

## **SECTION II.**

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### **Methods of Distribution**

**STATE OF INDIANA**

**STATE COMMUNITY DEVELOPMENT BLOCK GRANT  
(CDBG) PROGRAM (CFDA: 14-228)**

**INDIANA OFFICE OF COMMUNITY AND RURAL AFFAIRS**

**FY 2015 PROGRAM DESIGN AND METHOD OF DISTRIBUTION**

**GENERAL BACKGROUND INFORMATION AND NATIONAL CDBG OBJECTIVES**

The State of Indiana, through the Indiana Office of Community and Rural Affairs, assumed administrative responsibility for Indiana's Small Cities Community Development Block Grant (CDBG) Program in 1982, under the auspices of the U.S. Department of Housing and Urban Development (HUD). In accordance with 570.485(a) and 24 CFR Part 91, the State must submit a Consolidated Plan to HUD by May 15th of each year following an appropriate citizen participation process pursuant to 24 CFR Part 91.325, which prescribes the State's Consolidated Plan process as well as the proposed method of distribution of CDBG funds for 2015. **The State of Indiana's anticipated allocation of federal Community Development Block Grant (CDBG) funds for FY 2015 is \$28,023,644.**

This document applies to all federal Small Cities CDBG funds allocated by HUD to the State of Indiana, through its Office of Community and Rural Affairs.

The primary objective of Indiana's Small Cities CDBG Program is to assist in the development and re-development of viable Indiana communities by using CDBG funds to provide a suitable living environment and expand economic opportunities, principally for low and moderate income persons.

Indiana's program will place emphasis on making Indiana communities a better place in which to reside, work, and recreate. Primary attention will be given to activities, which promote long term community development and create an environment conducive to new or expanded employment opportunities for low and moderate income persons.

The Office of Community and Rural Affairs will pursue this goal of **investing CDBG wisely** and all applicable strategic priorities by distributing CDBG funds in a manner, which promotes exploration of all alternative resources (financial and personal) when making funding decisions respective to applications for CDBG funding.

## PROGRAM AMENDMENTS

The Indiana Office of Community and Rural Affairs reserves the right to transfer up to ten percent (10%) of each fiscal year's available allocation of CDBG funds (i.e. FY 2015 as well as prior-years' reversions balances) between the programs described herein in order to optimize the use and timeliness of distribution and expenditure of CDBG funds, without formal amendment of this Consolidated Plan.

The Office of Community and Rural Affairs will provide citizens and general units of local government with reasonable notice of, and opportunity to comment on, any substantial change proposed to be made in the use of FY 2015 CDBG as well as reversions and residual available balances of prior-years' CDBG funds. "Substantial Change" shall mean the movement between programs of more than ten percent (10%) of the total allocation for a given fiscal year's CDBG funding allocation, or a major modification to programs described herein. The Office of Community and Rural Affairs, in consultation with the Indianapolis office of the US Department of Housing and Urban Development (HUD), will determine those actions, which may constitute a "substantial change".

The State (OCRA) will formally amend its FY 2015 Consolidated Plan if the Office of Community and Rural Affairs' **Method of Distribution for FY 2015 and prior-years funds** prescribed herein are to be significantly changed. The OCRA will determine the necessary changes, prepare the proposed amendment, provide the public and units of general local government with reasonable notice and opportunity to comment on the proposed amendment, consider the comments received, and make the amended FY 2015 Consolidated Plan available to the public at the time it is submitted to HUD. In addition, the Office of Community and Rural Affairs will submit to HUD the amended Consolidated Plan before the Department implements any changes embodied in such program amendment.

