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HUD PRO Housing NOFO Application

Indiana Housing and Community Development Authority

Exhibit A Executive Summary

Indiana Housing and Community Development Authority

Recognizing the acute need for affordable housing across the state of Indiana, the Indiana Housing and Community Development Authority (IHCDA) has developed a strategy to deploy PRO Housing Funds to expand successful programs and demonstrate new ones build a stronger housing ecosystem to deliver affordable housing in high need areas across the state.

The state of Indiana suffers a severe deficit of affordable housing for low-income households. This is primarily reflected in three ways:
1. **Many communities across the state lack affordable rental housing. While the State has produced subsidized affordable housing, there has been an overall loss of Naturally Occurring Affordable Housing in Indiana.** There was a 72,000-unit decline in units renting below $600 and 62,000-unit decline in units renting below $800 over the last decade statewide (ACS, US Census).
2. **Recent housing production has been insufficient to address statewide need.** Of the state's 270 priority geographies, 251 (93%) are considered priority geographies because housing production has not kept pace with population growth.
3. **Several sub-populations face more severe need than the population as a whole.** Non-white households, single parent households and youth transitioning out of foster care face acute housing need in Indiana. This is particularly true for renters; White and Hispanic households both face cost burden rates close to the average for renters overall (40.1% and 44%, respectively), but senior, Black, and single-parent households have higher rates of 52.5%, 54.7%, and 65.5%, respectively. In 2022, among Indiana youth who were in the foster care system at 17, 23% had experienced homelessness by age 19 (Indiana National Youth In Transition Database, 2022).

There is acute need for affordable housing statewide, and the state faces many barriers to producing and preserving both market rate and affordable housing. Barriers to addressing these challenges include limited capacity of developers and municipalities to produce new housing, limited access to funding and financing, and land-use and regulatory barriers in stronger markets that limit the supply of new homes. The Indiana Housing and Community Development Authority (IHCDA) has identified these barriers and taken steps to address them.

To date, the state of Indiana has identified, addressed, mitigated, or removed barriers to affordable housing production and preservation in three primary ways:
1. **By investing in programs that increase the capacity for development;**
2. **By facilitating funding and financing for development projects; and**
3. **By introducing programming to stabilize property values in Indiana communities.**

Soundness of Approach
IHCDA's vision is to nurture an ecosystem of pro-housing communities and pro-affordable housing developers that can point to a set of demonstration projects, enabling increased support from private financing sources for affordable housing production and preservation. In the long run, communities and developers will adapt and improve upon these initial efforts, and their success will serve as an example for communities across Indiana to emulate.

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IHCDA's proposed activities aim to increase affordable housing production and preservation across the state of Indiana through the following efforts:

1. **Fostering pro-housing communities that understand their housing needs and the effective policies and practices that can meet them;**
2. **Fostering pro-affordable housing developers that understand how to create affordable housing and are committed to building it;**
3. **Bringing pro-housing communities and pro-affordable housing developers together to undertake projects and build a stronger housing ecosystem.**

IHCDA's proposal has a statewide focus. Many previous efforts, particularly resources for emerging developers, have been concentrated in Marion County and there is a need to expand throughout the state. IHCDA recognizes the importance of the preservation and creation of housing units in high-opportunity areas, and will also prioritize areas identified by IHCDA's existing Opportunity Index.

In these target locations, selected based on both need and opportunity, IHCDA's proposed efforts will have two primary effects. In areas with weak underlying housing markets, the tools and coaching that expand municipal and developer understanding of missing-middle opportunities (which can support affordability in markets where multifamily development is infeasible), as well as loan guarantees and demonstration funding, will bolster the development of new affordable units that may not otherwise have been feasible.

In areas with strong existing housing markets-- frequently areas of opportunity that may have exclusionary housing policy-- improved developer capacity to navigate exclusionary markets and access financing, as well as improved municipal understanding of missing-middle opportunities, will support increased development of much needed affordable housing. Furthermore, demonstration funding programs for high-need populations including single-parents and foster youths will prioritize development in areas of opportunity.

Budget and Timelines
The following budget is proposed to support the initiatives outlined in this proposal. It is assumed that funding will be awarded in 2024 and that expenditure will begin in FY 2025, granting up to five years of programming operation until the expenditure deadline at the end of FY 2029.

Program	Timing	Budget
Emerging Developer Program	Years 1-5	$182,250
University Partnership for Housing Planning	Years 1-5	$1,666,550
Dashboard Expansion	Years 1-2	$687,500
Demonstration Funding	Years 1-5	$6,432,250
Total		**$8,968,550**

Capacity
In order to staff the proposed programming, IHCDA plans to use a combination of current staff members, new hires, contractors and staff from partner entities. IHCDA is deeply experienced in managing partnerships, deploying funding and convening players to build the housing

ecosystem. The University Partnership Program will include oversight and operational support from IHCDA staff in addition to several staff members from each partner university. Samantha Spergel, Director of Real Estate Strategic Initiatives and Engagement, will represent IHCDA.

The Emerging Developer Program will be overseen by Sibghat Sheikh, Real Estate Investment Underwriter. Sheikh will be joined by staff members from IHCDA's partners at Martindale Brightwood CDC, Cinnaire, Jumpstart, and Prosperity Indiana. The Indiana Housing Dashboard Expansion will be performed in collaboration with HR&A Advisors, who developed the first and second Indiana State Housing Dashboards. The funding and financing activities supported by this program will be overseen by Sibghat Sheikh, Real Estate Investment Underwriter, who will collaborate with partner lenders.

Leverage
In addition to PRO Housing Funds, IHCDA plans to leverage both state funding commitments and additional partner contributions.

State Funding Commitments:
The State will contribute leverage funding for the two additions to the Indiana Housing Dashboard-- $4,000 for the gap funding calculator, and $10,000 for the homelessness module. In addition, the State will support the convening of network development events for the Emerging Developer Program.

Funding for emerging developers will leverage significant State resources, including the Indiana Housing and Community Development Fund, which gives loans or grants of up to $750,000 per project. The State expects to leverage $5 million in funding for this program.

Partner Funding Commitments:
Purdue University has committed to a non-monetary contribution of approximately $134,000 in staff time to the municipal capacity-building curriculum. In addition, IHCDA is currently pursuing contributions from Indiana CDFI's to the financing support of the Emerging Developer Program.

Impact

The result of these efforts will be an ecosystem of pro-housing municipalities and developers equipped with tools and funding to change land use, securing financing, and build new affordable housing for high need populations in Indiana. These activities will have measurable impact, including but not limited to:
- Over 15 municipalities with strategic housing plans and missing middle land use strategies, including a curriculum and template to expand this impact throughout the state
- Funding for over 20 new affordable housing development projects deployed over 5 years
- A new generation of emerging developers with technical training and access to capital.

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Exhibit B Threshold Requirements and Other Submission Requirements

Indiana Housing and Community Development Authority

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Exhibit C Need

Indiana Housing and Community
Development Authority

To date, the state of Indiana has identified, addressed, mitigated, or removed barriers to affordable housing production and preservation in three primary ways:

1. **By investing in programs that increase the capacity for development;**
2. **By facilitating funding and financing for development projects; and**
3. **By introducing programming to stabilize property values in Indiana communities.**

There is acute need for affordable housing statewide, and the state faces many barriers to producing and preserving both market rate and affordable housing. As described in Section iii, barriers to addressing these challenges include limited capacity of developers and municipalities to produce new housing, limited access to funding and financing, and land-use and regulatory barriers in stronger markets that limit the supply of new homes. The Indiana Housing and Community Development Authority (IHCDA) has identified these barriers and taken steps to address them. These initiatives are described in further detail below.

The Indiana Housing Dashboard

IHCDA created the Indiana Housing Dashboard as a tool to increase the capacity of municipalities, developers, and other parties interested in producing and preserving affordable housing in Indiana. Launched in 2021, the Dashboard provides municipalities across the state with information on housing needs and trends and addresses a key information gap for municipalities and policy-makers. Drawing from a range of data sources, the Dashboard can display county- or municipality-level statistics on population demographics, growth, income, poverty, housing supply, housing type, affordability, and much more.
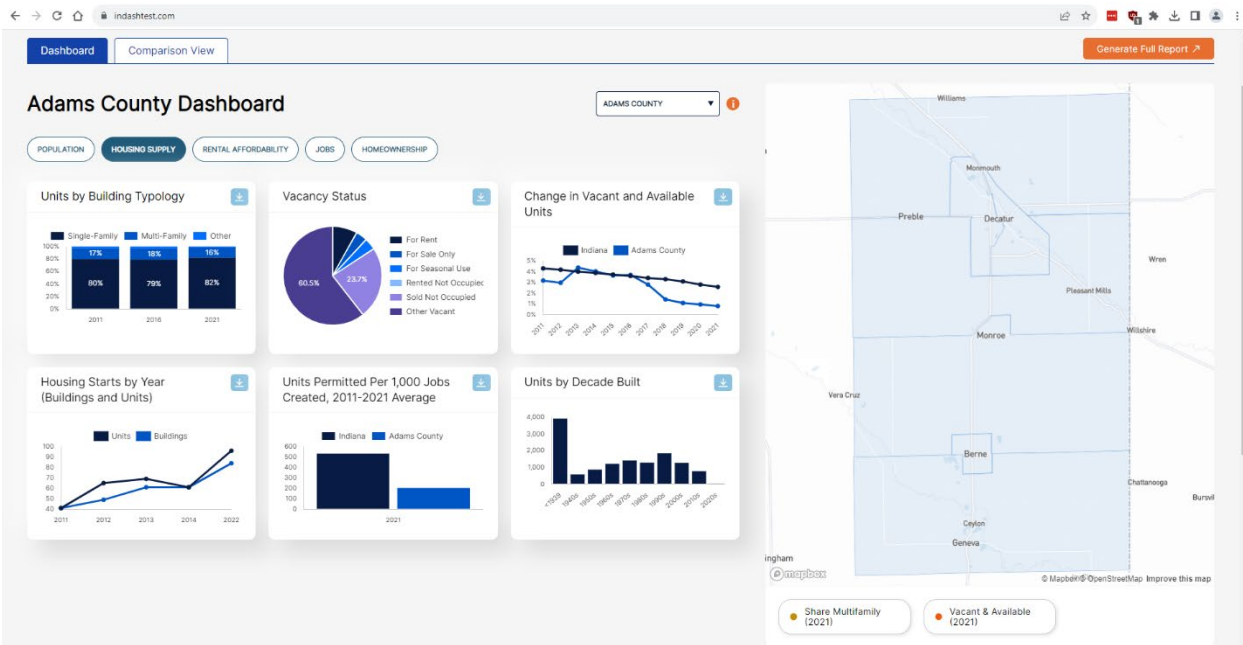
In response to the success of the Dashboard and use by housing stakeholders across the state, IHCDA developed and recently launched an expanded tool that includes digital resources for municipalities to support them in creating local housing plans. This expansion includes resources

