

Exhibit A - Executive Summary

The Office of Community and Rural Affairs (OCRA), in partnership with the Indiana Housing and Community Development Authority (IHCDA) will utilize \$7,000,000 in PRO Housing funding to provide capital funding to 1). Invest in infrastructure specific to childcare to co-located early care and education facilities or adult-daycare facilities with Low Income Housing Tax Credit or HOME Investment Partnerships Program projects and 2). Provide in-depth technical assistance to communities to establish housing collaboratives to specifically address numerous local barriers challenges to housing production, including though not limited to zoning, permitting, efficiently using local public resources, and accessing state and federal funding to support development.

The two goals proposed in this application build off existing programs managed by both state agencies, such as the Stellar Communities Program and the experience in administering numerous housing and community economic grants, including the Community Development Block Grant, HOME Investments Partnership Program, and the Low- Income Housing Tax Credit Program.

Exhibit B – Threshold

DRAFT

Exhibit C – Need

ia. Improved laws, regulations, or land use local policies

The Indiana Office of Community & Rural Affairs (OCRA) and the Indiana Housing and Community Development Authority (IHCDA) have a long history of creative utilization of HUD funding to support affordable housing production, community economic development, and capacity building.

Since 2011, both state agencies have partnered on the Stellar Communities Initiative linking federal and state funds toward impactful projects. The primary focus of the program was to build long-term sustainability and capacity of Indiana communities, leverage quality of places through comprehensive and transformative planning process while building on current assets.

OCRA, in partnership with IHCDA and the Department of Transportation has overseen the Stellar Communities program (now Stellar Pathways) since 2011; this program aims to work with rural communities on a shared vision for community and economic development, promotes local and regional partnership, and assists in implementing sustainable solutions to challenges, by focusing on accelerating regional planning. The program offers necessary resources from a variety of state and federal funding (including State CDBG and HOME) to support transformative quality-of-place improvements. Seventeen communities have been selected through this program; the state has dedicated approximately \$193 million; local governments have allocated approximately \$154 million. The communities have additionally received \$831 million in private investment.

OCRA also oversees numerous programs focused on building local capacity and addressing barriers to both housing and community development. One example is the Preserving Main Street program (which utilizes \$2 million in CDBG funds) to awarded communities for facade improvements; a programmatic requirement of the Main Street designation is the community must work with Indiana Landmarks to adopt a local historic district ordinance and commission. The program launched in 2021, and since then, OCRA has awarded three communities of which, two have adopted new ordinances that will implement regulations pertaining to historic regulation. In the third community, a new design guideline has been adopted and they have also strengthened the existing ordinance to promote stronger preservation outcomes.

Another example is the Rural Empowerment and Development Program. This program, in partnership with the Indiana Communities Institute at Ball State University will review existing local plans and regulations, and take action to identify issues, opportunities and solutions that promote development.

IHCDA has a long history of supporting the capitalization of supportive housing through its many housing programs, including, though not limited to, the Low-Income Housing Tax Credit Program (LIHTC) and the HOME Investment Partnerships Program. Through the implementation of these programs, IHCDA has championed the need for supportive services and community amenities with housing production to better link positive outcomes for those residents.

An example of this is through the Indiana Supportive Housing Institute (The Institute). The Institute is an annual training opportunity for supportive housing partners to learn how to navigate the complexities of developing housing with supportive services with the goal of preventing and ending homelessness. IHCDA originally launched the Institute in 2008, and has been working with local communities, developers, and service providers in addressing barriers to promote supportive housing.

Additionally, the two agencies work with numerous local communities on addressing land use policy. These include:

- “Task Force on Rural Affairs” is led by the Lt. Governor with members representing a range of housing and economic interests related to rural communities. The task force is responsible for studying the economic and demographic challenges experienced by rural communities in the state.
- “Land Use Task Force” includes elected official and residents with experience in residential construction, agriculture, local economic development, local planning and zoning, and land development or real estate; the task force was created to study development and growth trends in rural, suburban and urban communities and other community growth issues.
- “Intellectual & Development Disability Task Force” includes elected officials, state agencies, non-profit organizations, disability rights advocates, consumers of services for people with intellectual or developmental disabilities.
- IHCDA also participates through several local housing collaborations in central Indiana, including the Hamilton County Housing Collaborative, and the Central Indiana and Morgan County Long-Term Housing Task Force. These efforts focus on building local capacity to address land use policy and development needs.

ib. Other recent actions taken to overcome barriers to facilitate the increase of affordable housing production and preservation

Both IHCDA and OCRA work with a myriad of partners (such as non-profit developers and units of local government) to build capacity to finance community economic development, affordable housing development and build community resilience.

Community Resilience and Housing Strategies: In partnership with the Indiana Business Research Center at the Indiana University’s Kelley School of Business, OCRA has developed a new Indiana Community Resilience Index (CRI). This resilience index is designed to complement the Community Distress Scores already used in the CDBG grant applications; the CRI is intended to measure a community’s capacity for future economic growth. The CRI is an available resource for communities to use as they are evaluating ways to strategically focus on a community’s capacity for future economic growth. This tool is used for communities who apply through the State CDBG Program to determine need on the use of CDBG, other HUD funding to support housing, or other private market products to spur production. IHCDA released the statewide [“Indiana Housing Dashboard”](#), a centralized platform to enable Indiana residents, local planners, elected officials, businesses and housing and real estate professionals to access data and

information on housing challenges and opportunities across the state as well as resources to begin planning for housing in their communities. The dashboard includes a self-service data portal, tools and resources to plan for housing, actionable insights and strategies for local housing issues, and indicators to measure and track progress toward community housing priorities.

Affordable Housing Production Policy Changes: IHCDCA released an updated Qualified Action Plan earlier this year. In that update, IHCDCA included an incentive for developers to offer an onsite licensed daycare, licensed before and after school care, or a waiver-certified adult daycare. To date, approximately 40% of applications submitted to IHCDCA are proposing either an onsite licensed daycare or an adult daycare.

IHCDCA has utilized its HOME funding to support special initiatives through its “HOME Innovation Funding Round.” These set-aside funds targeted special initiatives; this includes providing capital funding and technical assistance to Community Housing Development Organizations (CHDOs) to develop housing and wrap-around services to persons living with mental illness and/or substance use disorders.

