2010-2011 STRATEGIC INVESTMENT POLICY AND PROCESS

TABLE OF CONTENTS

STRATEGIC INVESTMENT POLICY 2

STRATEGIC INVESTMENT PRIORITIES 3

- Comprehensive Community Development 3
- Aging in Place 3
- Ending Homelessness 4
- High Performance Building 5

PROJECT APPLICATION DEADLINES 6

PROJECT FUNDING LIMITS 7

ELIGIBLE APPLICANTS 7

GEOGRAPHIC AREAS FOR FUNDING 7

WHAT WE DO NOT FUND 7

PROJECT APPLICATION EVALUATION PROCESS 9

- Part 1: Strategic Priority Review 9
- Part 2: Project Assessment 9
- Part 3: Investment Negotiation and Structuring 10
- Part 4: Investment Execution and Disbursement 11

STRATEGIC INVESTMENT POLICY

IHCDA creates housing opportunity, generates and preserves assets, and revitalizes neighborhoods by investing technical and financial resources into the development efforts of its partners across Indiana.

Within this framework, IHCDA seeks partnerships that offer innovative solutions to community challenges. As evidenced from the socio-demographic data, survey results, and formal and informal discussions with stakeholders, IHCDA has identified the following strategic priorities for its investment decisions: comprehensive development, aging in place, ending homelessness, and high performance building.

IHCDA's commitment to investing in community solutions meant its method of distributing a variety of resources had to fundamentally change. Traditionally IHCDA was organized around pots of money. Applications were linked to a discrete funding source. The move to funding solutions places the focus on the strategic fit of a proposed activity, the strength of the sponsor and its development team, and the financial feasibility and readiness of the development.

As a result, IHCDA has created a single allocation and investment process that bundles a variety of federal and state resources. This new investment process will also enable the project development team to work more closely with IHCDA staff to identify issues and obstacles that may occur, and to provide feedback and support in resolving issues and overcoming obstacles to ensure project success.

STRATEGIC INVESTMENT PRIORITIES

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.

Threshold Items

- New Construction developments must be completed to at least meet the minimum standard set by the National Association of Home Builders (http://www.nahbgreen.org/Certification/default.aspx)
- Units/Homes to be assisted for rehabilitation are required to have an energy audit completed prior to incurring any hard costs and also at the completion of the project.
- All beneficiaries are required to receive appropriate information and training on energy savings. The required booklet can be found on the Strategic Investment page on IHCDA's website. Energy Savers Booklet

Aging in Place

Aging in place refers to making our living environment safe and adaptable so that everyone can remain independent and continue to thrive in their homes and community even as circumstances change. While the primary target populations for aging in place strategies are seniors and persons with disabilities, everyone benefits from buildings and communities that are accessible, visitable, and livable.

Threshold Items

- New Construction developments must be completed to at least meet the minimum standard set by the National Association of Home Builders (http://www.nahbgreen.org/Certification/default.aspx)
- All units/homes to be assisted under this priority will be required to conduct an assessment on each beneficiary/household to determine need for accessibility improvements and/or supportive services. Construction or rehabilitation must meet a need that, if not present, would leave the beneficiary/household with insufficient means for day to day living.
- All services (current or subsequent) must be in place via a letter of cooperation, memorandum, or executed agreement.
- Units/Homes to be assisted for rehabilitation are required to have an energy audit completed prior to incurring any hard costs and also at the completion of the project.
- For homeownership projects, 100% of the units must be targeted and developed for beneficiaries that are either disabled and/or at least 55 years of age.
- For rental projects, 100% of the units must be targeted and developed for beneficiaries that are at least 55 years of age OR 80% of the units must be targeted and developed for beneficiaries that are at least 62 years of age or older.
- All beneficiaries are required to receive appropriate information and training on energy savings. The required booklet can be found on the Strategic Investment page on IHCDA's website. Energy Savers Booklet

Ending Homelessness

Merely *managing* homelessness is in no one's best interest. IHCDA and its partners are focused on systematically preventing and ending homelessness for those most vulnerable in our communities. By identifying an individual's or family's barriers to self-sufficiency and targeting the most appropriate housing solution, we can help to minimize the number of people that enter the homelessness delivery system and the duration of time they spend in it. For the chronically homeless--those who cycle through health care institutions and correctional facilities seeking services and shelter-- linking services with housing provides

them stability and reduces the burden on other community systems. At the end of the day, our collective goal is to ensure that everyone has a place to call home.

