
Part 1: Application Process

1.1 Overview and Funding Priorities:

The purpose of this Housing Trust Fund (HTF) application is to provide subsidies to selected applicants for the acquisition, rehabilitation and/or new construction of supportive housing for extremely low-income households (at or below 30% of area median income).

This program is designed to allocate HTF funds as gap financing in conjunction with Rental Housing Tax Credits (RHTC) to be used for the rehabilitation and/or new construction of supportive housing for persons experiencing homelessness.

The applicant must demonstrate the following in its application:

1. The activities proposed are eligible, and provide a certification that the HTF-assisted housing units will comply with all HTF requirements;
2. The activity meets the needs of their specific community;
3. Serve populations that are extremely low-income and experiencing homelessness. The target population served by the development must be the target population that was identified based on community need and relevant data through the Supportive Housing Institute process;
4. Support geographical diversity as to the location of the HTF-funded projects;
5. It will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities by making assurances;
6. The applicant's ability and financial capacity to undertake, comply, and manage the eligible activity;
7. The applicant's familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
8. The applicant's experience and capacity to conduct an eligible HTF activity as evidenced by its ability to:
 - (i) Own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development; or
 - (ii) Design, construct, or rehabilitate, and market affordable housing for homeownership.
 - (iii) That the applicant has the capacity to undertake the activities set forth in its application upon receipt of the HTF award and begin construction within 12 months of receipt of the award and complete the development within a 24-month period.
9. Proceed with the activity upon receipt of the award and begin construction within 12 months of receipt of the award;
10. Link the project to the revitalization of existing neighborhoods, preferably through a comprehensive approach (i.e. as part of a published and approved community revitalization plan);
11. Propose projects that are energy-efficient and are of the highest quality attainable within a reasonable cost structure; and,
12. Propose the use of state certified Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Federal Disadvantaged Business Enterprise (DBE) Participation, Veteran-Owned Small Business (VOSB), and/or Service Disabled Veteran Owned Small Business (SDVOSB) contractors, employees, and products when applicants are planning and undertaking their housing activities.

1.2 Permanent Supportive Housing

This Schedule addresses procedures for accessing HTF funds offered to Rental Housing Tax Credit developments that (1) apply for funding under the 2025 Qualified Allocation Plan (QAP) for the Rental Housing Tax Credit Program (RHTC) and (2) successfully completed the Indiana Supportive Housing Institute. To be eligible to submit an HTF supplemental application, a proposed project must meet all threshold requirements of the QAP, including the specific threshold requirements applicable to supportive housing developments.

Supportive housing developments must further the creation of community-based housing that targets the extremely low-income persons experiencing homelessness (less than 30% AMI) with intensive service programs that have a direct impact on reducing homelessness through the Housing First model. Housing First is an evidence-based 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.

Eligible applicants must have successfully fulfilled all requirements and demonstrated meaningful and successful participation in the Indiana Supportive Housing Institute for the specific development for which they are applying. The Indiana Supportive Housing Institute provides training and support to organizations that plan to create supportive housing. Tenant outreach, selection, property management and service plans must be approved as part of the Institute process and prior to submission of a RHTC application. Participation in the Institute is based on a competitive RFP selection process.

1.3 Application Fee

HTF application submitted with a request for Low Income Housing Tax Credits must submit the \$1000 supplemental application fee at the time of application.

All fees must be paid through IHCD's Online Payment Portal, located [here](#). Checks will no longer be accepted for application fees.

1.4 Application Review

Each application must address only one development. In addition to reviews of applications following the steps as outlined in the 2025 Qualified Allocation Plan, each HTF supplemental application will be reviewed for completeness and eligibility requirements.

Funded applications will be announced at the published IHCD Board Meeting date. HTF will only be awarded to approved tax credit applicants. Applications that are not funded will be notified by IHCD via denial letters and final score sheets being uploaded to the OneDrive site by the close of business on the day of the Board Meeting. Applications not funded will not be rolled over into the next funding round.



1.5 IHCD A CDBG & HOME Program Manual

The IHCD A *CDBG, HOME, and HTF Program Manual* outlines the requirements for administering IHCD A's CDBG and HOME awards.

A complete copy of the *CDBG, HOME, and HTF Program Manual*, including exhibits, is available on IHCD A's website [here](#).

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

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

Part 2: Eligible Applicants

2.1 HTF Program Eligibility

Eligibility will be determined based on:

1. Whether the development demonstrates a need for HTF in order to make a greater number of units affordable to extremely-low and very low households;
2. Whether the development meets State and Federal requirements of all programs for which the applicant is applying, including the threshold requirements;
3. Successful completion of the Permanent Supportive Housing Institute;
4. If the development ranking is sufficient for it to be awarded RHTC pursuant to the RHTC process as outlined in the QAP; and,
5. The availability of HTF funds.

