



## HOME Investment Partnerships Program- American Rescue Plan (“HOME-ARP”) Rental Construction Policy

### **SUMMARY**

The purpose of the HOME-ARP rental construction program is to provide grants for the acquisition, rehabilitation, and/or new construction of permanent supportive housing for qualifying populations.

This Policy applies to all rental construction projects requesting funding through IHCDA’s HOME-ARP allocation.

This Policy sets forth:

- 1) the role of the Indiana Housing and Community Development Authority (“IHCDA”) in administering the HOME-ARP program for rental construction;
- 2) IHCDA’s development goals based on housing needs throughout the state of Indiana;
- 3) minimum threshold requirements which all Applicants and Developments must meet in order to be considered for HOME Financing; and
- 4) a non-exhaustive summary of compliance requirements

IHCDA will also utilize a portion of its HOME-ARP allocation to fund supportive services for qualifying populations. This Policy does not cover such activities. IHCDA will issue separate policies and manuals, as appropriate, for HOME-ARP supportive service activities.

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### **Available Online**

[IHCDA HOME-ARP Program Webpage](#)





**Part 1: Application Process**

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**1.1 Request for Proposals**

On July 11, 2022, IHCDA issued a Request for Proposals for “HOME Investment Partnerships Program-American Rescue Plan Rental Housing Construction.” Responses were due by September 5, 2022.

IHCDA selected seven respondents under Tier 1 and three respondents under Tier 2. Only these ten selected respondents are eligible to apply for funding through this HOME-ARP Rental Construction Policy.

**1.2 HOME-ARP Application Forms and HOME-ARP Policy Discrepancies**

In the event of a conflict or inconsistency between the HOME-ARP Rental Construction Policy and the HOME-ARP Application Form and/or Additional Documents, the procedures described in this HOME-ARP Rental Construction 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.

HOME-ARP Rental Construction RFP released	July 11, 2022
HOME-ARP Rental Construction RFP due date	September 5, 2022
Application Due Date for selected teams	By December 31, 2023

**1.4 Technical Assistance**

An Applicant may request technical assistance from IHCDA to discuss the proposed project, HOME-ARP requirements, and IHCDA’s application process. Please contact the IHCDA’s HOME & HTF Manager Peter Nelson via [pnelson@ihcda.in.gov](mailto:pnelson@ihcda.in.gov) to request technical assistance.

**1.5 Application Submission**

The Applicant must submit the following items:

- Via IHCDA’s OneDrive site:
  - Completed copy of the HOME-ARP application form in both Excel and PDF formats
  - All supporting documents as separately labeled PDF documents under the required labeled tabs. (Do not send one PDF combining all supporting documentation.)
  - Signed Environmental Review Record in PDF format
- Via IHCDA’s Online Payment Portal
  - Application fee of \$500. All fees must be paid through the [IHCDA Online Payment Portal](#).

Applicants encountering technical issues with application forms, supporting documentation, or the submittal process should contact IHCDA’s HOME & HTF Manager.

To utilize OneDrive:

- Applicants must contact the Real Estate Department Coordinator Chris Adkins via [cadkins@ihcda.in.gov](mailto:cadkins@ihcda.in.gov) to request the creation of a folder. The Real Estate Department Coordinator will then share that folder with the applicant and the applicant may then upload their application. Applicants may not set up folders in OneDrive themselves.





- Applicants must notify the Real Estate Department Coordinator when they have uploaded documents to OneDrive. Failure to notify IHCD when documentation is uploaded may result in delayed review of the application.
- Applicants should notify the Real Estate Department Coordinator to add or change information for the contact person for communications regarding its application.

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

### **1.6 Application Review**

Each application must address only one development. Applications are reviewed in a two-step process:

<u>Step One</u> - Completeness	On or before the application deadline, the applicant must provide all required documents, signatures, and attachments.
<u>Step Two</u> - Threshold	The application must meet each of the applicable threshold criteria, including the underwriting guidelines found in Section 6.2 of this policy. After initial threshold review, IHCD staff will contact the applicant to notify them of any required corrections as well as to request clarification of additional questions raised during threshold review. The applicant will have the opportunity to 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 may be disqualified.

### **1.7 IHCD HOME & HTF Program Manual**

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

### **1.8 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](#).





## Part 2: Eligible Applicants

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### 2.1 Eligible Applicants

Eligible applicants must have already been selected through IHCDA’s July 2022 HOME-ARP Rental Construction Request for Proposals. IHCDA selected seven teams under Tier 1 of the RFP and three teams under Tier 2. Only these ten teams are eligible to apply under this policy.

Eligible applicants are limited to the following:

- Local units of government (cities, towns, or counties)
- Community Housing Development Organizations (CHDOs)
- 501(c)3 and 501(c)4 nonprofit organizations
- Public Housing Agencies (PHAs)
- Joint Venture Partnerships

For-profit entities are ineligible applicants.

Applications from, or housing activities proposed to be located within, the following Participating Jurisdictions are only eligible to apply for IHCDA HOME-ARP funds if the local Participating Jurisdiction provides a commitment of local funds to be used as a capital funding source. The local source is not required to be HOME-ARP or HOME funds:

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

\*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 to apply.

\*\*\*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 to apply.





## **2.2 Ineligible Applicants**

Any entity currently on a federal debarment list, on IHCDA's suspension or debarment list, or in default on an IHCDA loan is ineligible to apply. IHCDA's Suspension and Debarment Policy can be found in Chapter 17 of the IHCDA *HOME and HTF Program Manual*.

Additionally, IHCDA does not fund requests from:

- 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, sexual orientation, gender identity, or against victims of domestic violence, dating violence, sexual assault, stalking, or human trafficking

## **2.3 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-ARP program. Neither the Federal Government nor a State or local government receiving funds under the HOME-ARPE 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-ARP 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-ARP 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-ARP 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-ARP program objects to the religious character of an organization that provides services under the program, that organization shall, within a reasonable 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-ARP program-funded religious congregation uses as its principal place of worship, however, are ineligible for HOME-ARP 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-ARP Program Requirements

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### 3.1 Eligible Activities

The program is intended for the rehabilitation and/or new construction of permanent supportive housing for qualifying populations. Permanent rental housing units may not be used for temporary or emergency housing at any time.

