



Part 1: Application Process

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.

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. Demonstrate capacity and readiness to proceed;
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 design 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), Veteran-Owned Small Business (VOSB), and/or Service-Disabled Veteran Owned Small Business (SDVOSB) contractors, and development team members.

This Policy remains effective starting from Program Year 2023, until it is revised.

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

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

The following documentation must be submitted through IHCDA's OneDrive site:

- One completed copy in both Excel and PDF of the HOME application form.
- One completed copy in Excel of the HOME Homebuyer Pro-forma (please note that one-proforma per unit is required to be submitted).
- CHDO Application Workbook and supporting documentation (if applying for CHDO Certification)
- 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 (in PDF format)

Faxed or hardcopy applications will not be accepted.

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.
- Applicants must notify the Real Estate Department Coordinator when they have uploaded documents to OneDrive, including documents for CHDO certification. Failure to notify IHCDCA when documentation is uploaded may result in delayed review or disqualification of the application.
- Applicants should notify the Real Estate Department Coordinator to add or change information for the contract person for communications regarding its application.

All applicants must retain a copy of their 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 IHCDCA.

1.6 Application Review

Each application must address only one development or phase. 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 7. After initial threshold review, IHCDCA staff may contact an applicant to request clarification of threshold information contained in the pending application. The applicant will have the opportunity to respond. 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 After initial score review, IHCDCA 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.





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. IHCDA will hold the allocation of funding for Homebuyer aside for two programs; if funds in a Program Year 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.

IHCDA will inform the Applicant when the Application has been confirmed on the IHCDA Board of Directors Board Agenda; if approved, IHCDA will inform the Applicant of the approved award. 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.

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 50 points to be considered for funding.

1.9 IHCDA HOME & HTF Program Manual

The IHCDA HOME and HTF Program Manual outlines the requirements for administering IHCDA's HOME and HTF awards. A complete copy of the Program Manual and all exhibits is available on IHCDA's [compliance webpage](#). IHCDA's HOME Homebuyer Closing Manual located on the [HOME webpage](#), outlines the requirement for unit closing and unit completion requirements.

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 [environmental review webpage](#). 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 federal regulations, underwriting as outlined in Section 7 the total HOME award above the maximum specified in this policy, or scoring. IHCDA may consider waivers, which are identified under this policy. Waiver requests to IHCDA's HOME Homebuyer Application Policy must be submitted in writing at least 30 days before the submission of the complete application. Waivers must be submitted to the Director of Real Estate Strategic Initiatives and Engagement. IHCDA will respond in writing to approve or deny each waiver requested. IHCDA will not approve a waiver to any federal regulation.





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	Hammond	Muncie
Evansville	Indianapolis/Marion County*	South Bend Consortium**
Fort Wayne	Lake County	
Gary	Lafayette 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 qualifying participating jurisdictions are as follows:

Anderson	East Chicago	Terre Haute
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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 5.5, and CHDO Predevelopment Loans, as described in Section 5.6.

IHCDA may, at its discretion, require CHDOs 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 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.

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

Additionally, IHCDA does not fund requests from:

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

2.4 Religious and Faith-Based Organizations

- *Equal treatment of program participants and program beneficiaries.* (1) *Program participants.* Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the HOME program. Neither the Federal Government nor a State or local government receiving funds under the HOME program shall discriminate against an organization on the basis of the organization's religious character or affiliation. Recipients and subrecipients of program funds shall not, in providing program assistance, discriminate against a program participant or prospective program participant on the basis of religion or religious belief.
- *Beneficiaries.* In providing services supported in whole or in part with federal financial assistance, and in their outreach activities related to such services, program participants shall not discriminate against current or prospective program beneficiaries on the basis of religion, a religious belief, a refusal to hold a religious belief, or a refusal to attend or participate in a religious practice.
- *Separation of explicitly religious activities.* Recipients and subrecipients of HOME program funds that engage in explicitly religious activities, including activities that involve overt religious content such as worship, religious instruction, or proselytization, must perform such activities and offer such services outside of programs that are supported with federal financial assistance separately, in time or location, from the programs or services funded under this part, and





participation in any such explicitly religious activities must be voluntary for the program beneficiaries of the HUD-funded programs or services.

- Religious identity.** A faith-based organization that is a recipient or subrecipient of HOME program funds is eligible to use such funds as provided under the regulations of this part without impairing its independence, autonomy, expression of religious beliefs, or religious character. Such organization will retain its independence from Federal, State, and local government, and may continue to carry out its mission, including the definition, development, practice, and expression of its religious beliefs, provided that it does not use direct program funds to support or engage in any explicitly religious activities, including activities that involve overt religious content, such as worship, religious instruction, or proselytization, or any manner prohibited by law. Among other things, faith-based organizations may use space in their facilities to provide program-funded services, without removing or altering religious art, icons, scriptures, or other religious symbols. In addition, a HOME program-funded religious organization retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.
- Alternative provider.** If a program participant or prospective program participant of the HOME program supported by HUD objects to the religious character of an organization that provides services under the program, that organization shall, within a 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 housing for homebuyer activities. A property must either be a single-family unit, duplex, triplex, townhome, or a building with no more than 4 units.

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 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, 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;
- 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;
- Land contracts and contracts for deed;
- Any other activity not specifically listed as an eligible activity in Section 3.1 above.

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 the [IHCDA Compliance website](#).

- Recipients must comply with all regulatory requirements listed in [24 CFR Part 92](#).

Applicants should familiarize themselves with IHCDA's 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.
 - The award recipient must submit a household's complete income verification to IHCD A for review and approval prior to executing any contract or purchase agreement. A contract or purchase agreement cannot be executed until IHCD A has signed off that the household is income eligible. While conducting an income review, the IHCD A compliance auditor will also ensure the household is an eligible homeowner. The complete income verification must be submitted at least 30 days before closing and before the HOME Homebuyer Written agreement is signed by the homebuyer.

