

## **Summary of Changes for HOME Investment Partnership Program Rental Construction Policy Program Year 2024-2025**

Minor formatting, wording, grammatical changes and clarifications are not identified in this list.

### **Part 1: Application Process:**

- 1.3 Funding Round Timeline: Updated Funding Round Timeline for 2024-2025 Rental Construction Application Round
- 1.6 Application Submission: Clarified fee \$1,000 fee if applying for a Development Fund loan
- 1.8 Minimum Score Requirement: Raised minimum score to 55.
- 1.12 Development Fund Loans: Removed requirement that an alternative source must be identified if applying for a Development Fund Loan

### **Part 2: Eligible Applicants:**

- 2.2 CHDO Applications Proposing Projects located in Certain Participating Jurisdictions: Added the City of Hammond to the list eligible Participations Jurisdictions

### **Part 3: Eligible Activities and HOME Program Requirements:**

- 3.1 Eligible Activities: Clarified manufactured housing must be connected to permanent utility hook-ups to be eligible for HOME funding
- 3.2 Ineligible Activities: Clarified Recovery Housing and commercial spaces are not eligible for HOME funding.
- 3.3 HOME Program and Crosscutting Federal Requirements:
  - Updated flood plain language to include prohibition of new construction in 500-year floodplain and requirement of 5-Step Process for rehabilitation projects within 500-year floodplain.
  - Added requirement that new construction projects be inspected at least three times during the award. The first inspection must occur prior to the installation of drywall. The second inspection will be conducted halfway through the award term. The third inspection will be conducted upon construction completion.
  - Clarified that projects including 9 or more project-based vouchers or 12 or more Section 811 PRA units are subject to Davis Bacon.

### **Part 4: CHDOs:**

- Clarified that a nonprofit must be based in Indiana and registered with the Indiana Secretary of State as a “domestic nonprofit corporation”.

- 4.5 CHDO Predevelopment Loans: Updated the total number of open CHDO predevelopment loans to three.

#### **Part 5: Subsidy Limitations and Eligible Activity Costs:**

- 5.1 Maximum Award Request, Subsidy Limitations & Budget Limitations:
  - Updated the maximum award request for CHDOs to \$1,250,000 per application.
  - Updated the submission date deadline for CHDO certification.
- 5.3 Eligible Costs:
  - Clarified the allowable use of HOME for loan guarantees.
  - Removed cap on Softs Costs.
  - Removed requirement to include commercial space in proforma.

#### **Part 6: Compliance Requirements:**

- 6.5 Lien and Restrictive Covenant Agreement: Clarified the repayment of HOME funds if transfer or conveyance of the real estate by deed, land contract, lease or otherwise, during the Affordability Period if the project is subject to CHDO owner or developer requirements but the new owner is not a CHDO.

#### **Part 7: Underwriting and Market Assessment:**

- 7.1 Underwriting Guidelines:
  - Increased the total operation expenses to \$5,000.
  - Clarified the calculation for replacement reserves across multiple construction types.
  - Clarified that developments with Projects Based Vouchers are required to have a DCR in the minimum acceptable range for all years.
  - Clarified that IHCD may disallow or reduce any line-item costs, square footage costs, or total unit costs deemed unreasonable.
  - Removed narrative sections for Needs Assessment and Development Site Description.

#### **Part 8: Design Requirements:**

- 8.1 NSPIRE Affirmative Habitability Requirements: Added NSPIRE requirements.
- 8.2 Minimum Accessibility Requirements: Updated design requirements for multi-family dwellings.
- 8.5 Other HOME Program Construction Standard: Added required 2021 IECC and ASHRAE 901.1-2019 standards.

## **Part 9: Completeness & Threshold Requirements:**

- 9.2: Threshold Requirements:
  - Added Unique Entity Identifier (UEI)
  - Added 501 (c)(4) as allowable Nonprofit Applicant Documentation
  - Removed Previous HUD or USDA RD funding
  - Clarified the Capital Needs Assessment must be performed by an independent, Indiana-licensed architect or engineer and that the report must contain an assessment of any physical components that will be retired to verify their current conditions and all necessary repairs
  - Clarified that 100% of the Development Fund assisted must be for households at or below 50% AMI.
  - Updated that financial resources committed more than six months prior to the application due date must provide a letter confirming funds are still available and accessible to the applicant.

## **Part 10: Scoring:**

- Updated Forth Tie-Breaker to include the Location Scoring subcategory.
- 10.1: Population Served:
  - Targeted Population: Removed Option 1
    - Opportunity Index: Decreased points to six.
    - Removed Job Growth, Employer Proximity and Census Tract Income Level.
    - Changed High Median Household Income category to projects located within a census tract in the top quartile for median household income based on recent data from the US Census Bureau Table S1903
  - Health and Quality of Life Factors: Increased points to 12.
    - Access to Primary Care: Updated website.
    - Proximity to Positive Land Uses: Added additional locations; increased score to six points.
  - Eviction Prevention: Added that applicant must agree to submit data on evictions as part of the Annual Owner Certification of Compliance reporting.
  - Low Barrier Tenant Screening: Added new category for commitment to implement low-barrier tenant screening.
- 10.2: Location:
  - Areas Underserved by the HOME Program: Added new category for applications proposing projects within specific cities, towns or unincorporated areas which have not had a HOME award through 5, 10, or 15 HOME Rental rounds.
  - Census Tract without an Active IHEDA HOME Project: Added new category for applications proposing projects in a census tract that does not contain an active IHEDA HOME project of the same occupancy type.
  - Housing Need Index: Added new category for applications with projects in locations with high housing needs.

- Serving Rural Counties: Added new category for projects in counties that are considered to be substantially rural.
- 10.3 Development Features:
  - Construction type: Combined existing structure, historic preservation and infill construction categories to one scoring category.
  - Provision of additional bedrooms:
    - Clarified points are for non-age-restricted housing.
    - Increased the percentage of HOME-assisted units to 25%.
  - Onsite Recycling: Added new category for offering onsite recycling at no cost to residents.
- Readiness: Removed Predevelopment Activities, Comprehensive Community Plan, Contractor Solicitation & Participation categories under previous Readiness Category.
- 10.4 Team Composition:
  - Removed Certifications and Applicant or Administrator Experience categories.
  - CHDO Certification: Added that CHDO applicants will get an additional point if staff member listed as key staff member in CHDO certification has graduated from CHDO Manager and Nonprofit Executive Director Training.
  - XBE Participation: Added new category for applicants with an Indiana XBE entity serving as a formal member of the project's development team.
- 10.5: Leveraging Other Sources:
  - Clarified that the leverage must exceed the required 25% match to count for points.
  - Increased the percentage of Total Development Costs.

**Part 12: Development Fund:**

- Updated the Development Fund Section to match the Development Fund Policy Manual.