Acquisition only is not an eligible activity. However, acquisition in conjunction with construction activity is permitted. If HOME-ARP funds are used for acquisition of vacant land or demolition in conjunction with another activity, 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 for rent.
  - For HOME-ARP, an SRO unit is defined as a unit that is the primary residence of the occupant(s) and must at least contain sanitary facilities but may also contain food preparation facilities. A project's designation as SRO must be consistent with the building's zoning and building code classification.
- Rehabilitation of Rental Housing Tax Credit (RHTC) developments with compliance periods that have expired prior to the due date for this application. RHTC 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/mobile homes are eligible only if they meet all the following standards or if rehabilitation will bring the unit up to these standards:
  - A single dwelling unit designed and built in a factory, installed as a permanent residence, which bears a seal certifying that it was built in compliance with the Federal Manufactured Housing Construction and Safety Standards law
  - A unit that was constructed after January 1, 1981
  - A unit that is 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
  - A unit that has wheels, axles, and towing chassis removed
  - A unit that has a pitched roof
  - A unit that is located on land held by the beneficiary in fee-simple title or 99-year leasehold and is the principal residence of the beneficiary

### 3.2 Ineligible Activities

The following are ineligible activities:

- Per 24 CFR 92.214 (a)(4), HOME funds may not be invested in public housing projects.
- Owner-occupied rehabilitation
- Homebuyer development





- Group homes
- Creation of secondary housing attached to a primary unit
- Acquisition, rehabilitation, or construction of nursing homes, convalescent homes, hospitals, residential treatment facilities, halfway houses, correctional facilities, housing for students or student dormitories, or hotels and motels (including those currently operating as non-congregate shelter). However, HOME-ARP funds may be used to acquire and rehabilitate such structures into HOME-ARP eligible rental housing.
- Acquisition, rehabilitation, or construction of emergency shelters that are designed to provide temporary daytime and/or overnight accommodations for homeless persons
- Acquisition, rehabilitation, or construction of transitional housing
- Rehabilitation of mobile homes
- Acquisition, rehabilitation, refinancing, or new construction if any part of a development or its land is located within the boundaries of a 100-year floodplain. A flood determination must be provided for each parcel associated with the project.
- Acquisition, rehabilitation, or construction of any developments that will be applying for RHTC. These developments must apply for HOME funds as part of the RHTC application in accordance with the Qualified Allocation Plan.
- 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
- Costs for supportive services, homeless prevention activities, operating expenses, or for the use of commercial facilities for transient housing
- Payment of HOME loan servicing fees or loan origination costs
- Tenant-based rental assistance
- Payment of back taxes
- Any other activity not specifically listed as an eligible activity in Section 3.1 above

### **3.3 HOME-ARP Program Requirements**

The proposed HOME-ARP project must follow these minimum requirements and all other requirements laid forth in the Program Manual, to be eligible for funding. For further details on each requirement, please see IHCD's HOME and HTF Program Manual [here](#).

Recipients must comply with all applicable HOME regulatory requirements listed in 24 CFR Part 92, as well as all HOME-ARP requirements of HUD CPD Notice 21-10. In general, HOME requirements apply to the HOME-ARP program with the following exceptions:

- HOME per-unit subsidy limitations do not apply
- HOME match requirements do not apply
- CHDO set-aside requirements do not apply
- Initial household eligibility is based on meeting the qualifying population definitions, not on an income determination to meet HOME income limits. However, certain QP definitions do require an income verification.
- The minimum compliance/affordability period for HOME-ARP is the greater of 15-years or the term of the Housing Assistance Payments (HAP) contract awarded to the project.
- A market assessment is not required for HOME-ARP units







Requirements include, but are not limited to, the following. See the program manual for additional details.

- **Lead-Based Paint:**

- Each recipient of a HOME-ARP 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 ISDH. 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 ISDH. 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. Firms cannot advertise or perform renovation activities covered by the regulation in homes or child-occupied facilities built before 1978 without firm certification. Examples of the types of firms covered:
  - Residential rental property owners/managers
  - General contractors
  - Special trade contractors, including
    - Painters
    - Plumbers
    - Carpenters
    - 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 also be trained. They may either be certified renovators (meaning they successfully completed the accredited training) or they may have been trained on the job by a certified renovator. (Such training must be documented and the documents must be retained.)

- **Section 504 & Fair Housing Design Standards:**

Housing must meet the accessibility requirements of 24 CFR Part 8 which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covers multifamily dwellings, as defined in 24 CFR Part 100.201. It must also meet the design and construction requirements of 24 CFR 100.205 and implement the Federal Fair Housing Act Amendments of 1988 (42 U.S.C. 3601-3619).





- **Uniform Relocation Act:**

Each recipient of a HOME-ARP award is subject to the relocation and displacement requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), 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.
- **Affirmative Marketing Procedures:**

Rental housing with five or more HOME-ARP assisted units must create an Affirmative Fair Housing Marketing Plan using HUD form 935.2A and adopt IHCD's Affirmative Marketing Procedures.
- **Section 3:**

Any recipient receiving an aggregate amount of \$200,000 or more from one or more of the HUD CPD programs (i.e., CDBG, HOME, HOME-ARP, NSP, HOPWA, ESG, etc.) in a program year must comply with the Section 3 requirements. Section 3 provides preference to low- and very-low-income residents of the local community (regardless of race or gender) and the businesses that substantially employ these persons, for new employment, training, and contracting opportunities resulting from HUD-funded projects.
- **Procurement Procedures:**
  - Each recipient of a HOME-ARP award will be required to provide proof of adequate builder's risk insurance, property insurance, and/or contractor liability insurance during construction, and property insurance following construction for the assisted property throughout the affordability period of the award.
  - If the recipient of the HOME-ARP award is either a Local Unit of Government or a nonprofit that is not acting as a developer (as defined by HOME regulations), then the recipient must follow competitive procurement procedures when procuring all materials, supplies, equipment, and construction or professional services related to the HOME-ARP award. Please note that public nonprofits (i.e., Housing or Redevelopment Authorities and public agencies) may not act as Developers and must competitively procure.
  - If the nonprofit recipient is acting as a developer, competitive procurement standards are not required. To be considered a nonprofit developer, the nonprofit must meet the following criteria:
    - Must have site control (either through ownership or lease) of the property;
    - Must be in sole charge of the development processes – (not simply acting as a contractor) - 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 help facilitate timely expenditure of HOME-ARP funds, all applicants are required to complete and submit the Environmental Review Record (ERR) and Section 106 Historic Review at the time of application.
- To complete the forms and the Release of Funds process, refer to the ERR Guidebook found [here](#).
- 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 fully executed HOME-ARP award documents and will be allowed to draw funds only after the Applicant has been allowed to publish a public notice and when the Release of Funds process is complete.
- Applicants may not purchase any property to be assisted with HOME-ARP funds, sign contracts, or begin rehab/construction until the ERR/Release of Funds process has been completed and approved.
- IHCD will not fund projects located in a floodway or that have any portion of the project site in a 100-year flood plain. 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 IHCD HOME-ARP 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 flood designation. This process should be completed prior to submitting a funding application to IHCD.
- For sites within the shaded Zone X or sites outside of Zone A but without a Base Flood Elevation (BFE information will be indicated on the FEMA map), the potential adverse impacts of being directly adjacent to a flood prone area must be minimized. Therefore, the Applicant must demonstrate to IHCD that design modifications are included in the project scope. The information must be submitted with the ERR Workbook upon funding application to IHCD. These requirements can also be found in the ERR Workbook. These design modifications include:
  - Flood minimization techniques such as permeable surfaces, storm water capture and reuse, and/or green roofs
  - New construction and substantial improvement projects must be elevated at or above the 100-year floodplain
  - The inclusion of early warning systems and emergency evacuation plans
- If the project involves new construction and has either mapped wetlands or potential wetlands, the project is not eligible for IHCD 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.

- **Construction Standards and Physical Inspections:**

- Units must, at a minimum, meet the stricter of the local rehabilitation standards or the Indiana State Building Code.  
If a property is applying for project-based vouchers, the units must be built to comply with the stricter of PBV Housing Quality Standards or local building code.





