Home Investment Partnerships Program
Rental Construction
2020 Application Policy

SUMMARY
The purpose of this HOME Investment Partnerships 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 rental housing for low and moderate-income people. 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 rental housing among selected applicants that meet program requirements as well as IHCDA's goals for the program, as described below.

1. Demonstrate they are meeting the needs of their specific community;
2. Reach low and very low-income levels 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. Advance projects that promote aging-in-place strategies for seniors, persons with disabilities, and families with seniors or persons with disabilities;
6. Propose projects that are energy-efficient and are of the highest quality attainable within a reasonable cost structure; and,
7. 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.

Contents

1. Application Process
2. Eligible Applicants
3. Eligible Activities & HOME Program Requirements
4. CHDO
5. Subsidy Limitations & Eligible Activity Costs
6. Rental Housing Requirements
7. Completeness & Threshold Requirements
8. Scoring
9. Glossary
10. Development Fund

Available Online

IHCDA HOME Program Webpage

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Part 1: Application Process

1.1 Overview and Funding Priorities:

The purpose of this 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 rental housing for low and moderate-income people. Through this program, the Indiana Housing and Community Development Authority (IHCDA) seeks to improve the quality of existing housing stock in Indiana.

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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. Advance projects that promote (1) aging-in-place strategies for seniors, persons with disabilities, and families with seniors or persons with disabilities and (2) safe, affordable housing options for families;
6. Propose projects that are energy-efficient and are of the highest quality attainable within a reasonable cost structure; and,
7. 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 Rental Policy and the HOME Application Form and/or Additional Documents, the procedures described in the HOME Rental Policy will prevail.

1.3 Funding Round Timeline

Note: This is an anticipated schedule and is subject to change or extension.

Application Available / Round Begins	December 2020
Application Webinar	January 2021
CHDO Certifications Due[1]	January 27th 2021
Application Due Date	March 9th 2021
Tentative Award Announcements	May 28th 2021

1.4 Application Webinar

An application webinar will be conducted prior to the application deadline. During the webinar, the IHCDA Real Estate Production Department staff will describe the requirements of the HOME program,

[1] Please note that certified CHDOs are now eligible to request up to $1,500,000 of HOME funding. In order to be eligible for these funds, applicants must follow a different CHDO certification process. This process can be found in section 5.1 of the HOME Rental Policy.

threshold and scoring criteria, how to complete the required forms, and how to submit the application documents. Local Units of Government (LUGs) and not-for-profit entities intending to apply are *strongly encouraged* to attend.

1.5 Technical Assistance

The applicant may schedule a technical assistance meeting with its regional IHCDA Real Estate Production Analyst to discuss both the proposed project 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 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.

1.6 Application Submission

The applicant must submit the following items to IHCDA's Real Estate Production Coordinator:

- 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 supporting documentation**.
    - Signed Environmental Review Record (May be scanned and submitted as a PDF)
- Via hard copy:
    - Application fee of $250.
    - One USB Flash Drive with all documents

Applicants that are submitting multiple applications in a single round must submit ALL required documentation with EACH application. Multiple applications from the same applicant will be reviewed separately. Supporting documentation submitted with one application may not be used to satisfy a threshold or scoring requirement of another application.

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. Applicants that are pre-certified as CHDOs as described in section 5.1 of this policy are not required to submit application fees.

All required application items are due no later than 5:00 p.m. Eastern time on the due date. Applications received after the deadline 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.

If IHCDA staff are unable to open or view submitted electronic documentation as a result of technical errors (e.g. file corruption, incompatible file types, etc.), staff will enlist IT support personnel to correct

or bypass the issue. If the issue cannot be resolved, the applicant will not be allowed to submit a new or updated document and the application will be reviewed as if the document in question was not submitted. This may result in the applicant failing threshold and/or not receiving points in a scoring category. Therefore, it is in an applicant's best interest to review all electronic documentation to ensure it is complete and compatible with several different devices and/or programs before submittal.

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 application fee of $250 and USB flash drive 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.

Applicants must notify the Real Estate Department Coordinator and their Regional Analyst when they have uploaded documents to OneDrive, including documents for preliminary CHDO certification. Failure to notify IHCDA when documentation is uploaded may result in the delay or disqualification of the application.

Please notify the Real Estate Department Coordinator if the applicant would like to add an additional contact person for communications regarding its application.

1.7 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, including underwriting guidelines found in Section 6.5 below. After initial threshold review, IHDCA staff may contact an applicant to notify them of required technical corrections as well as to request clarification of additional questions raised during threshold review. 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 technical correction and threshold clarification letter, or the applicant's response does not address all concerns, the application

may be disqualified. Points will be awarded to applicants requiring two or less technical corrections, based upon the scoring table located in the Bonus scoring section of this policy.

For definitions of technical corrections and clarifications, please consult the glossary at the end of this policy.

Step Three - Scoring

Applications that pass 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 be accepted after the initial application submission.

Applications proposing rental activities will be scored separately from, and will not compete with, applications proposing homebuyer activities. An amount of funding, determined at the discretion of IHCDA, will be set aside for rental projects each year as prescribed in IHCDA's Consolidated Plan.

Funded applications will be announced at the published IHCDA board meeting date. Award letters and score sheets will be uploaded to OneDrive 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 OneDrive 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.

1.8 HOME Past 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 down by a minimum of 25% of the award's total funding amount. Applicants funded during the most recent HOME round or awarded within six months of the starting date of the current round (based on the date of the last signature on the applicant's award agreement) are exempt from this requirement.

1.9 Minimum Score Requirement

An application must score at least 68 points to be considered for funding.

1.10 IHCDA CDBG, HOME & HTF Program Manual

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

1.11 Environmental Review Record and Section 106 Historic Review User's Guide

The Environmental Review Record (ERR) and Section 106 Historic Review User's Guide and the ERR Workbook provides additional background information about the federally required processes including why the review is necessary, how to perform the review, and other resource information to help you complete the ERR Workbook. These documents can be found on IHCDA's website here.

1.12 IHCDA Waiver Policy

IHCDA, in its sole discretion, will consider a waiver request from any Applicant, Owner and/or Developer in regards to Section 5.1 (Subsidy Limitations **only**) and Section 6.5 (Underwriting guidelines). IHCDA does not accept waiver requests for any Federal Regulation or scoring requirements. Requests for additional funding will not be accepted.

IHCDA must receive the waiver request no later than 30 days prior to the application deadline. The waiver request must include the following:

- The details of the specific threshold requirement for which the Applicant is requesting a waiver,
- A detailed description as to why the Applicant cannot meet the threshold requirement,
- Any additional information the Applicant would like IHCDA to consider with the request.

1.13 Development Fund

Applicants may apply for the Development Fund with their HOME application. Applicants must provide documentation and explanation on an alternative source of funding 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	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
Rental Housing Rehabilitation	✓	✓	✓	✓	Not eligible
Acquisition and Rental Housing Rehabilitation	✓	✓	✓	✓	Not eligible
Rental Housing New Construction	✓	✓	✓	✓	Not eligible

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

Bloomington	Gary	Lafayette Consortium**
Evansville	Indianapolis*	South Bend Consortium***
Fort Wayne	Lake County	South Bend Consortium***

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

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

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

2.2 Eligible CHDO Applicants Proposing Projects Located in Selected Participating Jurisdictions

IHCDA will allow for non-profits that certify as CHDOs to apply for IHCDA HOME funding if the project is in a participating jurisdiction that receives less than $500,000 of HOME funding within IHCDA's HOME Program Year. At time of publication, the participating jurisdictions that qualify are:

Anderson	East Chicago	Hammond	Muncie	Terre Haute

In order to be eligible, the applicant must have received a preliminary commitment of HOME funds from the participating jurisdiction for the project for which the applicant is applying for IHCDA funding. Documentation of this commitment by the participating jurisdiction must be submitted at the time of application. CHDOs proposing projects located in participating jurisdictions will be eligible to request up

to $1,000,000 in IHCDA HOME funding. These CHDOs would also be eligible for CHDO Operating Supplement, as described in Section 4.4, and CHDO Predevelopment Loans, as described in Section 4.5.

IHCDA may, at its discretion, require CHDO's proposing projects located in participating jurisdictions to attend IHCDA trainings or participate in one-on-one technical assistance as a condition of funding.

2.3 Ineligible Applicants

Per 24 CFR 92.214 (a)(4) HOME funds may not be invested in public housing projects.

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, and 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 Chapter 17 of the IHCDA HOME, HTF, and CDBG Program Manual.

