

HOME Investment Partnerships Program Rental Application Policy Program Year 2025-2026

SUMMARY

The purpose of the HOME Investment Partnerships Program (HOME) rental construction program is to provide subsidies in the form of grants for the acquisition, rehabilitation, and/or new construction of rental housing for low-income households. Through this program, the Indiana Housing and Community Development Authority (IHCDA) seeks to create or preserve affordable housing options for Indiana renter households.

This Policy applies to allocations of HOME funding during the 2025-2026 Program Year (July 2025—June 2026) for the purposes of rental construction or rehabilitation. This document is not applicable to the HOME Homebuyer program or to HOME funds used as gap financing for Low Income Housing Tax Credit projects.

The HOME Rental Policy sets forth:

- 1) the role of IHCDA in administering the HOME program for rental construction and rehabilitation;
- 2) IHCDA's development goals based on housing needs throughout the state;
- 3) minimum threshold requirements which all Applicants and Developments must meet to be considered for HOME Financing; and
- 4) the evaluation factors IHCDA will use to score applications.

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DISCLAIMERS

Any action, determination, decision, or other ruling made by IHCD pursuant to this HOME Rental Policy shall not be construed to be a representation or warranty by IHCD as to a Development's compliance with applicable legal requirements, the feasibility or viability of any Development, or of any other matter whatsoever.

IHCD reserves the right to resolve any conflicts, inconsistencies, or ambiguities in this HOME Rental Policy or issues which may arise in administering the allocation of HOME funding. In the event of a conflict or inconsistency between this HOME Rental Policy and its Forms, Schedules, or Appendices, the policies and procedures described in this Policy shall prevail.

IHCD may, in its sole discretion, amend this HOME Rental Policy for any reason, including to ensure compliance with applicable federal, State, or local laws and regulations thereunder which may be amended or enacted, to reflect changes in market conditions, to respond to disaster recovery efforts, or to terminate the program.

IHCD may, in its sole discretion, elect not to allocate HOME funds to a Development that might otherwise qualify for an allocation or to allocate resources to lower ranked proposals to achieve a better mix of resource usage, a better geographic distribution of resources, or for any other reason judged by IHCD to be meritorious. IHCD reserves the right to allocate HOME funds to an Application irrespective of its point ranking, if such intended allocation is: (1) in compliance with the Code, (2) in furtherance of the housing goals stated herein, and (3) determined to be in the interests of the citizens of the State of Indiana. IHCD will provide a written explanation to the public for any allocation which is not made in accordance with the selection criteria in this HOME Rental Policy.

Any decision IHCD makes and any action or inaction by IHCD in administering the program shall be final and conclusive and shall not be subject to any review, whether judicial, administrative, or otherwise.

Part 1: Application Process

IHCD is empowered to act as a Participating Jurisdiction to administer the allocation of HOME funds. Its mission is to advance opportunity, affordability, and stability in housing.

1.1 Funding Priorities:

IHCD's goal is to fund developments that:

- Serve extremely low-income and very low-income households
- Promote aging-in-place and accessibility strategies to provide independent living for seniors and persons with disabilities
- Demonstrate capacity and readiness to proceed
- Contribute to community revitalization
- Demonstrate they are meeting the needs of their specific community
- Utilize energy-efficient and high-quality design features, within a reasonable cost structure
- Connect residents with services to enhance self-sufficiency and quality of life.

1.2 HOME Application Forms and HOME Policy Discrepancies

In the event of a conflict or inconsistency between the HOME Rental Policy and the HOME Application Form and/or Additional Documents, the procedures described in the HOME Rental Policy will prevail.

1.3 Funding Round Timeline

This anticipated schedule is subject to change or extension. Any changes to these dates will be announced via a RED Notice.

Application Available / Round Begins	December 30, 2025
CHDO Certification Application Webinar	January 7, 2026
HOME Application Webinar	January 9, 2026
CHDO Certification Applications Due	February 13, 2026
HOME Applications Due	March 20, 2026
Tentative Award Announcements	May 28, 2026

1.4 Application Webinar

An application webinar will be conducted with the confirmed date and registration link to be announced via RED Notice. During the webinar, IHCD staff will describe the requirements of the HOME program, threshold and scoring criteria, how to complete required application forms, and how to submit application documents. Organizations intending to apply are strongly encouraged to attend.

1.5 Technical Assistance

An Applicant may request a technical assistance meeting with their regional IHCD Real Estate Allocation Analyst to discuss the proposed project and IHCD's application process.

1.6 Application Submission

The Applicant must submit the following items:

- Via IHCD's OneDrive site:
 - CHDO Application Workbook and supporting documentation (if applying for CHDO Certification)
 - Completed copy of the HOME application form in both Excel and PDF formats



- All supporting documents as separately labeled PDF documents placed in labeled folders as instructed. Supporting documentation should not be combined into one PDF document.
- Signed Environmental Review Record (“ERR”) in PDF format. The ERR must be submitted to IHCD in the OneDrive folder along with the HOME application. The ERR should not be sent directly to IHCD’s environmental consultant or the State Historic Preservation Office.
- Via IHCD’s Online Payment Portal:
 - Application fee of \$500 paid through the [IHCD Online Payment Portal](#). If Applicant is also requesting a Development Fund loan, an additional \$500 application fee is due for a total fee of \$1000.
 - Exception: Applicants that are pre-certified as CHDOs as described in Section 5.1 are not required to submit application fees.

Applicants that are submitting multiple applications in a single round must submit all required documentation with each application. Supporting documentation submitted with one application may not be used to satisfy a threshold or scoring requirement of another application. IHCD will not accept applications for multiple phases of a development within the same funding round.

All required application items are due by 5:00 p.m. Eastern Time on the due date. Applications and documentation received after the deadline will not be accepted. Applicants encountering technical issues with application forms, supporting documentation, or the submittal process should contact their IHCD Real Estate Allocation Analyst as soon as possible.

If IHCD staff are unable to open or view submitted electronic documentation due to file corruption, incompatible file types, etc., staff will enlist IT support to remedy the issue. If the issue cannot be resolved, the Applicant will receive a threshold deficiency for each affected item but will be allowed to submit replacement documents if related to threshold criteria. Replacement documentation cannot be submitted for scoring items. This may result in the application failing threshold and/or not receiving points in a scoring category.

To submit an application, the Applicant must:

- Contact the Real Estate Department HOME Analyst to request the creation of a OneDrive folder. The Real Estate Department HOME Analyst will then share that folder with the Applicant and the Applicant may then upload their application.
- Notify the Real Estate Department HOME Analyst when they have uploaded all required documents to OneDrive, including documents for preliminary CHDO certification.
- Notify the Real Estate Department Coordinator to add or change contact information for communications regarding its application.

Applicants must retain a copy of the application package submitted to IHCD. Applicants that receive funding will be bound by the commitments made therein.

1.7 Application Review

Applications are reviewed in a three-step process:

Step One - Completeness

On or before the application deadline, the Applicant must provide all required documents.



Step Two – Initial Review

The application must meet all threshold criteria found in Sections 7-9 of this Policy. After initial threshold review, IHCD staff will contact an Applicant to notify them of threshold deficiencies identified in the application and to request any necessary clarifications. The Applicant must respond on or before the due date provided by IHCD. If the Applicant does not respond to IHCD's letter identifying necessary corrections and clarifications, or if the Applicant's response does not address all concerns, the application will be disqualified.

For definitions of threshold deficiencies and clarifications, please consult the [glossary](#).

After initial scoring review, IHCD staff will contact the Applicant to provide an initial scoresheet. The Applicant will have the opportunity to respond to the initial scoresheet by a deadline established by IHCD, but new documentation may not be submitted.

Step Three – Final Review

IHCD staff will review the Applicant's response to the initial threshold and scoring reviews and make a determination on threshold and final scoring. No other correspondence with the Applicant will occur until award recommendations are made.

Awards will be announced at the published IHCD Board of Directors meeting and award or denial letters and final score sheets will then be uploaded to OneDrive. Denied applications will not automatically be rolled over into the next funding round; however, the Applicant may choose to reapply.

1.8 Minimum Score Requirement

An application must score at least 50 points to qualify for funding.

1.9 IHCD HOME & HTF Program Manual

The IHCD *HOME & HTF Program Manual* outlines the requirements for administering an IHCD HOME award. The Manual is available on IHCD's [compliance webpage](#).

1.10 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 provide additional information to help Applicants complete the mandated environmental review. These documents can be found on IHCD's [environmental review webpage](#).

1.11 Waiver Policy

IHCD will consider a waiver request from an Applicant regarding IHCD Threshold Requirements, including underwriting guidelines.

The Applicant must submit a waiver request letter no later than 30 days prior to the application deadline. The letter must include the following:

- The specific Threshold Requirement for which the Applicant is requesting a waiver
- A detailed description as to why the waiver is necessary
- A development budget, if the waiver is related to per unit subsidy limitations
- Any additional information the Applicant would like IHCD to consider with the request

IHCDA does **not** accept waiver requests:

- of any federal regulation or HUD guidance
- to exceed the maximum per project HOME award request
- related to scoring requirements

After review, IHCDA will provide a written response approving or denying the waiver.

1.12 Development Fund Loans

Applicants may apply for a Development Fund Loan in conjunction with their HOME application per the requirements in Part 12 of this Policy.

Part 2: Eligible Applicants and Locations

2.1 Eligible Applicants

Eligible Applicants are limited to the following:

- Community Housing Development Organizations (CHDOs)
- 501(c)3 and 501(c)4 nonprofit organizations, including religious and faith-based nonprofit organizations that meet the requirements of Section 2.5 below
- Public Housing Agencies (PHAs)
- Local units of government (cities, towns, or counties) located within Indiana, except in the excluded Participating Jurisdictions listed below

2.2 Ineligible Applicants

The following entities are not eligible to apply:

- For-profit entities
- Any entity currently on a federal debarment list, on IHCD's suspension or debarment list, or in default on an IHCD loan. IHCD's Suspension and Debarment Policy can be found in Chapter 19 of the IHCD *HOME and HTF Program Manual*.
- Individuals
- Political, social, or fraternal organizations
- Institutions that discriminate, in policy or in practice, on the basis of race, color, national origin, sex, religion, familial status, disability, ancestry, veteran status, sexual orientation, gender identity, or against victims of domestic violence, dating violence, sexual assault, stalking, or human trafficking

2.3 Ineligible Development Locations

Applications for developments proposed to be located within the following Participating Jurisdictions are **NOT** eligible for IHCD HOME funds:

Bloomington	Indianapolis/Marion County*	Muncie
Evansville	Lafayette Consortium**	South Bend Consortium***
Fort Wayne	Lake County	

*Except for the cities of Beech Grove, Lawrence, Speedway, and Southport. Applications for projects to be located in the Town of Cumberland are eligible when the housing activity is outside of Marion County.

**Lafayette Consortium consists of the City of Lafayette, the City of West Lafayette, and the unincorporated areas of Tippecanoe County. Other incorporated areas in Tippecanoe County are eligible.

***South Bend Consortium consists of the City of South Bend, the City of Mishawaka, and the unincorporated areas of St. Joseph County. Other incorporated areas in St. Joseph County are eligible.

2.4 CHDO Applicants Proposing Projects Located in Certain Participating Jurisdictions

A CHDO may apply for IHCD HOME funding if the proposed development is in a Participating Jurisdiction that receives less than \$500,000 of HOME funding within IHCD's HOME Program Year. At the time of publication, the qualifying Participating Jurisdictions are:

Anderson East Chicago Gary Hammond Terre Haute

To be eligible, the Applicant must have received a preliminary commitment of HOME funds from the qualifying Participating Jurisdiction for the project for which they are applying for IHCD funding. Documentation of this commitment from the qualifying Participating Jurisdiction must be submitted at the time of application.

CHDOs proposing projects located in qualifying Participating Jurisdictions are limited to a request of \$1,000,000 in IHCD HOME funding but are also eligible for CHDO Operating Supplement and CHDO Predevelopment Loans, as described in Sections 4.4 and 4.5.

2.5 Requirements for Religious and Faith-Based Organizations

- Equal treatment of program participants and program beneficiaries.
 - *Program participants.* Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the HOME program. Neither the Federal Government nor a State or local government receiving funds under the HOME 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 HOME 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 HOME 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 HOME 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 HOME 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 HOME program. Sanctuaries, chapels, or other rooms that a HOME program-funded religious congregation uses as its principal place of worship, however, are ineligible for HOME program-funded improvements. Disposition of real property after the term of the grant, or any change in the use of the property during the term of the grant, 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 & HOME Program Requirements

3.1 Eligible Activities

The HOME rental program is intended for the construction and rehabilitation of rental housing. HOME-assisted rental housing units may not be used for transitional, temporary, or emergency housing at any time.

Acquisition is permitted only in conjunction with construction or rehabilitation activities. If HOME funds are used for acquisition or demolition, then construction must commence within nine months of the acquisition or demolition.