for community engagement, tools for priority-setting, and a resource library to explore local policies and programs based on community priorities. Recently, the IHCDA launched a partnership with Purdue University, which will offer its resources to collaborate with municipalities to deploy the Dashboard and develop housing plans.

Emerging Developer Pilot Program

To begin to address the limited capacity and experience of emerging developers to navigate the development process and secure financing, IHCDA launched the Emerging Developer Pilot Program. This program is an opportunity for an emerging developer to reduce their costs and receive technical support to produce a development project that solves a community challenge in alignment with IHCDA's mission. An example of such a project may be an affordable housing development in a high-need area. Under the 2023-24 Qualified Allocation Plan, IHCDA designates 10% of its annual allocation of 9% tax credits for this program. In 2022, IHCDA issued an RFP for two emerging, first-time low-income housing tax credit (LIHTC) developers that are also XBE (that is, a Minority Business Enterprise [MBE], a Women Business Enterprise [WBE], a Veteran-Owned Small Business [VOSB], or a Service-Disabled Veteran-Owned Small Business [SDVOSB]). The program defined an "emerging, first-time LIHTC developer" as having never received an allocation of 4% or 9% tax credits. IHCDA asked applicants to provide a narrative that describes a community challenge and proposes a housing concept to address the challenge. The two awardees would receive the tax credits and then work with a LIHTC consultant to create their solution to the community challenge.

The Emerging Developer Pilot Program is a means by which emerging XBE developers can be discovered, encouraged, and trained, adding to the pool of high-quality developers with diverse backgrounds. Diverse development professionals will inject fresh ideas and new approaches into development, which will contribute to the production of unique, varied, cost-efficient, and high-quality affordable housing in the state. Further, supporting emerging developers will help the state's housing production to keep pace with the growing need for more affordable housing.

The two developers selected were Fred Yeakey of 2 Thirty-Eight Properties, LLC, and Devereaux Peters of The Monreaux, LLC. Fred Yeakey proposed the Marvetta and Anthony Grimes Family Center, a 36-unit and 84-bedroom recovery community that will include two-story residential buildings. This center, planned for Indianapolis, will serve families in which a parent is struggling with substance abuse and ensure such families can be together and housed. It will feature an on-site daycare center, medical offices, and supportive services spaces for the residents. Devereaux Peters proposed The Monreaux, a 66-unit, 81-bedroom residential development for South Bend. There is an ongoing project to revitalize downtown South Bend, but the city currently lacks availability of affordable housing. The Monreaux would be a mixed-use, mixed-income project that would develop a vacant lot, include ground-floor commercial space, and designate 50 of its 66 units for serving tenants earning from 30% to 80% of the area's average median income. The applications for both selected developers are under review, and awards are anticipated to be made in December 2023.

Residential Housing Infrastructure Assistance

In order to address prohibitive infrastructure costs, the State of Indiana passed House Bill 1005 which established the residential housing infrastructure assistance program and residential housing infrastructure assistance revolving fund. This legislation designates funding for municipalities to provide the infrastructure necessary for new housing development to occur. The cost of local infrastructure has grown faster than consumer inflation since 2020, adding another barrier to the development of housing projects. These measures will provide $75 million in revolving loans to finance streets, sidewalks, utility connections, and water systems that are necessary for housing development. With an aim of focusing on high-need areas, the program stipulates that 70% of the fund must go to municipalities with populations of less than 50,000. This is particularly important for spurring investment in weaker housing markets across the state.

Regional Economic Acceleration and Development Initiative (READI)

The READI program is an opportunity for regional communities across the state to receive funding for local development plans. These plans may involve direct investment into housing and infrastructure necessary for housing, or they may indirectly support the housing market by equipping the local labor force and otherwise strengthening local economies.

In 2021, the state launched READI to allocate $500 million to 17 regions that represent all of Indiana's 92 counties. In 2022, over 300 projects were proposed across the state with a focus on three areas: Quality of Life, Quality of Place, and Quality of Opportunity. Quality of Life projects directly impact residents' health and well-being. Quality of Opportunity investments work to catalyze the economy by enhancing job prospects and growing wages. Finally, Quality of Place investments focus on essential community infrastructure like housing availability and affordability, mixed-use development, blight remediation and redevelopment, and growth infrastructure investments like improving water, wastewater, utilities, and road systems. In 2022, 115 of the over 300 proposed projects were Quality of Place projects. In 2023, a follow-up allocation of another $500 million has been made to READI to build even further off the work supported by the initial funding.

The Blight Elimination Program

Indiana's Blight Elimination Program (BEP) works to stabilize property values by bolstering foreclosure prevention and eliminating blighted and vacant homes. The U.S. Treasury designed its Hardest Hit Fund (HHF) to give each participating state flexibility to tailor its funding to the unique factors contributing to its foreclosure problems. The state of Indiana had the highest percentage of abandoned foreclosed homes in the country with roughly 5,000 blighted homes throughout the state. This blight constitutes unlivable housing, takes up space where otherwise livable and affordable housing or other beneficial developments could be, and drives down the values of nearby properties. Ultimately, the BEP demolished 3,339 properties in the bottom 8% of Indiana's housing stock.

The BEP worked in six divisions which collectively encompassed 42 of Indiana's 92 counties. Nine of these counties were among the state's 10 most populous, and 11 of these 42 counties are

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considered priority geographies by HUD in 2023. According to the Sagamore Institute, the BEP had a positive impact in all six divisions that received its treatment, raising the quality of place in three of the six divisions and raising property values in four of the six divisions. Additionally, the mean sale price of a single-family home increased in all divisions, with increases ranging from 18% to 47.8%. Finally, single-family foreclosure sales within BEP treatment areas declined across all divisions, up to 56.2%.

Across all these programs, the state has invested in supporting municipalities' and developers' capacity to produce affordable housing; has invested funding into housing, infrastructure, or other beneficial projects; and has attempted to stabilize value and create opportunities for economic and community flourishing. These efforts have made progress in strengthening Indiana's diverse housing markets and building capacity for those who are positioned to deliver new housing; however, needs and barriers remain statewide.

Acute Demand

The state of Indiana suffers a severe deficit of affordable housing for low-income households. This is primarily reflected in three ways:

1. **Many communities across the state lack affordable rental housing;**
2. **Recent housing production has been insufficient to address statewide need; and**
3. **Several sub-populations face more severe need than the population as a whole.**

1. Lack of affordable rental housing.

About 30% of Indiana residents are renters (US Census), and these residents are more likely than homeowners to face affordable housing challenges. A rental housing gap considers all the renter households in an income cohort and all the units available to them if they were to spend a maximum of 30% of their income on housing. According to data from the 2021 American Community Survey (ACS), Indiana faces a rental unit affordability gap of about 130,000 units for households earning less than $35,000. Additionally, higher-earning households may compete for affordable housing with households earning less than $35,000, further exacerbating the availability problem. Figure 1 below shows the slight availability gap for households earning less than $35,000 and the much wider gap for households making less than $20,000.