2.2 Eligible Applicants

National Housing Trust Fund (HTF)	Community Housing Development Organizations (CHDO)	501(c)3 and 501(c)4 Not-For-Profit Organizations and PHAs*	Joint Venture Partnerships	For Profit Entities Organized Under the State of Indiana**
Rental Housing Rehabilitation/ Adaptive Reuse	✓	✓	✓	✓
Acquisition and Rental Housing Rehabilitation	✓	✓	✓	✓
Rental Housing New Construction	✓	✓	✓	✓

*PHAs are eligible to apply under the conditions set forth in 24 CFR 93.203.

**Applicant may be a non-profit or for-profit developer.

Eligible developments can be located in any city, town or county located in Indiana. There is no geographic preference to the use of the HTF.

2.3 Ineligible Applicants

IHCDA reserves the right to disqualify from funding any application that has an applicant, sub-recipient, administrator, preparer, or related party of any of the aforementioned, with a history of disregarding the policies, procedures, or staff directives associated with administering any IHCDA program or



program administered by any other State, Federal, or affordable housing entity. This includes, but is not limited to, the Indiana Office of Community and Rural Affairs, the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture - Rural Development, and the Federal Home Loan Bank.

Additionally, any entity currently on IHCD's suspension or debarment list is ineligible to apply. IHCD's Suspension and Debarment Policy can be found in the Program Manual Chapter 17.

2.4 Religious and Faith-Based Organizations

- *Equal treatment of program participants and program beneficiaries.* (1) *Program participants.* Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the HTF program. Neither the Federal Government nor a State or local government receiving funds under the HTF 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 HTF 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 HTF 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 HTF 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 HTF 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 HTF program. Sanctuaries, chapels, or other rooms that a HTF program-funded religious congregation uses as its principal place of worship, however, are ineligible for HTF program-funded improvements. Disposition of real property after the term of the award, or any change in the use of the property during the term of the award, is subject to government wide regulations governing real property disposition (see 24 CFR parts 84 and 85).
- *Supplemental funds.* If a State or local government voluntarily contributes its own funds to supplement federally funded activities, the State or local government has the option to segregate the federal funds or commingle them. However, if the funds are commingled, this section applies to all of the commingled funds.

Part 3: Eligible Activities & HTF Program Requirements

3.1 Eligible Activities

This program is intended to have a long-term impact on the availability and quality of the affordable housing stock in Indiana. The program is intended for the rehabilitation and/or new construction of supportive housing in conjunction with RHTC developments that have completed the Indiana Supportive Housing Institute. RHTC developments must be eligible under the Housing First set-aside or the integrated supportive housing scoring category of the QAP. Acquisition only is not an eligible activity; however, acquisition in conjunction with another activity is permitted.

- Rehabilitation, new construction, and acquisition/rehabilitation or acquisition/new construction of rental housing in the form of traditional apartments, single room occupancy units (SROs), or single family housing.
 - SRO housing consists of single room dwelling units that are the primary residence of the occupant(s). Neither kitchen nor bathroom facilities are required to be in each unit. However, if individual units do not contain bathroom facilities, the building must contain bathroom facilities that are shared by tenants. SRO housing does not include facilities for students.
- If HTF funds are used for acquisition of vacant land or demolition in conjunction with another activity, then construction must commence within 9 months of the demolition or acquisition.

3.2 Ineligible Activities

The following are ineligible activities:

- Preservation of existing affordable housing, including supportive housing. HTF must be used to create new affordable housing units;
- Refinancing of existing permanent debt;
- Development of housing for homebuyer programs;
- Performing owner-occupied rehabilitation;
- Group homes;
- Transitional housing;
- Acquisition, rehabilitation, or construction emergency shelters that are designed to provide temporary daytime and/or overnight accommodations for persons experiencing homelessness;
- Creation of secondary housing attached to a primary unit;
- Acquisition, rehabilitation, or construction of nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, or student dormitories;
- Rehabilitation of mobile homes;
- Acquisition, rehabilitation, refinancing, or new construction if any part of a development or its land is located within the boundaries of a 100-year floodplain. A flood determination must be provided for each parcel associated with the project;
- Any housing activity funded under Title VI of NAHA, prepayment of mortgages insured under the National Housing Act, public housing developments, or acquisition, rehabilitation, or construction of any developments funded under HUD's former Rental Rehabilitation Program;
- Costs for supportive services, homeless prevention activities, or operating expenses;
- The use of commercial facilities for transient housing;



- Payment of HTF loan servicing fees or loan origination costs;
- Tenant-based rental assistance;
- Payment of back taxes.

In addition, IHEDA **does not** fund:

- Requests from individuals, political, social, or fraternal organizations;
- Endowments, special events, arts, or international projects;
- Scholarships requested by individuals;
- Institutions that discriminate on the basis of race, color, national origin, sex, religion, familial status, disability, sexual orientation, gender identity, or against victims of domestic violence, dating violence, sexual assault, or stalking in policy or in practice;
- Projects in furtherance of sectarian religious activities, impermissible lobbying, legislative or political activities;
- Medical research or medical profit-making enterprises.

