A. Background

The Allocation Plan provides that Applicants of Developments may not transfer RHTCs without the prior written consent of the Authority. Terms used herein, not otherwise defined, shall have the meanings ascribed to them in the Allocation Plan. The purpose of these policies and procedures is to provide guidance to sponsors and/or owners of Developments regarding the transferability of RHTCs.

As used herein, the term “transfer” or “transfer of RHTCs” refers to the proposed transfer of a direct or indirect ownership interest in a Development. For example, and not limitation, a transfer of a Development may be made directly by a transfer of the physical assets, or, indirectly, by a transfer of interests in an entity which owns the physical assets comprising the Development. The term “transfer” includes the transfer of a Development to or from a partnership or other entity, a substitution or change of the general partner of a partnership, or the direct or indirect transfer of any beneficial ownership in a general partner of a partnership or equity interest in any other entity. Notwithstanding, the term “transfer” shall not include the transfer of a limited partner interest in a limited partnership.

B. Procedures for Transfer Prior to Issuance of Form 8609

As a condition precedent to the Authority’s consideration of a proposed transfer of credits prior to the issuance of Form 8609, the following criteria must be met by the owner:

1. The proposed transferee shall submit a new Rental Housing Tax Credit application setting forth any and all information contemplated therein as if the proposed transferee were the original applicant, sponsor, or owner (the “New Application”). The New Application must be filed and marked to show any and all changes in information from that which is set forth in the Original Application.

2. The proposed transferee must also submit a schedule identifying all differences between the Original Application and New Application with cross-references to page numbers and sections, which differ.

3. All applicable filing fees for the New Application must be paid at the time of the filing of the New Application. The Authority may, in its sole discretion, refund a portion of the fees to the Applicant.

4. The proposed transferee of the credits shall certify that the information set forth in the New Application or otherwise filed with the Authority is true, complete and not misleading in any respect. The proposed transferee shall agree therein to complete the Development in the manner and within the time schedule set forth in the New Application.

5. The proposed transferee must submit such further documents, assurances, certificates and other information and materials in support of the New Application, as the Authority shall require in its sole and absolute discretion.

6. The transferor must sign a certification releasing all rights of the tax credits to the transferee. The transferee assumes all obligations associated with the tax credits/development from the transferor to the Authority.

C. Approval and Documentation

Based upon the Authority's review of the New Application and other filings referred to herein, the Authority may approve or disapprove the proposed transfer in its sole and absolute discretion. No consent or approval of the Authority with respect to the proposed transfer shall be effective without the written consent of the Authority and any attempt to affect a transfer without such prior consent shall be void from inception. Such approval may be conditioned upon receipt by the Authority of any and all documents or instruments to be executed by the proposed transferor and transferee in order to effectuate the transfer contemplated hereby and such future conditions as the Authority may impose from time to time. Consent to a transfer shall not be deemed to be consent to any subsequent transfer or a waiver of the Authority's right to require the Authority's consent to any future transfers. Any consent, action, review, recommendation, approval, or other activity taken by or on behalf of the Authority shall not, expressly or impliedly, directly or indirectly, suggest, represent, or warrant that the sponsor, owner, and/or Development qualify for the RHTC, or that the Development complies with applicable statutes and regulations or that the Development is or will be economically feasible.

The Authority may waive any of the above requirements if the Authority determines, in its sole and absolute discretion, that compliance with the above procedures is not necessary for the Authority to achieve its housing goals.

D. Procedures for Transfer After Issuance of Form 8609

After the issuance of Form 8609, upon the sale, transfer, or disposition of a qualified low-income building or an interest therein, the transferee shall immediately submit a "Property Ownership Change Form" to IHCDA, along with the following supplemental documentation:

1. A copy of the completed Form 8693 (if applicable, see Part E below);

2. A copy of all sale documents;

3. The newly amended and stated partnership agreement; and

4. Any other additional information the Authority may request.

If the development has an IHCDA loan (e.g. a HOME or Development Fund loan), the owner must notify IHCDA and receive approval prior to the transfer.

If a building is in foreclosure, the receivership documents must be submitted to IHCDA immediately. Additionally, once final foreclosure occurs, the foreclosure (or instrument in lieu of foreclosure) documents must be submitted to IHCDA immediately so that proper reporting to the IRS may occur.

E. Surety Bonds for Dispositions of Qualified Low Income Buildings

After the issuance of IRS Form 8609 a taxpayer that disposes of a qualified low income building, or an interest therein can defer or avoid recapture by furnishing a bond to the Secretary in an amount satisfactory to, and for the period prescribed by the Secretary.

A surety holding a Certificate of Authority from the Department of the Treasury, Financial Management Service, must secure the obligation under the bond and that surety must be listed in Treasury Department Circular 570.

Taxpayers having problems obtaining a Surety through the Circular 570 should contact the Internal Revenue Service, Rental Housing Tax Credit Compliance Unit at 215-597-1976 x144.

For specific guidance on the Bond process consult Revenue Ruling 90-60.

The minimum required bond amount is generally the product of the total RHTCs of the taxpayer times the appropriate bond factor amount. Bond Factor Tables to calculate the above were initially published in Revenue Ruling 90-60, and subsequent updates have been provided via additional Revenue Rulings. See Below:

- Revenue Ruling 90-88 Revenue Ruling 91-67 Revenue Ruling 92-101 Revenue Ruling 93-83
- Revenue Ruling 94-71 Revenue Ruling 95-83 Revenue Ruling 96-16 Revenue Ruling 96-33
- Revenue Ruling 96-45 Revenue Ruling 96-59

Form 8693 is the correct form to file to post a Rental Housing Tax Credit Disposition Bond under the Code. This form includes applicable information regarding the building, the owner, and the surety. This form should be sent to the Internal Revenue Service.

General Requirements:

Market analysts contracted by applicants to perform market studies on rental housing tax credit developments must be experienced independent third parties with strong knowledge of Indiana affordable housing markets. Analysts cannot be members of the development team, nor have a financial interest in the development aside from compensation for market research services. The Authority will publish an approved list of market analysis firms from which applicants may choose to work with. Only these firms will be eligible to submit market studies with applications for rental housing tax credits. The list can be found on the IHCDA website and is updated periodically.

Applications to be added to the approved market study provider list may be submitted at any time. For more information on the application requirements, please refer to the application at the end of this schedule. All market studies must have been completed within six months prior to the application for funding. Market studies must be included with the rental housing tax credit application. Market analysts must clearly and precisely define all sources of data. Statistical tables should have sources of the data attached to it. Applicants must submit one copy in the Adobe Acrobat document format (pdf).

I. Market Study Content

A. Executive Summary

The executive summary should include a concise summary of each section of the market study including data, analysis, and conclusions. Minimum content of the Executive Summary includes:

- Concise description of the site and the immediately surrounding area/surrounding land uses.
- Brief summary of the subject development, including the proposed targeted population to be served.
- Summary of economic conditions.
- Brief description and support of the defined primary market area.
- Summary of key demographic data.
- Summary of competitive market conditions.
- Summary of demand for the proposed development including a concise statement of the analyst's opinion of market feasibility, determined by factors of market demand.
- Summary of positive and negative attributes and issues that will affect the property's marketability, performance, and lease-up. Mitigating factors of any negative attributes should be identified, if any.
- Precise statement of key conclusions reached by the analyst. This statement should provide a definitive evaluation of the proposed development and its prospect for success as proposed. This statement should reconcile any conflicting data indicators among the various sections of the report.
- If needed, recommendations and/or suggested modifications to the proposed project. It should be clear if these modifications would be necessary for the project's success.

- Absorption estimate for the subject property. If recommendations are provided in the report, it should be clear if this absorption estimate is as proposed or assuming the analyst's proposed recommendations are followed.

B. Introduction and Scope of Work (NCHMA's Scope of Work)

The introduction of the market study should summarize the report's purpose and scope of work conducted during the preparation of the report. This section should include:

- Type of report – Comprehensive Market Analysis Full Narrative Report, Comprehensive Summary Report, Market Advisory Report, or Other (explain).
- Client and project developer.
- Intended use and users of the report.
- Identify steps taken in completion of the report. If any significant steps were not taken, identify and explain.
- Date of field work and site visit.
- Person conducting field work.
- Primary analyst reaching conclusions of report.

C. Project Description

The market study should include a project description detailing the analyst's understanding of the project as proposed. The project description should include:

1. General Requirements

- The proposed unit mix including bedrooms, bathrooms, square footage (identify as heated, gross, or paint-to-paint), estimated utility costs, and proposed net rents and gross rents.
- The community's target market and any tenancy restrictions. This may include income restrictions, age restrictions, or special needs.
- Utility energy sources and proposed utility policy (utilities included in rent). If an engineer's estimate is used, discuss the reasonableness of the estimate and whether or not the proposed utility allowances are supported by market data.
- Description of the proposed/existing development including:
  - Number of buildings and building design including:
    - Building type (walk-up, single-story, mid-rise, high-rise, etc.).
    - Number of stories.
    - Exterior finish.
  - Common area(s)/site amenities.
  - Unit features and finishes, if available.
  - Parking options provided including number of spaces and any parking fees.
- For rehabilitation projects, provide:
  - Description of proposed scope of rehabilitation including a breakdown of hard and soft costs, if available.
  - An estimate of total construction cost and cost per unit.
  - Identify existing unit mix and rents including any existing housing subsidies. Compare current and proposed rents.

- ° Current and historical occupancy information, if available.
- ° An analysis of the current rent roll, if available, to determine if existing tenants will remain income qualified and/or be able to afford the proposed rents.

- o Include the status or date of architectural plans, name of the architect, and/or a copy of the floor plans and elevations.
- o Developer's projected dates for start and completion of construction and start of lease-up.
- o Description of supportive services provided for residents, if any will be provided. If services will be provided, detail whether they will be provided on-site; if services will be provided off-site, explain transportation options.

2. Additional LIHTC/Affordable Requirements

- o Unit mix should be broken out by bedrooms and targeted income level.
- o Income restrictions for each unit type, including maximum and minimum income limits, should be presented.
- o Identify project-based rental subsidies to be offered and the number of units to which the subsidy applies.

3. Additional Senior Requirements

- o Identify age restriction (55+, 62+, 65+) for the community. Analysts should discuss the appropriateness of the age restriction in light of local market conditions and experiences of comparable properties.

4. Additional RCF Requirements

- o A description of the assisted living services that will be provided, the different tiers of care to be offered, along with the associated costs, and the assumptions used by other RCFs in the market area in terms of the number of residents who will opt for the highest level of care, the mid-level, and the lowest level of care.
- o If there are variances between the levels of services to be provided between what the market shows and what the developer believes can be achieved, a detailed description of which proposal was used and the rationale behind the decision.

5. Additional PSH Requirements

- o A description of the services that will be provided, who the proposed service providers are, and whether the services will be provided on-site or at a different location.
- o If the proposed services will not be provided on-site, information about available transportation options.

D. Location

Provide a description of the site characteristics including its size, shape, general topography, vegetation, and proximity to adverse conditions.

- Provide photographs of the site and neighborhood including description of picture and vantage point.
- Identify land uses directly surrounding the subject site.
- Provide a map of the site.

- Describe the proposed ingress/egress of the subject property and identify any potential concerns with site accessibility.
- Describe and evaluate the visibility of the site.
- Provide analysis of neighborhood amenities available. Along with analysis, provide a table and map of neighborhood amenities and their distance from the subject site including transportation linkages, shopping, schools, medical services, public transportation, places of worship, recreational amenities, and other services such as libraries, community centers, banks, etc.
- Discuss whether or not there is an A rated school to which the subject's K-12 students would be assigned.
- Provide an analysis of grocery stores, the distance to the stores from the site and whether or not they offer fresh produce. For purposes of LIHTC projects, convenience stores do not count as grocery stores. Provide current photos of both the inside and outside of grocery stores within .5 miles of the subject site. Stock photos will not be accepted.
- Identify any undesirable conditions that could impact marketability of the subject. External factors such as adjacent railroad tracks, waste water treatment facilities, any businesses that generate odors or excessive noise, etc. should be identified, along with any mitigating factors provided by the developer. An analysis of these conditions should be discussed in detail and should include how the undesirable condition(s) will affect marketability.
- Comment on the availability of public transportation, taxis, as well as the availability of newer transportation options such as UBER and LYFT.
- Provide analysis of public safety issues including information or statistics on crime in the primary market area ("PMA") relative to data for the overall area. Address any local perceptions of crime or problems in the PMA.
- Provide conclusion concerning the suitability of the proposed site for the proposed use.

E. Market Area Definition

- Define the PMA. Identify PMA boundaries by census tracts, jurisdictions, street names, or other geography forming the boundaries. Also define the larger geographic area in which the PMA is located (i.e., city, county, MSA, etc.). The PMA discussion should include:
  - A detailed narrative explaining how the market area was determined. The narrative should include market specific language rather than a list of generic concepts or factors considered.
  - Identify borders of the market area and approximate distance from the subject property/site.
- Include a map of the PMA including the subject site.
- If the PMA is defined as an entire county or more than one county, or all of a large city, describe very specifically why a large area is defined as the PMA. If the large area is needed to justify a lower capture rate, the analyst should question the need for the project and discuss this issue.

F. Employment and Economy

Provide data and analysis on the local employment and economy to give an understanding of the overall economic health of the region and its potential impact on household trends. Economic data should be presented for the market area or the smallest geographic area available, which is often the county. This data should be compared to regional data, which could include county, metropolitan statistical area ("MSA"), state, and/or nation. List data sources and describe the methodology for the analysis. The most current information must be used. Data references to 2013 and 2014 will not be accepted.

1. General Requirements

- Provide total At-Place Employment for the past ten years. "At-Place Employment" measures the number of jobs located within a specific geography and should not be confused with Employed Labor Force. Recent trends (job loss/gain) in At-Place Employment should be identified and discussed.
- Show At-Place Employment by Sector and Employment Change by Sector. Identify the most important employment sectors in the area, potentially including share of employment and employment growth.
- Show the historical unemployment rate for the last ten years (or other appropriate period) for the most appropriate geographic areas.
- List major employers in the PMA and/or region including the type of business and the number employed.
- Comment on recent or planned major employment expansions or reductions including potential impact on demand for rental housing. Comment on trends and projections of employment in the PMA, if any.
- In relevant markets (such as resort areas), comment on the availability of affordable housing for employees of businesses and industries that draw from the PMA.
- Provide a breakdown of typical wages by occupation or industry sector.
- Document commuting patterns for workers including commuting time and destination.
- Provide conclusion stating whether economic conditions will have a significant positive or negative impact on the subject property.

G. Demographic Characteristics

Demographic data should be presented for the PMA and a comparison area, which may include a secondary market area, county, or MSA. Sources of data, projections, and estimates should be clearly identified. **Data should reflect the most recent decennial Census data, recent American Community Survey information, and/or data provided by third-party providers**. Analyst should present detailed discussions of methodologies used to derive estimates or projections. If lists of businesses are purchased, they should be checked with every market study to ensure that the information is still accurate.

1. General Requirements

- Population and household counts for:
  - Historical census data.
  - Current year.
  - Projection for five year growth or anticipated placed in service date.
- Population and household characteristics including:
  - Age.
  - Household type.
  - Household size.

- Tenure.
- Income distribution for total households and renter households using Census increments.
- An analysis of trends indicated by the demographic data.
- Historical building permit trends by housing type should be analyzed in the context of recent household trends and projections.
- Summarize any specific demographic trends that positively or negatively affect rental housing demand.

2. Additional LIHTC/Affordable Requirements
   - Detailed income increments for the low income households should be included to provide additional detail, if available.
   - Information on substandard housing and an analysis of rent as a percent of income (rent burden) should be presented.

3. Additional Senior Requirements
   - Population and household estimates and projections should be provided for the appropriate age classification.
   - Significant populations of older adults should be identified as a potential long-term source of demand for senior rental housing, if applicable.
   - For senior properties ONLY, provide an estimate of the percentage of senior homeowners who are likely to become renters.

4. Additional RCF Requirements
   - In addition to the additional senior requirements detailed above, information on other RCF facilities within the defined market area, and whether or not they accept the Medicaid waiver.
   - Discuss the number of individuals who will qualify for the Medicaid waiver at the time of application vs. the number who will need to pay down assets before converting to the Medicaid waiver. Discuss how this will affect the capture rate, lease-up time and the income from the three tiers of services.
   - Detailed information about the number of seniors who will qualify to live in the facility. This should include both the number of seniors and the number of age eligible disabled persons.
   - If the analyst provides information about seniors who will move to the subject facility from outside the market area, this should be supported by market data including information from other facilities as to the percentage of their residents who relocated from outside the PMA.