- **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 IHCD A 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. IHCD A may Tier the ERR.
 - To complete the forms and the Release of Funds process, refer to the ERR Guidebook found at IHCD A's ERR webpage.
 - As part of the Section 106 Historic Review process, IHCD A 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 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 new construction assisted units must be inspected three times during the award period. The first inspection will occur after excavation of foots and footing concrete is poured; the second inspection will occur any time before the completion of the wall insulation and hanging of dry wall; and the last inspection will occur when 100% of the construction has been completed, including landscaping and site work and prior to move-in.
 - Inspection 1: the grantee must reach out to the Lead Grant Manager to notify when the footer will be completed. If IHCDA's third-party Inspector is unable to schedule the first inspection, the grantee may elect to use their City Inspector or another Qualified Inspector that meets the requirements as noted in the HOME & HTF Manual. Once the inspection has been completed, the *IHCDA Footer Inspection Certification Form* will need to be signed and submitted to the Lead





Grant Manager. If the City Inspector is unable to sign the IHCDA form, they may submit their own documentation to IHCDA for approval; the IHCDA form would still need to be signed by both the contractor and property owner.

- Inspection 2: IHCDA will require the *IHCDA Framing Inspection Certification Form* to be submitted to the Lead Grant Manager. IHCDA's third-party contractor will be required to inspect before drywall is installed.
- Inspection 3: Once the project is complete, the City Inspector, or Qualified Inspector will sign the *IHCDA Final Inspection Certification Form*. IHCDA's third-party will then conduct the final inspection.
- All IHCDA rehabilitated-assisted units must be inspected three times: first, IHCDA will inspect and confirm the cost estimates as provided in the application prior to Board approval (please note that IHCDA may require changes to cost-estimates and the pro-forma based on the inspection); the second 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 final inspection will be conducted upon completion of construction by unit for the award.
- The first inspection must be completed by either IHCDA or its third-party inspector per 92.251(b)(3).
- Please note that grantees must reach out to the Lead Manager to schedule the final inspection on the unit within 30 days of receiving the certificate of occupancy.
- Final inspections will also include a review of Universal Design Features, and any Green Building Techniques and Design Features as stated in the application for funding.
- If electing HERS for points, the grantee must also provide a certified HERS rating inspection to the Lead Grant Manager.
- 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 HOME & HTF Program Manual and within the match workbook.
 - Specific to the HOME Homebuyer program, as noted in 24 CFR 92.221(d) on match credit for the development of affordable homeownership housing for sale to homebuyers: contributions to the development of homeownership housing may be credited as match only to the extent that the development costs exceed the fair market





value of housing, then the contribution may be credited to the extent that the contribution enable the housing to be sold for less than the cost of development.

- Any development sources (e.g. construction loan, developer working capital/equity) that get repaid from proceeds may not be counted as match.
 - If any contribution becomes a part of the buyer's first mortgage, or part of sales proceeds, it cannot be counted as match.
 - Any funds allocated to the development subsidy or appraisal gap, may be counted as match.
 - Any buyer's first mortgage (from a nonfederal source) qualifies as a below-market interested rate (BMIR), then the present value of that below market interest rate can be counted as match. Habitat Affiliates are strongly encouraged to include this as a match source.
- All required match must be committed by the time closeout documentation is submitted.
- **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 7 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 (defined as the final inspection conducted) 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.

- **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.
-



Part 4: Homebuyer Subsidies, Resale & Recapture Requirements

4.1 Homebuyer Subsidies

The HOME program has two subsidies: the Development Gap Subsidy and the Direct Subsidy.

Development Gap Subsidy: In the event the total development costs exceed the appraised value, the housing unit may not sell for more than the appraised value. The difference between the total development costs and the appraised value is the development gap subsidy. This may also be called the “appraisal gap”.

Direct Subsidy: The total amount of funding that enables the homebuyer to purchase the dwelling is considered the direct subsidy or the “affordability gap”. Direct subsidy under this policy is defined as down payment assistance and closing cost assistance.

Projects may also necessitate the need for **Interim Construction Financing**. This is a 0% Loan from IHCDA to the Developer to cover capital cost gaps for homebuyer projects; this can be used when the Developer does not have enough sources to cover the projects. HOME regulations require the proceeds upon sale to be repaid to IHCDA; this is not a permanent contribution to the housing. Interim Construction Financing is the difference between the Total Development Costs and (Development Subsidy + Buyer Subsidy + Costs paid from Sales proceeds).

IHCDA will determine if Interim Construction Financing is needed during the application review.

4.2 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 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 to IHCDA and approved, final monitoring completed and any findings or concerns resolved, and all funds 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

4.3 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 is 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 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.

More information on the requirements of Annual Recertification may be found in the HOME Homebuyer Closing Manual.

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](#).

4.4 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 IHCD 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 IHCD’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.





4.5 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%

$(\$5,000 + \$9,000) \times 3.5\% = \$490$ 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 driveway, 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 5: Community Housing Development Organizations (CHDOs)

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

Organizations that are certified as CHDOs are eligible to request CHDO Operating and Predevelopment funds. CHDO may also retain CHDO proceeds.

5.1 IHCDA CHDO Set-Aside

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

5.2 CHDO Eligible Activities

Under this policy, 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.

5.3 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's CHDO website](#). The CHDO application must be submitted at the same time as submittal of the HOME application.
- 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.

5.4 CHDO Proceeds

CHDOs either receiving loan repayments back from homebuyers during the affordability period or CHDOs who have proceeds from the sale of unit may retain these funds at IHCDA's discretion.

The funds must be utilized for housing activities that benefit low-income families as provided in 24 CFR 92.300(a)(2); households must have incomes at or below 80% of the Area Median Income. Examples of affordable housing activities which may be funded with CHDO Proceeds include: emergency repairs,





project operating costs and reserve, housing refinancing costs, Developer’s operating expenses, and housing counseling.