Figure 1. Rental housing Gap: Demand and Supply 2021
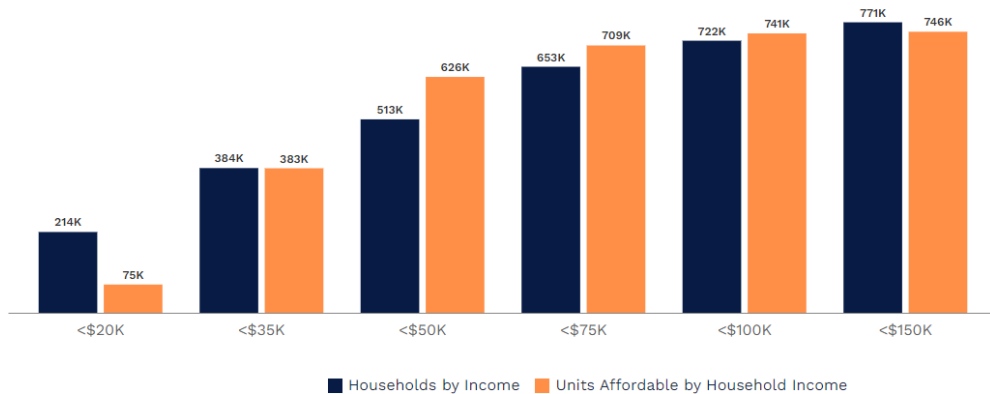
Source: American Community Survey (ACS)

Indiana has lost a significant number of affordable housing units since 2016, with a decline of 72,000 units renting below $600 and 62,000 units renting below $800 from 2016-2021 (ACS, US Census). In 2021, 66.8% of rental units were affordable to households earning less than 60% of AMI. Of these units, just 20.3% were deed-restricted. The remaining 79.7% were unrestricted, or Naturally Occurring Affordable Housing (NOAH), that are vulnerable to price increases due to the insufficient supply of new homes (PUMS, National Housing Preservation Database [NHPD]). Of the few deed-restricted units, only 19% were in high-opportunity areas in 2021 (ACS, NHPD). As a result of these compounding factors, many low-income households have no choice but to pay for housing that is too expensive, and, as a result, they become cost-burdened.

A household is considered cost-burdened if over 30% of its income goes to monthly housing costs, and it is considered severely cost-burdened if housing costs exceed 50% of its income. While only 15.6% of homeowning households are cost-burdened in Indiana, 43.4% of renter households are cost-burdened, with 20.4% spending 30-50% of their income on housing and 23% spending over 50% of their income on housing (Public Use Micro Data [PUMS], US Census). Map 1 below shows Indiana's distribution of cost-burdened renter households.
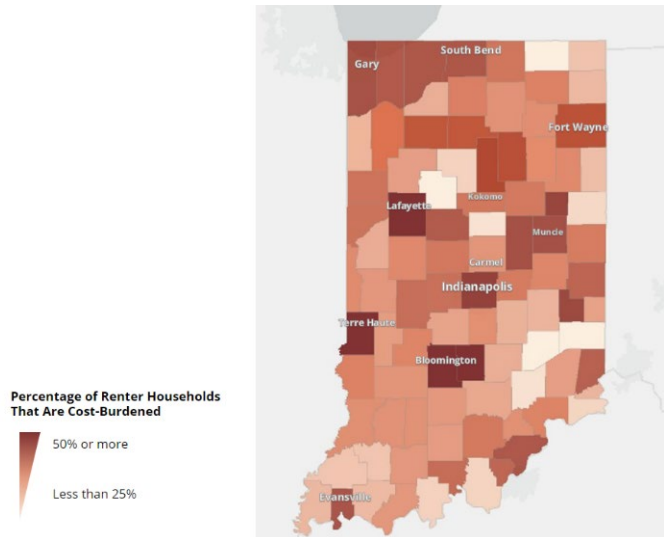

MAP 1. Distribution of Cost-Burdened Renter Households by County

Source: ACS 5-year estimate, 2021

2. Insufficient Housing Production

A county or place qualifies as a HUD priority geography according to three metrics: affordable housing not keeping pace, insufficient affordable housing, or widespread housing cost burden/substandard housing. Of Indiana's 771 geographic subdivisions, HUD identifies 270 (35%) as priority geographies on account of their significant need as measured by these three metrics. In Indiana, 25 out of 92 counties (27%) are priority geographies and 245 out of 679 places (36%) are priority geographies. Map 2 below illustrates these counties and places.
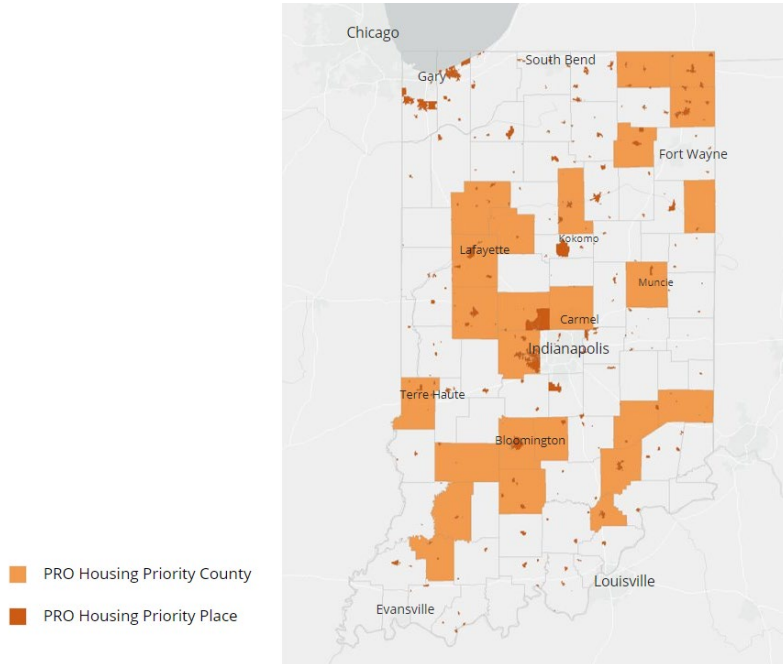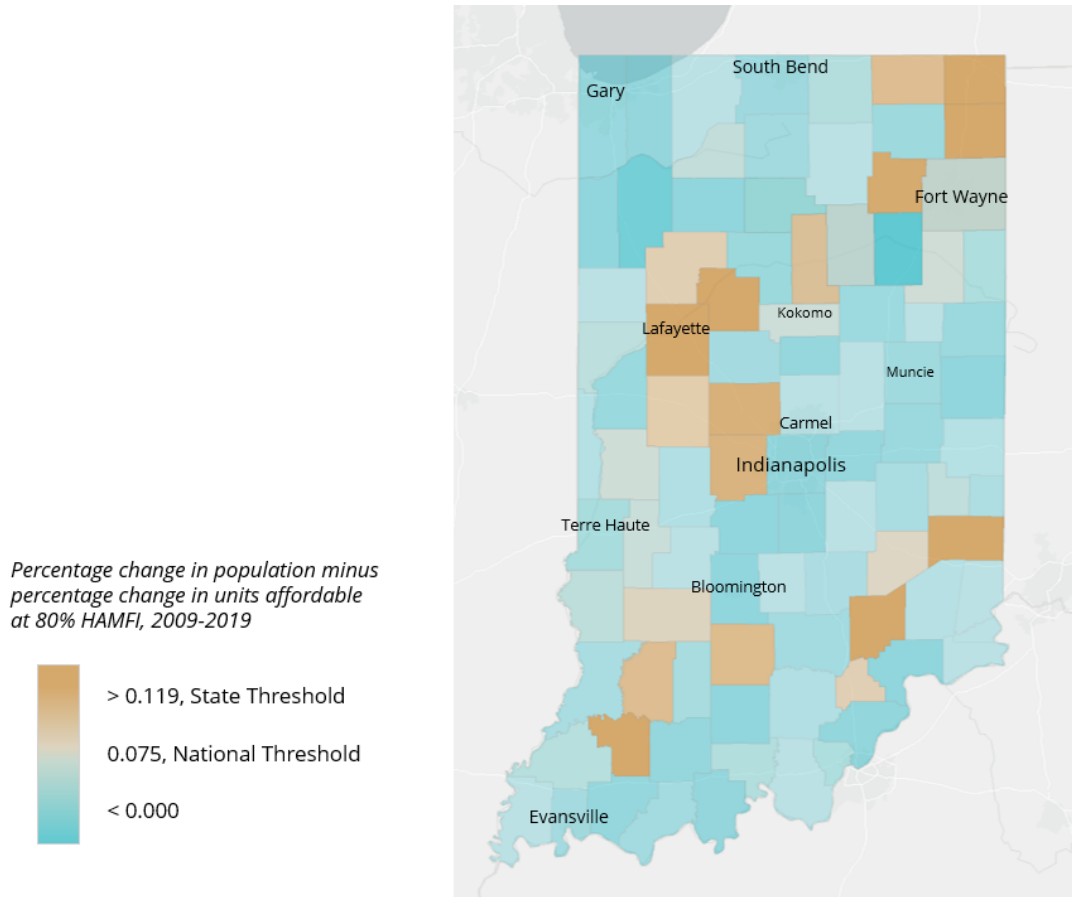

Map 2. HUD Priority Geographies in Indiana
Source: HUD

Of the state's 270 priority geographies, 251 (93%) are considered priority geographies because housing production has not kept pace with population growth. HUD's Offpace Factor measures the degree to which a geography's housing production lags behind national or state population growth. The average Offpace Factor for the state's 25 priority counties is 0.0777, a bit higher than the 0.0746 Offpace National Threshold for counties. Likewise, the average Offpace Factor for the state's 245 priority places is 0.2533 compared to the 0.1079 Offpace National Threshold for places. Map 3 below illustrates the Offpace Factor of all Indiana counties. Most counties are keeping pace with national growth, but several are outpaced by national population growth and some even lag behind the state Offpace Factor. Map 3 shows Indiana's 92 counties relative to state and national offpace factors.