2.4 Religious and Faith-Based Organizations

- *Equal treatment of program participants and program beneficiaries.* (1) *Program participants.* Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the HOME program. Neither the Federal Government nor a State or local government receiving funds under the HOME program shall discriminate against an organization on the basis of the organization's religious character or affiliation. Recipients and subrecipients of program funds shall not, in providing program assistance, discriminate against a program participant or prospective program participant on the basis of religion or religious belief.
- *Beneficiaries.* In providing services supported in whole or in part with federal financial assistance, and in their outreach activities related to such services, program participants shall not discriminate against current or prospective program beneficiaries on the basis of religion, a religious belief, a refusal to hold a religious belief, or a refusal to attend or participate in a religious practice.
- *Separation of explicitly religious activities.* Recipients and subrecipients of HOME program funds that engage in explicitly religious activities, including activities that involve overt religious content such as worship, religious instruction, or proselytization, must perform such activities and offer such services outside of programs that are supported with federal financial assistance separately, in time or location, from the programs or services funded under this part, and participation in any such explicitly religious activities must be voluntary for the program beneficiaries of the HUD-funded programs or services.
- *Religious identity.* A faith-based organization that is a recipient or subrecipient of HOME program funds is eligible to use such funds as provided under the regulations of this part without impairing its independence, autonomy, expression of religious beliefs, or religious character. Such organization will retain its independence from Federal, State, and local government, and may continue to carry out its mission, including the definition, development, practice, and expression of its religious beliefs, provided that it does not use direct program funds to support or engage in any explicitly religious activities, including activities that involve

overt religious content, such as worship, religious instruction, or proselytization, or any manner prohibited by law. Among other things, faith-based organizations may use space in their facilities to provide program-funded services, without removing or altering religious art, icons, scriptures, or other religious symbols. In addition, a HOME program-funded religious organization retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.

- *Alternative provider.* If a program participant or prospective program participant of the HOME program supported by HUD objects to the religious character of an organization that provides services under the program, that organization shall, within a reasonably prompt time after the objection, undertake reasonable efforts to identify and refer the program participant to an alternative provider to which the prospective program participant has no objection. Except for services provided by telephone, the Internet, or similar means, the referral must be to an alternate provider in reasonable geographic proximity to the organization making the referral. In making the referral, the organization shall comply with applicable privacy laws and regulations. Recipients and subrecipients shall document any objections from program participants and prospective program participants and any efforts to refer such participants to alternative providers in accordance with the requirements of §92.508(a)(2)(xiii). Recipients shall ensure that all subrecipient agreements make organizations receiving program funds aware of these requirements.
- *Structures.* Program funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for explicitly religious activities. Program funds may be used for the acquisition, construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under this part. When a structure is used for both eligible and explicitly religious activities, program funds may not exceed the cost of those portions of the acquisition, new construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to the HOME program. Sanctuaries, chapels, or other rooms that a HOME program-funded religious congregation uses as its principal place of worship, however, are ineligible for HOME program-funded improvements. Disposition of real property after the term of the grant, or any change in the use of the property during the term of the grant, is subject to government wide regulations governing real property disposition (see 24 CFR parts 84 and 85).
- *Supplemental funds.* If a State or local government voluntarily contributes its own funds to supplement federally funded activities, the State or local government has the option to segregate the federal funds or commingle them. However, if the funds are commingled, this section applies to all of the commingled funds.

Part 3: Eligible Activities & HOME Program Requirements

3.1 Eligible Activities

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

- Rehabilitation, new construction, and acquisition/rehabilitation or acquisition/new construction of rental housing in the form of traditional apartments, single room occupancy units (SROs), or single family housing.
    - SRO housing consists of single room dwelling units that are the primary residence of the occupant(s). Neither kitchen nor bathroom facilities are required to be in each unit. However, if individual units do not contain bathroom facilities, the building must contain bathroom facilities that are shared by tenants. SRO housing does not include facilities for students.
- Rental Housing Tax Credit (RHTC) Developments with compliance periods or existing HOME developments with affordability periods that have expired prior to the due date for this application. RHTC Developments must be out of the initial 15-year affordability period. RHTC Developments still in the 30-year extended use period are eligible to apply for HOME funds, assuming the initial 15-year affordability period has expired.
- If HOME funds are used for acquisition of vacant land or demolition in conjunction with another activity, then construction must commence within nine months of the demolition or acquisition.
- Manufactured homes are eligible if they meet IHCDA's Manufactured Housing Policy or if rehabilitation will bring the unit up to these standards:
    - A single dwelling unit designed and built in a factory, installed as a permanent residence, which bears a seal certifying that it was built in compliance with the Federal Manufactured Housing Construction and Safety Standards law and which also complies with the following specifications:
        - Shall have been constructed after January 1, 1981;
        - 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; 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:

- Per 24 CFR 92.214 (a)(4) HOME funds may not be invested in public housing projects.
- 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 development 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 project;
- 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);
- Any housing activity funded under Title VI of NAHA, prepayment of mortgages insured under the National Housing Act, public housing developments, or acquisition, rehabilitation, or construction of any developments funded under HUD's former Rental Rehabilitation Program;
- 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;
- Acquisition, rehabilitation, or construction of 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 <u>not</u>** fund:

- Requests from individuals, political, social, or fraternal organizations;
- Endowments, special events, or international projects;
- 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;
- Projects 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 project 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 HOME, HTF, and CDBG 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, but are not limited to the following:

- **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 and 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 housing with five or more HOME-assisted units must adopt IHCDA's Affirmative Marketing Procedures. See the IHCDA Program Manual Chapter 5 for guidance on 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/lease 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 the architect, engineers, general contractors and other members of the development team; and,
      - Overseeing the progress of the work and cost reasonableness.
- **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.
  - 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.
- IHCDA will not fund projects that are located in a floodway or that have any portion of the project site in a 100-year flood plain. If the project site has any area that is designated as any variation of Zone A or as a floodway, then the project is ineligible for IHCDA funding. Re-platting and/or re-parceling a site out of any variation of Zone A will not be allowed. Instead, the applicant must consult with and follow FEMA procedures to change the flood designation; this process should be completed prior to submitting a funding application to IHCDA.
- For sites within the shaded Zone X or sites outside of Zone A but without a Base Flood Elevation (BFE; this information will be indicated on the FEMA map), then the potential adverse impacts of being directly adjacent to a flood prone area must be minimized. Therefore, the applicant must demonstrate to IHCDA that the following design modifications are included in the project scope. The information must be submitted with the ERR Workbook upon funding application to IHCDA. These requirements can also be found in the ERR Workbook
    - Flood minimization techniques like permeable surfaces, storm water capture and reuse, and/or green roofs.
    - New construction and substantial improvement projects must be elevated at or above the 100-year floodplain.
    - The inclusion of early warning systems and emergency evacuation plans.
- If your project involves new construction and has either mapped wetlands or potential wetlands, the project is not eligible for IHCDA funding. If your project involves site excavation, installation of wells or septic systems, grading, placement of fill, draining, dredging, channelizing, filling, diking, impounding, and any related activities, and has either mapped wetlands or potential wetlands, you must consider project alternatives, including a new site

- **Construction Standards and Physical Inspections:**
    - 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.
- All required match must be committed by the time closeout documentation is submitted.
- If utilizing a tax exemption as a source of match, the applicant must have a signed letter from the local unit of government that lists the property or properties receiving the exemption, the length of the exemption, and the total value of the exemption.

- **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 12 or more HOME-assisted units; and
    - Affordable housing containing 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 building or multiple buildings owned and operated as a single development.
    - Public Housing Authorities (PHAs) using PHA funds in conjunction with IHCDA funds are subject to Davis Bacon requirements.
- **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" 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 and its implementing regulations, the recipient must agree to take reasonable steps to ensure meaningful access to activities funded by federal funds for 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 project; hiring bilingual employees or volunteers for outreach and intake activities; contracting with a telephone line interpreter service; etc.
- **Registering Vacancies:**
  - Applicants that are proposing to develop rental housing must register vacancies for assisted housing in the IndianaHousingNow.org affordable housing database.
- **Other HOME Construction Standards**:
  - Units must, at a minimum, meet the stricter of the local rehabilitation standards or the Indiana State Building Code.
    - If a property is applying for project based vouchers, the units must be built to comply with the stricter of PBV Housing Quality Standards or local 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.