5. Additional PSH Requirements
   - Information about the target population that will be served.
   - Information on other PSH options in the defined market area.
   - Data supporting the need to address homelessness in the defined market area (Point-in-Time count) or other available supporting data.

H. Competitive Environment

A market study should include a comprehensive description and analysis of the rental market serving the primary market area. While the focus of this section should be those properties that are most comparable to the subject property, the scope of the survey/analysis should be sufficient in breadth to evaluate where the subject property fits within the overall rental market. If available and relevant, an overview of the regional rental market, including number of units planned/under construction and recent trends in rents and vacancies, should be provided.

As the tenant-paid rents at rental communities with project-based rental assistance (Section 8, Public Housing, USDA, ETC.) are based on income, they are not generally an accurate representation of market conditions. As such, the contract rents and vacancies at these communities should be presented independently of properties without these subsidies. At a minimum, a market study should include:

1. General Requirements

- Provide an overview of the primary market area's housing stock including age, condition, structure type, and any identified market trends.
- Discuss recent development activity in the market area including recently constructed rental communities and those planned or under construction in the market area. The market study must include separate estimates of the numbers of rental units currently under construction and the numbers of units in the planning and development stages that are likely to enter the housing market during the specified forecast period. These estimates should include all rental developments known, not solely those determined by the analyst to be comparable and competitive. The location of each pipeline community relative to the subject site should be presented. The report should contain estimates of:
  - The number of projects currently under construction, expected completion date, the total number of units, unit mix breakdown by bedroom and income target, and structure type.
  - The number of projects in planning stages that are likely to be developed including, but not limited to, those with building permits or firm financial commitments including details on the number of units by bedroom size, rents, locations, and stage of development.
  - Identify any projects that will specifically compete with the subject property.
- Identify the most comparable communities to the subject property and provide a narrative evaluation of the subject property in relation to these communities. Market studies addressing affordable communities should identify the most comparable affordable communities and market rate comparables used for a comparison of rents. The study should explain how these communities were selected as the most comparable and why other projects were excluded.
- Conduct a survey of a representative sample of rental communities in the market area. The proposed rents, amenities, and features of the subject property should be shown in comparison to existing communities in all tables. Information provided for each community should include:
  - Name, address, occupancy target (senior, general occupancy, etc.), year built, condition, and property contact information.

- Unit mix including number of bedrooms and bathrooms, square footage, and rents.
- Current occupancy, historical occupancy, if available, and absorption history, if recent/available.
- Waiting lists.
- Current concessions being offered.
- Unit features including kitchen amenities, utility information (those included and energy source), and other features such as ceiling fans, patios, washer/dryer connections, etc.
- Community amenities such as recreation, laundry, and parking.
- Include a map of surveyed communities in relation to the subject site.

- In markets with limited multi-family rental communities or lower-density subject properties, provide an analysis of available scattered site rentals including pricing and other available/pertinent data.
- Compare and analyze the subject property to the surveyed rental communities in terms of amenities, tenant paid utilities, location, parking, concessions and rents. This analysis may be refined to include only the most comparable communities.
- Present the vacancy rate for the surveyed rental stock. As appropriate, vacancies should be broken up by property classifications and target market, which may include market rate, LIHTC, deeply subsidized (rent based on tenant income), senior, special needs, etc. As available, vacancy data should be provided by bedroom type (unit size).
  - Vacancy trends should be provided and discussed, if available/relevant.
  - Significant seasonal variations in vacancy rates should be discussed, if applicable.
  - Any vacancy or absorption problems should be identified and discussed, particularly among the most comparable rental communities.
  - Identify any significant variances in vacancy rates that exist among price point, location, bedroom size, product type, target market, etc.
- Absorption experience of recently completed rental developments, as available, including units per month estimates for each project with particular emphasis on comparable and competitive projects that have entered the market within the past 24 months.
- Current effective rents should be provided for each of the surveyed rental communities by bedroom size. Effective rents should account for any current incentives and should be adjusted to reflect a consistent utility policy.
  - Current incentives should be identified.
  - Rent trends for the past 24-36 months should be included, if available.
  - Any options/upgrades should be identified with the associated costs.
- Discuss the availability and cost of affordable housing options, including purchase or sale of homes, if applicable. The impact, if any, of the single family and condominium market conditions including an analysis of the cost to rent versus to own and the impact of foreclosures and of the shadow single family and condominium rental market.

2. Additional LIHTC/Affordable Requirements

- Provide a list of all affordable housing communities including LIHTC communities and deeply subsidized communities (Section 8, Public Housing, USDA, etc.). Any LIHTC communities not included in the analysis should be identified with an explanation of its exclusion.

- To accurately understand rent structure, rents of the subject property and existing LIHTC communities should be broken out by area median income ("AMI") level.
- Vacancy among existing LIHTC communities should be provided by AMI, if available. Furthermore, vacancies for units with and without project-based subsidies should be included.
- Derive a market rent and an achievable restricted rent and then compare them to the developer's proposed rent. Quantify and discuss market advantage of the subject and impact on marketability.
- In order to comply with the requirements of the Affirmatively Furthering Fair Housing policy, discuss in depth whether the defined market area has an over-concentration of LIHTC housing, resulting in concentration of poverty.

3. Additional Senior Requirements

- Age restricted properties should be analyzed separately from general occupancy communities when evaluating rents, occupancy, services, etc.
- Examine features and amenities that are specifically designed to address seniors.
- When available, an analysis of senior renters at comparable communities should be provided including average age of residents at entry, frequency of previous homeowners becoming renters, and household size.

I. Affordability Analysis, Demand Analysis, Capture Rates, and Penetration Rates

The market study should include measurements of potential support of any given product. The analyst should first determine if additional demand exists in the market to support a proposed expansion of the multi-family rental stock. Further, the analyst should address whether sufficient demand or need exists to support the proposed development. For purposes of this requirement, the analyst should not use an unsupportably large PMA in order to achieve a lower capture rate.

1. General Requirements

- Comment on the overall level of demand for rental housing in the market area based both on net demand for additional rental housing and needs addressing the existing population/housing stock.
- Conduct an affordability analysis detailing the number of income-qualified renter households that the subject property will address. Components of the affordability analysis include:
  - A minimum income, which is based on the proposed rents and an acceptable rent burden. Rent burden refers to the maximum percentage of income households will be willing or allowed to spend for rent. Analysts should identify if minimum income is based on asking rent or gross rent (including utility cost).
  - A maximum income limit, which is based on applicable housing program requirements or perceived target market for unrestricted market rate communities.
  - An affordability analysis capture rate is determined by dividing the number of proposed units by the number of renter households within the target income segment.
- Calculate the penetration rate. A penetration rate measures the percentage of income-qualified households needed to fill the subject property, existing competitive units, and proposed competitive units. Given the inclusion of additional properties, the target

income range may differ from that of the subject property. A detailed description of how the income range was calculated should be included.
- Analyst must evaluate the overall demand, affordability analysis, and penetration rate analysis and render an opinion on the potential impact these indicators may have on the subject property.

2. Additional LIHTC/Affordable Requirements

- Demand estimates and capture rates for affordable housing communities should address both overall demand, demand by income target (AMI), and demand by bedroom count and income target. Demand by income target and bedroom can be used to determine if the community is too heavily weighted towards a particular income level or bedroom size.
- Demand, affordability, and penetration rate analyses should be conducted both with and without project-based housing assistance. Analyst should provide a conclusion stating whether project feasibility is dependent upon project-based rental subsidies. The analysis of the project without project-based rental subsidies may include assumptions regarding proposed rent on the part of the analyst. Rents analyzed should be the lesser of proposed rents or maximum allowable programmatic rents.
- Please refer to the QAP for the specific demand estimates required. Typical demand methodologies measuring need rather than demand include estimates of overburdened renter households and those living in substandard housing.
- All data sources used to determine demand should be easily identifiable and easily replicated.
  - If the analyst has done multiple market studies for applications in the same LIHTC round, include a discussion of other properties in the PMA which, if awarded credits, will potentially compete with the subject.

3. Additional Senior Requirements

- Demand for senior communities should be measured on appropriate minimum age classification.
- Demand for senior communities that includes homeownership conversion should be conservative and take into account the ability, or lack thereof, of seniors to sell homes. For all senior properties, this calculation MUST BE MADE.
- Maximum income limits for senior communities should be based on a maximum household size of two persons. Maximum income limits for efficiency units or smaller bedroom units may be based on less than two persons per household.
- Underwriting (rent burden) percentage for senior communities may be different than general occupancy communities.

4. Additional Market Rate Requirements

- Compute an estimate of demand for new rental units in the market area. This demand estimate measures rental demand for a three or four year period to coincide with the estimated placed-in-service date of the subject property. As this demand analysis is a measurement of the overall rental market, it is based on the universe of rental housing rather than specific income targets. This demand estimate should consider:
  - Renter household growth during forecast period.

  - Recent trends in tenure that may increase/decrease demand for rental units.
  - Replacement of existing rental units from the inventory due to demolition, conversion, housing quality, shifting owner units into the rental market and by other means, and consideration of any current excess vacant supply based on a balanced market vacancy rate.
  - The demand estimate should be presented in terms of the number of rental units needed for the market area to be balanced.
- This gross demand estimate should be reconciled with estimated additions to the rental market (units under construction, approved, or proposed). Although market rate communities are not subject to maximum income limits, analysts should make a determination of reasonable target market. Market rate units at mixed income communities generally target renter households earning no more than 80 to 100 percent of the AMI. Luxury rental products, especially those in urban markets, can often target renter households earning upwards of 150 percent AMI.

J. Local Perspective of Rental Housing Market and Housing Alternatives

The market study should include a summary of the local perspective on the rental market, the need for the proposed development and unmet housing needs within the market. The local perspective should consider: interviews with local planners, housing and community development officials, and market participants to estimate proposed additions to the housing supply that would compete with the subject development and to evaluate the local perception of need for additional housing.

1. Additional LIHTC/Affordable Requirements

- Provide the total number and availability of Housing Choice Vouchers and the number and types of households on the waiting lists for housing choice vouchers.
- Interviews with local public housing authority (“PHA”) officials to solicit comments on the need for housing and the possible impact of the proposed development on the housing inventory and waiting lists for subsidized housing.
- Discuss when the local public housing agency last opened their waiting list for new applicants, the number who applied and the number of applications accepted.

2. Additional RCF Requirements

- Provide the total number of assisted units in the market, along with any assisted care facilities that accept the Medicaid waiver.
- Provide information from the other assisted care facilities as to the levels of care provided and the percentages of residents who receive Tier 1, Tier 2, and Tier 3 levels of care.
- Discuss the owner’s projections as to the number of residents who will receive each tier of service and the appropriateness of the owner’s projections based on current market factors.

K. Analysis/Conclusions

The analysis and conclusions section of the market study should summarize salient points from each section of the market study used by the analyst to reach the final conclusion.

- Estimate the absorption rate for the subject property and the corresponding lease-up period. The absorption period should be based on stabilized occupancy rather than 100% occupancy.
- Compare the proposed development to comparable rental communities, including:
  - Unit distribution.
  - Community amenities.
  - Included utilities.
  - Unit features and finishes.
  - Unit square footage.
  - Location.
- Identify any significant competitive advantages or disadvantages of the proposed development.
- Discuss the proposed price position relative to the existing rental market. Comment on the appropriateness to the proposed rents in light of the proposed location and product to be constructed. Identify risks (i.e., competitive properties which may come on line at the same time as the subject property; declining population in the PMA, etc.), unusual conditions, and mitigating circumstances.
- If undesirable external conditions are identified (railroad tracks adjacent to the subject, waste water treatment facilities located near the site, etc.), explain how these conditions will affect marketability of the subject's units.
- Discuss any impact (short/long term) the subject property will have on the overall rental market and comparable rental communities.
- The final conclusion of the report should reconcile any conflicting data in the report. For example, experience of comparable properties may indicate less/more demand than indicated in the demand section of the report.

1. Additional LIHTC/Affordable Requirements

- Evaluate need for voucher support or HUD contracts.
- Proposed rents should be evaluated for each proposed income level, rather than an average by bedroom type.
- Analysts should comment if specific units (bedroom/AMI) will lease significantly faster or slower than the remainder of the project.
- Compare the subject's proposed rents to local payment standards or median rents.

L. Other Requirements

- Certifications that state:
  - No identity of interest between the analyst and the entity for which the report is prepared.
  - Recommendations and conclusions are based solely on professional opinion and best efforts.
- Statement of analyst's qualifications.
- List of sources for data in the market study that are not otherwise identified.
- NCHMA Market Study Checklist.
- NCHMA Member Certification.

- Provide source of utility allowance estimate, which may include PHA Utility Allowance schedule or utility company provider letters. If an engineer's estimate is used, discuss the reasonableness of the estimate relative to other sources of utility allowances.

1. Additional RCF Requirements

  - Detailed explanation of how the services income was calculated, including how many residents are projected to need Level 1, Level 2, or Level 3 care. This should be examined closely and should be supported by market data. This data may include information from area agencies on aging, the State Department of Aging, and other governmental agencies who will refer potential tenants to the RCF.
  - Detailed information about the services to be included at each of the three levels of care. Compare this to the other facilities in the defined market area, as well as information obtained from the local Medicaid office.

Schedule D, Section 1

A. Private Activity Tax-Exempt Bond Financing ("Bonds") Requirements

1. Developments that do not receive a direct allocation from the Authority because such Developments qualify for the RHTC pursuant to the Code (by virtue of being 50% or more financed with tax-exempt obligations issued after December 31, 1989) must satisfy and comply with all requirements for an allocation under this Allocation Plan and the Code. All applicants will be required to meet the threshold and scoring criteria of the Allocation Plan including but not limited to the following:

    a. Applicant must submit the Multi-Family Housing Finance Application on the application date(s) stated in the Allocation Plan.

    b. The Authority will not accept requests for tax-exempt bonds for a development without an accompanying request for 4% rental housing tax credits.

    c. Minimum scoring threshold for Bond Developments will be established on a case-by-case basis.

    d. Developments will be limited to a maximum of $25,000,000 in bonds, while applicants will be limited to a maximum of $80,000,000 in bonds in a calendar year. If the Authority determines that in its sole and absolute discretion it is in the interest of the State to allocate additional bond volume to such person, entity, or Development, then the Authority, with approval from the Indiana Finance Authority (IFA), may waive such limitation. *(Policy regarding maximum bond amount per development and per calendar year subject to final approval; RED Notice will be issued upon final approval*.)

    e. Applicants proposing rehabilitation, the rehabilitation hard costs must be in excess of $20,000 per unit.

    f. Applicants who are awarded bonds must file a Notice of Issuance by the date established in the Determination Letter.

    g. There will be an Application Fee, payable by the developer. Due on or before the application deadline date to the Authority.

    h. The Local Unit of Government is expected to be the Bond Issuer.

    i. Local Units of Government must pass a resolution prior to application submittal stating they will support and issue the Bonds. The Inducement Resolution must be submitted with the Application package. Place in Tab B.

j. Applicants proposing an Acquisition/Rehabilitation development must submit an Attorney's Opinion showing all buildings satisfy the 10-year general look-back rule of IRC Section 42(d)(2)(B) or that the buildings qualify for the acquisition credit based on an exception to this general rule [e.g. Section 42(d)(2)(D)(ii) or Section 42(d)(6)]. Place in Tab B.

k. If the Development receives a reservation of RHTC's from the Authority, then, within 30 days after the date of the Determination Letter, the Applicant must pay a reservation fee to the Authority. This fee is payable in addition to the Application fee and equals six and half percent (6.5%) of the annual anticipated amount of RHTCs for the Development or $15,000, whichever is greater.

l. The Authority must approve all tax-exempt bond applications and any changes in ownership in accordance with Schedule B of this Allocation Plan.

m. Escrow closings will not be permitted under any circumstance.

n. Any Development found to be in violation of the Allocation Plan will be subject to a reduction or rescission in funding, and all Development Team members may be subject to debarment from participating in all Authority financing programs for up to five (5) years.

2. The Indiana Housing and Community Development Authority's primary criteria for evaluating tax-exempt multifamily bond financed developments will include: 1) state and local market conditions related to housing; 2) the physical features of the development; 3) financing structure of the deal; and 4) development, financial and management team qualifications. The Authority will award bonds in its sole discretion based on the above criteria.

   a. The Authority reserves the right to NOT award bonds to a proposed development for any reason.

   b. The Authority strongly encourages applicants to consider the amount of time and various parties required to complete a bond transaction.

