

2020-2021 QAP OVERVIEW

IAHC Annual Meeting
May 8, 2019

SESSION OVERVIEW

- Revision Process Recap
- New QAP – At a Glance!
- Set-Aside Categories
- Threshold Requirements
- Evaluation Factors
- HOME, Development Fund, National Housing Trust Fund
- Multifamily Tax Exempt Bonds/4% Credits
- Miscellaneous & Reminders



REVISION PROCES RECAP

- One-on-one meetings with development partners in December & January
- QAP 1st Draft, Public Hearing, and 2 week Comment Period
- QAP 2nd Draft, Public Hearing, and 2 week Comment Period
- Final QAP presented at the March 28, 2019 Board Meeting
- Approved by Governor Holcomb on April 11, 2019

NEW QAP – AT A GLANCE!

- Set-Asides remain the same, although several modifications made
- Clarifications and adjustments to threshold requirements
 - Additional standards to meet if requesting Project Based Vouchers from IHCD
 - Increase in allowable developer fee
 - Waiver of right to request qualified contract
 - Special Needs Agreement to be submitted at the time of final application & request for 8609
- Three new scoring categories
 - Internet access
 - Leveraging opportunity zones
 - Reducing the impact of eviction
- Multifamily Tax Exempt Bonds – maximum request increased
- HOME – Certified CHDOs can request up to \$600,000

SET-ASIDE CATEGORIES

Changes:

- Qualified Not-for-Profit
 - Minimum developer fee to NFP increased from 25% to 35%
- Workforce Housing
 - 6 qualifying counties, removing those receiving allocations in 2018 & 2019
 - Must select income averaging
- General
 - Annual public hearing to receive input

% of Available RHTCs	Set Aside Category
10%	Qualified Not-for-profit
10%	Stellar Community Designation
10%	Community Integration
10%	Large City
10%	Small City
10%	Rural
10%	Preservation
10%	Workforce Housing
10%	Housing First
10%	General

THRESHOLD REQUIREMENTS

- Financial Statements – simplified the requirements (from whom & what)
- Clarified lender letter language and financing not yet awarded
- Phase I Environmental Assessments:
 - Will accept reports dated within the last 18 months
 - Require narrative to address and RECs
 - Phase I must be completed by a disinterested 3rd party (verified with affidavit)
 - Added link for FEMA flood plain maps
 - Added section on Development Fund State Historic Review
- Appraisal - required if the project is requesting Project Based Vouchers (PBV) from IHCDA
- Capital Needs Assessment - not required to be submitted in advance for 4% credit/bond applications

THRESHOLD REQUIREMENTS – CONT'D

- Underwriting Standards
 - Minimum operating expenses of \$4,500 per unit per year
 - Projects with PBV cannot have a cash flow that exceeds 10% of total operating expenses
 - Annual operating reserve calculation to include annual replacement reserves
 - Replacement reserve to be funded throughout the Extended Use Period, not just throughout the loan term
 - Projects with PBV must have a DCR of 1.10-1.45.
- Irrevocable Waiver of Right to Request Qualified Contract Right
- Developer Fee
 - Fee increased by 15% for 9% developments
 - Fee does not include market rate units



THRESHOLD REQUIREMENTS – CONT'D

- Hard Cost & Soft Cost Contingency Caps
- Minimum Development Standard Updates (smoke detectors, gutter guards, excessive flow valves)
- Universal Design Features – new options added
- Form K to be submitted at the time of final application
- 4% credit/bond applications with 5 or more technical corrections will be disqualified; may resubmit after 60 days

EVALUATION FACTORS



- Score
 - Minimum score for 4% credit/bond applications is 40
- Rents Charged
 - Workforce Housing – must select income averaging & no longer automatically qualify for maximum points
- Development Amenities – new options added
- Preservation of Existing Affordable Housing – removed the requirement for HUD and USDA priority letters; removed tiered points
- Neighborhood Stabilization
 - At least 50% of the units must qualify to earn these points
 - Updated greyfield definition

EVALUATION FACTORS – CONT'D

- Community Revitalization Plan
 - Plans must be dated within the last 15 years
 - Adopted or certified
- Federally Assisted Revitalization Award
 - Partial points available for Promise Zone
 - Addition of OCRA's Blight Clearance Program
- Tax Credits Per Unit & Tax Credits Per Bedroom
 - Each decreased from 4 points to 2 points
 - All construction types compete together
- Internet Access (NEW CATEGORY)
 - Points range from providing necessary infrastructure (1 point) to providing free high-speed internet/broadband service that is Wi-Fi and also available common areas (4 points)

EVALUATION FACTORS – CONT'D

- Desirable Sites
 - All distances measured by a radius on a map, not by mapping out true walking distance
 - For fresh produce, store must be open at the time of application; required documentation includes interior and exterior photos (to be included in the market study)
 - Opportunity Index
 - Post secondary education & access to employment – within 3 miles (but only if the development qualifies for transit-oriented points)
 - R/ECAP – can result in negative point; not applicable to Preservation set-aside deals
- Leveraging Capital Resources
 - Removed below market interest rate calculation
 - Funds structured as loans are not required to have term of at least 15 years
- Leveraging Opportunity Zones (NEW CATEGORY)
 - Commitment from Opportunity Zone Fund with:
 - No request for IHCDGA gap resources (1.5 points)
 - Basis boost request not exceeding 20% (1.5 points)
 - 3 points for meeting both