- **Capital Needs Assessment:**
  - Projects performing the rehabilitation activity with a total of 26 or more units (the total of HOME-assisted and non-HOME assisted units) must complete and provide a Capital Needs Assessment (CNA).
- **Federal Programs Ongoing Rental Compliance:**
  - Recipient must ensure that each owner of a HOME-assisted rental project enters tenant events into IHCDA's Indiana Housing Online Management System at https://ihcdaonline.com/ within 30 days of the tenant's event date. Tenant events include move-ins, move-outs, recertification, unit transfers, and rent and income changes. In addition, Annual Owner Certification Rental Reports must be submitted electronically using the Indiana Housing Online Management System throughout the affordability period in the Annual Rental Report. See IHCDA's Program Manual for further guidance.
  - Recipient must ensure that there is a written lease between any tenant and the owner of rental housing assisted with HOME funds. The term of the lease may not be less than one year, unless a shorter period is specified upon mutual agreement between the tenant and the owner. The lease may not contain any of the prohibited provisions set forth in 24 CFR 92.253 (b).
  - In accordance with 92.504(d)(2), the recipient must provide IHCDA with the financial documentation and/or reports needed by IHCDA to conduct its examination of the financial condition of the project, if project has 10 or more HOME-assisted units.
  - Rental housing developments must assist households at or below 60% of the Area Median Income for the county, as published by HUD and distributed by IHCDA. Additionally, those developments with five or more HOME-assisted units must set-aside at least 20% of the units for households at or below 50% of the Area Median 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 (see Part 4.1G of the Federal Programs Ongoing Rental Compliance Manual).
  - 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.
- **Broadband Infrastructure:**
  - As described in the HUD Final Rule 81 FR 92626, any new construction or substantial rehabilitation of more than four rental units must provide for installation of broadband infrastructure, as defined in 24 CFR 5.100, except when IHCDA determines and documents that one or more of the exceptions listed in HUD Final Rule 81 FR 92626 apply. Each unit should have cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure, including wireless infrastructure, which is capable of providing access to Internet connections in individuals housing units.
- **Tenant Selection Plan**
  - All HOME-funded properties must create a written tenant selection plan that meets all requirements outlined in Part 4.2E of IHCDA's Federal Programs Ongoing Rental Compliance Manual, as amended from time to time. This includes compliance with the nondiscrimination requirements of the Fair Housing Act, Violence Against Women

Reauthorization Act, Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity Rule, and the 2016 HUD Office of General Counsel Guidance on Criminal Records.

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 recipient shall comply with the following requirements of the HOME Program throughout the affordability period:

1. Ensuring that the property meets the Property Standards set forth in 24 CFR 92.251;
2. Ensuring that the tenants meet the affordability requirements set forth in 24 CFR 92.252 by documenting and verifying the income of tenants as set forth in IHCDA's Federal Programs Ongoing Rental Compliance Manual, as amended from time to time by IHCDA;
3. Submitting annual tenant events and annual owner certifications to IHCDA through its online reporting system as set forth in IHCDA's Federal Programs Ongoing Rental Compliance Manual;
4. Participating in periodic monitoring and inspections of the Property by IHCDA and/or the U. S. Department of Housing and Urban Development ("HUD");
5. Complying with the Federal income and rent limits issued by HUD and published annually on IHCDA's website;
6. Providing IHCDA with information regarding unit substitution and filling vacancies, if the project has floating units; and
7. Ensuring that each tenant enters into a lease that does not contain HUD prohibited lease language as set forth in IHCDA's Federal Programs Ongoing Rental Compliance Manual. The affordability period begins after the project has been completed and the completion forms have been submitted to and approved by IHCDA. During the affordability period all HOME program rental requirements apply to the property. See IHCDA's *Federal Programs Ongoing Rental Compliance Manual* for a full discussion of affordability period compliance.

The following affordability periods apply to all HOME rental housing and homebuyer projects:

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
New construction or acquisition of newly constructed transitional, permanent supportive, or rental housing	20 years

3.5 Lien and Restrictive Covenant Agreement

Each recipient of a HOME award must ensure that a lien and restrictive covenant is executed and recorded against every property constructed, rehabilitated, or acquired, in whole or in part, with HOME funds. Upon the occurrence of any of the following events during the Affordability Period, the entire sum secured by the lien 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; (3) The

real estate no longer meets the property standards set forth in 24 CFR 92.251; (4) HOME-assisted units are not being used by qualifying tenants as their principal residence; (5) annual tenant events and annual owner certifications are no longer being submitted to IHCDA through its online reporting system as set forth in IHCDA's Federal Programs Ongoing Rental Compliance Manual; (6) non-compliance with the federal income and rent limits issued by HUD; and (7) units are not leased in accordance with the requirements set forth in IHCDA's Federal Programs Ongoing Rental Compliance Manual.

The recipient of the HOME award will be responsible for repaying IHCDA any HOME funds utilized for any housing constructed, rehabilitated, or acquired that does not remain affordable and in compliance in accordance with 24 CFR 92.252 for the entire Affordability Period. The Affordability Period is based upon the total amount of HOME funds invested into the HOME-assisted units as depicted in the chart above. (IHCDA Program Manual, Lien and Restrictive Covenants & Affordability Requirements Chapter 12)

Part 4: CHDO

4.1 IHCDA CHDO Set-Aside

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

4.2 CHDO Eligible Activities

Permanent rental and homebuyer housing are considered CHDO-eligible activities 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 owns, develops, or sponsors the activity.

CHDOs must certify at time of application and identify which of the three roles the CHDO will undertake with the project:

- The CHDO "**owns**" the activity when the CHDO holds valid legal title in fee simple or has a long-term (99-year minimum) leasehold interest in a rental property. The CHDO may hire and oversee a project manager or contract with a developer to perform the rehabilitation or new construction.
- The CHDO "**develops**" the activity when the CHDO is the owner in fee simple or through a long term ground lease during both the development and the affordability period. As developer, the CHDO must be in sole charge of all aspects of the development process, including obtaining zoning, securing non-HOME funds, selecting contractors, overseeing the progress of work, and determining reasonableness of costs.
- The CHDO "**sponsors**" rental projects through one of two processes:
    - Rental housing is developed by a CHDO affiliate, defined as a CHDO's wholly owned subsidiary (non-profit or for-profit); a limited partnership of which the CHDO or its wholly owned subsidy is the sole general partner; or a limited liability company of which the CHDO or its wholly-owned subsidiary must be the sole managing member. If the limited partnership or limited liability company agreement permits the CHDO to be removed as general partner or sole managing member, the agreement must provide that the removal must be for cause and that the CHDO must be replaced with another CHDO.
    - The CHDO develops housing on behalf of another non-profit. The rental housing is transferred by the CHDO to the other nonprofit upon completion. The nonprofit receiving the property upon completion must be identified by the CHDO, not be created by a governmental entity, and assume ownership and all HOME obligations, including any loan repayment. The CHDO must own the property during the development period and be in sole charge of the development process.

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.[2] 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.

[2] Please note that certified CHDOs are now eligible to request up to $1,500,000 of HOME funding. In order to be eligible for these funds, applicants must follow a different CHDO certification process. This process can be found in section 5.1 of the HOME Rental Policy.

- Treatment of Program Income by a CHDO:
  - Proceeds generated from a Community Housing Development Organization ("CHDO") development activity may be retained by the CHDO but must be used for housing activities that benefit low-income families as provided in 24 CFR 92.300(a)(2). Such proceeds are not considered program income and are not subject to HOME Program requirements. However, 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.
- 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 HOME Application Forms.

4.4 CHDO Operating Supplement

CHDOs may apply for supplemental funds in a HOME funding round. A CHDO may receive CHDO operating supplement funds in an amount not to exceed $50,000 per project and $50,000 total within one program year, except when receiving a second award of CHDO Operating Supplement, as described below.

CHDOs are eligible to apply for a second award of CHDO Operating Supplement for a project that received a CHDO Operating Supplement award at the time of its initial funding. 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; and
- Have drawn 100% of the original CHDO Operating Support award.

CHDOs receiving a second year of CHDO Operating Supplement may receive funds in an amount not to exceed $50,000 per project and $75,000 total 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

CHDO Operating Support cannot exceed the greater of $50,000 or 50% of the CHDO's total annual operating expense 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.

The following limitations apply to CHDOs requesting Predevelopment Loans:

- The CHDO may not have more than five currently open or pending CHDO Predevelopment Loans, including the loan being submitted.

Please contact your Real Estate Production Analyst for more details.

Part 5: Subsidy Limitations & Eligible Activity Costs

5.1 Maximum Award Request, Subsidy Limitations & Budget Limitations

Applicant Type	Maximum Award Request
Non-CHDO	$1,000,000
CHDO	$1,500,000

Applicants that are not certified as a CHDO, or that are certified as a CHDO **after** the application due date, may request up to $1,000,000.

Applicants that are certified as a CHDO **before** the application due date may request up to $1,500,000.

- In order to qualify, applicants must submit a CHDO application and all required CHDO documentation by **5:00 p.m. Eastern Time** on **January 25th, 2021** The CHDO application can be found as a separate document on the IHCDA website here.
- IHCDA staff will review the applicant's CHDO application. If further clarification is needed, IHCDA will reach out to the applicant for additional information.
- Upon making a final determination, IHCDA will inform each CHDO applicant as to the status of its certification. If the applicant is certified as a CHDO it may request up to $1,500,000. If the applicant is not certified as a CHDO, it will be limited to the non-CHDO maximum award request limit of $1,000,000.
- An applicant that submits its CHDO certification after the deadline listed above will NOT be eligible to request more than $1,000,000. However, its certification status will still be reviewed, it will still be eligible for any scoring category contingent on CHDO status, and it will still be eligible to request CHDO Operating Supplement funds in conjunction with its HOME application.