Eligible activities include:

- Rehabilitation, new construction, acquisition/rehabilitation, or acquisition/new construction of rental housing in the form of apartments, single room occupancy units (SROs), or single-family housing units for rent.
 - Per 24 CFR 92.2, SRO housing consists of single room dwelling units that are the primary residence of the occupant(s).
 - If the project consists of new construction, conversion of nonresidential space, or reconstruction, the unit must contain either food preparation or sanitary facilities (and may contain both).
 - If the project consists of rehabilitation of an existing residential structure or hotel, neither food preparation nor sanitary facilities are required to be in the unit. If the units do not contain sanitary facilities, the building must contain sanitary facilities that are shared by tenants.
 - A project's designation as an SRO cannot be inconsistent with the building's zoning and building code classification.
 - SRO housing does not include dormitories for students.
 - Rent limits for SRO units are treated differently than rent limits for other HOME-assisted units. See Part 3.2(B) of IHCD's *Federal Programs Ongoing Rental Compliance Manual* for additional instructions.
- Conversion of an existing structure to affordable housing (Adaptive Reuse) is considered Rehabilitation unless the conversion entails adding one or more units beyond the existing walls in which case the project is considered New Construction for HOME purposes.
- Rehabilitation of Low-Income Housing Tax Credit (LIHTC) developments with compliance periods that have expired prior to the due date for this application. LIHTC developments still in the 30-year extended use period are eligible to apply for HOME funds, assuming the initial 15-year federal compliance period has expired.
- Rehabilitation of existing HOME developments with HOME affordability periods that have expired prior to the due date for this application.
- Manufactured housing, if upon completion, all units:
 - Are designed and built in a factory, installed as a permanent residence, and bear a seal certifying that it was built in compliance with the Federal Manufactured Housing Construction and Safety Standards law
 - Were constructed after January 1, 1981

- Are attached to a permanent foundation of masonry construction and has a permanent perimeter enclosure constructed in accordance with the One- and Two-Family Dwelling Code
 - Have wheels, axles, and towing chassis removed
 - Have a pitched roof
 - Are located on land held by the nonprofit owner in fee-simple title or 99-year leasehold
 - Are connected to permanent utility hook-ups
- HOME-assisted units must serve eligible households at or below 60% of the Area Median Income for the county, based on the HOME program income limits published by annually HUD and distributed by IHCD via RED Notice. Developments with five or more HOME-assisted units must designate at least 20% of the units for households at or below 50% of the Area Median Income. Households must also meet the definition of “low-income families” at 24 CFR 92.2 which limits occupancy based on certain student status.

3.2 Ineligible Activities

The following are ineligible activities:

- Applications for multiple phases of a development within the same funding round.
- Public housing projects, per 24 CFR 92.214 (a)(4).
- Any housing activity funded under Title VI of NAHA, prepayment of mortgages insured under the National Housing Act, or acquisition, rehabilitation, or construction of any developments funded under HUD’s former Rental Rehabilitation Program
- Creation of secondary housing attached to a primary unit
- Acquisition, rehabilitation, or construction of:
 - Group homes
 - Transitional housing
 - Emergency shelters that are designed to provide temporary daytime and/or overnight accommodation for persons experiencing homelessness or fleeing domestic violence
 - Nursing homes
 - Convalescent homes
 - Hospitals
 - Residential treatment facilities including recovery houses
 - Correctional facilities
 - Student dormitories
 - Commercial space
- Rehabilitation of mobile homes
- Acquisition, rehabilitation, or new construction if any part of a development or its land is located within the boundaries of a 100- or 500-year floodplain.
 - EXCEPTION: An Applicant proposing rehab of existing housing in which the footprint of the structure and paved areas is not increased by more than 20% and falls within a FFRMS floodplain (CISA Maps) should consult a FEMA map to determine if the project falls within a 100- or 500-year floodplain. If the project falls within a 100-year floodplain (variation of Zone A), the application is ineligible for IHCD funding. If the project falls within a 500-year floodplain (variation of Zone X), the project may be eligible but will be required to follow a five-step mitigation process to be accepted. IHCD reserves the right to accept or deny such applications at staff’s discretion.

- Gap financing for LIHTC developments. Requests for HOME as gap financing must be made during the LIHTC application round in accordance with the Qualified Allocation Plan.
- Owner-occupied rehabilitation
- Homebuyer and lease-purchase development
- Supportive services, homeless prevention activities, or for the operation of commercial facilities
- Payment of HOME loan servicing fees or HOME loan origination costs
- Tenant-based rental assistance
- Payment of delinquent taxes, fees, or charges
- Any other activity not specifically listed as an eligible activity in Section 3.1 above

3.3 HOME Program and Crosscutting Federal Requirements

The proposed HOME project must follow all requirements of 24 CFR Part 92, applicable HUD guidance, this Policy, and the IHCD *HOME and HTF Program Manual*.

Requirements include, but are not limited, to the following. Refer to the *HOME and HTF Manual* for more information:

Lead-Based Paint:

Each recipient of a HOME 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 Indiana Department of Health (“IDOH”). 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 IDOH. 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, including sole proprietorships. Examples of the types of firms covered:
 - Residential rental property owners/managers
 - General contractors
 - Special trade contractors, including painters, plumbers, carpenters, and 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 in a lead-safe manner.
 - All associated individuals must either be certified renovators (meaning they successfully completed the accredited training) or have been trained on the job by a certified renovator. Such training must be documented, and the documents must be retained.

Uniform Relocation Act:

Each recipient of a HOME award is subject to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (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.

Section 3:

Any recipient receiving an aggregate amount of \$200,000 or more in HUD funding in a program year must comply with the Section 3 requirements. Section 3 provides preference in employment, training, and contracting opportunities to low- and very-low-income residents of the local community and businesses that substantially employ these persons.

Insurance Requirements:

During construction, the recipient of a HOME award will be required to provide proof of adequate builder's risk insurance, property insurance, and contractor liability insurance. During the ongoing affordability period, the recipient will be required to provide proof of property insurance.

Procurement Procedures:

A recipient that is a Local Unit of Government or a nonprofit not acting as a developer must follow competitive procurement procedures when procuring all materials, supplies, equipment, and construction or professional services related to the HOME award.

A recipient that is a nonprofit acting as a developer is not required to follow competitive procurement standards. To be considered acting as a developer, the nonprofit must meet the following criteria:

- May not be a public nonprofit (e.g., Housing or Redevelopment Authorities and public agencies). Such entities must follow competitive procurement.
- Must have site control (either through ownership or lease) of the property.
- Must be in sole charge of the development processes including:
 - Obtaining zoning and other approvals
 - Obtaining other non-HOME financing for the project
 - Selecting the architect, engineers, general contractors, and other members of the development team
 - Overseeing the progress of the work and cost reasonableness

Environmental Review:

To facilitate timely expenditure of HOME funds, all Applicants are required to complete and submit the Environmental Review Record (ERR) and Section 106 Historic Review at the time of application. Refer to the [IHCD ERR Guidebook](#).

Applicants may not purchase any property to be assisted with HOME funds, sign contracts, or begin rehab/construction until the ERR/Release of Funds process has been completed and approved.

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. Project timelines should be planned accordingly.



The Applicant will receive their HOME award documents only after the Release of Funds process is complete and will be allowed to draw funds only after the HOME award documents have been fully executed.

IHCDA will not fund projects located in a floodway or that have any portion of the project site in a 100- or 500-year floodplain. 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 IHCDA HOME funding.

If the project involves new construction and has either mapped wetlands or potential wetlands, the project is not eligible for IHCDA funding.

If the 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, project alternatives must be considered, including a new site.

Capital Needs Assessment for Rehab:

Applicants proposing a rehabilitation activity (regardless of number of units) must complete and provide a Capital Needs Assessment (CNA) performed by an independent Indiana licensed architect or engineer along with the application. At completion of Rehab (1) all units in the development must have components, systems, appliances, finishes, etc. of the same or comparable quality and (2) all items identified in the CNA must have been addressed.

Initial Inspection for Rehab:

Upon receipt of an application proposing rehabilitation (regardless of number of units), IHCDA will conduct an initial inspection to verify the deficiencies that must be addressed during rehabilitation to ensure the units will meet HOME requirements at completion. This inspection will occur prior to IHCDA making a funding recommendation.

Physical Inspections During the Award Term:

IHCDA staff or IHCDA's third-party contracted inspector will conduct physical inspections as follows:

- Projects will be inspected at least twice during the award term. The first inspection will be conducted halfway through the award term. The second inspection will be conducted upon construction completion.
- For all projects, IHCDA reserves the right to conduct more frequent inspections or site visits to monitor construction progress.

Match:

The match requirement for the HOME program is 25% of the total amount of HOME funds requested, except for HOME funds used for environmental review costs (pursuant to §92.206(d)(8)), planning costs (pursuant to §92.207), CHDO operating expenses (pursuant to §92.208), capacity building of CHDOs (pursuant to §92.300(b)), and predevelopment or seed money loans to CHDOs (pursuant to §92.301) when IHCDA waives repayment under the provisions of §92.301(a)(3) or §92.301(b)(3).

- Labor, property, funds, or other sources of match contribution donated by the Applicant to itself, or by a principal or investor in the development, are not eligible forms of match as defined in §92.220(b)(4).
- If utilizing banked match, the Applicant must have sufficient unencumbered banked match available at time of application.

- All required match must be committed by the time closeout documentation is submitted.
- If utilizing a tax exemption as a source of match, the Applicant must have a signed letter from the local unit of government that lists the property or properties receiving the exemption, the length of the exemption, and the total value of the exemption.

Davis Bacon:

Davis Bacon labor standards and prevailing wage requirements must be followed if applicable, including but not limited to the following circumstances:

- Projects containing 12 or more HOME-assisted units
- Projects containing 9 or more Project Based Voucher units
- Projects containing 12 or more Section 811 PRA units
- Public Housing Authorities (PHAs) using PHA funds in conjunction with IHCD funds

Meaningful Access for Limited English Proficient Persons

Persons who do not speak English as their primary language and persons 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.

Part 4: CHDOs

A Community Housing Development Organization (CHDO) is a private, community-based nonprofit organization whose primary purpose is to develop affordable housing for the community it serves. To be recognized as a CHDO, an organization must meet the requirements pertaining to the legal status, organizational structure, capacity, and experience as set forth in 24 CFR 92.2, and be certified by IHCD. See [IHCD's CHDO webpage and application](#) for additional requirements, documentation, and details.

To receive IHCD CHDO certification, a nonprofit must be based in Indiana and must be registered with the [Indiana Secretary of State](#) as a “domestic nonprofit corporation.”

Organizations that are certified as CHDOs are eligible to request up to \$1,500,000 of HOME rental funding as well as CHDO Operating and Predevelopment funds.

4.1 IHCD CHDO Set-Aside

IHCD must allocate at least 15% of its HOME funds for CHDO projects.

4.2 CHDO Eligible Activities

Rental housing is considered a CHDO-eligible activity for purposes of the CHDO set-aside as long as the activity takes place within the CHDO's state-certified service area and the CHDO owns, develops, or sponsors the project.

CHDOs must be certified by IHCD as a CHDO prior to submission of a HOME rental application and identify which of the three roles the CHDO will undertake with the project:

- A CHDO **“owns”** the project if it holds valid legal title in fee simple or has a long-term (99-year minimum) leasehold interest in a rental property. The CHDO may hire and oversee a project manager or contract with a developer to perform the rehabilitation or new construction.
- A CHDO **“develops”** the project if it is the owner in fee simple or through a long-term ground lease during both the development and the affordability period. As developer, the CHDO must be in sole charge of all aspects of the development process, including obtaining zoning, securing non-HOME funds, selecting contractors, overseeing the progress of work, and determining reasonableness of costs.
- A CHDO **“sponsors”** a rental project through one of two processes:
 - Rental housing is developed by a CHDO affiliate, defined as a CHDO's wholly owned subsidiary (nonprofit or for-profit); a limited partnership of which the CHDO or its wholly owned subsidiary is the sole general partner; or a limited liability company of which the CHDO or its wholly owned subsidiary must be the sole managing member. If the limited partnership or limited liability company agreement permits the CHDO to be removed as general partner or sole managing member, the agreement must provide that the removal must be for cause and that the CHDO must be replaced with another CHDO.
 - The CHDO develops housing on behalf of another nonprofit. The rental housing is transferred by the CHDO to the other nonprofit upon completion. The nonprofit receiving the property upon completion must be identified by the CHDO, not be created by a government entity, and assume ownership and all HOME obligations, including any loan repayment. The CHDO must own the property during the development period and be in sole charge of the development process.

4.3 CHDO Program Requirements

CHDOs must adhere to all HOME program requirements and the following additional CHDO specific requirements:

- Treatment of Program Income by a CHDO:
 - Proceeds generated from a CHDO development activity may be retained by the CHDO but must be used for housing activities that benefit low-income families as provided in 24 CFR 92.300(a)(2). Such proceeds are not considered program income and are not subject to HOME program requirements. However, funds recaptured if housing no longer meets affordability requirements are not considered CHDO proceeds and are subject to the requirements of 24 CFR 92.503(b) and must be returned to IHCD.
- An Applicant requesting CHDO funding must complete the CHDO-related sections in the HOME Rental Application Form, including describing how low-income persons have had the opportunity to advise the CHDO in its decision regarding the design, site, development, and management of the affordable housing.