Schedule D, Section 2

A. Private Activity Tax-Exempt Bond Financing (“Bonds”) Requirements – IHCDA as Issuer

1. IHCDA has the authority to directly issue Multifamily tax-exempt and taxable bonds. Given this ability, the Authority will review all deals prior to application and reserves the right NOT to issue bonds on the behalf of said development if the deal does not pass internal guidelines. In addition to the guidelines set forth in Schedule D, Section 1, the stipulations below will also apply to deals in which IHCDA acts as the Issuer. Also, complete Form J.

    a. In addition to the fees listed in Schedule D, Section 1, an additional one percent (1%) of the total bond issuance will be charged to cover IHCDA costs and be payable at the closing of the bonds. The applicant is also responsible for paying for issuers counsel. IHCDA reserves the right to charge a lower fee depending on the structure of the bonds.

    b. Applicants must schedule a meeting with the Authority no less than thirty (30) days prior to the application due date to discuss the deal and the possibility of the Authority assuming the role of Issuer for said transaction.

    c. The use of the Authority as the Issuer will not give priority to such deals over deals in which IHCDA does not assume this role.

    d. Bond counsel on the transaction must be an Indiana firm.

2. The Authority reserves the right to NOT award bonds to a proposed development for any reason.

3. The Authority strongly encourages applicants to consider the amount of time and various parties required to complete a bond transaction.

Schedule D, Section 3

501(c)(3) Tax-Exempt Bond Financing ("Bonds") Requirements

Qualified 501(c)(3) organizations may use 501(c)(3) tax-exempt bonds as a means of financing the acquisition and/or rehabilitation of multifamily housing. Organizations using this financing tool should first look to their local Unit of Government to be the bond issuer, whenever possible. In those instances where the local Unit of Government is unable or unwilling to issue the bonds, the Authority in its sole discretion pursuant to the Code may elect to issue the bonds. Developers may formally apply to the Authority to serve as a conduit issuer of the bonds. No direct allocation of 501(c)(3) tax-exempt bonds is required from the Authority. Applications are reviewed on an on-going basis by Finance staff at the Authority and may be submitted at any time throughout the year.

The Authority's primary criteria for evaluating tax-exempt multifamily bond financed Developments include: 1) state and local market conditions related to housing; 2) the physical features of a Development; 3) financing structure of the deal; and 4) Development, financial, and management team qualifications. Proposals will be evaluated based upon those factors, as well as the criteria detailed below. Proposed Developments *must* meet all of the following requirements in order to be eligible for 501(c)(3)-bond financing. **The Authority reserves the right to NOT award bonds to a proposed development for any reason.**

A. Organizational Requirements

1. The organization requesting bond issuance from the Authority must be a qualified 501(c)(3) organization created for charitable purposes.

2. A primary purpose of the 501(c)(3) organization must include the promotion and provision of housing for low and moderate-income persons and families.

3. The 501(c)(3) organization must be in existence at least three (3) years at the time the bonds are issued.

4. The 501(c)(3) organization's charitable purpose must be furthered by the bond-financed Development.

5. Any private or for-profit involvement in the Development must be in compliance with applicable provisions of the Internal Revenue Code, regulations, rulings and other Internal Revenue Service guidance, including the following:

   a. The 501(c)(3) organization cannot be created or controlled by a for-profit developer, manager, or other private party;

b. The costs of organizing and pursuing tax-exempt financing cannot be paid for or loaned by a for-profit entity involved in the bond financed Development;

c. Bank lenders, third-party guarantors, and other lending institutions that have a business relationship with the 501(c)(3) organization cannot have the Authority or influence over the organization's budget, fees, policies, or procedures;

d. The 501(c)(3) organization cannot enter into a management contract with a for-profit manager providing for the sharing of net profits or including penalties if the 501(c)(3) organization terminates the contract;

B. Use of Proceeds

1. Affordability Requirements
   a. Developments must comply with the applicable provisions of the Internal Revenue Code and meet the federally regulated affordability requirements for 501(c)(3) bond financed Developments.

   b. Bond-financed multifamily Developments must set-aside at least 75% of the units for "low-income" households with annual incomes below 80% of area median income (adjusted for family size). Of those low-income units, at least 20% must be made available to households with annual incomes below 50% of the area median income, or at least 40% must be made available to households with annual incomes below 60% of the area median income.

   c. Once the low-income percentage is established, it must remain in place for 20 years, or the term of the bonds, whichever is greater.

2. Bond requirements
   a. All properties to be financed must be 100% owned by a 501(c)(3) organization or governmental unit;

   b. For bond financed Development providing residential rental property, the Development must either be new construction, must be a "qualified residential rental Development," (as defined in IRS Code Section 142d) or must be substantially rehabilitated (rehabilitation expenditures must equal at least the adjusted basis of the property acquired and be made within the two-year period ending one year after the date of acquisition of such property);

   c. The weighted average maturity of the bonds cannot exceed 120% of the weighted average life of the facilities financed;

   d. No more than 2% of the proceeds of the tax-exempt bonds may be used to pay costs of issuance;

   e. Bonds are subject to general arbitrage investment and rebate rules.

f. The Authority requires debt service reserve, repair and replacement reserve, compliance monitoring, and/or other security measures.

g. All bond-financed Developments must comply with the provisions of the Internal Revenue Code, regulations, rulings and Internal Revenue Service guidance.

h. For acquisitions of property, the Authority will require at a minimum, the items in the Capital Needs Assessment to be rectified and may require additional items to be completed based off of the Authority’s review of the development.

i. Applicants proposing rehabilitation, the rehabilitation hard costs must be in excess of $20,000 per unit.

C. Other Requirements

1. In a given calendar year, each 501(c)(3) organization will be limited to $40 million in bond issuance unless it is a multi-county transaction. In addition, The Authority will review and consider each organization’s total funding awards from the Authority for the year. This includes allocations of other IHCDA resources.

2. The Authority will not issue unrated or unenhanced bonds. Therefore, the Authority requires some form of credit enhancement or insurance beyond the credit of the housing Development and the mortgage. The bonds issued by The Authority must also receive an investment grade rating from one or more nationally recognized rating agencies (exceptions will be reviewed on a case-by-case basis).

3. The 501(c)(3) organization will be required to provide opinion of outside counsel acceptable to the Authority regarding the organizations 501(c)(3) status and the impact of the bond financing thereon.

4. Bond proceeds can be used to finance up to a maximum of 95% of total estimated Development costs. Borrowers are required to make a minimum 5% cash equity contribution to the transaction.

5. The 501(c)(3) organization will be required to pay all costs of issuance, including the Authority’s issuance fee of 1 point of the total bond proceeds (payable at the closing of the bonds), as well as the costs of issuers counsel and financial advisory services to the Authority (if necessary). Organizations will also provide broad indemnification of the Authority for any costs, expenses or liabilities incurred in connection with the bond financing.

6. The 501(c)(3) organization will be required to pay trustee fees throughout the life of the transaction.

7. Underwriting is subject to final review and approval by the Authority. At a minimum, the underwriting must meet the RHTC underwriting criteria standards and requirements pursuant to the Plan.

8. A market study, financial feasibility analysis, capital needs assessment, and appraisal of the proposed bond-financed Development is required. Such reports must adhere to -RHTC guidelines and standards. See Schedule C for the specific Market Study and Fair Market Appraisal requirements.

9. The borrower is required to enter into a regulatory agreement with the Authority at the time of loan closing. This is a recorded document in place for the term of the loan. The regulatory agreement will set forth the sponsor's responsibilities and obligations relating to such issues as affordability requirements and use restrictions, management of Development reserves, and financial reporting.

10. The Authority may require evidence of local community support for bond-financed Developments.

11. Bond counsel must be an Indiana firm with experience in these types of transactions.

D. Loan Application and Approval Process

1. Preliminary Conference – borrowers are encouraged to meet with the Authority Finance staff to discuss the Development proposal, objectives, and Development team and to review the Authority's 501(c)(3) bond financing policies and requirements.

2. Loan Application – developers must complete the Multi-Family Housing Finance Application that is part of this Plan. Applications may be submitted at anytime throughout the year. The Authority may contact the sponsor for additional information or clarification as needed. The sponsor must have site control in order for the Authority to consider an application. The following *must* also be submitted at the time of application: 1) Articles of Incorporation and Bylaws; 2) IRS Determination Letter; 3) Not-for-Profit Eligibility Questionnaire; 4) market study; 5) tenant profiles and/or rent roll; and 6) upfront nonrefundable application fee equal to 1 basis point of the total requested bond proceeds (e.g. if requesting $15,000,000 in bond issuance, the application fee equals $1,500).

3. Site Review – to determine general site and surrounding area suitability and identify possible environmental hazards. If the proposal is for acquisition and rehabilitation of an existing property, the review may require the submission of a preliminary inspection report in order to familiarize the Authority with the sponsor's plans.

4. Preliminary Resolution– the application will be reviewed and analyzed by the Authority Finance staff before submission to the Authority's Executive Director and presentation for approval by the Authority's Board of Directors. The Authority may take up to 60 business days to review and analyze an application. The applications should be submitted and received at least 120 days prior to the date of the monthly board meeting at which it may be presented. If the board approves the proposed

Development, this serves as an inducement for the borrower and Development team to proceed, at their own risk, with developing final plans and costs.

5. Final Resolution - once the borrower and the Authority Finance staff determine that the proposed Development meets the conditions and requirements of the 501(c)(3) bond program, and the deal structure has been firmly established, the borrower may request a final board resolution. Staff will present the proposal to the Board of Directors for final approval and arrange a mutually acceptable schedule for the bond issuance, pricing, and closing date.

1. Introduction

1.A. Procedures for Accessing HOME Funds

In an effort to streamline the multi-family application process, developers applying for Rental Housing Tax Credits (RHTCs) may simultaneously request funds from the HOME Investment Partnerships Program (HOME). If you are applying for RHTCs for any development and want to also access HOME funds, you must complete the HOME Section of the "Multi-Family Housing Finance Application" and submit all necessary HOME attachements. HOME attachments (i.e. Historic Review, Environmental Review, Davis Bacon, Match, URA) must be submitted on or before the application deadline. HOME attachments should be submitted to the appropriate Production Analyst if submitted prior to the application deadline. Outside of this process, applications for HOME financing for a RHTC development will only be considered in accordance with IHCDA's HOME application criteria. HOME funds cannot be committed to a development until all necessary financing has been secured.

In the event that an application is competitive for RHTCs but either (1) the application fails the HOME threshold review; or (2) HOME funds are not available to award, IHCDA will allow the applicant to submit additional information to identify other ways to fill the development's financing gap. Upon timely receipt of requested information, these applications will continue to be allowed to compete for an allocation of RHTCs.

If the potential development has an open HOME, Community Development Block Grant (CDBG), or Development Fund award, the applicant may request funding through the QAP; however, applicants must request approval at least 30 days prior to the application deadline and IHCDA must approve this action.

Requests will be reviewed and underwritten on a case-by-case basis. If the application is re-underwritten, the applicant will be subject to an underwriting fee. Applicants may be required to deobligate, repay, or reduce the amount of their current award prior to the application deadline.

Applicants who receive HOME funds should be aware that additional Federal regulations and State requirements accompany this program. HOME regulations are set forth in 24 CFR Part 92. In particular, HOME affordability requirements may be more stringent than those for the RHTC program. Applicants should carefully review these regulations when requesting HOME funding. IHCDA strongly encourages applicants to consult with legal and accounting advisors due to the complexity of these programs. Additionally, any changes made to the IHCDA HOME application and compliance policies will apply to HOME/RHTC applicants and recipients as well.

Applicants must register for System for Award Management (SAM) and have a valid DUNS in order to apply for HOME funds. Applicants must submit proof of SAM with their HOME application to be eligible for funding.

1.B. HOME Award Manual

Applicants will be required to comply with the terms and conditions set forth in the HOME Award Manual, located on IHCDA's website, as amended and/or superseded from time to time. The HOME Award Manual outlines the requirements for administering an IHCDA HOME award. Applicants are encouraged to download a copy of the IHCDA CDBG & HOME Award Manual from IHCDA's website. Any applicant who receives HOME funds from IHCDA will also be required to comply with the terms and conditions set forth in IHCDA's Federal Programs Ongoing Rental Compliance Manual located on IHCDA's website, as amended and/or superseded from time to time.

1.C. Technical Assistance

IHCDA's Production Analysts are available to answer questions you have about applying for HOME funds. The Production Analyst for your county can be reached by calling (317) 232-7777 or toll-free at (800) 872-0371. A regional map of IHCDA's Production Analyst staff is available at: http://www.in.gov/myihcda/home.htm.

2. Eligible Applicants

2.A. HOME Program Eligibility

Eligibility will be determined based on:

a. Whether the development demonstrates a need for HOME funds in order to make a greater number of units affordable to lower income households.

b. Whether the development meets State and Federal requirements of all programs that the applicant is applying.

c. If the development ranking is sufficient for it to be awarded RHTCs pursuant to the RHTC or Bond process.

d. The availability of HOME funds.

2.B. Eligible Applicants

Eligible applicants are qualified not-for-profit organizations competing in the Qualified Not-for-Profit set-aside. **HOME funds will be provided in the form of a loan to the ownership entity (LP or LLC).**

- *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 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.

2.C. Development Location

Applications for developments located within the following participating jurisdictions are not eligible to receive HOME funds from IHCDA.

Anderson Gary Muncie St. Joseph County Consortium**
Bloomington Hammond Terre Haute
East Chicago Indianapolis* Evansville Lake County
Fort Wayne Lafayette Consortium ***

*The cities of Beech Grove, Lawrence, Speedway, Southport, and the Town of Cumberland when the housing activity is located in Hancock County will be eligible to receive assistance.

**St. Joseph County Consortium is made up of the cities of South Bend and Mishawaka and the unincorporated areas of the county. These areas would not be eligible to receive funding from IHCDA. Other incorporated areas are eligible to receive assistance.

***Lafayette Consortium is made up of the cities of Lafayette and West Lafayette and the unincorporated areas of Tippecanoe County. These areas would not be eligible to receive funding from IHCDA. Other incorporated areas are eligible to receive assistance.

Additionally, HOME may not be used to assist developments located in the 100-year floodplains.

For permanent supportive housing developments only, IHCDA may invest HOME funds in the otherwise excluded participating jurisdictions.

2.D. Past HOME Awards

Before an Applicant or an affiliated entity can apply for a new HOME award, any other IHCDA HOME award with an executed contract of over one year must have drawn a minimum of 25% of the award's total funding amount. HOME funds awarded within the last year of the date of submission of the RHTC application are exempt.

3. Eligible Activities and Costs

3.A. Uses of HOME Funds

HOME funds may be used for acquisition, construction hard costs or rehabilitation hard costs of HOME-assisted units. HOME funds may also be used to payoff a CHDO Predevelopment loan (Either Site Control or Seed Money Loan). HOME funds may not be used toward the refinancing of existing permanent debt.

HOME funds may assist rental, transitional or permanent supportive housing. These units can be in the form of traditional apartments or single-room-occupancy units (SROs). SRO housing consists of single room dwelling units that are the primary residence of the occupant(s). If the development consists of conversion of non-residential space or reconstruction, SRO units must contain either kitchen or bathroom facilities (they may contain both). For developments involving acquisition or rehabilitation of an existing residential structure, neither kitchen nor bathroom facilities are required to be in the unit. However, if individual units do not contain bathroom facilities, the building must contain bathroom facilities that are shared by tenants.

HOME funds are available for units identified as part of an approved RHTC lease-purchase program. The purchase must occur after the expiration of the HOME affordability period. In such case, the assisted units will be considered rental for purposes of the HOME award. Prior to the HOME affordability period expiration, IHCDA will consider requests to permit tenants to purchase HOME-assisted rental units.

3.B. HOME Award Limitation

The maximum HOME request is $400,000.

HOME-Assisted Units	AMI	Maximum Funding
100%	< or = 60% *	$200,000
75%	< or =50%	$300,000
50%	< or = 40%	$400,000

* Federal regulations require developments with 5 or more HOME-assisted units to have at least 20 % of the HOME units set-aside for households with incomes at or below 50 % AMI.

3.C. Maximum HOME Subsidy Limits

IHCDA has established the following per unit subsidy limitation for HOME-assisted units:

Bedroom Size	Per Unit Subsidy Limit
0	$66,000
1	$75,000
2	$92,000
3	$117,000
4+	$128,000

Should the subsidy limits be revised in the IHCDA HOME policy, the new limits will supersede the above limits.

