairs, One North Capitol, Suite 600, Indianapolis, Indiana 46204. The Action Plan will be available online at: https://www.in.gov/ocra/cdbg/consolidated-and-action-plans/ or https://www.in.gov/ihcda/newsroom/action-plans/.

Information regarding the 2022 Action Plan can be obtained by writing to: Office of Community and Rural Affairs, c/o 2022 Action Plan, One North Capitol, Suite 600, Indianapolis, Indiana 46204-2027. Additional information may also be obtained via e-mail at SEnz@ihcda.IN.gov or CHudgens@ocra.IN.gov.

Two public hearings will be held to discuss and provide comments on the draft 2022 Action Plan: 10:00 AM ET, March 21, 2022 and 5:00 PM ET, March 21, 2022. Public hearings will be held via Zoom. Please email julia@rootpolicy.com or call (970) 880-1415 ext. 106 for the Zoom meeting link or call-in number to attend the public hearing. You can access the public hearing by phone or computer.

You can also provide public comments via email to: hello@rootpolicy.com or via mail to: Office of Community and Rural Affairs, c/o 2022 Action Plan, One North Capitol, Suite 600, Indianapolis, Indiana 46204-2027. If you prefer to provide comments verbally or need assistance, please call 970-880-1415 x106.

AVISO DE REGISTRO
DEL
INFORME 2022 ANNUAL ACTION PLAN

Para ver una versión en español de este anuncio de Aviso de Registro del Informe 2022 Annual Action Plan for Housing and Community Development visite el sitio web www.in.gov/ocra. Para traducciones al español de los documentos mencionados en este anuncio o si prefiere hablar con alguien en español, envíe un correo electrónico a avilia@rootpolicy.com.

APPENDIX C.

SF-424S AND CERTIFICATIONS

APPENDIX D.

CITIZEN PARTICIPATION PLAN

State of Indiana Citizen Participation Plan, Program Years 2021-2024

The Citizen Participation Plan (CPP) herein is the CPP established for the State of Indiana's Five Year Consolidated Plan for Housing and Community Development, covering program years 2021-2024. The CPP was developed around a central concept that acknowledges residents as stakeholders and their input as key to any improvements in the quality of life for the residents who live in a community.

Each program year affords Indiana residents an opportunity to be involved in the process. Citizens have a role in the development of the Consolidated Plan, annual Action Plans, and Consolidated Annual Performance and Evaluation Reports regardless of age, gender/sex, race, ethnicity, national origin, disability, familial status, religion, and economic level.

Purpose of the Citizen Participation Plan

The Citizen Participation Plan (CPP) describes the process the state uses to collect public input and involve the public in development of the Five Year Consolidated Plan. The CPP also addresses how the state obtains public comment on its Annual Action Plan and Consolidated Annual Performance and Evaluation Report (CAPER). This CPP was developed in accordance with Sections 91.110 and 91.115 of HUD's Consolidated Plan regulations.

The purpose of the CPP is to provide citizens of the State of Indiana residents residing in communities eligible to receive housing and community development funds from the state maximum involvement in identifying and prioritizing housing and community development needs in the state, and responding to how the state intends to address such needs through allocation of the following federal grants:

- Community Development Block Grant (CDBG);
- HOME Investment Partnerships Program funding (HOME);
- Emergency Solutions Grant (ESG);
- Housing Opportunity for Persons with AIDS (HOPWA) funding; and
- National Housing Trust Fund (NHTF) funding.

This Consolidated Plan typically covers a five-year timeframe. The state's Consolidated Plan is a comprehensive strategic plan for housing and community development activities. The purpose of programs and activities covered by this Consolidated Plan is to facilitate provision of decent housing, a suitable living environment, and growing economic opportunities, especially for low to moderate income residents.

Subrecipient requirements. Applicants must certify to the State that they are following a detailed Citizen Participation Plan which meets Title I requirements. Technical assistance will be provided by the Office of Community and Rural Affairs to assist program applicants in meeting citizen participation requirements. The State has required each applicant for CDBG funds to certify that it has identified its housing and community development needs, including those of low and moderate income persons and the activities to be undertaken to meet those needs.

Encouraging citizen participation. The state recognizes the importance of public participation in both defining and understanding current housing and community development needs and prioritizing resources to address those needs. The state's CPP is designed to encourage citizens of Indiana equal access to become involved each year.

Development of the Plans and Performance Reports

This document outlines how residents and stakeholders of the State of Indiana may participate in the development and review of the state's Five Year Consolidated Plan, each annual Action Plan, each CAPER, and any substantial amendments to a Consolidated Plan and/or Action Plan. The State of Indiana's program year begins July 1 and ends June 30.

The Indiana Office of Community and Rural Affairs (OCRA) and the Indiana Housing and Community Development Authority (IHCDA) are responsible for implementing and reporting on all aspects of the Consolidated Plan process. The following schedule provides an approximate timeline for the Consolidated Plan, annual Action Plan, and the CAPER.