MAP 3. Indiana Counties by HUD Offpace Factor

Percentage change in population minus percentage change in units affordable at 80% HAMFI, 2009-2019

> 0.119, State Threshold

0.075, National Threshold

< 0.000

HUD labels a county as a priority geography when its change in units affordable at 80% HUD Area Median Family Income (HAMFI) is less than its change in population, up to the national threshold. In Indiana,

Source: HUD

Housing production has also lagged job growth in Indiana. Between 2011 and 2021, 533 units were permitted per 1,000 jobs added in Indiana. This lags significantly behind the U.S. rate of 803 units per 1,000 jobs added and is about half of the rates of Indiana's neighboring Ohio, Illinois, and Kentucky, which recorded 1,053, 1,128, and 1,403 units permitted per 1,000 jobs added in 2021, respectively.

3. Several Sub-Populations Face Greater Need Than the Population as a Whole

Housing challenges occur statewide and impact many Indiana households. However, there are particular groups that disproportionately suffer from extreme housing cost burden, lack of access to affordable rental housing and homelessness.

Indiana's demographic context informs the need for affordable housing in the state and how it varies among different demographic groups and geographies. The total population of Indiana was 6,833,037 in 2022, and the poverty rate was 12.6% (compared to 11.5% nationally) (US Census). Statewide, 84% residents (or about 5.7 million) were White alone, while 10.3% (about

700,000) were Black, 2.8% were Asian, 2.4% were two or more races, and 0.4% were American Indian or Native Alaskan. Hispanic or Latino respondents of any race amounted to 7.9% (or 540,000) of the population.

Poverty

While the US Census indicates that 12.6% of Indiana residents live in poverty, these rates vary greatly by race, ethnicity, region, household structure, and disability. The 2017 Analysis of Impediments to Fair Housing Choice reports that 20% of Indianans with a disability lived in poverty in 2015, accounting for about 174,000 people struggling with both poverty and a disability. The Analysis of Impediments reports that most of Indiana's high poverty Census tracts are in urbanized areas, and most of these (62 out of 94) are also racially or ethnically concentrated (2017). Black and Hispanic/Latino residents make up a disproportionate number of impoverished residents, representing 9% and 6%, respectively, of the state population in 2010 but 17% and 11%, respectively, of its impoverished population. Finally, 41% of percent of single-mother households lived below the poverty level in 2010.

Homelessness

Homelessness is particularly marked in the Indianapolis area and broader Marion County. In August 2020, the Indiana University Public Policy Institute published its report, "Homelessness in Indianapolis: 2020 Marion County Point-in-Time Count." The point-in-time count found that 4,037 Indiana residents were homeless in January of 2020. Of this total, a plurality (1,588) were in Marion County, and 186 of these were unsheltered. Finally, 26% of unhoused individuals reported that they had spent time in foster care, reflective of a broader national correlation between homelessness and spending time in the foster care system. In 2022, among Indiana youth who were in the foster care system at 17, 23% had experienced homelessness by age 19 (Indiana National Youth In Transition Database, 2022).

Homeownership

A majority of the state's households (70%) own their home; however, homeownership varies by race, ethnicity, and household structure. White households own their home at a rate of 75%, while Asian, Hispanic, and Black households own their homes at rates of just 56%, 57%, and 38%, respectively (ACS, US Census). Unsurprisingly, income is also heavily correlated with homeownership. It should be noted that most housing units in Indiana are single-family housing units, and that these tend to be more expensive than multi-family units of various sizes. Providing affordable missing-middle housing of small and medium-sized multifamily units is a solution that may increase the accessibility of homeownership.
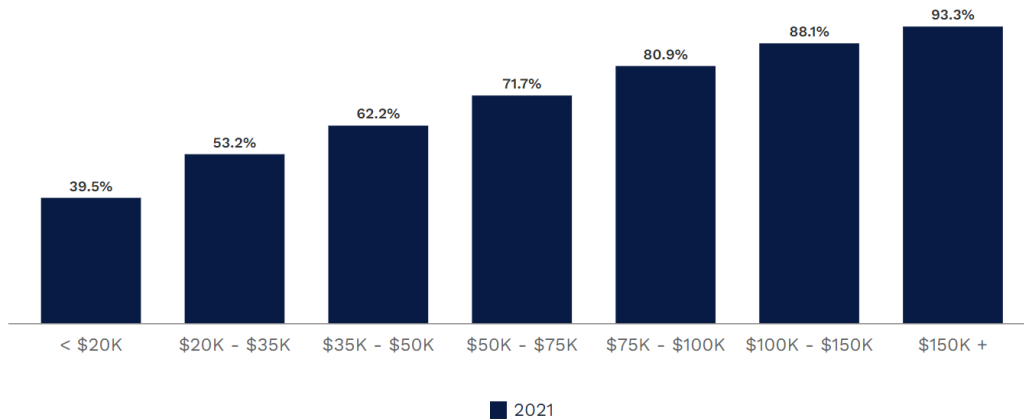
Figure 2. Homeownership by Race/Ethnicity
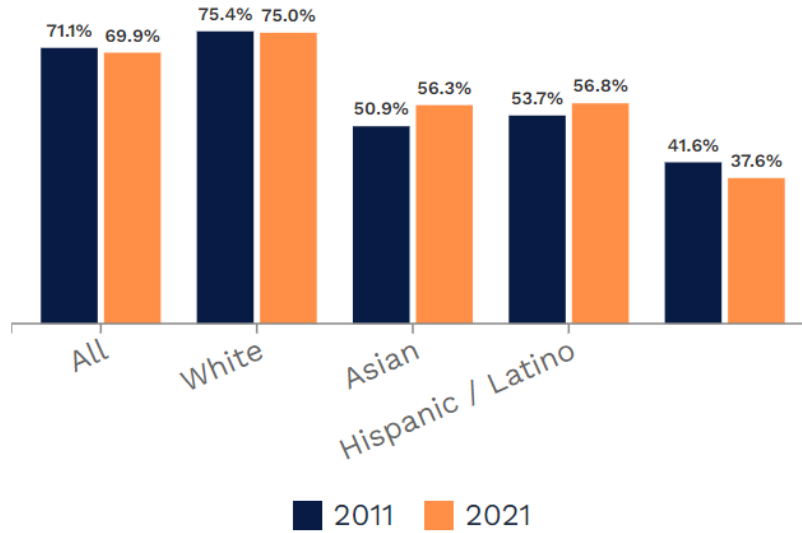
Source: ACS, US Census

Figure 3. Homeownership by Income

Source: ACS, US Census

Cost Burden

Both homeowners and renters in Indiana face cost-burden, though at different rates. Renters have less income on average than homeowners and face greater cost burdens. As mentioned above, while 15.6% of Indiana homeowners are cost-burdened (a non-insignificant 10.9% of the state population), 43.4% of Indiana renters are cost burdened (13.1% of the state population) (PUMS, US Census). These figures vary greatly by income level. Despite the fact that homeowners are less cost-burdened on average than renters, 76% of owner households making less than $20K are cost burdened, and 41% of those making between $20-35K are cost burdened (PUMS, US Census).

Race, ethnicity, and household structure are also correlated with cost-burden rates. Among homeowners, 36.6% of single-parent households and 26.1% of Black households are cost-burdened (PUMS). These rates are much worse for renters, however, where White and Hispanic households hover around the renter average (40.1% and 44%, respectively), but senior, Black, and single-parent households have higher rates of 52.5%, 54.7%, and 65.5%, respectively (PUMS).

The data demonstrates, unsurprisingly, that lower-income households are more likely to face cost-burden. However, this is a function not just of their having less income to spend on housing but also on their being less affordable housing available. The 72,000-unit decline of units renting below $600 and the 62,000-unit decline in units renting below $800 are two indicators of the steep losses in affordable housing that have occurred in the last decade (ACS, US Census). Additionally, not all Indiana residents are facing these challenges equally, as single-parent households and Black and Hispanic households face higher rates of poverty and cost-burden and lower rates of homeownership in a housing market that is difficult for everyone.

Key Barriers

The barriers Indiana faces to producing and preserving affordable housing fall into three general categories:

1. Municipalities and developers that lack the experience and resources to effectively identify needs and opportunities, navigate policy and regulation, and acquire funding to produce and preserve affordable housing;

2. Lack of financing and funding available for affordable housing development projects; and,

3. Land-use and regulatory barriers that limit the type of housing that can be built.

Capacity of Municipalities and Developers. Developing new housing—in particular subsidized affordable housing—can be a complex process for both regulators and developers to navigate. Affordable housing needs in a given area may be opaque without access to adequate data, and even then, the process of producing or preserving affordable housing in that area may be stymied by land-use regulations, bureaucratic red tape, inability to identify and access funding, lack of local infrastructure, and unfamiliarity with the process of converting vacant land into a particular housing type.

Many of Indiana's most needy regions are small towns and rural areas, many of which lack the capacity to adequately plan for housing and understand the town's role in working with developers. Small municipalities and developers alike may lack the capacity to identify high-need areas (areas where there is large demand for affordable housing) and high-potential areas (areas where there is established water, wastewater, road, and utilities infrastructure but not yet affordable housing) that can be good candidates for housing developments. And, after having identified such areas, municipalities and developers may lack the knowledge of how to execute an affordable housing development project. Municipalities may not know how to use municipal

financing tools to cover infrastructure costs, or they may lack awareness of how land-use regulation inhibits development. In small towns or rural areas, large, multi-family developments are often not effective. However, small-scale developers whose size would be proportional to the scale of work demanded may lack the skillset to plan for and execute small-scale multifamily or missing middle housing options, as opposed to single-family units which are the default in Indiana, despite being costlier to produce and, therefore, less affordable.