CHDO Proceeds which are retained by the Developer are not subject to the requirements of the HOME regulations except for the income requirements under 92.300(a)(6)(ii)(A). Thus, the Davis-Bacon Act, National Environmental Policies Act and Uniform Relocation Assistance and Real Property Acquisition Policies Act do not apply to the use of CHDO Proceeds.

However, because CHDO Proceeds are derived from the expenditure of HOME funds, any activities which are funded with CHDO Proceeds may not be contributed as HOME Match.

Funds generated from the use of CHDO Proceeds are not CHDO Proceeds. CHDO Proceeds are governed by the Developer Written Agreement for the project that created them.

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.

IHCDA will not allow CHDOs to retain proceeds on units that place a third lien of the property with a payable note that takes the place for needed additional subsidy that could have been negated with HOME homebuyer subsidy funding (up to \$60,000).

CHDOs must submit their CHDO Reuse Plan to IHCDA which will outline the CHDO’s intent on how to utilize the CHDO Proceeds. Further instruction on this may be found in the HOME Homebuyer Closing Manual.

5.5 CHDO Operating Supplement

A CHDO may apply for a CHDO Operating award in an amount not to exceed \$50,000¹ along with their capital funding request in a HOME homebuyer funding application. However, a CHDO may not receive more than \$50,000 in CHDO Operating funds for new projects within one program year.

Eligible CHDO Operating 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

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





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

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

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

5.6 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.

Information and details on how to apply for CHDO Predevelopment and Seed Money Loans may be found on the [CHDO Webpage](#).

5.7 CHDO Certification

Non-Profits that wish to certify as a CHDO must submit their full CHDO application. Details on the required application and documentation can be found on the [IHCDA CHDO webpage](#). IHCDA will not certify a CHDO outside of a request for HOME construction funding.

If the CHDO was certified within six months of the application submission, through either another HOME Homebuyer application or HOME rental application, IHCDA, at its discretion, may not require a full CHDO certification. The CHDO must provide a letter from the Executive Director, or Board Chair, stating that there been no changes that would disqualify the previous certiation. If there have been changes, the letter must document those changes, and applicable documentation must be submitted.





Part 6: Budget Subsidy Limitations & Eligible Activity Costs

6.1 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 \$60,000 or \$50,000/unit dependent on the AMI of the household.
- IHCDA will allow for a buyer subsidy of up to \$60,000 for those households who income qualify at closing at or below 50% of the Area Median Income. Buyers above 50% of the Area Median Income may qualify for a buyer subsidy of up to \$50,000. Please note that every household will be individually underwritten, and IHCDA will not provide more buyer subsidy than needed.

6.2 Form of Assistance

HOME funds will be awarded to the recipient in the form of a grant or loan. Please note awards as a grant may still require repayment of Interim Construction Financing as proceeds. 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 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.

6.3 Eligible Activity Costs

The bolded items listed below are included in the application budget.

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.

CONSTRUCTION CONTINGENCY: Developers must incorporate a 5-7.5% construction contingency for new construction projects and 7.5-10% contingency for rehabilitation projects. Construction contingency is designed to help developers pay for unforeseen cost overages. If the amount budgeted for construction contingency on a unit is insufficient to meet the cost overage, the developer must then use their developer fee to meet these costs.

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. Please note that the 15% cap is per unit under the HOME Homebuyer program.

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 on [IHCDA’s ERR webpage](#).

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 Construction Manager as Constructor (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, soft costs may be used to pay off a HOME CHDO Predevelopment or CHDO Seed Money loan.

Eligible costs include:

- | | |
|---|---|
| • Appraisals | • Legal and accounting fees |
| • Builders risk insurance | • Other professional services |
| • Building permits | • Phase I Environmental Assessments |
| • Client in-take / Income verification | • Plans, specifications, work write-ups |
| • Closing costs paid on behalf of homebuyer | • Private lender origination fees |
| • Consultant fees | • Realtor fees |
| • Cost estimates | • Recording fees |
| • Credit reports | • Title Searches |
| • Demolition permits | • Travel to and from the site |
| • Engineering/Architectural Plans | • Lead hazard testing |
| • Impact fees | • Utilities of assisted units |
| • Inspections | |

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 \$5,000 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.

Deobligation - IHCDA reserves the right to deobligate funds if funds are not committed and/or expended and construction completed by the date referenced in the award agreement, or if the project substantially changes after the funding commitment. IHCDA will periodically review the administrator's progress toward the timely expenditure; if IHCDA determines that the project is no longer feasible or is not progressing timely so that the deadlines will be met, funds may be deobligated.

6.4 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





Part 7 : Homebuyer Requirements

7.1 Eligible Beneficiaries

Each household must have an annual gross 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 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 \$5,000 of the award per unit; this 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

7.2 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 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.
- Each hallway on the first floor has a width of at least 36 inches and is level, with ramped or beveled changes at each door threshold.
- Each bathroom on the first floor is reinforced for potential installation of grab bars and,





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- Each electrical plug or receptacle is at least 15 inches above the floor.

7.3 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.

7.4 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 pro-forma 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.

Applicants must include the "as-is" appraised value of the property as part of TDC, and to include that cost under the acquisition section. If the homebuyer has donated the property, the as-is appraised value cannot be counted toward TDC.

Total Development Cost (TDC) will be calculated; the Development Subsidy, or the difference between the projected Sales Price at Appraised/Market Value will also be calculated. IHCDA will compare the development budget to the construction costs estimates submitted.

The applicant must also include the proposed amount of HOME to be used as construction costs under the "HOME Request" column. Please note that this amount should match the same amount as listed as "Total Public Investment" under the Development Sources section.

All costs listed under TDC and in the construction cost estimates are subject to the 2 CFR 200 Cost Principles; all costs will be evaluated to ensure reasonableness, and to ensure costs are necessary, allocable and documentable. All uses must be documented during the construction process.