- Any units utilizing gas appliances must provide carbon monoxide detectors in addition to standard smoke detectors.
  - Recipients of HOME-ARP funds must meet additional energy efficiency standards for new construction as described in 24 CFR 92.251.
  - All IHCD-assisted units must be inspected twice during the award period. The first inspection will occur halfway through the award term. The second inspection will be conducted upon completion of construction for the award. Site visits during construction may be conducted to monitor progress of all projects. The IHCD Inspector or IHCD's third-party Inspector will conduct the physical inspections. Failure to comply with these inspection requirements may result in the loss of points in future applications and/or findings during IHCD post-award compliance monitoring.
- **Capital Needs Assessment for Rehab:**  
Projects performing a rehabilitation activity with a total of 26 or more units (the total of HOME-ARP assisted and non-HOME-ARP assisted units) must complete and provide a Capital Needs Assessment (CNA) along with the application.
  - **Initial Inspection for Rehab:**  
Upon receipt of an application proposing rehabilitation (regardless of number of units), IHCD will conduct an initial inspection that verifies the deficiencies that must be addressed during rehabilitation to ensure the units will meet HOME requirements at completion. This inspection will occur prior to IHCD making a funding recommendation.
  - **Davis Bacon:**
    - Each recipient of a HOME-ARP award must follow the Davis Bacon requirements found in 29 CFR Parts 1, 3, and 5 to ensure workers receive no less than the prevailing wages being paid for similar work for the following type of projects:
      - Rehabilitation or new construction of a residential property containing 12 or more HOME-ARP assisted units
      - Affordable housing containing 12 or more units assisted with HOME-ARP funding regardless of whether HOME-ARP funding is used for construction or non-construction activities
      - Such properties may be one building or multiple buildings owned and operated as a single development.
      - Public Housing Authorities (PHAs) using PHA funds in conjunction with IHCD funds are subject to Davis Bacon requirements.
  - **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 IHCD determines and documents that one or more of the exceptions listed in HUD Final Rule 81 FR 92626 apply. Each unit should have cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure, including wireless infrastructure, which is capable of providing access to Internet connections in individuals housing units.

- **Indiana Housing Now:**

Owner agents must register their properties [IndianaHousingNow.org](http://IndianaHousingNow.org) affordable housing database.

### **3.4 Affordability Requirements and Ongoing Compliance**

The HOME-ARP compliance/affordability period is the greater of (1) 15 years or (2) the term of the Housing Assistance Payments (HAP) contract awarded to the project. During the affordability period, all HOME-ARP program rental requirements apply to the property. See IHCD's [Federal Programs Ongoing Rental Compliance Manual](#) for a full discussion of affordability period compliance.

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

1. Ensuring that the property meets the Property Standards set forth in 24 CFR 92.251;
2. Ensuring that all households moving into HOME-ARP units are qualifying populations that meet the eligibility requirements of the HOME-ARP program, as defined in HUD CPD Notice 21-20 and within Part 3.6 of this policy;
3. Conducting annual recertifications;
4. Submitting annual tenant events and Annual Owner Certifications of Compliance to IHCD through the [IHCD online reporting system](#) as set forth in IHCD's [Federal Programs Ongoing Rental Compliance Manual](#);
5. Participating in periodic monitoring and inspections of the property by IHCD, IHCD contracted inspectors, and/or the US Department of Housing and Urban Development ("HUD"), including file monitoring, physical inspections, and financial review;
6. Complying with the HOME-ARP income and rent limits issued by HUD and published annually by IHCD via RED Notice;
7. Ensuring that each tenant enters into a written lease that does not contain HUD prohibited lease language as set forth in 24 CFR 92.253(b) and IHCD's Federal Programs Ongoing Rental Compliance Manual. 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.
8. 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-ARP assisted units.





9. Recipient must follow the non-discrimination requirements of the Fair Housing Act, the Violence Against Women Reauthorization Act of 2013 and 2022, and the Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity rule.
10. Recipient must follow all requirements of IHCD's *Federal Programs Ongoing Rental Compliance Manual* for the duration of the compliance/affordability period.

### **3.5 Lien and Restrictive Covenant Agreement**

Each recipient of a HOME-ARP 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-ARP funds. Upon the occurrence of any of the following events during the Affordability Period, IHCD may demand repayment of all or a prorated portion of the HOME-ARP funds awarded to the project. Repayment may be demanded upon:

- 1) Transfer or conveyance of the real estate by deed, land contract, lease, or otherwise, during the Affordability Period if the new owner does not agree to remain in compliance with the HOME-ARP Award Agreement and HOME-ARP regulations for the duration of the Affordability Period;
- 2) Commencement of foreclosure proceedings by any mortgagee (or deed in lieu of foreclosure), within the Affordability Period;
- 3) The real estate no longer meets the property standards set forth in 24 CFR 92.251;
- 4) HOME-ARP assisted units are not being used by qualifying tenants as their principal residence;
- 5) Annual tenant events and Annual Owner Certifications of Compliance are no longer being submitted to IHCD through its online reporting system as set forth in IHCD's [Federal Programs Ongoing Rental Compliance Manual](#); or
- 6) Non-compliance with the HOME-ARP rent limits issued by HUD; or
- 7) Units are not leased in accordance with HOME-ARP requirements and the requirements set forth in IHCD's [Federal Programs Ongoing Rental Compliance Manual](#).

The recipient of the HOME-ARP award will be responsible for repaying IHCD any HOME-ARP 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.

Recapture is 100% of the HOME-ARP award if the project is terminated or fails to continue compliance with HOME-ARP requirements in the first 10 years of the affordability period. If the termination or noncompliance occurs in years 11 through 15, the recapture amount is reduced by 20% for each year beyond the initial 10-years during which time the project was compliant.

### **3.6 Qualifying Populations and Tenant Selection Plans**

100% of HOME-ARP assisted units must serve households that meet the definition of a qualifying population. Qualifying populations are defined in the U.S. Department of Housing and Urban Development's CPD Notice 21-10 as follows.

Tier 1 teams must serve households under qualifying population #1 (homeless) or #3 (fleeing or attempting to flee). Households must be identified through the local Coordinated Entry System.

Tier 2 teams may serve any qualifying population. The development team may propose a preference for a particular qualifying population. Any preference must comply with HOME-ARP regulations and all applicable nondiscrimination requirements (including Fair Housing & VAWA), must be implemented into





the property's written tenant selection plan, and must be approved by IHCD. Further, IHCD must approve the referral process used to identify households.

1. Homeless, as defined in [24 CFR 91.5 Homeless \(1\), \(2\), or \(3\)](#):

(1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

(i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

(ii) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or 4

(iii) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;

(2) An individual or family who will imminently lose their primary nighttime residence, provided that:

(i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;

(ii) No subsequent residence has been identified; and

(iii) The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing;

(3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:

(i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);

(ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;

(iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and

(iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a





history of incarceration or detention for criminal activity, and a history of unstable employment;

2. At risk of Homelessness, as defined in [24 CFR 91.5](#) *At risk of homelessness*:

(1) An individual or family who:

(i) Has an annual income below 30 percent of median family income for the area, as determined by HUD;

(ii) Does not have sufficient resources or support networks, *e.g.*, family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the “Homeless” definition in this section; and

(iii) Meets one of the following conditions:

(A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;

(B) Is living in the home of another because of economic hardship;

(C) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;

(D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;

(E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;

(F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or

(G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient’s approved consolidated plan;

(2) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(l) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(l)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or

(3) A child or youth who does not qualify as “homeless” under this section but qualifies as “homeless” under section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

3. Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined by HUD.