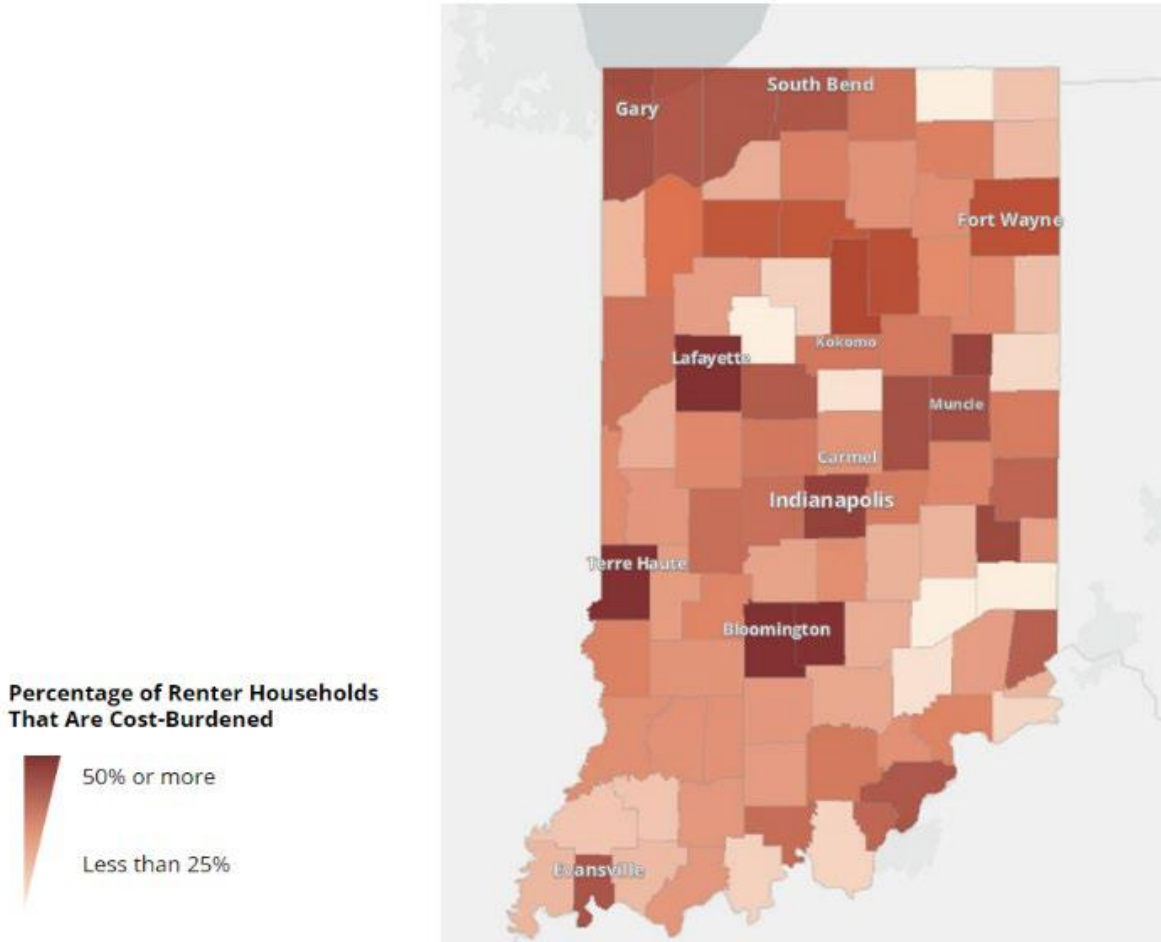
Investments to address structural challenges: OCRA uses CDBG Technical Assistance funding and sponsors the Fair Housing Center of Central Indiana (FHCCI) to conduct housing trainings throughout the State of Indiana annually. IHCDCA also works closely with FHCCI and the Indiana Civil Rights Commission to conduct fair housing training, education, outreach and to inspect and test IHCDCA funded property to ensure fair housing compliance.

ii. Do you have acute need for affordable housing? What are your remaining affordable housing needs and how do you know?

IHCDCA’s Low Income Housing Tax Credit Program has supported the development of over 800¹ affordable housing projects throughout the State, culminating in over 61,000 affordable units. However, there continues to be a great need for affordable housing production and preservation across the State. Across Indiana, there is a shortage of rental homes affordable and available to extremely low- income households (ELI), whose incomes are at or below the poverty guideline or 30% of their area median income (AMI). Many of these households are severely cost burdened, spending more than half of their income on housing. Severely cost burdened low-income households are more likely than other renters to sacrifice other necessities like healthy food and healthcare to pay the rent, and to experience unstable housing situations like evictions.²

¹ IHCDCA Existing Properties Report 09.05.2024

² National Low Income Housing Coalition. *Housing Needs by State/Indiana*. 2024.



Map 1: Distribution of Cost-Burdened Renter Households by County; Source: ACS 5-Year estimate, 2021

Severe housing cost burden is defined by the U.S. Department of Housing and Urban Development (HUD) as “paying more than 50% of one’s income on rent.” According to a recent report from Prosperity Indiana, there are 209,710 extremely low-income households in Indiana (an increase of 10,660 since 2023) but only 70,392 affordable and available rental homes available to them (a loss of 7,862 units). This leaves a gap of 139,318 affordable and available units (18,522 more missing units than in 2023) or only 33.57 (rounding up to 34) rental homes for every 100 extremely low-income households in the state.³

HUD has further identified 25 counties and 275 places within the State of Indiana in which affordable housing is not keeping pace, there is insufficient affordable housing, and there is widespread housing cost burden or substandard housing. Approximately 32% of housing from the HUD priority geographies were built prior to 1940; sixty-two percent of households below 30% of the Area Median Income who reside in one of the priority geographies are experiencing a housing problem. Map 1 above shows Indiana’s distribution of cost-burdened renter households by county; most notably, Brown, Monroe, Tippecanoe, and Vigo Counties, which are also listed as HUD priority counties have the highest rent burden within the State.

³ Prosperity Indiana. *The Gap: A Shortage of Affordable Homes*. (2024).

The need for housing is further exacerbated by the cost of housing; the housing price to income ratio is 2.3, meaning, for many Hoosiers, the cost of housing exceeds two times their average income. Four counties, and 25 places have a housing price to income ratio that exceeds 3:1, meaning the cost of housing is three times more costly than income.

iii. What key barriers still exist and need to be addressed to produce and preserve more affordable housing?

Numerous barriers continue to exist to produce and preserve affordable housing and support quality of life initiatives to ensure those needing affordable housing also have access to services and amenities. IHCDA has numerous programs that provide capital support, and technical assistance for development and communities developing permanent supportive housing. Both OCRA and IHCDA have extensive experience in providing technical assistance on land-use best practices.