Subsidy Limitations
HOME funds used for acquisition, rehabilitation, new construction, soft costs, relocation, rent-up reserve, and developer's fee combined cannot exceed:

For units designated 50% AMI or higher:

Bedroom Size	Per Unit Subsidy Limit
0	$72,000
1	$84,000
2	$96,000
3	$117,000
4+	$128,000

For units designated 40% AMI or lower:

Bedroom Size	Per Unit Subsidy Limit
0	$90,000
1	$105,000
2	$120,000
3	$145,000
4+	$160,000

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

Budget Limitations

- HOME funds cannot be used for reserve accounts for replacement or operating costs, but may be used as a Rent-Up Reserve.
- 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, 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 will 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 it chooses, known as subgrantees. 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 subgrantee of the program. An example is when an IHCDA recipient is assisting a property that it does not own. When the loan is made from the IHCDA recipient to the subgrantee, a title company must be used.

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

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. 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. 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. Those expenses should be included in the soft costs line item. This line item along with developer's fee, and soft costs 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 Program Manual.

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 client-related costs that are reasonable and necessary for the implementation and completion of the proposed activity. This line item along with 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, soft costs 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
- Financing costs
- 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 $10,000 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

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 is not considered CHDO proceeds and must be returned to IHCDA.

Income generated by not-for-profits or for-profits, acting as developers of HOME units, may be retained by the developer and is not subject to HOME Program requirements.

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: Rental Housing Requirements

6.1 Eligible Projects

HOME projects can propose rental activities with this policy and corresponding application forms. Homebuyer activities are eligible using the Homebuyer policy and corresponding application forms.

6.2 Eligible Rental Activities

Eligible activities include new construction, rehabilitation, acquisition/rehabilitation or acquisition/new construction. Acquisition is allowed only in conjunction with either the rehabilitation or new construction activity and is ineligible as a stand-alone activity. Permanent rental housing units may not be used for temporary or emergency housing at any time.

All households occupying HOME-assisted rental units must be income and student status qualified based on HOME regulations. See the Federal Programs Ongoing Rental Compliance Manual for more information on household qualification.

6.3 Rent Restrictions

HOME-assisted rental units will be rent-restricted throughout the affordability period to ensure that the units are affordable to low- and moderate-income households. Please refer to the most recent HOME rent limits, which can be found on IHCDA's website under RED Notices. The following restrictions apply:

- Published rent limits include the cost of any tenant-paid utilities. For all utilities that the tenant will be responsible for you must subtract approved utility allowance from the published rent limit.
    - For example, if the rent limit in a given county is $300 with a utility allowance for gas heat of $28, $20 for other electric, and $13 for water, the maximum allowable rent would be $239 for a unit where the tenant pays all the above utilities ($300 - $28 - $20 - $13 = $239).
- All units must be leased for initial occupancy within 18 months.
- If a SRO-unit has both food preparation and sanitary facilities, then use the HOME zero bedroom (efficiency) unit rent or 30% of the household's adjusted income, whichever is most restrictive.
- If a SRO-unit has neither food preparation nor sanitary facilities, or only one of either, then the rent may not exceed 75% of the fair market rent (FMR) for a zero bedroom unit. For example, if the FMR for a zero-bedroom unit in a given county is $300, then the 40% rent limit in that county for a SRO unit that only has a bathroom and not a kitchen would be $225 ($300 x .75 = $225).
- Gross rent must be at or below the published rent limit. Gross rent = tenant-paid rent + tenant-based rental assistance + utility allowance + non-optional charges.
- If the applicant proposes to receive all or a portion of the rent payment via a tenant-based voucher (rental subsidy), the gross rent (including the rental assistance amount) cannot exceed the published rent limits for the applicable income level.
    - For example, a tenant residing in a unit set-aside for households at or below 40% of the area median income has a voucher that pays $100 of his/her rent, and the published utility allowance for tenant paid utilities for the unit is $50. If the published 40% rent limit is $300, the tenant paid portion of rent cannot exceed $150 ($300 rent limit - $100 Section 8 Voucher - $50 utility allowance = $150 maximum tenant paid portion).
- If the development receives a federal or state project-based rent subsidy and the unit is designated as 50% or below, the household is at or below 50% AMI, and the household pays no

more than 30% of his/her adjusted income for rent, then the maximum rent may be the rent allowable under the project-based rental subsidy program as set forth in 24 CFR 92.252(b)(2).

- If the development charges non-optional fees for food or the costs of supportive services, then these costs must be included in the gross rent calculation
- All tenants who occupy HOME-assisted rental housing units must be income recertified on an annual basis. The Section 8 definition of household income applies.

6.4 Affordability Periods and Resale/Recapture Requirements

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

The recipient is subject to recapture provisions through a recorded lien and restrictive covenant agreement as described in Parts 3.5 of this document.

6.5 Underwriting Guidelines for Rental Projects

The following underwriting guidelines must be followed for any rental development. The numbers submitted should accurately reflect the true nature and cost of the proposed activity. IHCDA will consider underwriting outside of these guidelines, if supporting documentation is provided.

TOTAL OPERATING EXPENSES – All developments must be able to underwrite with a minimum operating expense of $4,500 per unit per year (net of taxes and reserves). Total operating expense calculation includes replacement reserve contributions but excludes debt service.

MANAGEMENT FEE – The maximum management fee allowed is described in the table below, based on the number units within the project. The percentage is based on the "effective gross income" (i.e. gross income for all units, less vacancy rate).

Number of Units	Maximum Management Fee Percentage
1 – 50	7%
51 - 100	6%
101 or more	5%

VACANCY RATE – All developments must be able to underwrite with a vacancy rate between 6% and 8%.

RENTAL INCOME GROWTH – All developments must be able to underwrite with a rental income growth between 0% and 2% per year.

OPERATING RESERVES – All developments must be able to underwrite with operating reserves using **the greater of** four-to-six months of expenses (i.e. operating expenses plus debt service) OR $1,500 per unit. Operating Reserves are not an eligible HOME expense and must come from other eligible sources.

REHABILITATION – When HOME funds are being used for rehabilitation, at least 51% of the total HOME request must be budgeted for rehabilitation costs.

RENT-UP RESERVE – HOME funds may be used to fund a rent-up reserve for new construction and rehabilitation rental housing developments. This reserve can be used to meet shortfalls in development

income during the rent-up period and may only be drawn down after all construction is completed at the development. The following terms apply:

- The term of the rent-up reserve account may not exceed six months after all construction is completed, after which time any unused reserves left in the account will be de-obligated by IHCDA.
- These funds can be used only for development operating expenses, scheduled payments to replacement reserves, and/or debt service payments.
- The recipient must receive IHCDA's approval prior to accessing its rent-up reserve funding.
- The amount of HOME funds that can be utilized for a rent-up reserve is limited to three months development operating expenses plus three months of development debt service.

REPLACEMENT RESERVES – All developments are required to have replacement reserves. Replacement reserves must be included in the operating budget but are not included as part of the operating reserves. Contributions must be made to the reserve account starting at or before the conversion date of the construction loan to permanent loan and must be funded through the entire Affordability Period. Replacement reserve funds must only be used for capital improvements (substantial improvements to the real estate such as re-roofing, structural repairs, or major projects to replace or upgrade existing furnishings, but not including replacement of individual appliances or minor repairs) and must **not** be used for general maintenance expenses. Less restrictive provisions required by lenders must be approved by IHCDA.

Replacement reserves must escalate at a rate of 3% per year.

IHCDA will, at its discretion, adjust the replacement reserve to reflect reasonable and customary capital and replacement expenditures. The following minimum contributions must be used.

Development Type	Minimum Contribution per unit per year
Rehabilitation*	$350
New Construction	$250

* For rehabilitation developments, the Capital Needs Assessment will be reviewed to determine whether sufficient reserves have been established.

OPERATING EXPENSE GROWTH – All developments must be able to underwrite with operating expense growth between 1% and 3% per year.

IHCDA requires operating expense growth to be at least 1% higher than rental income growth.

STABILIZED DEBT COVERAGE RATIO – All developments must be able to underwrite with a stabilized debt coverage ratio (DCR) within the following standards:

Development Location	Minimum Acceptable Debt Coverage Ratio
Large or Small City	1.15 – 1.40
Rural	1.15 – 1.50

- Stabilization usually occurs in year two; however, the debt coverage ratio for a development must not go below 1.10 during the affordability period to be considered financially feasible.

