<u>Summary of Changes for 2020/2021 Qualified Allocation Plan *1st Draft*</u>

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

Section 1: Role of the Authority

- Added clause stating that in the event of an inconsistency between the QAP and the application form or any appendices, the policies and procedures in the QAP prevail

Section 2: Authority's Housing Goals

- 2.1- updated IHCDA's vision and mission and removed outdated language from previous mission statements or strategic plans
- 2.2- condensed language to simplify section on housing goals and priorities

Section 3: Private Activity Tax-Exempt Bond Financing

- Increased the per development maximum bond request from $25 million to $35 million

Section 4: Set-Aside Categories

- 4.1 Qualified Not-for-profit: cleaned up language to confirm a (c)(4) is eligible
- 4.1 Qualified Not-for-profit: increased percent of developer fee that must go to the non-profit from 25% to 35%
- 4.2 Stellar Community Designation: minor language tweaks to reference Stellar regions
- 4.3 Community Integration: changed requirement that community integration units must be rent restricted at 30% to "at or below 30%" to allow 20% rent restrictions on income averaging properties
- 4.3 Community Integration: clarified the community integration narrative must be a separate document from the general Development Narrative
- 4.3 Community Integration: clarified a Community Integration set-aside development cannot also propose to do integrated supportive housing for persons experiencing homelessness and request integrated supportive housing points
- 4.3 Community Integration: added requirement that a development competing in the Community Integration set-aside may not also include integrated supportive housing units for persons experiencing homelessness
- 4.6 Workforce Housing: updated list of qualifying counties, now reduced to 6
- 4.6 Workforce Housing: all units in the developments must be in a qualifying county in order to compete in the set-aside
- 4.6 Workforce Housing: requiring that developments competing in the Workforce Housing set-aside must elect an average income minimum set-aside
- 4.7 Housing First: condensed language to simplify this section
- 4.8 General: added language that IHCDA will hold an annual public hearing to receive input on the General Set-aside

Section 5: Threshold

- Added list of threshold items that are not eligible for a waiver request
- 5.1 G- clarified financial statement requirements
- 5.1 H(3)- site plan must now denote any demolition, not just “significant demolition” which was previously undefined and unclear
- 5.1 H(3)- updated all references to “accessible units” to “accessible or adaptable”
- 5.1 H(4)(a)- clarified lender letter required language
- 5.1 H(4)(b)- clarified information needed for financing not yet awarded
- 5.1 K- added requirement that applicant must submit a narrative plan to address any RECs identified in the Environmental Phase I
- 5.1 K- added requirement that third-party completing the Environmental Phase I must submit an affidavit confirming they are disinterested
- 5.1 K- added clarifications and links for FEMA flood plain maps
- 5.1 K- added information about the State Historic Review Process
- 5.1 P- added language specifying that the capital needs assessment must be submitted at least 30 days prior to application submission for 9% application but that this requirement does not apply to 4% applications
- 5.1 Q- updated list of information needed in a relocation plan
- 5.1 S(1)- increased minimum operating expense from $3500 per unit per year to $4500 per unit per year based on IHCDA and syndicator data on portfolio performance and trends
- 5.1 S(5)- changed operating reserve calculation to include annual replacement reserve payments to align with NCSHA recommended best practices on underwriting
- 5.1 S(6)- changed replacement reserve language to require the reserve to be funded throughout the Extended Use Period, not just throughout the loan term, to avoid possibility of a loan prepayment affecting the replacement reserve
- 5.1 U- added new threshold requirement that all developments receiving reservations of 4% or 9% credits under this QAP must irrevocably waive their right to request release through Qualified Contract
- 5.2 B- clarified that the per unit developer fee calculation does not include market rate units
- 5.2 C- clarified the contractor fee calculation. This was previously included in the QAP FAQ.
- 5.2 F- added hard and soft cost contingency caps
- 5.3 A- added minimum number of accessible/adaptable units to the list of minimum development standards. Previously this requirement was only listed in the scoring section and was thus hard to find in the QAP.
- 5.3 A(2) – added minimum development standard allowing smoke detectors that are interconnected remotely with 10-year batteries
- 5.3 B(2)- removed minimum HVAC standards. The default will now be the ACCA Manual J, GAMA H-22
- 5.3 B(9)- removed minimum development standard related to gutter guards
- 5.3 B(9)- added new minimum development standard related to excessive flow valves
- 5.3 B(17)- removed water heater installations requirement of heat traps in the piping design. All new water heaters already must meet this requirement
- 5.7- added new policy that applications for 4% credits/tax-exempt bonds that are found to have five or more technical corrections will be removed from consideration and the applicant will be allowed to resubmit a new/revised application after 60 days

