Part 1: Application Process

1.1 Overview and Funding Priorities

The purpose of this HOME Investment Partnership Program (HOME) application is to provide subsidies in the form of grants and loans to selected applicants for the acquisition, rehabilitation and/or new construction of single-family housing to serve low income beneficiaries. Through this program, the Indiana Housing and Community Development Authority (IHCDA) seeks to improve the quality of existing housing stock in Indiana.

This program is designed to allocate HOME funds to be used for the rehabilitation and/or new construction of single-family homebuyer housing among selected applicants having developments that meet the requirements of the program and IHCDA's goals for the program.

1. Demonstrate they are meeting the needs of their specific community;
2. Serve low-income households (at or below 80% of area median income);
3. Proceed with the activity upon receipt of the award and begin construction within 12 months of receipt of the award;
4. Link the project to the revitalization of existing neighborhoods, preferably through a comprehensive approach (i.e. as part of a published and approved community revitalization plan).
5. Propose projects that are energy-efficient and are of the highest quality attainable within a reasonable cost structure; and
6. Propose the use of state certified Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Federal Disadvantaged Business Enterprise (DBE) Participation, Veteran-Owned Small Business (VOSB), and/or Service Disabled Veteran Owned Small Business (SDVOSB) contractors, employees, and products when applicants are planning and undertaking their housing activities.

1.2 HOME Application Forms and HOME Policy Discrepancies

In the event of a conflict or inconsistency between the HOME Homebuyer Policy and the HOME Application Form and/or Appendices, the procedures described in the HOME Homebuyer Application Policy will prevail.

1.3 Funding Round Timeline

For Program Year 2018 and 2019, IHCDA is accepting applications under the Homebuyer Policy on a rolling basis until funds are expended. If no funds are expended, the funding will be made available for eligible rental projects.

1.4 Technical Assistance

The applicant may schedule a technical assistance meeting with its regional IHCDA Real Estate Production Analyst to discuss both the proposed development and IHCDA's application process. Technical assistance may be required at IHCDA's discretion if the recipient does not have experience with IHCDA awards or if the applicant's past performance was poor. Applicants are urged to contact their Real Estate Production Analyst early in the planning process to obtain guidance and technical assistance.

1.5 Application Submission

- Via IHCDA's OneDrive site (Please ensure notary seals are visible on any scanned documents):
    - CHDO Application Workbook and supporting documentation (if applying for CHDO Certification)
    - One completed copy of the HOME application form.
    - All supporting documents required in the tabs. Please submit this information as separate, labeled PDF documents under the required labeled tabs. **Do not send one PDF containing all of the supporting documentation**.
    - Signed Environmental Review Record (May be submitted as a PDF)
- Via hard copy:
    - Application fee of $250.
    - One USB Flash Drive with all documents

Application fees should be made payable to IHCDA. If a check is returned for insufficient funds, the application will be denied. The application fee is non-refundable except, if the applicant applies and is certified as a Community Housing Development Organization (CHDO), the full application fee will be refunded.

Faxed applications will not be accepted.

Applicants encountering technical issues with application forms, supporting documentation, or the submittal process should contact their IHCDA Real Estate Production Analyst as soon as possible. If informed of the problem in a timely manner, IHCDA staff may be able to correct the issue and/or provide additional guidance for specific non-Federal requirements on a case-by-case basis. However, assistance cannot be provided for applicants that do not notify IHCDA of an issue prior to the application deadline.

Instructions on how to utilize OneDrive will be explained during the application webinar. Please note:

- **Applicants may NOT set up folders in OneDrive themselves.**
- **Applicants must contact the Real Estate Department Coordinator to request the creation of a folder.**
- **The Real Estate Department Coordinator will then share that folder with the applicant and the applicant may then upload the application form and all other required documents to the created folder.**

The hard copy of the final application forms, completed environmental review forms, and application fee of $250 should be sent to:

Indiana Housing and Community Development Authority
ATTN: Real Estate Department Coordinator
RE: HOME Application
30 South Meridian Street, Suite 900
Indianapolis, IN 46204

All applicants must retain a copy of this application package. Applicants that receive funding will be bound by the information contained herein.

IHCDA will send an email confirmation to the applicant contact within one week of submission notifying the applicant that the application was received by IHCDA. Please notify the Real Estate Department Coordinator if the applicant would like to add an additional contact person for communications regarding its application.

1.6 Application Review

Each application must address only one development. Applications are reviewed in a three step process:

Step One - Completeness	On or before the application deadline, the applicant must provide all required documents, signatures and attachments.
Step Two - Threshold	The application must meet each of the applicable threshold criteria. After initial threshold review, IHDCA staff may contact an applicant to request clarification of threshold information contained in the pending application. The applicant will have the opportunity to respond on or before the due date provided by IHCDA. If the applicant does not respond to the threshold clarification letter and therefore threshold item(s) are still in question, the application will be disqualified. Points will be awarded to those applications where no clarifications are required. For definitions of technical corrections and clarifications, please consult the glossary at the end of this policy.
Step Three - Scoring	Applications that pass the completeness and threshold reviews are then scored according to IHCDA's published scoring criteria. After initial score review, IHCDA staff may contact the applicant for further clarification of a scoring item. Failure to respond to the requested scoring clarification items by the due date and in the manner requested may result in application denial. Supporting documentation for scoring categories will not have the opportunity to be submitted after the initial application submission.

Applications proposing homebuyer activities will be scored separately from, and will not compete with, applications proposing rental activities. An amount of funding, determined at the discretion of IHCDA, will be set aside for homebuyer projects each year. This round has a maximum of $2,000,000 available for homebuyer activities. If additional funds are available after this round that were originally reserved for homebuyer activities (either due to lack of sufficient number of homebuyer applications in general or lack of homebuyer applications meeting threshold requirements), these funds will be redirected and used for rental development.

Funded applications will be announced at the published IHCDA board meeting date. Confirmation letters and score sheets will be uploaded to the FTP site by the close of business on the day of the board meeting. Applications that are not funded will be notified by IHCDA via denial letters and final score sheets being uploaded to the FTP site by the close of business on the day of the board meeting. Applications not funded will not be rolled over into the next funding round.

1.7 Past HOME Awards

Before an Applicant can apply for a new HOME award, any other HOME awards that the applicant has received from IHCDA must be drawn by a minimum of 25% of the award's total funding amount. HOME funds awarded within the last six months (from the last day signed on the contract agreement) are exempt from this requirement.

1.8 Minimum Score Requirement

An application must score at least 47 points to be considered for funding.

1.9 IHCDA CDBG, HOME & HTF Program Manual

The IHCDA CDBG, HOME and HTF Program Manual outlines the requirements for administering IHCDA's CDBG, HOME and HTF awards. A complete copy of the Program Manual and all exhibits is available on IHCDA's website at http://www.in.gov/myihcda/2490.htm

1.10. IHCDA Waiver Policy

IHCDA will not accept waivers on underwriting, subsidy limitations, federal regulations or scoring requirements with this round.

1.11 Development Fund

Applicants may apply for the Development Fund with their HOME application; however, Development Fund may not be available for supplemental funding at IHCDA's discretion. Applicants must provide documentation and explanation on an alternative source of finding if the Development Fund application is denied, or if Development Fund is not available.

More information on the Development Fund may be found in Part 10.

Part 2: Eligible Applicants

2.1 Eligible Applicants

HOME Investment Partnerships Program (HOME)	Cities, Town, and Counties (Non-HOME Participating Jurisdiction)	Community Housing Development Organizations (CHDO)	501(c)3 and 501(c)4 Not-for-Profit Organizations and PHAs	Joint Venture Partnerships	For Profit Entities organized under the State of Indiana
Homebuyer New Construction and/or Homebuyer Rehabilitation	✓	✓	✓	✓	Not eligible

Eligible applicants include cities, towns, or counties that are located within Indiana but outside of the following participating jurisdictions. Applications from, or housing activities located within, the following participating jurisdictions are NOT eligible for HOME funds:

Anderson
Bloomington
East Chicago
Evansville
Fort Wayne
Gary
Hammond
Indianapolis*
Lake County
Lafayette Consortium**
Muncie
South Bend Consortium***
Terre Haute

*Excluding the Marion County Cities of Beech Grove, Lawrence, Speedway, and Southport. The Town of Cumberland is excluded when the housing activity is outside of Marion County.

**Lafayette Consortium is made up of the Cities of Lafayette and West Lafayette and the unincorporated areas of Tippecanoe County. Other incorporated areas are eligible to receive assistance.

***South Bend Consortium is made up of the Cities of South Bend and Mishawaka and the unincorporated areas of St. Joseph County. Other incorporated areas are eligible to receive assistance.

2.2 Ineligible Applicants

IHCDA reserves the right to disqualify from funding any application that has an applicant, sub-recipient, administrator, preparer, or related party of any of the aforementioned, with a history of disregarding the policies, procedures, or staff directives associated with administering any IHCDA program or program administered by any other State, Federal, or affordable housing entity. This includes, but is not limited to, the Indiana Office of Community and Rural Affairs, the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture - Rural Development, or the Federal Home Loan Bank.

Additionally, any entity currently on IHCDA's suspension or debarment list is ineligible to submit an application. IHCDA's Suspension and Debarment Policy can be found in the Program Manual Chapter 17.

2.3 Religious and Faith-Based Organizations

- *Equal treatment of program participants and program beneficiaries.* (1) *Program participants.* Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the HOME program. Neither the Federal Government nor a State or local government receiving funds under the HOME program shall discriminate against an organization on the basis of the organization's religious character or affiliation. Recipients and subrecipients of program funds shall not, in providing program assistance, discriminate against a program participant or prospective program participant on the basis of religion or religious belief.
- *Beneficiaries.* In providing services supported in whole or in part with federal financial assistance, and in their outreach activities related to such services, program participants shall not discriminate against current or prospective program beneficiaries on the basis of religion, a religious belief, a refusal to hold a religious belief, or a refusal to attend or participate in a religious practice.
- *Separation of explicitly religious activities.* Recipients and subrecipients of HOME program funds that engage in explicitly religious activities, including activities that involve overt religious content such as worship, religious instruction, or proselytization, must perform such activities and offer such services outside of programs that are supported with federal financial assistance separately, in time or location, from the programs or services funded under this part, and participation in any such explicitly religious activities must be voluntary for the program beneficiaries of the HUD-funded programs or services.
- *Religious identity.* A faith-based organization that is a recipient or subrecipient of HOME program funds is eligible to use such funds as provided under the regulations of this part without impairing its independence, autonomy, expression of religious beliefs, or religious character. Such organization will retain its independence from Federal, State, and local government, and may continue to carry out its mission, including the definition, development, practice, and expression of its religious beliefs, provided that it does not use direct program funds to support or engage in any explicitly religious activities, including activities that involve overt religious content, such as worship, religious instruction, or proselytization, or any manner prohibited by law. Among other things, faith-based organizations may use space in their facilities to provide program-funded services, without removing or altering religious art, icons, scriptures, or other religious symbols. In addition, a HOME program-funded religious organization retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.
- *Alternative provider.* If a program participant or prospective program participant of the HOME program supported by HUD objects to the religious character of an organization that provides services under the program, that organization shall, within a reasonably prompt time after the objection, undertake reasonable efforts to identify and refer the program participant to an alternative provider to which the prospective program participant has no objection. Except for services provided by telephone, the Internet, or similar means, the referral must be to an alternate provider in reasonable geographic proximity to the organization making the referral. In making the referral, the organization shall comply with applicable privacy laws and regulations.

Recipients and subrecipients shall document any objections from program participants and prospective program participants and any efforts to refer such participants to alternative providers in accordance with the requirements of §92.508(a)(2)(xiii). Recipients shall ensure that all subrecipient agreements make organizations receiving program funds aware of these requirements.

- *Structures.* Program funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for explicitly religious activities. Program funds may be used for the acquisition, construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under this part. When a structure is used for both eligible and explicitly religious activities, program funds may not exceed the cost of those portions of the acquisition, new construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to the HOME program. Sanctuaries, chapels, or other rooms that a HOME program-funded religious congregation uses as its principal place of worship, however, are ineligible for HOME program-funded improvements. Disposition of real property after the term of the grant, or any change in the use of the property during the term of the grant, is subject to government wide regulations governing real property disposition (see 24 CFR parts 84 and 85).
- *Supplemental funds.* If a State or local government voluntarily contributes its own funds to supplement federally funded activities, the State or local government has the option to segregate the federal funds or commingle them. However, if the funds are commingled, this section applies to all of the commingled funds.

Part 3: Eligible Activities & HOME Program Requirements

3.1 Eligible Activities

This program is intended to have a long-term impact on the availability and quality of the affordable housing stock in Indiana. The program is intended for the rehabilitation and/or new construction of single-family housing for homebuyer activities. Acquisition only is not an eligible activity; however acquisition in conjunction with another activity is permitted.