3.D. Form of Assistance

The applicant may propose a loan term of up to 2 years as a construction and up to 15 years as permanent financing. The applicant may propose the interest rate. The applicant must demonstrate in its application that the interest rate proposed is necessary in order to make the HOME-assisted units affordable. The HOME loan must be fully secured.

3.E. Subordination

1. If the HOME funds are structured to be loaned into the development as an amortized or deferred loan, IHCDA will agree to subordinate in priority to the point at which the HOME loan plus any other financing for the development is at an amount not to exceed 100% of the cost of construction. Requests for subordination when total debt exceeds one hundred percent (100%) will be entertained on a case-by-case basis.

2. Although IHCDA will agree to subordinate the HOME loan in priority, it will do so on a case by case basis. Contact the regional Real Estate Production Analyst for assistance.

3.F. Threshold Criteria

1. On or before the application deadline, the applicant must provide all documentation as instructed in the "Multi-Family Housing Finance Application – HOME." If the Authority requests additional information from the applicant, all documents are due on or before the date provided by IHCDA staff.

2. The Development must meet all the requirements of this Schedule and 24 CFR Part 92 and provide all documentation. If the Authority requests additional information from the applicant, all documents are due on or before the date provided by IHCDA staff.

3. If the applicant has previously been involved with funds under any IHCDA program, the applicant and any related party must not be out of compliance and/or on any IHCDA suspension list as of the application due date. In addition, the applicant or any related party will not be recommended for funding if placed on the suspension list or becomes out of compliance at any point during the review period prior to IHCDA's Board award date.

4. If the applicant or an affiliated entity of the applicant currently has an open IHCDA HOME award, the applicant must show progress on any current open IHCDA HOME award before commencing closing on the IHCDA HOME loan made in conjunction with a RHTC award. Progress will be shown by meeting the benchmarks outlined in the Construction Schedule in Exhibit B of the HOME Award Agreement for any currently open IHCDA HOME awards. If the applicant has not met 50% of the benchmarks, the applicant or the affiliated entity will not be eligible for HOME funding.

   IHCDA reserves the right to disqualify from funding any application where the applicant or a related party has a history of disregarding the policies, procedures, or staff directives associated with administering any IHCDA program or programs of other State, Federal, or affordable housing entities, such as, but not limited to the Indiana Office of Rural Affairs, U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture - Rural Development, or Federal Home Loan Bank.

3.G. Award Term

The HOME award must be fully expended within a 24-month period. The award generally expires on the last day of the month, 24-months following approval by IHCDA's Board of Directors.

4. Additional Program Evaluation Requirements

4.A. Allocating Costs in Mixed-Income Developments

HOME funds may only pay actual costs related to HOME-assisted units. Cost allocation is required in any HOME rental or homebuyer project where fewer than 100% of units are HOME assisted; and/or in which less than 100% of the space is residential. If the units in a development are comparable (in terms of size, features and number of bedrooms), then the actual costs can be determined by pro-rating total development costs. HOME funds could pay the pro-rated share of the HOME-assisted units.

When units are not comparable, the applicant must allocate the HOME costs on a unit-by-unit basis, charging only actual costs to the HOME program, so that the amount of the total development costs charged to HOME does not exceed the cost of HOME –assisted units in the project Because units in rental developments with-the "floating" HOME designation must be comparable, an applicant should always pro-rate costs in these developments. When units are generally comparable but vary slightly in size or amenities, a combination of the two approaches may be used.

Applicants must submit detailed architectural drawings so staff can determine the square footage of each unit, the gross residential square footage of the project (exclusive of common spaces such as halls, stairs, community room) and the gross square footage of the projects as a whole (inclusive of common space).

Applicants must also provide line-item development costs in sufficient detail to distinguish between HOME-eligible and ineligible costs, costs associated with non-standard unit finishes and amenities in unassisted units, and relocation costs.

Unit Size - Comparability in size is defined by the bedroom count and square footage of individual units. Not all units with the same number of bedrooms are comparable in size. If there is a substantial difference in the square footage of two units with the same number of bedrooms, the units are not considered comparable. Applicants must identify which comparable units will be HOME assisted so IHCDA staff can apply the HUD standard method.

Amenities - Comparability in amenities means similar fixtures, appliances and other features. In many mixed-income developments, to receive varying rents, the quality and types of amenities may vary among units. For instance, a development might charge a higher rent for a unit with wall-to-wall carpeting, garbage disposal, dishwasher, and finer fixtures than for a unit without these amenities. This type of development does not typically have comparability of units, unless there is an equal distribution of assisted and non-assisted units that have these amenities.

Common Costs - Common costs are costs incurred for acquisition of improved or unimproved real property that benefits all residents of units in a development, rehabilitation or construction of shared systems (heating, plumbing, roofing) or shared facilities (community rooms, laundry facilities located in residential buildings); and on-site improvements. Costs associated with a development's on-site management office or the apartment of a resident manager may be counted as common costs. The manner in which the costs for common elements of a development may be charged is dictated by the method chosen for allocating costs.

For further guidance regarding allocating costs in mixed income developments, refer to HUD CPD Notice 16-15.

4.B. HOME Match Requirements

The HOME program requires a twenty-five percent (25%) match. Match is a requirement established by Federal regulation rather than State policy. Applicants are strongly encouraged to read 24 CFR 92.220 and HUD CPD Notice 97-03 for detailed regulatory information regarding HOME-eligible match before applying for HOME funds.

Applicants must submit the Match spreadsheet with their application for HOME funds. **Eligibility of Contributions to HOME-Assisted and HOME Match-Eligible Housing**

Form of Match	HOME-Assisted Housing	HOME Match-Eligible Housing
Cash	X	X
Foregone Taxes, Fees and Other Charges	X	
Donated Land or Other Real Property	X	X
On-site and Off-site Infrastructure	X	
Proceeds from Affordable Housing Bonds	X	X
Donated Site Preparation and Construction Equipment	X	X
Donated or Voluntary Labor and Professional Services	X	X
Sweat Equity	X	X
Supportive Services	X	
Homebuyer Counseling Services	X	
Donated Use of Site Preparation and Construction	X	X

Equipment		

1. HOME-Eligible Match

The types of match for HOME-assisted units include, but are not limited to:

a. Cash contributions permanently dedicated to the HOME program from non-federal funds and not donated by the applicant, developer or the designated property owner.

b. Program incomes from a federal grant earned after the end of the award period if no federal requirements govern its disposition; i.e., program income generated from the Rental Rehab Program.

c. Grant equivalent of the present discounted value of the yield foregone in a below-interest rate loan. (Please note: Match from Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP) funds that are loaned to the RHTC or Bond development will be calculated as the grant equivalent of the present discounted value of the yield foregone in a below-interest rate loan.)

d. The present discounted, cash value, based on customary and reasonable means for establishing value, of foregone State or local taxes, fees, or other charges that are normally and customarily imposed or charged.

e. The appraised value of donated land or buildings, except those already owned by the applicant or a principal in the development, less any debt that remains as a lien against the property. Property may also be eligible as a partial donation if it is offered to the applicant at below market value and if the offeror submits a written declaration that the difference between market value and the sale price is intended as a contribution to affordable housing.

f. The cost, not paid with federal resources, of on-site or off-site infrastructure improvements that are directly required for the HOME-assisted development. The infrastructure must have been completed no earlier than 12 months before HOME funds are committed to the development.

g. Donated site-preparation or construction materials, not acquired with federal funds, or the reasonable rental value of the donated use of site preparation or construction equipment.

h. Volunteer skilled or unskilled labor and donated professional services. Unskilled labor is currently calculated at the rate of $10 per hour.

i. The direct cost of supportive services provided to families residing in HOME-assisted units during the affordability period. The supportive services must be necessary to facilitate independent living or be required as part of a self-sufficiency program.

j. Contributions to non-HOME-assisted but HOME-eligible developments, if certain federal requirements are met (income eligibility of occupants, property standards, rent limits, project occupancy requirements, affordability period, and tenant protections).

k. Banked Match

l. Shared Match

2. Ineligible Forms of Match

a. Contributions made from federal resources, including Community Development Block Grant and Community Services Block Grant funds.

b. The interest rate subsidy attributable to federal tax-exemption on financing or the value attributable to RHTCs or Bonds.

c. Owner equity or investment in a development.

d. Cash or other forms of contributions from applicants or recipients of HOME assistance or contracts, or investors who own, are working on, or propose to apply for assistance for a HOME-assisted development.

e. Funds used for award administration or environmental review expenses.

3. Contributions to HOME Match-Eligible Housing

Contributions to housing that is not assisted with HOME funds, but which would otherwise qualify as affordable under the HOME Program, may be counted as match. The table below summarizes the HOME match-eligible housing requirements.

4. HOME Program Requirements Applicable to Affordable Housing Counted as Match

Income determinations	24 CFR 92.203
Property standards	24 CFR 92.251
HOME rents	24 CFR 92.252
Development occupancy requirements	24 CFR 92.252
Periods of affordability	24 CFR 92.252(e)
Tenant protections	24 CFR 92.253(a) & (b)

Contributions to non-affordable units or to commercial space in HOME-match eligible developments are not eligible match. 24 CFR 92.219(b) lists the HOME requirements that the housing or rental assistance must meet if contributions are to be eligible match.

IHCDA will execute a written agreement with the owner of the housing that enumerates and imposes the applicable requirements. IHCDA has established procedures to monitor these HOME match-eligible developments to ensure continued compliance with the requirements throughout the period of affordability.

5. Examples of Match Contributions in Partially HOME-Assisted and Mixed-Use Developments

a. A building consists of 100 units. Sixty of the units will be HOME-assisted. Because more than 50% of the units in the development will be HOME-assisted, the applicant can count its contribution to the 40 non-assisted units as match. The contribution to these 40 non-assisted units can be counted as match regardless of whether the units qualify as affordable.

b. A building consists of 100 units. Forty of the units will be HOME-assisted. Because less than 50% of the units in the development are HOME-assisted, the applicant cannot count contributions to the non-assisted units as match.

c. A building consists of 100 units. Forty of the units will be HOME- assisted. Twenty-five of the non-HOME units will be assisted under a non-Federal housing program and will qualify as affordable housing for purposes of the HOME Program (HOME match-eligible). The remaining 15 units will not qualify as affordable housing. Although less than 50% of the units in the development are HOME-assisted, the applicant can count HOME eligible contributions to the 25 non-HOME units that will qualify as affordable as match.

d. The floor space of a mixed-use building is 60% residential and 40% commercial. The residential portion of the building consists of 10 units that will all be assisted with HOME funds. Because at least 51% of the floor space is residential, HOME eligible contributions to the commercial portion of the building can be counted as match.

e. The floor space of a mixed-use building is 60% residential and 40% commercial. The residential portion of the building consists of 10 units. Six of the units will be assisted with HOME funds. The remaining 4 units will not meet the HOME affordability requirements. Because at least 51% of the floor space is residential, the applicant's contribution to the commercial portion of the building can be counted as match. In addition, because more than 50% of the residential units will be HOME-assisted, HOME eligible contributions to the non-affordable units can be counted as match.

f. The floor space of a mixed-use building is 60% residential and 40% commercial. The residential portion of the building consists of 10 units. Three of the units will be assisted with HOME funds. The remaining 7 units will not meet the HOME affordability requirements. Although more than 51% of the floor space is residential, contributions to the commercial portion of the building cannot be counted as match because less than 50% of the residential units will be HOME-assisted.

6. Banked Match

Applicants may use banked match to meet the HOME Match requirements. Excess match for HOME projects may only be banked for completed projects; match collected for projects under construction will not count. The match generated must already be met and documented with IHCDA to be eligible. Only HOME-eligible match generated on IHCDA awards made in 1999 or later is eligible to be banked.

Applicants will not be eligible for HOME if they cannot meet the 25% match requirement upon time of application.

7. Shared Banked Match

If match is from another recipient, the applicant must provide an executed agreement verifying that the recipient is willing to share the match. The agreement must contain specific language, which is outlined in the HOME Supplement. Only banked match from closed awards made in 1999 or later is eligible for sharing with another applicant. The award must be closed by IHCDA before the agreement to share match is executed. Match cannot be sold or purchased and is provided purely at the discretion of the recipient that generated it. Only banked match generated on a HOME award can be used on a future HOME award.

4.C. Underwriting Criteria

IHCDA is required to complete a subsidy layering review any time a development receives HOME funds along with other governmental subsidies to assure that the development is not being overly subsidized. In reviewing requests for HOME funds in conjunction with RHTCs, IHCDA will utilize the underwriting analysis completed in accordance with criteria as given in the current Rental Housing Tax Credit Qualified Allocation Plan for the State of Indiana.

4.D. Environmental Review

A complete environmental review must be performed prior to application submission in order to meet the requirements of the National Environmental Policy Act (NEPA). This review is not the same as a Phase I Environmental Assessment Review.

The applicant is required to complete the environmental review process and submit the ERR workbook with the funding application.

The completion of the ERR process is mandatory before taking a physical action on a site, or making a commitment or expenditure of HUD or non-HUD funds.

The Environmental Review Handbook and forms may be downloaded from IHCDA's website.

4.E. Site and Neighborhood Standards

IHCDA administers the HOME program in a manner that promotes housing opportunities and provides housing that is suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, E.O. 11063, and HUD regulations issued pursuant thereto. For new construction of HOME-assisted rental units, the applicant must demonstrate that the proposed development meets the site and neighborhood standards as given at 24 CFR 983.6(b) by completing the appropriate form in the HOME Section.

4.F. IHCDA HOME Assurances and Certifications

Applicants that receive HOME funding are required to submit original, fully executed HOME Assurances and Certifications form. Applicants that receive HOME funding are bound by the content of the form. Applicants should seek the guidance of their legal counsel. The Assurances and Certifications form must be signed by the applicant's chief executive officer and must be attested.

5.HOME Program and Rental Housing Requirements

5.A. Uniform Relocation and Real Property Acquisition Act of 1970 (URA) and Section 104(d) Requirements

According to Title I of the Housing and Community Development Act of 1974, as amended, and Title II of the National Affordable Housing Act of 1990, as amended, "Each award recipient shall provide for reasonable benefits to any person involuntarily and permanently displaced as a result of the use of assistance received under this title..." as required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("URA"), as amended, and Federal implementing 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.

IHCDA's goal is to minimize displacement of existing residents when federal and state funds are used for rehabilitation or acquisition. URA provisions apply to any person (including corporations, partnerships, proprietorships, and nonprofit organizations) who is involuntarily displaced because of a federally assisted development. Eligibility for URA coverage begins at the time that an offer to acquire is made for property in anticipation of a development planning to use federal funds. Tenants and owners at the time the offer to acquire is made are eligible to receive reimbursement for moving expenses as such, notices are required to be sent and verification included with the application. Residential tenants may also receive a housing cost allowance for up to 60 months.

If the development will result in a reduction of the supply of low or moderate-income units, the applicant will have to provide a plan of how the units will be replaced along with its application.

Commitment of funds to developments for any acquisition, rehabilitation, demolition, purchase assistance, and/or relocation activities is conditioned upon IHCDA's verification of compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and the implementing regulations at 49 CFR Part 24.

For further detailed information, including sample letters, please review the URA and Section 104(d) Section of the IHCDA CDBG,HOME and HTF Award Manual a. Additionally, applicants who anticipate that URA or Section 104(d) requirements may apply to their development are strongly encouraged to contact their Production Analyst for assistance.

5.B. Property Standards

1. The completed development must meet the more stringent of the local rehabilitation standards or the Indiana State Building Code.
2. The development must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973.
3. Covered multi-family units, as defined at 24 CFR 100.201, must meet the design and construction requirements at 24 CFR 100.205, which implements the Federal Fair Housing Act Amendments of 1988.
4. Newly constructed units must meet additional energy efficiency standards for new construction as described in 24 CFR 92.251. Newly constructed housing must meet the edition of the Indiana Energy Conservation Code published by the International Code Council that was in place at the time of application.

5.C. Construction Contract Requirements

1. To meet the federal bonding requirements adopted by IHCDA of, for any construction contract exceeding $100,000, IHCDA recipients must do one of the following:

   a. **Bonding Requirements**

      i. A bid guarantee from each bidder equivalent to five percent (5%) of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

ii. A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

iii. A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract. Where bonds are required, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties pursuant to 31 CFR parts 223, "Surety Companies Doing Business with the United States."

b. **Lien Waivers**

For any construction contract or subcontract exceeding $100,000, the recipient must ensure that each contractor executes a lien waiver for all services, construction work performed, materials furnished, and equipment and fixtures furnished. IHCDA must receive copies of any and all affidavits, indemnity agreements, lien waivers, certificates, and other documents as requested.