Housing and Childcare cost burden: Many families are significantly cost burdened by both the cost of housing and the cost of early childcare. The affordability challenges are greatly constrained by supply in both sectors. Freddie Mac estimates that in the U.S, 3.8 million housing units are needed; 31% of families have a need for childcare but could not find a licensed provider; furthermore, supply challenges worsened during the Covid-19 pandemic as nearly 16,000 childcare programs closed between December 2019 and March 2021.⁴

Quality affordable childcare provides children from low- and moderate-income families with an educational head start to improve their life outcomes, preparing for the next generation for life and school developmentally and educationally. Housing and childcare costs place the largest strain on families since these two services consume the biggest portions of household budgets. Quality affordable housing and childcare, in tandem, help families better achieve self-sufficiency. Without placing an undue burden on the families' finances, affordable housing provides a stable base for family life. Onsite or easily accessible affordable childcare allow parents increased access for low-income working families and reduces commute time. In addition, streamlining efforts to bolts both the supply of housing and early childcare can boost economic output and increase maternal labor force participations rates.

A recent report entitled "Untapped Potential in IN," written by the U.S. Chamber of Commerce Foundation in partnership with the Indiana Chamber of Commerce and Early Learning Indiana, found that insufficient childcare availability is costing Indiana \$4.22 billion in lost economic activity each year. Fifty-seven percent of parents of young children missed work or class at least once in the past three months for child-care related reasons; 40% of parents that experienced disruptions to their employment in the past year reported leaving the workforce as a direct result of issues with childcare; and 42% of parents attending school or work training needed to make a

⁴ [FCC-Co-location-Handbook-11.30.22-compressed-1.pdf \(liifund.org\)](#)

significant adjustment to their schedule due to childcare issues in the past year.⁵ The report further found that 28% of women were likely to experience employment changes due to childcare issues or quit their job.

According to the 2022 American Community Survey, 12.6% of Indiana's population lives in poverty; the survey conducted through the study found that low-income families spend a higher percentage of their household income on childcare, driving them deeper into poverty. The price of formal childcare, and lack of access force parents to consider alternative arrangements, which may come at the cost of employment and education.⁶ The study also found that statewide, only 61% of children needed childcare can be served through existing capacity. Indiana's 4,195 regulated childcare providers can serve about 184,000 children; however, the current providers can serve only 56% of the projected need as over 328,000 Hoosier kids may need childcare.⁷

The State of Indiana's Equity Plan (2024)⁸ found a variety of findings; these include:

- Education attainment is a significant influence on poverty, with poverty rates dropping as education increases.
- In rural Indiana, 72% of families do not have access to licensed childcare providers and 57% of Hispanic/Latino families cannot find licensed childcare.

Additionally, the State of Indiana's Annual Action Plan identified several themes through public comment, including most critically that low-income families (especially those with children) face the greatest housing barriers in the state.

Aging and Special Needs Population Barriers: Research for the the Indiana State Plan on Aging (2023-2026)⁹ through the Indiana Family and Social Services Administration (FSSA), found that by 2025, nearly 19% of all Hoosiers will be age 64 or older. In 62 of Indiana's 92 counties, that figure will exceed 20% of all Hoosiers.

- 7.98% are living below the federal poverty level.
- 13.28% of racial and/or ethnic minority 60+ are living below the poverty line.
- 31.1% live in rural areas.

In addition to an aging population, the State's Equity plan found that 14% of the total population has a disability and the vast majority of residents with disabilities live below the poverty line. Housing choice for individuals with a disability, particularly in non-entitlement areas, is limited as much multi-family housing new construction subject to the Fair Housing Act is lacking. An analysis of the 25 priority counties shows that an average of 14% of household have an individual with a disability.

⁵ United State Chamber of Commerce Foundation. (2024). Untapped Potential in IN.

⁶ United State Chamber of Commerce Foundation. (2024). Untapped Potential in IN.

⁷ Ibid.

⁸ State of Indiana 2024 Action Plan. 2024. Equity Plan. Page 257.

⁹ <https://www.in.gov/fssa/da/files/2023-2026-State-Plan-March-2022-Draft.pdf>

Under-Resourced Municipalities: Developing new housing-in particular subsidized affordable housing-can be a complex process for regulators to navigate. An area's affordable housing needs may be opaque without access to adequate data, and even then, the process of producing or preserving affordable housing in that area may be stymied by land-use regulations, inability to identify and access funding, bureaucratic red tape, and lack of local infrastructure.

Many of Indiana's most needy regions are disinvested cities, towns and rural areas, many of which lack the resources to adequately plan for housing and understand the town's role in working with developers. Interviews with economic development professionals working in rural areas highlighted that although there is significant interest in increased housing production, particularly of middle-density typologies that can be supported in weaker housing markets, small and disinvested municipalities lack the ability to identify high-potential areas (areas where there is established water, wastewater, road, and utilities infrastructure but not yet affordable housing) that can be good candidates for housing developments.

Some communities may also not have a good understanding of the demand and need for housing, the range of home types that could meet their communities' needs and the economics of different types of development.

Without identifying high-potential areas, municipalities cannot prioritize development in high-need, cost-effective areas most conducive to affordable housing production. Identifying and acquiring high-potential sites is also a requirement for certain funding sources, such as state-distributed LIHTC, and interviews highlighted site selection as a barrier to entry for many funding applications. Even after having identified such areas, municipalities and developers may lack the technical experience of how to execute an affordable housing development project.

Municipalities may not know how to use municipal financing tools to cover infrastructure costs, or they may not recognize how regulations and zoning inhibit development. Even when state funding support is available, municipalities do not always have the experience and resources to access it. One interviewee gave the example of a rural county that was eligible for state READI funding but did not have the capacity to execute the procurement process to take advantage.

Exhibit D - Soundness of Approach

i. What is your vision?

OCRA and IHCDA's vision is to nurture an ecosystem of pro-housing and pro-affordable housing communities and developers that will collaborate to undertake a set of demonstration projects that will give concrete examples of changes needed to policy, regulation, and practices in order to increase the supply of housing and necessary services affordable to low- and moderate-income Indiana residents. In the intermediate term, municipalities will take these demonstrations and use them to guide reforms to their policies, regulations and practices. Over the long term, communities and developers will build experience and share these demonstration projects and changes to policy, practice and regulation; their success will serve as an example for communities across Indiana to emulate.

OCRA and IHCDA propose to utilize the Pro Housing funds to link affordable housing with cross-sectoral solutions, through two primary efforts:

1. Providing capital to support the development of early childcare centers and adult daycare centers associated with IHCDA's LIHTC and HOME programs, and
2. Support community engagement, and capacity building efforts of local communities throughout the state of Indiana on developing housing strategies and linking the needs of working families with access to economic mobility infrastructure.