## ELIGIBLE ACTIVITIES/FUNDABILITY

All activities, which are eligible for federal CDBG funding under Section 105 of the Federal Housing and Community Development Act of 1974, as amended (Federal Act), are eligible for funding under the Indiana Office of Community and Rural Affairs' FY 2015 CDBG program. However, the Indiana Office of Community and Rural Affairs reserves the right to prioritize its method of funding; the Office of Community and Rural Affairs prefers to expend federal CDBG funds on activities/projects which will produce tangible results for principally low and moderate income persons in Indiana. Funding decisions will be made using criteria and rating systems, which are used for the State's programs and are subject to the availability of funds. It shall be the policy under the state program to give priority to using CDBG funds to pay for actual project costs and not to local administrative costs. **The State of Indiana certifies that not less than seventy-percent (70%) of FY 2015 CDBG funds will be expended for activities principally benefiting low and moderate income persons, as prescribed by 24 CFR 570.484, et. seq.**

## ELIGIBLE APPLICANTS

1. All Indiana counties, cities and incorporated towns which do not receive CDBG entitlement funding directly from HUD or are not located in an "urban county" or other area eligible for "entitlement" funding from HUD.
2. All Indian tribes meeting the criteria set forth in Section 102 (a)(17) of the Federal Act.

In order to be eligible for CDBG funding, applicants may not be suspended from participation in the HUD-funded CDBG Programs or the Indiana Office of Community and Rural Affairs due to findings/irregularities with previous CDBG grants or other reasons. In addition, applicants may be suspended from participation in the state CDBG-funded projects administered by the Indiana Housing & Community Development Authority (IHCA), such funds being subcontracted to the IHCA by the Office of Community and Rural Affairs.

Further, in order to be eligible for CDBG funding, applicants may not have overdue reports, overdue responses to monitoring issues, or overdue grant closeout documents for projects

funded by either the Office of Community and Rural Affairs or IHCDAs projects funded using state CDBG funds allocated to the IHCDAs by the Office of Community and Rural Affairs. All applicants for CDBG funding must fully expend all CDBG Program Income as defined in 24 CFR 570.489(e) prior to, or as a part of the proposed CDBG-assisted project, in order to be eligible for further CDBG funding from the State.

Other specific eligibility criteria are outlined in **General Selection Criteria** provided herein.

**FY 2015 FUND DISTRIBUTION**

**Sources of Funds:**

FY 2015 CDBG Allocation	\$27,777,397
Section 108 Loan Program	\$80,000,000 (up to)
CDBG Program Income	\$0
<b>Total:</b>	<b>\$97,777,397</b>

**Uses of Funds:**

2. Housing Programs (IHCDAs)	\$2,700,000
3. Stellar Communities Program	\$4,000,000
4. Planning Fund	\$1,400,000
5. Main Street Revitalization Program	\$1,200,000
6. Wastewater/Drinking Water Improvements Program	\$8,444,075
7. Blight Clearance Program	\$1,400,000
8. Public Facilities Program	\$3,200,000
9. Storm Water Improvements Program	\$3,500,000
10. Workforce Development Program	\$1,000,000
11. Urgent Need Fund	\$0
12. Technical Assistance	\$ 277,774
13. Administration	\$ 655,548
14. Section 108 Loan Program (CEED)	<u>\$80,000,000</u> (up to)
<b>Total:</b>	<b>\$107,777,397</b>

(a) The State of Indiana (Office of Community and Rural Affairs) does not project receipt of any CDBG program income for the period covered by this FY 2015 Consolidated Plan. In the event the Office of Community and Rural Affairs receives such CDBG Program Income, such moneys will be placed in the Wastewater/Drinking Water Program (WDW) for the purpose of making additional competitive grants under that program. Reversions of other years' funding will be placed in the Wastewater/Drinking Water Program (WDW) for the specific year of funding reverted. The State will allocate and expend all CDBG Program Income funds received prior to drawing additional CDBG funds from the US Treasury. However, the following exceptions shall apply:

1. This prior-use policy shall not apply to housing-related grants made to applicants by the Indiana Housing & Community Development Authority (IHCDAs), a separate agency, using CDBG funds allocated to the IHCDAs by the Office of Community and Rural Affairs.
2. Program income generated by CDBG grants awarded by the Office of Community and Rural Affairs (State) using FY 2015 CDBG funds must be returned to the Office of Community and Rural Affairs, however, such amounts of less than \$35,000 per calendar year shall be excluded from the definition of CDBG Program Income pursuant to 24 CFR 570.489.