Section 6: Scoring Criteria

- Added minimum score of 40 for applications for 4% credits/tax-exempt bonds
- Updated tie-breakers
- 6.1- added references to income averaging
- 6.1- Workforce Housing developments no longer automatically get the rents charged points, but instead must follow income averaging and must follow the scoring criteria to get points
- 6.2 B- corrected language defining Type A and Type B units. This correction was previously included in the QAP FAQ.
- 6.2 B- all references to accessible updated to say "accessible or adaptable"
- 6.2 F- under preservation points, removed HUD and USDA priority letters and tiered points. All eligible preservation of HUD or USDA properties will receive 6 points.
- 6.2 G- under infill new construction points, removed limitation that undeveloped master planned communities will not count as infill new construction
- 6.1 H- added requirement that to receive any points under Promotes Neighborhood Stabilization, at least 50% of the total units must qualify under the category
- 6.2 H- removed the greyfield category under Promotes Neighborhood Stabilization
- 6.2 I- added requirement that a qualifying revitalization plan must be dated no more than 15 years prior to the application submission date
- 6.2 J- under Federally Assisted Revitalization Award, edited the points for Promise Zone to allow partial points (2 instead of 4) for developments in a Promise Zone that do not have the Certification of Consistency from the Promise Zone lead entity
- 6.2 L- reduced Tax Credit Per Unit from 4 points to 2 points
- 6.2 L- Tax Credit Per Unit will now be ranked across all applications, not broken down into construction types. Historical data from previous rounds demonstrated this was not necessary.
- 6.2 M- reduced Tax Credit Per Bedroom from 4 points to 2 points
- 6.2 M- Tax Credit Per Bedroom will now be ranked across all applications, not broken down into construction types. Historical data from previous rounds demonstrated this was not necessary.
- 6.2 N- added new scoring category for Internet Access
- 6.3 B- applicant will no longer select upfront to install either ultra-low flush or dual flush toilets but will instead commit to doing one of the two options. The options will be considered interchangeable.
- 6.3 C- clarified throughout all areas of Desirable Sites that distance will be measured by a radius on a map, not by mapping out the true walking distance
- 6.3 C- clarified that to count for points for fresh produce, a store must be established at the time of application, not at another time (such as the time a development opens)
- 6.3 C- clarified language under Opportunity Index for qualifying post-secondary education.
- 6.3 C- under Opportunity Index, changed scoring categories for access to post-secondary education and access to employment to count if within 3 miles if the development qualifies for transit-oriented development points
- 6.3 C- under Opportunity Index, changed RE/CAP scoring. If an application receives no points under Opportunity Index and is in a RE/CAP the score will be negative one, not zero. As per previous QAP, the RE/CAP reduction will not apply to the Preservation set-aside.
- 6.4 A- cleaned up language under Leveraging Capital Resources to clarify eligible sources.
- 6.4 A- under Leveraging Capital Resources, changed scoring category to award points based on the amount of a below market interest loan, not the interest cost savings

- 6.4 B- added new scoring category Leveraging Opportunity Zones
- 6.4 C- revised Non-IHCDA Rental Assistance to only count federal or state rental assistance programs. The intent is not for the developer to reduce rent utilizing project cash flow or reserves.
- 6.4 D- clarified that Previous 9% Tax Credit Funding within a Local Unit of Government looks back at the past 3 allocation years, not necessarily past 3 calendar years
- 6.4 E- revised Census Tract without Active Tax Credit Developments to award partial points (1.5 out of 3) for developments in a census tract with only one active tax credit development.
- 6.4 E- revised Census Tract without Active Tax Credit Developments to award full points (3) for a development that is eligible under the Preservation set-aside and is the only existing tax credit development in the census tract
- 6.4 F- Housing Need Index updated the list of counties experiencing eligible population growth
- 6.4 F- Housing Need Index changed rent burden requirement from a county in which 50% or more of renters are burdened to 45% or more
- 6.4 G- changed lease purchase requirement so that 100% of units in the development must be lease purchase to receive points
- 6.5 C- reduced unique features points from 6 to 4 and edited the bell curve scoring
- 6.5 C- for unique features now requiring a unique features narrative separate from the general project narrative
- 6.5 E- increased integrated supportive housing points from 5 or 2 to 6 or 3
- 6.5 E- changed language on integrated supportive housing from "no more than 25% of the units" to "20-25% of the units to match the definition of integration used in the Community Integration set-aside
- 6.5 F- clarified required documentation for smoke-free housing
- 6.5 H- added new scoring category for reducing the impact of eviction
- 6.5 I- technical correction resubmission fee raised from $300 to $500 per item
- 6.5 I- technical corrections related to Development Fund or HOME requests will still not result in a scoring penalty, but will now invoke the TC resubmission fee
- 6.5 J- new scoring category that assesses negative points for developers/applicants/owners who exercise the Qualified Contract option or experience foreclosure on Indiana tax credit projects post 1/22/19
- 7.1- input application deadlines for 2020 and 2021 rounds
- 7.2 A- increased application fee from $3000 to $3500 and supplemental application fees from $750 to $1000
- 7.2 C- clarified and amended various fees such as modification fees and late fees in the chart
- Removed requirement for the 150 Day items
- 7.9- clarified that the Final Application submission should include a final score sheet

Schedule E: Procedures for Accessing HOME Funds

- Pg. 1 – IHCDA will not execute HOME contracts until IHCDA has issued the Release of Funds and the HOME award recipient has submitted the HOEM Funding Source Commitment Form
- Pg. 5 – IHCDA will consider waiving the 25% draw down requirement due to extenuating circumstances on a case-by-case basis
- Pg. 6-7 – Certified CHDOs may now request up to $600,000 in HOME funds. In order to qualify, applicants must submit a CHDO application and all required CHDO documentation via Syncplicity **no less than 60 days before the tax credit application due date**

- Pg. 7 – Subsidy limits increased
- Pg. 12 - Labor, property, funds, or other sources of match contribution donated by the applicant to itself, or by a principal or investor in the development, are not eligible for match as defined in §92.220(b)(4)
- Pg. 13 - If utilizing banked match, the applicant must have sufficient unencumbered banked match available at time of application
- Pg. 14 – Clarified timeframe of Section 106 Historic Review Process and ERR process
- Pg. 15 – Added language regarding Broadband Infrastructure requirements
- Pg. 15 – Added language regarding Tenant-Selection Plan
- Pg. 27 – Clarified CHDO role requirements