For HOME-ARP, this population includes any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking. This population includes cases where an individual or family reasonably believes that there is a threat of imminent harm from further violence due to dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual’s or family’s primary nighttime residence or has made the individual or family afraid to return or remain within the same dwelling unit. In the case of sexual assault, this also includes cases where an individual reasonably believes there is a threat of imminent harm from further violence if the individual remains within the same dwelling unit that the individual is currently occupying, or the sexual assault occurred on the premises during the 90-day period preceding the date of the request for transfer.

Domestic violence, which is defined in [24 CFR 5.2003](#) includes felony or misdemeanor crimes of violence committed by:

- 1) A current or former spouse or intimate partner of the victim (the term “spouse or intimate partner of the victim” includes a person who is or has been in a social relationship of a romantic or intimate nature with the victim, as determined by the length of the relationship, the type of the relationship, and the frequency of interaction between the persons involved in the relationship);
- 2) A person with whom the victim shares a child in common;
- 3) A person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner;
- 4) A person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving HOME-ARP funds; or
- 5) Any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.

Dating violence which is defined in [24 CFR 5.2003](#) means violence committed by a person:

- 1) Who is or has been in a social relationship of a romantic or intimate nature with the victim; and
- 2) Where the existence of such a relationship shall be determined based on a consideration of the following factors:
  - a. The length of the relationship;
  - b. The type of relationship; and
  - c. The frequency of interaction between the persons involved in the relationship.

Sexual assault which is defined in [24 CFR 5.2003](#) means any nonconsensual sexual act proscribed by Federal, Tribal, or State law, including when the victim lacks capacity to consent.

Stalking which is defined in [24 CFR 5.2003](#) means engaging in a course of conduct directed at a specific person that would cause a reasonable person to:

- 1) Fear for the person’s individual safety or the safety of others; or
- 2) Suffer substantial emotional distress.





Human Trafficking includes both sex and labor trafficking, as outlined in the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7102). These are defined as:

- 1) *Sex trafficking* means the recruitment, harboring, transportation, provision, obtaining, patronizing, or soliciting of a person for the purpose of a commercial sex act, in which the commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or
- 2) *Labor trafficking means* the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

4. Other Populations where providing supportive services or assistance under section 212(a) of NAHA (42 U.S.C. 12742(a)) would prevent the family’s homelessness or would serve those with the greatest risk of housing instability. HUD defines these populations as individuals and households who do not qualify under any of the populations above but meet one of the following criteria:

(1) Other Families Requiring Services or Housing Assistance to Prevent Homelessness is defined as households (i.e., individuals and families) who have previously been qualified as “homeless” as defined in [24 CFR 91.5](#), are currently housed due to temporary or emergency assistance, including financial assistance, services, temporary rental assistance or some type of other assistance to allow the household to be housed, and who need additional housing assistance or supportive services to avoid a return to homelessness.

(2) At Greatest Risk of Housing Instability is defined as household who meets either paragraph (i) or (ii) below:

- (i) has annual income that is less than or equal to 30% of the area median income, as determined by HUD and is experiencing severe cost burden (i.e., is paying more than 50% of monthly household income toward housing costs);
- (ii) has annual income that is less than or equal to 50% of the area median income, as determined by HUD, AND meets one of the following conditions from paragraph (iii) of the “At risk of homelessness” definition established at [24 CFR 91.5](#):
  - (A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
  - (B) Is living in the home of another because of economic hardship;
  - (C) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
  - (D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;
  - (E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in





which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;

(F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or

(G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan.

Veterans and Families that include a Veteran Family Member that meet the criteria for one of the qualifying populations described above are eligible to receive HOME-ARP assistance.

#### **Tenant Selection Plan**

- HOME-ARP funded properties must create 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 the 2016 HUD Office of General Counsel Guidance on Criminal Records.
- The tenant selection plan must ensure that 100% of HOME-ARP units are serving HOME-ARP qualifying populations, as defined in HUD CPD Notice 21-20 and within Part 3.6 of this policy.
- IHCD must approve the tenant selection plan, including any preferences or limitations for certain qualifying populations and referral methods.
- The tenant selection plan for HOME-ARP supportive housing units may not screen out applicants based on previous landlord history, history of eviction, history or active substance use disorder, or history of victimization. Any criminal background screening must be low-barrier and must be approved by IHCD. If the development will have project-based rental assistance, the selection plan may not implement screening criteria based on credit history or a minimum income standard.
- Properties originally selected under Tier 1 of the HOME-ARP RFP must use Coordinated Entry as the sole source of tenant referral and will not maintain project specific waitlists. The referral method for properties selected under Tier 2 of the HOME-ARP RFP will be determined on a case-by-case basis in consultation with IHCD.

### **3.7 Supportive Housing Requirements**

The following requirements will apply to each project developed through this Initiative:

- Housing is permanent rental housing, not transitional or with time limits.
- Housing is based on a Housing First model of supportive housing.
- Tenants hold leases and acceptance of services is not a condition of occupancy.
- Comprehensive case management and supportive services must be accessible to tenants where they live and offered in a manner designed to maximize housing stability, choice, and self-sufficiency. Acceptance of services is voluntary. The supportive service provider must utilize a harm reduction approach.





- Owner agent cannot terminate tenancy or refuse to renew the lease of a household residing in a HOME-ARP unit except for serious or repeated violations of lease terms/conditions, applicable federal, state, or local laws, other good cause.
- Owner agent must implement low-barrier tenant screening procedures and tenant selection plans. Tenants may not be screened out for active or a history of substance use, limited or no previous rental history, prior evictions, or a history of victimization (e.g., domestic violence, dating violence, sexual assault or abuse, stalking, or human trafficking). Any criminal background screening must be low-barrier and approved by IHCD.
  - If the development will have project-based rental assistance, the management agent may not implement screening criteria based on credit history or a minimum income standard.
  - If the development is receiving a Project Based Voucher Housing Assistance Payment contract, the tenant selection plan must use the mandatory PBV criminal screening. Applicants must be screened out if they are (1) on the lifetime sex offender registry or (2) convicted of manufacturing methamphetamine in public housing.
- Must implement an eviction prevention plan and utilize eviction only as a last resort. Eviction prevention plans must be approved by IHCD.
- Projects must report through the Homeless Management Information System (“HMIS”).





## **Part 4: Nonprofit Operating Assistance**

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A nonprofit applicant may apply for a HOME-ARP Nonprofit Operating Assistance award in an amount not to exceed \$50,000 along with their capital funding request. However, the Nonprofit Operating Assistance award cannot exceed 50% of the nonprofit’s total annual operating expenses.

Eligible costs include:

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





**Part 5: Sources & Eligible Activity Costs**

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**5.1 Maximum HOME-ARP Award Request & Budget Limitations**

Applicant Type	Maximum HOME-ARP Request
Tier 1	\$4,000,000*
Tier 2	\$2,500,000

\*Tier 1 applicants may also request up to \$3,000,000 in National Housing Trust Fund. IHCDA, in its sole discretion, may alter the breakdown of HOME-ARP versus National Housing Trust Fund grants awarded to a particular applicant. In no case will the total amount of grants awarded exceed \$7,000,000.