- Rehabilitation, new construction, acquisition/rehabilitation or acquisition/new construction of single-family housing.
- If HOME funds are used for acquisition of vacant land or demolition in conjunction with another activity, then construction must commence within 9 months of the demolition or acquisition.
- Manufactured homes are eligible if they meet IHCDA's Manufactured Housing Policy or if rehabilitation will bring the unit up to these standards:
    - A single dwelling unit designed and built in a factory, installed as a permanent residence, which bears a seal certifying that it was built in compliance with the Federal Manufactured Housing Construction and Safety Standards law and which also complies with the following specifications:
        - Shall have been constructed after January 1, 1981, and must exceed nine hundred fifty (950) square feet of occupied space per I.C. 36-7-4-1106 (d);
        - Is attached to a permanent foundation of masonry construction and has a permanent perimeter enclosure constructed in accordance with the One and Two Family Dwelling Code;
        - Has wheels, axles and towing chassis removed;
        - Has a pitched roof;
        - Consists of two or more sections which, when joined, have a minimum dimension of 20' X 47.5' enclosing occupied space; and
        - Is located on land held by the beneficiary in fee-simple title or 99-year leasehold and is the principal residence of the beneficiary.
        - All other manufactured or mobile homes that do not meet the aforementioned criteria are ineligible to receive rehabilitation assistance funded by IHCDA.

3.2 Ineligible Activities

The following are ineligible activities:

- Rental housing;
- Performing owner-occupied rehabilitation;
- Group homes;
- Creation of secondary housing attached to a primary unit;
- Acquisition, rehabilitation, or construction of nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, or student dormitories;
- Rehabilitation of mobile homes;
- Acquisition, rehabilitation, refinancing, or new construction if any part of a home or its land is located within the boundaries of a 100-year floodplain. A flood determination must be provided for each parcel associated with the development;

- Acquisition, rehabilitation, or construction of any developments that will be applying for RHTC. These developments must apply for HOME funds as part of the RHTC application (also called the Qualified Allocation Plan);
- Costs for supportive services, homeless prevention activities, operating expenses, or for the use of commercial facilities for transient housing;
- Acquisition, rehabilitation, or construction of transitional housing or emergency shelters that are designed to provide temporary daytime and/or overnight accommodations for homeless persons;
- Payment of HOME loan servicing fees or loan origination costs;
- Tenant-based rental assistance;
- Payment of back taxes.

In addition, IHCDA **does not** fund:

- Requests from individuals, political, social, or fraternal organizations;
- Endowments, special events, arts, or international developments;
- Scholarships requested by individuals;
- Institutions that discriminate on the basis of race, color, national origin, sex, religion, familial status, disability, sexual orientation, gender identity, or against victims of domestic violence, dating violence, sexual assault, or stalking in policy or in practice;
- Developments in furtherance of sectarian religious activities, impermissible lobbying, legislative or political activities;
- Medical research or medical profit-making enterprises.

3.3 HOME Program Requirements

The proposed HOME development must follow these minimum requirements, and all other requirements laid forth in the Program Manual, to be eligible for funding. For further details on each requirement, please see IHCDA's Program Manual at http://www.in.gov/myihcda/2490.htm.

- Recipients must comply with all regulatory requirements listed in 24 CFR Part 92.

Applicants should familiarize themselves with IHCDA's CDBG, HOME & HTF Program Manual. Requirements include, though are not limited to the following

- **Policy Requirements**:
  - Homebuyer activities must assist households at or below 80% of the Area Median Income for the county, as published by HUD and distributed by IHCDA. Households must also meet the definition of "low-income families" at 24 CFR 92.2 which limits occupancy based on certain student status rules..
- **Lead Based Paint**:
  - Each recipient of a HOME award is subject to the HUD requirements of addressing lead-based paint hazards pursuant to 24 CFR Part 35. If a risk assessment is required, then all lead-based paint issues must be addressed.
  - Anyone who conducts lead-based paint activities in the State of Indiana must be licensed. Licenses are issued only after an applicant has successfully completed course certification by an accredited training facility and has passed the licensing examination administered by the ISDH. A separate license is required for each of the authorized lead

disciplines. All licenses must be renewed every three years by successfully completing refresher training approved by the ISDH. Activities requiring licensing include:
    - Inspection for lead-based paint
    - Risk assessment for lead hazards
    - Clearance examination following lead abatement
    - Abatement of lead-based paint
    - Project design, supervision, and work in abatement projects
  - Anyone who is paid to perform work that disturbs paint in housing and child-occupied facilities built before 1978 must be EPA certified. This includes all firms, even sole proprietorships. Firms can't advertise or perform renovation activities covered by the regulation in homes or child occupied facilities built before 1978 without firm certification. Examples of the types of firms covered:
    - Residential rental property owners/managers
    - General contractors
    - Special trade contractors, including
      - Painters
      - Plumbers
      - Carpenters
      - Electricians
  - Federal law requires that a "certified renovator" be assigned to each job and that all involved individuals be trained in the use of lead-safe work practices.
    - To become a certified renovator, a person must complete a renovator training course accredited by EPA or an EPA authorized program which will teach them how to work lead safe.
    - All remaining individuals must also be trained. They can either be certified renovators (meaning they successfully completed the accredited training) or they can have been trained on the job by a certified renovator (such training must be documented and the documents must be retained).
- **Section 504:**
  - Housing must meet the accessibility requirements of 24 CFR Part 8 which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covers multifamily dwellings, as defined in 24 CFR Part 100.201. It must also meet the design and construction requirements of 24 CFR 100.205 which implement the Federal Fair Housing Act Amendments of 1988 (42 U.S.C. 3601-3619).
- **Uniform Relocation Act:**
  - Each recipient of a HOME award is subject to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). See IHCDA's Program Manual Chapter 4 for guidance on the regulatory requirements of the URA, as amended, the Federal regulations at 49 CFR Part 24, and the requirements of Section 104(d) of Title I of the Housing and Community Development Act of 1974, as amended.
- **Affirmative Marketing Procedures**
  - Rental and homebuyer housing with five or more HOME-assisted units must adopt IHCDA's Affirmative Marketing Procedures.
- **Section 3:**
  - Any recipient receiving an aggregate amount of $200,000 or more from one (1) or more of the HUD CPD programs (i.e. CDBG, HOME, NSP, HOPWA, ESG, etc.) in a program year

must comply with the Section 3 requirements. Section 3 provides preference to low- and very-low-income residents of the local community (regardless of race or gender) and the businesses that substantially employ these persons, for new employment, training, and contracting opportunities resulting from HUD-funded projects.

- **Income Verification**:
  - An income verification is valid for a period of six months. If more than six months pass between income verification and contract execution/purchase agreement, then a new income verification must be completed.
- **Procurement Procedures:**
  - Each recipient of a HOME award will be required to provide proof of adequate builder's risk insurance, property insurance, and/or contractor liability insurance during construction and property insurance following construction for the assisted property throughout the affordability period of the award.
  - If the recipient of the HOME award is a Local Unit of Government, or a non-profit not acting as a developer, the recipient must follow competitive procurement procedures when procuring all materials, supplies, equipment, and construction or professional services related to the HOME award. Please note that public non-for-profits (ie Housing or Redevelopment Authorities, and public agencies may not act as Developers and must competitively procure.
  - If the non-for-profit recipient is acting as a developer, competitive procurement standards are not required. To be considered a non-for-profit developer, the non-profit must meet the following criteria:
    - Must have site control (either through ownership or a lease) of the property;
    - Must be in sole charge of the development processes - and not just acting as a contractor, which includes:
      - Obtaining zoning and other approvals;
      - Obtaining other non-HOME financing for the project;
      - Selecting architect the, engineers, general contractors and other members of the development team; and,
      - Overseeing the progress of the work and cost reasonableness.
  - Public Housing Authorities (PHA's) using PHA funds in conjunction with IHCDA funds are subject to Davis Bacon requirements. Each recipient of a HOME award must follow competitive procurement procedures when procuring all materials, supplies, equipment, and construction or professional services related to the HOME award.
- **Environmental Review:**
  - To help facilitate timely expenditure of HOME funds, all applicants are required to complete and submit the Environmental Review Record (ERR) and Section 106 Historic Review at the time of application. IHCDA may Tier the ERR.
  - To complete the forms and the Release of Funds process, refer to the ERR Guidebook found at: https://www.in.gov/myihcda/2650.htm
  - As part of the Section 106 Historic Review process, IHCDA is required to submit all new construction projects to the Indiana Department of Natural Resources' State Historic Preservation Office (SHPO) for archaeology review. SHPO is statutorily required to complete this review within 30 days. Please plan your project timeline accordingly.
  - The applicant will receive their fully executed HOME award documents and will be allowed to draw funds only after the applicant has been allowed to publish a public notice and when the Release of Funds process is complete.

Applicants may not purchase any property to be assisted with HOME funds, sign contracts, or begin rehab/construction until the ERR/Release of Funds process has been completed and approved.

- **Construction Standards:**
  - All IHCDA-assisted units must be inspected twice during the award period. The first inspection will occur when 50% of funds are drawn for single site projects, or when half the units are complete for scattered site projects. The second inspection will be conducted upon completion of construction for the award. Site visits during construction may be conducted to monitor progress of all projects. The IHCDA Inspector or IHCDA's third-party Inspector will conduct the physical inspections. Failure to comply with these inspection requirements may result in the loss of points in future applications and/or findings during IHCDA post-award compliance monitoring.
- **Match:**
  - The match requirement for the HOME program is 25% of the total amount of HOME funds requested except HOME funds used for environmental review costs (pursuant to §92.206(d)(8)), planning costs (pursuant to §92.207); CHDO operating expenses (pursuant to §92.208); capacity building (pursuant to §92.300(b)) of CHDOs; and predevelopment or seed money loans to CHDOs (pursuant to §92.301) when IHCDA waives repayment under the provisions of §92.301(a)(3) or §92.301(b)(3).
  - Labor, property, funds, or other sources of match contribution donated by the applicant to itself, or by a principal or investor in the development, are not eligible for match as defined in §92.220(b)(4).
  - If utilizing banked match, the applicant must have sufficient unencumbered banked match available at time of application.
  - A listing of all eligible match sources may be found in the IHCDA CDBG, HOME & HTF Program Manual and within the match workbook.
  - All required match must be committed by the time closeout documentation is submitted.
- **Davis Bacon:**
  - Each recipient of a HOME award must follow the Davis Bacon requirements found in 29 CFR Parts 1, 3 and 5 to ensure workers receive no less than the prevailing wages being paid for similar work for the following type of projects:
    - Rehabilitation or new construction of a residential property containing twelve (12) or more HOME-assisted units; and
    - Affordable housing containing twelve (12) or more units assisted with HOME funding regardless of whether HOME funding is used for construction or non-construction activities.
    - Such properties may be one (1) building or multiple buildings owned and operated as a single development.
- **Other HOME Required Construction Standards:**
  - Units must, at a minimum, meet the stricter of the local rehabilitation standards or the Indiana State Building Code.
  - Any units utilizing gas appliances must provide carbon monoxide detectors in addition to standard smoke detectors.
  - Recipients of HOME funds must meet additional energy efficiency standards for new construction as described in 24 CFR 92.251.

- **Housing Counseling:**
  - The recipient of HOME funds must ensure that every HOME-assisted homebuyer receives housing counseling before purchasing a home. Information on the requirements may be found in Section 6 of this policy.
- **Selling unit to eligible buyer:**
  - Any HOME-assisted homeownership unit that has not been sold by the recipient to an eligible homebuyer within **nine months** of completion must be converted to a HOME-assisted rental unit.
  - In accordance with CPD Notice 12-003, the recipient must also execute a HOME written agreement with the homebuyer before or at the time of sale. The purpose of the agreement is to ensure that all parties are aware of the provisions related to the lien and restrictive covenant agreement and HOME requirements applicable to the HOME-assisted unit (i.e., period or affordability, principal residency requirement, etc.). The recipient will be required to use IHCDA's form of Homebuyer Recapture Agreement.
- **Meaningful Access for Limited English Proficient Persons**
  - Persons who, as a result of national origin, do not speak English as their primary language and who have limited ability to speak, read, write, or understand English ("limited English proficient persons" or "LEP") may be entitled to language assistance under Title VI in order to receive a particular service, benefit, or encounter. In accordance with Title VI of the Civil Rights Act of 1964 (Title VI) and its implementing regulations, the recipient must agree to take reasonable steps to ensure meaningful access to activities funded by federal funds by LEP persons. Any of the following actions could constitute "reasonable steps", depending on the circumstances: acquiring translators to translate vital documents, advertisements, or notices, acquiring interpreters for face to face interviews with LEP persons, placing advertisements and notices in newspapers that serve LEP persons, partnering with other organizations that serve LEP populations to provide interpretation, translation, or dissemination of information regarding the development, hiring bilingual employees or volunteers for outreach and intake activities, contracting with a telephone line interpreter service, etc.
- **VAWA**
  - Recipient must follow the non-discrimination requirements of the Fair Housing Act, the Violence Against Women Reauthorization Act of 2013, and the Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity rule.

3.4 Affordability Requirements

HOME subsidized activities must be secured throughout the affordability period by a recorded lien and restrictive covenant agreement created by IHCDA. The affordability period begins after development completion. The affordability period begins on the date the activity is completed in IDIS. To be completed in IDIS, the project must be completed, completion and close out documents submitted and approved, final monitoring is completed and, when any findings or concerns are resolved, all of the funds are drawn and/or de-obligated. For more information, see IHCDA Program Manual, Lien and Restrictive Covenants & Affordability Requirements Chapter 15.