Goal 1. Co-location of Affordable Housing and Early Childcare and Adult Daycare. While this specific proposal does not directly propose the production or preservation of housing and is not specific to zoning or permitting or other locally driven land-use approvals, the State's goal is to continue to examine and propel linkages between affordable housing and needed services for families and individuals to be successful as access to those services is a significant barrier to housing stability.

In addition, this proposal would increase equitable access to childcare and adult daycare in low-income communities and expand into neighborhoods who have inadequate childcare/adult care services. IHCDA and OCRA already administer numerous programs that do support the development of housing. PRO Housing would greatly enhance those efforts and provide financing for those services, specifically around early childcare and adult daycare, of which there is little capital funding to support, especially in tandem with affordable housing production.

The significant gaps in access to early childcare statewide and the emerging literature on the importance of bridging childcare and affordable housing through a holistic approach of service delivery and access is critical to housing stability. The use of PRO Housing funding would also provide a much-needed service to an aging Hoosier population and directly benefit the most vulnerable Hoosiers in non-entitlement communities. Both agencies are also well prepared to provide financial capital (though the use of the tax credit and HOME funding) and technical

assistance, particularly in communities in which there is little administrative capacity to oversee a substantial housing initiative. Many of the priority geographies in Indiana as identified in this NOFO are rural, and both agencies can serve a critical role in the delivery of this program.

The proposed use of \$4.5 million of PRO Housing Funds would be used to provide direct hard or soft cost financing to support the development of either an early childhood center, adult daycare center or, provide funds to construct family childcare; eligible properties would include affordable housing to be developed with through IHCDA's LIHTC or HOME programs.

IHCDA would establish the *Indiana Co-Location Loan Fund* for these projects. The fund would be two-fold:

1. \$4 million as low-interest loans to any affordable housing developer who partners with an early childcare licensed servicer, or an adult daycare servicer, and applies to IHCDA for an allocation of either 9% or 4% LIHTC credits. The fund may be used for pre-development, acquisition, construction or fit-out costs related costs. The total cap for this would be \$500,000 per facility.
2. \$500,000 as grants to non-profit housing developers, who are applying or have received LIHTC or HOME funding for non-senior housing to improve indoor or outdoor space of an existing unit of affordable housing to accommodate a Family Child Care (FCC) provider. The range would be \$20,000-\$50,000 per unit.

Co-location of larger-scale early childhood centers, or adult daycare with affordable housing has benefits on both the residents and the community at large. Co-location may alleviate some of the financial and operations burdens associated with opening or expanding a business, can serve more children and family limited incomes, access state-of-the-art physical spaces, and provide more holistic programming support for the entire family.

Family Child Care (FCC), takes place within the homes of individual providers and typically services between four and fourteen children per home. FCCs may be attractive to families as they may be more affordable than a larger scale early childcare center, may be better able to accommodate after hours or non-traditional hours, and allows for siblings of different ages to receive care in the same setting. Co-locating FCC with affordable housing developments represents a unique and innovative opportunity to respond to severe housing and childcare shortages simultaneously. Additionally, the costs to develop or retro fit spaces to accommodate home-based providers are lower than those with a traditional center.

IHCDA would be responsible setting terms for repayment to recycle the funds for additional facilities; IHCDA would be responsible for underwriting each proposal, evaluating a service plan and providing direct oversight of the use of the funds. IHCDA can also provide guidance on the requirements to design a high quality space for the care centers, which would include expanded indoor floor places, durability, noise and insulation, lines of site and sound engaging and

accessible outdoor areas. Under both proposed models, the centers could not limit to only residents but could provide priority to those residents.

While OCRA has funded early childcare centers in the past, neither agency has focused primary on supporting early childcare directly with affordable housing. Several states, including California, and New York as well as Washington D.C. have piloted co-location projects, there is no literature demonstrating supporting the development of early childcare centers with a focus on providing these services to rural localities. This would be an innovative approach to providing a much-needed service for low- and moderate-income families and communities in which a large proportion of residents are housing cost burdened.

Goal 2. Technical Assistance to address housing development barriers. Through OCRA and IHCDA's experience, production of affordable housing may only be successful if third-party partners (such as non-profit developers and units of local government) have the technical knowledge of the funding requirements, and the ability to engage a wide range of community-wide stakeholders on housing. Both agencies have extensive experience with administering a wide variety of technical assistance initiatives, including the Stellar Communities Program, and Indiana Main Street.

OCRA and IHCDA would co-lead large scale technical assistance effort, building off the success and framework of the Stellar Communities Program, focused on local housing strategy. The TA program would target rural units of local government (towns, cities and counties) to aid in the establishment of a locally driven housing collaborative. The technical assistance would also provide a framework for local leaders, non-profits, developers, social service agencies, and other stakeholders to strategize on local barriers and solutions to housing development which may include zoning, permitting, infrastructure gaps, marketability, and incentives for development.

The state would solicit a third-party to assist in the technical assistance and both agencies would provide training on federal and state programs. Based on current initiatives overseen by both agencies, the program anticipates the use of \$1.8 million to provide this technical assistance and will work with at least seven communities. These communities would be selected through a competitive process based on underserved housing needs, poverty rate, and housing to income ratio.

The technical assistance would also build off the findings of the State's equity plan, developing a program for town and county executives to bolster their knowledge an awareness of fair housing always and housing needs, and encourage local methods to reduce fair housing barriers. This would include:

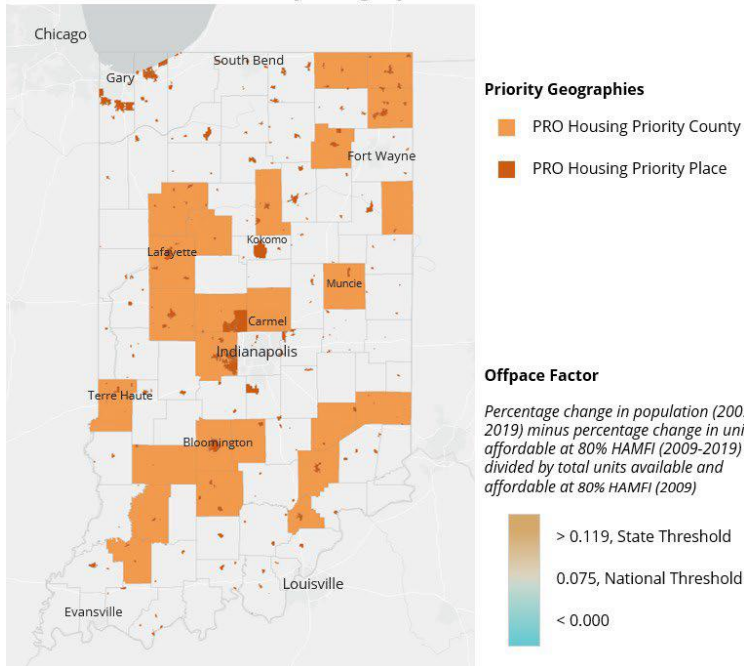
- Accessibility requirements and reasonable accommodations as mandated by the federal Fair Housing Act (FHA) and Americans with Disabilities Act (ADA), including the benefits of accessible and visitability features; and,

- Creation best practice websites that effectively increase awareness of fair housing laws/ordinances among constituents, AFFH commitments of grantees, and residents’ and landlords’ housing rights/responsibilities. Webpages should be available in multiple languages with referrals, contacts, resources, and information on federal, state, and local laws.