EVALUATION FACTORS – CONT'D

- Non-IHCDA Rental Assistance – Federal or State assistance program only
- Census Tract without Active Tax Credit Developments
 - Partial points (1.5) for only one active
 - Preservation Set-Aside and only active, full points (3)
- Housing Needs Index
 - Updated list of counties experiencing population growth
 - Rent burdened counties updated based on 45% or more of renters being burdened
- Lease Purchase – 100% of units must be lease purchase to qualify
- Unique Features
 - Points reduced from 6 to 4
 - Separate unique features narrative not to exceed one page

EVALUATION FACTORS – CONT'D

- Integrated Supportive Housing
 - Point values increased to 6 and 3
 - Applicants requesting partial points must submit their plans for review to CSH 60-90 days in advance
- Smoke-Free Housing – clarified required documents
- Community Participation – updated qualifications and required documents
- Reducing Impact of Eviction (NEW CATEGORY)
 - 2 points for creation of an Eviction Prevention Plan
 - 3 points for creation of a Plan and low-barrier tenant screening that will not screen out applicants for evictions that occurred more than 12 months prior to the date that the household applies for a unit

EVALUATION FACTORS – SIDE BY SIDE COMPARISON

2018-2019

Scoring Section	Total Number of Eligible Points
1. Rents Charged	16 Points
2. Development Characteristics	63 Points
3. Sustainable Development Characteristics	14 Points
4. Financing & Market	17 Points
5. Other	33 Points
Total Number of Points Possible	143 Points

2020-2021

Scoring Section	Total Number of Eligible Points
1. Rents Charged	16 Points
2. Development Characteristics	63 Points
3. Sustainable Development Characteristics	14 Points
4. Financing & Market	20 Points
5. Other	35 Points
Total Number of Points Possible	148 Points

- +3 Leveraging Opportunity Zones
- 2 Tax Credits Per Unit
- 2 Tax Credits Per Bedroom
- +4 Internet Access
- 2 Unique Features
- +1 Integrated Supportive Housing
- +3 Reducing Impact of Eviction
- + 5 Points**

HOME, DEVELOPMENT FUND, NATIONAL HOUSING TRUST FUND

- HOME
 - Certified CHDOs may now request up to \$600,000
 - Subsidy limits increased
 - Additional clarifications added
- Development Fund
 - Added language that IHCDA may issue a RED Notice reducing the maximum request based on availability of the fund
 - Projects cannot be divided into multiple applications to seek multiple allocations of Development Fund
- National Housing Trust Fund – updated application and policy coming soon

MULTIFAMILY TAX EXEMPT BONDS

- Maximum bond request increased to \$35,000,000
- Minimum score of 40; application will be disqualified if it has 5 or more technical corrections
- IHEDA reserves the right to reduce the maximum bond request or to close the bond application round based on available bond volume

MISCELLANEOUS & REMINDERS

- Amended various fees (i.e. application, modification, late. etc.)
- Removed the 150 Day Documents Requirement
- 2020 & 2021 Annual Rental Housing Tax Credit Rounds



Application Deadline	Anticipated Reservation Date
July 29, 2019, 5:00 PM Eastern Time	November 21, 2019
July 27, 2020, 5:00 PM Eastern Time	November 19, 2020

- Per capita credit amount: $6,691.878^* \times 2.75625 = \$18,444,488$

**2019 population figure*

MISCELLANEOUS & REMINDERS – CONT'D

Event	Required Timeframe for Submission
-Waiver Requests -CNA/Structural Conditions Reports -IHCDA Notification (Form C)	-Due by June 29, 2019 -Due by June 29, 2019 -May 29, 2019 - June 29, 2019

MISCELLANEOUS & REMINDERS – CONT'D

- Appendices, Forms, and Schedules – Coming Soon!

- QAP FAQs

The screenshot shows the IHCD website at the URL <https://www.in.gov/myihcda/rhtc.htm>. The page is titled "RENTAL HOUSING TAX CREDITS (RHTC) / TAX CREDIT ASSISTANCE PROGRAM (TCAP)". The navigation menu includes categories like BUSINESS & AGRICULTURE, RESIDENTS, GOVERNMENT, EDUCATION, TAXES & FINANCE, VISITING & PLAYING, and FAMILY & HEALTH. The left sidebar contains links for "About IHCD", "News Room", "Placemaking Indiana", "Resource Center", "Homeownership", "Program Administrators", "Partner & Microenterprise Lending", and "IHCD Consumer Website". Below the sidebar are "Social Links" for Facebook, YouTube, Twitter, Instagram, and Email. The "Top FAQs" section includes questions like "For State Employees Only: How do I reset my password?" and "What are the key differences in Exchange Online?". The main content area lists various QAP documents, including "2020-2021 QAP" and "2018-2019 QAP", with links to application policies, compliance manuals, and training materials.

QUESTIONS

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