All obligations of CDBG program income to projects/activities require prior approval by the Office of Community and Rural Affairs. This includes use of program income as matching funds for CDBG-funded grants from the IHCDAs. Applicable parties should contact the Director of Grant

Services at (317) 232-1703 for application instructions and documents for use of program income prior to obligation of such funds.

Local Governments that have been inactive in using their program income are required to return their program income to the State. The State will use program income reports submitted by local governments and/or other information obtained from local governments to determine if they have been active or inactive in using their program income. Local governments that have an obligated/approved application to use their program income to fund at least one project in the previous 24 months will be considered active. Local governments that have not obtained approval for a project to utilize their program income for 24 months will be considered inactive.

Furthermore, U.S. Department of Treasury regulations require that CDBG program income cash balances on hand be expended on any active CDBG grant being administered by a grantee before additional federal CDBG funds are requested from the Office of Community and Rural Affairs. These US Treasury regulations apply to projects funded both by IHEDA and the Office of Community and Rural Affairs. Eligible applicants with CDBG program income should strive to close out all active grant projects presently being administered before seeking additional CDBG assistance from the Office of Community and Rural Affairs or IHEDA.

Eligible applicants with CDBG program income should contact the Office of Community and Rural Affairs at (317) 232-1703 for clarification before submitting an application for CDBG financial assistance.

## **METHOD OF DISTRIBUTION**

The choice of activities on which the State (Office of Community and Rural Affairs) CDBG funds are expended represents a determination by Office of Community and Rural Affairs and eligible units of general local government, developed in accordance with the Department's CDBG program design and procedures prescribed herein. The eligible activities enumerated in the following Method of Distribution are eligible CDBG activities as provided for under Section 105(a) of the Federal Act, as amended.

All projects/activities funded by the State (Office of Community and Rural Affairs) will be made on a basis which addresses one (1) of the three (3) national objectives of the Small Cities CDBG Program as prescribed under Section 104(b)(3) of the Federal Act and 24 CFR 570.483 of implementing regulations promulgated by HUD. CDBG funds will be distributed according to the following Method of Distribution (program descriptions):

### **A. Housing Program: \$2,700,000**

The State (Office of Community and Rural Affairs) has contracted with the Indiana Housing & Community Development Authority (IHEDA) to administer funds allocated to the State's Housing Program. The Indiana Housing & Community Development Authority will act as the administrative agent on behalf of the Indiana Office of Community and Rural Affairs. Please refer to the Indiana Housing & Community Development Authority's portion of this FY 2015 Consolidated Plan for the method of distribution of such subcontracted CDBG funds from the Office of Community and Rural Affairs to the IHEDA.

### **B. Stellar Communities Program: \$ 4,000,000**

The State of Indiana will set aside \$4,000,000 of its FY 2015 CDBG funds for the Stellar Communities Program. Indiana's Stellar Communities Program is a collaborative effort of the Office of Community and Rural Affairs (OCRA), the Indiana Housing and Community Development Authority (IHEDA), and the Indiana Department of Transportation (INDOT). The Stellar Communities Program is seeking to engage two communities to achieve a three-year

revitalization strategy that will leverage unified state investment and funding from the partnering agencies to complete projects comprehensively. In the revitalization strategy communities will identify areas of interest and types of projects, produce a schedule to complete projects, produce cost estimates, identify local match amounts, sources, and additional funding resources, indicate the level of community impact, and describe the significance each project will have on the overall comprehensive revitalization of the community. From this revitalization strategy, communities will produce a three-year community investment plan which will identify capital and quality of life projects to be completed during that period.

Evaluation and selection of the final two communities to the Stellar Communities Program will be based on:

- Summary of Comprehensive Community Revitalization Strategy
- Identify at least one project to be completed in each of the 3 program years. The total number of projects is solely limited to the community's ability to successfully complete the projects;
- Identify/document project cost estimates, local match amounts and sources, and additional funding resources.
- Completion of the site visit checklist from the resource team.
- Document and support the level of need for each project and the significance of each project in the overall revitalization efforts within the community;
- Capacity of the applicant to administer the funds;
- The long-term viability of the strategic community investment plan;

All projects funded by OCRA will be eligible for funding under a national objective of the Federal Act and requirements of 24 CFR 570.208 and 24 CFR 570.483 of applicable HUD regulations.