The applicant must project the anticipated sales price. The applicant may submit an Appraisal (After-Development Value) – if this is submitted with application, no additional appraisal will be required at closing and the unit may sell at this price. An applicant may also provide comps to justify the proposed sales price. IHCDA may allow for a Broker's Opinion on a case-by-case basis, but will not accept either a Broker's Opinion or Comps on a proposed project with more than four units. Please note that if comps are used (or a Broker's Opinion), a final appraisal must be submitted as part of the final underwriting prior to sale.





Under **Buyer's Analysis**, the applicant will estimate the amount of "buyer subsidy" projected for the proposed unit. Please note these are projections and may change upon the Final Underwriting, prior to closing.

- *Closing costs/prepays*: The applicant must identify the estimated closing costs or pre-pays 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). LTV cannot be below 80%, unless required by a primary lender. IHCDA may allow for an LTV to be below 80% on a case-by-case basis at final underwriting based on the back-end ratio, percentage of the buyer cash investment and the remaining assets.
- *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, unless the primary loan is a USDA loan.
- *Total Monthly Escrow (Taxes, Insurance, Utilities 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. Applicants may include utilities based on documentation submitted to IHCDA or the Utility Allowance model.

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) and utilities 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 \$60,000 if the proposed buyer is at or below 50% AMI, or \$50,000 if the proposed buyer is above 50% AMI.

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 IHCD'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.

IHCD 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. Please note that documentation of sources must be included with the application.

- **Other Grants (applied to Dev. Subsidy):** The applicant should identify the amount of other grant applied to the Development Subsidy, if applicable. Examples of other grants to be provided to apply to the Development Subsidy, include: donations, discounts, waived fees, volunteer labor, philanthropic support, public funding and some cash donations. Sources identified as "other grants" must be applied to the development subsidy and will reduce the amount of the development subsidy needed.
- **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 any additional construction period financing (interim) from HOME needed.

Any additional construction period financing needed is considered program proceeds – organizations certified as CHDOs may retain those proceeds, per the CHDO Reuse Agreement. Organizations not certified as CHDOs must repay that interim financing after closing.

If the sales prices exceeds the TDC, or if other grants fully fund the Development Subsidy, then the project will not be eligible for funding for the Development Subsidy. The proforma will either show \$0, or a show a negative amount under the Development Subsidy cell. The application will be considered for Interim Construction Financing (which may be subject to repayment, dependent upon if the organization is a certified CHDO) and buyer subsidy. Please note that an application for only buyer subsidy is not eligible under this policy.

The total public invested needed is then calculated - the amount of HOME funding requested under the **Development Budget** must not exceed this amount.





7.5 Underwriting Standards – Closing

Prior to closing, the HOME Administrator must re-submit the HOME Homebuyer Pro-forma, with the Closing Tab Completed. The HOME Homebuyer Unit Closing Manual provides more guidance on the closing underwriting standards.

Sales Prices at Appraised/Market Value: The HOME administrator should identify the final Sales Price at Appraised/Market Value. This must come from an appraisal.

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. This may include the cost of volunteer labor, donated materials, and the appraised value of donated property. Documentation must be included for all uses (either through the construction cost estimate or letters of donation as examples).

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. Information will be reviewed against the final Closing Disclosure.

- *Closing costs/prepays:* The HOME administrator must identify the final closing costs or pre-paid 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. Amounts put into escrow can be counted in this section.
- *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. If there is a second mortgage, please contact IHCDA for inclusion of that second mortgage in the proforma.
- *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. Documentation will be required to be submitted prior to closing approval.
- *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 unless the mortgage is a USDA 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.
- *Utilities:* projected utility costs for the household would be included in this cell.
- *Total Escrow with Utilities (monthly):* this cell will calculate the amount of Escrow in the Closing Disclosure and Mortgage plus the proposed monthly utilities.
- *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)(I), 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.
 - 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. The Pro-Forma must show that there are financial resources of at least two times the total monthly housing expense, including principal, interest, taxes, and insurance (**Total Pmt**); this





demonstrates there are sufficient cash reserves post-closing on the HOME-assisted unit. 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. IHCDA will allow the applicant to submit their own Liquid Assets policy to IHCDA for approval.

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.

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.

Development Sources will calculate the total development costs, costs paid from sales proceeds, the development period costs, and the gross development subsidy. The administrator must identify other grants, any equity to be repaid from proceeds, construction loans and other sources of financing. If any changes to the capital stack occurred from the initial approved commitment tab, the administrator must provide documentation of sources.

Under the "HOME Actually Drawn" cell, the administrator must include the total HOME awarded (less any deobligation) for the housing unit. This includes any development fee not yet claimed from IHCDA.

The Balance/Gap should be \$0.

The Summary of the HOME Investment will calculate how the HOME investment was used – including the Development Subsidy, the HOME Buyer Assistance (pass-through) and any HOME Interim Construction Loan. Please note the use of the HOME Interim Construction loan is considered proceeds and is subject to either repayment as Program Income to IHCDA, or is defined as CHDO Proceeds, subject to the Reuse Agreement.

7.6 Lending Standards

IHCDA is required to review each primary mortgage to ensure the loan is sustainable to the low-income population to be served. 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 private mortgage (first and second if applicable) to ensure the loan is sustainable to the low-income population to be served.

The Primary loan must be a "Qualified Mortgage" (QM) under the requirements of the Consumer protection Financial Bureau (CFPB) outlined at 12 CFR 1026.43(e). Qualified Mortgages, limit total points and leader fees to reasonable levels. Qualified Mortgages also strictly limit pre-payment penalties and contain may other features intended to protect consumers.

There are exemptions from the QM standards for certain non-profits (including Habitat for Humanity) and Community Development Financial Institutions (CDFIs), and USDA Section 502 Direct Loans.



If the private mortgages contain terms and conditions that are predatory or harmful to the homebuyer, the homebuyer will not be eligible to receive funds from IHCDA. 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. IHCDA may allow waivers on a case-by-case basis.
- 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 mortgage must also not contain any right of first refusal – only the Participating Jurisdiction is permitted to hold any right of first refusal. When sold, the unit must be sold in fee simple.