**Budget Limitations**

- HOME-ARP funds cannot be used for replacement reserves or operating reserves.
- HOME-ARP funds budgeted for developer fee cannot exceed 15% of the HOME award.
- HOME-ARP funds budgeted for soft costs, including environmental review and developer fee, cannot exceed 20% of the HOME award.

HOME-ARP funds will be awarded to the recipient in the form of a grant. Award documents must be executed in order to access funds and will include, but may not be limited to, the HOME-ARP award agreement and a lien and restrictive covenant agreement.

**5.2 Development Fund**

Applicants may apply for Development Fund loans in conjunction with their HOME-ARP application. Applicants must identify an alternate source of funding to be used in the case that the Development Fund application is denied or Development Fund is not available. Maximum Development Fund request is \$750,000 per application.

Additional information on Development Fund may be found in Part 8.

**5.3 National Housing Trust Fund (“HTF”)**

Applicants eligible under Tier 1 of this policy may apply for HTF grants in conjunction with their HOME-ARP application. Maximum HTF request is \$3,000,000 per application. \*NOTE: IHCDA may, at its discretion, change the amount of HOME-ARP funds versus HTF funds awarded to a project, but in no case will the combined award exceed \$7,000,000 in HOME-ARP + HTF grants. For example, IHCDA could fund a project with \$7,000,000 of HOME-ARP and no HTF funds. The determination will be based on available funds and subsidy layering review.

**5.4 Project Based Vouchers (“PBV”)**

Applicants eligible under Tier 1 or Tier 2 of this policy may apply for IHCDA PBV if local PBV is not available. Applicants requesting PBV must submit Form O along with their HOME-ARP application.

If the project will be in the jurisdiction of another Public Housing Agency (“PHA”), but that PHA is unable or unwilling to award PBV, the PHA must enter into a written agreement with IHCDA allowing IHCDA to award PBV into that jurisdiction. Please contact IHCDA to discuss.





**5.5 Eligible HOME-ARP Activity Costs**

The bolded items listed below are included in the application budget. Questions about specific line items and expenses may be directed to the IHCDA HOME & HTF Manager.

**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.

**DEMOLITION** – Costs associated with the demolition and clearance of existing structures

**DEVELOPER FEE** – Developer fees are only available with HOME-ARP funded activities and cannot exceed 15% of the HOME award. Additionally, the total of developer fee, soft costs, and environmental review cannot exceed 20% of the HOME-ARP request.

**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 a Phase I Environmental Assessment. Those expenses should be included in the soft costs line item. This line item along with developer’s fee, and soft costs cannot exceed 20% of the HOME-ARP request. 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 \$1000 per unit.

**NEW CONSTRUCTION**

Eligible construction costs include:

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

**SOFT COSTS** – Soft costs are those costs that can be directly tracked by address. They include costs that are reasonable and necessary for the implementation and completion of the proposed activity. This line item along with developer fee and environmental review cannot exceed 20% of the HOME-ARP request. Recipients are allowed to draw down this line item as costs are incurred.





Eligible soft costs include:

- Appraisals
- Builder’s risk insurance
- Building permits
- Client in-take / Income verification
- Closing costs paid on behalf of homebuyer
- 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 or Seed Money 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

**REHABILITATION**

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

Eligible rehabilitation costs include:

- Hard costs associated with rehabilitation activities
- Lead-based paint interim controls and abatement costs
- Mold remediation
- Site work related to driveways, sidewalks, landscaping, etc.
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners
- Utility connections and related infrastructure costs are eligible. Off-site 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.
- Improvements to infrastructure when there will be no rehabilitation work done on the actual house to be served
- General Requirements, Contractor Contingency and Construction Manager as Constructor

**RELOCATION** - This includes 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. For additional information on relocation and displacement, please refer to the information provided in the IHCDA’s [Program Manual](#) Chapter 4.

**RETAINAGE POLICY** - IHCDA will hold the final \$10,000 of an award until all match documentation, closeout documentation, and completion reports are received and approved. Closeout documentation will not be approved until the final monitoring and inspection is completed and all associated findings and/or concerns are resolved.







### **5.6 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 of rental property or the leasing office of the apartment manager. HOME-ARP awards cannot be used to finance any portion of commercial development costs. The expenses incurred and income to be generated from commercial space must be reported in a separate “Annual Expense Information” sheet and 15-year proforma.
- Costs associated with any financial audit of the recipient
- Costs associated with preparing an application for funding through IHCDA
- Cost of supportive services
- General operating expenses or operating subsidies
- Loan guarantees
- 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

### **5.7 Program Income**

HOME-ARP Program Income is gross income received by the participating jurisdiction (IHCDA), state recipient (local unit of government), or an IHCDA 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 may be retained by the CHDO, but it must be used for housing activities that benefit low-income families as provided in 24 CFR 92.300(a)(2). However, funds recaptured because housing no longer meets affordability requirements are not considered CHDO proceeds and must be returned to IHCDA.

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

More complete definitions and rules regarding Program Income can be found in IHCDA’s [HOME Program Manual](#).





## Part 6: Rent Restrictions and Underwriting

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### 6.1 Rent Restrictions

HOME-ARP-assisted rental units will be rent-restricted throughout the affordability period. Please refer to the most recent HOME-ARP rent limits (not regular HOME rent limits), which can be found on IHCD's website under [RED Notices](#).

The following restrictions apply:

- 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.
  - For example, if the rent limit in a given county is \$300 with a utility allowance for gas heat of \$28, \$20 for other electric, and \$13 for water, the maximum allowable rent would be \$239 for a unit where the tenant pays all the above utilities ( $\$300 - \$28 - \$20 - \$13 = \$239$ ).
- All units must be leased for initial occupancy within 18 months.
- Rent limits for SRO-units:
  - If an SRO-unit has both food preparation and sanitary facilities, then the applicable rent limit is the zero-bedroom fair market rent for the county.
  - If an SRO-unit has only sanitary facilities, or only one of these, then the applicable rent limit is 75% of the zero-bedroom fair market rent for the county.
- Gross rent must be at or below the published rent limit. Gross rent = tenant-paid rent + tenant-based rental assistance + utility allowance + non-optional charges. Gross rent does not include project-based rental assistance subsidy.
- If a household receives tenant-based rental assistance, the allowable rent is the rent permissible under the applicable rental assistance program.
- If the project receives federal or state project-based rental subsidy and the unit is occupied by a qualifying household that pays no more than 30% of the household's adjusted income as rent, then the owner may charge the rent allowable under the rental assistance program.
- If tenants are charged any non-optional fees that must be paid as a condition of occupancy, these fees must be included in the gross rent calculation.

### 6.2 Underwriting Guidelines

The following underwriting guidelines must be followed for any rental development. The numbers submitted should accurately reflect the true nature and cost of the proposed activity.

IHCD 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. If the underwriting is outside these guidelines, the applicant must provide a detailed written explanation. 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 \$4,500 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** – 5-7% of 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%. 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 plus debt service payments and replacement reserve payments; or (2) \$1500 per unit. Operating Reserves are not an eligible HOME-ARP expense and must come from other eligible sources.