4.4 CHDO Operating Supplement

Along with their capital funding request, a CHDO may apply for a CHDO Operating award in an amount not to exceed the lesser of \$50,000 or 50% of the CHDO's total annual operating expenses. However, a CHDO may not receive more than \$50,000 in CHDO Operating funds for new projects within one program year. The HOME program year is July 1 through June 30.

A CHDO that has already received a CHDO Operating award for a project funded within the previous two HOME program years is eligible to apply for a second CHDO Operating award of up to \$25,000 if they meet the following criteria:

- Began construction within 12 months of receiving the executed HOME Award Agreement;
- Have drawn a minimum of 25% of the IHCD HOME award; and
- Have drawn 100% of the original CHDO Operating award.

A CHDO may not receive more than \$75,000 in total CHDO Operating awards within one program year.

Eligible CHDO Operating costs include:

- | | |
|------------------------------|-----------------------------------|
| • Accounting Services/Audit | • Postage |
| • Communication Costs | • Professional Dues/Subscriptions |
| • Education/Training | • Rent |
| • Equipment/Software | • Staff Salary/Fringe Benefits |
| • Insurance | • Taxes |
| • Lead-Based Paint Equipment | • Travel |
| • Legal Fees | • Utilities |

4.5 CHDO Predevelopment Loans

CHDOs are eligible to request up to \$30,000 in project-specific predevelopment loans. Loans may not exceed customary and reasonable project preparation costs and must be repaid from construction loan proceeds or other program income. The CHDO must apply for the predevelopment funds through a separate application process. An overview of the application process for CHDO predevelopment loans can be found [here](#).

A CHDO is limited to a maximum of three open or pending CHDO predevelopment loans at any time.



Part 5: Subsidy Limitations & Eligible Activity Costs

5.1 Maximum Award Request, Subsidy Limitations & Budget Limitations

Maximum Award Request

Applicants that are not certified as a CHDO, or that are certified as a CHDO **after** the application due date, may request a maximum of \$1,000,000.

Applicants that are certified as a CHDO **before** the application due date may request a maximum of \$1,500,000.

- In order to qualify, Applicants must submit a CHDO application and all required CHDO documentation by **5:00 p.m. Eastern Time on February 13, 2025**. The CHDO application can be found as a separate document on [IHCD's CHDO webpage](#).
- IHCD staff will review the Applicant's CHDO application. If further clarification is needed, IHCD will reach out to the Applicant for additional information.
- Upon making a final determination, IHCD will inform each CHDO Applicant as to the status of its certification.

An Applicant that submits its CHDO certification after the deadline listed above will NOT be eligible to request more than \$1,000,000. However, its certification status will still be reviewed, it will still be eligible for any scoring category contingent on CHDO status, and it will still be eligible to request CHDO Operating Supplement funds in conjunction with its HOME application.

Applicant Type	Maximum Award Request
Non-CHDO	\$1,000,000
CHDO – if certified by deadline	\$1,500,000
CHDO – if certified after deadline	\$1,000,000

Subsidy Limitations

HOME funds used for acquisition, rehabilitation, new construction, soft costs, relocation, rent-up reserve, and developer's fee combined cannot exceed the following per unit subsidy limits:

Bedroom Size	Per Unit Subsidy Limit for 50% or 60% AMI units	Per Unit Subsidy Limit for 30% or 40% AMI units
0	\$ 136,000	\$ 156,000
1	\$ 156,000	\$179,000
2	\$ 190,000	\$ 217,000
3	\$ 246,000	\$ 282,000
4+	\$ 270,000	\$ 309,000

Cost Allocation

IHCDA will conduct a cost allocation analysis for each application. IHCDA will ensure that the amount of HOME funds invested does not exceed the lesser of (1) the total HOME eligible costs per unit, (2) the maximum per-unit HOME subsidy as noted in the table above, or (3) the Applicant's HOME request. IHCDA will determine the minimum number of HOME-assisted units required for the project based on the amount of HOME funding requested. Applicants may be required to increase the number of HOME-assisted units and/or to reduce the amount of HOME funding requested based on this cost allocation analysis.

If the application proposes less than 100% of units as HOME-assisted units (e.g., a mixed-income project), IHCDA must determine if HOME-assisted and non-HOME-assisted units are comparable or non-comparable based on square footage, design features and amenities, and the number of bedrooms.

If the application proposes non-residential space (e.g., a mixed-use project) including commercial space and community spaces and facilities in the building that are not exclusively for the use of the project residents, IHCDA must evaluate the square footage of residential vs. non-residential space to determine what portion of total development costs are HOME eligible.

Budget Limitations

- HOME funds cannot be used for replacement reserves or operating reserves (except eligible rent-up reserves as defined in Section 7.1 of this policy).
- HOME funds budgeted for developer fee cannot exceed 15% of the HOME award.

5.2 Form of Assistance

HOME funds will be awarded to the recipient in the form of a grant and will be paid on a reimbursement basis based on claims submitted to IHCDA. Award documents must be executed in order to access funds and will include, but are not limited to, the HOME award agreement and a lien and restrictive covenant agreement.

5.3 Eligible Activity Costs

The bolded items listed below are included in the application budget.

Acquisition – Limited to the purchase price and related costs associated with the acquisition of real property. The cost of acquisition will be calculated based upon the lesser of the actual amount paid for the building or the appraised fair market value. Recipients must use a title company when purchasing or selling assisted properties. Acquisition costs can only be paid with HOME funds if the acquisition occurs after the execution of the HOME award agreement.

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

Developer Fee – Developer fees paid with HOME funds cannot exceed 15% of the HOME award.

Environmental Review – This line item includes expenses associated with the NEPA compliance Environmental Review, which is a requirement of the Release of Funds process. This does not refer to expenses for a Phase I Environmental Assessment which should be included in the soft costs line item. Eligible costs for this line item are generally between \$2,000 and \$5,000 and include professional services,

publication costs, photocopying, and postage. For further information regarding this activity, please read the Environmental Review Guide found in the [Environmental Review/Section 106 User's Guide](#).

Lead Hazard Testing – Costs associated with lead hazard testing include Risk Assessment, Clearance Test, etc. The limits for this line item are \$1,000 per unit.

Loan Guarantees – The payment of principal and interest for a guaranteed loan is an eligible HOME cost only if: (1) the loan is used for eligible costs as specified in this section and (2) the HOME assistance is part of the original financing for the project.

New Construction – Eligible costs include:

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

Rehabilitation – When HOME funds are being used for rehabilitation, at least 51% of the total HOME request must be budgeted for rehabilitation costs.

Eligible costs include:

- Hard costs associated with rehabilitation activities
- Utility connections and related infrastructure costs are eligible. Offsite connections from the property line to the adjacent street are eligible when existing infrastructure is deficient and is deemed a threat to health and safety.
- Site work related to driveways, sidewalks, landscaping, etc.
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners
- General Requirements, Contractor Contingency, and Construction Manager as Constructor
- Lead-based paint interim controls and abatement costs
- Mold remediation

Relocation – Relocation payments and other relocation assistance for permanently and/or temporarily relocated individuals, families, businesses, not-for-profit organizations, and farm operations, where assistance is required and appropriate. Relocation payments include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket expenses for temporary relocation purposes.

Soft Costs – Costs that are reasonable and necessary for the implementation and completion of the proposed activity. Recipients are allowed to draw down this line item as costs are incurred.

Eligible costs include:

- Appraisals
- Builder's risk insurance



- Building permits
- Client in-take / Income verification
- Consultant fees
- Cost estimates
- Credit reports
- Demolition permits
- Engineering/Architectural Plans
- Financing costs
- Impact fees
- Inspections
- Legal and accounting fees
- Other professional services
- Pay-off of a HOME CHDO Predevelopment loan
- Phase I Environmental Assessments
- Plans, specifications, work write-ups
- Private lender origination fees
- Realtor fees
- Recording fees
- Title Searches
- Travel to and from the site
- Lead hazard testing
- Utilities of assisted units

5.4 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 or the leasing office of the apartment manager. HOME awards cannot be used to finance any portion of commercial development costs. The expenses incurred and income to be generated from the commercial space must not be included in the residential pro forma.
- Costs associated with any financial audit of the recipient
- Costs associated with preparing an application for funding through IHCD
- Costs of supportive services
- General operating expenses or operating subsidies
- 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

5.5 Retainage Policy

IHCD will hold the final \$10,000 of an award until all match documentation, closeout documentation, and completion reports are received and approved. Retainage will not be released until the final monitoring and inspection are completed and all associated findings and/or concerns are resolved.

5.6 Program Income

HOME Program Income is gross income received by the participating jurisdiction (IHCD) or an IHCD HOME sub-recipient directly generated from the use of HOME funds or matching contributions.

Income generated by a CHDO acting as an owner, sponsor, or developer of HOME units are considered CHDO proceeds and may be retained by the CHDO but must be used for housing activities that benefit low-income families as provided in 24 CFR 92.300(a)(2). However, funds recaptured if the project no longer meets affordability period requirements are not considered CHDO proceeds and must be returned to IHCD.

Income generated by non-CHDOs acting as developers of HOME units may be retained by the developer and is not subject to HOME Program requirements.



More complete definitions and rules regarding Program Income can be found in IHCDA's *HOME & HTF Program Manual*.

Part 6: Compliance Requirements

6.1 Initial Lease Up Timing

All HOME-assisted units must be rented for initial occupancy within 18 months of the date of project completion. The recipient must repay HOME funds invested into any unit that is not rented by that deadline.

6.2 Period of Affordability

HOME projects must remain in compliance for the duration of the period of affordability applicable to the project, per the chart below:

Amount of HOME subsidy per unit:	Affordability Period
Rehab or acquisition of existing housing less than \$25,000	5 years
Rehab or acquisition of existing housing \$25,001 - \$50,000	10 years
Rehab or acquisition of existing housing greater than \$50,000 OR any rehabilitation involving refinancing	15 years
New construction or acquisition of newly constructed housing	20 years

The affordability period begins after the project has been completed, the completion forms have been submitted to and approved by IHCDA, final inspection and monitoring has been completed and any issues resolved, and final claims have been paid.

During the affordability period all HOME program rental requirements apply to the property. See IHCDA's *Federal Programs Ongoing Rental Compliance Manual* for a full discussion of affordability period compliance requirements.

6.3 Ongoing Rental Compliance Requirements

The recipient shall comply with the following requirements of the HOME Program throughout the affordability period:

- Ensuring that the property meets the Property Standards set forth in 24 CFR 92.251;
- Ensuring that the tenants meet the eligibility requirements set forth in 24 CFR 92.252. All households occupying HOME-assisted rental units must be income- and student-status qualified based on HOME regulations. An income verification is valid for a period of six months. If more than six months pass between income verification and the move-in or recertification date, then a new income verification must be completed. Income must be verified using the Section 8 methodology of calculating gross annual household income found at 24 CFR 5.609. See the *Federal Programs Ongoing Rental Compliance Manual* for more information on household qualification.
- Complying with the HOME program income and rent limits issued by HUD and published annually by IHCDA via a RED Notice.

- Creating and implementing 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 HUD guidance on tenant screening and the use of criminal records.
- Following Affirmative Fair Housing Marketing Procedures and creating/implementing an Affirmative Fair Housing Marketing Plan if the project contains five or more HOME-assisted units.
- Ensuring that each tenant enters into a written lease. 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 prohibited provisions as set forth in 24 CFR 92.253(b) and in IHCD's *Federal Programs Ongoing Rental Compliance Manual*.
- Submitting annual tenant events and Annual Owner Certifications of Compliance to IHCD through its online reporting system as set forth in IHCD's *Federal Programs Ongoing Rental Compliance Manual*. Tenant events must be entered into IHCD's [Indiana Housing Online Management System](#) within 30 days of the tenant's event date. Tenant events include move-ins, move-outs, recertification, unit transfers, and rent and income changes.
- Allowing periodic file monitoring and physical inspections of the property by IHCD, its contractors, and/or the US Department of Housing and Urban Development ("HUD").
- In accordance with 92.504(d)(2), 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 10 or more HOME-assisted units.
- Registering the project and entering vacancies in the [IndianaHousingNow.org](#) affordable housing database.

6.4 Rent Restrictions

HOME-assisted rental units will be rent-restricted throughout the affordability period to ensure that the units are affordable to low- and moderate-income households. Please refer to the most recent HOME rent limits, which can be found on IHCD's website under [RED Notices](#).

