

The Indiana Affordable Housing and Community Development Fund ("Development Fund") was established in 1989 to provide financing options for the creation of safe, decent, and affordable housing and for economic development projects in Indiana communities. Development Fund regulations may be found in Indiana Code 5-20-4. Developments also involving federal funding (e.g. HOME or CDBG), tax-exempt bonds, or Rental Housing Tax Credits must comply with the requirements of those programs.

ELIGIBLE APPLICANTS

Eligible applicants include nonprofit corporations, for profit developers, and local units of government. IHCDCA must allocate at least fifty-percent (50%) of the fund to recognized nonprofit corporations under Section 501(c)(3) of the U.S. Internal Revenue Code. Awardees with current Development Fund awards are eligible to apply for additional funding. All outstanding awards must be current (if loans), in compliance with all program requirements, and otherwise in good standing in order to be considered for additional awards. However, no individual project sponsor or its affiliates may hold more than 20% of the Development Fund's total portfolio at any one time. Individuals or organizations currently on IHCDCA's suspension or debarment list are not eligible to apply for Development Fund awards.

The Development Fund can be used to finance assisted units for occupancy by households earning up to eighty-percent (80%) of the area median income (AMI), as published annually by HUD. Indiana Code governing the Development Fund requires at least fifty-percent (50%) of the dollars allocated to be used to serve "very low-income households" (households earning less than 50% of the area median income). Therefore, at least fifty-percent (50%) of the Development Fund assisted units must be designated for households at or below fifty-percent (50%) AMI, and the remaining Development Fund assisted units must be designated for households at or below eighty-percent (80%) AMI.

ELIGIBLE ACTIVITIES

Eligible activities include, but are not limited to, acquisition, new construction, and/or rehabilitation of homes for sale, permanent rental units, permanent supportive housing, or other programs considered appropriate to meet the affordable housing and community development needs of low-income families and individuals at the discretion of IHCDCA.

Development Fund may be used for non-residential activities that contribute to the economic development of communities, but only in the following circumstances.

- Non-residential activities in communities designated under either the Stellar Communities or Communities for a Lifetime programs, or other special IHCDCA initiatives at IHCDCA's discretion
- Commercial space as part of a mixed-use design for Section 108, Rental Housing Tax Credit, or New Market Tax Credit developments.

APPLICATION PROCESS

Applications for Development Fund loans only, are accepted on a rolling basis and are non-competitive. Development Fund loans in conjunction with Rental Housing Tax Credit applications through the Qualified Allocation Plan (QAP), with HOME applications through the HOME funding round, or with CDBG applications through the CDBG funding round.

ELIGIBLE LOAN TYPES AND TERMS

Homebuyer projects are not eligible for permanent or bridge financing. The Development Fund may be used for the following types of loans:

- **Acquisition:** to pay for purchase and closing costs for property acquisition
- **Construction:** to pay for hard and soft costs of new construction and rehab projects
- **Permanent:** to provide permanent financing to the project.
- **Bridge:** financing to bridge the timing gap between project or program costs and cash from committed sources not yet available (equity).

Applicants receiving Development Fund loans must meet or exceed Development Fund Underwriting guidelines and demonstrate the ability to repay the loan. If the loan will not take first position behind permanent financing, the developer must receive IHCDCA approval.

The base interest rate for loans is three-percent (3%). The interest rate offered by IHCDCA will be determined during underwriting. Maximum loan term is 15 years.

FOR MORE INFORMATION ABOUT THE DEVELOPMENT FUND VISIT: www.in.gov/myihcda/devfund.htm