3.3 HTF Program Requirements

The proposed HTF project must follow these minimum requirements, and all other requirements laid forth in the Program Manual, to be eligible for funding. For further details on each requirement, please see IHEDA's Program Manual [here](#).

- Recipients must comply with all regulatory requirements listed in 24 CFR Parts 91 and 93.

Applicants should familiarize themselves with IHEDA's *CDBG, HOME, and HTF Program Manual*. Requirements include, but are not limited to the following:

- **Lead Based Paint:**
 - Each recipient of a HTF award is subject to the HUD requirements of addressing lead-based paint hazards pursuant to 24 CFR Part 35. If a risk assessment is required, then all lead-based paint issues must be addressed.
 - Anyone who conducts lead-based paint activities in the State of Indiana must be licensed. Licenses are issued only after an applicant has successfully completed course certification by an accredited training facility and has passed the licensing examination administered by the ISDH. A separate license is required for each of the authorized lead disciplines. All licenses must be renewed every three years by successfully completing refresher training approved by the ISDH. Activities requiring licensing include:
 - Inspection for lead-based paint
 - Risk assessment for lead hazards
 - Clearance examination following lead abatement
 - Abatement of lead-based paint
 - Project design, supervision, and work in abatement projects
 - Anyone who is paid to perform work that disturbs paint in housing and child-occupied facilities built before 1978 must be EPA certified. This includes all firms, even sole proprietorships. Firms can't advertise or perform renovation activities covered by the regulation in homes or child occupied facilities built before 1978 without firm certification. Examples of the types of firms covered:
 - Residential rental property owners/managers



- General contractors
- Special trade contractors, including
 - Painters
 - Plumbers
 - Carpenters
 - Electricians
- Federal law requires that a “certified renovator” be assigned to each job, and that all involved individuals be trained in the use of lead-safe work practices.
 - To become a certified renovator, a person must complete a renovator training course accredited by EPA or an EPA authorized program which will teach them how to work lead safe.
 - All remaining individuals must also be trained. They can either be certified renovators (meaning they successfully completed the accredited training) or they can have been trained on the job by a certified renovator (such training must be documented and the documents must be retained).
- **Section 504:**
 - Housing must meet the accessibility requirements of 24 CFR Part 8 which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covers multifamily dwellings, as defined in 24 CFR Part 100.201. It must also meet the design and construction requirements of 24 CFR 100.205 and implement the Federal Fair Housing Act Amendments of 1988 (42 U.S.C. 3601-3619).
- **Uniform Relocation Act:**
 - Each recipient of a HTF award is subject to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). See IHCD’s [Program Manual](#) Chapter 4 for guidance on the regulatory requirements of the URA, as amended, the Federal regulations at 49 CFR Part 24, and the requirements of Section 104(d) of Title I of the Housing and Community Development Act of 1974, as amended.
- **Affirmative Marketing Procedures:**
 - Rental housing with five or more HTF-assisted units must adopt IHCD’s Affirmative Marketing Procedures. See the IHCD [Program Manual](#) Chapter 5 for guidance on Affirmative Marketing Procedures.
- **Section 3:**
 - Any recipient receiving an aggregate amount of \$200,000 or more from one (1) or more of the HUD CPD programs (i.e. CDBG, HOME, NSP, HOPWA, ESG, etc.) in a program year must comply with the Section 3 requirements. Section 3 provides preference to low- and very-low-income residents of the local community (regardless of race or gender) and the businesses that substantially employ these persons, for new employment, training, and contracting opportunities resulting from HUD-funded projects.
- **Income Verification:**
 - An income verification is valid for a period of six months. If more than six months pass between income verification and contract execution/lease execution/purchase agreement, then a new income verification must be completed.
- **Procurement Procedures:**
 - Each recipient of a HTF award will be required to provide proof of adequate builder’s risk insurance, property insurance, and/or contractor liability insurance during



construction and property insurance following construction for the assisted property throughout the affordability period of the award.

