

Summary of Changes for 2023-2024 Qualified Allocation Plan *1st Draft*

Minor formatting, wording, or grammatical changes that do not change policy are not identified in this list or redlined in the draft QAP. In addition to the items below, website links referenced in the QAP have been validated and updated where appropriate.

Section 2: IHCD's Housing Goals

- 2.2 Housing Goals: Added "provide longer periods of affordability" to the list of IHCD's stated housing goals

Section 4: Set-Aside Categories

- Added clarifying language that a Development is subject to the requirements of all set-asides in which it competes, not just the set-aside under which it was funded. This was existing policy, just stated more clearly at the start of Section 4.
- 4.1 Qualified Not-for-Profit: updated language- if developer fee is deferred, the not-for-profit's proportion of the deferral may not exceed its proportion of the total developer fee
- 4.2 Community Integration: added a definition of "intellectual or developmental disability" based on State Code
- 4.2 Community Integration: provided clarifications and additional options on verifying a qualifying disability for the set-aside units
- 4.2 Community Integration: all set-aside applicants that receive a reservation of tax credits must complete training with IHCD & CSH regarding I/DD supportive housing best practices. This was existing practice but was not codified in the QAP.
- 4.3 Development Location: large city definition changed from population of 75,000 or more to 70,000 or more; small city definition changed from population of 15,000-74,999 to 10,000-69,999; rural definition changed from 14,999 or less to 9,999 or less.
- 4.4 Preservation: minimum hard cost per unit raised from \$30,000 to \$35,000
- 4.5 Housing First: removed requirement that only 100% supportive housing developments can participate in the set-aside. Integrated supportive housing developed through the Indiana Supportive Housing Institute can now apply for the set-aside.
- 4.6 General: IHCD will issue a RED notice each year soliciting feedback on the intended use of the General Set-aside and allowing public comments

Section 5: Threshold Requirements

- 5.1(A) Development Feasibility: added note that a Development that depends on commercial income to meet underwriting guidelines will not be considered financially feasible. This was existing policy but previously was only found in the underwriting section.
- 5.1(A) Development Feasibility: removed requirement to submit a combined 15-year pro forma showing housing and commercial portions
- 5.1(G) Capabilities of Development Team: current year-to-date financials must be dated within 60 days of the date of application
- 5.1(H)(1) Readiness to Proceed: moved narrative requirements from Schedule G into this section of the QAP. No policy change.

- 5.1(H)(3) Development Site Information: clarified that if placement of accessible and adaptable units is not on the floor plans, then that information must be on the site plan.
- 5.1(H)(3) Development Site Information: site plan must include location and size of any proposed commercial areas
- 5.1(H)(4)(b) Demonstrated Ability to Obtain Funding: removed requirement to submit a backup gap plan for IHCD resources.
- 5.1(H)(4)(c) Demonstrated Ability to Obtain Funding: clarified that an award letter for already awarded funds must identify the source and amount of funds
- 5.1(H)(4)(e) Demonstrated Ability to Obtain Funding: if Development has an existing project-based rental assistance contract, must submit a copy of the contract
- 5.1(H)(4)(f) Demonstrated Ability to Obtain Funding: if Development will obtain a new contract for project-based rental assistance from an entity other than IHCD, must submit a conditional commitment letter
- 5.1(K) Phase I Environmental Site Assessment: if the Phase I identifies Recognized Environmental Conditions, a Phase II must be submitted to IHCD prior to closing, along with a comfort letter from IDEM if applicable.
- 5.1(K) Phase I Environmental Site Assessment: new requirement- Applicant must submit a screenshot from the IDEM Restricted Sites map for each proposed site, demonstrating if the site is subject to any environmental restrictive covenants.
- 5.1(O) Commercial Areas: added note that a Development that depends on commercial income to meet underwriting guidelines will not be considered financially feasible. This was existing policy but previously was only found in the underwriting section.
- 5.1(O) Commercial Areas: site plan must include location and size of any proposed commercial areas
- 5.1(P) Appraisal: changed “qualified appraiser” to “Indiana-licensed appraiser”
- 5.1(Q) Acquisition: clarified acquisition costs must be excluded from basis prior to calculating basis boost
- 5.1(R) Rehabilitation Costs: increased minimum rehab hard costs per unit from \$20,000 to \$25,000 or \$30,000 to \$35,000 for preservation set-aside
- 5.2(C) Vacancy Rate: vacancy rate for projects with Section 8 PBRA or PBV or Section 811 PRA on at least 20% of the units is 4-7%
- 5.2(D) Rental Income Growth: changed from 0-2% per year to 2%
- 5.2(G) Service Reserve: clarified service reserves may only be used for supportive services, not for any other operating costs.
- 5.2(G) Service Reserve: set minimum capitalized service reserve calculation as \$5500 per supportive housing unit
- 5.2(H) Operating Expense Growth: changed from 1-3% per year to 3%
- 5.2(I) Stabilized Debt Coverage Ratio: changed large and small city DCR range from 1.15-1.40 to 1.15-1.45
- 5.2(L) Basis Boost: clarified acquisition costs must be excluded from basis prior to calculating basis boost
- 5.2(L) Basis Boost: changed eligibility from maximizing “Rents Charged” points to receiving at least 16 points under that scoring category. See changes to scoring category below.

