

## **Schedule D1- Competitive Process for Private Activity Tax-Exempt Bonds, 4% RHTC, and AWHTC**

Tax-exempt bonds and 4% Rental Housing Tax Credits (“RHTC”) will be awarded through a competitive application round in conjunction with the Indiana Affordable and Workforce Housing Tax Credit (“AWHTC”).

AWHTC is a state tax credit enacted via legislation in 2022 (see [Indiana Code 6-3.1-35](#)). IHCD may only allocate AWHTC in conjunction with an award of multifamily tax-exempt bond volume and federal 4% RHTC. The State tax credit period for a qualified project means the period of five taxable years beginning with the taxable year a building in the project is placed in service.

Requests for tax-exempt bonds and 4% RHTC without AWHTC will be accepted on a non-competitive rolling basis while volume is available. See the terms in Schedule D.

### **A. Application Process**

1. Applicants must submit one application to request all sources (tax-exempt bonds, 4% RHTC, AWHTC, and any other supplemental funding). Applications not requesting all three sources will not be considered in the competitive round.
2. An Applicant who already has a 4% RHTC and tax-exempt bond award may not apply in this round to receive AWHTC for that same project, unless they return the RHTC and bonds and reapply for all three sources.
3. Applicants must follow the application instructions of the Qualified Allocation Plan (“QAP”), including the instructions in Schedule G “Application Package Submission Guidelines.” IHCD will issue an application form specific to the bond/4% RHTC/AWHTC round.
4. For purposes of calculating the application fee per Section 7.2 A of the QAP, AWHTC will be treated as “supplemental funding.” The applicant must pay a fee equal to \$4500 (\$3500 for the 4% and tax-exempt bond application + \$1000 for the AWHTC request), plus an additional \$1000 for each additional source requested.
5. Applicants must agree to use IHCD as bond issuer and must submit Form J along with the application.
6. Applications are due to IHCD by 5:00 PM Eastern Time on July 29, 2024.
7. Award recommendations will be presented at the November 2024 IHCD Board of Directors Meeting.



## B. Funding Limitations

1. Applications will be limited to a maximum request of \$35,000,000 in tax-exempt bonds. Applicants will be limited to a maximum of \$90,000,000 in bonds in a calendar year. If IHCDCA determines it is in the interest of the State to allocate additional bond volume to one entity, then IHCDCA, with approval from the Indiana Finance Authority, may waive such limitation.
2. The project must be financed at least 50%, but no more than 55%, with tax-exempt bonds. If federal legislation amends the 50% test, IHCDCA will issue a RED Notice revising this requirement as appropriate.
3. The aggregate AWHTC request for the five-year state tax credit period must be less than or equal to 100% of the anticipated aggregate federal RHTC amount (per Indiana Code 6-3.1-35 Section 7(d)). The annual AWHTC request may not exceed \$1,200,000. The amount allocated will be determined on a case-by-case basis contingent upon underwriting and subsidy layering review.
4. Applicants must maximize their 4% RHTC request. An applicant cannot use AWHTC or other IHCDCA gap sources to supplant available RHTC.
5. Applicants may request additional IHCDCA gap sources in the form of a Development Fund and/or HOME loan, if eligible, per Schedules E and J of the 2025 QAP.