The following restrictions apply:

- Gross rent must be at or below the published rent limit. Gross rent = tenant-paid rent + tenant-based rental assistance + utility allowance + non-optional fees.
- Published rent limits include the cost of any tenant-paid utilities. For all utilities that the tenant will be responsible for paying, the owner must subtract the approved utility allowance from the published rent limit to determine the maximum tenant-paid rent.
 - For example, if the rent limit in a given county is \$500 with a utility allowance of \$50 for gas heat, \$30 for other electric, and \$20 for water, the maximum allowable rent would be \$400 for a unit where the tenant pays all the above utilities (\$500 - \$50 - \$30 - \$20 = \$400).
- Households with tenant-based rental assistance: Rent limits do not apply to any rental assistance or subsidy payment provided under a Federal, State, or local rental assistance or subsidy program. If a household receives tenant-based rental assistance (e.g., a Housing Choice Voucher) under a subsidy program in which the tenant-paid rent portion is no more than 30% of the household's monthly adjusted income or 10% of the household's monthly gross income, then the owner may ignore the rent limit and accept the rent allowable under the rental assistance program.



- Units with project-based rental assistance: Rent limits do not apply to any rental assistance or subsidy payment provided under a Federal or State project-based rental assistance or subsidy program. If a household lives in a project-based rental assistance unit (e.g., PBV, PBRA, or Section 811 PRA) under a subsidy program in which the tenant-paid rent portion is no more than 30% of the household's monthly adjusted income, then the owner may ignore the rent limit and accept the rent allowable under the rental assistance program.
- If the development charges non-optional fees, including mandatory fees for supportive services, then these costs must be included in the gross rent calculation
- If an SRO-unit has both food preparation and sanitary facilities, then use the HOME zero-bedroom (efficiency) unit rent limit or 30% of the household's adjusted income, whichever is more restrictive.
- If an SRO-unit has neither food preparation nor sanitary facilities, or only one of these, 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 HOME rent limit in that county for an applicable SRO unit would be \$225 ($\$300 \times .75 = \225).

6.5 Lien and Restrictive Covenant Agreement

Each recipient of a HOME 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 HOME 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:

- Transfer or conveyance of the real estate by deed, land contract, lease, or otherwise, during the Affordability Period if (i) the new owner does not agree to remain in compliance with the HOME Award Agreement and HOME regulations for the duration of the Affordability Period or (ii) the project is subject to CHDO owner or developer requirements but the new owner is not a CHDO;
- Commencement of foreclosure proceedings (or deed in lieu of foreclosure) by any mortgagee during the Affordability Period;
- Determination that the project no longer meets the property standards set forth in 24 CFR 92.251;
- Determination that HOME-assisted units are not being used by qualifying tenants as their principal residence or are not being leased in accordance with the requirements set forth in IHCD's *Federal Programs Ongoing Rental Compliance Manual*;
- Determination of non-compliance with the HOME income and rent limits issued by HUD;
- Failure by the owner to submit annual tenant events and Annual Owner Certifications of Compliance to IHCD through its online reporting system as set forth in IHCD's *Federal Programs Ongoing Rental Compliance Manual*; or
- Refusal by the owner to cooperate with IHCD monitoring or inspection activities.

The recipient of the HOME award will be responsible for repaying IHCD any HOME funds utilized for any housing constructed, rehabilitated, or acquired that does not remain affordable and in compliance in accordance with 24 CFR 92.252 for the entire Affordability Period.

At the end of the affordability period, if the recipient has met all conditions, the lien will be released by IHCD.



Part 7: Underwriting and Market Assessment

7.1 Underwriting Guidelines

The following underwriting guidelines apply to all applications.

IHCDA will consider underwriting outside of these guidelines if supporting documentation is provided, except in the case of HUD-mandated Project Based Voucher (PBV) subsidy layering requirements which cannot be waived. IHCDA will issue a threshold deficiency if the application does not include an explanation and supporting documentation to justify why the underwriting is outside of these guidelines. IHCDA will issue a separate threshold deficiency for each item that is outside of the underwriting guidelines. Approval of underwriting from other financing institutions or funding sources does not constitute acceptable supporting documentation.

Total Operating Expenses – All developments must be able to underwrite with a minimum operating expense of \$5,000 per unit per year. The total operating expense calculation includes replacement reserve contributions but excludes debt service.

For developments with Project Based Vouchers, cash flow (minus any acceptable reserve amounts) cannot exceed 10% of total operating expenses. Cash flow is determined after ensuring all debt can be satisfied and is defined as total income to the project minus total expenses.

Management Fee – The maximum management fee allowed is defined in the table below, based on the number of units within the project. The percentage is based on the “effective gross income” (gross income for all units, less vacancy rate).

Number of Units	Maximum Management Fee Percentage
1 – 50	7%
51 - 100	6%
101 or more	5%

Vacancy Rate – 6-8%, with the following exception. Applications with Section 8 Project Based Rental Assistance (PBRA), Project Based Vouchers (PBV), or Section 811 Project Rental Assistance (811 PRA) on 20% or more of the total units must use a vacancy rate of 4-7%.

Rental Income Growth –2% per year.

Operating Reserves – The greater of (1) at least four months of projected expenses including operating expenses, debt service payments, and replacement reserve payments; or (2) \$1500 per unit. Operating Reserves are not an eligible HOME expense and must come from other eligible sources, except eligible rent-up reserves as defined below.

Rent-Up Reserve – HOME funds may be used to fund a rent-up reserve, referred to in the HOME regulations as an “initial operating deficit reserve.” This reserve can be used to meet shortfalls in

development income during the rent-up period and may only be drawn down after construction is completed. The following terms apply:

- IHCD will deobligate any unused rent-up reserve remaining in the account six months after construction is completed.
- The rent-up reserve can be used only for development operating expenses, scheduled payments to replacement reserves, and debt service payments.
- The recipient must receive IHCD's approval prior to accessing its rent-up reserve funding.
- The amount of HOME funds that can be utilized for a rent-up reserve is limited to three months of development operating expenses plus three months of development debt service.

Replacement Reserves – Replacement reserves must be included in the operating budget. Contributions must be made to the reserve account starting at or before the conversion date of the construction loan to permanent loan and must be funded throughout the Affordability Period.

Replacement reserve funds must only be used for capital improvements (substantial improvements such as re-roofing, structural repairs, or major projects to replace or upgrade existing furnishings) and must **not** be used for general maintenance expenses (replacement of individual appliances or minor repairs). Less restrictive provisions required by senior lenders must be approved by IHCD.

Replacement reserves must escalate at a rate of 3% per year.

Minimum contribution requirements are as follows:

Development Type	Minimum Contribution per unit per year
Rehabilitation of existing housing	\$350
New Construction- age-restricted	\$250
New Construction- non-age-restricted	\$300
Single-family units	\$420
Historic rehabilitation or adaptive reuse	\$420

If an application proposes multiple construction types, the minimum contribution will be calculated based upon the unit mix. For example, if a proposed development contains 10 age-restricted new construction units and 10 rehabilitation units, the calculation would be 10 units at \$250 per unit per year and 10 units at \$350 per unit per year.

Operating Expense Growth – 3% per year.

Stabilized Debt Coverage Ratio – All developments must be able to underwrite with a stabilized debt coverage ratio (DCR) within the following standards:

Development Location	Minimum Acceptable Debt Coverage Ratio for Duration of Affordability Period
Large or Small City	1.15 – 1.45
Rural	1.15 – 1.50
Developments with Project Based Vouchers (any location)	1.10 – 1.45
Developments with 221(d)(4) or 223(f) loans (any location)	1.11 – 1.45

IHCDA recognizes that some developments may require a higher DCR at the beginning of the Affordability Period in order to remain viable for the duration of the Affordability Period. Documentation to support a higher DCR must be provided. However, for developments with Project Based Vouchers, the DCR must be in the range stated above for all years.

Developments without debt will not have a DCR but will be required to have sufficient cash flow. This will be determined by an expense ratio of Effective Gross Income to Total Annual Expenses (including replacement reserve contributions). An expense ratio of 1.10 shall be the minimum required throughout the affordability period to be considered viable.

Taxes And Insurance – Applicant must submit documentation of estimated property taxes and insurance for the proposed development, including an explanation of how those estimates were calculated.

If a PILOT, tax abatement, or tax exemption has been approved for the proposed development, provide supporting documentation. If not yet approved by the time the application has been submitted, the project must be underwritten with full property taxes included.

REASONABLENESS OF PROJECT COSTS

IHCDA may disallow or reduce any line-item costs, square footage costs, or total unit costs deemed to be unreasonable. IHCDA may request additional information to substantiate the reasonableness of any cost.

7.2 Market Assessment Guidelines

The following market assessment guidelines must be followed for all applications. Responses to these narrative questions are required, but a full third-party market study is not necessary.

Market Area – Define the primary market area from which the majority of the development’s tenants are likely to come and provide a map with a scale. Describe how the primary market area was determined to be appropriate for the development.

Socioeconomic Profile And Trends – Identify the following for the primary market area: (1) the trends in population growth or decline, (2) data on households by age and income, and (3) the estimated number of eligible tenants for the development.

Housing Stock – Describe the existing housing stock within the primary market area including the number of housing units by type (single-family or multifamily), percent vacant, and percent owner-occupied vs. renter-occupied. In addition, provide a list of all other rent-restricted properties in the primary market area and indicate whether they are age-restricted.

Capture Rate And Absorption Period – Provide an estimate of the capture rate for the development (project's units divided by the number of eligible tenants from the market area) and estimate the absorption period. Reminder: Per regulation, HOME-assisted units must be leased up within 18 months of project completion.

Part 8: Design Requirements

8.1 NSPIRE Affirmative Habitability Requirements

The National Standards for the Physical Inspection of Real Estate (“NSPIRE”) requires the following minimum Affirmative Habitability Requirements.

Inspectable Area = Unit: the interior components of an individual dwelling where the resident lives.

1. Hot and cold running water in both bathroom and kitchen, including adequate source of safe drinking water in the bathroom and kitchen
2. Bathroom or sanitary facility that is in proper operating condition and usable in privacy that contains a sink, a bathtub or shower, and an interior flushable toilet
3. At least 1 battery-operated or hard-wired smoke detector in proper working condition
 - a. On each level of the unit
 - b. Inside each bedroom
 - c. Within 21’ of any door to a bedroom measured along a path of travel; and
 - d. Where a smoke detector installed outside a bedroom is separated from an adjacent area by a door, must also be installed on the living area side of the door
 - e. If the unit is occupied by a hearing-impaired person, the smoke detectors must have an alarm system designed for hearing-impaired persons.
4. Living room and kitchen area with a sink, cooking appliance, refrigerator, food preparation area, and food storage area
5. For units with Housing Choice Vouchers or Project Based Vouchers, at least one bedroom or living/sleeping room for each two persons in the household
6. Must meet carbon monoxide detection standards established through Federal Register notice and the NSPIRE standard, if applicable
7. Two working outlets or one working outlet and a permanent light within all habitable rooms
8. Outlets within 6’ of a water source must be GFCI protected* Note: A washing machine’s water connection is considered a water source. Therefore, all outlets within 6’ of the washing machine connection must be GFCI protected.
9. Must contain a permanently installed heating source. Units may not contain unvented space heaters that burn gas, oil, or kerosene.
10. Must have a guardrail when there is an elevated working surface drop off of 30’ or more measured vertically
11. Permanently mounted light fixture in the kitchen and each bathroom

Inspectable Area = Inside: the common areas and building systems within the building interior that are not inside a unit

1. At least one battery-operated or hard-wired smoke detector in proper working condition on each level
2. Must meet carbon monoxide detection standards established through Federal Register notice and the NSPIRE standard, if applicable
3. Outlets within 6’ of a water source must be GFCI protected* Note: A washing machine’s water connection is considered a water source. Therefore, all outlets within 6’ of the washing machine connection must be GFCI protected.
4. Must have a guardrail when there is an elevated walking surface drop off of 30” or more measured vertically

5. Permanently mounted light fixtures in any kitchens and each bathroom
6. May not contain unvented space heaters that burn gas, oil, or kerosene

Inspectable Area = Outside: the building site, building exterior components, and any building systems located outside of the building.

1. All outside outlets must be GFCI protected
2. Must have a guardrail when there is an elevated walking surface drop off of 30" or more measured vertically

* The requirement that all interior outlets within 6' of a water source must be GFCI protected does not apply in the following circumstances:

- The requirement does not apply to an outlet dedicated to a major appliance (e.g., water heater, HVAC, refrigerator, washing machine, dishwasher, garbage disposal, appliance that is wall-mounted or installed within a cabinet, etc.). A "dedicated outlet" is a receptacle outlet that is only capable of serving that specific appliance. A dedicated outlet cannot be a dual/duplex outlet.
- The requirement does not apply to an outlet below a countertop and within an enclosed cabinet, regardless of its distance from the water source.

Smoke Alarm Placement Requirements

Smoke alarms must be installed in all areas listed in the affirmative habitability requirements. The following placement requirements must be met.