- IHCDA recognizes that some deals may have higher debt coverage at the beginning of the affordability period in order to remain feasible for the duration of the affordability period. Documentation to support these higher debt coverage ratios must be provided.
- Developments without hard debt are allowed but will be subject to additional scrutiny from IHCDA. Developments with no debt will not have a debt coverage ratio, but will be required to have cash flow without an undue profit. This will be determined by a ratio of Effective Gross Income to Total Annual Expenses (including Replacement Reserves). A ratio of 1.10 shall be the minimum required to be considered feasible by IHCDA, throughout the affordability period.
- Tax abatement may cause the DCR to be higher than these guidelines.

The following documentation is required for Stabilized Debt Coverage Ratio:

- Documentation of estimated property taxes and insurance for the proposed development (i.e. a statement of how the applicant determined the estimated taxes and insurance for the development); AND

- If the underwriting is outside these guidelines, the applicant must provide a written detailed explanation with third party documentation supporting the explanation (approval of underwriting from other financing institutions/funding sources will not constitute acceptable supporting documentation).

6.6 Market Assessment Guidelines for Rental Projects

The following market assessment guidelines must be followed for any rental development. The numbers submitted should accurately reflect the market feasibility of the proposed activity. Only responses to these narrative questions are necessary, a full market study is not required.

MARKET AREA – Describe the market area from which the majority of the development's tenants 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 tenants for the development.

HOUSING STOCK – Describe the existing housing stock within the market area including the number of housing units, type (single family or multifamily), percent vacant, percent owner-occupied and renter-occupied, etc. In addition, provide a list of all other rent restricted properties in the market area and indicate whether they are age restricted.

CAPTURE RATE AND ABSORPTION PERIOD – Provide an estimate of the capture rate for the development (project's units divided by the number of eligible tenants from the market area) and estimate the absorption period to ensure lease-up within 18 months of project completion.

NEEDS ASSESSMENT – Describe how the development addresses the community's housing needs, given the market area's socioeconomic profile, trends, and housing stock.

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 project must satisfy the Federal requirements of the HOME program listed in 24 CFR Part 92 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 Forms.
    - 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 all 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.)
    - All required signatures must be originally signed (no electronic signatures) but may be scanned and submitted in PDF form as allowed.

7.2 Threshold Requirements

Completeness	Location
Application and Supporting Documents • Submit two copies of fully completed HOME Rental application, one as an Excel file and one as a searchable PDF. • Submit all required supporting documents via OneDrive. Do not submit paper copies of the application or any other supporting documents. Applicants may also be issued a Technical Correction for using policies or forms from previous rounds.	Uploaded to OneDrive
Threshold	**Location**
CHDO Applicants Proposing Projects in Selected Participating Jurisdictions • If a CHDO is proposing a project located in a selected participating jurisdiction as described in Section 2.2, submit a preliminary commitment of HOME funds from the participating jurisdiction for the project for which the applicant is applying for IHCDA funding.	Tab L_Financial Commitments
SAM Status • Submit a copy of the applicant's System of Award Management (SAM) status. https://www.sam.gov/portal/SAM/#1	Tab A_SAM Status

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 both current and prospective tenants and provide guidance on (1) how grievances will be submitted, (2) who will review them, (3) the timeframe for the review, and (4) the appeal process. Grievance Procedures should be written and available to current and potential tenants.	Tab C_Grievance Procedures
Area Need • HUD requires that IHCDA certify there is adequate need for each unit based on the neighborhood's housing market. In order to help make this determination please answer all of the questions in the application's Market Narrative. A formal market study is not required. Attach any relevant support material such as previously completed market studies, planning documents, or maps.	Tab D_Area Need
Home-Assisted Households at or Below 60% AMI • Commit to assisting households at or below 60% 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 as 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 O_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 O_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 F_Notifications

Administrator Documentation (if applicable)
• If the applicant has hired an administrator, 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 for the RFP that was put in a general circulation newspaper.
  • Submit a copy of the signed contract between applicant and administrator.
	Tab G_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 delivery.	Tab F_Notifications
Visitability Mandate • Any development involving the new construction of single family homes, duplexes, triplexes, or townhomes must meet the 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. Visitability features include, but are not limited to, zero-step entrances, proper door width, an accessible bedroom on the main level, etc. Visible units must comply with the Type C unit criteria in ICC A117.1 Section 1005.	Application
Site Map and Photos • Submit a clear, colored site map with project site and/or parcels outlined and identified. • Submit clear, recent, color site photos including views from all cardinal directions.	Tab H_Site Map
Title Search • Submit evidence of clear title with a title insurance commitment, title search documentation, or an attorney's opinion letter.	Tab I_Readiness
Construction Cost Estimate • Submit detailed construction cost estimates for the development.	Tab I_Readiness
Site Control • Submit a purchase option or purchase agreement that expires no less than 30 days subsequent to the award announcement date.	Tab I_Readiness
Unit Plans • Submit unit plans that include the square footage for each type of unit. These may not be hand-drawn.	Tab I_Readiness

Site Plans
• Submit basic site plans that show how the development is to be built, including:
  ○ Any significant demolition
  ○ Any existing buildings
  ○ The placement and orientation of new and existing buildings, parking areas, sidewalks, etc.
 	
IHCDA reserves the right to request revisions and/or additional site plans if the provided plans are determined to be insufficient.
	Tab I_Readiness

Architect License • If the Development Team includes an architect, provide the license number for the individual identified in the Development Team section of the HOME Application Form. If the architect is licensed via reciprocity, please identify the state in which the architect's license was issued.	Application

Zoning Approval • Provide a letter no older than six months from the local planning official that certifies the current zoning allows for construction and operation of the proposed development and lists any required variances that have been approved.	Tab I_Readiness
Capital Needs Assessment • For developments proposing 26 or more total units, a Capital Needs Assessment is required.	Tab I_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 J_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 K_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.	Tab L_Financial Commitments
Letters of Commitment • Submit signed letters of commitment including funding terms and amounts for all funding sources. This includes deferred developer fees.	Tab L_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

Rental Proforma • Complete the Rental Proforma tab in the IHCDA HOME Rental Application Forms.	Application

Match Requirement
• The match requirement for the HOME program is 25% of the total amount of HOME funds requested minus 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 L_Financial Commitments

Senior Developments
• New Construction:
  ○ 100% of the units must be accessible or adaptable, as defined by the ADA and the Indiana Accessibility Code.
• Rehabilitations:
  ○ 100% of the ground floor units must be accessible or adaptable, as defined by the ADA and the Indiana Accessibility Code, and all units above the ground floor must be adaptable as defined by the ADA and the Indiana Accessibility Code unless the building(s) contained elevator(s)/Lift(s) prior to rehabilitation, in which case the elevators/lifts will need to be maintained and 100% of the units above the ground floor will need to be accessible and adaptable.
	The originally signed HOME application will serve as certification that the development will comply with these requirements.

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

Services
• Applicants must commit to services in each of the three levels listed on the Tenant Investment Plan Matrix. Each applicant must commit to at least one service in level one, two services in level two, and three services in level three. Developments planning to incorporate services not referenced in the Tenant Investment Plan Matrix or that exceed the minimum requirements may merit consideration for additional scoring under the Unique Features category. Applicants must submit:
  ○ One Form C: Tenant Investment Plan Matrix listing all services for the entire proposed project (found in the HOME Application Additional Documents Folder);
  ○ One Form D: Tenant Investment Plan Service Agreement (MOU) for each service provider with original or a copy of original signatures (found in the HOME Application Additional Documents Folder);
  ▪ If the HOME applicant is providing services, an MOU must still be executed to ensure IHCDA has documentation of the applicant's commitment. Applicants are required to use the IHCDA provided Tenant Investment Plan Service Agreement (MOU) unless the IHCDA legal department has provided written approval of an alternate MOU prior to application submittal.
	Tab M_Project Characteristics

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 Rental 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 N_Development Features
Application Submission Resolution • All applicants for IHCDA funding must submit a resolution approved by the applicant's Board of Directors authorizing the submission of an application for funding to IHCDA. Applicants must submit: ○ One HOME Application Submission Resolution signed by the applicant's Board of Directors (found in the HOME Application Additional Documents Folder)	Tab F_Notifications

Part 8: Scoring

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

Scoring Category	Points Possible
Project Characteristics	33
Development Features	33
Readiness	8
Capacity	21
Leveraging of Other Sources	6
Unique Features & Bonus	9
Total Possible Points	**110**

When there is a scoring criterion 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 68 points to be considered for funding.

If two or more developments receive an equal total score, the following tie breakers will be used to resolve the tie:

1. First Tie Breaker: Priority will be given to the development located in a community that has not received a HOME award within the past three years. If a tie still remains;
2. Second Tie Breaker: Priority will be given to the development with the lowest average rent restrictions across all units. If a tie still remains;
3. Third Tie Breaker: Priority will be given to the development that requests the lowest amount of HOME funds per unit. If a tie still remains;
4. Fourth Tie Breaker: Priority will be given to the development that scores highest in the Opportunity Index.

