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To: Real Estate Department Partners

Notice: **RED-20-33**

From: Real Estate Department

Date: June 18, 2020

Re: **Affordable Assisted Living Bond / 4% LIHTC Applications**  
**\*DRAFT POLICY\***

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IHCDA is introducing a new allocation policy for developers seeking multifamily tax-exempt bonds and 4% LIHTC to finance developments with affordable assisted living units. This is an amendment to the allocation policy as established in the 2020-2021 Qualified Allocation Plan (QAP).

Written public comments will be accepted until 5:00 p.m. Eastern Time on July 2, 2020. All comments must be submitted via e-mail to Alan Rakowski at [arakowski@ihcda.in.gov](mailto:arakowski@ihcda.in.gov). After the public comment period, IHCDA will release a final policy and all changes will be effective immediately.

### **Background**

On January 31, 2020, IHCDA 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.

### **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. 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. IHCDA supplemental resources, including HOME and Development Fund, will not be available for this funding round.



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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 January 11, 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 Requirements/Restrictions: The following requirements have been drafted in consultation with FSSA Division of Aging.
  - The development must contain a mix of assisted living units and independent living units. At least 50% of the total units in the development must be independent living.
  - The development must contain a mix of private pay assisted living units and Medicaid assisted living units. At least 30% of the assisted living units must be private pay.

Example: A proposed development contains 120 units.

The application proposes 60 units of independent living and 60 units of assisted living. Of the 60 assisted living units, 42 are Medicaid and 18 are private pay. This application meets the requirements outlined in this policy.

- The development must contain 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.
- Construction of memory care units and skilled nursing units cannot be financed using tax-exempt bonds or 4% LIHTC, and such units cannot be considered as qualified low-income units.

**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. 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 April 2021 IHCDA Board Meeting.