- If mounted on the ceiling, smoke alarm must be greater than 4 inches from the wall
- If mounted on the wall, the top edge of the smoke alarm cannot be closer than 4 inches or greater than 12 inches from the ceiling
- It is recommended, but not required, that smoke alarms be installed at least 10' from a cooking appliance and not near windows, doors, or ducts where drafts might interfere with their operation.

CO Detector Placement Requirements

CO detectors are only required if required by NFPA 72 or NSPIRE standards, for example, if a unit (1) contains a fuel-burning appliance or fuel-burning fireplace, (2) has adjacent spaces from which byproducts of combustion gas can flow, or (3) is located one story or less above or below an attached private garage that does not have natural ventilation or is enclosed and does not have a ventilation system for vehicle exhaust. See [HUD's NSPIRE carbon monoxide alarm standard](#).

8.2 Minimum Accessibility Requirements

Fair Housing Requirements: The Fair Housing Amendments Act of 1988 design requirements apply to "covered multifamily dwellings" which were built for first occupancy after March 13, 1991. First occupancy means a building that has never before been used for any purpose. The following are considered covered multifamily dwellings:

- All dwelling units in buildings containing four or more dwelling units if such buildings have one or more elevators
- All ground floor dwelling units in other buildings containing four or more units.

Regulations found at 24 CFR Part 100.205 implement the Fair Housing Act's design and construction requirements. These specific design and construction standards can also be found in ICC A117.1 Accessible and Usable Building and Facilities, Fair Housing Accessibility Guidelines (FHAG), and [HUD's Fair](#)

[Housing Act Design Manual](#). The seven design requirements for covered multifamily dwellings, in abridged form, are as follows.

1. Must have at least one building entrance on an accessible route
2. Public and common use areas must be readily accessible to and usable by people with disabilities
3. All doors designed to allow passage into and within all premises must be sufficiently wide to allow passage by persons in wheelchairs
4. There must be an accessible route into and through the dwelling units, providing access for people with disabilities throughout the unit
5. All premises within the dwelling units must contain light switches, electrical outlets, thermostats, and other environmental controls in accessible locations.
6. All premises within the dwelling units must contain reinforcements in bathroom walls to allow later installation of grab bars around toilet, tub, shower stall and shower seat, where such facilities are provided.
7. Dwelling units must contain usable kitchens and bathrooms such that an individual who uses a wheelchair can maneuver about the space.

504 Requirements: Developments must be designed and built in accordance with the accessibility requirements of Section 504. These specific design and construction standards can be found in the Uniform Federal Accessibility Standards (UFAS) and in 24 CFR Part 8. Section 504 requires that at least 5% of the units, or at least one unit whichever is greater, must be accessible for persons with mobility disabilities and an additional 2% of the units, or at least one unit whichever is greater, must be accessible for persons with hearing or visual disabilities.

ADA Requirements: Public common areas, such as leasing offices and any community spaces open to the general public, must meet the design requirements of the Americans with Disabilities Act.

8.3 Additional Accessibility Requirements for Age-Restricted Developments

In addition to the minimum accessibility requirements in Part 8.2 above, the following additional accessibility requirements apply to all age-restricted (55+ or 62+) developments.

- For New Construction:
 - All common areas must be accessible.
 - 100% of the units must be Type A or Type B units in accordance with Chapter 10 of the ICC A117.1.
 - Elevators must be installed for access to all units above or below the ground floor.
- For Adaptive Reuse developments without elevators:
 - All common areas on the main floor must be accessible.
 - 100% of the ground floor units must be Type A or Type B units in accordance with Chapter 10 of the ICC A117.1.
- For Adaptive Reuse developments that contained elevators prior to rehabilitation:
 - The elevators/lifts must be maintained.
 - All common areas must be accessible.
 - 100% of the units must be Type A or Type B units in accordance with Chapter 10 of the ICC A117.1.
- For Rehabilitation of existing housing:
 - In place elevators/lifts must be maintained.
 - All common areas must be accessible.

- 25% of the units must be Type A or Type B units in accordance with Chapter 10 of the ICC A117.1.
- 100% of the units must have grab bars installed at all toilets, showers, and bathtubs.

8.4 Visitability Mandate

Any development involving new construction of single-family homes, duplexes, triplexes, or townhomes must meet the visitability mandate.

Visitability is defined as design that allow persons with mobility impairments to enter and stay, but not necessarily live, in a residence. Visitability features include, but are not limited to, zero-step entrances, proper door width, and an accessible bathroom on the main level.

Visitable units must comply with the Type C unit criteria in ICC A117.1 Section 1005 and meet all requirements below:

- Each unit must contain at least one zero-step entrance on an accessible route. This can be any entrance to the unit.
- All main floor interior doors (including bathroom doors and walk-in closets) in each unit must provide at least 31 ¾ inches of clear opening width.
- Each unit must contain at least one half or full bathroom on the main level that is accessible per ICC A117.1 Section 1004.11.
- Each hallway on the first floor must have a width of at least 36 inches and be level with ramped or beveled changes at each door threshold
- Each bathroom on the first floor must be reinforced for potential installation of grab bars
- Each electrical plug or receptacle must be at least 15 inches above the floor
- A multistory unit must contain a receptacle at the bottom and top of the staircase to accommodate a future stairlift if needed.

8.5 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.

Per 24 CFR 5.100, broadband infrastructure means cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure, including wireless infrastructure, that is capable of providing access to internet connections in individual housing units, and that meets the definition of “advanced telecommunications capability” determined by the Federal Communications Commission under section 706 of the Telecommunications Act of 1996 (47 U.S.C. 1302).

Per 47 U.S.C 1302, “advanced telecommunications capability” is defined, without regard to any transmission media or technology, as high-speed, switched, broadband telecommunications capability that enables users to originate and receive high-quality voice, data, graphics, and video telecommunications using any technology.

8.6 Other HOME Program Construction Standards

Units must, at a minimum, meet the stricter of local rehabilitation standards or Indiana State Building Code.

New construction projects must meet certain energy efficiency standards.

- New single family and low-rise multifamily housing (1-3 stories) must meet the standards under the 2021 IECC
- High-rise multifamily (4+ stories) must meet the standards under ASHRAE 90.1-2019.

Part 9: Completeness & Threshold Requirements

Each proposed project must satisfy the Federal requirements of the HOME Program per 24 CFR Part 92 and all additional requirements established by IHCD in this policy and the *HOME & HTF Program Manual*.

To be considered for funding, an application must meet all the completeness and threshold requirements listed below.

9.1 Completeness Requirements

On or before the application deadline, the Applicant must provide all documentation as instructed in this application policy as well as required documentation listed in the HOME Application Form.

If IHCD requests additional information from the Applicant, all responses are due on or before the date provided by IHCD staff.

9.2 Threshold Requirements

All documentation must be dated within six months prior to the application deadline, unless otherwise noted below. This does not apply to site control documentation as long as the expiration date is not less than thirty days after the anticipated IHCD award announcement.

Completeness	Location
Application and Supporting Documents - Submit the fully completed HOME Rental application in both Excel and PDF formats. - Submit all required supporting documents in the appropriate folders. IHCD will not accept or review paper copies of the application or any other supporting documents. Applicants will be issued a threshold deficiency for using outdated forms from previous rounds.	Uploaded to OneDrive
Threshold	Location
CHDO Applicants Proposing Projects in Selected Participating Jurisdictions If a CHDO is proposing a project located in a selected participating jurisdiction as described in Section 2.4, submit a preliminary commitment of HOME funds from the participating jurisdiction for the project for which the Applicant is applying for IHCD funding.	Folder L - Financial Commitments
SAM Status Submit a copy of the Applicant's System of Award Management (SAM) status: https://sam.gov	Folder A - SAM Status
Unique Entity Identifier (UEI) Applicant must have an active, federally assigned UEI to be considered for HOME funding.	Application

Debarment Information - All entities identified in the application must not be on a federal debarment list, IHCD's suspension or debarment list, or in default on an IHCD loan. - Applicant must agree not to select any contractors or subcontractors on the federal debarment list or IHCD's suspension or debarment list.	Application
Grievance Procedures Submit Applicant's Grievance Procedures. Grievance Procedures must apply to both current and prospective tenants and provide guidance on (1) how grievances will be submitted, (2) who will review them, (3) the timeframe for the review, and (4) the appeal process. Grievance Procedures must be written and made available to current and prospective tenants.	Folder C - Grievance Procedures
Market Assessment & Area Need Applicant must answer all questions in the Market Narrative section of the application form. A formal market study is not required. Attach any relevant support material such as previously completed market studies, planning documents, or maps.	Application Folder D - Area Need
HOME Income Restrictions - All HOME-assisted units must serve households at or below 60% of the area median income for the county. - For developments with 5 or more HOME-assisted units, at least 20% of the HOME-assisted units must serve households at or below 50% AMI.	Application
Nonprofit Applicant Documentation (if applicable) - IRS determination letter for 501(c)(3) or 501(c)(4) status - Certificate of Existence from the Indiana Secretary of State that has been issued within 3 months of the application due date.	Folder E- Nonprofit
Audited Financial Statements Submit a copy of the Applicant's most recent audited financial statements. If the organization is not required to have an audited financial statement, submit a compilation report prepared by a third party or the organization's most current year-end financials.	Folder O - Capacity
2025 Year-End Financials Submit 2025 year-end financials for the Applicant including balance sheet and income statement. This is only required if the most recent audited financial statement does not cover through December 31, 2025.	Folder O - Capacity
Owner Authorization (if applicable) If the Applicant is different from the proposed owner of the development, provide a letter from the owner authorizing the Applicant to apply for funding on behalf of the owner.	Folder F - Notifications

Administrator Documentation (if applicable) • If the Applicant has hired an administrator, provide documentation demonstrating that the administrator has been properly procured using the Competitive Negotiation Procedure. ○ Submit a copy of the Request for Proposals (RFP). ○ Submit the published advertisement for the RFP that was placed in a general circulation newspaper. ○ Submit a copy of the signed contract between the Applicant and administrator. EXCEPTION: An Applicant that is a nonprofit acting as a developer is exempt from competitive negotiation procurement.	Folder G - Administrator
Visitability Mandate • Any development involving the new construction of single-family homes, duplexes, triplexes, or townhomes must meet the visitability mandate. ○ Visitability is defined as design that allows persons with mobility impairments to enter and stay, but not necessarily live, in a residence. Visitability features include, but are not limited to, zero-step entrances, proper door width, and an accessible bathroom on the main level. VISIBLE units must comply with the Type C unit criteria in ICC A117.1 Section 1005. See Part 8.4 of this policy for a full list of requirements.	Application
Site Photos • Submit a clear, color site map with project site and/or parcels outlined and identified. Current aerial photograph with the location of the site clearly marked and the surrounding uses and access points to the site clearly visible. Applicants proposing scattered site projects must submit an aerial photograph indicating the location of each site. • Current photographs of the project site, including images of each side of the existing structures for rehabilitation projects.	Folder H- Site Photos
Title Search • Submit evidence of clear title with a title insurance commitment, title search documentation, or an attorney's opinion letter.	Folder I- Readiness
Construction Cost Estimate • Submit detailed construction cost estimates for the development. Cost estimates must include a full work write-up and identify the cost of all line-items.	Folder I - Readiness
Site Control • Submit either: • A purchase option or purchase agreement that expires no less than 30 days subsequent to the award announcement date; or • An executed and recorded deed.	Folder I - Readiness

Unit and Floor Plans - Unit plans must include the square footage for each type of unit. - Floor plans must show the location of common areas and units and indicate the exact placement of accessible and adaptable units. - Plans may not be hand-drawn.	Folder I - Readiness
Site Plans - Submit basic site plans, including: - Any significant demolition - Any existing buildings - The placement and orientation of new and existing buildings, parking areas, sidewalks, and any amenities - Location and size of any proposed commercial areas - Scaled drawing elevations for all building types. Exception: Rehabilitation projects may instead submit renderings or photographs if they are accompanied by an architect's certification that elevations will not change.	Folder I - Readiness
Relocation Plan Applications for rehabilitation of existing housing must identify if any tenants are expected to be displaced and submit a relocation plan and budget.	Folder I - Readiness
Architect License If the Development Team includes an architect, provide the license number for the individual identified in the Development Team section of the HOME Application Form. If the architect is licensed via reciprocity, please identify the state in which the architect's license was issued.	Application
Zoning Approval Provide a letter from the appropriate, authorized government official (e.g., zoning commission) that certifies the current zoning allows for construction and/or rehabilitation and operation of the proposed development and lists any required variances that have been approved.	Folder I - Readiness
Capital Needs Assessment - For rehabilitation developments a Capital Needs Assessment is required and must be performed by an independent, Indiana-licensed architect or engineer. - The report must contain an assessment of any physical components that will be retained to verify their current condition and all necessary repairs.	Folder I - Readiness
Rehabilitation- Scope of work covers all work identified in initial inspection For any application proposing rehabilitation, IHCD will conduct an initial inspection to verify the deficiencies that must be addressed during rehabilitation to ensure the units will meet HOME requirements at completion. Additional information must be provided if requested after completion of the initial inspection.	If requested by IHCD