Lenders are also not permitted to charge fees for HOME funding.

The Developer must also include a contingency within the sales contract with their prospective buyer that IHCDA must approve the buyer and the level of assistance.

The primary mortgage must be submitted to IHCDA three weeks prior to closing for final approval. If the Developer is unable to submit the primary mortgage to IHCDA, a closing disclosure may be submitted; however, the Developer must submit the primary mortgage prior to the final submission of the post-closing documents.

7.7 Homebuyer Counseling

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 receive 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. HUD retains a list of eligible Housing



Counseling Agencies. Indiana-based agencies can be found [here](#). HUD also retains a list of national agencies who provide housing counseling located [here](#).

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 pre-purchase counseling as eligible under this policy; homeowners may also take post-purchase counseling in addition to pre-purchase counseling. 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. 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 HOME administrator may elect to provide additional Housing Counseling which is allowable. Please note however, that the homebuyer must also complete the required HUD Housing Counseling. Housing Counseling may be included as part of soft costs, and donated counseling may be counted as HOME Match.



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

7.7 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 as part of the threshold requirements. Please see Section 7.4 for other options on appraisals.

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 releases the limits annually. Please contact your regional analyst if you have questions regarding the limit or are unable to access the limits. The limits may 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.

7.8 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.



7.9 Closing on HOME-Assisted Unit.

Please see the IHCDA HOME Homebuyer Closing Manual for more information on closing requirements and timelines.

7.10 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 8: Lease Purchase Requirements

Lease-Purchase is a transitional option between rental and homeownership; lease-purchase programs assist households with preparing for homeownership. Additional goals of the lease-purchase program include:

- Serving buyers who may require more intensive support;
- Expanding the potential market for homes; and
- Assisting buyers to build equity on the HOME-assisted unit.

Applicants may propose a lease-purchase project under this policy. Applicants must apply under the IHCDA HOME Homebuyer Policy and not the IHCDA HOME Rental Policy.

Please note that requirements specified in previous sections are still requirement under Lease-Purchase proposals.

8.1. HOME requirements

Lease purchase activities are covered under the 24 CFR 92.254(a)(7) and are defined as a Homebuyer activities.

Regulations covered under 92.252 pertaining to (but not limited to) Low/High-HOME rents, utility allowance, annual income verifications, lease provisions do not apply to lease-purchase programs.

Applicants must submit the full application, and pro-forma. Additional items required specific to Lease-Purchase are outlined in Section 9: Threshold.

8.2 Applicant Eligibility Requirements

Applicants must have previous experience with both IHCDA Rental and IHCDA Homebuyer policies to be considered for a lease-purchase program. Applicants must currently own at least one IHCDA HOME Rental project and be in compliance with all requirements through the Annual Owner Certification and triennial file audits and inspections.

The applicant must further demonstrate capacity to both provide housing counseling and other applicable financial empowerment services to eligible households. Applicants may provide these services or submit documentation of partnerships with other entities who will providing these services to lease-purchase residents.

8.3 Ineligible lease-purchase activities

Neither land contracts, nor contract for sale transactions are permitted under this policy.

The following project types are ineligible to apply under this policy:

- Rental Housing Tax Credit projects



- Projects previously assisted with HOME funds under the HOME Rental program still within their period of affordability. If a tenant wishes to purchase their HOME-assisted unit still within the period of affordability please have the current owner contact IHCDA.

8.4 Lease-Purchase Provisions and Completion Deadlines

Eligibility must be determined at the time at time of entering into lease-purchase agreement. The household must be at or below 80% of the Area Median Income using the HUD Part 5 requirements, as outlined under Section 3. Income may increase during the lease period – the buyer will remain eligible regardless of the income increase at time of closing.

The lease-purchase agreement must be signed within nine months of construction completion. If the agreement is not signed, the unit will automatically convert to rental and will be required to follow all HOME rental requirements for the duration of the HOME rental affordability period.

Applicants will have no more than two years to complete construction and sign the lease-purchase agreement. The lease-purchase agreement must be for at least six months, but no more than 12 months. The applicant may request to extend the lease purchase agreement to an additional six months (18 months in total).

If construction is completed under two years, the applicant may request an additional extension on the lease-purchase agreement. Please note that the HOME regulations require that a lease-purchase agreement not exceed a total of 36 months.

The project must be fully closed within four years of the HOME construction contract with IHCDA so applicants must be aware of the above required timelines to ensure compliance with the HOME regulatory requirements. Failure to transfer the property to a buyer may either require the unit or units to automatically become rental units which would then require all requirements under the HOME Rental regulations be followed (including but not limited to rental and income requirements and the rental period of affordability) or, that the entirety of the award be repaid to IHCDA and the project be considered a failed project.

8.5 Additional Beneficiary Eligibility Requirements

Applicants must establish a separate lease-purchase policy which outlines the requirements of the beneficiary. The policy must be submitted to IHCDA with the application for HOME funding for approval. The policy must include:

- Minimum incomes of the household to be eligible (cannot exceed 80% of the Area Median Income);
- Rental history;
- Lessor maintenance requirements.

The applicant's policy must also explain how the owner will help identify lenders who can provide purchase money mortgages to the beneficiary.



The policy must further define the roadmap from lease to sale of the unit. It must include benchmarks the household would be required to achieve prior to closing and outline the circumstances in which the lease may not be renewed. IHCDA strongly recommends that households who are not able to purchase within the HOME deadline not be subject to eviction but instead moved to another unit within the Applicant's portfolio or be given sufficient time and additional support to find another rental unit.

The lease-purchase agreement and any subsequent renewals may be tied to ongoing housing counseling and case management. This must be included in the policy.

8.6 Additional Underwriting Criteria

Lease-purchase units under this policy are not subject to HOME Rental limits nor utility allowances. The applicant should identify the rent to be set for the unit during the lease-purchase agreement term.