The following affordability periods apply to all HOME homebuyer activities:

Amount of HOME subsidy per unit:	Affordability Period
Under $15,000	5 years
$15,000 - $40,000	10 years
Over $40,000 or any rehabilitation/refinance combination activity	15 years

Annual Certification of Compliance:

In order to ensure compliance with the Affordability Period and principal place of residency requirements of the HOME Program for HOME-assisted homebuyer units, the recipient must submit a "Homebuyer Activity Annual Certification of Compliance" annually throughout the Affordability Period. The Certification confirms the owner is using the property as his or her principal place of residence. Verification of income in not required as part of this certification.

Confirmation that the buyer is using the property as his or her principal residence can often be accomplished by verifying that the buyer's name appears on utility company records and/or insurance company records for the home. In addition, postcards or letters mailed with "do not forward" instructions can demonstrate whether the buyer is receiving mail at the home.

This will require the recipient to certify compliance to IHCDA annually, under penalties of perjury, for each year of the Affordability Period. The recipient must certify that each home/homeowner assisted with HOME funds under this Award meets the affordability requirements. This will require the recipient to request each homeowner to sign the "Exhibit A: Principal Place of Residency Certification."

The "Homebuyer Activity Annual Certification of Compliance" is due on or before January 31st of each year and will certify information for the preceding twelve (12) month period. The first annual owner certification is due by January 31st of the year following closeout date (i.e. the first year of the affordability period) of this Award.

A complete submission includes the Certification, Exhibit A, and Exhibit B. The "Homebuyer Activity Annual Certification of Compliance" and related exhibit forms are made available on the compliance and asset management page of IHCDA's website at http://www.in.gov/myihcda/2342.htm. IHCDA will not send these forms to the recipient annually. Rather, it is the responsibility of the recipient to download the necessary forms and to contact IHCDA if there are any questions or concerns.

Repeated failure to submit reports or to comply with requests for reports could result in repayment of HOME funds associated with these home-assisted homebuyer units or suspension or debarment of the recipient. For more information on IHCDA's suspension and debarment policy, refer to Chapter 17 of IHCDA's Program Manual.

3.4 Homebuyer Recapture Guidelines

The recipient must implement recapture restrictions for any homebuyer property purchased, in whole or in part, by a homebuyer that received a direct buyer subsidy from the recipient in an amount greater than or equal to One Thousand and 01/100 Dollars ($1,001) from HOME funds. A homebuyer subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise directly subsidizes the purchase (e.g., down-payment or closing cost assistance, subordinate financing). Developers, other than CHDO's, are not allowed to provide down-payment or closing cost assistance; however a developer may provide a direct subsidy by reducing the purchase price from fair market value to an affordable price.

There are two different consequences that may be associated with a recapture provision: (1) the recapture provision can be triggered (as described just below) or (2) an event of non-compliance can occur (as described further below).

The recapture provisions are triggered if any of the following occur during the Affordability Period:

1. The homebuyer transfers or conveys the property by deed, land contract, or otherwise;
2. Foreclosure proceedings are commenced against the property;
3. The property is transferred by an instrument in lieu of foreclosure; or,
4. The title to the property is transferred from the homebuyer through any other involuntary means.

The amount of the homebuyer subsidy shall be reduced by multiplying the homebuyer subsidy by the Forgiven Ratio ("defined below") in order to determine the amount that will be forgiven. The amount to be recaptured and shall be limited to the Net Proceeds of the sale. "Net Proceeds" is defined as the sales price minus superior loan repayment (other than HOME funds) and closing costs. If there are no Net Proceeds, the amount to be recaptured will be zero and the HOME loan is considered satisfied. In the event there is significant market appreciation, once the HOME obligation is recaptured, the homebuyer can retain any appreciation. The amount recaptured cannot exceed the Net Proceeds, if any. "Forgiven Ratio" means a ratio that calculates the amount of the Direct Subsidy that is forgiven. This ratio shall be calculated by dividing the number of full months that owner occupies the property as its principal residence by the total of number of months in the Affordability Period.

The recipient will be required to ensure that a lien and restrictive covenant agreement, drafted by IHCDA has been executed and recorded on any HOME-assisted property.

In accordance with CPD Notice 12-003, the recipient must also execute a HOME written agreement with the homebuyer before or at the time of sale. The purpose of the agreement is to ensure that all parties are aware of the provisions related to the lien and restrictive covenant agreement and HOME requirements applicable to the HOME-assisted unit (i.e., period or affordability, principal residency requirement, etc.). The recipient will be required to use IHCDA's form of Homebuyer Recapture Agreement.

If there is both a development subsidy and a direct homebuyer subsidy or just a direct homebuyer subsidy, a recapture provision must be implemented. In cases where a direct homebuyer subsidy was not provided and there is only a development subsidy, resale restrictions must be executed on the property.

Under recapture guidelines the Affordability Period is based upon the total amount of the direct homebuyer subsidy that the homebuyer received in HOME funds. A direct homebuyer subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise directly subsidizes the purchase (e.g., down-payment or closing cost assistance, subordinate financing).

Non-Compliance - Occurs during the Affordability Period when any of the following occur: 1) the original homebuyer no longer occupies the unit as his or her principal residence (i.e., unit is rented or vacant), or 2) the home was sold during the Affordability Period and the recapture provisions were not enforced. In the event of noncompliance, the recipient must repay the entire amount of the HOME funds invested in the property. Net Proceeds ("as defined above") and the Forgiven Ratio ("as defined above") are not applicable when there is a non-compliance.

3.5 Homebuyer Resale Provisions

Applicants are encouraged to structure homebuyer projects to include a direct subsidy which can be achieved by reducing the sales price below the fair market value of the property. IHCDA does not recommend the use of resale provisions due to the risks associated with foreclosure, non-compliance and the administrative burdens associated with ensuring a fair return.

When a homebuyer property is constructed, redeveloped, rehabilitated, or acquired, in whole or in part, with HOME funds and the HOME funds are provided to the homebuyer property in the form of a development subsidy and there is no homebuyer subsidy the recipient must implement resale requirements. A direct homebuyer subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise directly subsidizes the purchase ("homebuyer subsidy"). The development subsidy consists of the difference between the cost of producing the unit and the market value of the property.

There are two different consequences that may be associated with a resale provisions (1) the resale provision can be triggered and its requirements must be met (as described below) or (2) an event of non-compliance can occur (as described further below).

The resale provisions are triggered if any of the following occur during the Affordability Period:

1. The homebuyer transfers or conveys the property by deed, land contract, or otherwise;
2. Foreclosure proceedings are commenced against the property;
3. The property is transferred by an instrument in lieu of foreclosure; or
4. The title to the property is transferred from the homebuyer through any other involuntary means.

The resale provision requires that the property:

1. Be marketed to families at or below 80% AMI;
2. Be resold to another individual or family whose income is at or below 80% of the area median income;
3. Be occupied by that individual or family as its primary residence for the remainder of the Affordability Period;
4. Be resold at a price that does not exceed 29% of the reasonable range of low income buyer's income towards the principal, interest, taxes and insurance for the property on a monthly basis ("Affordable Price"); and

5. Be affordable for a reasonable range of low income families between 50% and 80% of the median area income for the geographic area published annually by HUD.

The homebuyer is entitled to a fair return on its investment (as described below) upon the sale of the property. The fair return will be based on the percentage change in the Consumer Price Index for All Urban Consumers Owners' Equivalent Rent of Primary Residence category in Table I of the CPI Detailed Report (the "CPI Index") during the period of the homebuyer's ownership of the property. Accordingly, the CPI Index during the month the residence was completed (the month during which the completion reports were received by and approved by IHCDA) will be compared to the CPI Index during the month the homebuyer sells the residence to determine the percentage of the return. This percentage will be multiplied by the homebuyer's investment. Here is an example:

Original sales price = $100,000
Initial homebuyer investment = $5,000
Capital investment = $9,000
Percentage change in CPI = 3.5%

($5,000 + $9,000) x 3.5% = $490 fair return
$5,000 + $9,000 + $490 = $14,490 total return to original homebuyer at sale

$100,000 + $14,490= maximum allowable subsequent sales price.

The homebuyer's investment will include any down payment, plus any capital improvements. A capital improvement is any property enhancement that increases the overall value of the property, adapts it to new uses, or extends its life such as: adding windows, insulation, a new drive way, a new furnace, a garage, bedroom, new roof, remodeling kitchen, etc. Any capital improvement will be valued based on actual cost as documented by the homebuyer's receipts submitted to, and approved by IHCDA. Generally, replacing worn or dated components such as appliances or carpet would not be considered an improvement that adds value or adapts it to new uses. In certain circumstances, such as a declining housing market where home values are depreciating, the homebuyer may not receive a return on his or her investment because the home sold for less or the same price as the original purchase price and a loss on investment may constitute a fair return.

IHCDA will provide HOME assistance to the subsequent homebuyer to ensure that the original homebuyer received a fair return and that the unit is affordable to the defined low-income population.

The recipient will be required to ensure that a lien and restrictive covenant agreement, drafted by IHCDA has been executed and recorded on any HOME-assisted property. In accordance with CPD Notice 12-003, the recipient must also execute a HOME written agreement with the homebuyer before or at the time of sale. The purpose of the agreement is to ensure that all parties are aware of the provisions related to the lien and restrictive covenant agreement and HOME requirements applicable to the HOME-assisted unit (i.e., period or affordability, principal residency requirement, etc.). The recipient will be required to use IHCDA's form of Homebuyer Resale Agreement.

Non-Compliance - Occurs during the Affordability Period when an owner (1) vacates the unit or rents the unit to another household, (2) sells the unit to a buyer that is not income-eligible, (3) sells the unit to a buyer that will not agree to use the property as its principle residence for the remainder of the

Affordability Period (will not sign a lien and restrictive covenant agreement), or (4) does not sell it to the buyer at a reasonable price. In the event of noncompliance, the recipient must repay the entire amount of HOME funds invested in the housing.

Under resale guidelines the Affordability Period is based upon the total amount of HOME funds invested into the property and this is the amount that would need to be repaid by the recipient in the event of non-compliance or foreclosure that occurs during the affordability period.

Applicants are encouraged to structure homebuyer projects to include a direct subsidy which can be achieved by reducing the sales price below the fair market value of the property. IHCDA does not recommend the use of resale provisions due to the risks associated with foreclosure, non-compliance and the administrative burdens associated with ensuring a fair return.

Part 4: Community Housing Development Organizations (CHDOs)

4.1 IHCDA CHDO Set-Aside

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

4.2 CHDO Eligible Activities

For this round, single-family homebuyer housing is considered a CHDO-eligible activity for purposes of the CHDO set-aside as long as the activity takes place within the CHDO's state-certified service area and the CHDO develop the homeownership activity. As Developer, the CHDO must solely own the property in fee simple during the development period. The CHDO must further arrange financing for the development and be in sole charge of construction.

4.3 CHDO Program Requirements

CHDOs must adhere to all HOME requirements listed in this Application Package and the additional CHDO specific program requirements:

- Applicants that would like to apply as a CHDO must apply for CHDO certification at the time of submitting a HOME application. The CHDO application can be found as a separate document on the IHCDA website here: http://www.in.gov/myihcda/2541.htm. The CHDO application must be submitted at the same time as submittal of the HOME application.
- Treatment of Program Income by a CHDO:
    - CHDOs receiving loan repayments back from homebuyers during the affordability period may retain these funds. The funds must be utilized for housing activities that benefit low-income families as provided in 24 CFR 92.300(a)(2). However, if at any time during the affordability period, the CHDO becomes decertified or no longer has a mission of providing affordable housing then all CHDO proceeds must immediately be remitted to IHCDA. Additionally, funds recaptured because housing no longer meets affordability requirements are not considered CHDO proceeds and are subject to the requirements of 24 CFR 92.503(b) and must be returned to IHCDA. Please contact your Compliance Monitor for further assistance in this area.
- An application for a CHDO eligible undertaking must demonstrate the following:
    - Low- and moderate-income persons have had the opportunity to advise the CHDO in its decision regarding the design, site, development, and management of the affordable housing undertaking.
    - Certify that the organization continues to meet the definition of a CHDO by being a certified CHDO by IHCDA.
    - Complete the CHDO related sections in the Application Forms.
- Homebuyer provision for CHDO-eligible activities: HOME funds may be provided as a homebuyer deferred payment or forgivable loan and must carry a 0% interest rate and the term must not exceed the affordability period.

4.4 CHDO Operating Supplement

CHDOs may apply for supplemental funds in the HOME application forms. A CHDO may not receive CHDO operating supplement funds in an amount to exceed $50,000 within one program year.

Eligible costs include:

- Accounting Services/Audit
- Communication Costs
- Education/Training
- Equipment/Software
- Insurance
- Lead-Based Paint Equipment
- Legal Fees
- Postage
- Professional Dues/Subscriptions
- Rent
- Staff Salary/Fringe
- Taxes
- Travel
- Utilities

CHDOs can be eligible for a second year of CHDO Operating Support. CHDOs funded within the past 12-24 months for a HOME project can apply for additional supplemental operating support of up to $25,000, if they have met the following criteria:

- Have begun construction within the first 12 months of the executed agreement with IHCDA;
- Have drawn a minimum of 25% of the IHCDA housing development award;
- Have drawn 100% of the original CHDO Operating Support award.

CHDO Operating Support cannot exceed to greater of $50,000 within one program year.