- **Environmental Review:**

- To help facilitate timely expenditure of HOME and HTF funds, all applicants are required to complete and submit the Environmental Review Record (ERR) and Section 106 Historic Review at the time of application.
- To complete the forms and the Release of Funds process, refer to the ERR Guidebook found [here](#).
- As part of the Section 106 Historic Review process, IHCD is required to submit all new construction projects to the Indiana Department of Natural Resources' State Historic Preservation Office (SHPO) for archaeology review. SHPO is statutorily required to complete this review within 30 days. Please plan your project timeline accordingly.
- The applicant will receive their fully executed HTF award documents and will be allowed to draw funds only after the applicant has been allowed to publish a public notice and when the Release of Funds process is complete.
- Applicants may not purchase any property to be assisted with HOME or HTF funds, sign contracts, or begin rehab/construction until the ERR/Release of Funds process has been completed and approved.
- IHCD will not fund projects that are in a floodway or that have any portion of the project site in a 100-year flood plain. If the project site has any area that is designated as any variation of Zone A or as a floodway, then the project is ineligible for IHCD funding. Re-platting and/or re-parceling a site out of any variation of Zone A will not be allowed. Instead, the applicant must consult with and follow FEMA procedures to change the flood designation; this process should be completed prior to submitting a funding application to IHCD.
- For sites within the shaded Zone X or sites outside of Zone A but without a Base Flood Elevation (BFE; this information will be indicated on the FEMA map), then the potential adverse impacts of being directly adjacent to a flood prone area must be minimized. Therefore, the applicant must demonstrate to IHCD that the following design modifications are included in the project scope. The information must be submitted with the ERR Workbook upon funding application to IHCD. These requirements can also be found in the ERR Workbook:
 - Flood minimization techniques like permeable surfaces, storm water capture and reuse, and/or green roofs.
 - New construction and substantial improvement projects must be elevated at or above the 100-year floodplain.
 - The inclusion of early warning systems and emergency evacuation plans.
- If your project involves new construction and has either mapped wetlands or potential wetlands, the project is not eligible for IHCD funding. If your project involves site excavation, installation of wells or septic systems, grading, placement of fill, draining, dredging, channelizing, filling, diking, impounding, and any related activities, and has either mapped wetlands or potential wetlands, you must consider project alternatives, including a new site.
- **For HTF projects that are NOT utilizing another funding source that would trigger a full part 50/58 (e.g. HOME), additional ERR regulations may apply. These include:**



- NHTF cannot be used to fund any project within 2,500 feet from the end of a runway at a civil airport or 15,000 feet from the end of a runway at a military airport.
 - Projects funded with NHTF must use a potable water system using only lead-free pipes, solder and flux.
 - NHTF projects must not result in the conversion of unique, prime, statewide or locally significant agricultural property to urban uses. No mitigation efforts are allowed under the NHTF.
 - If the exterior noise level is between 65dB and less than 75dB, mitigation measures must be implemented to meet the interior noise level standard of no more than 45dB. If there are exterior noise levels of 75dB or greater, mitigation measures must be implemented to meet the interior noise levels standards of no more than 45dB, and there must be no outside noise sensitive uses involved in the project.
 - Projects that ONLY have NHTF funding are not required to have a Section 106 Review. The project activities (including demolition) must not be performed on properties that are listed in or determined to be eligible for listing in the National Register of Historic Places, unless the project activities meet the Secretary of Interior's Standards for Rehabilitation, either as certified through the Federal and/or State historic rehabilitation tax credit programs or as verified by someone that meets the relevant Secretary of the Interior's Professional qualification Standards.
- **Construction Standards and Physical Inspections:**
 - All IHCDAs-assisted units must be inspected twice during the award period. The first inspection will occur when 50% of the funds drawn for single site projects, or when half the units are complete for scattered site projects. The second inspection will be conducted upon completion of the construction for the award. Site visits during construction may be conducted to monitor progress of all projects. The IHCDAs Inspector will conduct the physical inspections.
 - **Registering Vacancies:**
 - Applicants that are proposing to develop rental housing must register vacancies for HTF-assisted housing in the IndianaHousingNow.org affordable housing database.
 - **Capital Needs Assessment:**
 - Projects performing the rehabilitation activity with a total of 26 or more units (the total of HTF-assisted and non-HTF assisted units) must complete and provide a Capital Needs Assessment (CNA).
 - **Federal Programs Ongoing Rental Compliance:**
 - Recipient must ensure that each owner of a HTF-assisted rental project enters tenant events into IHCDAs' Indiana Housing Online Management System at <https://ihcdaonline.com/> within 30 days of the tenant's event date. Tenant events include move-ins, move-outs, recertification, unit transfers, and rent and income changes. In addition, Annual Owner Certification Rental Reports must be submitted electronically using the Indiana Housing Online Management System throughout the affordability period in the Annual Rental Report. See IHCDAs' [Program Manual](#) for further guidance.
 - Recipient must ensure that there is a written lease between any tenant and the owner of rental housing assisted with HTF funds. The term of the lease may not be less than one

year, unless a shorter period is specified upon mutual agreement between the tenant and the owner. The lease may not contain any of the prohibited provisions set forth in 24 CFR 93.303