All projects funded by IHCD with CDBG funds will be eligible for funding under a national objective of the Federal Act and requirements of 24 CFR 570.208 and 24 CFR 570.483 of applicable HUD regulations. All projects funded by IHCD with HOME, ESG and/or HOPWA funds will meet the specific requirements set forth by those programs.

### **C. Planning Fund: \$ 1,400,000**

The State (Office of Community and Rural Affairs) will set aside \$1,200,000 of its FY 2015 CDBG funds for planning-only activities, which are of a project-specific nature. The Office of Community and Rural Affairs will make planning-only grants to units of local government to carry out planning activities eligible under 24 CFR 570.205 of applicable HUD regulations. The Office of Community and Rural Affairs will award such grants on a competitive basis and grant the Office of Community and Rural Affairs will review applications monthly. The Office of Community and Rural Affairs will give priority to applications having planning activities designed to assist the applicable unit of local government in meeting its community development needs by reviewing all possible sources of funding, not simply the Office of Community and Rural Affairs' grant programs..

CDBG-funded planning costs will exclude final engineering and design costs related to specific activities which are eligible activities/costs under 24 CFR 570.201-204.

The specific threshold criteria and basis for project point awards for PL grant awards are provided in Attachment D hereto. The Planning Fund (PL) Program shall have a maximum grant amounts as follows:

- Environmental infrastructure studies are limited as follows:
  - \$35,000 for a study on a single utility,
  - \$45,000 for a study on two utilities, and
  - \$50,000 for a master utility study (water, wastewater, and storm water).
- Dam or Levee System Evaluations will be limited to \$75,000.
- Comprehensive plans are limited to \$40,000.
- Downtown revitalization plans are limited as follows:
  - Populations over 2,000 are limited to \$40,000, and
  - Populations under 2,000 are limited to \$30,000
- Economic development plans are limited to \$40,000.
- Public facilities plans will be limited to \$20,000.
- Historic preservation plans will be limited to \$20,000.
- Environmental Remediation Plan grant amounts will be determined by OCRA on a case by case basis.

For the PL Program specifically, the amount of CDBG funds granted will be based on a \$5,000 cost per project beneficiary. The specific threshold criteria and basis for project point awards for MSRP grant awards are provided in Attachment D hereto.

**D. Main Street Revitalization Program: \$1,200,000**

The Office of Community and Rural Affairs will award Main Street Revitalization Program (MSRP) grants to eligible applicants to assist Indiana communities with activities intended to revitalize their downtown area. Each applicant must meet the following prerequisites:

- 1) Have a designated Indiana Main Street Organization;
- 2) The Main Street Organization is in good standing for meeting all the reporting requirements;
- 3) The Main Street Organization has attended all required workshops associated with the Indiana Main Street Program during past year;
- 4) The Main Street organization is functioning within the Main Street 4 Point Approach of Organization, Design, Economic Restructuring, and Promotion;
- 5) The Main Street organization has current Work Plans for each of its Committees that have been submitted to Indiana Main Street;
- 6) The Main Street Organization has a business recruitment/retention plan that is approved by the Indiana Main Street Program;
- 7) The project must be part of the Main Street Organization's overall strategy;
- 8) The Community has completed a downtown revitalization plan within the past five years that meets OCRA's Minimum Technical Requirements.

Applications will be accepted and awards will be made on a competitive basis. The specific threshold criteria and basis for project point awards for MSRP grant awards are provided in Attachment E hereto. The Main Street Revitalization Program (MSRP) shall have a maximum grant amount of \$500,000.

For the MSRP Program specifically, the amount of CDBG funds granted will be based on a \$5,000 cost per project beneficiary.