4.5 CHDO Predevelopment and Seed Money Loans

CHDOs are eligible for development specific predevelopment or seed money loans. Applicants may request up to $30,000 in loans for special project-specific pre-development expenses. All loans may not exceed customary and reasonable project preparation costs and must be repaid from construction loan proceeds or other program income. The CHDO must apply for the predevelopment or seed money through a separate application process. Please contact your Real Estate Production Analyst for more details.

Part 5: Subsidy Limitations & Eligible Activity Costs

5.1 Subsidy & Budget Limitations

The maximum request amount per application is $500,000 for homebuyer activities. The maximum request amount per unit is $40,000.

Subsidy Limitations

HOME funds used for rehabilitation, new construction, acquisition/rehabilitation, acquisition/new construction, soft costs, relocation, and developer's fee combined cannot exceed $40,000 per unit. Please note that acquisition alone is not an eligible expense under this policy.

Minimum amount of HOME funds to be used for rehabilitation or new construction is $1,001 per unit.

Budget Limitations

- All subsidies must be secured throughout the affordability period by a written, legally binding, recorded restrictive covenant.
- HOME funds budgeted for developer's fee cannot exceed 15% of the HOME award.
- HOME funds budgeted for soft costs and environmental review, or soft costs, environmental review and developer's fee together cannot exceed 20% of the HOME award.

5.2 Form of Assistance

HOME funds will be awarded to the recipient in the form of a grant or loan. Award documents must be executed in order to access funds and may include, but are not limited to: award agreement, resolution, and a lien and restrictive covenant agreement.

The applicant may then provide the HOME award as a forgivable, amortized, or deferred loan to as many other entities as they choose, known as subgrantees (beneficiaries if a homebuyer award). However, subgrantees must be identified in the application and approved by IHCDA.

A title company is required to be used for all loans that occur between the IHCDA recipient and the beneficiary or subgrantee of the program. For example, an IHCDA recipient providing funds for a homebuyer activity must use a title company when the loan is made to the homeowner. Another example is when an IHCDA recipient is assisting a property that that it does not own. When the loan is made from the IHCDA recipient to the subgrantee, a title company must be used.

The IHCDA recipient must execute a promissory note, mortgage, lien and restrictive covenant agreement, security agreement, UCC Financing Statement(s), and other documents as directed by IHCDA in order to secure IHCDA's investment in the assisted property. The recipient is required to deliver these documents to the county recorder's office for recording. These documents will be reviewed during monitoring visits.

The homebuyer must execute a lien and restrictive covenant agreement and in accordance with CPD Notice 12-003, the recipient must execute a HOME written agreement with the homebuyer before or at the time of sale. The purpose of the agreement is to ensure that all parties are aware of the provisions related to the lien and restrictive covenant agreement and HOME requirements applicable to the

HOME-assisted unit (i.e., period or affordability, principal residency requirement, etc.), and assists the recipient in enforcing those requirements.

5.3 Eligible Activity Costs

The bolded items listed below are included in the application budget. If you have a question about which line item an expense goes under, contact your IHCDA Real Estate Production Analyst.

ACQUISITION – Limited to the purchase price and related costs associated with the acquisition of real property. Recipients must use a title company when purchasing or selling assisted properties.

DEMOLITION – Costs associated with the demolition and clearance of existing structures.

DEVELOPER'S FEE – Developer's fees are only available with HOME funded activities and cannot exceed 15% of the HOME award. Additionally, the total of developer's fee, soft costs, and environmental review cannot exceed 20% of the HOME request.

ENVIRONMENTAL REVIEW – This line item includes expenses associated with the NEPA compliance Environmental Review, which is a requirement of the Release of Funds process. This does not refer to a Phase I Environmental Assessment. This line item along with developer's fee, soft costs and environmental review cannot exceed 20% of the HOME request. Eligible costs for this line item are generally between $2,000 and $5,000 and include professional services, publication costs, photocopying, and postage. For further information regarding this activity, please read the Environmental Review Guide found in Chapter 11 of the IHCDA CDBG, HOME & HTF Program Manual.

HOMEOWNERSHIP COUNSELING – Costs associated with formal training provided to prospective homebuyers. This item is limited to $1,000 per homebuyer. This line item applies to homebuyer developments only.

Eligible costs include:

- Course material development
- Credit reports
- Income verification
- Intake
- Loan processing
- Marketing and advertising
- Postage
- Professional services
- Program management
- Related travel
- Training location
- Underwriting

LEAD HAZARD TESTING – Costs associated with lead hazard testing includes Risk Assessment, Clearance Test, etc. The limits for this line item are $1000 per unit.

NEW CONSTRUCTION – Eligible costs include:

- Hard costs associated with new construction activities;
- Utility connections including off-site connections from the property line to the adjacent street;
- Site work related to driveways, sidewalks, landscaping, etc.
- Related infrastructure costs - improvements to the development site that are in keeping with improvements of surrounding, standard developments. Site improvements may include on-site roads and water and sewer lines necessary to the development

- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners
- General Requirements, Contractor Contingency and CMC

SOFT COSTS – Soft costs are those costs that can be directly tracked by address. They include soft costs and client-related costs that are reasonable and necessary for the implementation and completion of the proposed activity. This line item along with environmental review or developer's fee and environmental review cannot exceed 20% of the HOME request. Recipients are allowed to draw down this line item as costs are incurred. Additionally, program delivery may be used to pay off a HOME CHDO Predevelopment or CHDO Seed Money loan but may not exceed the 20% line item cap.

Eligible costs include:

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

REHABILITATION – Eligible costs include:

- Hard costs associated with rehabilitation activities
- Lead-based paint interim controls and abatement costs
- Mold remediation
- Site work related to driveways, sidewalks, landscaping, etc.
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners
- Utility connections and related infrastructure costs - off-site connections from the property line to the adjacent street are eligible when it is deemed a threat to health and safety. Improvements to infrastructure when there will be no rehabilitation work done on the actual house to be served;
- General Requirements, Contractor Contingency and CMC

RELOCATION - This includes relocation payments and other relocation assistance for permanently and/or temporarily relocated individuals, families, businesses, not-for-profit organizations, and farm operations where assistance is required and appropriate. Relocation payments include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket expenses for temporary relocation purposes. For additional information on relocation and displacement, please refer to the information provided in the IHCDA's Program Manual Chapter 4.

RETAINAGE POLICY - IHCDA will hold the final $5,000 of an award until all match documentation, closeout documentation, and completion reports are received and approved. Closeout documentation will not be approved until the final monitoring and inspection is completed and all associated findings and/or concerns are resolved.

5.4 Ineligible Activity Costs

- Annual contributions for operation of public housing
- Commercial development costs **-** All costs associated with the construction or rehabilitation of space within a development that will be used for non-residential purposes such as offices or other commercial uses. This does not include the common area used by tenants of rental property or the leasing office of the apartment manager. HOME awards cannot be used to underwrite any portion of commercial development costs. The expenses incurred and income to be generated from commercial space must be reported in a separate "Annual Expense Information" sheet and 15-year proforma.
- Costs associated with any financial audit of the recipient.
- Costs associated with preparing an application for funding through IHCDA
- Cost of supportive services
- General operating expenses or operating subsidies
- Loan guarantees
- Mortgage default/delinquency correction or avoidance
- Providing tenant based rental assistance
- Purchase or installation of equipment, furnishings, tools, or other personal property that is not an integral structural feature, such as window air conditioner units or washers and dryers.
- Purchase or installation of luxury items, such as swimming pools or hot tubs

5.5 Program Income / CHDO Proceeds

Income generated by CHDOs acting as owners, sponsors or developers of HOME units may be retained by the CHDOs but it must be used for housing activities that benefit low-income families as provided in 24 CFR 92.300(a)(2). However, funds recaptured because housing no longer meets affordability requirements are not considered CHDO proceeds, are subject to the requirements of 24 CFR 92.503(b) and must be returned to IHCDA.

Additionally, all legal documents, such as mortgages, security agreements, UCC financing statements, and liens executed by the IHCDA recipient, beneficiary, or subrecipient receiving assistance, must be recorded at the county recorder's office. These documents must be submitted to IHCDA at closeout along with the IHCDA recipient's completion reports and will be reviewed during monitoring visits conducted by IHCDA staff.

Part 6: Homebuyer Requirements

6.1 Eligible Beneficiaries

Each household must have an annual income equal to or less than 80% of the area median family income (adjusted for household size) at the time the contract to purchase the home is signed. The Part 5 definition of household income applies. See the CDBG, HOME and HTF Program Manual for instructions on calculating and verifying household income. Households must also meet the definition of "low-income families" at 24 CFR 92.2 which limits occupancy based on certain student status rules.

To be eligible for homebuyer activities, the prospective purchaser beneficiary must be low-income and must occupy the property as a principal residence upon purchase.

The purchasing household must be low-income at either:

- In the case of a contract to purchase existing housing, at the time of purchase; or
- In the case of a contract to purchase housing to be constructed, at the time the contract is signed.

Recipients are required to identify and prequalify homebuyers prior to acquiring and beginning construction on the HOME-assisted units; however, HOME-assisted units are not considered completed until occupied by an income eligible homebuyer. The Developer Fee cannot be claimed until the unit is occupied by an eligible applicant, and the paperwork is submitted and approved by IHCDA staff.

Any HOME-assisted homeownership unit that has not been sold by the recipient to an eligible homebuyer within nine months of completion of construction or rehabilitation (meaning all necessary title transfer requirements and construction work has been performed and the housing unit complies with the property standards as evidenced by a final inspection) must be converted to a HOME-assisted rental unit subject to all compliance requirements of HOME-assisted rental housing in accordance with 24 CFR 92.252

6.2 Homebuyer New Construction Provisions

All new construction homebuyer units must meet the "visitability" standard (see below). In addition, all units shall be made accessible upon the request of the prospective buyer.

Visitability is defined as design concepts that allow persons with mobility impairments to enter and stay, but not necessarily live, in a residence. There are three specific design elements that must be incorporated to satisfy the visitability mandate:

- Each unit must contain at least one zero-step entrance on an accessible route. This can be any entrance to the unit;
- All main floor interior doors (including bathroom doors and walk-in closets) in each unit must provide at least at least 31 ¾ inches of clear opening width; and
- Each unit must contain at least one half or full bathroom on the main level that is accessible per ICC A117.1.Section 1004.11.

6.3 Homebuyer Rehabilitation Provisions

Applicants also performing rehabilitation on the housing in this activity must purchase:

- Homebuyer residential units, or
- Rental units that have been vacant for three or more months.

See the IHCDA's Program Manual for further guidance.

6.4 Underwriting Standards

Applicants must evaluate housing debt and overall debt of the family, the appropriateness of the HOME assistance, the monthly expenses of the family, the assets available to acquire the housing and the financial resources to sustain ownership.

In addition to the subsidy layering pro-forma, the applicant must submit the HOME Homebuyer Underwriting tool at set-up for each the household analysis to ensure eligibility. Applicants must complete the Buyer Prequalification tab of the tool for each household applying for HOME financing through this program. Applicants must resubmit to IHCDA an updated tool if there are changes in the targeted household.

To determine the appropriate amount of the fair market value reduction, the applicant and IHCDA must evaluate the income of the persons who have an ownership interest in the property. **Please note that this process is different than the Part 5 income qualification, which must be calculated first to determine initial eligibility.** To underwrite those who have an ownership interest the following adjustments must occur:

- The income of adults who will not have an ownership interest in the property will be excluded. For example, in a circumstance where an elderly parent is part of the household but is neither being listed on title to the property nor included on the loan documents, that individual's income will not be included in calculations of the income available to make the mortgage payment.

  However, this exclusion for "non-purchasing" adults is not intended to artificially exclude the income of a household member with marginal credit. In the case of married couples, the income of both spouses will always be included for underwriting purposes.

- Significant sources of income such as social security benefits, child support payments, or the like that will not continue for three (3) years will be excluded. For example, while child support received for a 16 ½ year old is included in the Part 5 definition of income because it will continue over the upcoming 12 months, the source of income will cease in about a year and a half when the child turns 18 and should not be counted on in sizing the buyer's mortgage.

- Any imputed income from assets will be excluded for underwriting purposes

This analysis must be based on the borrower's payment for a minimum of a 20 year mortgage. The analysis includes:

- The affordable payment (principal, interest, taxes, insurance, and utilities) must have a front-end ratio of 29% of gross income.
- Applicants should not allow a mortgage payment that exceeds the back-end affordable payment ratio calculated at 41% of gross monthly income.
- The back-end ratio should include PITI and other fees, car loans, student loans and credit cards if those payments are expected to occur throughout the period of affordability.

In accordance with 92.254(f)(l), homebuyers recurring monthly expenses must be evaluated. The applicant is required to assess the effect of other substantial monthly living expenses on a borrower's ability to repay a mortgage. For example, fixed monthly living expense such as utilizes and costs for transportation to work are essential expenses that reduce the amount of income available to the homebuyer for the payment of the mortgage and other associated housing costs.

- If the activity is for new construction, at least $50 per month must be budgeted for property taxes, unless documentation is provided that indicates that taxes will be lower than this amount.
- Applicants must include an utility allowance (to be estimated at between $125-$200 per month), unless documentation is provided that indicates utilities will be lower than this amount.
- The applicant must calculate residual income by deducting from gross monthly income the recurring monthly expenses outlined above (taxes, utilities, loan payments if applicable etc), additional projected housing expenses, and any other monthly debt obligations.