Regarding beneficiaries, disabled is defined as any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment. The definition of a person with disabilities does not exclude persons who have the disease acquired immunodeficiency syndrome (AIDS) or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome (HIV). However, for the purpose of qualifying for low income housing, the definition does not include a person whose disability is based solely on any drug or alcohol dependence.

Threshold Items

- All Permanent Supportive Housing projects must have successfully been accepted into and completed the process of the Indiana Permanent Supportive Housing Institute (IPSHI).

High Performance Building

How we create community solutions is equally as important to what solutions are desired. High performance building integrates with and optimizes the surrounding environment through architectural and site design, construction techniques and materials, as well as resource use and recovery. Done right, high performance building while maximizes quality and durability by minimizing environmental impacts and operating costs.

Threshold Items

- New Construction developments must be completed to at least meet the minimum standard set by the National Association of Home Builders (http://www.nahbgreen.org/Certification/default.aspx)
- Units/Homes to be assisted for rehabilitation are required to have an energy audit completed prior to incurring any hard costs and also at the completion of the project.
- All beneficiaries are required to receive appropriate information and training on energy savings. The required booklet can be found on the Strategic Investment page on IHCDA's website. Energy Savers Booklet
- All proposals under this priority are encouraged to design their developments to also meet one or more of the other IHCDA priorities. Proposals that are presented

ONLY under this priority will be required to provide significant leveraging as part of the development.

- Proposals presented ONLY under this priority that assist homeowners will be required to develop and administer a revolving loan program to create program income for use on future, eligible activities.

Emergency Home Repair

Addressing health & safety issues is very important in the development of any type of housing rehabilitation program. Situations arise where detriments to a home currently or will eventually create a threat to the residents' health and/or safety that could result in a variety of problems with personal health or day to day living. Improvements such as this not only remove the threat but provide the resident with a safe, decent, housing solution that reduces the risk of further occurrences and also provides them with a viable housing option while maintaining their residence that will contribute to the stabilization of the existing neighborhood.

Threshold Items

- Intended to address health and safety issues ONLY
- Health & Safety issue must be documented by an entity authorized to make such determinations
- Beneficiaries must be income certified with complete scope of work done on home
- Clearly established programs guidelines are required
- $10,000 subsidy limit per home, $100,000 maximum award amount.

PROJECT APPLICATION DEADLINES

There are no submission deadlines. Applications will be accepted on a first-come, first-served basis from July 1, 2010 through June 30, 2011.

PROJECT FUNDING LIMITS

There are no established funding limits. Award size ranges from a few thousand to several million dollars, depending on the size of the organization and the scope of the project. IHCDA reviews the amount needed for each specific project based on scope of work, costs and other factors. While there is no cap on a total project request, applicants, when applicable, must adhere to the most current 221(d)3 subsidy limits appropriate for income targets and unit size. IHCDA will only invest an amount it deems necessary to ensure the financial feasibility of a project.

ELIGIBLE APPLICANTS

Eligible applicants include cities, towns, counties, townships, public housing authorities, CHDO's, not-for-profit 501(c)3 or 501(c)4 corporations, and for-profit developers in good standing with IHCDA.

GEOGRAPHIC AREAS FOR FUNDING

IHCDA only funds projects within Indiana. The majority of our awards go to organizations or local units of government located in small cities, towns and rural communities. Except for permanent supportive housing projects, activities located within a participating jurisdiction or entitlement community must demonstrate equal and comparable financing from the local unit of government to be considered for an IHCDA investment.

WHAT WE DO NOT FUND

IHCDA does not fund:

- requests from individuals, political, social, or fraternal organizations;
- endowments, special events, arts, or international projects;
- scholarships requested by individuals;
- proposals submitted via audiotape or videotape;
- institutions that discriminate on the basis of race, creed, gender, national origin, age, disability or sexual orientation in policy or in practice;

- projects in furtherance of sectarian religious activities, impermissible lobbying, legislative or political activities;
- medical research or medical profit-making enterprises.

Due to the large volume of materials we receive, please do not send annual reports, publications, bound materials, letters of support, invoices, videos, cassettes, compact discs, news clippings, books, magazines or newsletters.