- 5.3(l) Davis Bacon: added new requirement that Applicant must certify in Form A whether the development will be subject to Davis Bacon, and if so, the General Contractor must acknowledge in the General Contractor Affidavit that they will comply with labor standards requirements
- 5.4(A)(1) Minimum Equipment Requirements: added requirement for refrigerator in each unit
- 5.4(B)(11) Minimum Design Requirements: clarified treatment of fireplaces in a rehab with existing fireplaces
- 5.4(E) Universal Design: increased threshold from a minimum of four features per column to a minimum of six features per column
- 5.4(F) Smart Use Training: clarified that Smart Use Training must be specific to the equipment in the Development and must include fire safety information
- 5.4(l) Smoke-free Housing: new threshold section. This was formerly a scoring category. Also added that IHEDA will create a template smoke-free lease addendum.
- 5.6 Waiver Requests: added comment that 4%/bond Applicants may not request a waiver to submit the zoning documentation or inducement resolution after submission of the Application. This was previously stated in a RED Notice.
- 5.7 Technical Errors and Corrections: clarified that a resolved technical error still counts against the total number of corrections allowed for purposes of scoring and threshold.
- 5.7 Technical Errors and Corrections: increased waiting period to resubmit a 4%/bond application that fails threshold from 60 days to 90 days

Section 6: Scoring Criteria

- Maximum points increased from 144 to 161
- Minimum score for 4% bond applications increased from 40 to 55
- 6.1(A) Rent Restrictions: added new 20-point option with lower rent targeting
- 6.1(B) Income Restrictions: new scoring category for matching income restrictions to rent restrictions
- 6.1(C) Owner-paid Utilities: New scoring category incentivizing owner-paid utilities
- 6.1(D) Additional Years of Affordability: New scoring category incentivizing the owner to elect a longer extended use period of either 35 or 40 years
- 6.2(A) Development Amenities: clarified a gazebo does not count as an amenity if it serves as the designated smoking area for a property
- 6.2(A) Development Amenities: added pickleball court to Chart 1 Column A.
- 6.2(A) Development Amenities: removed daycare center from Chart 1 Column B. Moved this to resident services chart in Section 6.5(E).
- 6.2(A) Development Amenities: removed onsite recycling service from Chart 1 Column B. Moved this to sustainable development characteristics scoring in Section 6.3(C).
- 6.2(B) Accessible or Adaptable Units: increased percent of units to maximize points for new construction
- 6.2(G) Infill New Construction: clarified language to specify that required documentation must be a letter from the zoning administrator or similar official
- 6.2(J) Federally Assisted Revitalization Award: removed HUD designated Promise Zone