While IHCDA does not require the set rent to be above or below the anticipated mortgage payment, IHCDA does recommend rent be set above the anticipated mortgage payment. Applicants should also take into account the internal management costs, maintenance, and taxes while the property is a rental.

A minimum of 10% of the rent paid should be put into a separate account to be used toward the downpayment for the unit.



Part 9: 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 the completeness and threshold requirements listed below.

9.1 Completeness Requirements

- 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.

9.2 Threshold Requirements

Completeness	Location
<i>Application and Supporting Documents</i> <ul style="list-style-type: none"> • 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 OneDrive Site. 	Uploaded to OneDrive site
Threshold	Location
<i>SAM Registration</i> <ul style="list-style-type: none"> • Submit a copy of the applicant’s System of Award Management (SAM) registration. https://www.sam.gov/portal/SAM/#1 	Tab A_SAM Registration
<i>Unique Entity Identifier</i> <ul style="list-style-type: none"> • The applicant must have an active Unique Entity Identifier (UEI) to be considered for HOME funding. 	Application
<i>Debarment Information</i> <ul style="list-style-type: none"> • All entities identified in the application must not be on a federal debarment list, IHCDA’s suspension or debarment list, or in default on an IHCDA loan. • Applicant must agree not to select any contractors or subcontractors on the federal debarment list or IHCDA’s suspension or debarment list 	Application



<p><i>Architect License</i></p> <ul style="list-style-type: none"> If the Development Team includes an architect, provide the license number for the individual identified in the Development Team section of the HOME Application Form. If the architect is licensed via reciprocity, please identify the state in which the architect’s license was issued. 	<p>Application</p>
<p><i>Application Submission Resolution</i></p> <ul style="list-style-type: none"> All nonprofit applicants must submit a resolution approved by the applicant’s Board of Directors authorizing the submission of an application for funding to IHCDA. Applicants must submit: <ul style="list-style-type: none"> One HOME Application Submission Resolution signed by the applicant’s Board of Directors (found in the HOME Application Additional Documents Folder) <p>If the applicant is a unit of local government, please contact IHCDA for a copy of the required application Resolution.</p>	<p>Tab B_Resolution</p>
<p><i>Grievance Procedures</i></p> <ul style="list-style-type: none"> 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. Please note that the grievance procedures must be specific to homebuyers. 	<p>Tab C_Grievance Procedures</p>
<p><i>Market Need</i></p> <ul style="list-style-type: none"> 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. 	<p>Tab D_Market Need, Application</p>
<p><i>Home-Assisted Households at or Below 80% AMI</i></p> <ul style="list-style-type: none"> Commit to assisting households at or below 80% of the area median income for the county. 	<p>Application</p>
<p><i>Not-for-Profit Applicant Documentation (if applicable)</i></p> <ul style="list-style-type: none"> 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. 	<p>Tab E_Not-for-Profit</p>
<p><i>Audited Financial Statements</i></p> <ul style="list-style-type: none"> Submit the most recent copy of the applicant’s audited financial statements. If the organization is not required to have an audited financial statement, submit a compilation report prepared by a third party OR the organization’s most current year-end financials. 	<p>Tab F_Capacity</p>
<p><i>Current Year-to-Date Financials</i></p> <ul style="list-style-type: none"> Submit current year-to-date financials for the applicant. This should include the balance sheet and income statement. 	<p>Tab F_Capacity</p>



<p><i>Homebuyer Proforma</i></p> <ul style="list-style-type: none"> • 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. <p>Completion of homebuyer counseling is not required at time of application.</p> <p>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.</p>	<p>Tab G_Pro-Forma</p>
<p><i>Previous HUD or USDA-RD Funding</i></p> <ul style="list-style-type: none"> • If development received funding directly from HUD or Rural Development, the applicant must send a notification letter to the appropriate HUD or Rural Development Office and provide proof of sending. 	<p>Tab H_Notifications</p>
<p><i>Administrator Documentation (if applicable)</i></p> <ul style="list-style-type: none"> • If the applicant has hired an administrator, provide documentation demonstrating that the administrator has been properly procured using the Competitive Negotiation Procedure (RFP). <ul style="list-style-type: none"> • Submit a copy of the Request for Proposals (RFP). • Submit the published advertisement for the RFP that was placed in a general circulation newspaper. <p>Submit a copy of the signed contract between applicant and administrator.</p>	<p>Tab I_Administrator</p>
<p><i>Site Map and Photos</i></p> <ul style="list-style-type: none"> • Submit a clear, colored, site map • Submit clear, colored site photos. 	<p>Tab J_Site Map</p>
<p><i>Title Search</i></p> <ul style="list-style-type: none"> • Submit evidence of clear title with a title insurance commitment, title search documentation, or an attorney’s opinion letter. 	<p>Tab K_Readiness</p>
<p><i>Construction Cost Estimate</i></p> <ul style="list-style-type: none"> • Submit detailed construction cost estimate for the development. Please include this for the project, and for each proposed unit. • If the construction cost estimate was not put together by an engineer or contractor, please provide information as to how the estimates were generated. 	<p>Tab K_Readiness</p>



<p><i>Site Control</i></p> <ul style="list-style-type: none"> • Submit either a purchase option or purchase agreement that expires no less than 30 days subsequent to the award announcement date or an executed and recorded deed 	<p>Tab K_Readiness</p>
<p><i>Site Plans</i></p> <ul style="list-style-type: none"> • Submit basic site plans that show how the development is to be built, including: <ul style="list-style-type: none"> ○ Any significant demolition ○ Any existing buildings ○ The placement and orientation of new and existing buildings, parking areas, sidewalks, and any amenities ○ Location and size of any proposed commercial areas ○ Scaled drawing elevations for all building types. Exception: Rehabilitation projects may instead submit renderings or photographs if they are accompanied by an architect’s certification that elevations will not change. 	<p>Tab K_Readiness</p>
<p><i>Unit and floor Plans</i></p> <ul style="list-style-type: none"> • Submit unit plans that include the square footage for each type of unit. • Unit and floor plans may not be handwritten. • For Habitat Affiliates: If the specific unit and floor plan are not finalized, the applicant may provide a variety of plans. 	<p>Tab K_Readiness</p>
<p><i>Appraisals</i></p> <ul style="list-style-type: none"> • Applicants must submit two appraisals (unless submitted an “After-Development Appraisal” with application). The appraisals must be a fair market appraisal (completed by an Indiana qualified appraiser). • The first 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. IHCDA may allow an estimate of this value by the local tax assessor based on comparable properties in the same neighborhood. This must be complete within the six months prior to application. • The second appraisal must be an “After-Development Value” appraisal. This may be submitted with the application, or as part of the close-out packet. If submitted with the application, no further appraisal must be conducted. • 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 from the as-is appraisal. 	<p>Tab K_Readiness</p>