2. Davis Bacon

The Labor Standards Act (Davis Bacon) requires that workers on certain federally assisted developments receive no less than the prevailing wages being paid for similar work. Prevailing wages are computed by the U.S. Department of Labor and are issued in the form of a federal wage decision for each classification of work. The Davis-Bacon Act will apply to awards for the following types of projects: (1) rehabilitation or new construction of a residential property containing twelve (12) or more HOME-assisted units; and (2) affordable housing containing twelve (12) or more units assisted with HOME Funds regardless of whether HOME Funds are used for construction or non-construction activities. Such property may be one (1) building or multiple buildings owned and operated as a single development.

If the redevelopment meets any of the criteria described in the paragraph above, the recipient certifies that it will comply with the Davis Bacon Act and include the Davis Bacon Provisions contained in HUD Form 4010 and referenced in Exhibit D of this Agreement into all contracts with any contractor working on the redevelopment currently or hereafter. Accordingly, recipient and or any contractor working on the redevelopment shall pay approved Davis Bacon wages weekly to employees and/or subcontractors, monitor the compliance of contractors and subcontractors working on the redevelopment, ensure that WH347 forms and/or certified payrolls are submitted to any designee of IHCDA for labor standards monitoring, ensure that contract and bid specifications contain the applicable wage decision, verify that contractors are not listed on federal System for Award Management (formerly known as the Excluded

Parties List System) for debarred or suspended contractors, and comply with the posting and notification requirements set forth in 29 CFR 5.5(a) and 29 CFR 5.6.

The recipient is responsible for contacting its IHCDA Compliance Auditor to confirm whether or not Davis-Bacon wages are required. You can find a Compliance Auditor map on the IHCDA website.

3. Section 3

Any recipient receiving in excess of $200,000 in construction funding from all HUD Community Planning & Development (CPD) programs during a program year. This includes CDBG, HOME, HOPWA, ESG, NSP, and other programs. Any contractor with an individual contract in excess of $100,000 in HOME funds is subject to the Section 3 provisions of the National Affordable Housing Act. These provisions require the recipient or contractor to take steps to hire low-income individuals from the development area for open positions.

5.D. Lead Based Paint Requirements

The applicant must ensure that all housing constructed, redeveloped, rehabilitated, or acquired with HOME funds must comply with applicable provisions of Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821–4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851–4856), and implementing regulations at 24 CFR part 35, subparts A, B, J, K, M and R upon completion of the development. The chart below summarizes the requirement based on the amount of HOME funds subsidizing each HOME-assisted unit. For additional instructions, contact your IHCDA Production Analyst.

HOME Amount Per Unit:	Rehabilitation ≤$5,000	Rehabilitation $5,000-$25,000	Rehabilitation >$25,000	Acquisition without Rehabilitation
Approach # to Lead Hazard Evaluation & Reduction (see detail in following chart)	Approach #1 Do no harm	Approach #3 Identify & control lead hazards	Approach #4 Identify & abate lead hazards	Approach #2 Identify & stabilize deteriorated paint
Notification of Tenants	Yes	Yes	Yes	Yes
Lead Hazard Evaluation	Paint Testing of surface to be disturbed by rehabilitation	Paint Testing of surface to be disturbed by rehabilitation & Risk Assessment	Paint Testing of surface to be disturbed by rehabilitation & Risk Assessment	Visual Assessment
Lead Hazard Reduction	Repair surfaces disturbed during rehabilitation.	Interim controls Safe work practices &	Abatement (Interim Controls on	Paint Stabilization Safe work

	Safe work practices & clearance of work site	clearance of unit	exterior surfaces not disturbed by rehabilitation) Safe work practices & clearance of unit	practices & clearance of unit
Ongoing Maintenance	For HOME rental only	For HOME rental only	For HOME rental only	Yes (if ongoing relationshi p)
EIBLL Requirements	No	No	No	No
Options	Presume lead-based paint & use safe work practices on all surfaces	Presume lead-based paint &/or hazards & use standard treatments	Presume lead-based paint &/or hazards & abate all applicable surfaces	Test deteriorate d paint. Use safe work practices only on lead-based paint surfaces.

Four Approaches To Implementing Lead Hazard Evaluation & Reduction:

Approach 1. Do No Harm		
<u>Lead Hazard Evaluation</u> **Paint testing** performed on surfaces to be disturbed	<u>Lead Hazard Reduction</u> Repair surfaces disturbed during work. **Safe work practices** used when working on areas identified as lead-based paint. **Clearance** performed on work site.	<u>Options</u> **Presume lead-based paint** is present and use safe work practices on all surfaces being disturbed.
Approach 2. Identify and Stabilize Deteriorated Paint		
<u>Lead Hazard Evaluation</u> **Visual assessment** performed to identify deteriorated paint.	<u>Lead Hazard Reduction</u> Paint stabilization of identified deteriorated paint. **Safe work practices** used. **Clearance** performed unit-wide.	<u>Options</u> **Perform paint testing** on deteriorated paint. Safe work practice requirements only apply to lead-based paint.

Approach 3. Identify and Control Lead Hazards		
<u>Lead Hazard Evaluation</u> **Paint testing** performed on surfaces to be disturbed. **Risk assessment** performed on entire dwelling.	<u>Lead Hazard Reduction</u> **Interim controls** performed on identified hazards. **Safe work practices** used. **Clearance** performed unit-wide.	<u>Options</u> Presume lead based paint &/or lead based paint hazards are present & perform **standard treatments.**
Approach 4. Identify and Abate Lead Hazards		
<u>Lead Hazard Evaluation</u> **Paint testing** performed on surfaces to be disturbed. **Risk assessment** performed on entire dwelling.	<u>Lead Hazard Reduction</u> **Abatement** performed on identified hazards. **Interim controls** performed on identified hazards on the exterior that are not disturbed by rehabilitation. **Safe work practices** used. **Clearance** performed unit wide.	<u>Options</u> Presume lead-based paint &/or lead-based paint hazards are present & perform **abatement on all applicable surfaces-** deteriorated, impact, friction, chewable surfaces, and surfaces to be disturbed.

5.E. Accessibility

1. The Federal Fair Housing Act Amendments of 1988 establishes the following seven design standards for all newly constructed multi-family housing of four or more units ready for first occupancy on or after March 13, 1991 (See 24 CFR 100.205). The housing is not covered if the last building permit was issued prior to June 15, 1990, or if the site is determined to be impractical.

    a. At least one building entrance must be on an accessible route.

    b. All public and common areas must be readily accessible to and usable by people with disabilities.

    c. All doors providing passage into and within all premises must be sufficiently wide for use by persons in wheelchairs.

2. Additionally, all ground floor units and all units on floors served by elevators must have:

    a. An accessible route into and through the dwelling.

    b. Accessible light switches, electrical outlets, thermostats, and other environmental controls.

    c. Reinforcements in bathroom walls to allow later installation of grab bars around the toilet, tub, and shower, when needed.

d. Kitchens and bathrooms configured so that a person using a wheelchair can maneuver about the space.

Section 504 of the Rehabilitation Act of 1973 prohibits discrimination against persons with disabilities in the operation of programs receiving Federal financial assistance. HUD regulations implementing Section 504 contain accessibility requirements for new construction and rehabilitation of housing as well as requirements for ensuring that the programs themselves are operated in a manner that is accessible to and usable by persons with disabilities. (See 24 CFR Part 8). Multifamily housing developments are defined at 24 CFR 8.3 as developments "containing five or more dwelling units."

New Construction - HUD regulations implementing Section 504 at 24 CFR 8.22(a) require that new construction of multifamily developments be designed and constructed to be readily accessible to and usable by persons with disabilities. Both the individual units and the common areas in the building must be accessible. For new construction of multifamily rental developments, a minimum of five percent (5%) of the dwelling units in the development (but not less than one unit) must be accessible to individuals with mobility impairments. An additional two percent (2%) of the dwelling units (but at a minimum, not less than one unit) must be accessible to individuals with sensory impairments (i.e. hearing or vision impairments), unless HUD prescribes a higher number pursuant to 24 CFR 8.22(c).

Rehabilitation - Substantial Alterations - Section 504 requires that if alterations are undertaken to a housing development that has 15 or more units, and the rehabilitation costs will be 75 percent or more of the replacement cost of the completed facility, then such developments are considered to have undergone "substantial alterations" (24 CFR 8.23 (a)). For substantial alterations of multifamily rental housing, the accessibility requirements contained in 24 CFR 8.22 must be followed -- a minimum of five percent (5%) of the dwelling units in the development (but not less than one unit) must be accessible to individuals with mobility impairments, and an additional two percent (2%), at a minimum (but not less than one unit), must be accessible to individuals with sensory impairments.

Rehabilitation - Other Alterations - When other alterations that do not meet the regulatory definition of substantial alterations are undertaken in multifamily rental housing developments of any size, these alterations must, to the maximum extent feasible, make the dwelling units accessible to and usable by individuals with disabilities, until a minimum of five percent (5%) of the dwelling units (but not less than one unit) are accessible to people with mobility impairments, unless HUD prescribes a higher number pursuant to 24 CFR 8.23(b)(2). If alterations of single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, then the entire dwelling unit shall be made accessible. For this category of rehabilitation the additional two percent (2%) of the dwelling units requirement for individuals with sensory impairments does not apply. Alterations to common spaces must, to the maximum extent feasible, make those areas accessible. An applicant is not required to make a dwelling unit, common area, facility or element accessible, if doing so would impose undue financial and administrative burdens on the operation of the multifamily housing development. (24 CFR

8.23(b)) Therefore, applicants are required to provide access in covered alterations up to the point of being infeasible or an undue financial and administrative burden.

Accessibility Standards - Dwelling units designed and constructed in accordance with the Uniform Federal Accessibility Standards (UFAS) will be deemed to comply with the Section 504 regulation. For copies of UFAS, contact the HUD Distribution Center at 1-800-767-7468; hearing or speech-impaired persons may access this number via TTY by calling the Federal Information Relay Service at 1-800-877-8339. Accessible units must be, to the maximum extent feasible, distributed throughout the development and sites, and must be available in a sufficient range of sizes and amenities so as not to limit choice.

For further guidance regarding accessibility requirements, refer to HUD CPD Notice 00-09.

5.F. One for One Replacement

The recipient may not use the HOME funds to reduce the number of low/moderate dwelling units to be served under the award. If any unit is lost as a result of this development, the recipient must replace the unit if all of the following conditions apply:

1. It meets the definition of a low/moderate dwelling unit; and
2. It is an occupied or vacant occupiable dwelling unit; and
3. It is to be demolished or converted to a unit with market rents above the Fair Market Rent or its use is determined as other than permanent housing.

5. G. Minimum Periods of Affordability

The HOME-assisted units must meet affordability requirements for not less than the applicable period specified in the following table, beginning at development completion. The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. The affordability requirements must be imposed by deed restrictions or covenants running with the land. Please note that the HOME affordability period may differ from that of the RHTC or Bond program.

Rental Housing Activity	Minimum Period of Affordability
Rehabilitation or acquisition of existing housing - Less than or equal to $40,000 HOME funds per HOME-assisted unit	10 years
Rehabilitation or acquisition of existing housing - Greater than $40,000 HOME funds per HOME-assisted unit	15 years
New construction or acquisition of newly constructed housing	20 years

IHCDA may use purchase options, rights of first refusal, or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability. Affordability requirements will be met if the new owner agrees to enter a written agreement subjecting the development to the HOME affordability requirements for the remainder of the affordability period.

The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the development or property.

1. Enforcement of Affordability Period

With respect to HOME-assisted rental units, the recipient must execute a lien and restrictive covenant agreement, and a loan agreement, promissory note, mortgage, security agreement and UCC's, as directed by IHCDA, in order to preserve affordability and secure IHCDA's investment in the assisted property. Recipient must use documents that are prepared by IHCDA.

2. Commencement of Affordability Period

The affordability period will not begin until after project completion. Project completion is defined as the date that all necessary title transfer requirements and construction work have been performed; the rehabilitation completed complies with the requirements of 24 CFR 92 or 24 CFR 570 and stricter of the local rehabilitation standards or the Indiana State Building Code; the final drawdown has been disbursed for the project; and the project completion information has been entered in the disbursement and information system established by HUD. IHCDA considers the date final completion information is entered into IDIS as the start date for the project affordability period.

3. Repayment of HOME Funds

Housing assisted with HOME funds must meet the affordability requirements in accordance with 24 CFR 92.252 for rental housing. The recipient agrees to repay IHCDA for any HOME funds utilized for any housing constructed, redeveloped, rehabilitated, or acquired that does not remain affordable in accordance with 24 CFR 92.252 for rental housing for the entire affordability period.

5. H. Occupancy Restrictions/HOME Rent Limitation

One hundred percent (100%) of the HOME-assisted units must be occupied by households whose incomes are at or below 60% of the area median income, adjusted for household size, with rental rates (including tenant-paid utilities) that do not exceed the 60% AMI Rent Limit as published annually by IHCDA's Real Estate Department. Additionally, Federal regulations require developments with 5 or more HOME-assisted units to have at least 20% of the units set-aside for households with incomes at or below 50% AMI. Lower income targeting must be followed if agreed upon in the Application and recorded

Lien and Restrictive Covenant. When Developments are combined with HOME & Tax Credits, the owner must compare the two sets of limits and apply the most restrictive to any unit that is both a tax credit and HOME-assisted unit.

If an SRO unit does not have kitchen or bathroom facilities, or has either of these but not both, the maximum SRO rent will be the lesser of 75% of the Fair Market Rent or 100% of the applicable rent limit for an efficiency. For an SRO unit with both kitchen and bathroom facilities, the maximum SRO rent will be 100% of the applicable rent limit for an efficiency.

Rent limits include the cost of any tenant-paid utilities. You must subtract from the published rent limit an approved utility allowance for all utilities for which the tenant will be responsible, as well as any other non-optional fees

If the applicant proposes to receive all or a portion of the rent payment via a tenant based rental subsidy, gross rent (tenant paid + tenant-based rental assistance + utility allowance + non-optional charges) 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 60% 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 60% 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 a development receives federal or state project-based rental subsidy and tenants at or below 50% AMI pay no more than 30 percent of his/her adjusted income for rent, the maximum rent may be the rent allowable under the project-based subsidy program. 24CFR Part 92.252 (b)(2).

All tenants who occupy HOME-assisted units must be income recertified on an annual basis. IHCDA has chosen to utilize the Part 5 definition for determining annual income. The annual income definition is found at 24 CFR Part 5.609. This definition was previously referred to as the Section 8 definition. The Part 5 definition of annual income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

5.I. Tenant and Participant Protections

All leases between a tenant and an owner of HOME-assisted units must be for not less than one year, unless by mutual agreement between the tenant and the owner. In addition, 24 CFR 92.253 sets forth certain provisions that must be included in any rental agreement and other provisions that are prohibited. The owner may not evict for other than good-cause.

5.J. Equal Opportunity and Fair Housing

The recipient must comply with all Federal fair housing laws and regulations, including affirmative marketing and anti-discrimination policies. In addition, the recipient must make a documented effort to solicit minority contractors and subcontractors for any work that will be contracted.

5.K. Meaningful Access For Limited English Proficient Persons

Persons who, as a result of national origin, do not speak English as their primary language and who have limited ability to speak, read, write, or understand English ("limited English proficient persons" or "LEP") may be entitled to language assistance under Title VI in order to receive a particular service, benefit, or encounter. In accordance with Title VI of the Civil Rights Act of 1964 (Title VI) and its implementing regulations, the recipient agrees to take reasonable steps to ensure meaningful access, to activities funded with HOME Funds, by LEP persons. Any of the following actions could constitute "reasonable steps", depending on the circumstances: acquiring translators to translate vital documents, advertisements, or notices, acquiring interpreters for face to face interviews with LEP persons, placing advertisements and notices in newspapers that serve LEP persons, partnering with other organizations that serve LEP populations to provide interpretation, translation, or dissemination of information regarding the project, hiring bilingual employees or volunteers for outreach and intake activities, contracting with a telephone line interpreter service, etc.

5.L. Conflict of Interest

No owner, developer or sponsor of a project assisted with HOME funds (or officer, employee, agent, elected or appointed official or consultant of the owner, developer or sponsor) whether private, for-profit or non-profit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor) may occupy a HOME-assisted affordable housing unit in a project. This provision does not apply to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.