Annual schedule. Annually, the preparation of the Action Plan, stakeholder consultation, and citizen engagement approximates the following. This schedule can change based on the timing of funding allocations from HUD, HUD guidance or directives, and/or states of emergency that affect report submissions.

July:

- Begin Consolidated Annual Performance and Evaluation Report (CAPER) process

September:

- 15th: Begin 15-day Public Comment period for CAPER
- 30th: CAPER submitted to HUD

November through February:

- Develop narrative of Annual Action Plan or Five Year Consolidated Plan
- Plan community meetings and public hearings
- Create and launch surveys
- Conduct stakeholder consultation

January—February—March:

- Conduct public participation process for Consolidated Plan including options discussed below
- Draft Consolidated Plan or Action Plan, funding allocation plans/method of distribution (MOD), and policies for public comment
- Update funding allocation plan and policies based on stakeholder consultation

March – April:

- Hold public hearings

April:

- Finalize plan based on stakeholder consultation and public comment

May:

- 15th: Consolidated Plan and Action Plan submitted to HUD

June:

- End of annual Action Plan year

Citizen participation and stakeholder consultation. Annually, the state will choose from the following options for citizen participation and stakeholder consultation into the Plans. These techniques incorporate alternative methods of public process that encourage a broad spectrum of participation and a review of program performance.

- **Resident survey.** A survey of Indiana residents could be conducted during the research phase of the Five Year Consolidated Plan in order to gather additional information on housing and community development needs and priorities for the Consolidated Plan. The survey would be available online using software that is Section 508 compliant. A variety of sampling and distribution methods may be used including a "snowball" sampling technique in which the survey is distributed to housing and community development partners who then circulate the survey to their clients/members. The survey would also be available on agency websites, as part of social media, and in email notifications (e-notifications). The survey would be available in the languages required of the state's LAP. Special accommodations for persons with disabilities would be made upon request.
- **Stakeholder survey and elected official survey***.* An online stakeholder survey may be administered to community development organizations, economic development officials, local government leaders and staff, housing developers, housing providers, social service providers, and advocacy organizations, among others. During some Consolidated Plan and Action Plan years, the survey may be conducted in the form of key informant interviews from a voluntary sample of stakeholders from throughout the state. Special accommodations for persons with disabilities would be made upon request.

- **Focus groups.** Focus groups may be held with local government leaders and staff, Regional Planning Commissions, advocates for persons with disabilities, Continuum of Care funding recipients, Community Action Agencies and Human Rights Councils, and residents, to gather in-depth information on the challenges Indiana residents face in accessing housing and services in their communities, community and economic development needs, and policy and program changes to address needs. Special accommodations for persons with disabilities would be made upon request.
- **Stakeholder interviews.** A series of interviews may be conducted with key persons or groups who are knowledgeable about housing and community development needs in the state.
- **Public hearings**. A public hearing will always be conducted during the 30 to 45-day public comment period.[1] This meeting will occur at least one month prior to submission of the Plan, generally during the months of March or April. At the State's discretion, the State may elect to host the meeting virtually. Alternatively, the State may choose to conduct in-person hearings and broadcast the hearing to three to four locations throughout the state. These will occur on different days to encourage maximum participation. Special accommodations for persons with disabilities would be made upon request.
- **Written comments.** Written comments will always be accepted at any time during the Consolidated Plan and Action Plan processes in email or in hard copy. Instructions on how to provide comments will be part of public notices and described during the public hearings.

Consolidated Plan

The draft will provide information that includes the amount of assistance the state expects to receive and the range of activities that may be undertaken, including the estimated amount that will benefit persons of low- and moderate-income, if available, and the plans to minimize displacement of persons and to assist any persons displaced.

A reasonable notice—generally two calendar weeks—is given to announce to the public the availability of the draft Consolidated Plan. Availability of the draft Plan is advertised through e-notifications that reach community development organizations, economic development officials, local government leaders and staff, housing developers, housing providers, social service providers, and advocacy organizations, among others, and is posted on OCRA and IHCDA websites. The state's current Language Access Plan (LAP) determines the languages in which notice is provided.

[1] Under special circumstances—such as during the 2020 pandemic when funds needed to be deployed quickly—the comment period may be shorter as allowed by HUD.

A 30 to 45-day public comment period is provided to receive written comments on the draft Plan.[2] The 30 to 45-day comment period usually begins in March or April and ends in April or early May. The draft Plan can be reviewed at OCRA and IHCDA websites; emailed or hard copies can be provided upon request.

All written comments provided during the Consolidated Plan process will be considered in preparing the final Consolidated Plan. A summary of the comments received and a summary of the state's reasons for not accepting any comments will be included in the final Consolidated Plan. The state considers these comments before taking final action on the Consolidated Plan.

The final Consolidated Plan is submitted to HUD no later than May 15 each year, unless extensions are granted (e.g., for federal budget allocation delays, in the case of emergency response needs, etc).