<p><i>Zoning Approval</i> Provide a letter no older than six months from the appropriate, authorized government official (e.g., zoning commission) that certifies the current zoning allows for construction and operation of the proposed development and lists any required variances that have been approved.</p>	<p>Tab K_Readiness</p>
<p><i>Development Fund</i></p> <ul style="list-style-type: none"> • Developments requesting a Development Fund loan must designate at least 50% of the Development Fund-assisted units for households at or below 50% AMI with the remaining Development Fund-assisted units designated for households at or below 80% AMI. 	<p>Application</p>
<p><i>Environmental Review and Flood Map</i></p> <ul style="list-style-type: none"> • Submit completed environmental review forms. Instructions and forms can be found in the ERR 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. 	<p>Tab L_Environmental Review</p>
<p><i>Letters of Commitment</i></p> <ul style="list-style-type: none"> • Submit signed letters of commitment, or agreements for all funding sources with funding terms and amounts. This includes Deferred Developer Fee. • IHCDA can accept conditional agreements and letters, pending approval from IHCDA’s HOME funding. • All letters must be signed by the highest official, on letterhead and in PDF format. 	<p>Tab M_Financial Commitments</p>
<p><i>Funding Committed Prior to Application</i></p> <ul style="list-style-type: none"> • All other development funding, including AHP funds, must be committed prior to submitting an application for HOME funding to IHCDA. Please complete the sources and uses tab in the application. <p>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.</p>	<p>Tab M_Financial Commitments</p>



<p><i>CHDO Applicants Proposing Projects in Selected Participating Jurisdictions</i></p> <ul style="list-style-type: none"> • If a CHDO is proposing a project located in a selected participating jurisdiction as described in Section 2.2, submit a preliminary commitment of HOME funds from the participating jurisdiction for the project for which the applicant is applying for IHCD funding. 	<p>Tab M_Financial Commitments</p>
<p><i>CHDO Operating Supplement</i></p> <ul style="list-style-type: none"> • If applying for a CHDO Operating Supplement, fill out Section F of the Sources and Uses tab and the CHDO Operating Supplement tab in the Application Forms. 	<p>Application</p>
<p><i>Match Requirement</i></p> <ul style="list-style-type: none"> • Match must be committed prior to submitting an application for HOME funding to IHCD. ○ Submit the relevant sections of the Match Spreadsheet. ○ Submit letters of commitment for each source of Match. 	<p>Tab M_Financial Commitments</p>
<p><i>Universal Design Features</i></p> <ul style="list-style-type: none"> • Applicants must adopt a minimum of two universal design features from each section listed on the Universal Design Features Form. The Universal Design Features Form can be found using the “Additional Forms” link on the IHCD HOME Program website. • 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. 	<p>Application</p>
<p><i>CHDO Operating Supplement</i></p> <ul style="list-style-type: none"> • 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 5.5 of this policy. 	<p>Tab O_CHDO, Application</p>
<p><i>Homebuyer Counseling</i></p> <ul style="list-style-type: none"> • 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. 	<p>Tab P_Homebuyer Counseling</p>



<p><i>Displacement</i></p> <ul style="list-style-type: none"> • 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-Displacement Assessment; D4-Displacement Plan and D5-Displacement Affidavit). 	<p>Tab Q_ Displacement, Application</p>
<p><i>Visitability Mandate</i></p> <ul style="list-style-type: none"> • Any development involving the new construction of single-family homes, duplexes, triplexes, or townhomes must meet the visitability mandate as specified under Section 7.2. <p>Visitability is defined as design concepts that allow persons with mobility impairments to enter and stay, but not necessarily live, in a residence.</p>	<p>Application</p>
<p><i>Meaningful Access for Limited English Proficient Persons</i></p> <ul style="list-style-type: none"> • 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. 	<p>Application</p>
<p><i>Lease Purchase</i></p> <p>If proposing a lease-purchase program, the following documentation must be included:</p> <ul style="list-style-type: none"> • Documentation of housing counseling services or financial empowerment services to be made available to the potential homebuyer • Lease-Purchase Policy • Draft Lease-Purchase Agreement • Timeline to sell unit within the federal timeframe 	<p>Tab S_Lease-Purchase</p>



Part 10: Scoring

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

Scoring Category	Points Possible
Development Characteristics	26
Development Features	32
Readiness	8
Capacity	21
Leveraging of Other Sources	7
Bonus	5
Total Possible Points	99

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.

10.1 Development Characteristics **Category Maximum Points Possible: 24**

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
- Survivors 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 10,000 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 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 a map in **Tab R_Project Characteristics** including:

- For single sites: A mile radius drawn from the project location with transit stations or bus stop locations labeled
 - For scattered sites: A mile radius drawn from each bus stop or transit station with all qualifying scattered sites labeled
 - For point-to-point transportation: Documentation that the point-to-point transportation is provided by a public or not-for-profit organization and is available to all residents
- **Unemployment Rate** (2 points): Points will be awarded to developments located within a county that has an unemployment rate below the state average ([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 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 10 employers. County employer data can be found at <http://www.hoosierdata.in.gov/buslookup/BusLookup.aspx>. For scattered site development, 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 R - Project Characteristics**:

- i. For single sites: A five-mile radius drawn from the project location with the location of qualifying employers labeled
 - ii. 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 at



<https://www.census.gov/quickfacts/fact/table/US/PST045221>. For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.

