A. Procedures for Accessing HOME Funds

Eligible Applicants applying for Low Income Housing Tax Credits (LIHTC) may simultaneously request funds from the HOME Investment Partnerships Program (HOME) by completing the HOME Section of the "Multi-Family Housing Finance Application" and submitting all necessary HOME attachments. HOME attachments (e.g. Historic Review, Environmental Review, Davis Bacon, Match, and/or URA) must be submitted on or before the application deadline along with the rest of the application package. HOME funds cannot be committed to development until all necessary financing has been secured.

IHCDA will not execute a HOME contract until IHCDA has issued the Release of Funds and the HOME award recipient has submitted the HOME Commitment Form to the HOME & HTF Manager.
In the event that an application is competitive for LIHTC but either (1) the application fails the HOME threshold review; or (2) HOME funds are not available to award, IHCDA will allow the applicant to submit additional information to identify other ways to fill the development's financing gap. Upon timely receipt of requested information, these applications will continue to be allowed to compete for an allocation of LIHTC.

Applicants who apply for HOME funds should be aware that additional Federal regulations and IHCDA requirements accompany this program, as set forth in 24 CFR Part 92 and IHCDA's compliance manuals, as amended from time to time. HOME compliance requirements may be more stringent or different than those for the LIHTC program. Applicants should carefully review these regulations when requesting HOME funding. IHCDA strongly encourages applicants to consult with legal and accounting advisors due to the complexity of these programs.

Applicants must register for System for Award Management (SAM) and have a valid UEI in order to apply for HOME funds. Applicants must submit proof of SAM registration with their HOME application to be eligible for funding.

B. HOME Award Manual and Ongoing Compliance Manual

Applicants will be required to comply with the terms and conditions set forth in the *HOME and HTF Award Manual*, as amended from time to time. The *HOME and HTF Award Manual* outlines the requirements for administering an IHCDA HOME award.

Any applicant who receives HOME funds from IHCDA will also be required to comply with the terms and conditions set forth in IHCDA's *Federal Programs Ongoing Rental Compliance Manual*, as amended and/or superseded from time to time. Such requirements apply for the duration of the HOME affordability period.

Compliance manuals are located on IHCDA's compliance manual webpage.

C. HOME Program Eligibility

Eligibility will be determined based on:

- Whether the development demonstrates a need for HOME funds in order to make a greater number of units affordable to lower income households.

- Whether the development meets State and Federal requirements of all programs that the applicant is applying.
- If the development ranking is sufficient for it to be awarded LIHTC pursuant to the QAP.
- The availability of HOME funds.

D. Eligible Applicants

Eligible applicants must be competing in the Qualified Nonprofit set-aside, or in the case of an application for 4% credits and tax-exempt bonds must meet the requirements of the Qualified Nonprofit set-aside. In addition, the applicant must also meet one of the following tests:

- Be an IHCDA certified Community Housing Development Organization (CHDO) that is certified as a CHDO **before** the application due date.
  - In order to qualify, Applicants must submit a CHDO application and all required CHDO documentation via OneDrive **no less than 30 but not more than 60 days before the tax credit application due date or in the case of noncompetitive bond application no less than 30 days but not more than 60 days before the application submission.** The CHDO application can be found as a separate document on the IHCDA website here.
  - IHCDA staff will review the applicant's CHDO application notify the applicant of its determination within one week of receipt. If further clarification is needed, IHCDA will reach out to the applicant for additional information.
  - Upon making a final determination, IHCDA will inform each CHDO applicant as to the status of its certification.
- Be competing in the Supportive Housing Set-Aside

HOME funds will be provided in the form of a loan to the ownership entity (LP or LLC).

The nonprofit applicant must submit a borrowing resolution passed by its Board of Directors authorizing submission of the loan request. The applicant must use IHCDA's template borrowing resolution form.

E. Development Location

Applications for developments located within the following participating jurisdictions are not eligible to receive HOME funds from IHCDA.

- Bloomington
- Evansville
- Fort Wayne
- Gary
- Indianapolis*
- Lafayette Consortium**
- Lake County
- Muncie
- St. Joseph County Consortium***

*The cities of Beech Grove, Lawrence, Speedway, Southport, and the Town of Cumberland when the housing activity is located in Hancock County will be eligible to receive assistance.

**Lafayette Consortium is made up of the cities of Lafayette and West Lafayette and the unincorporated areas of Tippecanoe County. These areas are not eligible to receive funding from IHCDA. Other incorporated areas are eligible to receive assistance.

***St. Joseph County Consortium is made up of the cities of South Bend and Mishawaka and the unincorporated areas of the county. These areas are not eligible to receive funding from IHCDA. Other incorporated areas are eligible to receive assistance.