5.M. Affirmative Marketing

Marketing Plan:

In accordance with 24 CFR 200.620 and 24 CFR 92.351(a), recipients must adopt an Affirmative Fair Housing Marketing Plan for rental and homebuyer projects containing five (5) or more HOME-assisted housing units. The Affirmative Fair Housing Marketing Plan must consist of actions that the recipient will take to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, religion, sex, handicap or familial status or national origin, and describe the procedures that will be used by owners to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing without special outreach (e.g., use of community organizations, places of worship, employment centers, fair housing groups, or housing counseling agencies). The recipient must use form HUD-935.2A to create its Affirmative Fair Housing Marketing Plan.

Procedures:

The recipient must also comply with the following:

- Maintain a nondiscriminatory hiring policy in recruiting from both minority and majority groups, including both sexes and the handicapped, for staff engaged in the sale or rental of properties.
- Instruct all employees and agents in writing and orally in the policy of nondiscrimination and fair housing.
- Specifically solicit eligible buyers or tenants reported to the recipient.
- Prominently display in all offices in which sale or rental activity pertaining to the project or subdivision takes place the HUD-approved Fair Housing Poster and include in any printed material used in connection with sales or rentals, HUD-approved Equal Housing Opportunity logo or slogan or statement.
- Post in a conspicuous position on all project sites a sign displaying prominently either the HUD-approved Equal Housing Opportunity logo or slogan or statement.

5.N. Program Guideline Requirements

The program guidelines section of the HOME Section must be completed when submitting an application for funding. Program guidelines will be used in the management and leasing of the newly constructed or rehabilitated housing. They must clearly outline the requirements for the development and will be used to ensure that all applicants are treated in a fair and consistent manner. A copy of the current program guidelines must be available at the management office of the development throughout the affordability period.

During the application review period, the applicant's program guidelines will be evaluated. If deficiencies are noted, the applicant must revise this document.

5.O. Homeless Management Information System

For applicants that are proposing to develop either transitional housing or permanent supportive housing, you will be required to participate in the Homeless Management Information System ("HMIS").

5.P. Additional CHDO Requirements

Community Housing Development Organization (CHDO) applicants must certify that they continue to meet the requirements of 24 CFR 92.2. Organizations seeking CHDO certification must submit the CHDO certification workbook and meet all the CHDO criteria to qualify. The CHDO must also indicate if they are applying as a Developer, Owner or Sponsor of the project with their certification.

CHDOs who apply and are awarded both an allocation of RHTC and HOME funding may be eligible for CHDO Operating Supplement. Please contact the Director of Real Estate Production to determine eligibility.

Accordingly, it must demonstrate capacity for carrying out housing projects assisted with HOME funds. This requirement is satisfied by having paid employees with housing development experience who will work on projects assisted with HOME funds.

Applications received from CHDOs must include its plan for involving low income program beneficiaries in decisions regarding the design, siting, development, and management of the affordable housing.

Additionally, CHDOs that receive a HOME award must adhere to a fair lease and grievance policy approved by IHCDA. The applicant must complete the CHDO Status and CHDO Requirements Certification located in the HOME Section and submit an original signature to IHCDA.

Capital Needs Assessment

A. Provide a copy of the Capital Needs Assessment performed on the property

1. An independent, experienced third party must perform the Capital Needs Assessment and this party can have no financial interest in ownership of the development. It is required that an Indiana licensed professional, an engineer/architect, perform the assessment and supply the Authority with their professional opinion of a property's current overall physical condition. This includes the identification of significant deferred maintenance, existing deficiencies, and material building code violations that affect the property's use and its structural or mechanical integrity.

2. The assessment should include a site visit and physical inspection of the interior and exterior of units and structures, as well as an interview with available on-site property management and maintenance personnel to inquire about past repairs/improvements, pending repairs, and existing or chronic physical deficiencies. The assessment should include an opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives. The assessment should also include recurring probable expenditures for significant systems and components impacting use and tenancy, which are not considered operation or maintenance expenses, in order to determine the appropriate replacement reserve deposits on a per unit per year basis. The following components should be examined and analyzed for a capital needs assessment:

   a. Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, gas and electric utilities and lines;

   b. Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system, and drainage;

   c. Interiors, including unit and common area finishes (carpeting, vinyl tile, plaster walls, paint condition, etc.), unit kitchen finishes and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors;

   d. Mechanical systems, including plumbing and domestic hot water, HVAC, electrical, and fire protection; and

   e. Elevators (if applicable)

B. A Capital Needs Assessment must provide the following information in the order and format below:

1. Company Certification
2. Executive Summary - Including a general building description, evaluation definitions, process used to create the Capital Needs Assessment (including interviews with the current owner and/or management company).
3. Existing Building Systems and Conditions Summary
4. Critical Repair Items Cost Summary – Including all health and safety deficiencies, violation of state or local building codes that require immediate correction.
    a. Site and Grounds
    b. Building Exteriors
    c. Commons Areas
    d. Building Interiors
5. Rehab and Renovations Cost Summary – An estimate of the repairs, replacements and renovations that will be completed before the final placed in service date.
    a. Site and Grounds
    b. Building Exteriors
    c. Common Areas
    d. Building Interiors
    e. Market Improvements
    f. Contingency (not to exceed 15%)
6. Long Term Physical Needs Cost Summary – An estimate of the repairs and replacements, during and beyond the final placed in service date, that will be required to maintain the properties physical integrity over the next 15 years.
    a. Remaining Useful Life Schedule
7. Physical Condition Inspection Report
8. Site, Building and Floor Plans
9. Capital Needs Assessment Certification
10. Photo Log

IHCDA will, after receiving the application and the Capital Needs Assessment, schedule a physical inspection of the development in order to verify the accuracy of the Capital Needs Assessment submitted with the application. Additionally, IHCDA may make a report, which identifies deficiencies and/or inaccurate statements concerning the identification of repairs in the Capital Needs Assessment submitted with the application.

***Adaptive reuse/gut rehabilitation projects may modify the Capital Needs Assessment format to what is applicable, but there must be an assessment done for any physical aspects that will be retained to verify their current condition and any repairs that will be necessary for use in the development.**

*****If the estimated dollar amounts presented are different from the actual Capital Needs Assessment and/or the application (Form A), please submit a detailed written explanation.***

CAPITAL NEEDS ASSESSMENT CERTIFICATION

Development Name:

City:

	Describe Rehab as Applicable	Estimated Cost
Landscaping/Sprinkler/Drainage		
Fences/Walks/Retaining		
Amenities/Pool/Playground		
Driveways/Parking		
Garages/Carport		
Roofs/Dormers/Chimneys		
Flashing/Eaves/Ventilators/Cap		
Gutters/Downspout/Drains		
Balconies/Fire Escapes/Porches/Steps		
Exterior/Siding/Patios		
Doors/Windows/Trim		
Lobbies/Hallways/Stairways/Carpet		
Mailboxes		
Foundations/Piers/Beams		
Basement/Storage/Laundry		
HVAC		
Plumbing/Water Heaters/Washers		
Smoke Detectors/Fire Extinguishers		
Electrical/Fans/Intercom/Systems		
Boilers/Burners/Pumps/Incinerators		
Elevators/Security		
Flooring Carpet		
Landscape		
Other		
Other		
Total Estimated Cost		

CAPITAL NEEDS ASSESSMENT CERTIFICATION

Development Name:

City:

I, the undersigned architect/engineer for the above- referenced development, hereby certify to the Indiana Housing and Community Development (IHCDA) that all improvements listed in the "Capital Needs Assessment" are necessary to maintain a minimum of 15 years of affordable housing use. I further agree that, subsequent to this certification and prior to the final allocation of Rental Housing Tax Credits, I will furnish a certification that all necessary improvements have been made according to the Capital Needs Assessment.

Signature: ____

Printed Name:

Architect/Engineer Firm:

Date:

Indiana License:

ACKNOWLEDGMENT OF OWNER

OWNER:

Signature: ______________________________

Printed Name:

Title (if applicable):

STATE OF INDIANA)

) SS:

COUNTY OF)

Before me, a Notary Public in and for said County and State, personally appeared , [the of ("Owner")], and, being duly sworn, acknowledged the execution of the foregoing agreement was his (her) voluntary act and deed [on behalf of Owner], and stated that any representations contained therein were true and correct.

Witness my hand and Notarial Seal this day of , .

County of Residence: ______________________________________

Notary Public

Commission Expires:

Printed Name

Application Package Submission Guidelines

A. No Application will be considered without the Applicant's submission of a brief narrative summary (limit 3 pages) describing the need for the Development within the community and the Development itself. This narrative should give an accurate depiction of how this Development will benefit the particular community. Generally, the summary should include the following points:

1. Development and unit description
2. Amenities - in and around Development
3. Area's needs that Development will help meet
4. Community support and/or opposition for Development
5. The constituency served by the Development
6. Development quality
7. Development location
8. Effective use of resources
9. Unique features
10. Services to be offered

B. Your assistance in organizing your submissions in the following order will facilitate the review of your Application for a “Conditional” Reservation of Rental Housing Financing. Documentation for each applicable tabbed section of the application for which it applies should be placed in a legal size 1/3 tab cut manila file folder. Each file folder should be labeled with typewritten 1/3 cut file folder labels accordingly. A template to use to print labels for manila file folders is attached. File folders should then be inserted in a 14 ¾” x 9 ½” red file pocket with 5 ¼” expansion and must include all Tabs A, V-DD. Tabs A-U will now be submitted electronically (Tab A requires paper and electronic submission). Electronic submission is as follows:

   a. All documents should be saved as PDF.
   b. All documents should be placed in an electronic folder, labeled accordingly.
   c. All folders (A-U) should be saved on a flash drive and submitted with your application.

C. The Application form (Form A) must be signed by the Applicant, duly notarized and submitted with the required application fee. Please submit one original Form A in addition to a searchable PDF copy on a flash drive. Inclusion of the items on the Development Submission Checklist in support of the Application is strongly encouraged and will likely impact the number of points for which you are eligible under the IHCDA's evaluation system of ranking applications, and may assist the IHCDA in its determination of the appropriate amount of credits that it may reserve for the Development. Additionally, all pages of the documentation submitted in each tab of the Application must state the full Development Name and date of the Application.

Submission Type		
Electronic (PDF)	**Paper**	**Both**

Application (A)	Local Unit of Government/Support (B)
Not-for-Profit Documentation (C)	Financials/Resumes (D)
Site Control (E)	Plans and Specs (F)
Preliminary Architectural Plans (F)	
Financing Commitments (G)	Zoning (H)
HOME & Development Fund Documentation (I)	Monitoring Report/Development Team (J)
Environmental Documentation (K)	Existing Structure (L)
Underwriting Documentation (M)	Market Study (N)
Subsidy Agreements (O)	Historic and Preservation (P)
Maps (Q)	Lease Purchase (R)
MBE/WBE Participation (S)	Services (T)
Attorney's Opinion Letter (U)	Other (V)
Conditional Commitment Letter (W)	Financial Analysis (X)
Correspondence (Y)	Carry-Over/Lock-In Agreement (Z)
Declaration of Extended Rental Housing (AA)	Development Modifications (BB)
8609(s) (CC)	RHTC Administrative Notes (DD)

140% Rule: If upon re-certification, a low-income Tenant's income is greater than 140% of the applicable income limit adjusted for family size, the unit will continue to be counted toward satisfaction of the required set-aside, providing that unit continues to be rent-restricted and the next available unit of comparable or smaller size in the Development is rented to a qualified Low-income Household.

20%/50% Test: 20% or more of the residential units must be rented to Households with aggregate Gross Income of 50% or less of the area median Gross Income adjusted for family size.

40%/60% Test: 40% or more of the units must be rented to Households with aggregate Gross Income of 60% or less of the area median Gross Income adjusted for family size.

15%/40% Test: 15% or more of the residential units must be rented to Households with aggregate Gross Income of 40% or less of the area median Gross Income adjusted for family size.

Absorption period: The period of time necessary for a newly constructed or renovated property to achieve stabilized occupancy.

Absorption rate: The average number of units rented each month during the absorption period.

Adaptive reuse: The conversion of a building from a non-housing use to a housing use. For example, a warehouse, hotel, school or other buildings being converted for use as affordable rental units.

Aging in place: Creating a living environment that is safe, adaptable and comfortable for persons of all ages and abilities.

Agricultural Land: Any land used or able to be used for the production of food for human and animal consumption, or agricultural activities that include the growing of plants for fiber and fuels (including wood), and for other organically derived products (pharmaceuticals, etc).

Amortization Schedule: A table showing the amounts of principal due on regular intervals and the unpaid balance of the loan after each payment is made.

Annual Household Income: Annual Income of all persons who intend to permanently reside in a unit.

Annual Income: Total Current Anticipated Income to be received by a Tenant from all sources including Assets for the next twelve (12) months.

Annual Income Re-certification: Document by which the Tenant re-certifies his/her income for the purpose of determining whether the Tenant will be considered low-income according to the provisions of the RHTC Program.

Applicable Fraction: The Applicable Fraction is the lesser of a) the ratio of the number of low-income units to the total number of units in the building or b) the ratio of the total floor space of the low-income units to the total floor space of all units in the building.

Applicable Credit Percentage: Although the Credits are commonly described as 9% and 4% credits, the percentages are approximate figures. The U.S. Department of the Treasury publishes the exact credit percentages each month.

Application: Form completed by a person or family seeking rental of a unit in a Development. An Application should solicit sufficient information to determine the applicant's eligibility and compliance with federal and IHCDA guidelines.

Applicant: Any owner, principal and participant, including any affiliates associated with a Development that is seeking an award of RHTCs.

Area Median Income: Also referred to as AMI, the Area Median Income is established annually by HUD and is available at www.huduser.org

Assets: Items of value, other than necessary and personal items, which are considered in determining the eligibility of a Household.

Asset Income: The amount of money received by a Household from items of value as defined in HUD Handbook 4350.3.

Authority: Indiana Housing and Community Development Authority (IHCDA).

Brownfield: A site where the EPA, IDEM or other environmental regulatory agency has defined the site as a Brownfield site and has determined the applicable guidelines for the cleanup required for residential uses. Typically, the previous use of the site would have been industrial, manufacturing or a dry cleaning establishment.

Capture Rate: The percentage of age, size and income qualified renter households in the primary market area that the property must capture to fill the units. The capture rate is calculated by dividing the total number of units at the property by the total number of age, size and income qualified renter households in the primary market area.

Census Tract: A small, relatively permanent statistical subdivision delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants.

Certification Year: The twelve (12) month time period beginning on the date the unit is first occupied and each twelve (12) month period commencing on the same date thereafter.

Chronically Homeless: Those who cycle through health care institutions, correctional facilities, homeless shelters or live on the streets and frequently seek services for mental health issues, substance abuse issues, and those who seek housing.

Competitive Negotiation Procedure: The procurer prepares a formal Request for Proposals (RFP) and requests proposals from at least two (2) or more qualified firms or individuals. Negotiations should be conducted with more than one of the responding sources.

The following requirements apply:
Preparation of Request for Proposals (RFP). The RFP should include these elements, at a minimum:

(1) Scope of Services - detailed description of the extend and type of work to be performed.
(2) Time Requirements - performance period.
(3) Considerations for Bidding - any additional requirements not pertaining to the scope of services that would be considered when preparing a proposal.
(4) Proposal Instructions - the format of the proposal.
(5) Evaluation of Proposals - The tax credit applicant must identify all significant evaluation factors (and their relative importance), including price or cost where required, technical expertise, past experience, price, staffing, etc. and how the proposals received will be scored.
(6) Federal, state, and local regulations applicable to the award.

b. **The RFP must not be prepared or solicited by those firms or individuals who will be submitting proposals**.

c. Proposals must be solicited from at least two qualified sources to permit reasonable competition. Efforts must be made (and documented) to attract proposals from small businesses, minority-owned businesses, and women's business enterprises. You may get this directory from www.in.gov/idoa/minority/mbdirectory.html.

d. The RFP must be publicized and reasonable requests by competing sources must be honored to the maximum extent possible. The award recipient must retain documentation of the RFP distribution process.

e. Evaluation of Proposals. When proposals or statements of qualification are received, they should be evaluated by the tax credit applicant based upon pre-established criteria. Evaluation criteria commonly used include the following, at a minimum:

(1) Specialized experience or technical expertise of the firm and its personnel in connection with the type of services to be provided and the complexity of the project.
(2) Past record of performance on such contracts within the State of Indiana, and a list of other clients served including type of work, timeliness, quality requirements, and cost control. References submitted by interested bidders should be contacted.
(3) Capacity of the firm to perform the work within time limitations, taking into consideration the current and planned workload of the firm.
(4) Familiarity of the firm with the type of problems applicable to the project.
(5) Price.

f. The review process for both statements of qualification and proposals in response to a Request for Proposal should be thorough, uniform, and well-documented. The review process is to be conducted by a committee or board which, to the greatest extent possible, includes persons with the appropriate technical skills. Reviewers must have no conflicts of interest with the firms or individuals under review, such as family relationship, close friendship or business partnerships.

g. Negotiations should be conducted with more than one of the sources submitting proposals. Retain verifiable documentation recording the negotiations process.

h. Award must be made to the responsible offer or whose proposal will be the most advantageous to the project, considering price and other factors. Unsuccessful bidders must be promptly notified. When the award is made to a responsible bidder not having the lowest price, the award recipient must document its reasons for not selecting the lowest proposed price.

i. The award recipient must then establish a contract file that contains the following:

1. A description of the method used to select architect, engineer, or consultant.
2. Qualification statements or proposals received.
3. Negotiation methods.
4. Cost and pricing data supporting the contract.
5. Verification of contractor eligibility.
6. Contract for services.
7. Records of progress payments including retainage withheld.
8. Contract change orders, if any.

