



To: Real Estate Department Partners

Notice: **RED-20-48**

From: Real Estate Department

Date: October 6, 2020

Re: **Affordable Assisted Living Bond / 4% LIHTC Applications**
FINAL POLICY FOR 2021 FUNDING ROUND

Background

On January 31, 2020, IHCD released RED Notice 20-11 announcing that it would stop accepting tax-exempt bond and 4% LIHTC applications for developments with affordable assisted living units until further notice. This allowed time for the evaluation of related policies and procedures.

IHCDA released a draft version of the affordable assisted living allocation policy on June 18, 2020 as RED Notice 20-33 and accepted public comments until July 2, 2020.

With this RED Notice, IHCDA is releasing the final policy for developers seeking tax-exempt bonds and 4% LIHTC to finance developments with affordable assisted living units in the 2021 funding round. This is an amendment to the allocation policy established in the 2020-2021 Qualified Allocation Plan (QAP).

Allocation Method

IHCDA will utilize a competitive application process, accepting all assisted living applications at once and funding the highest scoring applications based on the evaluation criteria in the 2020-2021 QAP and the additional assisted living evaluation criteria defined in this notice. IHCDA will not utilize set-asides in the assisted living round, and all applications will compete directly against each other.

Amount of Funding Available

IHCDA will dedicate up to \$105,000,000 in bond volume for this application round, with a maximum of \$35,000,000 per application. While there is not a specific limit on the amount of 4% LIHTC, awards will be based on a development's eligible basis. Development Fund Loans will be available as supplemental funding for this funding round in accordance with the Development Fund requirements found in Schedule J of the QAP.



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Lieutenant Governor
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Application Timeline

Each applicant must submit a complete application to IHCD as described in the 2020-2021 QAP, with a due date of March 1, 2021 by 5:00 p.m. Eastern Time.

Minimum Threshold Requirements

All minimum threshold requirements of the 2020-2021 QAP remain in place, with the following additions:

- Underwriting Requirements
 - The proposed operating budget must include a vacancy rate of 10-12%.
- Market Study Requirements
 - The market study must consider turnover rates for comparable properties.
- Geographic Limitations
 - Applications for developments in counties or primary market areas that have already received a tax credit award for a development with affordable assisted living units are ineligible in this funding round. The following counties are currently ineligible: Allen, Bartholomew, Boone, Clark, Delaware, Elkhart, Floyd, Grant, Hamilton, Hendricks, Howard, Lake, LaPorte, Madison, Marion, Monroe, Porter, St. Joseph, Tippecanoe, Vanderburgh, Vigo, and Warrick. This list of geographic limitations will be reevaluated for future funding rounds.

Additional Evaluation Criteria

The following criteria has been created in consultation with FSSA Division on Aging:

- Mix of assisted living and independent living
 - 4 points: The development contains a mix of assisted living units and independent living units, with at least 50% of the total units in the development as independent living units; OR
 - 2 points: The development contains a mix of assisted living units and independent living units, with at least 25% of the total units in the development as independent living units.
- Inclusion of private pay
 - 4 points: The development contains a mix of private pay assisted living units and Medicaid assisted living units, with at least 30% of the assisted living units as private pay assisted living units; OR
 - 2 points: The development contains a mix of private pay assisted living units and Medicaid assisted living units, with at least 15% of the assisted living units as private pay assisted living units.
- Bonus points for applications receiving points in both of the above categories
 - 3 bonus points: Application scores all 8 points in the above two scoring categories (must get points in each category); OR
 - 2 bonus points: Application scores at least 6 points in the above two scoring categories (must get points in each category); OR
 - 1 bonus point: Application scores at least 4 points in the above two scoring categories (must get points in each category).
- Waiver-certified adult day center

- 6 points: The development contains a waiver-certified adult day center that provides services separate from the assisted living services. The adult day center must serve clients regardless of whether they are residents of the development. Residents of independent living units are eligible for adult day services; however, residents of assisted living units are not.

Review Process

IHCDA will utilize the threshold review procedures established in the 2020-2021 QAP, including Part 6.5(I) and the 9% disqualification standard described in Part 5.7.

IHCDA will utilize the evaluation criteria of the 2020-2021 QAP and the additional assisted living evaluation criteria defined in this notice. IHCDA will release a preliminary score sheet to each applicant. The purpose of releasing the preliminary score sheet is to allow applicants an opportunity to provide feedback as to where supporting documentation might be located within the application file or provide clarification. The preliminary score sheet will not contain the points awarded under the “Unique Features” scoring category; points for this section will be released at the end of the round in the Final Score Sheet.

Applicants will have three days to respond to the preliminary score sheet. The response must be in writing and address only the discrepancies between the self-score and IHCDA score. Applicants are prohibited from providing additional documentation, requesting further clarification or guidance regarding the score sheet, or contacting any IHCDA employee including any Analyst, Specialist, Underwriter, Manager, Director, Executive Director, or Board Member.

Award Announcement

IHCDA plans to announce awards at the June 2021 IHCDA Board Meeting.

IHCDA will maintain a waitlist of the next highest scoring applications that are not recommended for funding so that those applications can be funded in the event that additional bond volume is available to dedicate to affordable assisted living.