- 6.2(J) Federally Assisted Revitalization Award: clarified characteristics required for a “similar federal program” to qualify
- 6.2(K) Offsite Improvement: clarified that development of a hospital, clinic, federally qualified health center, or similar facility qualifies as an offsite improvement
- 6.2(L) Tax Credit Per: increased tax credit per unit scoring category from 2 to 4 points and removed tax credit per bedroom scoring category
- 6.3(D) Onsite Recycling: added one point scoring category. This used to be included in design amenities but moving to sustainable development scoring section instead.
- 6.3(D) Desirable Sites: in Column B of the amenities chart, added “hair salon or barber shop”
- 6.3(D) Desirable Sites: in Column C of the amenities chart, removed “other retail” and added dollar stores- however, dollar stores still will not count as stores with fresh produce
- 6.3(D) Opportunity Index: changed high income and low poverty scoring from county level to census tract level
- 6.3(D) Opportunity Index: added new factor for census tracts with a life expectancy above the state average of 77.4 years
- 6.3(D) Opportunity Index: changed proximity to 25 largest employers in county to 10 largest employers in county due to changes in available data from the source
- 6.3(D) Undesirable Sites: changed “railroads” to “active railroads with frequent traffic (based on the market study)”
- 6.4(A) Leveraging Capital: clarified that predevelopment and acquisition loans do not qualify
- 6.4(A) Leveraging Capital: added requirement that lender letter for below market interest rate loans must disclose the current market rate and the proposed below market interest rate
- 6.4(C) Previous 9% Tax Credit Funding: added 0.25-point range
- 6.4(E) Housing Need Index: for rent burdened category, changed from county to city or town
- 6.4(E) Housing Need Index: for sever housing problem category, changed from county to city or town
- 6.4(E) Housing Need Index: added new category for city or town in which 25% or more of renter households are at or below 30% AMI
- 6.4(E) Housing Need Index: removed category for 30% AMI units. The data source for this category is no longer being updated.
- 6.4(G) Leveraging the READI or HELP Programs: added new scoring category for developments leveraging READI or HELP funding, if such funding enhances the development by reducing the need for IHEDA resources
- 6.5(B) MBE/WBE/Etc.: increased from four to five possible points and increased percentages required to maximize points
- 6.5(C) Unique Features: clarified that points are generally only awarded for unique features that are not already considered as part of another scoring category
- 6.5(E) Resident Services (formerly known as Tenant Investment Plan): increased from six points to eight points.
- 6.5(E) Resident Services: completely updated chart of eligible services by adding new options and categorizing into service categories. To maximize points must have services in at least three categories.

- 6.5(E) Resident Services: applicant must submit a narrative describing how services will be funded and include a service line item in the operating budget if services will be paid through project cash flow
- 6.5(E) Resident Services: applicant must commit to tracking resident participation and at least annually surveying tenants on effectiveness of services offered
- 6.5(E) Resident Services: added option for two bonus points if owner or management agent has an active Certified Organization for Resident Engagement and Services (CORES) Certification at the time of application and commits to maintaining the certification
- 6.5(E) Resident Services: added option for two bonus points if the development will have an onsite Resident Service Coordinator dedicated to the property for at least 20 hours a week
- 6.5(F) Integrated Supportive Housing: removed six-point option since those developments are now eligible for the Housing First set-aside
- Removed technical errors scoring category.
- Removed smoke-free housing scoring category. Now threshold requirement
- Removed lack of progress on issuance of Form 8609 penalty category

Section 7: Miscellaneous

- 7.1 Application Dates: updated application due dates
- 7.2(C) Additional Fees: clarified modification fees and re-underwriting fee
- 7.5(B)- added requirements for nonprofit right of first refusal
- 7.8 Issuance of Form 8609: Pre-8609 Physical Inspection Request Form must be submitted within 30 days after placed-in-service date
- 7.8 Issuance of Form 8609: If Phase I Environmental identified Recognized Environmental Conditions, must perform an air quality test prior to lease-up and submit results to IHCD along with the Pre-8609 Inspection request
- 7.8 Issuance of Form 8609: multiple other clarifications on required forms

SCHEDULES

Schedule B: Transferability of RHTC

- Simplified schedule and clarified when IHCD must approve an ownership change. Policy now matches compliance manual requirements.

Schedule C: Market Study Requirements

- Removed requirement for discussion of concentration of poverty as determined by review of number of LIHTC units in the market area.

Schedule D1: Private Activity Tax-Exempt Bonds

- A.1.c: minimum score for bond applications increased from 40 to 55
- A.1.e: increased minimum rehab hard costs from \$20,000 per unit to \$25,000 to match changes proposed in body of QAP
- A.1.f: updated policy on bond closing deadline and extensions

Schedule E: Procedures for Accessing HOME Funds

- Removed limitations for applicants with existing HOME awards
- 3.E- simplified subordination language
- 5.N- removed section

Schedule I: Qualified Contract Procedures

- No proposed changes

Schedule J: Procedures for Accessing Development Fund Loans

- G Flood Plains: removed section, there are no unique flood plain requirements for Development Fund, so the general QAP requirements apply.
- I Interest Rate: updated interest rate to match policy released in 2021 via RED Notice. Instead of 3%, interest rate is now fixed rate starting at prime rate minus 200 basis points, not to exceed 3% but not less than 1%.
- L Determining Number of DF Assisted Units: 4%/bond developments must have at least 10 DF-assisted units
- M Occupancy Restrictions and Rent Limits: all DF-assisted units will be income and rent restricted at 50% AMI