**RENT-UP RESERVE** – HOME-ARP funds may be used to fund a rent-up reserve for new construction and rehabilitation rental housing developments. This reserve can be used to meet shortfalls in development income during the rent-up period and may only be drawn down after all construction is completed at the development. The following terms apply:

- The term of the rent-up reserve account may not exceed six months after all construction is completed, after which time any unused reserves left in the account will be de-obligated by IHCDA.
- These funds can be used only for development operating expenses, scheduled payments to replacement reserves, and/or debt service payments.
- The recipient must receive IHCDA’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 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 through the entire Affordability Period.

Minimum contribution requirements are as follows:

Development Type	Minimum Contribution per unit per year
Rehabilitation*	\$350
New Construction- age-restricted	\$250





Development Type	Minimum Contribution per unit per year
New Construction- non-age-restricted	\$300
Single family units	\$420
Historic rehab*	\$420

\* For rehabilitation developments, the Capital Needs Assessment will be reviewed to determine whether sufficient reserves have been established.

If an Application proposes multiple construction types, the minimum contribution must be calculated based upon the unit mix.

Replacement reserve funds must be used only for capital improvements (substantial improvements to the real estate 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 lenders must be approved by IHCDA.

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

IHCDA will, at its discretion, adjust the replacement reserve to reflect reasonable and customary capital and replacement expenditures. The following minimum contributions must be used.

**OPERATING EXPENSE GROWTH** –3% per year.

**STABILIZED DEBT COVERAGE RATIO** – The minimum and maximum debt coverage ratio (DCR) is defined by development type, as listed in the chart below.

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
Project Based Vouchers (any location)	1.10 – 1.45

IHCDA recognizes that some developments may require a higher DZCR at the beginning of the affordability period in order to remain feasible for the duration of the affordability period. Documentation to support these higher debt coverage ratios must be provided. However, for developments with PBV, the DCR must be in the range stated 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 a ratio of Effective Gross Income to Total Annual Expenses (including replacement reserve contributions). A ratio of 1.10 shall be the minimum required throughout the affordability period.

**TAXES AND INSURANCE** – Applicant must submit documentation of estimated property taxes and insurance for the proposed development (i.e., a statement of how the applicant determined the estimated taxes and insurance for the development).





**Part 7: Completeness & Threshold Requirements**

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

**7.1 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-ARP Application Forms.
- If IHCDA requests additional information from the Applicant, all responses are due on or before the date provided by IHCDA staff.
- Any forms that are late will be denied review.

**7.2 Threshold Requirements**

Completeness	Location
<p><i>Application and Supporting Documents</i></p> <ul style="list-style-type: none"> <li>• Submit the fully completed HOME Rental application in both Excel and PDF formats.</li> <li>• Submit all required supporting documents via OneDrive.</li> </ul> <p>Do not submit paper copies of the application or any other supporting documents. Applicants may be issued a Technical Correction for using outdated forms from previous rounds.</p>	<p>Uploaded to OneDrive</p>
Threshold	Location
<p><i>Applicants Proposing Projects in Participating Jurisdictions</i></p> <ul style="list-style-type: none"> <li>• If applicant is proposing a project located in a participating jurisdiction as described in Section 2.1, submit a preliminary commitment of local funds from the participating jurisdiction for the project for which the applicant is applying for IHCDA funding.</li> </ul>	<p>Tab L - Financial Commitments</p>
<p><i>SAM Status</i></p> <ul style="list-style-type: none"> <li>• Submit a copy of the applicant’s System of Award Management (SAM) status: <a href="https://sam.gov/SAM/">https://sam.gov/SAM/</a></li> </ul>	<p>Tab A - SAM Status</p>
<p><i>Debarment Information</i></p> <ul style="list-style-type: none"> <li>• All entities identified in the application must not be on a federal debarment list, IHCDA’s suspension or debarment list, or in default on an IHCDA loan.</li> <li>• Applicant must agree not to select any contractors or subcontractors on the federal debarment list or IHCDA’s suspension or debarment list.</li> </ul>	<p>Application</p>
<p><i>Grievance Procedures</i></p> <ul style="list-style-type: none"> <li>• Submit applicant’s Grievance Procedures. Grievance Procedures must apply to both current and prospective tenants (e.g., applicants) 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 potential tenants.</li> </ul>	<p>Tab C - Grievance Procedures</p>





<p><i>Area Need</i></p> <ul style="list-style-type: none"> <li>• HUD requires that IHCDA certify there is adequate need for each unit, based on the neighborhood’s housing market. In order to help make this determination, please answer all of the questions in the application’s Market Narrative. A formal market study is not required. Attach any relevant support material such as previously completed market studies, planning documents, or maps.</li> </ul>	<p>Tab D - Area Need</p>
<p><i>HOME-ARP-Assisted Households are Qualifying Populations</i></p> <ul style="list-style-type: none"> <li>• Commit that all HOME-ARP-assisted units will serve households that meet a Qualifying Population definition. See Part 3.6.</li> </ul>	<p>Application</p>
<p><i>Nonprofit Applicant Documentation (if applicable)</i></p> <ul style="list-style-type: none"> <li>• IRS determination letter for nonprofit status</li> <li>• Certificate of Existence from the Indiana Secretary of State</li> </ul>	<p>Tab E- Nonprofit</p>
<p><i>Audited Financial Statements</i></p> <ul style="list-style-type: none"> <li>• Submit the most recent copy of the Applicant’s 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.</li> </ul>	<p>Tab O- Capacity</p>
<p><i>Current Year-to-Date Financials</i></p> <ul style="list-style-type: none"> <li>• Submit current year-to-date financials for the applicant. This should include the balance sheet and income statement.</li> </ul>	<p>Tab O -Capacity</p>
<p><i>Owner Authorization (if applicable)</i></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>	<p>Tab F - Notifications</p>
<p><i>Administrator Documentation (if applicable)</i></p> <ul style="list-style-type: none"> <li>• If the applicant has hired an administrator, provide documentation demonstrating that the administrator has been properly procured using the Competitive Negotiation Procedure (RFP).             <ul style="list-style-type: none"> <li>• Submit a copy of the Request for Proposals (RFP).</li> <li>• Submit the published advertisement for the RFP that was placed in a general circulation newspaper.</li> <li>• Submit a copy of the signed contract between applicant and administrator.</li> </ul> </li> </ul>	<p>Tab G - Administrator</p>
<p><i>Previous HUD or USDA-RD Funding</i></p> <ul style="list-style-type: none"> <li>• If the development received funding directly from HUD or Rural Development, the Applicant must send a notification letter to the appropriate HUD or Rural Development Office and provide proof of delivery.</li> </ul>	<p>Tab F- Notifications</p>