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

FFIEC Income Level	Points
Upper	2
Middle	1
Moderate	.5
Low	0

3) *Health and Quality of Life Factors*

Maximum Number of Points: 10

Applicants may earn up to 6 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.
- **Life Expectancy** (2 points): Points will be awarded to developments located within a census tract that has a life expectancy above the State average of 77.4 years based on the [Centers for Disease Control and Prevention \(CDC\)](#).
- **Fresh Produce** (2 points): Points will be awarded to applicants proposing developments located within two miles 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 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 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	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.



4). *Post-Purchase Counseling*

Maximum Number of Points: 2

Two points will be awarded for applicants who elect to ensure the homebuyer receives post-purchase counseling in addition to pre-purchase counseling. Documentation of the post-purchase counseling must be provided at time of closeout.

10.2 Development Features

Category Maximum Points Possible: 30

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 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.

2) *Provision of Additional Bedrooms*

Maximum Number of Points: 5

Points will be awarded to developments where at least 50% of the HOME assisted units contain three or more bedrooms.

Provision of Additional Bedrooms	Points
50% or more units contain 4 or more bedrooms	5
50% or more units contain 3 or more bedrooms	3

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.



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) *HERS Rating*

Maximum Number of Points: 5

Points will be awarded where at least 50% of units meet a HERS rating of 65 or lower. Administrators will be required to provide a Certified HERS report with closeout.

HERS Rating	Points
50% or more units have HERS rating at 55 or lower	5
50% or more units have HERS rating at 65 or lower	3

5) *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 at time of inspection.. The applicant will be awarded points as follows:

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

6) 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
Ultra low flow toilets (1.20 or less 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



10.3 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 <i>Submit a copy of the assessment report.</i>	1
Lead Testing <i>Submit a copy of the assessment report.</i>	1
Appraisal <i>Provide an appraisal that is no older than 6 months.</i>	1
Preliminary Design Plans <i>Provide electronic copies of architectural and/or engineering plans.</i>	1
Property Survey <i>Provide an electronic copy of the property survey.</i>	1
Structural Needs Report <i>Provide a copy of the report performed by a licensed professional.</i>	1
CHDO Predevelopment Loan <i>Applicants that fully utilized a CHDO Predevelopment Loan for the current HOME application are eligible for one point.</i> <ul style="list-style-type: none"> •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



<p>Comprehensive Community Plan <i>Provide a copy of ONE plan for each jurisdiction that meets all of the following criteria:</i></p> <ul style="list-style-type: none"> • <i>Specific references to the creation of or need for housing</i> • <i>Dated, updated, or amended within 10 years prior to the application deadline date</i> • <i>Public participation and narrative about efforts leading to the creation of the plan</i> • <i>A target area map with the proposed development sites labeled</i> • <i>Resolution showing adoption by the highest local unit of government</i> 	<p>2</p>
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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), collectively XBEs.

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

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

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
WBE	Indiana Department of Administration	http://www.in.gov/idoa/2352.htm
DBE	Indiana Department of Transportation	https://www.in.gov/indot/doing-business-with-indot/equity-initiative-services/DBE-directory/
VOSB	U.S. Department of Veterans Affairs	https://www.vetbiz.va.gov/
SDVOSB	U.S. Department of Veterans Affairs	https://www.vetbiz.va.gov/

10.4 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.

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

Points will be awarded for a member of the development team (as listed in the Development Team Member section of the HOME Homebuyer Application Form) 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
CHDO Executive Training (Must have graduated)	Indiana Housing and Community Development Authority
Housing Development/Rental Housing Development Finance Professional	National Development Council (NDC)
Certified Aging-in-Place Specialist	National Association of Home Builders (NAHB)/Indiana Builder's Association

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

Applicants with an IHCDA award monitored 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.

An applicant will be eligible for five points if their award had 0 findings.

An application will receive two points if either:

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

IHCDA will determine points based on the most recent HOME award to be closed out. IHCDA will review awards closed out within five years of the submission of the application.

3) *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) 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) completed by the award expiration date.	5

4) *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

IHCDA will first review the applicant or administrator’s most recent standalone HOME award that was inspected in the past five years.

If an application did not undergo an interim inspection per IHCDA policy on a previous award, they will not be eligible for points under this category.

5) *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.

6) *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.



10.5 Leveraging of Other Sources

Category Maximum Points Possible: 7

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 IHEDA 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

CHDOs using CHDO Proceeds as part of the project financing will be eligible for one additional point. Please note that CHDO Proceeds are ineligible as match.

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.
- Donated Property – Land and building values must be supported by an independent, third-party appraisal. The value counted as leverage is the difference between the appraised value and the purchase price. 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.

9.6 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 Drive site); 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 11: 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 8.2 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 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 $\frac{3}{4}$ 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.
- Each hallway on the first floor has a width of at least 36 inches and is level, with ramped or beveled changes at each door threshold.
- Each bathroom on the first floor is reinforced for potential installation of grab bars.
- Each electrical panel or breaker box located inside on first floor, light switch, or thermostat is not higher than 48 inches above the floor, and,
- Each electrical plug or receptacle is at least 15 inches above the floor.



Part 12: Development Fund

12.1 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](#).

12.2 How to Apply

Development Fund awards are approved through the IHCD Development Fund Application or in conjunction with LIHTC applications through the Qualified Allocation Plan (“QAP”) or HOME applications through the HOME 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.

12.3 Eligible Applicants

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

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

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

12.4 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.**

12.5 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.

12.6 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.

12.7 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.**

12.8 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.

12.9 Loan Terms

The base interest rate for loans is 1.5%.

12.10 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.

12.11 Income Restrictions

All Development Fund-assisted units in residential developments must be income 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.

12.12 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.