Lack of Funding and Financing. Affordable housing production and renewal of vacant lots are both limited by infrastructure costs and a gap in affordable housing funding, especially in weaker markets across the states. Rural communities in particular suffer from lack of funding. The infrastructure necessary for housing is less prevalent in these areas, requiring greater upfront costs to municipalities for development projects. And, even if infrastructure investment would be worth it in the long term because property tax revenue produced downstream would cover the investment costs, municipalities and developers that lack the ability to calculate such scenarios either seek funding elsewhere in vain or make no progress on local development. In more urban areas, the cost of addressing blighted buildings in high-need areas is another example of how affordable housing projects can take on greater relative costs, which impede their realization.

For emerging developers, the lack of experience or balance sheet is a major barrier to securing financing from lenders. Without access to capital, developers cannot act at all in weaker markets with affordable housing needs. Another barrier is the lack of successful comparable development projects in target areas. Without these, private investors are not willing to take on the risk.

Land Use and Other Regulation. Middle-density housing is the ideal type for new affordable housing development in Indiana. Large multi-family complexes are unnecessary in rural areas or small towns. On the other hand, single-family housing, which makes up 70% of Indiana's housing stock, is too expensive to be produced for low-income households. Despite these facts, land-use regulations prevent middle-density housing in many cases. In places where it is permitted, developers are less familiar with the typology.

In stronger, more urban markets, multi-family housing is a means to provide new housing and subsidized housing, but it is prohibited by land-use policies and exclusionary zoning. There are sites that can accommodate multi-family housing that would be strong candidates for LIHTC investment, but often these projects cannot move forward due to regulatory barriers.

Ultimately, the barriers to affordable housing outlined here compound to stymie development. Funding and financing is missing, but it could be available if policy changed or if a developer had the expertise to identify and acquire it. If public-private partnership was successfully navigated and developers and municipalities could identify high-need and high-priority areas, a successful affordable housing development could result, which would produce the confidence lenders need to finance more projects. As things stand, lack of capacity on the part of developers and municipalities impedes their ability to navigate the other barriers that prevent affordable housing production, and little progress can be made. The result is a disjointed housing ecosystem across the state in which efforts to strengthen markets and spur investment have limited impact.

Exhibit D Soundness of Approach

Indiana Housing and Community
Development Authority

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IHCDA's vision is to nurture an ecosystem of pro-housing communities and pro-affordable housing developers that can point to a set of demonstration projects, enabling increased support from private financing sources for affordable housing production and preservation. In the long run, communities and developers will adapt and improve upon these initial efforts, and their success will serve as an example for communities across Indiana to emulate.

IHCDA's proposed activities aim to increase affordable housing production and preservation across the state of Indiana through the following efforts:

1. **Fostering pro-housing communities that understand their housing needs and the effective policies and practices that can meet them;**

2. **Fostering pro-affordable housing developers that understand how to create affordable housing and are committed to building it;**

3. **Bringing pro-housing communities and pro-affordable housing developers together to undertake projects and build a stronger housing ecosystem.**

Fostering Pro-Housing Communities

While there is acknowledgment that more homes are needed in communities across Indiana, many Indiana local governments are stuck in a stance of creating policies to restrict or limit which homes can be built. Municipalities do not have examples of policies and practices that encourage housing. In many places, this is the result of a combination of factors: a lack of understanding of housing needs and who the housing market is not serving; limited capacity for the housing planning process to set community housing priorities; and limited understanding of the policies, regulations, and programs that go beyond removing barriers and cross over into being 'pro-housing' in the sense that they will actively encourage the development of homes, particularly those affordable to households earning less than 80% of AMI.

IHCDA has already undertaken significant efforts to encourage pro-housing communities through the development of the Indiana Housing Dashboard, as well as university partnerships deploying the Dashboard to build housing planning capabilities in under-resourced municipalities. Building on the success of these initiatives, IHCDA proposes to expand both the current university partnership and publicly available tools to support housing planning. Recognizing Indiana's need for housing that can support affordability in both strong and weak markets, this effort will particularly focus on encouraging missing-middle typologies.

University Partnerships

To foster pro-housing communities, IHCDA plans to extend its existing partnership with Indiana universities to work with under-resourced municipalities to develop and advance housing plans using the Indiana Housing Dashboard. IHCDA currently partners with Purdue University in this effort and may extend this partnership to Indiana University and Ball State as well.

The Indiana Housing Dashboard provides municipalities across the state with information about their housing needs and trends, in addition to digital resources for municipalities to create

housing plans, including resources for community engagement, tools for priority-setting and a resource library to explore local policies and programs based on community priorities. Purdue University currently leverages this tool as a part of their Purdue Extension Community Development Program in both rural and urban counties, as well as at the regional level, where they empower communities to learn how to develop housing plans and strategies.

The Community Development Program occurs in five stages. First, the Purdue team and a selected local Task Force compile information about existing housing conditions from the Indiana Housing Dashboard and other sources. Next, the program team and Task Force assess the external data and develop a community survey on housing challenges and opportunities for local government, economic development corporations, and prominent local companies. The program team and Task Force also assemble focus groups and listening sessions for both housing professionals and residents. Finally, the program team and Task Force present their findings at a capstone summit, where IHCDA, Prosperity Indiana, and other partners convene to ideate and implement housing strategies based on the analysis. IHCDA, Prosperity Indiana, and other partners continue to support participant communities in implementing their chosen strategies over time, creating a strong ecosystem of affordable housing policy development and production. The program ends with evaluation, reflection, and consideration of additional opportunities needed to meet community goals.

IHCDA and Purdue's proposed partnership would extend this program to develop a demonstration curriculum using the latest iteration of the Indiana Housing Dashboard over the course of five years. In Year 1, Purdue would focus on curriculum scoping and development. In Years 2-4, Purdue would pilot this curriculum in three communities across Indiana, with priority given to applications from communities located in HUD-identified priority geographies. In Year 5, Purdue would finalize, peer review, and publish the new curriculum.

IHCDA and Purdue estimate that this effort will cost $293,000 in funding for university administrative support and staff time to develop, pilot, and publish the curriculum. Purdue will also make a nonmonetary contribution of about $130,000 - $150,000 in staff support time. However, the program will also incur long-term, self-sustaining benefits beyond this initial expenditure. Participating municipalities across the state will graduate with increased capacity and understanding of strategies to increase both affordable and market-rate housing production that will continue to support increased development in the future.

Expanded Public Resources

To supplement this effort to foster pro-housing communities, IHCDA plans to expand public resources for municipalities through the Indiana Housing Dashboard, which will be available both to participants in the university program and other municipalities seeking planning resources.

IHCDA plans to develop two new resources on the Dashboard platform. First, a gap funding calculator that will assess, at the municipal-level, how much funding is needed to fill the gap for affordable housing development and how much capital can be leveraged. Second, a homelessness module which would link to HMIS data, the Point-In-Time Count, and the

Housing Inventory Count to help communities better understand the need for permanent supportive housing. This module would support municipalities to better target and address homelessness challenges in their communities in addition to affordable housing needs along the housing continuum.

Both the university partnership and expanded Dashboard resources constitute eligible CDGB Planning and Policy Activities, which align with national objectives of benefitting low- and moderate-income persons and preventing or eliminating slums or blight by improving the capacity of under-resourced municipalities to address these challenges.

The success of Purdue's current Community Development Program suggests that both the university partnership and accompanying Dashboard resources will successfully address municipal capacity challenges and lead to significant increases in affordable housing production and preservation.

Promoting Pro-Housing Land Use Policy

Land Use Analytical Tools

IHCDA plans to **develop analytical tools and resources for municipalities to strategically plan for and support missing middle development strategies.** The first will be a demonstration land use calculator in 3 cities that allows policy-makers to model how zoning changes would allow for missing middle housing types and impact development potential in exclusionary markets. The calculator will include an analysis of the number of units that could be produced through land use changes and the financial feasibility of developing missing middle units at price points affordable to low- and moderate-income households.

The strategies described aim to support the increased development of missing-middle housing. Missing-middle housing is an identified strategy to increase both the supply of affordable homeownership and rental units. As noted by the Terner Center (2022), missing-middle units are smaller and by nature more affordable, and the additional units per square foot of land can reduce the cost to develop per unit. They can be an effective typology in expensive/exclusionary housing markets where most homes are single-family and a multifamily building may be rejected by the community. In weaker housing markets, where a large multifamily project might not be absorbed, missing-middle typologies that create smaller-scale deliveries are more financially feasible.

As noted by Local Housing Solutions (2020), restrictive land use regulations are a primary barrier to missing-middle typologies in most communities. Many municipalities in Indiana are zoned exclusively for single-family homes. Furthermore, certain zoning code regulations (such as per-unit lot area requirements) can make missing-middle housing financially infeasible, even if permissible by zoning requirements. Simply removing single-family zoning is not always sufficient to encourage missing-middle development; in Minneapolis, for example, which eliminated single-family zoning in 2019, additional rules limiting allowable height or size prevented significant increases in middle density housing. In Houston, on the other hand, permitting middle-density typologies while also relaxing lot size requirements allowed for

significant increases in housing production (Bloomberg, 2020). IHCDA's proposed land use calculator will educate municipalities about the potential impact of various land use and development regulations on missing-middle typologies, encouraging increased affordable housing production through informed land use policy.