<p><i>Visitability Mandate</i></p> <ul style="list-style-type: none"> <li>• Any development involving the new construction of single-family homes, duplexes, triplexes, or townhomes must meet the visitability mandate.             <ul style="list-style-type: none"> <li>○ 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. VISIBLE units must comply with the Type C unit criteria in ICC A117.1 Section 1005.</li> </ul> </li> </ul>	<p>Application</p>
<p><i>Site Map and Photos</i></p> <ul style="list-style-type: none"> <li>• Submit a clear, colored site map with project site and/or parcels outlined and identified.</li> <li>• Submit clear, recent, color site photos.</li> </ul>	<p>Tab H- Site Map</p>
<p><i>Title Search</i></p> <ul style="list-style-type: none"> <li>• Submit evidence of clear title with a title insurance commitment, title search documentation, or an attorney’s opinion letter.</li> </ul>	<p>Tab I- Readiness</p>
<p><i>Construction Cost Estimate</i></p> <ul style="list-style-type: none"> <li>• Submit detailed construction cost estimates for the development.</li> </ul>	<p>Tab I - Readiness</p>
<p><i>Site Control</i></p> <ul style="list-style-type: none"> <li>• Submit either:             <ul style="list-style-type: none"> <li>• A purchase option or purchase agreement that expires no less than 30 days subsequent to the award announcement date; or</li> <li>• An executed and recorded deed.</li> </ul> </li> </ul>	<p>Tab I - Readiness</p>
<p><i>Unit and Floor Plans</i></p> <ul style="list-style-type: none"> <li>• Unit plans must include the square footage for each type of unit.</li> <li>• Floor plans must show the location of common areas and units and indicate the exact placement of accessible and adaptable units.</li> <li>• Plans may not be hand-drawn.</li> </ul>	<p>Tab I - Readiness</p>
<p><i>Site Plans</i></p> <ul style="list-style-type: none"> <li>• Submit basic site plans that show how the development is to be built, including:             <ul style="list-style-type: none"> <li>○ Any significant demolition</li> <li>○ Any existing buildings</li> <li>○ The placement and orientation of new and existing buildings, parking areas, sidewalks, and any amenities</li> <li>○ Location and size of any proposed commercial areas</li> <li>○ 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.</li> </ul> </li> </ul>	<p>Tab I - Readiness</p>





<p><i>Architect License</i></p> <ul style="list-style-type: none"> <li>If the Development Team includes an architect, provide the license number for the individual identified in the Development Team section of the HOME-ARP Application Form. If the architect is licensed via reciprocity, please identify the state in which the architect’s license was issued.</li> </ul>	<p>Application</p>
<p><i>Zoning Approval</i></p> <ul style="list-style-type: none"> <li>Provide a letter no older than six months from the appropriate, authorized government official (e.g., zoning commission) that certifies the current zoning allows for construction and operation of the proposed development and lists any required variances that have been approved.</li> </ul>	<p>Tab I - Readiness</p>
<p><i>Capital Needs Assessment</i></p> <ul style="list-style-type: none"> <li>For rehabilitation developments proposing 26 or more total units, a Capital Needs Assessment is required.</li> </ul>	<p>Tab I - Readiness</p>
<p><i>Rehabilitation- Scope of work covers all work identified in initial inspection</i></p> <ul style="list-style-type: none"> <li>For any application proposing rehabilitation, 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. Additional information must be provided if requested after completion of the initial inspection.</li> </ul>	<p>If requested by IHCDA</p>
<p><i>Environmental Review</i></p> <ul style="list-style-type: none"> <li>Submit completed environmental review forms. Instructions and forms can be found in the <a href="#">Environmental Review/Section 106 User’s Guide</a>.</li> <li>A FIRM floodplain map must be submitted with each parcel identified on the map. (Any property located in any variation of Zone “A” on the map is ineligible for funding). <b>HUD requires official FEMA maps. Third-party maps, even those created using FEMA data, are ineligible. 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.</b> Maps may be downloaded from the FEMA website here: <a href="https://msc.fema.gov/portal">https://msc.fema.gov/portal</a>.</li> </ul>	<p>Tab J - Environmental Review</p>
<p><i>Funding Committed Prior to Application</i></p> <ul style="list-style-type: none"> <li>All other development funding, including AHP funds, must be committed prior to submitting an application for HOME-ARP funding to IHCDA. Complete the sources and uses tab in the application.</li> </ul>	<p>Tab L - Financial Commitments</p>
<p><i>Letters of Commitment</i></p> <ul style="list-style-type: none"> <li>Submit signed letters of commitment including funding terms and amounts for all funding sources. This includes deferred developer fees.</li> <li>If the project is utilizing funding committed more than one year prior to the application due date, Applicant must provide a letter confirming that the funds are still available and accessible to the Applicant.</li> </ul>	<p>Tab L - Financial Commitments</p>







<p><i>Nonprofit Operating Assistance</i></p> <ul style="list-style-type: none"> <li>• If applying for Nonprofit Operating Assistance, Section G of the T5-Sources tab and the D2-Nonprofit Operating Assistance tab in the Application Forms must be completed.</li> </ul>	<p>Application</p>
<p><i>Rental Proforma</i></p> <ul style="list-style-type: none"> <li>• Complete the Rental Proforma tab in the IHCDA HOME Rental Application Forms.</li> </ul>	<p>Application</p>
<p><i>Age-Restricted Developments</i></p> <ul style="list-style-type: none"> <li>• New Construction:             <ul style="list-style-type: none"> <li>○ All common areas must be accessible.</li> <li>○ 100% of the units must be Type A or Type B in accordance with Chapter 10 of the ICC A117.1.</li> <li>○ Elevators must be installed for access to all units above or below the ground floor.</li> </ul> </li> <li>• Rehabilitation without elevator:             <ul style="list-style-type: none"> <li>○ All common areas on the main floor must be accessible.</li> <li>○ 100% of the ground floor units must be Type A or Type B in accordance with Chapter 10 of the ICC A117.1.</li> </ul> </li> <li>• Rehabilitation that contained elevators prior to rehab             <ul style="list-style-type: none"> <li>○ The elevators/lifts must be maintained.</li> <li>○ All common areas must be accessible.</li> <li>○ 100% of the units must be Type A or Type B in accordance with Chapter 10 of the ICC A117.1.</li> </ul> </li> </ul>	<p>Application</p>
<p><i>Tenant Selection Plan</i></p> <ul style="list-style-type: none"> <li>• Submit draft tenant selection plan for IHCDA review. Tenant selection plan must meet HOME-ARP requirements, including limiting occupancy to households that meet a Qualifying Population definition.</li> </ul>	<p>Tab N – Development Features</p>
<p>For Tier 1 teams, submit endorsement letter from Corporation for Supportive Housing (CSH) confirming completion of the Supportive Housing Institute and review of materials.</p>	<p>Tab M - Project Characteristics</p>





<p><i>Appraisals</i></p> <ul style="list-style-type: none"> <li>• If any portion of HOME-ARP funds are being used for acquisition, 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. <ul style="list-style-type: none"> <li>○ Applicants must submit a fair market appraisal completed by an Indiana licensed appraiser no earlier than six months from the application deadline. The appraisal must be at a minimum 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.</li> </ul> </li> <li>• An appraisal is also required at time of application if the applicant is requesting IHCDA Project Based Vouchers (PBV), even if not using HOME-ARP funds for acquisition.</li> </ul>	<p>Tab I - Readiness</p>
<p><i>Services</i></p> <ul style="list-style-type: none"> <li>• 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. Developments planning to incorporate services not referenced in the Tenant Investment Plan Matrix or that exceed the minimum requirements may merit consideration for additional scoring under the Unique Features category. Applicants must submit: <ul style="list-style-type: none"> <li>○ One Form C: Tenant Investment Plan Matrix listing all services for the entire proposed project (found in the HOME Application Additional Documents Folder);</li> <li>○ One Form D: Tenant Investment Plan Service Agreement (MOU) for each service provider with original or a copy of original signatures (found in the HOME Application Additional Documents Folder); <ul style="list-style-type: none"> <li>▪ If the HOME applicant is providing services, an MOU must still be executed to ensure IHCDA has documentation of the applicant’s commitment. Applicants are required to use the IHCDA provided Tenant Investment Plan Service Agreement (MOU) unless the IHCDA legal department has provided written approval of an alternate MOU prior to application submittal.</li> </ul> </li> </ul> </li> </ul>	<p>Tab M - Project Characteristics</p>