Exception: For Applications competing in the Supportive Housing set-aside, IHCDA may invest HOME funds in the otherwise excluded participating jurisdictions.

Additionally, HOME may not be used to assist developments located in 100- or 500-year floodplains.

F. HOME Loan Limitation

The maximum HOME loan request is $500,000 per application. Based on availability of funding, IHCDA 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.

G. Threshold Criteria

1. On or before the application deadline, the Applicant must provide all documentation as instructed in the "Form A– HOME Supplement." If IHCDA requests additional information from the Applicant, all documents are due on or before the date provided by IHCDA staff.

2. The Application must meet all the requirements in this Schedule, 2CFR Part 92, any additional cross-sectional regulations, including, but not limited to Lead-Based Paint, Uniform Relocation Act, Section 3, Environmental Review, and Davis Bacon, and be supported by required documentation.

3. 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 *IHCDA ERR Guidebook*.
    a. **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.**
    b. As part of the Section 106 Historic Review process, IHCDA 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.

c. 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.

4. 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. Re-platting and/or re-parceling a site out of any variation of Zone A will not be allowed. Instead, the Applicant must consult with and follow FEMA procedures to change the floodplain designation. This process should be completed prior to submitting a funding application to IHCDA.

5. 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.

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

7. IHCDA may disqualify any Applicant that has a history of disregarding policies, procedures, or staff directives associated with administering any IHCDA 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.

H. Nonprofit Borrowing Resolution

In addition, a nonprofit applicant must submit a borrowing resolution passed by its Board of Directors authorizing submission of the loan request. The applicant must use IHCDA's template borrowing resolution form as found on the HOME webpage.

I. Match Requirement

The match requirement for the HOME program is 25% of the total amount of HOME funds requested. Refer to the *HOME and HTF Manual* for forms of eligible and ineligible forms of match.

J. Eligible Uses of HOME Loan

Soft Costs:

Soft costs and professional fees are eligible except for those items specifically listed as ineligible under Part K below. Examples of eligible soft costs include:

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

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.

New Construction:
New Construction costs are eligible except for those items as specially listed as ineligible under Part K below. Examples of 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

Rehabilitation:

Rehabilitation costs are eligible except for those items specifically listed in Part K below. Examples of rehabilitation 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
- Lead-based paint interim controls and abatement costs
- Mold remediation

K. Ineligible Uses of HOME Loan

Ineligible uses of the HOME Loan include, but are not limited to:

- 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 IHCDA
- 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

L. 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 other 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.

- Construction loan- IHCDA construction loans will be for a period of 24, 30, or 36 months. The borrower may propose their desired construction loan term.
- Permanent loan- IHCDA permanent loans will be for a 15-year period with the following exceptions:
  - For HUD or Fannie loans IHCDA's loan maturity will be coterminous with the senior loan.
  - For Freddie loans:
    - If IHCDA loan is "hard" (must-pay) maturity is coterminous with senior loan
    - If IHCDA loan is "soft" (cash flow contingent) maturity is 6 months after maturity of senior loan
  - If there are other senior loans, IHCDA's permanent loan may extend to up to a 17-year period if required to be coterminous with the senior loan.

M. Interest Rate

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%. IHCDA 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.

N. Determining Number of HOME-Assisted Units

IHCDA has established the following per unit subsidy limitation for HOME-assisted units:

For units designated 50% AMI income and rent limits or higher:

Bedroom Size	Per Unit Subsidy Limit
0	$104,000
1	$121,000
2	$139,000
3	$170,000
4+	$185,000

For units designated 40% AMI income and rent limits or lower:

Bedroom Size	Per Unit Subsidy Limit
0	$130,000
1	$152,000
2	$174,000
3	$210,000
4+	$232,000

Should the subsidy limits be revised in the IHCDA HOME Rental policy, the new limits will supersede the above limits.

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.

O. Underwriting Criteria

In reviewing requests for a HOME loan in conjunction with LIHTC, IHCDA will utilize the same underwriting criteria and analysis required by the QAP. Applicants awarded a HOME loan in conjunction with LIHTC may receive an offer of assistance (i.e., loan amount, loan term, interest rate, etc.) that is different from that requested. If the LIHTC application is awarded, Applicants will receive a Letter of Interest with the HOME loan terms offered by IHCDA.

P. Security or Collateral

The HOME Loan must be secured through 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.

If the loan will not take second position behind permanent financing, the developer must receive IHCDA approval. If IHCDA agrees to subordinate the HOME Loan in priority, it will do so using an IHCDA approved Subordination Agreement.