**G. Wastewater/Drinking Water Improvements Program: \$ 8,444,075**

The State of Indiana will set aside \$8,444,075 of its FY 2015 CDBG funds for the Wastewater Drinking Water (WDW) Improvements Program.

Applications will be accepted and awards made on a competitive basis one time per year. The Wastewater/Drinking Water Improvements Program (WDW) shall have a maximum grant amount according to the schedules below:

**Wastewater  
Projects Under \$1 million in total project costs**

Maximum Grant Amounts	Rates for 4,000 gallons		
	User Rates (Over \$50)	User Rates (\$30 to \$50)	User Rates (Under \$30)
Tier III – LMI% 62.0 and higher	\$600,000	\$550,000	\$500,000
Tier II – LMI% 57.0 to 61.9	\$550,000	\$500,000	\$450,000
Tier I – LMI% 51.0 to 56.9	\$500,000	\$450,000	\$400,000

**Wastewater  
Projects Over \$1 million in total project costs**

Maximum Grant Amounts	Rates for 4,000 gallons		
	User Rates (Over \$45)	User Rates (\$25 to \$45)	User Rates (Under \$25)
Tier III – LMI% 62.0 and higher	\$700,000	\$650,000	\$600,000
Tier II – LMI% 57.0 to 61.9	\$650,000	\$600,000	\$550,000
Tier I – LMI% 51.0 to 56.9	\$600,000	\$550,000	\$500,000

**Drinking Water  
Projects Under \$1 million in total project costs**

Maximum Grant Amounts	Rates for 4,000 gallons		
	User Rates (Over \$45)	User Rates (\$25 to \$45)	User Rates (Under \$25)
Tier III – LMI% 62.0 and higher	\$600,000	\$550,000	\$500,000
Tier II – LMI% 57.0 to 61.9	\$550,000	\$500,000	\$450,000
Tier I – LMI% 51.0 to 56.9	\$500,000	\$450,000	\$400,000

**Drinking Water  
Projects Over \$1 million in total project costs**

Maximum Grant Amounts	Rates for 4,000 gallons		
	User Rates (Over \$45)	User Rates (\$25 to \$45)	User Rates (Under \$25)
Tier III – LMI% 62.0 and higher	\$700,000	\$650,000	\$600,000
Tier II – LMI% 57.0 to 61.9	\$650,000	\$600,000	\$550,000
Tier I – LMI% 51.0 to 56.9	\$600,000	\$550,000	\$500,000

Applications will be accepted and awards will be made on a competitive basis. The specific threshold criteria and basis for project point awards for WWP grant awards are provided in Attachment F hereto.

For the WWP Program specifically, the amount of CDBG funds granted will be based on a \$5,000 cost per project beneficiary.

All projects funded by OCRA will be eligible for funding under a national objective of the Federal Act and requirements of 24 CFR 570.208 and 24 CFR 570.483 of applicable HUD regulations.

**H. Blight Clearance Program: \$1,400,000**

Indiana’s Comprehensive Site Redevelopment Program (CSRP) is a collaborative effort between the Office of Community and Rural Affairs (OCRA) and the Indiana Finance Authority’s (IFA) Brownfield Program. The CSRP funding strategy will leverage funding from the partnering agencies to address comprehensive Brownfield remediation and clearance projects.



The State of Indiana will to set aside \$1,400,000 of its FY 2015 CDBG funds for the competitive Blight Clearance Program (BCP) portion of the Comprehensive Site Redevelopment Program (CSR). Applications will be accepted and awards will be made in a single competitive round. The specific threshold criteria and basis for project point awards for BCP grant awards are provided in Attachment G hereto. The Blight Clearance Program (BCP) shall have a maximum grant amount of \$350,000.

Environmental assessments and studies for the CSR program will be applied for through the Planning Program.

All projects funded by OCRA will be eligible for funding under a national objective of the Federal Act and requirements of 24 CFR 570.208 and 24 CFR 570.483 of applicable HUD regulations.