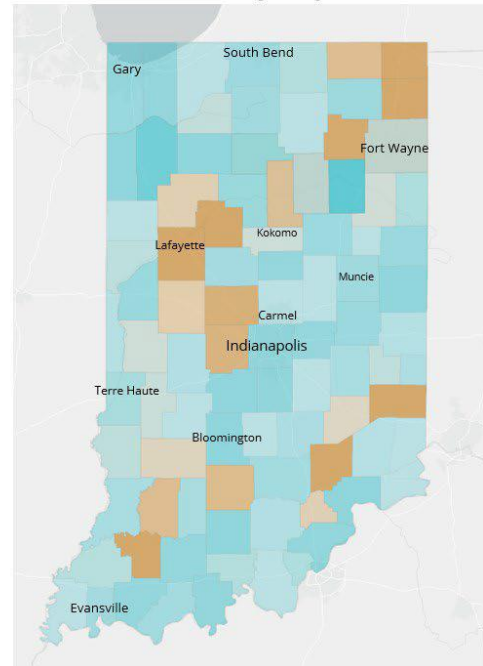
ii. What is your geographic scope?

As State agencies, the intent of the proposal is to utilize the funding in the areas of greatest need, with a focus on the 25 counties, and 245 places identified by HUD as high priorities (35% of all geographic subdivisions). Based on 2020 census data, the average total population for the 25 priorities counties is approximately 67,000 per county: the average total population for the 245 priority places was 3,292. OCRA and IHEDA are prime to build the capacity of rural leadership, facilitate strategies to address rural housing gaps, and to connect federal funding sources to encourage the co-location of early childcare centers with affordable housing. Map 2 below shows the location of Indiana’s priority counties and places. According to HUD’s Offpace Factor for measuring insufficient affordable housing production, off-pace production is a problem in 221 (82%) of these geographies (19 counties and 202 places) (see Map 3).

MAP 2. Indiana's Priority Geographies



MAP 3. Counties by Offpace Factor



This need is further supported by data on early childcare cost burden. Based on the analysis of Early Learning Indiana’s [most recent report](#) (2023) on the childcare gap there are no counties in

the state of Indiana currently meet the threshold for adequate access to care. Of the 25 priority counties, 11 had an early learning access index below 50% (the report cites that 80% is in minimum threshold for adequate care in the state). Carroll County was noted as one of the lowest Access Scores; Carroll as well as Pike County had the largest decrease of the access score.

iii. Who are your key stakeholders? How are you engaging them?

OCRA and IHCDA work alongside numerous stakeholders to garner feedback on the design and implementation of housing and community economic development programs. Key stakeholders include cross-departmental and agency staff, other state agencies, such as the Indiana Economic Development Corporation, units of Local Government, developers and the beneficiaries of these programs.

iv. How does your proposal align with requirements to affirmatively further fair housing?

The State of Indiana's 2024 Equity Plan serves as the analysis to identify impediments to fair housing choice in the state. It also contains recommended action items the state will take to address barriers, many of which are embedded within this PRO Housing proposal. Those activities will be carried out by the Office of Community and Rural Affairs (OCRA) and the Indiana Housing and Community Development Authority (IHCDA) the state agencies that administer HUD block grant funds for the State of Indiana. The draft of the full 2024 State of Indiana 2024 Action Plan may be found [HERE](#).

This proposal will affirmatively further fair housing by promoting affordable housing production early childcare educational needs, and adult daycare centers for protected classes, especially where these demographics face the highest affordable housing need. Among the needs and barriers identified in Exhibit C are those which disproportionately affect members of protected class groups or specific demographics. To affirmatively further fair housing, OCRA and IHCDA recognizes the barriers and challenges disproportionately faced by these groups and has incorporated means of addressing them into the proposal and its proposed programs.

By fostering communities and promoting policies that are favorable to both communities and families to provide much-needed capital and technical assistance in both strong and weak markets. In either case, OCRA and IHCDA are aware of dangers and challenges that may arise, such as the concentration of affordable housing development in low-opportunity areas, the risk of displacing vulnerable people from their current homes, and the ongoing challenge of segregation. To address these challenges, OCRA and IHCDA's programming efforts include tools and strategies to prevent displacement, promote desegregation, and encourage development in high-opportunity areas.

Within the QAP, as well as the HOME Rental Policy, IHCDA incentivizes affordable housing developments in high-opportunity areas through the evaluation of the “opportunity index”. The opportunity index defines well-resources communities as those:

- in a census tract at the top quartile for the highest median household income;
- in a census tract at the bottom quartile for poverty rate;
- which have a low employment rate;
- in a county with a life expectancy above the state average; and,
- in a county with a ratio to primary care physicians of 2,000:1 or lower.

Additionally, developments within a one-mile radius to post-secondary educational opportunities and access to large employers are also incentivized. IHCDA would continue to prioritize affordable housing developments in these high-opportunity areas to increase access to underserved groups.

Anti-discrimination trainings will be embedded within the technical assistance for developers and municipalities focusing on compliance with the Americans with Disabilities Act and the Fair Housing Act. The Housing Dashboard includes tools like a Racial and Ethnic Dissimilarity Index to identify areas where segregation is a problem and can be addressed with strategic development.

Additionally, OCRA and IHCDA will explore how to combat discrimination and promote accommodation by other means, such as by continuing to fund training and testing of Fair Housing compliance through the Indiana Civil Rights Commission and other venues, examining the effectiveness of Fair Housing requirements for Community Development Block Grant (CDBG) recipients, investigating how to improve awareness for Fair Housing challenges in non-entitlement areas, and working through the Indiana Association of Cities and Towns to educate units of local government about best practices in zoning and land use to accommodate residents’ housing needs, especially for residents with disabilities.