- Recipient shall ensure that written tenant selection policies and criteria for the project are adopted and followed that comply with 24 CFR 93.303 and the additional requirements as set forth in IHCD's Federal Programs Ongoing Rental Compliance Manual, as amended from time to time by IHCD.
- In accordance with 93.404(d), the recipient must provide IHCD with the financial documentation and/or reports needed by IHCD to conduct its examination of the financial condition of the project, if project has ten (10) or more assisted units.
- Rental housing developments must assist households at or below 30% of the Area Median Income for the county, as published by HUD and distributed by IHCD. Units must be both income and rent restricted at the 30% AMI level. Households must meet the definition of "extremely low-income families" families at 24 CFR 93.2.).
- **LEP:**
 - Persons who, as a result of national origin, do not speak English as their primary language and who have limited ability to speak, read, write, or understand English ("limited English proficient" or "LEP") may be entitled to language assistance under Title VI in order to receive a particular service, benefit, or encounter. In accordance with Title VI of the Civil Rights Act of 1964 and its implementing regulations, the recipient must agree to take reasonable steps to ensure meaningful access to activities funded by federal funds for LEP persons. Any of the following actions could constitute "reasonable steps", depending on the circumstances: acquiring translators to translate vital documents, advertisements, or notices; acquiring interpreters for face to face interviews with LEP persons; placing advertisements and notices in newspapers that serve LEP persons; partnering with other organizations that serve LEP populations to provide interpretation, translation, or dissemination of information regarding the project; hiring bilingual employees or volunteers for outreach and intake activities; contracting with a telephone line interpreter service; etc.
- **Nondiscrimination Requirements:**
 - Recipient must follow the non-discrimination requirements of the Fair Housing Act, the Violence Against Women Reauthorization Act of 2013, and the Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity rule.
- **SAM and DUNS:**
 - Applicants must register for System Award Management (SAM) and have a valid DUNS in order to apply for HTF.
- **HMIS:**
 - Applicants proposing permanent supportive housing will be required to participate in the Homeless Management Information System (HMIS).
- **Broadband Infrastructure:**
 - As described in the HUD Final Rule 81 FR 92626, any new construction or substantial rehabilitation of more than four rental units must provide for installation of broadband infrastructure, as defined in 24 CFR 5.100, except when IHCD determines and documents that one or more of the exceptions listed in HUD Final Rule 81 FR 92626 apply. Each unit should have cables, fiber optics, wiring, or other permanent (integral to the



structure) infrastructure, including wireless infrastructure, which is capable of providing access to Internet connections in individuals housing units.

- **Tenant Selection Plan**

- All HTF-funded properties must create a written tenant selection plan that meets all requirements outlined in Part 4.2E of IHCD's Federal Programs Ongoing Rental Compliance Manual, as amended from time to time. This includes compliance with the nondiscrimination requirements of the Fair Housing Act, Violence Against Women Reauthorization Act, Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity Rule, and the 2016 HUD Office of General Counsel Guidance on Criminal Records.

3.4 Property Standards

All HTF funded projects must meet the property standards outlined in 93.301.

- Developments must use Uniform Physical Condition Standards (UPCS). A listing of those standards can be found in Appendix A – HTF UPCS. Property Standards documentation can be found in the "Resources" section of the IHCD Housing Trust Fund [website](#). Beyond the UPCS standards, projects must also comply with:
 - IHCD HTF Rehab Standards (found on the IHCD Housing Trust Fund website); and,
 - The stricter of the local rehabilitation standards or the Indiana State Building Code.
- The development must meet the accessibility requirements at 24 CFR Part I, which implements Section 504 of the Rehabilitation Act of 1973.
- 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.
- Any units utilizing gas appliances must provide carbon monoxide detectors in addition to standard smoke detectors.
- Newly constructed units must meet additional energy efficiency standards for new construction pursuant to section 109 of the Cranston-Gonzalez National Affordable Housing Act.
- Where relevant, the housing must be constructed to mitigate the impacts of potential disaster, in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish.

3.5 Affordability Requirements

The affordability period for all HTF developments is 30 years.

HTF subsidized activities must be secured throughout the affordability period by a recorded lien and restrictive covenant agreement created by IHCD. The recipient shall comply with the following requirements of the HTF Program throughout the affordability period: (1) ensuring that the property meets the Property Standards set forth in 24 CFR 93.301; (2) ensuring that the tenants meet the affordability requirements set forth in 24 CFR 93.205 by documenting and verifying the income of tenants as set forth in IHCD's Federal Programs Ongoing Rental Compliance Manual, as amended from time to time by IHCD; (3) submitting annual tenant events and annual owner certifications to IHCD through its online reporting system as set forth in IHCD's Federal Programs Ongoing Rental Compliance Manual; (4)



participating in periodic monitoring and inspections of the Property by IHCD and/or the U. S. Department of Housing and Urban Development (“HUD”); (5) complying with the Federal income and rent limits issued by HUD and published annually on IHCD’s website; (6) providing IHCD with information regarding unit substitution and filling vacancies, if the Project has floating units; and (7) ensuring that each tenant enters into a lease that does not contain HUD prohibited lease language as set forth in IHCD’s Federal Programs Ongoing Rental Compliance Manual. The affordability period begins after the project has been completed and the completion forms have been submitted to and approved by IHCD. During the affordability period all HTF program rental requirements apply to the property. See IHCD’s [Federal Programs Ongoing Rental Compliance Manual](#) for a full discussion of affordability period compliance.