8.1 Project Characteristics — Category Maximum Points Possible: 33

1) *Constituency Served* — *Maximum Number of Points: 5*

If the development commits to serving beneficiaries in IHCDA-assisted units with maximum incomes lower than required by the HOME program and maintains housing costs at affordable rates, points will be awarded in accordance with the following chart. Percentages are of the area median income (AMI) for the county in which the development is to be located. Awarded recipients will be held to the unit commitment in their award agreement. The AMI level selected applies to both the income and rent restriction on the unit. Changes to the AMI levels will require prior IHCDA approval.

Constituency Served	Points
20% of Population served at or below 40% AMI; **OR**	3
20% of Population served at or below 30% AMI	5

2) *Mixed-Income Housing* — *Maximum Number of Points: 1*

Community Integration	Points
10% of development units are Market Rate	1

3) *Targeted Population* — *Maximum Number of Points: 4*

Points will be awarded to applicants that target populations with special housing needs under IHCDA's priority in accordance with the following guidelines and charts.

An individual or household that meets the criteria for two or more categories below (e.g. a veteran with a child six and under or a single parent household with a victim of domestic violence) may only be counted for **one** of the categories he or she qualifies for when calculating percentages for this scoring category.

Target Population	Points
OPTION 1: Age-restricted housing in which at least 80% of the units in the development are restricted for occupancy by households in which at least one member is age 55 or older OR 100% of the units are restricted for households in which all members are age 62 or older; OR	2
OPTION 2: At least 25% of units are set-aside for households that meet one the "special needs population" definitions in Indiana Code 5-20-1-4.5 listed below* • Persons with physical or developmental disabilities • Persons with mental impairments • Persons with chemical addictions *Elderly are included in the Code definition but are excluded in this option as this target population is addressed in Option 1 above. A household with a disability will be defined as a household in which at least one member is a person with a disability using the Fair Housing definition of disabled (see glossary). Applicants electing this targeting option must enter into a referral agreement with a qualified organization that provides services for the target population. See part 4.1(F) of the *Federal Programs Ongoing Rental Compliance Manual* for more information on referral agreements. Submit Form E: Special Needs Population Referral Agreement Form in "**Tab M_Project Characteristics**". Form E can be found by following the "HOME Additional Forms" link on the IHCDA HOME Program website*; OR*	4
OPTION 3: At least 30% of units are set-aside for households meeting at least one of the following designations: • Single parent, grandparent, or guardian head of households • Victims of domestic violence • Abused children • Families with children six and under • Veterans (As defined in the IHCDA HOME Rental Policy Glossary)	4

In order to receive points under Option 1 above, developments must satisfy the following criteria:

New Construction:

- All common areas must be accessible and 100% of the units must be Accessible units, Type A units, or Type B units in accordance with Chapter 10 of the ICC A117.1, and elevators must be installed for access to all units above the ground floor.
  - The originally signed HOME application will serve as certification that the development will comply with these requirements.

Rehabilitation:

- All common areas on the main floor must be accessible and 100% of the ground floor units must be Accessible units, Type A units, or Type B units in accordance with Chapter 10 of the ICC A117.1. If the building(s) contained elevator(s)/lift(s) prior to rehabilitation, the elevators/lifts will need to be maintained and all common areas must be accessible and 100% of the units above the ground floor will need to be Accessible units, Type A units, or Type B units in accordance with Chapter 10 of the ICC A117.1.
    - The originally signed HOME application will serve as certification that the development will comply with these requirements.

4) *Opportunity Index* *Maximum Number of Points: 10*

Applicants may earn up to ten points (with two points for each feature) for developments located within areas of opportunity. Points for scoring categories calculated using continuously updated statistics (e.g. unemployment rate, job growth, etc.) will be determined based upon the most recent data available **at the time of application submittal.** Changes in data occurring **after** preliminary scores are determined will not be considered when determining final scores.

- **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 and is available to all residents of the development. Taxis, Uber, or other ride-sharing programs are not eligible for points. For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.

  In order to receive points for this scoring subcategory, the applicant must submit in **Tab M_Project Characteristics**:
    - For single sites: A mile radius drawn from the project location with transit stations or bus stop locations labeled.
    - For scattered sites: A mile radius drawn from each bus stop or transit station with all qualifying scattered site labeled.
    - For point-to-point transportation: Documentation that the point-to-point transportation is provided by a public or not-for-profit organization and is available to all residents.

- **Unemployment Rate** (2 points): Points will be awarded to developments located within a county that has an unemployment rate below the state average. Unemployment rate information can be found here: http://www.stats.indiana.edu/maptools/laus.asp. For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.

- **Job Growth** (2 points): Points will be awarded to developments located within a county that has a 12 month change in employment percentage in the top half of the state using the Department of Labor's Quarterly Census of Employment and Wages as listed on https://beta.bls.gov/maps/cew/us. Scores will be determined using the most recent time period for which data is available for all 92 Indiana counties. For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.

- **Employer Proximity** (2 points): Points will be awarded to developments located within five miles of at least one of a county's top 25 employers. County employer data can be found at http://www.hoosierdata.in.gov/buslookup/BusLookup.aspx. For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.

  In order to receive points for this scoring subcategory, the applicant must submit in **Tab M_Project Characteristics**:
  - For single sites: A five mile radius drawn from the project location with the location of qualifying employers labeled.
  - For scattered sites: A five mile radius drawn from each qualifying employer with all qualifying scattered site labeled.

- **Poverty Rate** (2 points): Points will be awarded to developments located within a county that has a poverty rate below the state average (http://opportunityindex.org/). For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.

- **County Median Household Income** (2 points): Points will be awarded to developments located within a county that has a median household income above the state average (http://opportunityindex.org/). For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.

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

FFIEC Income Level	Points
Upper	2
Middle	1
Moderate	0.5
Low	0

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

Applicants may earn up to eight points for developments located in counties with high health outcomes or in areas in close proximity to fresh produce and other positive land uses. Points for scoring categories calculated using continuously updated statistics (e.g. unemployment rate, job growth, etc.) will be determined based upon the most recent data available at the time of application review. Changes in data occurring after preliminary scores are determined will not be considered when determining final scores.

- **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/2018/measure/factors/4/data) (For scattered site developments, at least 75% 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 a mile of a supermarket or grocery store with fresh produce. For scattered site developments, at least 75% of the proposed homes must meet this requirement to be eligible for points.

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

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

  In order to receive points for this scoring subcategory, the applicant must submit in **Tab M_Project Characteristics**:
  - For single sites: A mile radius drawn from the project location with store or market locations labeled.
  - For scattered sites: A mile radius drawn from the fresh produce location(s) with each qualifying scattered site labeled.

- **Proximity to Positive Land Uses** (4 points): Points will be awarded to applicants proposing developments located within three miles of the locations listed in the table below. A maximum of four points is available in this category. For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.

Site	Points
Community or recreation center	1 point
Park or public greenspace	1 point
Primary care physician or urgent care facility	1 point

Pharmacy	1 point
Sidewalks or Trails	.5 point
Clothing, department store	.5 point
Bank	.5 point
Education facility	.5 point
Licensed child care facility	.5 point
Social service center	.5 point
Government office (e.g. 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 in **Tab M_Project Characteristics**:

- For single sites: A map with a three mile radius drawn from the project location with each positive land use labeled.
- For scattered sites: Map(s) with a three mile radius drawn from the qualifying location(s) with each scattered site labeled.

6) Digital Divide Index[3] *Maximum Number of Points: 2*

Up to 2 points will be awarded to Developments based on the Digital Divide Index (DDI) score of the census tract in which the Development is located. The DDI measures a number of different variables related to broadband infrastructure, broadband adoption, and demographic variables known to impact technology adoption. The DDI ranges in value from 0 to 100, where 100 indicates the highest digital divide and, therefore, areas where broadband infrastructure will be most impactful. Applicants may consult the DDI Score Index found on the Rural Indiana Stats website or in the HOME Additional Documents folder located on the IHCDA HOME Program Website.

All applicants are eligible for points in this category as broadband infrastructure is required for all new construction or rehabilitation projects of more than four rental units as described in Section 3.3 of this policy. Points will be awarded based upon the following distribution:

DDI Score Range	Points
0 – 29.45	0.5
29.46 – 39.15	1
39.16 – 49.33	1.5
49.34 – 100	2

For scattered site projects, applicants will receive points corresponding to the DDI Score Range in which the majority of Development units can be found. If there is a tie for the DDI Score

[3] Digital Divide Index produced by Dr. Roberto Gallardo, Purdue University Center for Regional Development and Extension Community Development Program; December 2018.

Range with the most units, an average will be taken and rounded to the nearest whole number.

In order to receive points, the applicant must submit in **Tab M_Project Characteristics:**

- A list of the Development address (or addresses if scattered site) with corresponding census tracts.