Environmental Review • Submit completed environmental review forms. Instructions and forms can be found in the Environmental Review/Section 106 User's Guide. • A FIRM floodplain map must be submitted with each parcel identified on the map. HUD requires official FEMA maps. Third-party maps will not be accepted, even if created using FEMA data. If a FEMA map is not available for an area, the Applicant must submit a printout or screenshot of the FEMA website documenting that no map is available. In this specific instance, the Applicant may submit a DNR map in place of a FEMA map. Maps may be downloaded from the FEMA website. • Any property located in a variation of "Zone A" or "Zone B" on the map is ineligible for funding.	Folder J - Environmental Review
Development Fund • Applicants requesting a Development Fund loan must designate 100% of the Development Fund-assisted units for households at or below 50% AMI.	Application
Identification of Sources and Uses • All other funding sources, including AHP funds, must be identified and committed prior to submitting an application for HOME funding to IHCD.	Application- Sources and Uses Tab
Letters of Commitment • Submit signed letters of commitment demonstrating terms and amounts for all funding sources, including deferred developer fees. • If funding was committed more than six months prior to the application due date, the Applicant must provide a letter from the funder confirming that the funds are still available and accessible.	Folder L - Financial Commitments
CHDO Operating Supplement • If applying for a CHDO Operating Supplement award, complete Section F of the Sources and Uses tab and the CHDO Operating Supplement tab in the Application Form.	Application
Rental Proforma • Complete the Rental Proforma tab in the Application Form.	Application
Match Requirement • Match must be committed prior to submitting an application for HOME funding to IHCD. ○ Submit the relevant sections of the Match Spreadsheet. ○ Submit letters of commitment for each source of Match.	Folder L- Financial Commitments
Additional Accessibility Requirements for Age-Restricted Developments • Application must meet the additional accessibility requirements listed in Part 8.3	Application

Appraisals If either of the following situations apply, then the Applicant must submit a fair market appraisal completed by an Indiana licensed appraiser. The appraisal must be an “As-Is” appraisal and must adhere to the Uniform Standards of Professional Appraisal Practice. A statement to this effect must be included in the report. • If any portion of HOME funds will be used for acquisition. The eligible acquisition amount will be calculated as the lesser of the actual amount paid for the building or the appraised fair market value. • If the Applicant is requesting IHCD Project Based Vouchers (PBV), even if not using HOME funds for acquisition.	Folder I - Readiness
Services • Applicants must commit to services in each of the three levels listed on the Tenant Investment Plan Matrix. Each Applicant must commit to at least one service in level one, two services in level two, and three services in level three. Applicants must submit: ○ Form C: Tenant Investment Plan Matrix listing all services for the proposed project (found in the HOME Rental Application Additional Documents Folder on the IHCD HOME Program website); ○ Signed copy of Form D: Tenant Investment Plan Service Agreement for each service provider (found in the HOME Rental Application Additional Documents Folder on the IHCD HOME Program website); ▪ If the HOME Applicant is providing services, a Service Agreement must still be executed to ensure IHCD has documentation of the Applicant’s commitment.	Folder M - Project Characteristics
Universal Design Features • Applicants must adopt a minimum of two universal design features from each section listed on the Universal Design Features Form (found in the HOME Rental Application Additional Documents Folder on the IHCD HOME Program website). • Applicants must identify which features they will be undertaking on the Universal Design Form. Changes may later be made to these selections, if the total number elected at application is maintained.	Application
Application Submission Resolution • Nonprofit Applicants must submit a HOME Application Submission Resolution executed by the Applicant’s Board of Directors authorizing the submission of an application to IHCD (found in the HOME Rental Application Additional Documents Folder on the IHCD HOME Program website). • Local unit of government Applicants must submit a Resolution executed by the highest local elected official.	Folder F - Notifications

Smoke-Free Housing All Applicants must commit to smoke-free housing and to use IHCD’s Smoke-Free Housing Lease Addendum. Smoke-free includes electronic cigarettes and vaping as forms of prohibited smoking. The Applicant must make one of the following elections on the Application Form: • Designate the entire property as smoke-free; or • Establish a designated smoking area on the property. A designated smoking area must not be within 25 feet of any buildings. Smoking must be prohibited in individual units and all interior common space. If preserving existing housing where smoking is currently permitted, the smoke-free policies must be implemented no later than the rehabilitation completion date.	Application
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Part 10: Scoring

If an application meets all applicable threshold requirements, it will be evaluated and scored based on the scoring criteria found in this part. An application must score at least 50 points to be considered for funding.

Scoring Category	Points Possible
Population Served	13
Location	28
Development Features	30
CHDO Certification	4
Leveraging Other Sources	5
Total Possible Points	80

When there is a scoring criterion based on the county being served and the proposed development is in multiple counties, the Applicant should add up the scores from each county and average them, rounding to the nearest whole number.

If two or more applications receive an equal total score, the following tie breakers will be used to resolve the tie:

1. First Tie Breaker: Priority will be given to the development located in a community that has not received a HOME award within the past three years. If a tie still remains:
2. Second Tie Breaker: Priority will be given to the development with the lowest average rent restrictions across all units. If a tie still remains:
3. Third Tie Breaker: Priority will be given to the application that requests the lowest amount of HOME funds per unit. If a tie still remains:
4. Fourth Tie Breaker: Priority will be given to the application that scores highest in the Location scoring subcategory.

10.1 POPULATION SERVED**Category Maximum Points Possible: 13****1) Income and Rent Levels****Maximum Number of Points: 5**

If the Applicant commits to serving beneficiaries in HOME-assisted units with incomes lower than required by the HOME program and at lower rents, points will be awarded in accordance with the following chart. Percentages are of the area median income (AMI) for the county in which the development is to be located. The elected rent and income restrictions will be codified in the award agreement and lien. The AMI level selected applies to both the income and rent restriction on the unit.

Income and Rent Levels	Points
20% of units designated at or below 40% AMI; OR	3
20% of units designated at or below 30% AMI	5

2) Target Population**Maximum Number of Points: 4**

Points will be awarded to applications that propose to serve populations with special housing needs. Percentages are calculated using the total number of units in the development, including units that are not HOME-assisted.

Target Population	Points
At least 25% of the total units are set aside for households in which at least one member (1) is a veteran or (2) meets at least one of the “special needs population” categories in Indiana Code 5-20-1-4.5 listed below: • Persons with physical or developmental disabilities* • Persons with mental impairments* • Persons with chemical addictions* • Survivors of domestic violence* • Abused children* • Persons experiencing homelessness* • Single parent households (including single grandparents or guardians) Disability is defined per the Fair Housing Act definition (see glossary). *Applicants electing these target populations must enter into a referral agreement with a qualified organization that provides services for the target population. See part 4.1(F) of the Federal Programs Ongoing Rental Compliance Manual for more information on referral agreements. Submit Form E: Special Needs Population Referral Agreement Form in “Folder M - Project Characteristics.” Form E can be found by following the “HOME Additional Forms” link on the IHCD HOME Program website.	4

The HOME application will serve as certification that the development will comply with these requirements.

3) Eviction Prevention

Maximum Number of Points: 2

Two points will be awarded if the Applicant commits to creating an Eviction Prevention Plan for the property. The plan must address how the property will implement management practices that utilize eviction only as a last resort and must describe strategies that will be taken with tenants on an individualized basis to attempt to prevent evictions when issues arise. The plan will be reviewed as part of IHCD ongoing compliance monitoring to ensure it remains in place. In addition, the Applicant must agree to submit data on evictions as part of the Annual Owner Certification of Compliance reporting.

In order to receive points for this scoring subcategory, the Applicant must submit in **Folder M - Project Characteristics**:

Draft IHCD [Eviction Prevention Plan Template](#)

4) Low-Barrier Tenant Screening

Maximum Number of Points: 2

An application will receive up to two points if the Applicant commits to implementing low-barrier tenant screening to minimize the impact of previous evictions on a household's ability to secure future housing.

- One point if the tenant selection plan does not screen out applicants for evictions that occurred more than 12 months prior to the date the household applies for a unit; or
- Two points if the tenant selection plan does not screen out applicants for evictions that occurred more than six months prior to the date the household applies for a unit.

A qualifying tenant selection plan must be drafted prior to initial lease-up and submitted to IHCD for review and approval. The plan will be reviewed as part of IHCD ongoing compliance monitoring to ensure this requirement remains in place.

The HOME application will serve as certification that the development will comply with the selected scoring options.

10.2 Location**Category Maximum Points Possible: 28****1) Opportunity Index**

Maximum Number of Points: 3

Applicants may earn up to six points for developments located within areas of opportunity. Points will be determined based upon the most recent data available **as of the application due date**. Changes occurring **after** the application due date will not be considered when determining final scores.

- **Low Unemployment Rate** (1 point): Points will be awarded if the proposed development is located within a county that has an unemployment rate below the state average as shown on the [county unemployment rate maps at Stats Indiana](#). For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.
- **Low Poverty Rate** (1 point): Points will be awarded if the proposed development is located within a census tract in the bottom quartile for poverty rate in the state based on most recent data from the US Census Bureau in Table S1701 (See Schedule 1). For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.
- **High Median Household Income** (1 point): Points will be awarded if the proposed development is located within a census tract in the top quartile for median household income in the state based on the most recent data from the US Census Bureau Table S1903 (see Schedule 2). For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.

2) Health and Quality of Life Factors

Maximum Number of Points: 11

Applicants may earn up to eight points for developments located in counties with high health outcomes or in areas in close proximity to fresh produce and other positive land uses. Points will be determined based upon the most recent data available **as of the application due date**. Changes occurring **after** the application due date will not be considered when determining final scores.

- **Access to Primary Care** (1 point): Points will be awarded if the proposed development is located within a county that has a ratio of population to primary care physicians of 2,000:1 or lower per the [County Health Rankings](#). For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.
- **Fresh Produce** (2 points): Points will be awarded if the proposed development is located within a three-mile radius of a store with fresh produce, such as a supermarket or grocery store. For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.

Stores with fresh produce must:

- be currently established at the time of application
- have a physical location that offers in-person transactions, and
- have regular business hours throughout the year.



For the purposes of this scoring subcategory, farmers' markets, produce stands, gas stations, convenience stores, food pantries, and drug stores do not qualify as stores with fresh produce.

In order to receive points for this scoring subcategory, the Applicant must submit in **Folder M - Project Characteristics**:

- For single sites: A map with a three-mile radius drawn from the project location with store or market locations labeled
- For scattered sites: Map(s) with a three-mile radius drawn from the fresh produce location(s) with each qualifying scattered site labeled
- **Proximity to Positive Land Uses** (6 points): Points will be awarded if the proposed development is located within three miles of the locations listed in the table below. A maximum of six points is available in this category. For scattered site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.

Site	Points
Community or recreation center	1
Public park, greenspace, or trail	1
Primary care physician (doctor's or nurse practitioner's office)	1
Pharmacy	1
Optometrist	1
Dentist	1
Physical Therapy Office	1
Clinic	1
Hospital	1
Immediate/Urgent Care Facility	1
Federally Qualified Health Center	1
Community Mental Health Center	1
Bank	.5
Education facility (including K-12, college or university, adult education, vocational school, or community college)	.5
Licensed childcare facility	.5
Licensed adult or senior care	.5
Social services center	.5
Government office with onsite public services (e.g., town hall, township trustee's office)	.5
Post office	.5
Public library	.5
Cultural arts facility (museum, performing arts theater, etc.)	.5
Police or fire station	.5

In order to receive points for this scoring subcategory, the Applicant must submit in **Folder M - Project Characteristics**:

- For single sites: A map with a three-mile radius drawn from the project location with each positive land use labeled

- For scattered sites: Map(s) with a three-mile radius drawn from the qualifying location(s) with each scattered site labeled

3) **Public Transportation** (2 points): Points will be awarded if the proposed development is located within a mile of a public transit station or bus stop. For communities with a population of less than 10,000, point-to-point transportation with either regular service hours or on-demand pick-up is eligible if provided by a public or not-for-profit organization and available to all residents of the development. Taxis, Uber, or other ride-sharing programs are not eligible for points. For scattered-site developments, at least 75% of the proposed units must meet this requirement to be eligible for points.