**I. Public Facilities Program: \$3,200,000**

The State of Indiana will to set aside \$3,200,000 of its FY 2015 CDBG funds for the Public Facilities Program (PFP).

Applications will be accepted and awards will be made on a competitive basis. The specific threshold criteria and basis for project point awards for PFP grant awards are provided in Attachment H hereto.

For the PFP specifically, the amount of CDBG funds granted will be based on a \$5,000 cost per project beneficiary. That maximum grant award for the Public Facilities Program is \$400,000.

All projects funded by OCRA will be eligible for funding under a national objective of the Federal Act and requirements of 24 CFR 570.208 and 24 CFR 570.483 of applicable HUD regulations.

**J. Stormwater Improvements Program: \$3,500,000**

The State of Indiana will to set aside \$3,500,000 of its FY 2015 CDBG funds for the Stormwater Improvements Program (SIP).

Applications will be accepted and awards will be made on a competitive basis. The specific threshold criteria and basis for project point awards for SIP grant awards are provided in Attachment I hereto.

For the SIP Program specifically, the amount of CDBG funds granted will be based on a \$5,000 cost per project beneficiary. That maximum grant award for the Stormwater Improvements Program is \$500,000.

All projects funded by OCRA will be eligible for funding under a national objective of the Federal Act and requirements of 24 CFR 570.208 and 24 CFR 570.483 of applicable HUD regulations.

**K. Workforce Development Program: \$1,000,000**

The Office of Community and Rural Affairs (OCRA) will set aside \$1,000,000 of its FY 2015 CDBG funds for workforce development and skills training activities. The OCRA will make these grants to units of local government to carry out activities eligible under 24 CFR 570.201(e) of applicable HUD regulations.

Applications will be accepted and awards will be made on a competitive basis. To be eligible for WDP assistance, a public service must be either a new service or a quantifiable increase in the level of an existing service above that which has been provided by or on behalf of the unit of general local government (through funds raised by the unit or received by the unit from the State) in the 12 calendar months before the submission of the action plan. The OCRA will give priority to applications having a proven need and regional impact.

Eligible activities for the Workforce Development Program include:

- Sector-based strategies focusing on a specific need in the community/region (welding, heavy equipment operator, etc)
- Problem-focused strategies (life-skills, interviewing, basic math, etc.)

The specific threshold criteria and basis for project award for WDP grants are provided in Attachment J hereto. The Workforce Development (WDP) Program shall have a maximum grant amount of \$250,000.00.

Local match contribution of at least 20% of total program costs will be required.

#### **L. Section 108 Loan Program: Up to \$80 million**

During FY 2015, the State of Indiana proposes to pledge up to \$80,000,000.00 of its present and future allocation(s) of Small Cities CDBG funds as security for Section 108 loan guarantees provided for under Subpart M of 24 CFR Part 570 (24 CFR 570.700). Applications may be submitted at any time during the year, as long as funds are available from HUD. The minimum loan amount is \$500,000 and the maximum loan amount is \$7,000,000. The state may enter into loan guarantee agreements in support of projects sponsored by an individual local government. Project must meet minimum criteria with respect to equity, collateral and underwriting standards. The CDBG Loan Guarantee Program (Section 108 Program) is an economic and community development financing tool authorized under Section 108 of Title I of the Housing and Community Development Act of 1974, as amended. The program provides a method of assisting non-entitlement local governments with certain unique and large-scale economic development projects that cannot proceed without the loan guarantee. In order to be eligible a project must meet all applicable CDBG requirements and result in significant employment opportunities and/or benefits for low- and moderate-income persons. Unlike the traditional CDBG Program, the Section 108 Program does not operate through assistance from the Office of Community and Rural Affairs (OCRA) or Indiana Housing and Community Development Authority. Rather, funds are raised through OCRA's "Pledge of Grants" to the U.S. Department of Housing and Urban Development (HUD) in order to obtain a federal guarantee of notes issued by the local government. The federally guaranteed notes are sold into private markets through public offerings conducted by HUD. By approving the project, a State pledges its future CDBG funds as the ultimate repayment source should a Section 108 loan default. The State's participation in the Section 108 program does not involve a pledge of Indiana's full faith and credit nor does it commit any funding to the local government. HUD makes the ultimate approval or denial of the federal guarantee.