Any new program or development receiving OCRA or IHCDA funding will be required to be compliant with the ADA and FHA. To further ensure cooperation with fairness and equity objectives, local government buy-in and stakeholder engagement regarding development goals will be imperative. This will be fostered through local stakeholder engagement such as those already undergone by OCRA and IHCDA and described above. Resistance in the form of litigation or other direct opposition to development projects is not expected, but should it arise, OCRA and IHCDA will work with local governments to respond to challenges and support developers and communities in supplying their affordable housing availability needs.

Under the proposal, the technical assistance program to be provided to communities would identify barriers that would impede the development of affordable housing. The State’s equity plan has found that of all races and ethnicities, Black or African American residents are more likely to be living in poverty, with more than a quarter below the poverty line; in addition, Black

or African American residents live in highly segregated conditions. The technical assistance program would directly address these inequities in housing.

OCRA and IHCD will track beneficiary information on who is served within the affordable housing to be developed through the existing IHCD programming. Both agencies will also continue to analyze impediments to fair housing choice. OCRA and IHCD will be developing the 2025-2029 Consolidated Plan and Analysis of Impediments to Fair Housing. Continued stakeholder interviews, community roundtables, resident surveys and data on inequities and racial disparities will be used to inform new housing and community economic development goals for the State to follow and address over the next five years.

v. What are your budget and timeline proposals?

Through this Pro Housing proposal, IHCD respectfully requests \$7,000,000. This award would allow for both aforementioned initiatives to be addressed.

The following budget is proposed to support the initiatives outlined in this proposal. It is assumed that funding will be awarded in 2025, and that expenditure will begin in FY 2025, granting up to five years of programming operation until the expenditure deadline at the end of FY 2030. OCRA and IHCD developed this budget in collaboration with partners and based on expertise and industry standards for each activity.

If offered a reduced amount, OCRA would proportionally reduce the amount for each activity. The number of communities served would also decrease. The minimum funding amount that would allow for this PRO Housing proposal to move forward would be \$3 million; \$1.92 million would then be allocated to the Co-Location Loan Fund, and \$750,000 would be allocated toward the technical assistance initiative. The remainder (\$300,000) would be administrative expenses for the oversight of both programs. If only awarded 50% of the award, the proposal could move forward – the budget would be reduced proportionally (\$2.24 million toward to Co-Location Loan Fund, \$910,000 for the housing technical assistance program, and \$350,000 for administration). Under these scenarios, while both activities would be funded, the number of projects to be developed and the number of communities to receive technical assistance would be reduced.

A tentative schedule for both goals is as follows (presuming a January 2025 start date).

Co-Location Loan Fund

Task	Potential Timeline
<i>Develop Draft Loan Policy</i>	<i>February – March 2025</i>
<i>Public Comment on Draft Policy</i>	<i>March 2025</i>
<i>Final Policy Published</i>	<i>April 2025</i>
<i>9% and 4% LIHTC QAP released</i>	<i>April 2025</i>
<i>LIHTC applications due</i>	<i>July 2025</i>

<i>LIHTC awards announced</i>	<i>November 2025</i>
<i>Environmental Review and Contract Process</i>	<i>November 2025 – March 2026</i>
<i>Construction Start</i>	<i>April 2026</i>
<i>Construction Completed</i>	<i>November 2027</i>

If the Co-Location Loan fund was not fully utilized in the first funding round, IHCD would make the use of the fund available for projects in 2026 until fully expended.

Access to the FCC fund would be available in April of 2025 on a rolling basis.

Housing Collaborative Technical Assistance Program

Task	Potential Timeline
<i>Develop and Release RFP for third-party</i>	<i>February – March 2025</i>
<i>Select third-party to develop program</i>	<i>April 2025</i>
<i>Develop 18-month program with third-party</i>	<i>May – June 2025</i>
<i>Draft application for community selection</i>	<i>July 2025</i>
<i>Release draft application for comment</i>	<i>August 2025</i>
<i>Release final application for community selection</i>	<i>September 2025</i>
<i>Applications Due</i>	<i>November 2025</i>
<i>Communities Selected</i>	<i>December 2025</i>
<i>Program commences</i>	<i>January 2026</i>
<i>18-month program ends</i>	<i>June 2028</i>

Exhibit E - Capacity

OCRA will act as the lead grantee for this initiative; as IHCDA is a quasi-state agency, IHCDA is not eligible to apply directly under the NOFO. However, both agencies have tremendous experience with HUD grant implementation; OCRA is the grantee for the State CDBG program and also oversees the HUD Recovery Housing Program. IHCDA administers numerous HUD programs including HOME, HOME-ARP, National Housing Trust Fund, Emergency Solutions Grant, Housing Opportunities for Persons With AIDS, Continuum of Care, Lead Hazard Reduction Grant, Healthy Homes Grant, Healthy Homes Weatherization Cooperation Demonstration Grant and is the State Public Housing Authority (and oversees the Housing Choice Voucher Program, VASH, NED, and 811) as well as serves as the allocator of the Low Income Housing Tax Credit.

The two agencies will partner on the implementation of the grant; OCRA will oversee the reporting and provide financial oversight of the grant. OCRA will also oversee the activities to ensure they meet the national objective requirements under the NOFO.

IHCDA will oversee the allocation of the grant to support the capital financing of both childcare centers for LIHTC and HOME funded projects.

Both agencies will work collaboratively on building and implementing the housing technical assistance program.

Both agencies have the appropriate staff and expertise to implement PRO Housing, if awarded.

Project Management, Quality Assurance, Financial, and Control Capacity: OCRA oversees the State CDBG Program, as well as several initiatives focused on building capacity of rural communities throughout the state. IHCDA oversees over 60 federal programs and is funded by numerous federal agencies, including, though not limited to, the U.S. Departments of Housing and Urban Development, Treasury, Justice, Education, Health and Human Services, and Energy. IHCDA currently administers numerous HUD programs such as the HOME Investment Partnerships Program Grant, National Housing Trust Fund, Housing Choice Vouchers, Project Based Section 8, Lead Hazard Reduction Grant, Healthy Homes Production Grant, CDBG and CDGB-DR, and the Emergency Solutions Grant Program. As the State Housing Finance Agency, IHCDA also oversees the Low-Income Housing Tax Credit Program.

Both agencies have staff to implement PRO Housing if awarded.

Both agencies maintain strict internal controls between departments to ensure compliance with all federal programs and cross-agency regulations. Both agencies follow the State Procurement Policy to ensure all purchasing actions are in full compliance with applicable Federal standards, State and local laws. IHCDA's most recent Single Audit (2023) had no findings. Both agencies

maintain a culture of continuous improvement, reviewing processes to ensure streamlined, successful implementation of programs.