PROJECT APPLICATION SUBMISSION GUIDELINES

1. After reviewing the funding priorities, if you feel there is a **strong match** between our priorities and your request, we encourage you to review the project application, contact your local Community Development Representative with questions, and submit Part 1: Strategic Assessment, for funding consideration.
2. Click http://www.in.gov/ihcda/3119.htm to access application forms and instructions.
3. The forms are in an Excel spreadsheet format. Response text boxes have been formatted to capture all text although not visible in all cases. IHCDA staff will reformat these boxes for reviewing purposes.
4. Although the project application process is set forth in stages above, the Project Application, in its entirety, may be submitted at the same time. Additional information may be required. Part of the intent of the strategic funding process is to help determine the optimal funding structure for the project, so the final financing structure of the project may differ from what is set forth in the application.
5. The Project Application may be submitted in person or by mail. Please address all application documents to the address listed below.

   Indiana Housing and Community Development Authority
   Attention: Strategic Funding Coordinator
   30 South Meridian Street, Suite 1000
   Indianapolis, IN 46204

6. Part 1: The Strategic Assessment should be submitted electronically. Send the document as an attachment in an email to SIP@ihcda.in.gov. Type "Strategic Funding Application" in the subject line.

7. IHCDA has committed to respond to you about the status of the Strategic Assessment within seven business days of project application submission. The IHCDA Review Team meets weekly on Mondays. Applications that are received *by 12:00 noon on Thursday* will be reviewed at the following Monday's Review Team meeting. Applications received *after 12:00 noon on Thursday and any time on Friday* will be reviewed at the meeting one week from the next Monday.

8. *Applicants should submit photos of the building, home or land on which the project development will take place. These photos should be formatted as separate email attachments to the Part 1 Strategic Assessment application, and should be formatted to open using the 2007 Windows XP operating system.*

9. Please email all questions and comments to SIP@ihcda.in.gov.

PROJECT APPLICATION EVALUATION PROCESS

All applications will be reviewed individually by at least two review teams comprised of IHCDA staff and senior management. At a minimum, each project application will be reviewed and evaluated on criteria listed below.

Part 1: Strategic Priority Review

- The development concept is assessed for its alignment with the strategic priorities of IHCDA: Ending Homelessness, Aging in Place, High Performance Building, and Comprehensive Development.
- IHCDA follows up with sponsor to clarify or secure supplemental information.

Part 2: Project Assessment

a. Sponsor Review

- The sponsor and its development team are assessed for their qualifications and experience in the proposed activity, their performance on past/current IHCDA awards/projects, and their capacity to take on this additional work
- The sponsor is assessed for its financial strength based on previous three audits and YTD financials as well as ratio and trend analyses.

b. Feasibility Review

- The proposed activity is assessed for its demand from and impact on the local market and the intended beneficiaries (e.g., market survey and/or pre-qualified waiting list).
- All revenue and cost assumptions are tested and verified in the construction and operating pro formas.

c. Readiness Review

- The sponsor is assessed on its readiness to proceed with the proposed activity including site control, architectural schematics, construction estimates, and other funding commitments.
- IHCDA conducts a site visit or the applicant makes formal presentation. IHCDA follows up with the sponsor to clarify or secure supplemental information.

Part 3: Investment Negotiation and Structuring

- An IHCDA Review Team develops and proposes an investment strategy. The applicant accepts or negotiates investment terms as needed.
- IHCDA identifies any potential and known regulatory requirements based on the proposed activity and its scope (e.g., Davis-Bacon, URA).
- IHCDA develops an investment strategy based on highest and best use of available resources and an acceptable deal structure.
- IHCDA provides an investment summary to the applicant.
- Applicant submits necessary information and forms specific to the proposed activity and recommended funding source (such as wage determinations, relocation costs, Section 106 determination, Environmental Review Records, etc.).
- The development is assessed on submission of Environmental Review Record and initiation of Section 106 Review process.
- IHCDA and the applicant negotiate and adjust the investment amount and terms as needed.

- IHCDA confirms the process, conditions and arrangements for disbursement of funds to the applicant.
- IHCDA presents the investment to its Board for approval.

Part 4: Investment Execution and Disbursement

- IHCDA prepares award/loan documents, including a "closing" or monitoring checklist.
- The applicant prepares all necessary information and forms in accordance with appropriate checklist (Certifications, Title Insurance, etc.).
- IHCDA executes award documents and disburses funds.
- IHCDA schedules and completes closing or award execution with the sponsor.
- IHCDA records all appropriate documents (lien, covenants, deed restriction, income restriction, mortgages) in appropriate venue, if applicable.
- IHCDA schedules and provides the mandatory compliance training with the sponsor.
- IHCDA provides the initial disbursement.
- Subject to fulfillment of precedents, IHCDA provides construction draws in accord with draw schedule.
- IHCDA provides the final disbursement and signs off on final inspection of project.