Only non-entitlement communities that do not receive direct allocations of Community Development Block Grant from the U.S. Department of Housing and Urban Development may apply to the State of Indiana's Community Enhancement and Economic Development Fund, or CEED Fund, and applications for loans from the CEED fund may be only for the project types listed in the CEED Loan Program Guidelines. The total maximum amount of CEED financing that an eligible public entity may receive is limited to \$7,000,000. A minimum loan request of \$1,000,000 is required.

#### **M. The Urgent Need Fund: \$0**

The Urgent Need Fund will be available to eligible applicants on a continuing basis. These activities must be eligible for funding under the "urgent need" national objective of the Federal Act and requirements of 24 CFR 570.208 and 24 CFR 570.483 of applicable HUD regulations.

The Urgent Need Fund will be available to eligible applicants to meet an imminent threat to the health and safety of local populations. The grants may be funded as made available through the Public Facilities Program or reversions when not budgeted from the annual allocation. Special selection factors include need, proof of recent threat of a catastrophic nature, statement of declared emergency and inability to fund through other means. Projects will be developed with the assistance of the Office of Community and Rural Affairs as a particular need arises. To be eligible, these projects and their activities must meet the "urgent need" national objective of Section 104(b)(3) of the Federal Act. Generally, projects funded are those, which need immediate attention and are, therefore, inappropriate for consideration under OCRA's regular programs. The types of projects, which typically receive funding, are municipal water systems (where the supply of potable water has been threatened by severe weather conditions) and assistance with demolition or cleanup after a major fire, flood, or other natural disaster. Although all projects will be required to meet the "urgent need" national objective, the Office of Community and Rural Affairs may choose to actually fund the project under one of the other two national objectives, if it deems it expedient to do so. Applicants must adequately document that other financial resources are not available to meet such needs pursuant to Section 104(b)(3) of the Federal Act and 24 CFR 570.483 of HUD regulations.

Only that portion of a project, which addresses an immediate need, should be addressed. This is particularly true of municipal water or sewer system projects, which tend to need major reinvestment in existing plants or facilities, in addition to the correction of the immediate need. The amount of grant award is determined by the individual circumstances surrounding the request for emergency funds. A community may be required to provide a match through cash, debt or provision of employee labor.

The eligibility of any project is at the full discretion of the Office of Community and Rural Affairs.

#### **N. Technical Assistance Set-aside: \$277,774**

Pursuant to the federal Housing and Community Development Act (Federal Act), specifically Section 106(d)(5), the State of Indiana is authorized to set aside up to one percent (1%) of its total allocation for technical assistance activities. The amount set aside for such Technical Assistance in the State's FY 2015 Consolidated Plan is \$277,774, which constitutes one-percent (1%) of the State's FY 2015 CDBG allocation of \$27,777,397. The State of Indiana reserves the right to set aside up to one percent (1%) of open prior-year funding amounts for the costs of providing technical assistance on an as-needed basis.

The amount set aside for the Technical Assistance Program will not be considered a planning cost as defined under Section 105(a)(12) of the Federal Act or an administrative cost as defined under Section 105(a)(13) of the Federal Act. Accordingly, such amounts set aside for Technical Assistance will not require matching funds by the State of Indiana. The Department reserves the right to transfer a portion or all of the funding set aside for Technical Assistance to another program hereunder as deemed appropriate by the Office of Community and Rural Affairs, in accordance with the "Program Amendments" provisions of this document. The Technical Assistance Program is designed to provide, through direct Office of Community and Rural Affairs staff resources or by contract, training and technical assistance to units of general local government, nonprofit and for-profit entities relative to community and economic development initiatives, activities and associated project management requirements.