In order to receive points for this scoring subcategory, the Applicant must submit in **Folder M - Project Characteristics**:

- For single sites: A mile radius drawn from the project location with transit stations or bus stop locations labeled
- For scattered sites: A mile radius drawn from each bus stop or transit station with all qualifying scattered sites labeled
- For point-to-point transportation: Documentation that the point-to-point transportation is provided by a public or not-for-profit organization and is available to all residents

4) Areas Underserved by the HOME Program

Maximum Number of Points: 6

An application will receive points as follows based on the city, town, or unincorporated area in which the proposed development is located:

- One point if the proposed development falls within the boundaries of a local unit of government or unincorporated area in which there has not been an IHCD HOME award within the last five HOME rental rounds
- Two points if the proposed development falls within the boundaries of a local unit of government or unincorporated area in which there has not been an IHCD HOME award within the last 10 HOME rental rounds; or
- Three points if the proposed development falls within the boundaries of a local unit of government or unincorporated area in which there has not been an IHCD HOME award within the last 15 HOME rental rounds

An application will receive points as follows based on the county in which the proposed development is located:

- One point if the proposed development falls within the boundaries of a county in which there has not been an IHCD HOME award within the last five HOME rental rounds
- Two points if the proposed development falls within the boundaries of a county in which there has not been an IHCD HOME award within the last 10 HOME rental rounds; or
- Three points if the proposed development falls within the boundaries of a county in which there has not been an IHCD HOME award within the last 15 HOME rental rounds

Please see the IHCD HOME Awards 2010-2024 available on IHCD's HOME webpage for a listing of HOME awards.



5) Housing Need Index

Maximum Number of Points: 6

An application will earn up to six points, with one point for each item below, if, as of the application due date, the development is located within:

- A city or town in which 25% or more of renter households are at or below 30% of Area Median Income, based on [HUD's Comprehensive Housing Affordability Strategy](#) data.
- A city or town in which 25% or more of renter households are considered to have at least one severe housing problem, based on [HUD's Comprehensive Housing Affordability Strategy](#) data. A severe housing problem is defined as incomplete kitchen facilities, incomplete plumbing facilities, more than 1.5 persons per room, or cost burden greater than 50%.
- A city or town in which 41% or more of renter households are considered rent burdened, based on [HUD's Comprehensive Housing Affordability Strategy](#) data. Rent burdened is defined as paying greater than 30% of household income on housing.
- A county in which the highest category on the "Units by Decade Built" data within the [Indiana Housing Dashboard](#) is units built before 1940.
- A county in which the percent of "vacant and available units" per the [Indiana Housing Dashboard](#) is below the state average percent of vacant and available units. See Schedule 3.
- A county that has been designated in the [State of Indiana Analysis of Age-Restricted Housing Supply and Demand](#) as an Age-Restricted Rental Housing Desert, defined as a county which has fewer than one age-restricted rental unit for every 10 renter households age 55 or older. The following 19 counties qualify: Benton, Boone, Clay, Daviess, Elkhart, Floyd, Hamilton, Jasper, Jefferson, Johnson, LaGrange, Miami, Owen, Porter, Posey, Pulaski, Putnam, Spencer, and Warren. To qualify for the point, the Applicant must elect a 55+ or 62+ age restriction for the development.

If a Development is in an unincorporated area or other area that is not listed as a "Place" in the HUD CHAS data set, the Applicant should contact IHCD to determine how to score in this category.

See Schedule 3 for additional instructions on accessing data from CHAS and the Indiana Housing Dashboard.

6) Serving Rural Counties

Maximum Number of Points: 2

An application will receive two points if the proposed development is in a county that is considered to be substantially rural based on US Census data. IHCD considers a county substantially rural if the [rural population](#) or [number of rural households](#) for the county is greater than 50%. See Schedule 4.



10.3 Development Features**Category Maximum Points Possible: 30****1) Construction Type****Maximum Number of Points: 6**

An application will receive points for electing one of the three options below:

OPTION 1: VACANT STRUCTURE

An application will receive six points if the proposed development redevelops space in a vacant structure(s). The structure(s) must be 100% vacant at the time of application submission and 100% of the structure(s) must be redeveloped and utilized for housing, commercial space, and/or common areas.

For developments with multiple buildings, at least 50% of the total development units must be in structures that qualify as vacant.

Required Documentation: Completed application. Capital needs assessment or structural conditions report must include a certification that the building is 100% vacant.

OPTION 2: PRESERVATION OF EXISTING AFFORDABLE HOUSING

An application will receive up to six points for preserving affordable housing as follows. For developments with multiple buildings or construction types, at least 50% of the units must qualify as preservation units:

- Six points for the preservation of an existing HOME project where the affordability period has expired or will expire in the current calendar year.
- Six points for the preservation of an existing LIHTC project where the 15-year compliance period has expired or will expire in the current calendar year. The extended use agreement must still be in effect.
- Six points for the preservation of a previous LIHTC project where the extended use period expired or was released.
- Six points for the preservation of HUD- or USDA- affordable assisted housing, including but not limited, to Section 8 Project Based Rental Assistance, Section 8 Project Based Vouchers, Section 202, Section 811, or Rural Development 515 properties.
- Four points for the preservation of any other affordable housing project.
- Four points for the preservation of existing market rate housing that will be converted to affordable housing through the HOME program.

Required Documentation: Third-party documentation from the entity enforcing the affordable housing restrictions applicable to such property, such as a lien and restrictive covenant or contract. Submit in **Folder N- Development Features**.

OPTION 3: INFILL NEW CONSTRUCTION

An application will receive six points if the proposed development meets the criteria for infill new construction. Infill new construction is defined as developing vacant or underused parcels of land within areas that are already largely developed or previously developed. This category includes demolition and new construction projects that meet the attributes below.

The proposed development must meet each of the following infill attributes:

- The site must have had a previous residential or commercial (non-agricultural) use.



- At least two sides of the project must be adjacent to occupied residential development, existing commercial development, or active public space or community space.
- The site must use existing utilities and infrastructure.
- For developments with multiple buildings, at least 50% of the total units must qualify as infill.

The following activities will **not** qualify as infill new construction:

- Rehabilitation of existing structures

Required Documents: Submit the following in **Folder N - Development Features**:

- Architect or engineer certification that the site will use existing utilities and infrastructure
- Aerial photos of the proposed site

2) Provision of Additional Bedrooms

Maximum Number of Points: 4

Points will be awarded to non-age-restricted developments where at least 25% of the HOME-assisted units contain three or more bedrooms.

Points will be awarded to age-restricted developments where at least 25% of the HOME-assisted units contain two or more bedrooms.

Required Documents: Preliminary floor plans that clearly identify the units and number of bedrooms. Submit in **Folder N Development Features**.

3) Design Features

Maximum Number of Points: 5

Points will be awarded for each design feature elected, for a maximum of five points.

Design Feature	Points
Exterior walls are at least 50% durable material (brick, stone, cement board, or insulated metal panels) for all buildings	1
Roofing system has at least a 30-year warranty (must provide supporting documentation from the manufacturer to qualify) for all buildings	1
Covered porch at the front entrance for all buildings	1
Deck or patio for each unit with a minimum of 64 square feet that is made of wood or other approved materials	1
Framing consists of 2" X 6" studs to allow for higher R-Value insulation in walls for all buildings	1
Garage that is made of approved materials, has a roof, is enclosed on all sides and has at least one door for vehicle access	1
Crawl space or basement for all buildings where possible	1
Exterior security system (e.g., cameras monitoring building exterior and lighting that provides coverage of the entire property) for all buildings	1

Interior security system (e.g., each unit is provided with an alarm on entry doors or a doorbell monitoring system) for all buildings	1
Carport that is made of approved materials, has a roof, and is open on at least two sides	1
Attached or unattached storage space for each unit measuring at least 5' x 6' (not a mechanical closet)	1
No-step entrances for all buildings	1
Play areas designed in accordance with ADA Guidelines	1
Community room	1

4) Universal Design Features

Maximum Number of Points: 5

Points will be awarded to Applicants that propose developments that go beyond the minimum universal design features threshold requirements. Please refer to the Universal Design Features Form for a list of all qualifying features. This form can be found in the “HOME Rental Application Additional Documents” folder on the [IHCD HOME Program website](#).

The Applicant must submit the Universal Design Features Form identifying the number of features committed. Changes to intended selections can be made as long as the total number is maintained. The application will be awarded points as follows:

Number of Universal Design Features in Each Column	Points
5	5
4	4
3	3

5) Green Building

Maximum Number of Points: 5

Up to five points will be awarded for the green building techniques listed below. The HOME application form will be proof of these commitments.

Green Building Technique	Points
Orient structures on east/west axis for solar exposure	1
Include new trees in landscaping	1
Utilize low VOC paints and finish materials per US Green Building Council standards	1
Install flow reducers in faucets and showers	1
Install recycled content flooring and underlayment	1
Install Energy Star certified roof products	1
Install ultra-low flow (1.00 gallons or less per flush) toilets or dual flush toilets	1
Utilize R-Value insulation exceeding Indiana State Building Code	1
Incorporate permeable paving	2

Install high-efficiency, tank-less water heaters	2
Install Energy Star certified windows	2
Install Energy Star certified appliances. For New Construction, all appliances must be Energy Star certified. For Rehab, all replacement appliances must be Energy Star certified.	2
Install Energy Star certified HVAC system	2
Use onsite solar energy to reduce resident utility costs	3
50% or more of units obtain a HERS rating of 65 or lower as certified with a HERS report at time of award closeout	3

6) Onsite Recycling

Maximum Number of Points: 1

An application will receive one point for offering onsite recycling at no cost to residents. The HOME application form will be proof of this commitment.

7) Internet Access

Maximum Number of Points: 4

Up to four points will be awarded for developments that provide free internet access to residents as follows:

Internet Access – Common Areas	Points
Applicant commits to provide free wireless high-speed broadband internet in a common area such as a clubhouse or community room. Outdoor common areas, such as dog parks or gazebos, are not eligible.	1 point
Internet Access – Individual Units	Points
Applicant commits to provide each unit with free individual high-speed internet; OR	2 points
Applicant commits to provide each unit with free individual high-speed internet and such service will be Wi-Fi.	3 points

One point for providing wireless internet in a common area is available to Applicants regardless of whether free internet is provided to each unit.

Please note that HOME funds may not be used to pay for internet service but may be used for infrastructure costs.

In order to receive points, the development's operating budget must include a line item for internet expenses incurred by the Owner. The Applicant must identify in the HOME application the internet service provider that will be serving the Development.

Submit the following in **Folder N - Development Features**:

- Documentation from the identified internet service provider establishing the total cost of internet service for the development, either as a whole or on a per-unit basis; **OR**



- If the Applicant is unable to obtain such documentation from the provider, a narrative from the Applicant establishing how the amount budgeted for internet service was calculated

10.4 CHDO Certification**Category Maximum Points Possible: 4**

An Applicant that applies and is certified by IHCD as a Community Housing Development Organization (“CHDO”) for this project will receive three points.

A CHDO Applicant will receive an additional one point (for a total of four points) if a staff member listed as a key staff member in the CHDO certification packet has graduated from IHCD’s “CHDO Manager and Nonprofit Executive Director Training.”

10.5 Leveraging Other Sources**Category Maximum Points Possible: 5**

Points will be awarded to applications that have received a firm commitment of non-IHCD public or private funds to be used as capital funding for the development. A “firm commitment” means that the funding does not require any further approvals. However, the commitment may be conditional based on a successful HOME application.

“Other Funding Sources” include, but are not limited to, private funding, funds from a local community foundation, volunteer labor, Federal Home Loan Bank funding, federal, state or local government funds, tax exemptions or abatements, in-kind donations of labor or professional services, value of donated land or property, and donated material and equipment.

Funds structured as permanent loans must have below market interest rates. Short-term loans such as predevelopment, acquisition, construction or bridge loans, will **not** qualify in this category.

The following sources **are not eligible**:

- Labor, property, funds, or other sources of leveraging donated by the Applicant to itself, by a subsidiary, or by a principal or investor in the development
- Banked or shared match
- Other IHCD resources (e.g., Development Fund)
- Funds used for operating expenses

Points will be awarded based on the leveraging percentage below:

Leveraging Percentage (eligible non-IHCD sources divided by total development costs)	Points
2.00-3.99%	1
4.00-5.99%	2
6.00-7.99%	3
8.00-9.99%	4
Greater than 10%	5

To receive points in this category, the Applicant must submit the following in **Folder L - Financial Commitments**:



A narrative from the applicant identifying all sources being counted as leveraging and showing the applicant's calculation of leveraging percentage. This narrative shall be provided independent of the Match Spreadsheet.

- A letter from the appropriate authorized official approving the funds. The letter must include a description of the type of approved funding for the proposed development and the amount of funding. In the case of tax abatement, tax exemption, or payment of lieu of taxes, the local unit of government must estimate the monetary amount.
- An independent third party appraisal for donated property – The value counted as leverage is the difference between the appraised value and the purchase price.
- A lender letter for below-market permanent loans – Lender letter must disclose the current market interest rate and proposed below market interest rate.
 - Documentation of in-kind donations:
 - If labor or professional services, submit commitment letter from donor(s) specifying number of hours they intend to donate and their professional service pay rate.
 - If sweat equity, submit a copy of sweat equity policy.
 - If donated material and equipment, submit commitment letter from donor(s) specifying either the total value of the donated materials or the rental equipment rate and number of hours the equipment will be donated.

Part 11: Glossary

Below are definitions for commonly used terminology found throughout the IHCD HOME application policy and forms and applicable to the IHCD HOME program.

Administrator: A procured entity that will assist carrying out the HOME award.

