



To: HTF Program Partners  
From: Real Estate Department  
Date: October 14, 2021

**Notice: RED-21-48**

**Re: Gap Funding for HTF Developments Due to Cost Increases- DRAFT POLICY**

IHCDA is aware that cost increases are impacting the financial feasibility of National Housing Trust Fund (“HTF”) funded developments. In order to respond to these cost increases in a manner that serves our developer partners, IHCDA has issued the following draft policy.

Note: Developments funded with Low Income Housing Tax Credits are not eligible to follow the policy outlined in this notice. LIHTC developments may request additional gap financing through the TCAP program, as described in [RED Notice 21-44](#).

### **NATIONAL HOUSING TRUST FUND GRANTS AS GAP FINANCING**

IHCDA will offer increases of up to \$500,000 in additional HTF for developments with already approved National Housing Trust Fund (“HTF”) grants as defined below. Only developments that have already received HTF are eligible to request additional HTF through this policy.

#### **Eligible Applicants**

Developments with a combination of HOME and HTF awards or developments solely funded with HTF that either:

- 1) Have closed on all financing and are under construction but continue to experience a funding gap due to increased costs; or
- 2) Have not closed on financing and are experiencing a funding gap due to increased costs.

#### **Ineligible Applicants**

LIHTC developments are ineligible to request additional funding through this policy.

#### **Eligibility Requirements**

- For developments that have not closed on all financing, the closing must occur within 60 days of securing a commitment of additional HTF from IHCDA. No exceptions or extensions will be granted.
- Cost increases must be due to unforeseen occurrences that coincided with the onset of COVID-19.
- The development must continue to meet all HUD and IHCDA HTF policies, including per unit HTF subsidy limitations.



**ADDRESS** 30 South Meridian Street, Suite 900, Indianapolis, IN 46204  
**PHONE** 317 232 7777 **TOLL FREE** 800 872 0371 **WEB** [www.ihcda.IN.gov](http://www.ihcda.IN.gov)

EQUAL OPPORTUNITY EMPLOYER AND HOUSING AGENCY

State of Indiana  
Lieutenant Governor  
Suzanne Crouch



### **Award Terms**

HTF awards will be made as grants. The existing HTF award agreement and HTF lien and restrictive covenant agreement will be modified to reflect the additional HTF funds.

HTF-funded developments are subject to a 30-year affordability period.

### **Submission Requirements and Instructions**

Applicants must submit the following:

- Updated Application Form with documentation of all sources.
- A narrative describing the need for additional funding and other steps already taken to fill the gap, including any applicable supporting documentation.

Application materials must be submitted electronically using a OneDrive folder. Applicants should contact Peter Nelson at [PNelson@ihcda.in.gov](mailto:PNelson@ihcda.in.gov) to request access to a folder. Applications will not be accepted until a final policy is released.

### **Application Process**

Effective the date that a final policy is released via RED Notice, applications will be accepted and approved by IHCDA on a first come, first-served basis. Once submitted to IHCDA, IHCDA anticipates providing a response within 30-60 days.

Applications will be accepted until the earlier of: (1) March 31, 2022 or (2) such time that all funds have been allocated.

### **Questions or Public Comments**

IHCDA will accept public comments on this proposed policy for two weeks. Comments are due by 5:00 pm Eastern Time on October 28, 2021.

Please send all questions or comments in writing to Peter Nelson, IHCDA HOME & HTF Manager, via [pnelson@ihcda.in.gov](mailto:pnelson@ihcda.in.gov).

A final policy will be released in November.