Development Template

IHCDA will also fund the development of pre-approved templates for missing middle housing types in 5 cities. These templates will build on work done by the City of South Bend, which created a catalog of contextually appropriate plans for pre-approved infill typologies. Developers that build according to the templated design receive contingent building and development approval, saving significant time and cost. Expanded by IHCDA to other areas of the state, these templates can encourage missing-middle development by providing guidelines for developers and municipalities with less experience with the typology, and improve the economic feasibility of missing-middle development by lowering development costs.

Fostering Pro-Affordable Housing Developers

To take advantage of pro-housing policy, Indiana will need developers across the state that understand how to create affordable housing and are committed to building it. Emerging developers in Indiana, some of whom have already participated in the ULI Readi program and Jumpstart program through Martindale Brightwood CDC in Indiana, need technical training in how to analyze sites, work with architects, engineers and municipalities, and analyze the financial feasibility of an affordable housing project.

Emerging Developer Program

IHCDA plans to **expand the existing Emerging Developer Program**, with the aim of discovering, encouraging, and training emerging XBE developers across the state. This will add to the pool of high-quality developers and further represent diverse experiences, which will ultimately prove beneficial in producing unique, varied, cost-efficient and high-quality affordable housing.

Indiana has a number of existing initiatives to expand developer capacity, including IHCDA's Emerging Developer Pilot Program, the Urban Land Institute's REDI Program, Martindale CDC's Jumpstart Program, and Prosperity Indiana's Real Estate Development Program. IHCDA will partner with these programs, bringing these previously disparate efforts under the same umbrella.

The united and expanded Emerging Developer Program will have two focuses. Firstly, IHCDA will leverage State funding to facilitate network development amongst emerging developers across the state. IHCDA plans to create an official developer cohort that will meet regularly, attend scheduled programming, and be introduced to lenders, contractors and others in the development ecosystem.

The second component of the program is a series of training and capacity-building sessions. These sessions would include learning and development related to: meeting environmental

standards; funding affordable housing development; managing the regulatory and approvals process; meeting Fair Housing requirements; and assessing need, feasibility, and economic and fiscal impact of development.

This effort constitutes an eligible CDGB Development Activity, which aligns with national objectives of benefitting low- and moderate-income persons by improving the capacity of affordable housing developers to meet housing need for these populations.

The success of previous emerging developer programs suggests that the expansion of this program will improve developer capacity and lead to increased affordable housing production. Developer training and development programs have received positive reviews from graduating cohorts, and many participants report improved outcomes. In Pittsburgh, for example, the Omicelo Cares Real Estate Co-Powerment Series reports that over 50 investment properties have been purchased by participants to-date, and over 155 real estate transactions have occurred with participant interaction. Participants reported a qualitative increase of real estate knowledge from 4/10 to 8/10 on average by the end of the program; and 94% of participants felt that their income from real estate development would increase by at least $10,000 in the five years following. In Newark, graduates of LISC's Housing Development Training Institute not only reported improved knowledge of real estate finance and procedures, but also emphasized the importance of networking opportunities to provide future partnerships, access to funding/financing, and opportunities. Both the real estate knowledge training and network development will be important components of IHCDA's proposed programming.

IHCDA has also documented success in their initial pilot of the Emerging Developer Program. In 2022, IHCDA selected two emerging, first-time LIHTC XBE developers, which respectively received tax credits to develop a family center recovery community in Indianapolis and a mixed-use, mixed-income project developing a vacant lot in South Bend.

Building a Pro-Housing Ecosystem

Developing a Peer Network

As mentioned above, the emerging eloper program will build networks across developers, municipalities, CDFIs, and other lenders. IHCDA, Cinnaire, IFF and other partners will work to connect emerging developers to funding opportunities, in particular to those funded through these grants.

Funding and Financing

IHCDA will expand financing tools and funding available to build the developer ecosystem and support new housing development in both weak markets and areas of opportunity. The biggest obstacle currently faced by emerging developers in Indiana is the lack of minimum net worth required by lenders and syndicators, which ranges from $2 million to $5 million. In addition, emerging developers may have to give up a share of the developer fee and/or ownership in return for the guarantee, which hinders their ability to build net worth in the long run. Overall, these barriers have contributed to a lack of overall capacity in the development industry,

especially for new developers who are interested in building affordable housing in their communities.

To address identified barriers of infeasible development economics and weak lending opportunities for affordable housing developers, IHCDA will provide funding to address the financing gap for emerging developers and expand the reach of the CDFI ecosystem in Indiana.

To enable emerging developers to secure the financing needed to pursue new affordable housing development, IHCDA will partner with CDFIs in Indiana to administer funds to emerging developers. This will include funding for about 5 projects per year over a 5-year period, approximately 25 loans totaling $6,250,000.

Financing support for small-scale developers to spur affordable housing production has had proven success. The Reinvestment Fund's Aequo Fund, for example, provides capital (along with networking and support) to early-career developers who are women or people of color for the acquisition, rehab, and sale of affordable single-family homes. The Fund will support the construction of over 30 new homes affordable to households at 60-100% of AMI in Richmond, Baltimore, Philadelphia, Buffalo, and Portland, ME. The Jumpstart Program in Philadelphia, which provides training and loans to emerging developers focused on scattered site rehab, has provided more than 160 loans totaling over $17 million to across 1,200 graduates—resulting in over 170 rehabilitated properties across the city. Over 85% of Jumpstart graduates are women and people of color. The Women's Home Preservation LLC in Baltimore, owned by an emerging developer who is a woman of color, received financing support from the Reinvestment Fund and successfully secured three properties for a mixed-use development with priority rentals for single mothers.

The funding will prioritize affordable housing development projects for **the highest need populations**, including single parent households and youth transitioning out of foster care. Single parent households in Indiana face exceptionally high rates of cost burden, with 65.5% of single-parent renter households and 36.6% of single-parent owner households cost burdened in 2021 (Indiana Housing Dashboard, 2021). Youth transitioning out of foster care are also particularly at risk for housing instability and homelessness. In 2020, 26% of unhoused individuals in Indianapolis's Point-In-Time Count indicated that they had spent time in the foster care system (Indiana University Public Policy Institute, 2020). In 2022, among Indiana youth who were in the foster care system at 17, 23% had experienced homelessness by age 19 (Indiana National Youth In Transition Database, 2022).

IHCDA plans to leverage $5,000,000 currently allocated in the State budget for affordable housing development for high need populations.

Demonstration funding constitutes an eligible CDGB Development Activity, which aligns with national objectives of benefitting low- and moderate-income persons by improving the capacity of affordable housing developers to meet housing need for these populations.

Geographic Scope

IHCDA's proposal has a statewide focus. Many previous efforts, particularly resources for emerging developers, have been concentrated in Marion County and there is a need to expand throughout the state.

Online resources, including the Indiana Housing Dashboard, gap funding calculator, land use calculator, and open-source missing-middle soft site analysis, will be publicly available statewide. For more targeted capacity-building efforts and funding resources, including the university partnership, Emerging Developer Program, loan guarantee program, and demonstration funding, the 270 HUD-identified priority geographies across the state (25 counties and 245 places) will take priority (see map below). These areas have identified acute affordable housing need.
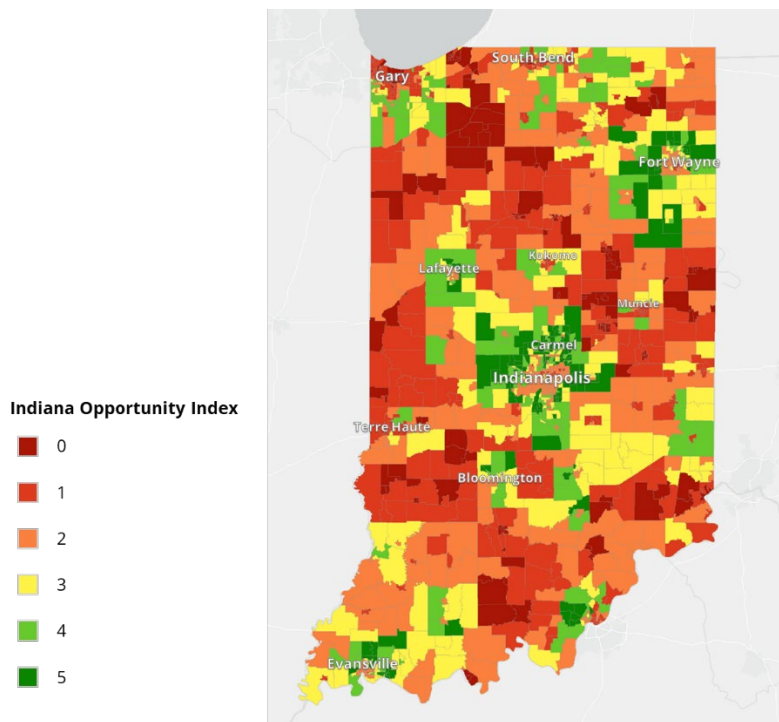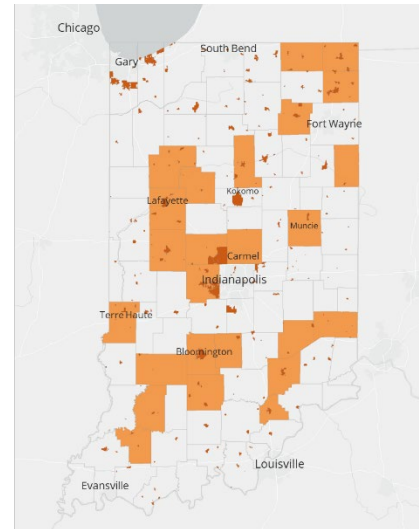
IHCDA recognizes the importance of the preservation and creation of housing units in high-opportunity areas, and will also prioritize areas identified by IHCDA's existing Opportunity Index (see map below).