Prior to closing on the HOME-assisted property, the grantee must re-submit the HOME Homebuyer Household workbook with the Final Underwriting tab filled out. Through underwriting the applicant must also include an examination of the homebuyer's assets or cash reserves.

IHCDA requires the Homebuyer contribute a minimum of $250 toward the purchase price of the home.

The homeowner must also must have adequate cash reserves to pay for unanticipated emergencies. IHCDA requires two-four months of cash reserves. These reserves may be from savings, checking, money market or other non-retirement accounts, which that after closing there are financial resources of at least two times the total monthly housing expense, including principal, interest, taxes, and insurance.

IHCDA may consider waivers to the homebuyer underwriting on a case-by-case basis on the front end ratio, back end ratio, reoccurring monthly expenses and cash reserves.

The applicant <u>may not</u> provide a uniform amount of assistance to each homebuyer irrespective of income, assets or other circumstances. Each household must be independently evaluated. IHCDA must finalize an approval of an eligible household purchasing a HOME unit prior to the signing of the ratified sales contract.

6.5 Lending Standards

HOME assisted homebuyers must be protected from risky mortgage features that may threaten the long-term sustainability of the mortgage. IHCDA is required to review each primary mortgage to secure the loan is sustainable to the low-income population to be served. Those features include:

- The mortgage cannot exceed a 30 year term, and must require periodic payments without risky features and terms such as negative amortization, interest-only periods and balloon payments.
- Lender fees and points are restricted to a percentage of the loan amounts.
- The Consumer Financial Protection Bureau's Qualified Mortgage standards defined "higher priced" loans as first mortgages with interest rates more than 1.5% above the "average prime offer rate" reported by the Federal Financial Institutions Examinations Council.
- Adjustable rate mortgage productions are now allowed under this policy, buyers may only obtain fixed rate loans.
- The purchaser must be qualified by their lender to spend at least 20% of their monthly gross income on housing. Lenders often qualify borrowers to spend between 28-33% of monthly gross income, so buyers qualifying only at payment levels below 20% of income usually have high consumer debt which increases both subsidy costs and the likelihood for foreclosure later.
    - Note, this criterion is not intended to eliminate buyers whose loan is limited by the lender's loan-to-value ratio resulting in a monthly payment less than 20% of income.

The primary mortgage, and final underwriting must be submitted to IHCDA for final approval prior to closing. IHCDA recommends grantees submit this information at least 14 days prior to closing to their Real Estate Production Analyst.

6.6 Homebuyer Counseling

The HOME regulations at 92.254(a)(3) require all homebuyers who receive HOME assistance or purchase units development with HOME funds must receive housing counseling. In a final rule published by HUD's Office of Housing Counseling, HUD established housing counseling certification requirements provided in connection with a HUD program. All adult household members who will hold title and be a party to the senior loan are required to complete homebuyer counseling.

Under the rule, all homebuyers assisted under the HOME program must receiving housing counseling that is performed by a certified housing counselor who has passed the HUD certification examination **and** is employed by a HUD-approved housing counseling agency.

The Housing Counseling must be independent, expert advice customized to the need of the consumer to address the consumer's housing barriers and to help achieve their housing goals and must, at a minimum include the following process:

- Intake
- Financial and housing affordability analysis
- An Action Plan
- Reasonable effort to have following up communication with the client when possible.

The content and process of housing counseling must meet the standards outlined in 24 CFR part 214. The counseling **must be individualized** to the specific potential homebuyer. The counseling must address all homeownership topics relevant to the client, including:

- The decision to purchase a home;
- The selection and purchase of a home;
- Issues arising during and affecting the period of ownership of a home (including financial, refinancing, default, and foreclosure and other financial decisions);
- The sale or other disposition of a home.

- In addition, the counselor must communicate on the importance of obtaining an independent home inspection using the materials available. All homebuyers must be given the two HUD brochures referenced below about the importance of home inspections. The recipient must ensure that each homebuyer signs a receipt acknowledging they were given these items. Both items may be accessed here: https://www.hudexchange.info/resource/4747/for-your-protection-get-a-home-inspection/

Eligible housing counseling is not services that provide only housing information, placement or referral services, routine administrative activities (such as intake), case management that provides housing series as incidental to a larger case management and does not fund housing counseling, fair housing advice and advocacy (such as filing claims), or group education without individualized services.

IHCDA will allow only pre-purchase counseling as eligible under this policy. The delivery method may be flexible (in-person, phone or the internet), but the counseling must be specific to the homebuyer. The counselor at a minimum must provide eight (8) hours of training. The certificate is valid for one year after completion of the training. The applicant, prior to entering into the sales contract, must submit documentation of the training to IHCDA for approval. If the pre-purchase training was not conducted, or approved by IHCDA at time of the signed sales contract, the grantee will be required to repay HOME funds to IHCDA.

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

6.7 After Rehab/Construction Value, Appraisals and Purchase Price

Recipients will be required to provide an “after rehab” or “construction value” appraisal; whichever is appropriate, from a licensed appraiser for all property assisted with the award with the first draw that includes hard costs. If the applicant is acquiring property, an “as-is” appraisal is required with the first draw request for acquisition reimbursement. See IHCDA’s Program Manual for details.

According to 24 CFR 92.254(a)(2) in the case of acquisition of newly constructed housing or standard housing, the property must have a purchase price that does not exceed the Homeownership Values as determined by HUD.

For newly constructed housing, the value limits are 95% of the median purchase price for the area based on the Federal Housing Administration (FHA) single family mortgage program data for newly constructed housing. HUD has established a minimum limit, or floor, based on the 95% of the U.S. median purchase price for new construction.

For existing housing, the value limits are 95% of the median purchase price for the area based on Federal FHA single family mortgage program data for existing housing and other appropriate data that is available. HUD has established a minimum limit, or floor based on 95% of the state-wide nonmetropolitan area median purchase price for existing housing.

HUD released both sets of limits effective April 1, 2018. IHCDA will send out a RED notice when the 2019 limits are available. Please contact your regional analyst if you have questions regarding the limit or are unable to access the limits. The limits by be accessed from HUD here:
https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/

It is important to note that while these are the maximum limits, the amount may not be affordable to a potential HOME-buyer. IHCDA, through its underwriting as defined in the earlier section, may deny the final sales contract if the purchase price (even reduced) is determined to be higher than the homebuyer may safely afford.

The HOME-assisted housing unit must be occupied as the homebuyer's principal residence throughout the affordability period.

6.8 Affordability Periods and Resale/Recapture Requirements

All homebuyer developments are subject to an affordability period as defined in Part 3.4 of this document.

The recipient must implement resale or recapture provisions through a recorded lien and restrictive covenant agreement as described in Parts 3.5 and 3.6 of this document.

6.9 Market Assessment Guidelines for Homebuyer Projects

The following market assessment guidelines must be followed for any homebuyer development. The numbers submitted should accurately reflect the market feasibility of the proposed activity.

COMMUNITY CONDITIONS – Evaluate general demographic, economic and housing conditions in the community.

MARKET AREA – Describe the market area from which the majority of the development's homebuyers are likely to come and provide a map with a scale. Describe how the market area was determined to be appropriate for the development.

SOCIOECONOMIC PROFILE AND TRENDS – Describe the trends in population and households by age and income and estimate the number of eligible homebuyers for the development.

POOL OF ELIGIBLE BUYERS - Quantify the pool of eligible buyers in terms of household size, age, income, tenure (homeowner or rental) and other relevant factors.

CAPTURE RATE AND ABSORPTION PERIOD – Provide an estimate of the capture rate for the development (project's units divided by the number of eligible homebuyers from the market area), and estimate the absorption period to ensure the sale of all units within nine months of construction completion.

HOUSING OPPORTUNITIES – Analyze the competition by evaluating other housing opportunities with an emphasis on other affordable sales opportunities in the market area, including those financed through either the HOME program or other federal programs. Describe the demand for the units to be developed.

DEVELOPMENT SITE DESCRIPTION – Explain how the site is adequate in size, exposure, and contour to accommodate the number and type of units proposed. In addition, describe whether there are adequate utilities (water, sewer, gas, and electricity) to accommodate the development.

Part 7: Completeness & Threshold Requirements

Each proposed development must satisfy the Federal requirements of the HOME program and any additional requirements established by IHCDA. To be considered for funding, an applicant must meet all of the completeness and threshold requirements listed below.

7.1 Completeness Requirements

- Timeliness – All documentation must be turned in by the application due date.
    - On or before the application deadline, the applicant must provide all documentation as instructed in this application policy as well as required documentation listed in the HOME Application Form.
    - If IHCDA requests additional information from the applicant, all requests are due on or before the date provided by IHCDA staff.
    - Any forms that are late will be denied review and will be sent back to the applicant.
- Responsiveness – All questions must be answered and all supporting documentation must be provided.
    - The applicant must provide all documentation as instructed in this application policy as well as required documentation listed in the HOME Application Forms.
    - The applicant must provide all documentation as requested (i.e. uploaded or hard copies, labeled correctly, etc.)
    - Required signatures must be originally signed.

7.2 Threshold Requirements

Completeness	Location
Application and Supporting Documents • Submit two copies of fully-completed HOME Homebuyer application, one as an Excel file and one as a searchable PDF. • Submit all required supporting documents via the IHCDA Syncplicity Site. Mail one complete original copy of the signed application and the signed Environmental Review Record (ERR) to IHCDA by the application deadline. Do not submit paper copies of any other supporting documents.	Uploaded to OneDrive site and mailed to IHCDA
Threshold	**Location**
SAM Registration • Submit a copy of the applicant's System of Award Management (SAM) registration. https://www.sam.gov/portal/SAM/#1	Tab A_SAM Registration
Debarment Information • Submit a copy of the debarment information for each development team entity identified in the application.	Tab B_Debarment

Grievance Procedures • Submit applicant's Grievance Procedures. Grievance Procedures must address (1) how grievances will be submitted, (2) who will review them, (3) timeframe for the review, and (4) the appeal process.	Tab C_Grievance Procedures
Market Need • HUD requires that IHCDA certify that there is adequate need for each home based on the neighborhood's housing market. In order to help make this determination please answer all of the questions in the Market narrative in the application. Attach any relevant support material such as market studies, planning documents, and maps.	Tab D_Market Need
Home-Assisted Households at or Below 80% AMI • Commit to assisting households at or below 80% of the area median income for the county.	Application
Not-for-Profit Applicant Documentation (if applicable) • Submit an IRS determination letter for 501(c)3 status. • Provide a copy of the Certificate of Existence from the Indiana Secretary of State to provide proof that the organization is in good standing.	Tab E_Not-for-Profit
Audited Financial Statements • Submit the most recent copy of the applicant's audited financial statements. If the organization is not required to have an audited financial statement, submit a compilation report prepared by a third party OR the organization's most current year-end financials.	Tab F_Capacity
Current Year-to-Date Financials Submit current year-to-date financials for the applicant. This should include the balance sheet, income statement, and cash flow.	Tab F_Capacity
Owner Authorization (if applicable) • If the applicant is different from the owner of the development, provide a letter from the owner authorizing the applicant to apply for funding for the owner's property.	Tab H_Notifications

Administrator Documentation (if applicable)
• If the applicant has hired an administrator to administer the award, please provide documentation demonstrating that the administrator has been properly procured using the Competitive Negotiation (RFP) Procedure.
  • Submit a copy of the Request for Proposals (RFP).
  • Submit the published advertisement that was put in a general circulation newspaper for the RFP.
  • Submit a copy of the signed contract between applicant and administrator.
	Tab I_Administrator

Previous HUD or USDA-RD Funding • If development received funding directly from HUD or Rural Development, the applicant must send a notification letter to the appropriate HUD or Rural Development Office and provide proof of sending.	Tab H_Notifications

Homebuyer Identification • All homebuyers must be identified prior to application. Completion of homebuyer counseling is not required at time of application. Potential homebuyers are encouraged to be pre-qualified at time of application. Submit the Client Intake Form identifying each income eligible homebuyer. Prior to the sales contract, the grantee will be required to submit the final underwriting to IHCDA for approval. • Submit the HOME Homebuyer Household workbook for each unit, with the Buyer Pre-Qualification tab completed. Please note, any HOME-assisted homeownership unit that has not been sold by the recipient to an eligible homebuyer within nine months of completion of construction or rehabilitation (meaning all necessary title transfer requirements and construction work has been performed and the housing unit complies with the property standards as evidenced by a final inspection) must be converted to a HOME-assisted rental unit subject to all compliance requirements of HOME-assisted rental housing.	Tab J_Homebuyer Identification
Visitability Mandate • Any development involving the new construction of single family homes, duplexes, triplexes, or townhomes must meet the following visitability mandate. Visitability is defined as design concepts that allow persons with mobility impairments to enter and stay, but not necessarily live, in a residence. There are three specific design elements that must be incorporated to satisfy the visitability mandate: • Each unit must contain at least one zero-step entrance on an accessible route. This can be any entrance to the unit; • All main floor interior doors (including bathroom doors and walk-in closets) in each unit must provide at least at least 31 ¾ inches of clear opening width; • Each unit must contain at least one half or full bathroom on the main level that is accessible per ICC A117.1.Section 1004.11.	Application
Site Map and Photos • Submit a clear, colored, site map • Submit clear, colored site photos including views from all cardinal directions.	Tab K_Site Map
Title Search • Submit evidence of clear title with a title insurance commitment, title search documentation, or an attorney's opinion letter.	Tab L_Readiness
Construction Cost Estimate • Submit detailed construction cost estimate for the development. Please include this for the project, and for each proposed unit.	Tab L_Readiness
Site Control • Submit a purchase option or purchase agreement that expires no less than 30 days subsequent to the award announcement date.	Tab L_Readiness