7) Reducing the Impact of Eviction *Maximum Number of Points: 3*

Applicants that commit to implementing strategies that reduce the impact of eviction on low income households will receive points as follows, for a maximum of three points:

- Two points will be awarded if the Applicant commits to creating an Eviction Prevention Plan for the property. A qualifying Eviction Prevention Plan must be drafted prior to initial lease-up and submitted to IHCDA for review and approval. The plan must address how the property will implement management practices that utilize eviction only as a last resort and must describe strategies that will be taken with tenants on an individualized basis to attempt to prevent evictions when issues arise. The plan will be reviewed as part of IHCD ongoing compliance monitoring to ensure it remains in place.

- One point will be awarded if the Applicant commits to implementing low-barrier tenant screening in order to minimize the impact of previous evictions on a household's ability to secure future housing. The applicant must agree to create a Tenant Selection Plan that meets the following requirement:

    - The plan will not screen out applicants for evictions that occurred more than 12 months prior to the date the household applies for a unit.

  A qualifying Tenant Selection Plan must be drafted prior to initial lease-up and submitted to IHCDA for review and approval. The plan will be reviewed as part of IHCDA ongoing compliance monitoring to ensure this requirement remains in place.

The originally signed HOME application will serve as certification that the development will comply with the selected scoring options.

8.2 Development Features **Category Maximum Points Possible: 33**

1) *Existing Structures* *Maximum Number of Points: 6*

Points will be awarded to developments that utilize existing structures on at least 50% of the HOME assisted units. Developments receiving points in the Infill New Construction category are not eligible for points in the Existing Structure category.

Existing Structure	Points
Development is rehabbing at least 50% of the square footage of a vacant structure(s) for housing; **OR**	5
Development is rehabbing at least 50% of the units or square footage, whichever is greater, of existing housing stock; **OR**	5
Development is rehabbing existing Federally Assisted Affordable Housing	6

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

- Documentation confirming the existing structure is vacant. This requirement can be satisfied by submitting two or more of the following:
  - A letter from the local unit of government;
  - Current interior and exterior photos of the building;
  - Applicant self-certification on official letterhead confirming the building is 100% vacant.
- Documentation of the total square footage of the existing structure and the total square footage that is being rehabbed.
- For existing Federally Assisted Affordable Housing rehabilitation, submit documentation from the entity enforcing affordable housing requirements evidencing the rent and income restrictions applicable to such property including the term of such restrictions.

2) *Historic Preservation* *Maximum Number of Points: 2*

Points will be awarded to a development that contains at least one unit that is a historic resource to the neighborhood.

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

- Either a letter or report from the National Park Services, or Department of Natural Resources Division of Historic Preservation and Archaeology that specifically identifies the site as a historic resource or contributing to a historic district; or
- A photocopied page from the most recent county Indiana Sites and Structures Interim Historic Report showing the structure is Contributing, Notable, or Outstanding in the County's Interim Report.

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

Points will be awarded to developments that utilize new construction on at least 50% of the HOME assisted units. Developments receiving points in the Existing Structure category are not eligible for points in the Infill New Construction category.

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; or
- Land where agriculture was the last use and it was within the last five years except within corporate limits; or
- Existing structures that will be rehabilitated.

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

- Aerial photos of the proposed site(s) with the site labeled;
- For scattered site projects, all of the proposed development sites must meet the infill attribute scoring criteria to receive points.

4) Provision of Additional Bedrooms *Maximum Number of Points: 4*

Points will be awarded to developments where at least 20% of the HOME assisted units contain three or more bedrooms.

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

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

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

Points will be awarded for each design feature chosen, for a maximum of four 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
Covered Porch at the front entrance	1
Deck or patio for each unit 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 that is made of approved materials, has a roof, is enclosed on all sides and has at least one door for vehicle access	1
Crawl space or basement	1
Exterior security system (e.g. cameras monitoring building exterior and lighting that provides coverage of the entire property)	1
Interior security system (e.g. each unit is provided with an alarm on entry doors or a doorbell monitoring system)	1
Carport 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
ALL entrances are no-step entrances	1
Intercom	1
Play areas designed in accordance with ADA Guidelines	1
Community room	1

6) *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 Rental 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

7) *Smoke-Free Housing* *Maximum Number of Points: 3*

Points will be awarded if the development commits to operate as smoke-free housing. In order to receive points, the applicant must submit in **Tab N_Development Features:**

A smoke-free housing policy that addresses (at a minimum) the following items:

- Definition of who the rule applies to (e.g. not only residents but also their guests on the property, staff, etc.);
- Definition of smoking;
- Explanation of where smoking is prohibited on the property. Smoking must be prohibited in individual units and all interior common space. The plan may either establish the entire property as smoke-free or identify a designated smoking area on the property. A designated smoking area must prohibit smoking within a minimum of 25 feet of any buildings;
- Explanation of how the smoke-free rules will be communicated and enforced;
- If the development is the preservation of existing housing that is not currently smoke-free, then the plan must include an explanation of how the property will transition to a smoke-free environment; and
- A draft smoke-free housing lease addendum that will be signed by all households must be included along with the plan.

IHCDA recommends the American Lung Association of Indiana's "Smoke-free Housing Indiana Toolkit" as a resource to create a smoke-free housing policy. See http://insmokefreehousing.com for more information.

8) 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 (The US Green Building Council standards can be found here.)	1
Install flow reducers in faucets and showers	1
Install recycled content flooring and underlayment	1
Install Energy Star certified roof products	1
Low flow (1.28 gallons per flush) toilets or dual flush toilets	1
R-Value insulation exceeding Indiana State Building Code	1
Incorporate permeable paving	2
Install high-efficiency, tank-less water heaters	2
Energy Star certified windows	2
All appliances Energy Star certified	2
Energy Star certified HVAC system	2
Use on-site solar energy to reduce resident utility costs	2

9) Internet Access *Maximum Number of Points: 4*

Up to four points will be awarded for Developments that provide free internet access to residents. An application can score points in the following ways:

Internet Access – Common Areas	Points
Free wireless high-speed broadband internet is provided in a common area such as a clubhouse or community room.	1 point

Internet Access – Individual Units	Points
Applicant commits to provide each unit with free individual high-speed broadband internet; **OR**	2 points
Applicant commits to provide each unit with free wireless individual high-speed broadband internet.	3 points

One point for providing wireless internet in a common area is available to applicants regardless of whether free internet is provided to each unit.

Please note that HOME funds may not be used to pay for internet service but may be used for infrastructure costs.

In order to receive points, the applicant's operating budget must include a line item for internet expenses incurred by the Owner.

The applicant must identify in the HOME application the Internet Service Provider that will be serving the Development.

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

- Documentation from the identified Internet Service Provider establishing the total cost of internet service for the development, either as a whole or on a per-unit basis, **OR,** if the applicant is unable to obtain such documentation;
- A narrative from the applicant establishing how the amount budgeted for internet service was calculated

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 I_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
Appraisal *Provide an appraisal that is no older than 6 months. Appraisals submitted by applicants requesting HOME for acquisition purposes are ineligible for points in this category.*	1
Property Survey *Provide an electronic copy of the property survey.*	1
Capital Needs Assessment/Structural Needs Report *Provide a copy of the report performed by a licensed professional.*	1
CHDO Predevelopment Loan *Applicants with a CHDO Predevelopment Loan for the current HOME application are eligible for two points. The following requirements apply to this scoring item:* • *The CHDO Predevelopment Loan must have been approved by the IHCDA Board of Directors at least 30 days prior to the HOME application due date.* • *The applicant may not have more than five currently open or pending CHDO Predevelopment Loans, including all loans submitted as part of the current HOME funding round.* • *If the applicant received points in this category in the most recent HOME funding round prior to the current round, the applicant must have expended at least 25% of each CHDO Predevelopment Loan that qualified for points in that round.*	2

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 & Participation* *Maximum Number of Points: 3*

Contractor Solicitation & Participation	Points
Invite Material Participation in the Proposed Development by Indiana MBE/WBE/DBE/VOSB/SDVOSB contractors	1
Development Team Member is an Indiana MBE/WBE/DBE/VOSB entity	2

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

An additional two points will be available to applicants with an Indiana MBE/WBE/DBE/VOSB/SDVOSB entity serving as a formal member of the project's development team. An applicant that is certified as an Indiana MBE/WBE/DBE/VOSB/SDVOSB is also eligible for points in this category.

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

- A copy of the letter sent to *each* contractor inviting participation in the bidding of the project,
- Evidence of receipt of invitation, either by certified mail or e-mail read receipt, by at least five contractors, and
- A copy or print out from the State's certification list clearly indicating that at least one of the contractors solicited meet the MBE/WBE/DBE/VOSB/SDVOSB status requirement.

In order to receive points for having an Indiana MBE/WBE/DBE/VOSB/SDVOSB development team member:

- The qualifying development team member must be listed in the Development Team Member section of the IHCDA HOME Rental Application;

- A letter of intent to participate in the project must be submitted by the qualifying development team member in **Tab I_Readiness.** If the qualifying development team members is the applicant, this letter of intent is not required.
- A copy or print out from the State's certification list clearly indicating that the qualifying development team member meets the MBE/WBE/DBE/VOSB/SDVOSB status requirement.