In these target locations, selected based on both need and opportunity, IHCDA's proposed efforts will have two primary effects. In areas with weak underlying housing markets, the tools and coaching that expand municipal and developer understanding of missing-middle opportunities (which can support affordability in markets where multifamily development is infeasible), as well as loan guarantees and demonstration funding, will bolster the development of new affordable units that may not otherwise have been feasible.

In areas with strong existing housing markets-- frequently areas of opportunity that may have exclusionary housing policy-- improved developer capacity to navigate exclusionary markets and

access financing, as well as improved municipal understanding of missing-middle opportunities, will support increased development of much needed affordable housing. Furthermore, demonstration funding programs for high-need populations including single-parents and foster youths will prioritize development in areas of opportunity.

IHCDA's proposed activities engage stakeholders across Indiana's housing ecosystem. IHCDA's outreach thus far to key participant groups, their contributions to the proposal's design, and plans for their ongoing engagement are described below.

Municipalities

IHCDA's proposal to build pro-housing communities through expanded university programming and publicly available online resources has been informed by ongoing conversations with municipal leaders throughout the state. During the Indiana Housing Dashboard development process, IHCDA engaged feedback from city government officials representing municipalities such as South Bend and Bloomington. These conversations highlighted both the usefulness of the Dashboard's existing resources, notably the readily accessible data on housing needs by community and the written resources for the housing planning process, as well as support for further development of analytical tools and an expanded municipal planning curriculum led by Purdue.

Moving forward, IHCDA plans to conduct a series of interviews with municipalities across the state (with a particular emphasis on rural communities) to discuss planning capacity, land use, and funding barriers to affordable housing production. The conversations will inform further development of programming details and targeting of priority areas.

University Partners

In conversation with IHCDA, Purdue University has led the design of the municipal housing planning curriculum based on their experiences with the existing Purdue Extension Community Development Program. The pilot of the expanded program will incorporate iterative feedback from participants, including municipal leaders and community members, as well as undergo peer review prior to publication. Guided by this ongoing review and reflection, Purdue will continue to lead the curriculum's design moving forward. IHCDA is currently in conversation with Indiana University to discuss participation in the program to expand the reach of the housing dashboard as a tool to facilitate the creation of local housing plans.

Emerging Developers

The design of the Emerging Developer Program and funding/financing opportunities for emerging developers has been informed by input from emerging developer participants in both the Urban Land Institute's REDI program and ICHDA's own Emerging Developer Pilot Program. In addition, IHCDA has conducted direct interviews with a panel of emerging developers from throughout the state to discuss common capacity and financing challenges.

Community Development Financial Institutions

IHCDA has worked directly with Cinnaire, IFF and others to discuss the need for funding and financing for emerging developers.

Community Members

IHCDA is currently in the process of soliciting feedback from community members on the proposal's design through the Pro Housing application public engagement process. Moving forward, input from the public will support the development of guidelines for the proposed middle-density site selection and affordable housing demonstration projects. In addition, Purdue University will collect input on housing needs and retrospective feedback from community members regarding the municipal capacity-building curriculum that will inform the program's iterative design.

Budget and Timelines

The following budget is proposed to support the initiatives outlined in this proposal. It is assumed that funding will be awarded in 2024 and that expenditure will begin in FY 2025, granting up to five years of programming operation until the expenditure deadline at the end of FY 2029.

Program	Timing	Budget
Emerging Developer Program	Years 1-5	$182,250
University Partnership for Housing Planning	Years 1-5	$1,666,550
Dashboard Expansion	Years 1-2	$687,500
Demonstration Funding	Years 1-5	$6,432,250
Total		**$8,968,550**

Emerging Developer Program

The costs of the emerging developer program involve annual staffing, event programming, and training and material development fees. IHCDA expects to cover these costs in their entirety with funding from the PRO Housing Grant. Programming will begin in 2025 and continue annually through 2029.

University Partnership Program

The university partnership program involves fees to compensate both IHCDA staff and staff from Purdue University and Indiana University. In addition to providing the services of their staff members, the universities have each committed their own annual contributions to the program. The rest of the program's costs will be covered by the PRO Housing Grant. Programming will begin in 2025 and continue annually through 2029.

Indiana Housing Dashboard Expansion

IHCDA will retain the services of a contractor to expand the Indiana Housing Dashboard with the new tools and analyses outlined in this proposal. IHCDA expects to cover these costs in their entirety with funding from the PRO Housing Grant. The development of these new tools will begin upon disbursement of PRO Housing Grant funding and continue for up to two years before the launch of the new tools.

Demonstration Funding

CDFI partners have committed to a partnership for a loan guarantee program or low cost loan for emerging developers. IHCDA will use funds from the PRO Housing Grant and will leverage the $5,000,000 currently allocated in the state budget.

Alignment with Fair Housing Efforts

This proposal will affirmatively further fair housing by promoting affordable housing production for demographics with the highest affordable housing needs in high-need and high-opportunity areas. The characteristics of high-need and high-opportunity address many of the concerns regarding barriers that impede the fairness of housing production and preservation. The state of Indiana has been proactive about evaluating the statewide need for affordable housing and the factors that underlie it. In addition to the needs and barriers identified above, the State's investigation has identified needs and barriers that disproportionately affect particular demographic groups. For example, there are observable disparities in homeownership and cost-burden rates for Black households, for single-parent households, and for households with disabilities. Additionally, as mentioned in Exhibit C, individuals formerly involved in the foster care system are more likely to experience homelessness (IU Center for Inclusion and Social Policy, 2020), and individuals with disabilities are more likely to face housing discrimination (Analysis of Impediments, 2017). To affirmatively further fair housing, IHCDA recognizes the barriers and challenges disproportionately faced by these groups and has incorporated means of addressing them into the proposal and its proposed programs.

Development in High-Opportunity Areas and Displacement Risk

This proposal aims to equip developers and municipalities to provide the affordable housing that is needed in both strong and weak markets. In either case, IHCDA is aware of and has considered the twin dangers of producing affordable housing only in low-opportunity areas and of causing displacement from high-opportunity areas. In response, anti-displacement tools and strategies touch all areas of IHCDA's programming efforts. The expansion of the Housing Dashboard will include tools that analyze sites for development feasibility, and the University Partnership Program will equip municipalities to identify high-opportunity sites. This will catalyze development of affordable housing in high-opportunity areas. At the same time, the Housing Dashboard and University Partnership will feature tools to evaluate displacement indicators. Further, knowledge and tools about displacement and displacement risk will be incorporated into the trainings and materials of both the Emerging Developer Program and the University Partnership Program. Among this guidance will be strategies to preserve Naturally

Occurring Affordable Housing (NOAH) in development areas. These strategies will help municipalities and developers identify displacement risk, avoid displacement, and develop high-opportunity sites in both strong and weak markets, while also strengthening markets and preserving extant affordable housing as much as possible.

Providing Affordable Housing to High-Need Demographics

Review of major data sources and of Indiana's 2017 Analysis of Impediments to Fair Housing Choice reveals numerous disparities in housing access for specific demographic groups. According to the report, about 870,000 (or 13%) of Indiana residents live with a disability (Analysis of Impediments, 2017). Of these 870,000 residents, 20% live in poverty, compared to 12% of Indiana's general population, and individuals with a disability are less likely to enjoy employment, face difficulty finding housing that accommodates their unique needs such as proximity to transit, and are more likely to face housing discrimination (Analysis of Impediments, 2017). Black Indiana residents also disproportionately face housing challenges. While 70% of all Indianans own their home, only 37.6% of Black Indianans owned their home as of 2021 (ACS and US Census). Further, Black households face greater cost-burden than the average Indianan. While 43.4% of all renters and 15.6% of all homeowners are cost-burdened, 54.7% of Black renters and 26.1% of Black homeowners are cost-burdened (PUMS). Another group, single-parent households, faces even higher cost-burden: 36.6% for homeowners and 65.5% for renters (PUMS). Finally, nationwide, 50% of the homeless population has spent time in the foster care system (National Foster Youth Institute), while 26% of those identified in Indianapolis's point-in-time count of its unhoused population reported the same (IU Center for Inclusion and Social Policy, 2020).

The Analysis of Impediments made several recommendations to mitigate housing challenges in the state. Their solutions included to "improve the condition and accessibility of affordable housing in nonentitlement areas," to "increase affordable rental housing for families," to "increase fair housing knowledge among landlords and community leaders in rural areas," and to "improve homeownership among minorities and persons with disabilities" (Analysis of Impediments, 2017).

To prevent discrimination and disparities in affordable housing development, anti-discrimination and anti-segregation tools and strategies will be an integral part of the programming developed by this proposal. The curricula of the Emerging Developer Program and the University Partnership Program will both include training and materials focusing on compliance with the Americans with Disabilities Act and the Fair Housing Act. The Emerging Developer Program will train developers on how to recognize and avoid segregation and racial or other forms of discrimination in their work. The University Partnership Program will collaborate with municipalities to do the same. The Housing Dashboard expansion will include tools like a Racial and Ethnic Dissimilarity Index to identify areas where segregation is a problem and can be addressed with strategic development.