Both agencies have a proven track record of quickly implementing large-scale, state-wide programs such as disaster recovery (CDBG-DR and CDBG-CV), mortgage assistance (HHF and HAF) and rental assistance (ESG-CV, RAF, IERA); many of the programs launched in mere months due to the COVID-19 pandemic and its effects on low-income Hoosiers. IHCDA also has been tasked with providing disaster related housing relief, often asked to deploy to field stations around the state with only a few days' notice to provide in person assistance obtaining emergency housing for displaced families.

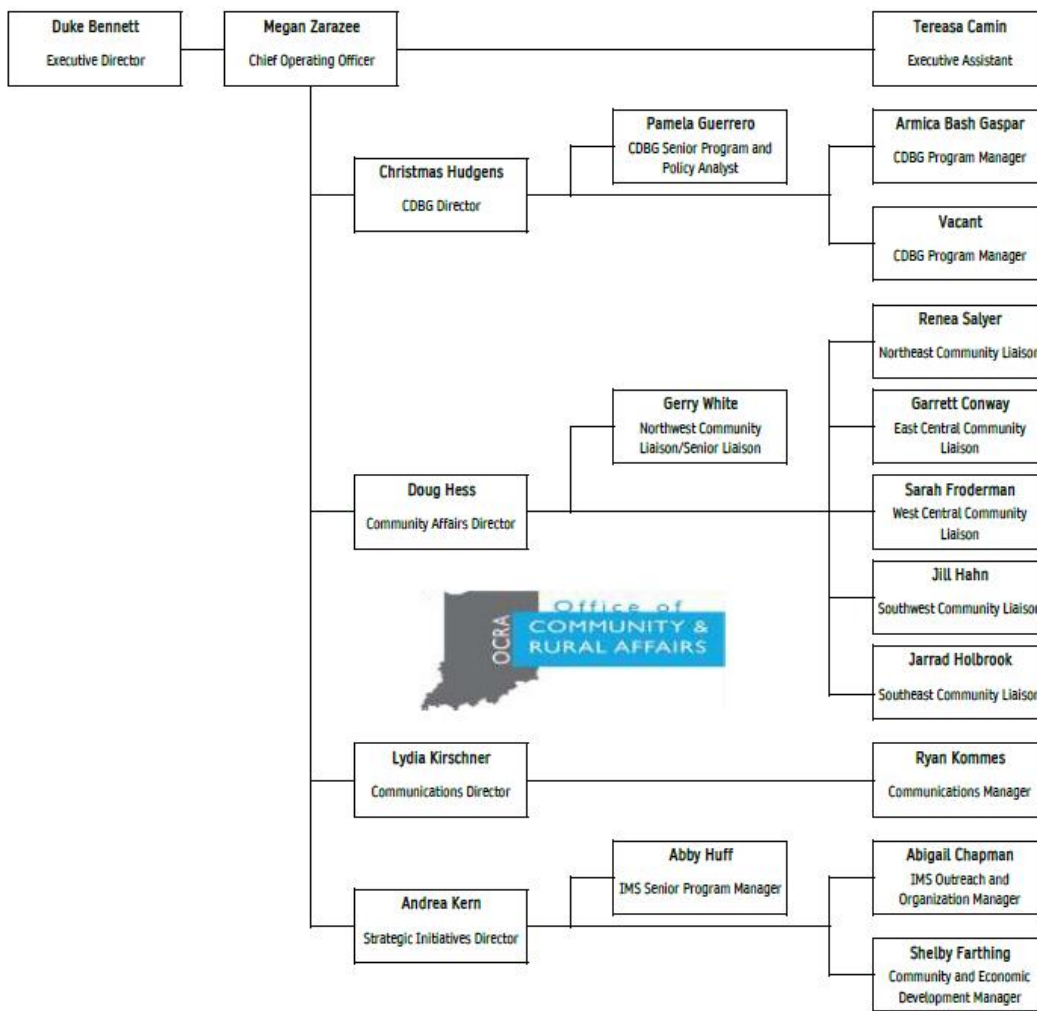
Leadership Capacity and Legal Authority: The State of Indiana has authorized OCRA and IHCDA to apply for PRO Housing funding on its behalf. OCRA has the legal authority to implement our proposed reforms. Both agencies report under the Lt. Governor's Family of Business. OCRA will enter into a Memorandum of Understanding (MOU) with IHCDA to implement the Co-Location Loan Fund.

Any developments to be awarded funds from IHCDA to developers to utilize the Co-Location Loan Fund would be reviewed by IHCDA staff and presented for final approval to IHCDA's Board of Directors.

Experience Coordinating Partners: For the proposed projects, OCRA and IHCDA have long worked with the proposed partner network and stakeholders. OCRA and IHCDA leadership participate in a variety of committees, working groups, associations and legislative committees statewide. Both agencies work with a variety of partners and stakeholders including units of local government, for-profit and non-profit developers, social service agencies, community action agencies, areas on aging, utility companies, universities, community development financial institutions, relators, financial institutions, metropolitan and regional planning organizations, fair housing advocates, beneficiaries, and other state agencies.

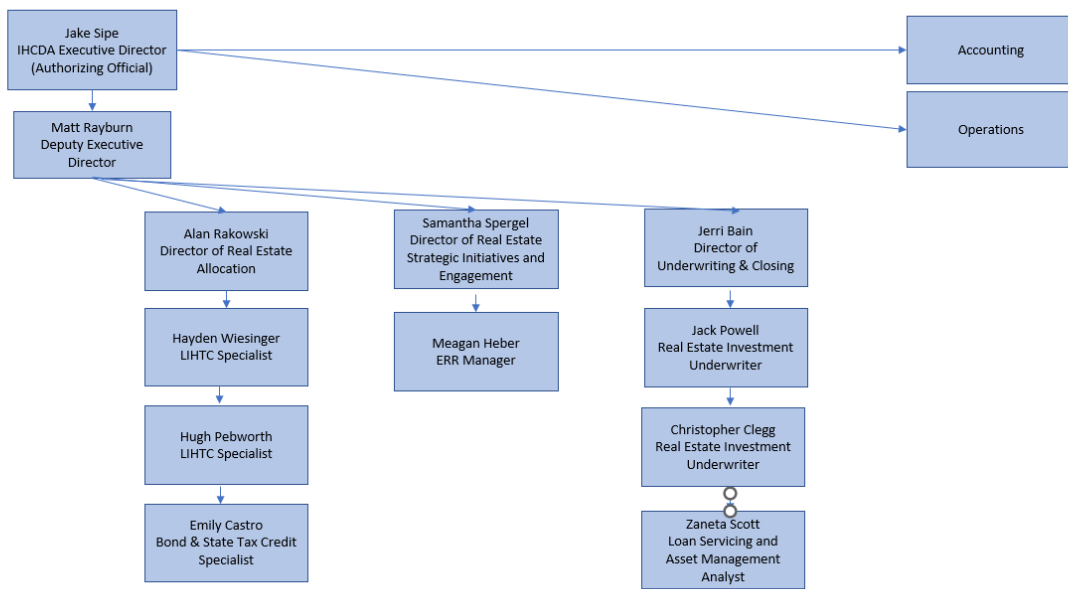
Civil Rights and Fair Housing Experience: IHCDA's work is focused on providing housing opportunities across the spectrum of need, from down payment assistance for first-time homeowners to support for vulnerable populations like those experiencing chronic homelessness. IHCDA has worked extensively with data to analyze racial and economic disparities in housing. The Indiana Housing Dashboard provides numerous metrics related to racial and economic disparity, including owner and renter cost burden by race, income, age, and family status; homeownership rates and household income by race/ethnicity; and the racial dissimilarity index. This data assists IHCDA to understand the scope of disparities in housing across the state, and is available publicly to encourage community awareness, accountability, and municipal action to address these issues. In addition, OCRA and IHCDA regularly conducts an Analysis of Impediments to Fair Housing Choice which utilizes public stakeholder engagement to identify barriers to fair housing and develop strategies to overcome them.