Compliance: The act of meeting the requirements and conditions specified under the law and the RHTC Program requirements.

Compliance Period: The time period for which a building must comply with the requirements set forth in Section 42 of the Internal Revenue Code and credits can be recaptured for noncompliance. The Developments first 15 taxable years.

Correction Period: A reasonable time as determined by the Authority for an Owner to correct any violation as a result of noncompliance.

Credit: Tax Credit as authorized by Section 42 of the Internal Revenue Code.

Credit Period: The period of ten (10) taxable years during which credit may be claimed, beginning with:

1) the taxable year the building is placed in service; or
2) at the election of the taxpayer, the succeeding year, but only if the building is a Qualified Low-Income Building as of the close of the first year of such building, and remains qualified throughout succeeding years.

Current Anticipated Income: Gross anticipated income for the next twelve (12) months as of the date of occupancy that is expected to be received by the Tenant(s) including Imputed Income.

Debt Coverage Ratio (DCR): Also sometimes known as debt service coverage ratio. The ratio of: a project's annual net operating income divided by the total annual debt service (principal plus interest).

Declaration of Extended Low-Income Housing Commitment: The agreement between IHCDA and the Owner restricting the use of the Development during the term of the RHTC Extended Use Period.

Demand: The total number of households in a defined market area that would potentially move into the proposed new or renovated housing units. These households must be of the appropriate age, income, tenure and size for a specific proposed development. Components of demand vary and can include household growth, turnover, those living in substandard conditions, rent over-burdened households, and demolished housing units. For senior projects, this calculation also includes elderly households who will choose to sell their homes to move into a more appropriate housing setting.

Developer: Any individual and/or entity who develops or prepares a real estate site for residential use to be a RHTC Development.

Development: Rental housing development receiving a RHTC allocation.

Development Team: Anyone associated with the development as listed in the Application (Form A) e.g. attorney, bond counsel {if applicable}, developer, accountant, consultant, management entity, general contractor and architect.

Difficult Development Area (DDA): Any area designated by the Secretary of Housing and Urban Development (HUD) as an area that has high construction, land, and utility costs relative to area median gross income. A list of these areas can be found at www.huduser.org/datasets/qct.html

Effective Date of Tenant Certification: The date the Tenant Income Certification becomes applicable. For initial Certifications, this date must be the move-in date of the Tenant. For annual Re-certifications, this date must be no later than one year from the Effective Date of the previous (re) certification.

Effective Gross Income (EGI): Gross rents for all units plus miscellaneous income, less vacancy allowance.

Effective Term of Verification: A period of time not to exceed one hundred twenty (120) days. A Verification is valid for ninety (90) days, and may be updated orally for an additional thirty (30) days. Verification must be within the effective term at time of Tenant's Income Certification.

Elderly or Senior Housing: Housing where (1) all the units in the property are restricted for occupancy by persons 62 years of age or older, or (2) at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the needs of senior citizens.

Eligible Basis: The Eligible Basis of a qualifying Development generally includes those capital assets incurred with respect to the construction, rehabilitation, or acquisition in certain circumstances, of the property, minus non-depreciable costs such as land and certain other items such as financing fees. While it may not include any parts of the property used for commercial purposes, it may include the cost of facilities for use by Tenants to the extent there is no separate fee for their use and they are available to all Tenants. It may also include the cost of amenities if the amenities are comparable to the cost of amenities in other units. Eligible Basis is reduced by an amount equal to the portion of a building's adjusted basis which is attributable to non low-income units which exceed the average quality standard of the low-income units unless the cost of building the market rate units does not exceed the cost of the average low-income units by more than 15% and the excess cost is excluded from Eligible Basis. Eligible Basis is further reduced by the amount of any federal grants applied towards the Development, and, should the Owner so elect, it may be reduced by "federal subsidies" to take advantage of the higher applicable RHTC percentage. It is determined without regard to depreciation.

Eligible Tenant: The current tenant of the unit, so long as that tenant is eligible to occupy the unit under the requirements of Section 42 of the Internal Revenue Code. This expressly includes a tenant whose income would not currently qualify under Section 42, but who was qualified at the time of tenant's original occupancy of the unit.

Employment Income: Wages, salaries, tips, bonuses, overtime pay, or other compensation for personal services from a job.

Extended Use Period: The time frame that begins the first day of the initial 15 year compliance period, on which such building is part of a qualified low-income housing Development and ends 15 years after the close of the Initial Compliance Period, or the date specified by IHCDA in the Declaration of Extended Low-Income Housing Commitment.

Fair Market Rent (FMR): The estimates established by HUD of the Gross Rents (contract rent plus tenant paid utilities) needed to obtain modest rental units in acceptable condition in a specific county or metropolitan statistical area. HUD generally sets FMRs so that 40% of the rental units have rents below the FMR. In rental markets with a shortage of lower priced rental units, HUD may approve the use of FMRs that are as high as the 50^{th} percentile of rents.

Fair Market Value: An amount that represents the true value at which property could be sold on the open market.

First Year of the Credit Period: Either the year a building is placed in service, or, at the Owner's option, the following year.

Foreclosure: A legal procedure in which property mortgaged as security for a loan is sold to pay the defaulting borrower's debt.

Grocery Store: An establishment that offers fresh produce and fresh meat, at a minimum. Convenience stores and farmer's markets do NOT count as grocery stores.

Gross Income: See Annual Household Income.

Gross Rent: Maximum amount that a Tenant can pay for rent before deducting a utility allowance. Note: The Owner must be aware of the year in which the RHTC allocation was made and the specific guidelines that refer to the calculation of gross rent for those years, i.e. 1987, 1988, and 1989 RHTC allocations base gross rent on the actual number of persons residing in the unit.

Habitable: Suitable for occupancy, taking into account local health, safety and building codes.

Homeless Household: As defined or amended by HUD. A household made up of one or more individuals, other than individuals imprisoned or otherwise detained pursuant to state or federal law, that:

1. Lacks a fixed, regular and adequate nighttime residence;
2. Has a primary nighttime residence that is:
    a. A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters and transitional housing);
    b. An institution that provides a temporary residence for individuals intended to be institutionalized; or
    c. A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings;

OR

Or is an individual at imminent risk of homelessness or where a family or unaccompanied youth is living in an unstable environment. Imminent risk includes situations where a person must leave his or her current housing within the next 14 days with no other place to go and no resources or support networks to obtain housing. Instability includes families with children and unaccompanied youth who:

a. Are defined as homeless under other federal programs (such as the Department of Education's Education for Homeless Children and Youth program);
b. Have lived for a long period without living independently in permanent housing;
c. Have moved frequently, and;
d. Will continue to experience instability because of disability, history of domestic violence or abuse, or multiple barriers to employment.

Household: The individual, family, or group of individuals living in the unit.

Housing First: An innovative approach to engage and rapidly house individuals who are homeless into supportive housing and to provide intensive and flexible services to stabilize and support housing tenure.

IHCDA: Indiana Housing and Community Development Authority

Imputed Income: The estimated earnings of Assets held by a Tenant using the potential earning rate established by HUD.

Income Limits: Maximum incomes as published by HUD for Developments giving the maximum Income Limits per unit for Low-Income (40%, 50% or 60% of median) Units.

Infill housing: Residential development on small parcels in previously established areas for replacement by brand new housing that utilizes existing utilities and infrastructure.

Initial Compliance: The 12 month period commencing with the date the building is placed in service. Note: Developments consisting of multiple buildings with phased completion must meet the set-aside requirements on a building-by-building basis with the 12 months commencing with the individual date each building is placed in service.

Initial Compliance Period: A fifteen (15) year period, beginning with the first taxable year in which Credit is claimed, during which the appropriate number of units must be marketed and rented to RHTC eligible Households, at restricted rents.

Inspection: A review of a Development which may be made annually by IHCDA or its agent, which includes an examination of records, a review of operating procedures and a physical inspection of units.

Joint Venture: A combination of one or more independent entities that combine to form a new legal entity for the purpose of this Development.

Large City: A city with a population of 75,000 or more (See Appendix D). The Development must be located within one mile of the zoning jurisdiction and/or use city utility services (water and sewer).

LIHTC: Low Income Housing Tax Credit. Also known as Rental Housing Tax Credit (RHTC). Tax Credit as authorized by Section 42 of the Internal Revenue Code.

Lease: The legal agreement between the Tenant and the Owner which delineates the terms and conditions of the rental of a unit.

Low-Income Household/Tenant: Households whose incomes are not more than either 50% or 60% of the median family income for the local area adjusted for family size.

Low-Income Unit: A unit in a building if:

1. Such unit is rent-restricted (as defined in subsection (g) (2) of IRS Section 42 of the Code);

2. The individuals occupying such unit meet the income limitation applicable under subsection 42(g)(1) to the Development of which such building is part;
3. The unit is suitable for occupancy, available to the general public, and used other than on a transient basis.

Management Company: A firm authorized by the Owner to oversee the operation and management of the Development and who accepts compliance responsibility.

Market Advantage: The difference, expressed as a percentage, between the estimated market rent for an apartment property without income restrictions and the lesser of (a) the owner's proposed rents or (b) the maximum rents permitted by the financing program for the same apartment property. (Market rent – proposed rent)/market rent * 100.

Market Demand: The total number of households in a defined market area that would potentially move into any new or renovated housing units. Market demand is not project specific and refers to the universe of tenure appropriate households, independent of income.

Market Rent: The rent that an apartment, without rent or income restrictions, or rent subsidies, would command in the primary market area, considering its location, features and amenities. Market rent should be adjusted for concessions and owner-paid utilities included in the rent.

Market Vacancy Rate, Economic: The percentage of rent loss due to concessions, vacancies and non-payment of rent on occupied units.

Market Vacancy Rate, Physical: The average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same market, excluding units in properties which are in the lease-up phase.

Maximum Allowable Rent Calculation: The Maximum Allowable Rent Calculation includes costs to be paid by the Tenant for utilities inclusive of heat, electricity, air conditioning, water, sewer, oil, or gas where applicable (does not include cable television or telephone).

Maximum Chargeable Rent (Net Rent): Gross Rent less Utility Allowance paid by the Tenant.

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.

Metropolitan Statistical Area (MSA): A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000. The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.

Minimum Set-Aside: The minimum number of units that the Owner has elected and set forth in the Declaration of Low-Income Housing Commitment to be income and rent-restricted.

Narrative Summary: A description written by the Applicant of the need for the Development within the community and the Development itself. This narrative should give an accurate depiction of how this Development will benefit the particular community. Generally, the summary should include the following points:

1. Development and unit description
2. Amenities - in and around Development
3. Area's needs that Development will help meet
4. Community support and/or opposition for Development
5. The constituency served by the Development
6. Development quality
7. Development location
8. Effective use of resources
9. Unique features
10. Services to be offered
11. Address Allocation Plan points MUST include pages 3-9 of Form- A (the Application).

Operating Reserves: Four to six months (operating expenses, excluding replacement reserves, plus debt service) or $1,500 per unit, whichever is greater.

Owner: Any individual, association, corporation, joint venture, or partnership that has any ownership interest in a RHTC Development.

Penetration Rate: The percentage of age and income qualified renter households in the primary market area at all existing and proposed properties, to be completed within six months of the subject, and which are competitively priced to the subject that must be captured to achieve the stabilized level of occupancy.

Permanent Supportive Housing (PSH): Permanent supportive housing is affordable rental housing with support services for low-income or homeless people with severe mental illness, substance abuse, or HIV/AIDS. The services can be offered within the development or off-site.

Placed in Service Date: For buildings, this is the date on which the building is ready and available for its specifically assigned function, as set forth on IRS Form 8609.

Primary Market Area: A geographic area from which a property is expected to draw the majority of its residents.

Qualified Allocation Plan: The plan developed and promulgated from time to time by IHCDA, which sets out the guidelines and selection criteria by which IHCDA allocates RHTC.

Qualified Basis: The portion of the Eligible Basis attributable to low-income rental units. It is equal to the Eligible Basis multiplied by the Applicable Fraction. The amount of Qualified Basis is determined annually on the last day of each taxable year.
Note: This is the lesser of the Applicable Fraction/Occupancy Percentage:

1. the proportion of low-income units to all residential rental units; or
2. the proportion of floor space of the low-income units to the floor space of all residential rental units.

Qualified Census Tract (QCT): Any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50% of households have an income less than 60% of AMI or where the poverty rate is at least 25%. A project located in a QCT and receiving Low Income Housing Tax Credits may qualify for up to 130% of the eligible basis for the purpose of calculating the tax credit allocation.

Qualified Low-Income Building: Any building that is part of a qualified low-income housing Development at all times during the period beginning on the first day in the compliance period on which such building is part of such a Development and ending on the last day of the compliance period with respect to such building (Section 42(c) (2) (A) of the Code).

Qualified Unit: A unit in a Qualified Low-Income Building occupied by qualified persons at a qualified rent.

Related Parties:

1) the brothers, sisters, spouse, ancestors, and direct descendants of a person;
2) a person and corporation where that person owns more than 50% in value of the outstanding stock of that corporation;
3) two or more corporations, general partnership(s), limited partnership(s) or limited liability corporations connected through debt or equity ownership, in which
    a. stock is held by the same persons or entities for at least 50% of the total combined voting power of all classes that can vote, or at least 50% of the total value of shares of all classes of stock of each of the corporations or at least 50% of the total value of shares of all classes of stock of at least one of the other corporations, excluding, in computing that voting power or value, stock owned directly by that other corporation;
    b. concurrent ownership by a parent or related entity, regardless of the percentage of ownership, or a separate entity from which income is derived;
    c. concurrent ownership by a parent or related entity, regardless of the percentage of ownership, or a separate entity where a sale-leaseback transaction provides the parent or related entity with income from the property leased or that creates an undue influence on the separate entity as a result of the sale-leaseback transaction;
    d. concurrent ownership by a parent or related entity, regardless of the percentage of ownership, of a separate entity where an interlocking directorate exists between the parent or related entity and the separate entity.
4) a grantor and fiduciary of any trust;

5) a fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;
6) a fiduciary of a trust and a beneficiary of that trust; a fiduciary of a trust and a corporation where more than 50% in value of the outstanding stock is owned by or for the trust or by or for a person who is a grantor of the trust;
7) a person or organization and an organization that is tax-exempt under Subsection 501(c)(3) or (4) of the IRC and that is affiliated with or controlled by that person or the person's family members or by that organization;
8) a corporation and a partnership or joint venture if the same persons own more than:
    a. 50% in value of the outstanding stock of the corporation; and
    b. 50% of the capital interest, or the profits' interest, in the partnership or joint venture;
9) one S corporation or limited liability corporation and another S corporation or limited liability corporation if the same persons own more than 50% in value of the outstanding stock of each corporation;
10) an S corporation or limited liability corporation and a C corporation, if the same persons own more than 50% in value of the outstanding stock of each corporation;
11) a partnership and a person or organization owning more than 50% of the capital interest, or the profits' interest, in that partnership; or
12) two partnerships where the same person or organization owns more than 50% of the capital interests or profits' interests.

Rental Income Growth: 0-2% per year. Expense growth must be 1% greater than income growth.

RHTC: Rental Housing Tax Credit. Tax Credit as authorized by Section 42 of the Internal Revenue Code.

Rural: The Development is located in an unincorporated area of a county whereas;
  a. The Development is outside the 2-mile jurisdiction of either a Large City or Small City as defined in the QAP; and
  b. The Development does not have access to public water or public sewer from either the Large City or Small City as defined in the QAP.

Section 8: Section 8 of the United States Housing Act of 1937, as Amended.