Additionally, IHCDA will explore how to combat discrimination and promote accommodation by other means, such as by continuing to fund training and testing of Fair Housing compliance

through the Indiana Civil Rights Commission and other venues, examining the effectiveness of Fair Housing requirements for Community Development Block Grant (CDBG) recipients, investigating how to improve awareness for Fair Housing challenges in non-entitlement areas, and working through the Indiana Association of Cities and Towns to educate units of local government about best practices in zoning and land use to accommodate residents' housing needs, especially for residents with disabilities.

Projects and developers will also be given particular attention as candidates for programs like the Emerging Developer Pilot Program if their work focuses on solving community challenges, such as problems disproportionately affecting certain members of a community. IHCDA will also encourage developers to work in HUD priority geographies, five counties (Fountain, Indiana, Pulaski, Spencer, and Stark) which have fewer than 25 LIHTC units, and other high-need areas, such as some non-entitlement areas, which lack affordable housing, lack funding, and also feature high-need populations.

Partnership with XBE Developers

IHCDA is intentional about supporting and equipping XBE developers. Examples of an XBE developer includes a Minority Business Enterprise (MBE), a Women Business Enterprise (WBE), a Veteran-Owned Small Business (VOSB), or a Service-Disabled Veteran-Owned Small Business (SDVOSB). IHCDA's 2022 Emerging Developer Pilot Program explicitly solicited applications from XBE developers. As a result of the program pilot, two XBE developers will be funded later this year to begin projects which will provide affordable housing units to families with parents struggling with addiction and low-income households, respectively. Both projects solve challenges of acute need in their respective communities, align with IHCDA's goals and with fair and affordable housing objectives, and target high-need, high-priority demographics. According to this proposal's vision, IHCDA will expand the Emerging Developer Program, offering more opportunities to XBE developers who will, in turn, produce affordable housing in their respective communities. Potential candidates include past participants of the ULI's REDI program, which has worked with 93 women and minority developers in the last four years.

Implementation and Enforcement Plan

Any new program or development receiving IHCDA funding will be required to be compliant with the ADA and FHA. In order to further ensure cooperation with fairness and equity objectives, local government buy-in and stakeholder engagement regarding development goals will be imperative. This will be fostered through the University Partnership Program and, if necessary, other forms of local stakeholder engagement. Resistance in the form of litigation or other direct opposition to development projects is not expected, but should it arise, IHCDA will work with local governments to respond to challenges and support developers and communities in supplying their affordable housing availability needs.

Tracking Progress of Efforts to Advance Equity

The Housing Dashboard will be expanded to include tools measuring racial and ethnic dissimilarity across the state, as well as metrics from Reduce Racial Disparities and from Access

to Opportunity. These tools will allow IHCDA and its collaborators to track progress in advancing housing equity over time.

Exhibit E Capacity

Indiana Housing and Community
Development Authority

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In order to staff the proposed activities, IHCDA plans to use a combination of current staff members, new hires, contractors and staff from partner entities. A description of IHCDA's own staffing structure is below, along with the staffing structure for each proposed project. IHCDA is a 194-member organization, headed by Executive Director Jacob Sipe and featuring seven departments: Legal, Marketing and Communication, Operations, Real Estate Development, Accounting, and Internal Audit. Current staff from the Real Estate Development and Operations departments have been involved in the design of this proposal, and six to ten team members, including current staff and up to four new hires, will be on the teams responsible for the oversight and operations of the programming outlined in this proposal.

University Partnership Program

The University Partnership Program will include oversight and operational support from IHCDA staff in addition to several staff members from each partner university. Samantha Spergel, Director of Real Estate Strategic Initiatives and Engagement, along with a new hire, will represent IHCDA. Below is an example staffing chart including members from the Purdue Extension Community Development Program.

Emerging Developer Program

The Emerging Developer Program will be overseen by Sibghat Sheikh, Real Estate Investment Underwriter. Sheikh will be joined by staff members from IHCDA's partners at Martindale Brightwood CDC, Cinnaire, Jumpstart, and Prosperity Indiana.

Indiana Housing Dashboard Expansion

The Indiana Housing Dashboard Expansion will be performed in collaboration with HR&A Advisors, who developed the first and second Indiana State Housing Dashboard and additional housing dashboards and digital housing planning tools for municipalities and states across the country. IHCDA staff members will include Stephen Enz, Director of Real Estate Data and Policy and Director of Asset Protection; Emily Krauser, Chief Deputy Director of Programs; Grant Peters, HMIS Manager; Kristin Garvey, Director of Homeless Services; and up to two new hires.

Demonstration Funding Program

The funding and financing activities supported by this program will be overseen by Sibghat Sheikh, Real Estate Investment Underwriter, who will collaborate with partner lenders.

Exhibit F Leverage

Indiana Housing and Community Development Authority

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In addition to PRO Housing Funds, IHCDA plans to leverage both state funding commitments and additional partner contributions.

State Funding Commitments:
The State will contribute leverage funding for the two additions to the Indiana Housing Dashboard-- $4,000 for the gap funding calculator, and $10,000 for the homelessness module. In addition, the State will support the convening of network development events for the Emerging Developer Program.

Funding for emerging developers will leverage significant State resources, including:
- The Indiana Housing and Community Development Fund, which gives loans or grants of up to $750,000 per project. The State expects to leverage $5 million in funding for this program.

Partner Funding Commitments:
Purdue University has committed to a non-monetary contribution of approximately $134,000 in staff time to the municipal capacity-building curriculum. In addition, IHCDA is currently pursuing contributions from Indiana CDFI's to the financing support of the Emerging Developer Program.

Exhibit G Long-term Effect

Indiana Housing and Community Development Authority

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IHCDA's proposed activities will enable the production and preservation of affordable housing well beyond the PRO Housing grant's initial investment. Both the anticipated deliverables upon completion of grant-funded activities and their longer-term effects are described below.

Fostering Pro-Housing Communities
University Partnership
PRO Housing grant funding will support a five-year pilot extension of the municipal capacity-building curriculum run by Purdue. By the end of the pilot, IHCDA and partners will have engaged with over 15 communities and completed peer review and publication of the curriculum. If successful, the program will lead to an ongoing outreach partnership with universities to continue supporting municipalities, building on the lessons learned from the pilot. The curriculum will become an available resource that other universities, housing-oriented regional associations, training programs, and others can adopt and deploy in additional communities in the long-term.

Furthermore, the curriculum will provide participating municipalities with lasting skills to continue setting pro-housing priorities and executing effective housing policy after the completion of the program, and whose processes can be emulated by other communities throughout the state moving forward.

Expanded Public Resources
PRO Housing grant funding will support the development of two new public resources on the Indiana Housing Dashboard: a gap funding calculator to assess needed funding for affordable housing development and potential to leverage capital, and a new homelessness data module. These resources will remain publicly available for municipalities, developers, activists, community members, and other interested stakeholders beyond the completion of the grant funding, providing an ongoing resource for affordable housing development and production with up to date data.

Land Use Analytical Tools
PRO Housing grant funding will also support the development of an online, publicly available land use calculator modeling—in three communities across the state—how zoning changes would allow for missing middle housing types and impact development potential in exclusionary markets. Like the gap funding calculator and homelessness module, this calculator will remain publicly available, becoming an ongoing resource to encourage missing-middle development across the state.

Fostering Pro-Affordable Housing Developers

Emerging Developer Program
PRO Housing funding will support the Emerging Developer Program's training components for X cohorts of X emerging developers, accompanied by state funding to support network development efforts. If successful, the state will contribute ongoing funding to continue the program beyond this initial investment. Participating developers will gain lasting knowledge of affordable housing development and connections to support future housing production

throughout their careers. In addition, the networks of housing professionals developed through the program will in turn foster the careers of future emerging developers, housing advocates, municipal government officials, and other housing professionals.

Demonstration Funding
PRO Housing funding will also support direct financial support for emerging developers through funding for 5 projects over 5 years—about 25 total projects. One advantage of this funding structure is that the loan guarantees will not be spent when projects are successful, ensuring long-term, ongoing availability of the financing source for future cohorts of developers. Developments supported by the loan guarantee program will also provide participants with demonstrated success to improve their access to private financing supports for affordable housing development moving forward. In particular, funding for new housing developments will be geared towards the needs of single parent households and youth transitioning out of foster care. This funding will not only provide immediate additional affordable housing options for these high-need populations in Indiana in high-opportunity locations, but will also support the seeding of an ecosystem of pro-housing communities and developers. Both municipalities and developers will be able to point to a successful set of demonstration projects, enabling increased support from private financing sources for affordable housing production and preservation moving forward. In the long run, communities and developers will adapt and improve upon these initial efforts, and share their lessons learned with communities across the state.

Building a Pro-Housing Ecosystem
Municipal and Developer Capacity Development
In combination, the training and capacity-building for both municipalities and developers described above will prioritize knowledge of Fair Housing laws, as well as proven policies and programs to reduce housing disparities. This emphasis will foster an affordable housing ecosystem with strong, ongoing knowledge of Fair Housing requirements and principles to counteract histories of segregation and expand access to opportunity for protected class groups and vulnerable populations.

Resources for Missing Middle Development
PRO Housing funding will support the development of pre-approved templates for missing-middle development in five municipalities, in addition to site selection support and analysis identifying up to five high priority sites for development in three municipalities across the state. These publicly available templates and analyses will serve as ongoing resources other municipalities to emulate moving forward, spurring ongoing missing-middle development to support affordability for underserved populations in areas of opportunity across the state.