Staffing Structure: OCRA is a 20-member state agency, headed by Executive Director Duke Bennet. OCRA also works alongside the Lt. Governor’s office who provide additional financial support and oversight of cross-sectional regulations (such as Davis Bacon, Section 106 and the Environmental Review). OCRA has six Community Liaisons across the State who work directly with local communities within their respective regions to provide technical assistance. OCRA has four staff who directly work on the oversight of CDBG, as well a separate team who oversee additional initiatives (such as the Stellar Program). Please see the below organizational chart of staff for OCRA.



IHCDA is a 194-member organization, headed by Executive Director Jacob Sipe and featuring seven departments: Legal, Marketing and Communication, Operations, Real Estate Development, Accounting, and Internal Audit. IHCDA staff either work directly on the

implementation of programming or provide operational support. Operational support staff include Marketing and Communications, Information Technology, Human Resources, Operations, Financial Operations (review and approve contractual claims), Accounting (manage the full agency budget), Program Accounting (oversee federal financial draws), Internal Audit, and Legal. The IHCD Real Estate Department, who oversee the HUD Capital funding programs, Public Housing, and LIHTC would be the lead department on PRO Housing. IHCD maintains staff to oversee capacity building initiatives and underwriting. Samantha Spergel, the Director of Real Estate Strategic Initiatives and Engagement will be the lead on the program for IHCD and will work in collaboration with the Allocation and Underwriting divisions. An abridged IHCD organizations chart is below.



IHCD and OCRA staff authored this proposal.

Exhibit F - Leverage

In addition to PRO Housing Funds, IHCDA plans to leverage the Low-Income Tax Credit Equity for the developments selected as eligible for Co-Location Loan Fund as leverage for this proposal. IHCDA commits 50% of the award (not to exceed \$3.5 million in leverage).

DRAFT

Exhibit G – Long Term Effect

What permanent, long-term effects will your proposal have? What outcomes do you expect?

There are numerous goals, long-term effects, and impacts of Hoosiers of this pro-housing proposal. It is the intention of both OCRA and IHCD that both proposals have longevity, either through the creation of the Co-Location Loan Fund, to continually provide the capitalization of these centers to the impacts of a locally designed and driven housing collaborative to lead housing development efforts in communities through Indiana. This innovative approach to the use of PRO Housing would provide a platform of best practices for smaller communities to follow to truly address the numerous barriers and challenges to quality housing, education and opportunity.

Goal 1: Increase the number of early childcare centers and adult daycare centers co-located with affordable housing developments.

Goal 2: Decrease the capital costs of developing co-location of early childcare centers and adult daycare centers.

Goal 3: Develop support of small businesses to manage FCCs and FCC Care Networks, particularly in rural Indiana.

Goal 4: Establish a long-term funding source to sponsor additional development of centers statewide.

Goal 5: Develop a roadmap for developers to design, and finance co-location facilities.

Goal 6: Support the development of at least seven housing collaboratives across the State.

Affordable Housing and Co-location of Early Childcare: Co-location of early childcare education centers with affordable housing, offers a critical service to low-income families and provides access to two vital sources of household stability and economic mobility. Access to this high-quality early childhood care support child development through the early critical learning years. It may be a cornerstone of economic stability for families by allowing parents to participate in the workforce while knowing their child is in a safe space.

The capital provided to support this co-location would increase the number of early childhood centers statewide, but particularly within areas that are of highest need and which there is no capital funding to support the buildout (an example is within an area that is not a qualified census tract as the funding would be required to come from a non-LIHTC source). Additionally, fully-staffed FCC networks can provide many quality supports. They can be especially valuable because they are based in local communities, which trainers and coaches who specialize in FCCs, understand the local culture, and ideally, speak the same languages as the providers they serve. This proposal also anticipates the long-term enrollment of children who reside in the

affordable housing, both providing early family childcare and some increase in financial independence for FCC providers.

OCRA and IHCDA would further anticipate positive changes early childcare access, particularly with those households at or below 30% of the area median income. With a low-interest loan to assist with the construction of the facility, we would also anticipate a lower cost-to-income ratio for those households. By providing the connection of housing and early childcare education, we also anticipate better educational outcomes for both parents and children.

Affordable Housing and Co-Location of Adult Daycare: Co-Location of affordable housing and adult daycare focused on both an aging population and those who are disabled would create a pipeline of services for these growing populations in Indiana. The incentive to further coordinate this co-location may also help incentive the development of affordable housing specific targeting these populations, particularly in markets in which there are few opportunities for persons to find accessible housing.

This co-location may also assist those who do not reside directly within the affordable housing, but who may be in need of the service. This combination allows the creation of a broader continuum of housing opportunity and allows residents in independent living and assisted living the ability to access these services.

Capacity Building of Local Communities to support Housing Development: Beyond supporting the creation of the seven proposed Housing Collaboratives, the use of PRO Housing for this initiative would facilitate additional applications to affordable housing, eliminate barriers to zoning and other permitting processes, and better prepare communities to work alongside developers. This partnership would also support a framework of further fair housing in communities throughout Indiana, and better align non-entitlement communities with the goals as outlined in the State's Equity Plan. OCRA and IHCDA hope to replicate this capacity building beyond the scope of PRO Housing so continued capacity building can occur as populations shift through out the state.