



To: Real Estate Development Partners

Notice: **RED-22-58**

From: Real Estate Department

Date: November 10, 2022

Re: **Postponement of 2023A-C Tax Credit Round Award Announcements**

IHCDA is hereby postponing award recommendations under the 2023-A-C 9% Rental Housing Tax Credit competitive round. The funding recommendation will not be presented at the November 17<sup>th</sup> IHCDA Board of Directors Meeting.

Due to increasing interest rates and decreasing equity pricing, IHCDA does not believe it is accurate to continue to rely upon the underwriting, development budget, and operating budget assumptions presented in the initial applications as prepared in June/July 2022. To continue the round, IHCDA will take the following steps:

- All applicants that passed threshold will be given the opportunity to submit updated information for review, in a format prescribed by IHCDA.
- The revised application will not be an entirely new Form A, but rather a special form provided by IHCDA to update the development budget, 15-year pro forma, credit request, and other key pieces of financial information to demonstrate the feasibility and sustainability of the proposed development.
- Applicants will be allowed to request additional IHCDA resources as follows:
  - o Applicants that did not request the maximum amount of tax credits may increase their credit request.
  - o Applicants that did not request the maximum amount of IHCDA gap financing (e.g., HOME or Development Fund loans) may increase their gap request.
- Applicants will not be allowed to make any changes to development site, design features, unit count, unit AMI mix, any scoring commitments, or any other material changes to the proposed development concept or the commitments made in the initial application.
- In addition to the revised application form, all applicants must also submit:
  - o Updated lender letters of interest for all sources of debt. Each lender letter must provide an updated interest rate or specific confirmation that the lender will keep the interest rate provided in the original LOI.
  - o A letter of interest from an equity provider with estimated equity pricing assuming an award of credits in January 2023 and a closing in calendar year 2023.
- IHCDA's Director of Real Estate Allocation will send additional instructions to all applicants, along with the necessary form(s), the week of November 14<sup>th</sup>.



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- Responses will be due by 5:00 P.M. Eastern Time on Friday December 23, 2022 and must be uploaded into the applicant's OneDrive folder.
- IHEDA will re-underwrite all applications based on the updated information.
- Because some applicants may increase their credit request, IHEDA will rescore all applications in two categories: category 6.2(L) tax credit per unit and category 6.4(A) leveraging capital resources.
- IHEDA will also ensure that any applicant that was claiming points under category 6.4(G) leveraging the READI or HELP program continues to meet the scoring requirements related to not requesting IHEDA gap resources and limiting basis boost to 20%.
- Funding recommendations will tentatively be presented at the January 2023 Board of Directors meeting.

IHEDA will host a virtual meeting on Friday November 18<sup>th</sup> from 2:00-3:00 to provide additional information and answer questions about this memo. The virtual meeting will be held via Microsoft Teams using the link below. Registration is not required.

[Click here to join the meeting](#)

Questions about this memo may be directed to Matt Rayburn, Deputy Executive Director and Chief Real Estate Development Officer, via [mrayburn@iheda.in.gov](mailto:mrayburn@iheda.in.gov) or Alan Rakowski, Director of Real Estate Allocation, via [arakowski@iheda.in.gov](mailto:arakowski@iheda.in.gov).