3.6 Lien and Restrictive Covenant Agreement

Each recipient of a HTF award must ensure that a lien and restrictive covenant is executed and recorded against every property constructed, rehabilitated, or acquired, in whole or in part, with HTF funds. Upon the occurrence of any of the following events during the Affordability Period, the entire sum secured by the lien shall be due and payable by developer and/or owner upon demand. Repayment may be demanded upon: (1) Transfer or conveyance of the real estate by deed, land contract, lease, or otherwise, during the Affordability Period; (2) Commencement of foreclosure proceedings by any mortgagee (or deed in lieu of foreclosure), within the Affordability Period; (3) The real estate no longer meets the property standards set forth in 24 CFR 93.301.; (4) HTF-assisted units are not being used by qualifying tenants as their principal residence; (5) annual tenant events and annual owner certifications are no longer being submitted to IHCD through its online reporting system as set forth in IHCD’s [Federal Programs Ongoing Rental Compliance Manual](#); (6) non-compliance with the federal income and rent limits issued by HUD; and (7) units are not leased in accordance with the requirements set forth in IHCD’s [Federal Programs Ongoing Rental Compliance Manual](#).

The recipient of the HTF award will be responsible for repaying IHCD any HTF funds utilized for any housing constructed, rehabilitated, or acquired that does not remain affordable and in compliance in accordance with 24 CFR 93.302 for the entire Affordability Period. Recapture is not prorated; failure to meet the entire affordability period will result in full repayment of the HTF award.

3.7 Award Term

The HTF award must be fully expended within a 24-month period. The award generally expires on the last day of the month, 24 months following execution of the award agreement by the recipient and IHCD.

Part 4: Subsidy Limitations & Eligible Activity Costs

4.1 Subsidy & Budget Limitations

The maximum request amount per application is \$1,500,000 for eligible rental projects. At IHCD’s discretion and depending on availability of funds, the maximum request per application may be reduced. IHCD may award additional HTF funding if the project demonstrates additional needs and meets all subsidy layering and underwriting requirements.

Subsidy Limitations

HTF funds used for acquisition, rehabilitation, and new construction combined cannot exceed:

Bedroom Size	Per Unit Subsidy Limit
0	\$139,750
1	\$163,400
2	\$187,050
3	\$225,750
4+	\$249,400

Minimum amount of HTF funds to be used for rehabilitation or new construction is \$1,001 per unit.

Budget Limitations

- HTF funds cannot be used for reserve accounts for replacement or operating costs but may be used as a Rent-Up Reserve.
- All subsidies must be secured throughout the affordability period by a written, legally binding, recorded restrictive covenant.

IHCD may approve, at their sole discretion, requests for higher per unit subsidy limits dependent upon verification of the need for increased costs.

4.2 Form of Assistance

HTF funds will be awarded to the recipient in the form of a 0% interest loan. The loan term will be 15 years unless requested to match the terms a HUD backed permanent loan. Award documents must be executed in order to access funds and will include, but are not limited to: award agreement, resolution, and a lien and restrictive covenant agreement.

4.3 Eligible Activity Costs

The bolded items listed below are included in the application budget. If you have a question about which line item an expense goes under, contact your IHCD Real Estate Allocation Analyst.



ACQUISITION – Limited to the purchase price and related costs associated with the acquisition of real property. Recipients must use a title company when purchasing or selling assisted properties.

DEMOLITION – Costs associated with the demolition and clearance of existing structures.

NEW CONSTRUCTION

Eligible costs include:

- Hard costs associated with new construction activities;
- Utility connections including off-site connections from the property line to the adjacent street;
- Site work related to driveways, sidewalks, landscaping, etc.
- Related infrastructure costs - improvements to the development site that are in keeping with improvements of surrounding, standard developments. Site improvements may include on-site roads and water and sewer lines necessary to the development
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners
- General Requirements, Contractor Contingency and CMC

REHABILITATION

Eligible costs include:

- Hard costs associated with rehabilitation activities
- Lead-based paint interim controls and abatement costs.
- Mold remediation
- Site work related to driveways, sidewalks, landscaping, etc.
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners
- Utility connections and related infrastructure costs - off-site connections from the property line to the adjacent street are eligible when it is deemed a threat to health and safety. Improvements to infrastructure when there will be no rehabilitation work done on the actual house to be served
- General Requirements, Contractor Contingency and CMC

RETAINAGE POLICY - IHEDA will hold the final \$10,000 of an award until, closeout documentation, and completion reports are received and approved. Closeout documentation will not be approved until the final monitoring and inspection is completed and all associated findings and/or concerns are resolved.