<p><i>Universal Design Features</i></p> <ul style="list-style-type: none"> <li>• Applicants must adopt a minimum of two universal design features from each section listed on the Universal Design Features Form. The Universal Design Features Form can be found using the “Additional Rental Forms” link on the IHCDA HOME Program website <a href="#">here</a>.</li> <li>• Features found in Section A are regarded as being of high cost and/or high burden of inclusion to the development. Features found in Section B are regarded as being of moderate cost and/or moderate burden of inclusion to the development. Features found in Section C are regarded as being of low cost and/or low burden of inclusion to the development. Applicants must identify which features they will be undertaking on the Universal Design Form. Changes to these selections will require submittal of a formal modification request to IHCDA.</li> </ul>	<p>Application</p>
<p><i>Application Submission Resolution</i></p> <ul style="list-style-type: none"> <li>• All nonprofit applicants must submit a resolution approved by the Applicant’s Board of Directors authorizing the submission of an application for funding to IHCDA. Applicants must submit:             <ul style="list-style-type: none"> <li>○ One HOME Application Submission Resolution signed by the Applicant’s Board of Directors (found in the HOME Application Additional Documents Folder)</li> </ul> </li> <li>• All local unit of government applicants for IHCDA Funding must submit a resolution approved by the highest local unit of government.</li> </ul>	<p>Tab F - Notifications</p>
<p><i>Smoke-Free Housing</i></p> <p>All Developments must commit to operate as smoke-free housing and to use IHCDA’s Smoke-Free Housing Lease Addendum (Compliance Form #50). Smoke-free includes electronic cigarettes and vaping as forms of prohibited smoking.</p> <p>The Applicant must make one of the following elections on the Application Form:</p> <ul style="list-style-type: none"> <li>• Designate the entire property as smoke-free; or</li> <li>• 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.</li> </ul> <p>For preservation of existing housing that currently allows smoking, the smoke-free policies must be implemented no later than the rehabilitation completion date.</p> <p>IHCDA recommends the American Lung Association of Indiana’s “Smoke Free Housing Toolkit” as a resource for creating a smoke-free housing policy. See <a href="http://insmokefreehousing.com">http://insmokefreehousing.com</a> for more information.</p>	<p>Application</p>





## Part 8 : Development Fund

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### 8.1 Overview

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 must comply with the requirements of those programs.

The maximum Development Fund loan request is \$750,000 per application. Based on availability of funding, IHCDA may issue a RED Notice prior to a funding round to reduce the amount allowed per application. The \$750,000 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 \$750,000 total for the project, not \$750,000 per application.

For more detailed information on the Development Fund program please consult the [Development Fund Manual](#).

### 8.2 How to Apply

Development Fund awards are approved through the supplemental application with the HOME-ARP application. IHCDA may request more information for the Development Fund application.

Applicants must provide documentation on how they will fill the financial gap should the Development Fund not be approved or if the Development Fund is not available. Applicants who cannot provide adequate documentation or explanation on how all sources are to be committed will not be considered for funding for this round.

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 IHCDA’s template borrowing resolution form as found on the [Development Fund webpage](#).

### 8.3 Eligible Applicants

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 for the Applicant 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 IHCDA’s suspension or debarment list are not eligible to apply for Development Fund awards.





#### **8.4 Eligible Beneficiaries**

Households deemed eligible for HOME-ARP (i.e., that meet the HOME-ARP qualifying population definition) will be considered Development Fund eligible households.

#### **8.5 Eligible Activity Costs**

For more information on eligible and ineligible activity costs please see §1.8 and §1.9 of the [Development Fund Manual](#). Questions about eligible vs. ineligible soft costs under the Development Fund program can be directed to the IHCD Director of Real Estate Lending.

#### **8.6 Match Requirements**

Applicants for Development Fund must be able to document a local match in an amount of at least 10% of the Development Fund award requested. Acceptable match sources include in-kind donations, donated land, owner equity, building materials, loans, cash grants, or any combination of both in-kind and cash. Other sources of match may also qualify, **except for funds administered by IHCD**.

#### **8.7 Loan Terms**

The Applicant may propose a loan term of up to two years for construction financing and up to fifteen years for permanent financing. For Developments with HUD financing (not including HOME), the permanent loan term may exceed 15 years to match the term of the HUD loan. Amortization schedule will be a maximum thirty-year amortization schedule or co-terminus with first-mortgage financing (whichever is less).

Applicants receiving Development Fund loans must demonstrate the ability to repay the loan. If the loan will not take first or second position behind permanent financing, the developer must receive IHCD approval. The interest rate for is fixed at 1.5%.

#### **8.8 Affordability Period/Lien and Restrictive Covenants**

Rental developments will be subject to a Lien and Restrictive Covenant Agreement that must be executed against every residential property constructed, rehabilitated, or acquired, in whole or in part, with Development Fund funds. If the award is made in conjunction with HOME-ARP funding, the development will be subject to the applicable program affordability period.

Upon occurrence of any of the following events during the affordability period, the entire sum secured by the lien, without 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; or (3) 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. At the end of the affordability period, if the borrower/recipient has met all conditions, the lien will be released.





**8.9 Determining Development Fund Assisted Units**

The percentage of total development costs attributable to the Development Fund represents the percentage of units that will be considered Development Fund assisted. For example, if development costs are \$2,000,000 and the applicant is requesting \$500,000 in Development Fund financing, then 25% of the construction financing is via the Development Fund. As such, 25% of the units will be assisted with the Development Fund and must meet the requirements of the Development Fund program. For projects over 50 units, the number of Development Fund assisted units will be the greater of the number calculated using the formula above or 10 units.

**8.10 State Historic Review**

The Applicant must submit to IHCDA 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 the Environmental Review Record and Section 106 User’s Guide at <https://www.in.gov/ihcda/developers/environmental-review-and-section-106/>. Applicants must determine if the development building(s) or structure(s) are listed individually in the State or National Register of Historic Places.

**8.11 Modifications**

IHCDA may consider requests for changes to the characteristics of a development. **A modification fee of \$500 will be imposed if loan documentation has been finalized. Additionally, a \$1,500 fee will be required if any legal documents, such as the recorded Lien and Restrictive Covenant, need to be amended as a result of the request.**

Approval of modification requests is at the sole discretion of IHCDA. IHCDA must evaluate each request to see how the change would have affected original funding and underwriting of the development as well as to ensure that the proposed change will not cause noncompliance.

When submitting a modification request, please provide the following:

- a. Formal written request from the Owner/Developer detailing the specific request and the reason the request is needed
- b. The impact to the project in the event the modification request is not approved
- c. Modification fee of \$500.00 if loan documentation has been finalized
- d. Updated HOME application pages that reflect changes to the original application based on the current closing projections and/or proposed modification

At its discretion, IHCDA may request additional supporting documentation.