Unit Plans • Submit unit plans that include the square footage for each type of unit.	Tab L_Readiness
Environmental Review • Submit completed environmental review forms. Instructions and forms can be found in Chapter 11 of the IHCDA CDBG & HOME Program Manual. • A FIRM floodplain map must be submitted with each parcel identified on the map. (Any property located in any variation of zone "A" on the map is ineligible for funding). **HUD requires official FEMA maps – third-party maps, even those created using FEMA data, are ineligible. If a FEMA map is not available for an area, the applicant must submit a printout or screenshot of the FEMA website documenting that no map is available. In this specific instance, the applicant may submit a DNR map in place of a FEMA map.** Maps may be downloaded from the FEMA website here: https://msc.fema.gov/portal.	Tab M_Environmental Review
Affirmative Fair Marketing Plan (if applicable) • In accordance with 24 CFR 200.620 and 24 CFR 92.351 (a), the recipient must adopt an Affirmative Fair Housing Marketing Plan for rental and homebuyer developments containing five or more HOME-assisted housing units. Submit form HUD 935.2A.	Tab N_Fair Housing
Development Fund • Developments requesting a Development Fund loan must designate at least 50% of the Development Fund-assisted units for households at or below 50% AMI with the remaining Development Fund-assisted units designated for households at or below 80% AMI.	Application
Funding Committed Prior to Application • All other development funding, including AHP funds, must be committed prior to submitting an application for HOME funding to IHCDA. Please complete the sources and uses tab in the application. • If the project is utilizing funding committed more than one year prior to the application due date please provide a letter confirming that the funds are still available and accessible to the applicant.	Application
Letters of Commitment • Submit signed letters of commitment for all funding sources with funding terms and amounts. This includes Deferred Developer Fee.	Tab O_Financial Commitments
CHDO Operating Supplement • If applying for a CHDO Operating Supplement, fill out Section F of the Sources and Uses tab and the CHDO Operating Supplement tab in the Application Forms.	Application
Homebuyer Proforma • Complete Homebuyer Unit Pro-Forma and Budget workbook.	Tab G_Pro-Forma

Match Requirement
• The match requirement for the HOME program is 25% of the total amount of HOME funds requested minus administration costs and environmental review costs. Match must be committed prior to submitting an application for HOME funding to IHCDA.
  ○ Submit the relevant sections of the Match Spreadsheet.
  ○ Submit letters of commitment for each source of Match.
	Tab O_Financial Commitments

Appraisals • If any portion of HOME funds are being used for acquisition, the cost of acquisition will be calculated based upon the lesser of the actual amount paid for the building or the appraised fair market value. Applicants must submit a fair market appraisal (completed by a qualified appraiser) completed no earlier than six months from the application deadline. The appraisal must be at a minimum an "As Is" appraisal and must adhere to the Uniform Standards of Professional Appraisal Practice. A statement to this effect must be included in the report.	Tab I_Readiness
Universal Design Features • Applicants must adopt a minimum of two universal design features from each section listed on the Universal Design Features Form. The Universal Design Features Form can be found using the "Additional Forms" link on the IHCDA HOME Program website: http://www.in.gov/myihcda/home.htm. • Features found in Section A are regarded as being of high cost and/or high burden of inclusion to the development. Features found in Section B are regarded as being of moderate cost and/or moderate burden of inclusion to the development. Features found in Section C are regarded as being of low cost and/or low burden of inclusion to the development. Applicants must identify which features they will be undertaking on the Universal Design Form. Changes to these selections will require submittal of a formal modification request to IHCDA.	Tab Q_Development Features

Universal Design Features		
Column A	**Column B**	**Column C**
Front loading washer and dryer with front controls, raised on platforms or drawers in each unit or all laundry facilities	At least one entrance to the ground floor of a unit shall be on a circulation path from a public street or sidewalk, a dwelling unit driveway, or a garage. That circulation path shall be a ramp or sloped walking surface. Changes in elevation shall not exceed ½” (All one & two family dwellings only)	Audible and visible smoke detectors in each unit
Walk-in Bathtub or shower with a folding or permanent seat (Senior Living Facilities 10% of the units, and 5% of the units for non-senior)	In kitchens, provide pull out shelves or Lazy Susan storage systems in base corners cabinets	Light switches located 48” maximum above the finished floor in each unit
Range/oven with controls located to not require reaching over burners in 10% of the units	All interior doors shall have a minimum clear width opening of 31-3/4”	Lighting controls are rocker, or touch sensitive control
Wall oven with 27” minimum knee clearance under the door in the open position and controls 48” maximum above the floor in 10% of the units	Adjustable height shelves in kitchen wall cabinets in each unit	Over bathroom lavatories, mirrors with the bottom edge of the reflecting surface 40 inches maximum above the floor or a tilt mirror that provides a similar view in each unit
Toilets that meet the provisions for location, clearance, height and grab bars in 2009 ICC A117.1 Section 604.5 in one bathroom in each unit	Where provided, telephone entry systems shall comply with ANSI.SASMA 303.-2006, Performance Criteria for Accessible Communication Entry Systems	Lever handle faucets on lavatories and sinks in each unit
Provide an accessible route from the garage into the dwelling in 10% of the units with attached private garages	Provide one of the following in one bathroom within each unit: 1. Adjustable height shower head that allows for a shower head to be located below 48” above the tub or shower floor; or 2. Hand-held showerhead with a flexible hose 59” minimum in length	Full length mirrors with the bottom of the reflecting surface lower than 36” and top to be at least 72” above the floor in each unit

Detectable Warnings at curb cuts throughout the development in accordance with 2009 ICC A117.1 Sections 406.13 and 705	Remote control heating and cooling in each unit	Where provided, signage identifying unit numbers shall be visual characters, raised characters and braille
Side by side refrigerators in each unit	In the kitchen, provide a 30” x 48” clear floor space adjacent to the sink, dishwasher, cooktop, oven, refrigerator/freezer and trash compactor	Where room lighting is provided, provide remote controls or motion sensor controls
Where private garages are provided, automatic garage door openers on the garage doors	At least one section of the counter or a pull out surface shall provide a work surface with knee and toe clearances in accordance with ICC A117.1 Section 1003.12.3	Bathtub/shower controls located 48” maximum above the tub floor in each unit
Provide in the kitchen a sink and a work surface in accordance with ICC A117.1 Sections 1003.12.3.2 and 1003.12.4.2 in 10% of the units	Built in microwave with an adjacent clear floor space and controls located 48” maximum above the floor in each of the units	Pulls on drawers & cabinets in each unit
Provide Motion detector controls for the outside lights at least on entrance in each unit	For kitchen and bathroom countertops, provide a visual contrast at the front edge of the counter or between the counter and the cabinet in all units	At least one garden area raised to a minimum of 15” above the adjacent grade
A removable base cabinet in kitchens at the sink and one work surface and at the lavatory in at least one bathroom in accordance with ICC A117.1 Sections 1003.12.3.1, 1003.12.4.1 and 1003.11.2 in all bottom level units	Provide a 30” x 48” clear floor space in each bathroom. Where bathroom doors swing in, the clear floor space must be beyond the swing of the door	Provide 10 fc lighting for at least one work surface in each unit
In kitchens, provide pull out shelving for all standard base cabinets in each unit	All hallways 42” or wider in each unit	Controls for bathtubs or showers located between the centerline of the bathtub or shower stall and the front edge of the opening in at least one bathroom in each unit
Provide a roll-in shower in at least one bathroom in accordance with ICC A117.1 Section 608.2.2 or 608.2.3 in each unit	All wall reinforcements for a second handrail at stairways in each unit	All closet rods adjustable or provide a portion of each closet with two clothes rods at different heights in each unit

In 10% of the units, provide cook top with toe & knee clearance underneath in accordance with ICC A117.1 Section 1003.12.5.4.2. The underside of the cook top shall be insulated or otherwise configured to protect from burns, abrasions or electric shock	Where walls are provided adjacent to toilets, bathtubs or showers, provide blocking for a future installation of grab bars in accordance with ICC A117.1 Section 1004.11.1	Slide or bi-folding closet doors for reach-in closets in all units
Dishwasher unit with all operable parts and shelving between 15" and 48" above the flooring 10% of the units	All doors intended for user passage shall have a minimum clear width opening of 31-3/4"	Levers hardware doors intended for user passage in each unit
A fixed or fold down seat in the shower or a bathtub with a seat in at least one bathroom of 10% of the units	Kitchen Faucet with pull out spout in lieu of side mount sprayer in each unit	Electric outlets raised 15" minimum above the finished floor in each unit. Dedicated outlets and floor outlets are not required to comply with this section
Grab bars in bathroom and shower in 10% of the units (1st bathroom only for two bathroom units)	Provide a means of identifying visitors without opening the door in accordance with ICC A117.1 Section 1006.5.2	Provide a lighted doorbell at the outside of the primary entrance door to each unit in accordance with ICC A117.1 Section 1006.5.1
Remote controlled drape, blinds and/or curtains in 5% of the units	Significant color contrast between floor surfaces and trim in each unit	Countertop lavatories with lavatories located as close to the front edge as possible in 10% of the units
Carpet complying with ICC A117.1 Section 302.2 or slip resistant flooring	Visual contrast between stair risers and stair treads in each unit that contains stairways	Self-closing drawers on kitchen cabinets
		Mailboxes located between 24"-48" above the ground

Part 8: Scoring

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

Scoring Category	Points Possible
Development Characteristics	22
Development Features	25
Readiness	8
Capacity	27
Leveraging of Other Sources	6
Bonus	5
Total Possible Points	**93**

When there is a scoring criteria based on the county being served and there are multiple counties, the applicant should add up the scores from each county and average them, rounding to the nearest whole number. An application must score at least **47 points** to be considered for funding.

8.1 Development Characteristics — Category Maximum Points Possible: 22

This scoring category describes the proposed project. The points can be achieved through the following sub-categories: Mixed Income Housing, Targeted Population, Opportunity Index and Health and Qualify of Life Index.

1*). Targeted Population* — *Maximum Number of Points: 4*

Points will be awarded to applicants of which 25% or more units target one or more of the following designations:

- Single parent households
- Victims of domestic violence
- Families with children age six and under
- Veterans (as defined in the IHCDA HOME Homebuyer Policy)

2). Opportunity Index — *Maximum Number of Points: 10*

Applicants may earn up to 10 points (with two points for each feature) for developments located within areas of opportunity.

- **Public Transportation** (2 points): Points will be awarded to developments located within a mile of a public transit station or bus stop. For communities with a population of 14,999 or less, point-to-point transportation is eligible as long as it is provided by a public or not-for-profit organization. . Taxis, Uber, or other ride-sharing programs are not eligible for points. For scattered site developments, at least 50% of the proposed units must meet this requirement to be eligible for points.

In order to receive points for this scoring subcategory, the applicant must submit a map in **Tab P_Project Characteristics** including:

- Specific development location,
- Transit station or bus stop location, and
- A mile radius drawn with each qualify unit labeled.

- **Unemployment Rate** (2 points): Points will be awarded to developments located within a county that has an unemployment rate below the state average. (http://opportunityindex.org/). For scattered site developments, at least 50% of the proposed units must meet this requirement to be eligible for points.

- **Job Growth** (2 points): Points will be awarded to developments located within a county that has a 12 month change in employment percentage in the top half of the state using the Department of Labor's Quarterly Census of Employment and Wages as listed on https://beta.bls.gov/maps/cew/us. For scattered site developments, at least 50% of the proposed units must meet this requirement to be eligible for points.

- **Employer Proximity** (2 points): Points will be awarded to developments located within five miles of at least one of a county's top 10 employers. County employer data can be found at http://www.hoosierdata.in.gov/buslookup/BusLookup.aspx. For scattered site development, at least 50% of the proposed units must meet this requirement to be eligible for points.

  In order to receive points for this scoring subcategory, the applicant must submit a map in Tab P_Project Characteristics including:

  i. Specific development location;
  ii. The location of the qualifying employer(s)
  iii. A five mile radius drawn from the project location.

- **Poverty Rate** (2 points): Points will be awarded to developments located within a county that has a poverty rate below the state average (http://opportunityindex.org/). For scattered site developments, at least 50% of the proposed units must meet this requirement to be eligible for points.

- **County Median Household Income** (2 points): Points will be awarded to developments located within a county that has a median household income above the state average (http://opportunityindex.org/). For scattered site developments, at least 50% of the proposed units must meet this requirement to be eligible for points.

- **Census Tract Income Level** (2 points): Points will be awarded to applicants proposing developments located in higher income neighborhoods compared to surrounding areas. Points will be determined according to the Federal Financial Institutions Examination Council's (FFIEC) income level of its census tract. Find the census tract income level by entering the project address at the FFIEC website (https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx) and clicking "Census

Demographic Data" below the matched address. For scattered site developments, points will be averaged according to the number of units within each income level.

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

3) Health and Quality of Life Factors *Maximum Number of Points: 8*

Applicants may earn up to 8 points for developments located in counties with high health outcomes or in areas in close proximity to fresh produce and other positive land uses.