Annual Action Plan

Each year the state must submit an annual Action Plan to HUD, reporting on how that year's funding allocation for the CDBG, HOME, ESG, HOPWA, and NHTF grants will be used to achieve the goals outlined in the Five Year Consolidated Plan. The CPP for preparation of the Action Plan is as follows:

The draft Action Plan will be available for 30 to 45 days to gather public comment on the proposed spending allocation.[3] The state will hold at least one public hearing to describe the state's proposed allocation of the program year's funding allocation during the 30 to 45-day public comment period. The availability of the draft Plan and public hearings will be publicized on OCRA and IHCDA websites and circulated through e-notifications to housing and community development partners. In addition, OCRA and IHCDA will collaborate with stakeholder associations to further distribute the notice of the draft plan to their memberships and networks.

The public hearing will be conducted virtually. Alternatively, the state may choose to conduct in-person hearings in three to four locations throughout the state. These will occur on different days to encourage maximum participation.

During the hearing a facilitator will describe the proposed funding allocation, discuss funding priorities and how they were derived, and instruct attendees on how to submit comments on the draft Plan. In addition, participants will be given an opportunity to

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[2] Under special circumstances—such as during the 2020 pandemic when funds needed to be deployed quickly—the comment period may be shorter as allowed by HUD.

provide feedback or comment on the draft Plan. A summary of the public hearing comments will be included in the final Action Plan.

The state will review and consider all written public comments. The final Action Plan that is submitted to HUD will include a section that summarizes all comments or views in addition to explanations of why any comments were not accepted.

Consolidated Annual Performance and Evaluation Reports

Before the state submits a Consolidated Annual Performance and Evaluation Report (CAPER) to HUD, the state will make the proposed CAPER available to those interested for a comment period of no less than 15 days. The availability of the draft Plan and public hearings will be publicized on OCRA and IHCDA websites and circulated through e-notifications to housing and community development partners. In addition, OCRA and IHCDA will collaborate with stakeholder associations to further distribute the notice of the draft plan to their memberships and networks.

The state will consider any comments from individuals or groups received verbally or in writing. A summary of the comments, and of the state's responses, will be included in the final CAPER.

Substantial Amendments

Occasionally, public comments warrant an amendment to the Consolidated Plan. The conditions for whether to amend are referred to by HUD as "Substantial Amendment Criteria." The following conditions are considered to be Substantial Amendment Criteria:

1. A substantial change in the described method of distributing funds to local governments or nonprofit organizations to carry out activities. "Substantial change" shall mean a reallocation of funds among program categories of programs of more than 25 percent of the total allocation for a given program year's block-grant allocation.

   Elements of a "method of distribution" are:

   - Application process for local governments or nonprofits;
   - Allocation among funding categories;
   - Grant size limits; and
   - Criteria selection.

2. An administrative decision to reallocate all the funds allocated to an activity in the Action Plan to other activities of equal or lesser priority need level, unless the decision is a result of the following:

- There is a federal government recession of appropriated funds, or appropriations are so much less than anticipated that the state makes an administrative decision not to fund one or more activities;
- The governor declares a state of emergency and reallocates federal funds to address the emergency; or
- A unique economic development opportunity arises wherein the state administration asks that federal grants be used to take advantage of the opportunity.

Citizen participation in the event of a substantial amendment. In the event of a substantial amendment to the Consolidated Plan, the state will conduct at least one additional public hearing. This hearing will fall during a comment period of no less than 30 days or a shorter time period as allowed by HUD for such amendments, during which the proposed Plan amendment will be made available to interested parties. Either IHCDA or OCRA will post information regarding the hearing on their website(s) and send out a notice via their distribution list.

In the event of substantial amendments to the Consolidated Plan, the state will openly consider all comments from individuals or groups submitted at public hearings or received in writing. A summary of the written and public comments on the amendments and the state's acceptance or rejection of each comment will be included in the final Consolidated Plan.

Changes in Federal Funding levels

Any changes in federal funding level after the Consolidated Plan's draft comment period has expired, and the resulting effect on the distribution of funds, will not be considered an amendment or a substantial amendment.

Availability and Access to Records

The state provides reasonable and timely access for citizens, public agencies, and other organizations to access information and records relating to the state's Consolidated Plan, annual Action Plan, CAPERs, substantial amendment(s), the Citizen Participation Plan, and the state's use of assistance under the programs covered by the plan during the preceding five years.

The Indiana Office of Community and Rural Affairs webpage is www.in.gov/ocra and the Indiana Housing and Community Development Authority webpage is https://www.in.gov/ihcda/4048.htm for citizens interested in obtaining more information about state services and programs or to review the plans and CAPERs. A reasonable number of free copies will be available to citizens that request it. Upon request, these documents will be provided in a reasonable form accessible to persons with disabilities.

Citizen complaints

The state will provide a substantive written response to all written citizen complaints related to the Consolidated Plan, Action Plan amendments and the CAPER within 15 working days of receiving the complaint. Copies of the complaints, along with the state's response, will be sent to HUD if the complaint occurs outside of the Consolidated Planning or Action Plan process and, as such, does not appear in the Consolidated Plan.