4.4 Ineligible Activity Costs

- Annual contributions for operation of public housing
- Commercial development costs - All costs associated with the construction or rehabilitation of space within a development that will be used for non-residential purposes such as offices or other commercial uses. This does not include the common area used by tenants of rental property or the leasing office of the apartment manager. HOME awards cannot be used to underwrite any portion of commercial development costs. The expenses incurred and income to be generated from commercial space must be reported in a separate "Annual Expense Information" sheet and 15-year proforma.
- Costs associated with any financial audit of the recipient.



- Costs associated with preparing an application for funding through IHEDA
- Cost of supportive services
- General operating expenses or operating subsidies
- Loan guarantees
- Mortgage default/delinquency correction or avoidance
- Providing tenant based rental assistance
- Purchase or installation of equipment, furnishings, tools, or other personal property that is not an integral structural feature, such as window air conditioner units or washers and dryers.
- Purchase or installation of luxury items, such as swimming pools or hot tubs
- Any additional prohibited activities and fees as listed in 93.204.

4.5 Allocating Costs in Mixed-Income Developments

HTF may only pay actual costs related to HTF-assisted units. 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. HTF funds could pay the pro-rated share of the HTF-assisted units. When units are not comparable, the applicant must allocate the HTF costs on a unit-by-unit basis, charging only actual costs to the HTF program. Because units in rental developments with the "floating" HTF 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.

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.

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 way the costs for common elements of a development may be charged is dictated by the method chosen for allocating costs.

Part 5: HTF Rental Housing Requirements

5.1 Eligible Projects

HTF eligible projects are rental activities whose concept and teams have been through the Indiana Permanent Supportive Housing Institute.

5.2 Eligible Rental Activities

Eligible activities include new construction, rehabilitation only, acquisition/rehabilitation, or acquisition/new construction. Acquisition is allowed only in conjunction with the rehabilitation activity and is ineligible as a stand-alone activity. Permanent rental housing units may not be used for temporary or emergency housing at any time. Eligible rental activities also include the rehabilitation or acquisition/rehabilitation of assisted-living facilities as long as they meet IHCD's definition. IHCD defines an assisted living facility as living arrangements in which some optional services are available to residents (meals, laundry, medication reminders), but residents still live independently within the assisted-living complex. Residents of such facilities pay a regular monthly rent, and then pay additional fees for the services that they desire.

All households occupying HTF-assisted rental units must be income-qualified based at or below 30% of area median income and all units must be rent restricted at the 30% rent limit. See the *Federal Programs Ongoing Rental Compliance Manual* for more information on household qualification.

5.3 Income Restrictions

HTF-assisted rental units will income-restricted for occupancy by extremely low-income households, defined as households that are certified as having incomes at or below the 30% area median income HTF income limit, as published by HUD.

IHCD posts income limits – these can be found through IHCD's RED Notices. IHCD will release a new RED notice when new limits are available through HUD.

All households that occupy HTF-assisted rental housing units must be income certified at the time of move-in and then recertified on an annual basis. The 24 CFR Part 5 (Section 8) definition of household income applies.

5.4 Rent Restrictions

HTF-assisted rental units will be rent-restricted at the 30% rent restriction throughout the affordability period to ensure that the units are affordable to extremely low-income households. Please refer to the most recent HTF rent limits. Rent limits for Indiana can be found on HUD's website [here](#).

The following restrictions apply:

- Published rent limits include the cost of any tenant-paid utilities. For all utilities that the tenant will be responsible for you must subtract any IHCD or HUD approved utility allowance from the published rent limit. For example, if the rent limit in a given county is \$300 with a utility allowance for gas heat of \$28, \$20 for other electric, and \$13 for water, the maximum allowable rent would be \$239 for a unit where the tenant pays all the above utilities ($\$300 - \$28 - \$20 - \$13 = \$239$).
- All units must be leased for initial occupancy within 18 months.
- If a SRO-unit has both food preparation and sanitary facilities, then use the zero bedroom (efficiency) unit rent or 30% of the household's adjusted income, whichever is most restrictive.