- **Health Factors** (2 points): Points will be awarded to developments located within a county that has a ratio of population to primary care physicians of 2,000:1 or lower. http://www.countyhealthrankings.org/app/indiana/2017/measure/factors/4/data) (For scattered site developments, at least 50% of the proposed units must meet this requirement to be eligible for points.

- **Fresh Produce** (2 points): Points will be awarded to applicants proposing developments located within two miles of a supermarket or grocery store with fresh produce. For scattered site developments, at least 50% of the proposed homes must meet this requirement to be eligible for points.

  Stores with fresh produce must:
  - Be currently established;
  - Have a physical location; and
  - Have regular business hours.

  Staff will independently verify that the location meets the above requirements. As part of the clarification process, the applicant may be required to provide additional information. For the purposes of this scoring subcategory, farmers' markets, produce stands, gas stations, convenience stores, and drug stores do not qualify.

  In order to receive points for this scoring subcategory, the applicant must submit a map in **Tab P_Project Characteristics** including:
  - Specific development location;
  - Store or market location; and
  - A mile radius drawn from the fresh produce location(s) with each qualifying scattered site labeled.

- **Proximity to Positive Land Uses** (4 points): Points will be awarded to applicants proposing developments located within three miles of the locations listed in the table below. A maximum of four points is available in this category. For scattered site developments, at least 50% of the proposed units must meet this requirement to be eligible for points.

Site	Points
Community or recreation center	1 point
Park or public greenspace	1 point
Primary care physician or urgent care facility	1 point
Pharmacy	1 point
Sidewalks or Trails	1 point
Clothing, department store	.5 point
Bank	.5 point
International or ethnic food market	.5 point
Education facility	.5 point
Licensed child care facility	.5 point
Social service center	.5 point
Government office (i.e. town hall, trustee's office)	.5 point
Post Office	.5 point
Public Library	.5 point
Cultural arts facility	.5 point

In order to receive points for this scoring subcategory, the applicant must submit a map in Tab P_Project Characteristics including:

i. Specific development location;
ii. The location of the qualifying site(s)
iii. A three mile radius drawn from the project location.

8.2 Development Features **Category Maximum Points Possible: 25**

This category describes the features of the overall proposed HOME project.

1) *Infill New Construction* *Maximum Number of Points: 5*

Points will be awarded to demolition and new construction developments that meet IHCDA's HOME criteria for infill. For the HOME program, IHCDA defines infill housing as the process of developing on vacant or underused parcels of land within existing areas that are already largely developed or previously developed. At least two sides of the project must be adjacent to occupied residential development, operating commercial development, active public space, or another active community activity.

For purposes of this category, the following will not qualify as infill housing:

- Existing agricultural land,
- Land where agriculture was the last use and it was within the last 5 years except within corporate limits, or
- Existing structures that will be rehabilitated.

In order to receive points, the applicant must submit in **Tab Q_Development Features:**

- Aerial photos of the proposed site(s) with the site labeled;

- For scattered site projects, all of the proposed development sites must meet the infill attribute scoring criteria to receive points.

2) *Provision of Additional Bedrooms* *Maximum Number of Points: 5*

Points will be awarded to developments where at least 30% of the HOME assisted units contain three or more bedrooms.

In order to receive points, the applicant must submit in **Tab Q_Development Features:**

- Preliminary floor plans that clearly identify the units with three or more bedrooms.

3) *Design Features* *Maximum Number of Points: 5*

Points will be awarded for each design feature chosen, for a maximum of five points in this category.

Design Feature	Points
Exterior walls are at least 50% durable material (brick, stone, or cement board)	1
Includes LED lighting	1
Roofing system has at least a 30-year warranty (must provide supporting documentation from the manufacturer to qualify)	1
Porch with a minimum of 48 square feet with a roof that is permanently attached to the residence	1
Deck or patio with a minimum of 64 square feet that is made of wood or other approved materials	1
Framing consists of 2” X 6” studs to allow for higher R-Value insulation in walls	1
Garage with a minimum of 200 square feet that is made of approved materials, has a roof, is enclosed on all sides and has at least one door for vehicle access	2
Crawl space or basement	2
Security system	2
Carport with a minimum of 200 square feet that is made of approved materials, has a roof, and is open on at least two sides	1
Attached or unattached storage space measuring at least 5' x 6' (not a mechanical closet)	1
Playground	1
Community room	1

4) *Universal Design Features* *Maximum Number of Points: 5*

Points will be awarded for applicants that propose developments that go beyond the minimum universal design features threshold requirements. Please refer to the Universal Design Features

Form for a list of all qualifying features. This form can be found using the "Additional Forms" link on the IHCDA HOME Program website: http://www.in.gov/myihcda/home.htm.

The applicant will be required to submit the Universal Design Features Form identifying all features to which the applicant has committed. Changes to these selections will require submittal of a formal modification request to IHCDA. The applicant will be awarded points as follows:

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

5) *Green Building* *Maximum Number of Points: 5*

Up to five points will be awarded for the green building techniques listed below. The signed application forms will be proof of these commitments.

Green Building Technique	Points
Orient structures on East/West axis for solar exposure	1
Include new trees in landscaping to curb winter winds and provide shade	1
Low VOC paints and finish materials	1
Install flow reducers in faucets and showers	1
Minimize the disruption of existing plants and trees	1
Include recycling bins in the kitchen	1
Install recycled content flooring and underlayment	1
Install a light colored roofing material	1
Low flow toilets or dual flush toilets	1
R-Value insulation exceeding Indiana State Building Code	1
Recycle deconstructed building material	1
Incorporate permeable paving	2
Install high-efficiency, tank-less water heaters	2
Use on-site solar energy to reduce resident utility costs	2

8.3 Readiness — Category Maximum Points Possible: 8

This category describes the applicant's ability to begin and timely execute an awarded project.

1) *Predevelopment Activities* *Maximum Number of Points: 5*

Points will be awarded to applicants that have completed some predevelopment activities according to the chart below. Applicants are eligible to receive up to five points. Points will only be awarded if the required supporting documentation, italicized below the activity description, is included in **Tab L_Readiness.**

For scattered site developments, documentation for each site must be submitted in order to receive the points. Documents should be clearly labeled with the site addresses for ease in reviewing the documentation.

Predevelopment Activity Completed	Points
Asbestos Testing *Submit a copy of the assessment report.*	1
Lead Testing *Submit a copy of the assessment report.*	1
Appraisal *Provide an appraisal that is no older than 6 months.*	1
Preliminary Design Plans *Provide electronic copies of architectural and/or engineering plans.*	1
Property Survey *Provide an electronic copy of the property survey.*	1
Structural Needs Report *Provide a copy of the report performed by a licensed professional.*	1
CHDO Predevelopment Loan *Applicants that fully utilized a CHDO Predevelopment Loan for the current HOME application are eligible for one point.*	1
Comprehensive Community Plan *Provide a copy of ONE plan for each jurisdiction that meets all of the following criteria:* • *Specific references to the creation of or need for housing* • *No older than 15 years* • *Public participation and narrative about efforts leading to the creation of the plan* • *A target area map with the proposed development sites labeled* • *Resolution showing adoption by the highest local unit of government*	2

2) *Contractor Solicitation* *Maximum Number of Points: 3*

Points will be awarded to applicants who invite material participation in the proposed development by Indiana contractors. To qualify for these points, a minimum of five letters inviting contractors to participate in the bidding of the project must be sent, with at least 20% of these letters going to state certified Minority Business Enterprises (MBE), Women Business Enterprises (WBE), Federal Disadvantaged Business Enterprises (DBE), Veteran- Owned Small Businesses (VOSB), and/or Service Disable Veteran Owned Small Businesses (SDVOSB).

In order to receive points, the applicant must submit in **Tab L_Readiness**

- A copy of the letter inviting the various contractors to participate in the bidding of the project,

- Evidence of received receipt of invitation by five contractors, and
- A copy of each of the 20% of applicable and current state certifications or a print out from the State's certification list clearly indicating the entities and when the certification list was printed.

Eligible Certification Summary Table		
Certification	**Certifying Agency**	**Website**
MBE	Indiana Department of Administration	http://www.in.gov/idoa/2352.htm
	Indiana Minority Supplier Development Council	http://midstatesmsdc.org/
WBE	Indiana Department of Administration	http://www.in.gov/idoa/2352.htm
DBE	Indiana Department of Transportation	http://www.in.gov/indot/2576.htm
VOSB	U.S. Department of Veterans Affairs	http://www.va.gov/osdbu/
SDVOSB	U.S. Department of Veterans Affairs	http://www.va.gov/osdbu/

8.4 Capacity **Category Maximum Points Possible: 27**

This category evaluates the applicant's ability to successfully carry out the proposed project based on certifications and/or experience in affordable housing development. **Please note that the Overall Performance of Applicant, Administrator Experience, and Applicants with Non-IHCDA Experience categories are mutually exclusive. Applicants may not mix and match entities in order to maximize points (e.g. an applicant with an administrator may not use the applicant experience to earn points in the Overall Performance of Applicant category while using administrator experience to earn points in the Timely Expenditure of Funds and Inspection Performance category).** The following table lists the eligibility by entity for each scoring category:

Entity (All Experience Must Be Within Five Years of Application Due Date)	Certifications	Overall Performance of Applicant	Administrator Experience	Timely Expenditure of Funds	Inspection Performance	Applicants with Non-IHCDA Experience	CHDO Certification
Applicant w/ IHCDA Experience	Eligible	Eligible	Ineligible	Eligible	Eligible	Ineligible	Eligible
Applicant w/ No IHCDA Experience	Eligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Eligible
Administrator w/ IHCDA Experience	Eligible	Ineligible	Eligible	Eligible	Eligible	Ineligible	Ineligible
Administrator w/ No IHCDA Experience	Eligible	Ineligible	Ineligible	Ineligible	Ineligible	Eligible	Ineligible

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

Points will be awarded for a member of the development team, property management team, applicant, and/or administrator staff who has completed the following certifications. Three points will be awarded for the completion of two of the six certifications listed below. The completion of only one of the certifications below will receive two points. If two staff members hold the same certification, points will be awarded for two certifications.

If you do not see a certification you have received on the list that you believe would be relevant, please consult with your Real Estate Production Analyst at least one week prior to the application due date to request that it be eligible for points.

Required IHCDA Compliance Trainings, IHCDA application and policy webinars, IHCDA application and policy trainings, and IHCDA feedback sessions are not eligible for points in this category.

Attach copies of the certification completion in **Tab F_Capacity**.

Certification	Sponsoring Organization
CHDO Capacity Building Certification (Must have attended all webinars in either 2016 or 2017)	Indiana Housing and Community Development Authority (IHCDA)/HPG Network
Project Development Training	Prosperity Indiana
Housing Development Finance Professional	National Development Council (NDC)
Certified Aging-in-Place Specialist	National Association of Home Builders (NAHB)
Home Sweet Home: Modifications for Aging in Place	University of Indianapolis / Indiana Housing and Community Development Authority
Grant Administration Certification	Indiana Housing and Community Development Authority (IHCDA)
Certified HOME Program Specialist	HUD/CPD

2) *Overall IHCDA Award Performance of the Applicant* *Maximum Number of Points: 8*

Applicants with an IHCDA award monitored within the past five years may be eligible for points based on the applicant's overall performance. Only the most recently monitored award is eligible for points. An award may be eligible, whether it is closed or open, as long as an official IHCDA monitoring has occurred. Please list the most recently monitored award number in the application forms.

Applicants cannot qualify for points under both the New Administrator Experience and IHCDA Award Performance.

Description of Overall Award Performance	Points
Applicant's most recently monitored HOME award had no findings and no concerns.	8
Applicant's most recently monitored HOME award had no findings, but concerns were noted. **OR** No HOME experience, but **Applicant's** most recently monitored CDBG award had no findings and no concerns.	6
Applicant's most recently monitored HOME award had only one finding. **OR** No HOME experience, but **Applicant's** most recently monitored CDBG award had no findings but concerns were noted.	4
Most recently monitored HOME award had more than one finding and the close-out monitoring review letter was received within: • One Year or Less: **0** • Two Years to One Year and One Day: **0.5** • Three Years to Two Years and One Day: **1** • Four Years to Three Years and One Day: **1.5** • Five Years to Four Years and One Day: **2** The above timeframes will be determined using the HOME application due date. In order to receive points in this category, the applicant/administrator must submit a narrative describing how the identified findings were addressed and remedied. This narrative may be submitted in **Tab F_Capacity.**	
Does not meet any category above. Examples: • More than one finding on most recently monitored award. • Applicant has no experience with IHCDA within the past five years.	0

3) *Administrator Experience* *Maximum Number of Points: 5*

Only applicants without an IHCDA award in the past five years that have properly procured an administrator with previous IHCDA HOME experience may receive points in this category. Five points will be awarded if the administrator has successful experience administering an IHCDA HOME award that has been monitored within the past five years. In order to qualify for points, the most recently monitored award must not have had any findings. An award may be eligible, whether it is closed or open, as long as an official IHCDA monitoring has occurred. Please list the most recently monitored award number in the application forms.

Experience	Points
Administrator's most recently monitored HOME award had no findings.	5

4) *Timely Expenditure of Funds* *Maximum Number of Points: 5*

Points will be awarded to an applicant or administrator that has expended their most recent IHCDA award (HOME or CDBG) funds by the award expiration date without requesting award extensions. The award must be from within the past five years. Please list the award number in the application forms.