Set Aside: Shall mean and require that units designated as "set aside" for a specific population may be used only for the identified population and for no other. If qualified tenants in the designated population are not available, the unit(s) must remain vacant.

Small City: A city with a population of 15,000 – 74,999 (See Appendix E). The Development must be located within one mile of the zoning jurisdiction and/or use city utility services (water and sewer).

Special Needs Populations: Persons with physical or developmental disabilities; persons with mental impairments; single parent households; victims of domestic violence; abused children; persons with chemical additions; homeless persons; or the elderly.

Student: Any individual who is, or will be, a full-time Student (as defined by the institution) at an educational institution with regular facilities and Students, other than correspondence school.

Tax Credit: The Tax Credit amount is calculated by multiplying the Qualified Basis by the Applicable Credit Percentage. The credit percentage, determined monthly, changes so as to yield over a 10 year period, a credit equal to either 30% or 70% of the present value of the Qualified Basis of the building. An Owner may elect to lock in the Applicable Credit Percentage either at the time a Commitment is made by IHCDA, or at the time the allocation is made.

Tenant: Any person occupying the unit.

Tenant/ Unit File: Complete and accurate records pertaining to each dwelling unit, containing the Application for each Tenant, Verification of income and Assets of each Tenant, Annual Income Re-certification, utility schedules, rent records, Lease and Lease addendum. Any authorized representative of IHCDA or the Department of Treasury shall be permitted access to these files upon receipt by Development Owner or Management Company of prior written notice of not less than two calendar days.

Utility Allowance: The amount of utilities, for a particular unit, set by a Utility Allowance schedule, which is published by HUD, Rural Development, or PHA, or a letter from the utility company which states the rates (see IRS Notice 89-6).

Verification: Information from a third-party which is collected in order to corroborate the accuracy of information about income provided by applicants to a Development.

A. Procedures for Accessing Development Fund Loan

The Affordable Housing and Community Development Fund ("Development Fund") provides financing options for the development of safe, decent and affordable housing in Indiana communities. The Indiana Housing and Community Development Fund was established in 1989 to provide financing options for the development of safe, decent, and affordable housing in Indiana communities. In an effort to streamline the multi-family application process, developers applying for Rental Housing Tax Credits (RHTCs) or Multifamily Private Activity Tax-Exempt Bonds (Bonds) may simultaneously request a Development Fund loan. To also access a Development Fund loan, you must indicate the Development Fund request on the "Multi-Family Housing Finance Application."

If a competitive application either (1) fails the Development Fund threshold review; or (2) Development Funds are not available to loan, IHCDA will allow the applicant to submit additional information to identify other means of filling the development's financing gap. Upon timely receipt of requested information, these applications will continue to be allowed to compete for an allocation of RHTCs or Bonds.

Applicants who receive a Development Fund loan are subject to additional regulations and requirements, which may be found in the Indiana Code at I.C. § 5-20-4. Before requesting a Development Fund loan, applicants should familiarize themselves with these requirements. IHCDA strongly encourages applicants to consult with legal and accounting advisors due to the complexity of these programs.

There is a $750 application fee for all Development Fund loan requests.

B. Technical Assistance

IHCDA's Director of Real Estate Lending is available to answer questions you have about applying for a Development Fund loan. The Director can be reached by calling (317) 232-7777 or toll-free at (800) 872-0371.

C. Development Fund Program Eligibility

1. Eligibility will be determined based on:

    a. Whether the development demonstrates a need for a Development Fund loan in order to make a greater number of rental units affordable to lower income households.

    b. Whether the development meets State and Federal requirements of all programs for which it is applying.

c. If the development ranking is sufficient for it to be awarded RHTCs or Bonds pursuant to the RHTC or Bond process.

d. The availability of Development Funds.

D. Eligible Applicants

The Development Fund applicant must be a Community Housing Development Organization (CHDO), a Not-for-Profit (NFP) corporation that is exempt from taxation under sections 501(c)(3) or 501(c)(4) of the Internal Revenue Code, a Limited Partnership (LP), or a Limited Liability Company (LLC) organized under Indiana law. The Development Fund is required to allocate at least fifty percent (50%) of its resources to nonprofit organizations that are exempt from taxation under section 501(a) of the Code. Loans may be awarded or denied based on this requirement.

E. Development Fund Loan Limitation

The maximum Development Fund loan request is $500,000.

F. Development Fund Loan Cap

Awardees with current Development Fund awards are eligible to apply for additional funding. All outstanding awards must be current, 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. Additionally, any individuals or organizations who are in default with any lender or partner are ineligible to apply for Development Fund loans for one year following cure of the default.

G. Development Location

100-year Flood Plains: Applications that propose the placement of buildings in a 100-year flood plain must submit the following documentation:

a) All areas of the 100-year flood plain must be documented by the FEMA map for the areas in which the site is located. The proposed site for development must be located on that map.

b) A qualified licensed Civil Engineer or surveyor must document mitigation for impacts to existing floodplains planned for the Development. A resume for the person providing the mitigation information must be submitted with this documentation.

c) A FEMA Conditional Letter of reclassification must be obtained for the property that shows that the property is eligible for reclassification out of the flood plain area.

d) A financing plan and costs for the site work involved in the reclassification.

For all properties that receive an award of RHTCs and are located in a 100-year flood plain at the time of initial application, a final letter of reclassification from FEMA along with an elevation certification must be provided to IHCDA at the completion of the Development. If wetlands or hazardous substances exist on the site, the Applicant must submit: 1) evidence that the wetlands or hazardous substances can be mitigated; and 2) a plan, that includes financing, of how the Applicant anticipates mitigating the wetlands or hazardous substances.

Projects located in communities with a local housing trust fund are eligible for Development Fund assistance if the local housing trust fund has made a significant enough commitment to the project to demonstrate local support. Applicant must demonstrate that they have applied to the local housing trust fund, and must provide evidence of a decision from the local fund, at the time of application.

IHCDA will invest Development Fund financing into projects in communities with local housing trust funds to meet IHCDA's match obligation under IC 5-20-4-14(B). As a condition to receipt of the Development Fund investment, the local housing trust fund must agree to both payment subordination and lien subordination for the local investment.

H. Uses of Development Fund Loan

A Development Fund loan may be used for acquisition, permanent financing, or construction financing (new construction hard costs or rehabilitation hard costs) of Development Fund-assisted units or to pay off a HOME CHDO Predevelopment loan, a HOME CHDO Seed Money loan, or a Pre-Development Development Fund. A Development Fund loan cannot be used for Developer Fee.

I. Loan Term

The applicant may propose a loan term of up to two (2) years of construction financing and up to fifteen (15) years of permanent financing with a maximum thirty (30) year amortization schedule or co-terminous with first-mortgage financing (whichever is less).

J. Interest Rate

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

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

K. Security or Collateral

The Development Fund loan must be secured. Typically, such security is met by a mortgage on the assisted property, which may be subordinated to other financing, depending on whether there is sufficient collateral to fully cover the amount of the loan. For a Development Fund-assisted development, IHCDA will subordinate, if the Development Fund loan plus other financing will not exceed 100% of the after construction appraised value. If financing is requested beyond this amount, IHCDA may also accept liens on personal property or on other real estate. The security pledge should reflect the degree of risk inherent to the development and must be proportionate to the level of funding requested. The appropriateness of the security offered will be an element of the funding decision. Although IHCDA will agree to subordinate the Development Fund loan in priority, it will do so using the Subordination Agreement located in the Forms section of this QAP.

L. Threshold Criteria

1. On or before the application deadline, the applicant must provide all documentation as instructed in the "Multi-Family Housing Finance Application – Development Fund Supplement." If the Authority requests additional information from the applicant, all documents are due on or before the date provided by IHCDA staff.

2. The applicant and development must meet all the requirements in this Schedule and Indiana Code § 5-20-4 and be supported by required documentation. If the Authority requests additional information from the applicant, all documents are due on or before the date provided by IHCDA staff.

3. On or before application deadline the applicant must submit to IHCDA the State Historic Review documentation as required by Indiana Code 14-21-1-18. Instructions regarding the process may be found in the Historic Review User's Guide at http://www.in.gov/myihcda/2490.htm. (See the HOME and CDBG Program Manual, Chapter 11-ER Process).
4. The applicant and any related party must not be out-of-compliance in connection with any other IHCDA-funded project in which they are involved and/or must not be on any IHCDA suspension list, nor be in default with any lender or partner.

5. IHCDA may disqualify any applicant that has a history of disregarding policies, procedures, or staff directives associated with administering any IHCDA program, or programs of any other State or Federal housing entities. Such other entities include, but are not limited to, the U.S. Department of Housing and Urban Development (HUD), Indiana Department of Commerce, U.S. Department of Agriculture - Rural Development, or Federal Home Loan Bank.

M. 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 twenty-five percent (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.

N. Occupancy Restrictions and Rent Limits

Fifty percent (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. Rental rates (including tenant-paid utilities) must not exceed the limits of the Rental Housing Tax Credit (RHTC) Program and/or the HOME Investment Partnerships Act (HOME) Program as appropriate. If Development Fund-assisted units are not developed with the assistance of RHTC or HOME funding, the RHTC rent and income limits will apply. To insure that you are using the appropriate rents for your development, please contact a Multi-Family Analyst prior to application submission. 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.

All tenants who occupy Development Fund -assisted units must be income certified and recertified according to the requirements of the RHTC or HOME program as appropriate.

O. Minimum Period of Affordability

Rental developments will be subject to a Lien and Restrictive Covenant Agreement (LRCA) that must be executed against every residential property constructed, rehabilitated, or acquired, in whole or in part, with Development Fund funds. The lien will assign a minimum fifteen (15) year affordability period for all rental housing developments. 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; (3) notice of default from any lender or partner; or (4) 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.

IHCDA may use purchase options, rights of first refusal, or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability.

P. Property Standards

1. The completed development must meet the more stringent of the local rehabilitation standards or the Indiana State Building Code.
2. The development must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973.
3. Multi-family units, as defined at 24 CFR 100.201, must meet the design and construction requirements at 24 CFR 100.205, which implements the Federal Fair Housing Act Amendments of 1988.
4. Newly constructed housing must meet the edition of the Indiana Energy Conservation Code published by the International Code Council that was in place at the time of application.

Q. Underwriting Criteria

In reviewing requests for a Development Fund loan in conjunction with RHTCs or Bonds, IHCDA will utilize the same underwriting criteria and analysis required by the then-current RHTC Qualified Allocation Plan for the State of Indiana. Applicants awarded a Development Fund loan in conjunction with RHTCs or Bonds may receive an offer of assistance (i.e., loan amount, loan term, interest rate, etc.) that is different from that requested. Applicants will be notified if changes should occur.

R. Development Fund Assurances and Certifications

Applicants are required to submit an original, fully executed Development Fund Assurances and Certifications form. Applicants who receive funding are bound by the contents of this form and should consult legal counsel on its meaning and scope. The Assurances and Certifications form must be signed by the applicant's chief executive officer and must be attested.

S. Development, Financing, and/or Applicant/Owner Modifications

Modifications to the Development that affect Threshold Requirements, scoring items, and/or IHCDA financing terms in any way without prior written approval from the Authority may result in a reduction and/or rescission of the Authority funding (including private activity tax-exempt bonds). Modification requests are subject to a $1,000 modification fee.

To request a modification, the following documentation must be submitted to IHCDA for consideration:

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 $1,000
d. Updated pages from Form A (Initial application) that reflect changes to the original application based on the current closing projections and/or proposed modification
e. At its discretion, IHCDA may request additional supporting documentation.

A. Procedures for Accessing Opportunity Index RECAP Map

1. Visit https://egis.hud.gov/affht/#.
2. Select Indiana under "Step 1: Select A State" and your corresponding Jurisdiction or Region under "Step 2: Select a Jurisdiction"
3. Click "Select a Map" and click on "Map 2 – Race/Ethnicity Trends"
4. Click "Load AFFH Map"
5. Under "Map Variation" select "Race/Ethnicity Trends, 2010"
6. Click "Load AFFH Map"
7. Census Tracts that are labeled as RECAPs are outlined with purple highlighted borders, the selected Jurisdiction is highlighted with a red brown outline. Clicking "Region" in the bottom right corner or scrolling back on the map will allow for a broader geographic view.

B. Current RECAP Census Tracts

Allen	17
Allen	28
Allen	29
Allen	30
Allen	31
Allen	44
Delaware	12
Lake	102.05
Lake	105
Lake	113
Lake	114
Lake	119
Lake	122
Lake	206
Lake	301
Lake	302
Lake	303
Lake	310
LaPorte	401
Marion	3308.04
Marion	3416
Marion	3508
Marion	3521
Marion	3526
Marion	3535
Marion	3547
Marion	3548
Marion	3549
Marion	3550
Marion	3601.01
St. Joseph	17
St. Joseph	19
St. Joseph	20
St. Joseph	21
St. Joseph	23
St. Joseph	24
St. Joseph	27
St. Joseph	29
Tippecanoe	105
Vanderburgh	13
Vanderburgh	14

A. Background

The Housing Needs Index measures the availability and demand for housing within a given county, and represents the first time that the Indiana Housing and Community Development Authority has endeavored to measure demand for affordable housing using desire for, or availability of housing units rather than proxies such as income or poverty alone. This new index directly connects to our vision for an *Indiana with a sustainable quality of life for all Hoosiers in the community of their choice*, and is designed to incentivize affordable housing in areas where low income Hoosiers want to live.

The three below measures are supported by migration, population, and affordability data taken from the American Communities Survey's and latest Decennial Census put out by the U.S. Census Bureau. The associated measures and tools were generated by the Urban Institute, the United States Department of Housing and Urban Development (HUD), and internal work by IHCDA.

B. Counties Experiencing Population Growth from Migration

To select a list of eligible counties for the 2018-2019 QAP we used migration data directly from the 2010-2016 American Community Survey through www.NHGIS.org. IHCDA settled on using data from the County level rather than smaller geographic units such as Metropolitan Area, Census Tract, or Zip Code due to concerns over data accuracy and uniformity. As the American Communities Survey is sample of the U.S. population smaller geographic areas were often under sampled and had large margins of error, making it unreliable for the purpose of setting policy.

To create a list of counties that people desired to move to we generated a number on percentage net migration by dividing 2010-2016 Net Migration by 2016 Population. Of the 92 counties in Indiana 19 of them experienced positive Net Migration. From this list we eliminated one county that had a negative migration trend from the latest 2015-2016 survey, and selected the top 15 counties that remained.

The resulting list roughly represents the top 10% of counties in Indiana for growth by migration:

Allen
Bartholomew
Boone
Clark
Decatur
Floyd
Hamilton
Hancock
Harrison
Hendricks
Johnson
Monroe
Porter
Tippecanoe
Warrick

C. A County in Which 50% or More are Rent Burdened

The percentage of Renter Households that are Rent Burdened was calculated using HUD's Comprehensive Housing Affordability Strategy (CHAS) data publically available through their county level query tool. The qualifying level of Renter Households that are Rent Burdened was set at 50% to create a targeted incentive for developments in communities with a clear need. Objectively, the communities selected by this rule are each 10% more Rent Burdened than the state average of 38.3%.

For the public benefit a consolidation of this data is included as a schedule to the 2018-2019 Qualified Allocation Plan. At the time of writing the Counties that qualify for the additional point under this category are as follows:

Monroe	Delaware
Tippecanoe	Brown

D. A County with Less than 50 Units for Every 100 Extremely Low-Income Renters

The list of qualifying counties with fewer than 50 Units for Every 100 Extremely Low-Income Renters is publically available through the Urban Institute's Rental Housing Crisis Map. The list can be generated either by hovering over the corresponding county to view its summary, or by downloading the data using the "Download data" button at the bottom of the page next to the "Read report," and "View/print county details" buttons. The 50 unit level represents those Indiana counties that fall in the lowest quartile for Units Per 100 Extremely Low-Income Renters and offers a broad incentive to develop in communities with need for affordable housing.

For the public benefit the list of qualifying counties is as follows:

Benton County	LaPorte County	Posey County
Blackford County	Marion County	Pulaski County
Brown County	Marshall County	Rush County
Clinton County	Martin County	Shelby County
Crawford County	Monroe County	St. Joseph County
Delaware County	Morgan County	Switzerland County
Fountain County	Newton County	Tippecanoe County
Hamilton County	Ohio County	Tipton County
Hancock County	Orange County	Union County
Hendricks County	Parke County	Vanderburgh County
Johnson County	Perry County	Vermillion County
Kosciusko County	Pike County	Warren County
Lake County	Porter County	Warrick County