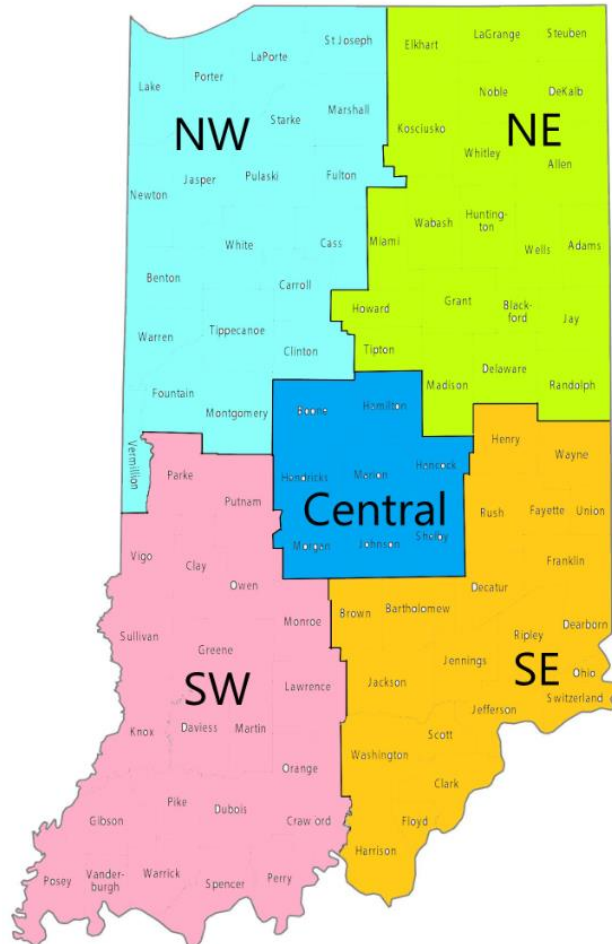
## C. Geographic Set-Asides

IHCDCA will divide the state into five funding regions- Northwest, Northeast, Central, Southwest, and Southeast- as shown on the map below. IHCDCA will set aside 20% of available AWHTC for each of the five regions. IHCDCA intends to allocate resources in a manner consistent with this distribution. If the distribution cannot be met due to the quality or quantity of applications received, or if remaining AWHTC is available after one development per region has been funded, IHCDCA may allocate any resources remaining to the next highest scoring application, without regard to these geographic set-asides, as long as such allocation is made in accordance with the Code and the QAP. If the amount of AWHTC available is less than the applicant’s original request, then the applicant will be allowed a set amount of time to submit an updated application showing that the deal can work with the lower amount of AWHTC. If that applicant does not respond or cannot make the application work with less AWHTC, IHCDCA will then give consideration to the next highest scoring application.

If a proposed Development consists of multiple sites that are spread across more than one geographic region, the application will be considered under the region that contains the most units (or the most residential square footage if the unit counts are equal).



Applicants not funded through the competitive round may reapply for noncompetitive bond volume with updated applications removing the request for AWHTC. Such applications may be resubmitted as soon as ready and will be reviewed on a first-come, first-served basis.



#### D. Threshold Requirements

Applicants are required to meet all existing threshold requirements of the QAP, with the addition of the following requirements:

1. Minimum score to pass threshold is 50.
2. Bond counsel on the transaction must be an Indiana firm.
3. To be eligible for 4% RHTC, the tax-exempt bond request must represent 50% or more of the aggregate basis of the building and land of the development. The Applicant must provide IHEDA with an opinion of counsel stating that the applicant is not required to obtain an

allocation of tax credits from IHCD and that the proposed Development meets the requirements of the Qualified Allocation Plan and the Code, including the 50% bond test.

4. The applicant must submit a letter of interest from the anticipated equity provider(s) indicating the equity pricing for federal and state tax credits. This is in addition to the existing requirements of Part 5.1.H.4 of the QAP.

## **E. Scoring Criteria**

IHCD will utilize the existing scoring requirements of the QAP applicable to 4%/bond applications, with the following exceptions:

1. Applications will not be scored under scoring category 6.1A Rent Restrictions or category 6.1B Income Restrictions.
2. Applications will be scored under an additional scoring category based on the development entity’s experience using 4% RHTC/tax-exempt bonds in Indiana.
  - i. An application will receive 4 points if the development entity identified as the Developer on the tax credit application has been issued IRS Form 8609 for at least one development in Indiana that utilized tax-exempt bonds and 4% RHTC and for which the placed-in-service date is no more than 5 years prior to the application due date (July 29, 2024); or
  - ii. An application will receive 2 points if the development entity identified as the Developer on the tax credit application has been issued IRS Form 8609 for at least one development in Indiana that utilized tax-exempt bonds and 4% RHTC and for which the placed-in-service date is more than 5 years, but no more than 10 years, prior to the application due date (July 29, 2024).

If a development consists of multiple buildings with multiple placed-in-service dates, scoring will be based on the last placed-in-service date.

## **F. Limitations on Occupancy Type**

1. IHCD will not accept applications for affordable assisted living in this competitive round. However, applications for affordable assisted living will be accepted for non-competitive requests for tax-exempt bonds and 4% RHTC without AWHTC.
2. The applicant may elect an age restriction (55+ or 62+) but will not receive any preference for such an election.
3. IHCD will not accept applications for 100% supportive housing. Applications in which no more than 25% of the total units will be supportive housing for persons experiencing



homelessness or persons with intellectual or development disabilities will be considered but will not receive preference.

#### **G. Tax-Exempt Bond Requirements- Closing Requirements, Deadlines, and Fees**

1. Escrow closings will not be permitted under any circumstance.
2. Applicants who are awarded bonds must file a Notice of Issuance by the date established in the Determination Letter. Applicants must close on bonds within six months of the date of the Determination Letter. Applicants who fail to meet this closing deadline may request a three-month extension. IHEDA will allow no more than two extensions, for a maximum extension of six months beyond the original deadline. Each extension request is subject to a \$1000 extension fee as outlined in Section 7.2(C) of the QAP. If the Applicant has not closed by the end of the second extension deadline, they must return the bond volume and credits and reapply.
3. An issuance fee equal to 0.5% of the total bond issuance will be charged to cover IHEDA costs. Such fee is payable at the closing of the bonds. The Applicant is also responsible for paying for issuer’s counsel. IHEDA reserves the right to charge a lower fee depending on the structure of the bonds.