- If a SRO-unit has neither food preparation nor sanitary facilities, or only one of either, then the rent may not exceed 75% of the fair market rent (FMR) for a zero bedroom unit. For example, if the FMR for a zero bedroom unit in a given county is \$300, then the 30% rent limit in that county for a SRO unit that only has a bathroom and not a kitchen would be \$225 ($\$300 \times .75 = \225).
- Gross rent must be at or below the published rent limit. Gross rent = tenant-paid rent + tenant-based rental assistance + utility allowance + non-optional charges.
- If the applicant proposes to receive all or a portion of the rent payment via a tenant-based voucher (rental subsidy), the gross rent (including the rental assistance amount) cannot exceed the published rent limits for the applicable income level. For example, a tenant residing in a unit set-aside for households at or below 30% of the area median income has a voucher that pays \$100 of his/her rent, and the published utility allowance for tenant paid utilities for the unit is \$50. If the published 30% rent limit is \$300, the tenant paid portion of rent cannot exceed \$150 ($\$300 \text{ rent limit} - \$100 \text{ Section 8 Voucher} - \$50 \text{ utility allowance} = \$150 \text{ maximum tenant paid portion}$).
- If the development receives a federal or state project-based rent subsidy and the unit is designated as 30% or below and the household is at or below 30% AMI and the household pays no more than 30% of his/her adjusted income for rent, then the maximum rent may be the rent allowable under the project-based rental subsidy program as set forth in 24 CFR 93.302(b)(2).
- If the development charges non-optional fees for food or the costs of supportive services, then these costs must be included in the gross rent calculation

5.5 Affordability Periods

All rental projects are subject to a 30-year affordability period as defined in Part 3.4 of this document.

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

5.6 Underwriting Criteria

IHCDA is required to complete a subsidy layering review any time a development receives HTF funds along with other governmental subsidies to assure that the development is not being overly subsidized. In reviewing requests for HTF funds in conjunction with RHTC, IHCDA will utilize the underwriting analysis completed in accordance with criteria of the QAP.

5.7 Site and Neighborhood Standards

IHCDA administers the HTF 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 HTF -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) and 93.150 by completing the appropriate form in the HTF Section.

- The site must not be located in an area of minority concentration, except as permitted below, and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.



- A project may be located in an area of minority concentration only if:
 - Sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of minority concentration or
 - The project is necessary to meet overriding housing needs that cannot be met in that housing market area
 - “Sufficient” does not require that in every locality there be an equal number of assisted units within and outside of areas of minority concentration. Rather, application of this standard should produce a reasonable distribution of assisted units each year that, over a period of several years, will approach an appropriate balance of housing choices within and outside areas of minority concentration. An appropriate balance in any jurisdiction must be determined in light of local conditions affecting the range of housing choices available for low-income minority families and in relation to the racial mix of the locality's population.
 - Units may be considered “comparable opportunities,” if they have the same household type (elderly, disabled, family, large family) and tenure type (owner/renter); require approximately the same tenant contribution towards rent; serve the same income group; are in the same housing market; and are in standard condition.
 - Application of this sufficient, comparable opportunities standard involves assessing the overall impact of HUD-assisted housing on the availability of housing choices for low-income minority families in and outside areas of minority concentration, and must consider the extent to which the following factors are present, along with other factors relevant to housing choice:
 - A significant number of assisted housing units are available outside areas of minority concentration.
 - There is significant integration of assisted housing projects constructed or rehabilitated in the past 10 years, relative to the racial mix of the eligible population.
 - There are racially integrated neighborhoods in the locality.
 - Programs are operated by the locality to assist minority families that wish to find housing outside areas of minority concentration.
 - Minority families have benefited from local activities (e.g., acquisition and write-down of sites, tax relief programs for homeowners, acquisitions of units for use as assisted housing units) undertaken to expand choice for minority families outside of areas of minority concentration.
 - A significant proportion of minority households has been successful in finding units in non-minority areas under the tenant-based assistance programs.
 - Comparable housing opportunities have been made available outside areas of minority concentration through other programs.
 - Application of the “overriding housing needs” criterion, for example, permits approval of sites that are an integral part of an overall local strategy for the preservation or restoration of the immediate neighborhood and of sites in a neighborhood experiencing significant private investment that is demonstrably improving the economic character of the area (a “revitalizing area”). An “overriding housing need,” however, may not serve as the basis for determining that a site is acceptable, if the only reason the need cannot otherwise be feasibly met is that discrimination on the basis of race, color, religion, sex, national origin, age, familial status, or disability renders sites outside areas of minority

concentration unavailable or if the use of this standard in recent years has had the effect of circumventing the obligation to provide housing choice.

5.9 Project Based Voucher Requirements

If the applicant is applying for Project Based Voucher subsidies through IHCD, the project must meet the additional underwriting criteria listed in the table below to pass the HUD subsidy-layering review process.

In addition, the applicant must submit an appraisal report, establishing the value of the property before construction or rehabilitation, regardless if HOME or HTF dollars are being used for acquisitions.

Development Costs	HUD Limits
General Conditions	6%
Overhead	2%
Builder’s Profit	6%
Total	14%
Developer’s Fee	12%
Debt Coverage Ratio	HUD Limits
Minimum required	1.10
Maximum allowed	1.45
Trending	HUD Guideline
Operating Expenses, Year 1- 3	1-3%
Operating Expenses, Year 4-15	3%
Rent Increases, Year 1-3	1-3%
Rent Increases, Year 4-15	3%
Total Operating Expenses	HUD Limits
Years 1-15	Cannot exceed 10% of the total operating expenses.