Q. Award Term

The HOME award must be fully expended within a 24-month period.

IHCDA 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.

R. HOME Program and Crosscutting Federal Requirements

The proposed HOME project must follow all requirements of 24 CFR Part 92, applicable HUD guidance, this Schedule, and the IHCDA *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. 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. 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.

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.

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.

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 IHCDA 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.

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 IHCDA 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.

Energy Standards:

- 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.

S. Occupancy Restrictions and Rent Limits

One hundred percent (100%) of the HOME-assisted units must be occupied by households whose incomes are at or below 60% of the area median income, adjusted for household size, with rental rates (including tenant-paid utilities) that do not exceed the 60% AMI Rent Limit as published annually by IHCDA's Real Estate Department. Additionally, Federal regulations require developments with 5 or more HOME-assisted units to have at least 20% of the units set-aside for households with incomes at or below 50% AMI. Lower income targeting must be followed if agreed upon in the Application and recorded Lien and Restrictive Covenant. When Developments are combined with HOME & LIHTC, the owner must compare the two sets of limits and apply the most restrictive to any unit that is both a tax credit and HOME-assisted unit.

If an SRO unit does not have kitchen or bathroom facilities, or has either of these but not both, the maximum SRO rent will be the lesser of 75% of the Fair Market Rent or 100% of the applicable rent limit for an efficiency. For an SRO unit with both kitchen and bathroom facilities, the maximum SRO rent will be 100% of the applicable rent limit for an efficiency.

Rent limits include the cost of any tenant-paid utilities. You must subtract from the published rent limit an approved utility allowance for all utilities for which the tenant will be responsible, as well as any other non-optional fees.

If the applicant proposes to receive all or a portion of the rent payment via a tenant based rental subsidy, gross rent (tenant paid + tenant-based rental assistance + utility allowance + non-optional charges) cannot exceed the published rent limits for the applicable income level. For example, a tenant residing in a unit set-aside for households at or below 60% of the area median income has a voucher

that pays $100 of his/her rent, and the published utility allowance for tenant paid utilities for the unit is $50. If the published 60% Rent Limit is $300, the tenant paid portion of rent cannot exceed $150 ($300 Rent Limit - $100 Section 8 Voucher - $50 Utility Allowance = $150 Maximum Tenant Paid Portion).
If a development receives federal or state project-based rental subsidy and tenants at or below 50% AMI pay no more than 30 percent of his/her adjusted income for rent, the maximum rent may be the rent allowable under the project-based subsidy program per 24CFR Part 92.252 (b)(2).

T. Occupancy Restrictions and Rent Limits

The HOME-assisted units must meet affordability requirements for not less than the applicable period specified in the following table, beginning at development completion. The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. The affordability requirements must be imposed by deed restrictions or covenants running with the land. Please note that the HOME affordability period may differ from that of the LIHTC or Bond program.

Rental Housing Activity	Minimum Period of Affordability
Rehabilitation or acquisition of existing housing - Less than or equal to $40,000 HOME funds per HOME-assisted unit	10 years
Rehabilitation or acquisition of existing housing - Greater than $40,000 HOME funds per HOME-assisted unit	15 years
New construction or acquisition of newly constructed housing	20 years

IHCDA 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. Affordability requirements will be met if the new owner agrees to enter a written agreement subjecting the development to the HOME affordability requirements for the remainder of the affordability period.

The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the development or property.

Enforcement of Affordability Period:
With respect to HOME-assisted rental units, the recipient must execute a lien and restrictive covenant agreement, and a loan agreement, promissory note, mortgage, security agreement and UCC's, as directed by IHCDA, in order to preserve affordability and secure IHCDA's investment in the assisted property. Recipient must use documents that are prepared by IHCDA.

Commencement of Affordability Period
The affordability period will not begin until after project completion. Project completion is defined as the date that all necessary title transfer requirements and construction work have been performed; the rehabilitation completed complies with the requirements of 24 CFR 92 or 24 CFR 570 and stricter of the

local rehabilitation standards or the Indiana State Building Code; the final drawdown has been disbursed for the project; and the project completion information has been entered in the disbursement and information system established by HUD. IHCDA considers the date final completion information is entered into IDIS as the start date for the project affordability period.

Repayment of HOME Funds

Housing assisted with HOME funds must meet the affordability requirements in accordance with 24 CFR 92.252 for rental housing. The recipient agrees to repay IHCDA for any HOME funds utilized for any housing constructed, redeveloped, rehabilitated, or acquired that does not remain affordable in accordance with 24 CFR 92.252 for rental housing for the entire affordability period.