Eligible Certification Summary Table		
Certification	**Certifying Agency**	**Website**
MBE	Indiana Department of Administration	http://www.in.gov/idoa/2352.htm
	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: 21**

This category evaluates the applicant's ability to successfully carry out the proposed project based on certifications and/or experience in affordable housing development. **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 O_Capacity**.

Certification	Sponsoring Organization
CHDO Capacity Building Certification (Must have attended all webinars in either 2016 or 2017)	Indiana Housing and Community Development Authority (IHCDA)/HPG Network
CHDO Executive Training (Must have graduated)	Indiana Housing and Community Development Authority (IHCDA) /
Project Development Training	Prosperity Indiana
Housing Development/Rental 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
HOME Regulatory Trainings (Must have attended all three sessions)	IHCDA

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

Applicants with an IHCDA award monitored within the past five years, as determined by the date of the IHCDA Monitoring Results letter, 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 notes.	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 O_Capacity.**	
Does not meet any category above. Examples: • Applicant has no experience with IHCDA within the past five years. • Applicant has no HOME experience in the past five years and its most recently monitored CDBG award had findings.	0

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

Only applicants without an IHCDA award in the past five years, as determined by the current HOME round's application deadline, 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, as determined by the award's execution date. For applicants with multiple awards with the same expiration date, ALL awards

must meet the requirement to be eligible for points. Please list the award number(s) in the application forms.

Award Length	Points
Applicant or administrator's most recent IHCDA award (HOME 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, as determined by the final inspection report, may be eligible for points based on their IHCDA inspection results. Points will be awarded if zero building code issues were noted on 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, as determined by the current HOME round's application deadline, 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 O_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. Other IHCDA resources (e.g. Development Fund) are not eligible for this scoring category.

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

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

To receive points in this category, the applicant must submit the following in **Tab L_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 Unique Features & Bonus — Category Maximum Points Possible: 9

1) Unique Features — *Maximum Number of Points: 4*

Points will be awarded to applicants that offer unique features that contribute to each of the beneficiary units of the proposed project. Unique features should be a creative addition to the proposed program. They should enhance the overall character of the proposed development, improve the beneficiary units and the community's quality of life, health, and/or safety. Unique features can be included in the financial structure of the project, involve members of the community, or include items specific to the target area/project location.

Points are awarded relative to other projects being scored during each application cycle and are awarded in IHCDA's sole and absolute discretion. Each applicant may identify up to **three** unique features. The first three unique features identified will be the ONLY items considered when scoring this category. If more than three unique features are listed, only the first three listed will be considered when scoring. If an applicant submits no unique features they will receive zero points.

The following chart sets forth the anticipated percentage of applications that will receive points using a maximum of four points.

Percentage of Applications	Points
10%	1
40%	2
40%	3
10%	4

In order to receive points in this category, the applicant must submit the following in **Tab N_Development Features:**

- Provide a narrative summary of the proposed unique features. Features receiving points in other sections of this application will not be considered for Unique Feature points. Each applicant may list the **three** most unique features of their project. Only the first three unique features listed will be considered when scoring this category.

2) Bonus — *Maximum Number of Points: 5*

Points will be awarded based upon the scoring table below to applications that are submitted according to IHCDA's submittal guidelines and which pass threshold with two or less technical corrections, as defined in the IHCDA HOME Policy Glossary.

Technical Corrections	Points
One or Less	5
Two	3
Three or More	0

To receive points in this category, the applicant must:

- Submit a searchable PDF of the application on OneDrive ;
- Submit an Excel file of the application on OneDrive;
- Submit one USB Flash Drive with all documents
- Answer all questions in the policy and application;
- Submit all required threshold items in the correct tabs;
- Submit all required threshold items on OneDrive; and
- Label and include all tabs on OneDrive 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.

Aging in Place: - Aging in Place (AIP) refers to adapting our collective living environment so it is safer, more comfortable, and increases the likelihood a person can live independently and remain at home as circumstances change. Primary target populations for aging in place strategies are seniors, families with seniors, and persons with disabilities.

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.

Disabled: The Fair Housing Act defines disability as a person who has/is:

- A physical or mental impairment which substantially limits one or more of such person's major life activities; or
- A record of having such an impairment; or
- Is regarded as having such an impairment, but such term does not include current, illegal use of or addiction to a controlled substance (as defined in section 102 of the Controlled Substances Act).

Elderly: Elderly can have one of two definitions as elected by the applicant:

- A person 55 years of age or older. This target population category also includes families with a person living in their home that is 55 years of age or older. For housing using this definition of elderly, at least 80% of the units must be age restricted; OR
- A person 62 years of age or older. This target population only includes households in which all household members are 62 years of age or older. For housing using this definition of elderly, 100% of the units must be age restricted.

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 projects 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 project 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 project.

Referral Agreement: An agreement in which the recipient and a qualified organization enter into an agreement in which the recipient agrees to (a) set aside a number of units at the project for a special needs population and (b) notify the qualified organization when vacancies occur, and in which the qualified organization agrees to (a) refer qualified households to the project and (b) notify clients of vacancies at the project.

Rent Limits: The HUD published maximum rent amount, including a utility allowance and any non-optional fees. Rent limits are published by bedroom size and by AMI level.

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

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

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

ii. The project 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, is out-of-date, 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. Visitability features include, but are not limited to, zero-step entrances, proper door width, an accessible bathroom on the main level, etc. Visitable units must comply with the Type C unit criteria in ICC A117.1 Section 1005.

Part 10: Development Fund

10.1 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 maximum Development Fund loan request is $500,000 per application. Based on availability of funding, IHCDA may, at its discretion, issue a RED Notice prior to a funding round to reduce the amount allowed per application. The $500,000 maximum request will also apply at a project level. An applicant who divides an existing project or contiguous sites into multiple applications will only be allowed to request $500,000 total for the project, not $500,000 per application.

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

10.2 How to Apply

Development Fund awards are approved through the supplemental application with the HOME Investment Partnership Program application. IHCDA may request more information for the Development Fund application.

Applicants must provide documentation on how they will fill the financial gap, should the Development Fund not be approved, or if the Development Fund is not available. Applicants who cannot provide adequate documentation or explanation on how all sources are to be committed will not be considered for funding for this round.

In addition, a non-profit applicant must submit a borrowing resolution passed by its Board of Directors authorizing submission of the loan request. The applicant must use IHCDA's template borrowing resolution form as found on the Development Fund webpage.

10.3 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.

10.4 Eligible Beneficiaries

At least 50% of the Development Fund assisted units must be occupied by households whose incomes are at or below 50% of the area median income adjusted for household size ("AMI"), and the additional Development Fund-assisted units must be for incomes at or below 80% of AMI. The required number of Development Fund assisted units restricted at 50% AMI income and rent limits is determined by the following calculation:

- 50% of the Development Fund assisted units (as defined below); or
- If there are 50 or more units in the development, the number of units set aside at 50% AMI is the greater of 50% of the assisted units (as defined below) or 10 units.

10.5 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.

10.6 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.

10.7 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**.

10.8 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.

10.9 Loan Terms

The applicant may propose a loan term of up to two years of construction financing and up to fifteen years of permanent financing. For Developments with HUD financing (not HOME), the permanent loan term may exceed 15 years to match the term of the HUD loan. Amortization schedule will be a maximum thirty year amortization schedule or coterminus with first-mortgage financing (whichever is less).

Applicants receiving Development Fund loans must demonstrate the ability to repay the loan. If the loan will not take first or second position behind permanent financing, the developer must receive IHCDA approval. 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.

10.10 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 Director of Real Estate Lending.

10.11 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.

10.12 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.

Please note the Development Fund requires 50% of the development funds units to be at 50% or below AMI.

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.

10.13 Determining Development Fund Assisted Units

The percentage of total development costs attributable to the Development Fund represents the percentage of units that will be considered Development Fund assisted. For example, if development costs are $2,000,000 and the applicant is requesting $500,000 in Development Fund financing, then 25% of the construction financing is via the Development Fund. As such, 25% of the units will be assisted with the Development Fund and must meet the requirements of the Development Fund program. For projects over 50 units, 10 units or 50% of the assisted units whichever is greater must be designated at or below 50% of the area median income for both income and rent limits.

10.14 State Historic Review

The applicant must submit to IHCDA the State Historic Review documentation as required by IC 14-21-1-18. Instructions regarding the documentation required for the Development Fund's state historic review process can be found in the Environmental Review Record and Section 106 User's Guide at https://www.in.gov/myihcda/2650.htm. Applicants must determine if the development building(s) or structure(s) are listed individually in the State or National Register of Historic Places.

10.15 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.