Age-restricted: Age-restricted has one of two definitions as elected by the Applicant, per the Housing for Older Persons Act of 1995.:

- 55+: For housing using this definition of age-restricted, at least 80% of the units must be occupied by households in which at least one household member is age 55 or older.
- 62+. For housing using this definition of age-restricted, 100% of the units must be occupied by households in which all household members are age 62 or older.

CHDO: A Community Housing Development Organization. A non-profit, community-based organization with the capacity to develop affordable housing for the community it serves, as defined in the HOME rule and as certified by IHCD. Participating Jurisdictions (IHCD) must set aside a minimum of 15% of their HOME allocations for activities in which CHDOs are the owners, developers, and/or sponsors of the housing.

Clarification: A clarification is any question or concern IHCD may have regarding an Applicant, proposed development, or other issue that does not meet the definition of a threshold deficiency, as defined below. The number of clarifications an Applicant receives will not impact its score.

Development: The HOME activity proposed in the application.

Disability: The Fair Housing Act defines a person with a disability as a person:

- With a physical or mental impairment which substantially limits one or more of a person's major life activities; or
- With a record of having such an impairment; or
- Who is regarded as having such an impairment

The definition does not include current, illegal use of a controlled substance (as defined in section 102 of the Controlled Substances Act).

HOME: The HOME Investment Partnerships Program as created by the National Affordable Housing Act of 1990

IHCD: Indiana Housing and Community Development Authority

Income Limits: Maximum incomes as published by HUD for projects giving the maximum income limits per unit for assisted (30%, 40%, 50%, or 60% of area median income) units.

Large or Small City: A city or town with a population of 10,000 or more people.



Median Income: A determination made through statistical methods establishing a middle point for determining income limits. Median is the amount that divides the distribution into two equal groups, one group having income above the median and one group having income below the median.

MOU: A Memorandum of Understanding is a document describing a bilateral or multilateral agreement between two or more parties.

Narrative: A written description by the Applicant that describes the application question and generally supports the need of the project.

Referral Agreement: An agreement in which the recipient and a qualified organization enter into an agreement in which the recipient agrees to (a) set aside a number of units at the project for a special needs population and (b) notify the qualified organization when vacancies occur, and in which the qualified organization agrees to (a) refer qualified households to the project and (b) notify clients of vacancies at the project.

Rent Limits: The HUD published maximum rent amount, including a utility allowance and any non-optional fees. Rent limits are published by bedroom size and by AMI level.

Threshold Deficiency: A threshold deficiency occurs when an Applicant does not provide sufficient information or documentation to meet the IHCD HOME program threshold requirements as defined in section 9.2 of this policy. Threshold deficiencies may occur when the required information or documentation is not submitted, is out-of-date, or is vague or incomplete. IHCD reserves the right to classify other application errors or omissions as threshold deficiencies at its sole discretion.

Visitability: Visitability is defined as design concepts that allow persons with mobility impairments to enter and stay, but not necessarily live, in a residence. Visitability features include, but are not limited to, zero-step entrances, proper door width, an accessible bathroom on the main level, etc. Viable units must comply with the Type C unit criteria in ICC A117.1 Section 1005.

Part 12: Development Fund

12.1: Procedures for Accessing Development Fund Loans

The Indiana Affordable Housing and Community Development Fund (“Development Fund”) was established in 1989 to provide financing options for affordable housing and community economic development projects in Indiana.

To streamline the application process, developers applying for HOME funds may simultaneously request a Development Fund loan. To apply for a Development Fund loan, the Applicant must indicate the Development Fund request on the HOME application form.

Applicants who receive a Development Fund loan are subject to additional regulations and requirements, which may be found in the Indiana Code at IC § 5-20-4 and IC § 14-21-1-18 (State Historic Review). Before requesting a Development Fund loan, Applicants should familiarize themselves with these requirements.

Applicants must pay a \$500 non-refundable application fee for all Development Fund loan requests.

12.2: Development Fund Program Eligibility

Eligibility will be determined based on:

- Whether the Development demonstrates a need for a Development Fund loan and the request is deemed financially feasible based on underwriting
- Whether the Development meets State and Federal requirements of all programs for which it is applying
- If the application’s ranking is sufficient for it to be awarded HOME funds
- The availability of Development Funds

12.3: Eligible Applicants

Any HOME Applicant may request a Development Fund loan.

IHCDA must allocate at least 50% of the fund to not-for-profit corporations under Section 501(c)(3) of the U.S. Internal Revenue Code.

- Organizations with current Development Fund awards are eligible to apply for additional funding for new projects. An Applicant’s outstanding awards must be current, in compliance with all program requirements, and otherwise in good standing in order to be considered for additional awards. No individual organization or its affiliates may hold more than 20% of the Development Fund’s total portfolio at any one time.
- Individuals or organizations currently on IHCDA’s suspension or debarment list are not eligible to apply for Development Fund awards. Additionally, any organizations who receive a notice of default from any lender/partner will be ineligible to apply for Development Fund loans until the default is cured to the satisfaction of the applicable lender. Organizations that have had previous write-offs of Development Fund loans must demonstrate, through financial statements, that they now have the financial capacity to be considered for another loan.

12.4: Development Fund Loan Limitation

The maximum Development Fund loan request is \$500,000 per application. Based on availability of funding, IHCD may, at its discretion, issue a RED Notice prior to a funding round to reduce or increase the amount allowed per application.

The \$500,000 maximum request will also apply at a project level. An Applicant who divides an existing project or contiguous sites into multiple applications will only be allowed to request \$500,000 total for the project, not \$500,000 per application.

12.5: Eligible Uses of Development Fund Loan

Soft Costs - Soft costs and professional fees are eligible except for those items specifically listed as ineligible under Part G below.

Examples of eligible soft costs include:

- Operating reserves
- Contingency funds
- Relocation costs
- Architectural fees
- Engineering fees
- Consulting fees
- Environmental assessments

Acquisition - Acquisition and related costs are eligible except for those items specifically listed as ineligible under Part G below. Acquisition costs are limited to the actual purchase price and not to exceed the appraised value.

New Construction - New Construction costs are eligible except for those items specifically listed as ineligible under Part G below.

Examples of eligible new construction costs include:

- Hard costs associated with construction activities
- Utility connections including off-site connections from the property line to the adjacent street
- Related infrastructure costs - improvements to the Development site that are in keeping with improvements of surrounding, standard housing or community development activities. Site improvements may include on-site roads and water and sewer lines necessary to the development.
- Costs to construct a permanent onsite management office, the apartment of a resident manager, laundry facilities, community facilities, or other common space which is located within the Development and which is for the use of tenants and their guests
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners

Rehabilitation - Rehabilitation costs are eligible except for those items specifically listed as ineligible under Part G below.

Examples of eligible rehabilitation costs include:

- Hard costs associated with rehabilitation activities
- Lead-based paint interim controls and abatement costs
- Mold remediation
- Utility connections, including off-site connections from the property line to the adjacent street
- Related infrastructure costs such as streets and alleys, water and sewer lines, and other public access needs
- Costs to rehabilitate a permanent onsite management office, the apartment of a resident manager, laundry facilities, community facilities, or other common space located within the Development and which is for the use of tenants and their guests
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners

Demolition - Costs associated with the demolition and clearance of existing structures are eligible.

Non-Residential - Costs not included above will be considered on a case-by-case basis and must relate directly to the Development as approved.

12.6: Ineligible Uses of Development Fund Loan

The following costs are ineligible for reimbursement from Development Fund awards:

- Administration
- Replacement Reserves
- Developer Fee
- Costs associated with preparation of an IHCD application
- Purchase or installation of luxury items, such as swimming pools or hot tubs
- 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. NOTE: IHCD may approve the use of Development Fund for furniture in Permanent Supportive Housing developments.
- Tenant-based or Project-based rental assistance
- Rental subsidy or operating subsidy
- Mortgage default/delinquency correction or avoidance
- Loan guarantees
- Annual contributions for operation of public housing

12.7: Loan Term

The Applicant may propose a loan term of up to two years of construction financing and up to 15 years of permanent financing. For Developments with HUD financing, the permanent loan term may exceed 15 years to match the term of the HUD loan.

Amortization schedule will be a maximum 30-year amortization schedule or co-terminus with first-mortgage financing.

12.8: Interest Rate

Applicants receiving Development Fund loans must demonstrate the ability to repay the loan. If the loan will not take second position behind permanent financing, the developer must receive IHCD approval.

The base interest rate is a fixed rate starting at prime rate minus 200 basis points, not to exceed 3% but not less than 1%. IHCD will make a final interest rate determination based on financial capacity and underwriting considerations, including ensuring that the project is not over-subsidized. Interest rates are fixed.

12.9: Security or Collateral

The Development Fund loan must be secured. Typically, such security is met by a mortgage on the assisted property, which may be subordinated to other financing, depending on whether there is sufficient collateral to fully cover the amount of the loan. The security pledge should reflect the degree of risk inherent to the development and must be proportionate to the level of funding requested. The appropriateness of the security offered will be an element of the funding decision.

Although IHCD will agree to subordinate the Development Fund loan in priority, it will do so using the Subordination Agreement (Form Q).

12.10: Threshold Criteria

On or before the application deadline, the Applicant must provide all documentation as instructed in the HOME application form. If the Authority requests additional information from the Applicant, all documents are due on or before the date provided by IHCD staff.

The Applicant and Development must meet all the requirements in this Schedule and Indiana Code § 5-20-4 and be supported by required documentation. If the Authority requests additional information from the Applicant, all documents are due on or before the date provided by IHCD staff.

The Applicant must submit to IHCD the State Historic Review documentation as required by IC 14-21-1-18. Instructions regarding the documentation required for the Development Fund's state historic review process can be found in Schedule M. Applicants must determine if the development building(s) or structure(s) are listed individually in the State or National Register of Historic Places.

The Applicant and any related party must not be out-of-compliance in connection with any other IHCD-funded project in which they are involved and/or must not be on any IHCD suspension list, nor be in default with any lender or partner.

IHCD may disqualify any Applicant that has a history of disregarding policies, procedures, or staff directives associated with administering any IHCD program, or programs of any other State or Federal housing entities. Such other entities include, but are not limited to, the U.S. Department of Housing and Urban Development (HUD), Indiana Department of Commerce, U.S. Department of Agriculture - Rural Development, or Federal Home Loan Bank.

12.11: Determining Number of Development Fund Assisted Units

The percentage of total development costs attributable to the Development Fund loan represents the percentage of units that will be considered DF-assisted. The minimum number of DF-assisted units is determined using the following calculation:

- Divide the Development Fund request by total development costs.



- Multiply this percentage by the total number of units in the project, rounding up to the next whole number of units.

For example, if total development costs are \$2,500,000 and the Applicant is requesting \$500,000 in Development Fund financing, then 20% of the construction financing is through the Development Fund. As such, 20% of the units (rounded up) will be DF-assisted and must meet the requirements of the Development Fund program.

12.12: Occupancy Restrictions and Rent Limits

All Development Fund-assisted units must be rent and income restricted at or below 50% of the area median income (“AMI”).

Gross rent (including a utility allowance for tenant-paid utilities) must not exceed the 50% AMI rent limit under the HOME program.

All tenants who occupy Development Fund-assisted units must be income certified and recertified according to the requirements of the HOME program.

12.13: Minimum Period of Affordability

A Lien and Restrictive Covenant Agreement (LRCA) must be executed against every residential property constructed, rehabilitated, or acquired, in whole or in part, with Development Fund. The term of the Development Fund affordability period, as secured by the lien, will be the greater of 15 years or the term of the Development Fund loan.

Upon occurrence of any of the following events during the affordability period, the entire sum secured by the lien, including all accrued interest, 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) notice of default from any lender or partner; or (4) determination that units are not being used as a residence by a qualifying tenant or not leased according to the program affordability requirements. The award recipient will be responsible for repaying IHCD.

IHCD may use purchase options, rights of first refusal, or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability.

The lien will be released at the end of the affordability period if the borrower/recipient has met all conditions, including paying off the final loan balance. Prepayment of a loan will not result in an early release of the affordability period.

12.14: Underwriting Criteria

In reviewing requests for a Development Fund loan in conjunction with HOME funds, IHCD will utilize the same underwriting criteria and analysis required by the HOME application policy. Applicants awarded a Development Fund loan in conjunction with HOME may receive an offer of assistance (i.e., loan amount, loan term, interest rate, etc.) that is different from that requested. Applicants will be notified if changes should occur.

12.15: Development Fund Assurances and Certifications / Borrowing Resolution

Applicants are required to submit an original, fully executed Development Fund Assurances and Certifications form. Applicants who receive funding are bound by the contents of this form and should consult legal counsel on its meaning and scope. The Assurances and Certifications form must be signed by the Applicant's chief executive officer and must be attested.

In addition, a non-profit Applicant must submit a borrowing resolution passed by its Board of Directors authorizing submission of the loan request. The Applicant must use IHCD's template borrowing resolution form as found on the [Development Fund webpage](#).