Award Length	Points
Applicant or administrator's most recent IHCDA award (HOME or CDBG) completed by the award expiration date.	5

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

Applicants or administrators with an IHCDA award inspected within the past five years may be eligible for points based on their IHCDA inspection results. Points will be awarded if zero building code issues were noted on their last monitored inspection of their most recent award.

6) *Applicants with Non-IHCDA Experience* *Maximum Number of Points: 3*

Applicants without previous IHCDA experience in the past five years that do not intend to hire an administrator may qualify for three points if they can demonstrate relevant prior experience working in affordable housing development within the past five years. In order to qualify for points in this category applicants must submit a narrative summarizing their previous experience. Supplemental documentation may be submitted as well, including, but not limited to, organizational and personal resumes, pictures and descriptions of previously completed projects, and testimonials from individuals and/or communities that the applicant previously partnered with or served. Points will be awarded at the discretion of IHCDA staff following the review of all documentation submitted.

The applicant narrative and any supporting documentation must be submitted in **Tab F_Capacity.**

Applicants that have previous IHCDA experience or that will be utilizing administrators are **NOT** eligible for points in this category.

7) *CHDO Certification* *Maximum Number of Points: 3*

An applicant that applies and is certified as a Community Housing Development Organization will receive three points.

8.5 Leveraging of Other Sources **Category Maximum Points Possible: 6**

Points will be awarded to applicants whose proposed project has received a firm commitment to leverage other funding sources. A "firm commitment" means that the funding does not require any further approvals.

"Other Funding Sources" include (but are not limited to) private funding, funds from a local community foundation, volunteer labor, Federal Home Loan Bank funding, federal, state or local government funds, in-kind donations for labor or professional services, sweat equity, donated material and equipment. Labor, property, funds, or other sources of leveraging donated by the applicant to itself, or by a principal or investor in the development, are not eligible. Banked or shared match is not eligible.

Points will be awarded based on the Amount of Funding divided by the Total Development Costs:

Percentage of Total Development Costs	Points
.50% to 1.99%	1
2.00% to 3.99%	2
4.00% to 5.99%	3
6.00% to 7.99%	4
8.00% to 9.99%	5
Greater than 10%	6

To receive points in this category, the applicant must submit the following in **Tab O_Financial Commitments:**

- Provide a letter from the appropriate authorized official approving the funds. The letter must include a description of the type of approved funding for the proposed development and the amount of funding.
- In-Kind Donations – Labor or Professional Services: Submit commitment letter from donor(s) specifying number of hours they intend to donate and their professional service pay rate.
- In-Kind Donations – Sweat Equity: Submit a copy of sweat equity policy.
- In-Kind Donations – Donated Material and Equipment: Submit commitment letter from donor(s) specifying either the total value of the donated materials or the rental equipment rate and number of hours the equipment will be donated.

8.6 Bonus **Category Maximum Points Possible: 5**

1) *Bonus* *Maximum Number of Points: 5*

Points will be awarded to applications that are submitted according to IHCDA's submittal guidelines (see list below), and which pass Threshold with one or less technical errors or incomplete information.

To receive points in this category, the applicant must:

- Submit a searchable PDF of the application on the OneDrive site;
- Submit an Excel file of the application on the OneDrive site;
- Answer all questions in the policy and application;
- Submit all required threshold items in the correct tabs;
- Submit all required threshold items in the correct form (mailed and/or on the One Drivesite); and
- Label and include all tabs on the OneDrive site as described in the Application Policy. All tabs must be included regardless of whether documentation is required in each tab.

Part 9: Glossary of Terms

Below are definitions for commonly used terminology found throughout the IHCDA HOME application policy and forms and applicable to the IHCDA HOME program.

Administrator: A procured entity that will assist carrying out the HOME award.

Beneficiary: The household or unit that received homeowner repair work as a result of the HOME award.

CHDO: A Community Housing Development Organization. A non-profit, community- based organization with the capacity to develop affordable housing for the community it serves, as defined in the HOME rule and as certified by IHCDA. Participating Jurisdictions (IHCDA) must set aside a minimum of 15% of their HOME allocations for activities in which CHDOs are the owners, developers, and/or sponsors of the housing.

Clarification: A clarification is any question or concern IHCDA may have regarding an applicant, proposed development, or other issue that does not meet the definition of a technical correction, as defined below. The number of clarifications an applicant receives will not impact its score.

Comprehensive Community Development: Every community strives to be a place where people choose to live, work, and play. Comprehensive development means that a community's potential lies in the identification and creation of a shared vision, planned by local leadership, and carried out by an array of partners. When successful, it yields results beyond what can be achieved by individual organizations or disparate programs because of the unique synergy they generate. A thriving community is a community with job opportunities, strong schools, safe neighborhoods, a full range of housing choices, and a vibrant culture. Comprehensive development marshals resources and deploys coordinated strategies in a concentrated area to create opportunities for others in the community to take prudent risks and reap the rewards. The demolition of blighted structures, the rehabilitation of long-vacant housing and the creation of new community amenities and retail opportunities serve as a tipping point for future development through market forces.

Development: The HOME activity proposed in the application.

HOME: The Home Investment Partnerships Program as created by the National Affordable Housing Act of 1990.

IHCDA: Indiana Housing and Community Development Authority

Income Limits: Maximum incomes as published by HUD for developments giving the maximum Income Limits per unit for beneficiary (30%, 40%, 50%, 60% and 80% of median) units.

Large City: For purposes of this policy, a large city is defined as a city with a population of 75,000 or more. To qualify as being located within a large city, the development must be located within one mile of the zoning jurisdiction and/or use city utility services (water and sewer).

Median Income: A determination made through statistical methods establishing a middle point for determining income limits. Median is the amount that divides the distribution into two equal groups, one group having income above the median and one group having income below the median.

MOU: A Memorandum of Understanding (MOU) is a document describing a bilateral or multilateral agreement between two or more parties.

Narrative: A written description by the applicant that describes the application question and generally supports the need of the development.

Rural: A development is considered to be rural if it meets one of the following criteria:

a. The development is located within the corporate limits of a city or town with a population of 14,999 or less; or

b. The development is located in an unincorporated area of a county that does not contain a city or town that meets the definition of large city or small city as set forth in this glossary; or

c. The development is located in an unincorporated area of a county whereas;

i. The development is outside the 2-mile jurisdiction of either a large city or small city as defined in this glossary; and

ii. The development does not have access to public water or public sewer from either the large city or small city as defined in this glossary.

Small City: For purposes of this policy, a small city is defined as a city with a population of between 15,000 and 74,999. To qualify as being located within a small city, the development must be located within one mile of the zoning jurisdiction and/or use city utility services (water and sewer).

Technical Correction: A technical correction occurs when an applicant does not provide sufficient information or documentation to meet the IHCDA HOME program threshold requirements as defined in section 7.2 of this policy. Technical Corrections may occur when the required information or documentation is not submitted or is vague or incomplete. IHCDA reserves the right to classify other application errors or omissions as technical corrections at its own discretion. Applicants that receive two or less technical corrections may receive bonus points as defined in the Bonus scoring section of this policy.

Veteran: A person who served in the active military, naval, or air service.

Visitability: Visitability is defined as design concepts that allow persons with mobility impairments to enter and stay, but not necessarily live, in a residence. There are three (3) specific design elements that must be incorporated to satisfy the visitability mandate:

- Each unit must contain at least one (1) zero-step entrance on an accessible route. This can be any entrance to the unit;

- All main floor interior doors (including bathroom doors and walk-in closets) in each unit must provide at least at least 31 ¾ inches of clear opening width; and
- Each unit must contain at least one (1) half or full bathroom on the main level that is accessible per ICC A117.1.Section 1004.11.

Part 10: Development Fund

1.1 Overview

The Indiana Affordable Housing and Community Development Fund ("Development Fund") was established in 1989 to provide financing options for the creation of safe, decent, and affordable housing and for economic development projects in Indiana communities. Development Fund regulations may be found in Indiana Code 5-20-4. Developments also involving federal funding (e.g. HOME Investment Partnership Program or Community Development Block Grant), tax-exempt bonds, or Low-Income Housing Tax Credits ("LIHTC") must comply with the requirements of those programs.

The Development Fund provides a loan of up to $500,000 (or a grant in limited special circumstances) for eligible activities as defined within this policy.

For more detailed information on the Development Fund program please consult the Development Fund Manual.

1.2 How to Apply

Development Fund awards are approved through the IHCDA Development Fund Application or in conjunction with LIHTC applications through the Qualified Allocation Plan ("QAP"), HOME applications through the HOME funding round, or with CDBG applications through the CDBG funding round.

Development Fund requests in conjunction with other funding sources must be submitted in accordance with the application procedures and deadlines for those programs.

1.3 Eligible Applicants

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

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

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

1.4 Eligible Beneficiaries

The Development Fund can be used to finance assisted units for occupancy by households earning up to 80% of the area median income, as published annually by HUD. Indiana Code governing the Development Fund requires at least 50% of the dollars allocated to be used to serve "very low-income

households" (households earning less than 50% of the area median income). **Therefore, at least 50% of the Development Fund assisted units must be designated for households at or below 50% AMI, and the remaining Development Fund assisted units must be designated for households at or below 80% AMI.**

1.5 Eligible Residential Activities

Eligible HOME activities include, but are not limited to, acquisition, new construction, and/or rehabilitation of homes for sale, permanent rental units, and permanent supportive housing projects that have successfully completed the Indiana Supportive Housing Institute.

1.6 Eligible Activity Costs

For more information on eligible and ineligible activity costs please see §1.8 and §1.9 of the Development Fund Manual. Questions about eligible vs. ineligible soft costs under the Development Fund program can be directed to the IHCDA Underwriting and Closing Manager.

1.7 Match Requirements

Applicants for Development Fund must be able to document a local match in an amount of at least 10%. Acceptable match sources include in-kind donations, donated land, owner equity, building materials, loans, cash grants, or any combination of both in-kind and cash. Other sources of match may also qualify, **except for funds administered by IHCDA**.

1.8 Development Fund Activity Provisions

The Development Fund may provide loans or grants up to $500,000 per development. Development Fund grants will only be made in conjunction with special IHCDA initiatives as announced by IHCDA. Except for these special initiatives, IHCDA will only accept Development Fund applications for loans.

The Development Fund may be used for the following types of loans:

- Pre-development: to pay project pre-development expenses;
- Acquisition: to pay for purchase and closing costs for property acquisition;
- Construction: to pay for hard and soft costs of new construction and rehab projects;
- Permanent: to provide permanent financing to the project; and/or
- Bridge: financing to bridge the timing gap between project or program costs and cash from committed sources not yet available (equity).

Homebuyer projects are not eligible for permanent or bridge financing.

1.9 Loan Terms

The base interest rate for loans is 3%. The interest rate offered by IHCDA will be determined during underwriting. **Underwriting will start at 3% and make a final determination based on financial capacity. The final interest rate will not be less than 3%, but may exceed 3% based on capacity.**

1.10 Underwriting Guidelines

For more information on underwriting guidelines please see §2.4 of the Development Fund Manual. Questions about these guidelines can be directed to the IHCDA Underwriting and Closing Manager.

1.11 Affordability Period/Lien and Restrictive Covenants

Rental developments will be subject to a Lien and Restrictive Covenant Agreement that must be executed against every residential property constructed, rehabilitated, or acquired, in whole or in part, with Development Fund funds. If the award is made in conjunction with HOME or CDBG funding, the development will be subject to the applicable program affordability period.

Upon occurrence of any of the following events during the affordability period, the entire sum secured by the lien, without interest, shall be due and payable by developer and/or owner upon demand. Repayment may be demanded upon: (1) transfer or conveyance of the real estate by deed, land contract, lease, or otherwise, during the affordability period; (2) commencement of foreclosure proceedings by any mortgagee (or deed in lieu of foreclosure), within the affordability period; or (3) determination that units are not being used as a residence by a qualifying tenant or not leased according to the program affordability requirements. The award recipient will be responsible for repaying IHCDA. At the end of the affordability period, if the borrower/recipient has met all conditions, the lien will be released.

1.12 Income and Rent Restrictions/Ongoing Compliance

All Development Fund-assisted units in residential developments must be income and rent restricted. If the award is made in conjunction with HOME funding or is Development Fund only, then the HOME program income and rent limits will apply. Developments with Development Fund combined with another program must follow the recertification requirements of that program.

When Development Fund is combined with other funding sources, the audit/inspection cycle will occur based on the cycle and frequency prescribed by that program.

1.13 Modifications

IHCDA may consider requests for changes to the characteristics of a development. **A modification fee of $500 will be imposed if loan documentation has been finalized. Additionally, a $1,500 fee will be required if any legal documents, such as the recorded Lien and Restrictive Covenant, need to be amended as a result of the request.**

Approval of modification requests is at the sole discretion of IHCDA. IHCDA must evaluate each request to see how the change would have affected original funding and underwriting of the development as well as to ensure that the proposed change will not cause noncompliance.

When submitting a modification request, please provide the following:

a. Formal written request from the Owner/Developer detailing the specific request and the reason the request is needed
b. The impact to the project in the event the modification request is not approved

c. Modification fee of $500.00 if loan documentation has been finalized
d. Updated HOME application pages that reflect changes to the original application based on the current closing projections and/or proposed modification

At its discretion, IHCDA may request additional supporting documentation.