**1. Distribution of the Technical Assistance Program Set-aside:** Pursuant to HUD regulations and policy memoranda, the Office of Community and Rural Affairs may use alternative methodologies for delivering technical assistance to units of local government and nonprofits to carry out eligible activities, to include:

- a. Provide the technical assistance directly with Office of Community and Rural Affairs or other State staff;
- b. Hire a contractor to provide assistance;

- c. Use sub-recipients such as Regional Planning Organizations as providers or securers of the assistance;
- d. Directly allocate the funds to non-profits and units of general local governments to secure/contract for technical assistance.
- e. Pay for tuition, training, and/or travel fees for specific trainees from units of general local governments and nonprofits;
- f. Transfer funds to another state agency for the provision of technical assistance; and,
- g. Contracts with state-funded institutions of higher education to provide the assistance.

**2. Ineligible Uses of the Technical Assistance Program Set-aside:** The 1% set-aside may not be used by the Office of Community and Rural Affairs for the following activities:

- a. Local administrative expenses not related to community development;
- b. Any activity that cannot be documented as meeting a technical assistance need;
- c. General administrative activities of the State not relating to technical assistance, such as monitoring state grantees, rating and ranking State applications for CDBG assistance, and drawing funds from the Office of Community and Rural Affairs; or,
- d. Activities that are meant to train State staff to perform state administrative functions, rather than to train units of general local governments and non-profits.

**O. Administrative Funds Set-aside: \$655,548**

The State (Office of Community and Rural Affairs) will set aside \$655,548 of its FY 2015 CDBG funds for payment of costs associated with administering its State Community Development Block Grant (CDBG) Program (CFDA Number 14.228). This amount (\$655,548) constitutes two-percent (2%) of the State's FY 2015 CDBG allocation (\$555,548), plus an amount of \$100,000 ( $\$27,777,397 \times 0.02 = \$555,548 + \$100,000 = \$655,548$ ). The amount constituted by the 2% set aside (\$555,548) is subject to the \$1-for-\$1 matching requirement of HUD regulations. The \$100,000 supplement is not subject to state match. These funds will be used by the Office of Community and Rural Affairs for expenses associated with administering its State CDBG Program, including direct personal services and fringe benefits of applicable Office of Community and Rural Affairs staff, as well as direct and indirect expenses incurred in the proper administration of the state's program and monitoring activities respective to CDBG grants awarded to units of local government (i.e. telephone, travel, services contractual, etc.). These administrative funds will also be used to pay for contractors hired to assist the Office of Community and Rural Affairs in its consolidated planning activities.

**PRIOR YEARS' METHODS OF DISTRIBUTION**

This Consolidated Plan, statement of Method of Distribution is intended to amend all prior Consolidated Plans for grant years where funds are still available to reflect the new program designs. The Methods of Distribution described in this document will be in effect commencing on July 1, 2015, and ending June 30, 2015, unless subsequently amended, for all FY 2015 CDBG funds as well as remaining residual balances of previous years' funding allocations, as may be amended from time to time subject to the provisions governing "Program Amendments" herein. The existing and amended program budgets for each year are outlined below (administrative fund allocations have not changed and are not shown below). Adjustments in the actual dollars may occur as additional reversions become available.

At this time there are only nominal funds available for reprogramming for prior years' funds. If such funds should become available, they will be placed in any of the currently open programs. This will include reversions from settlement of completed grantee projects, there are no fund changes anticipated. For prior years' allocations there is no fund changes anticipated. Non-expended funds, which revert from the financial settlement of projects funded from other programs, will be placed in any open program for use in that ongoing program.

**PROGRAM APPLICATION**

The Planning Fund/Program (PL) will be conducted through a single-stage, continuous application process throughout the program year. The application process for the Stellar Communities Program, Wastewater/Drinking Water Program (WDW), Public Facilities Program (PFP), Stormwater Improvements Program (SIP), the Blight Clearance Program (BCP), the Main Street Revitalization Program (MSRP) and the Workforce Development Program (WDP) will be a single competitive application process. Eligible applicants will first submit a short program proposal or letter of intent for such grants. After submitting proposal, eligible projects under the Federal Act will be invited to submit a full application. For each program, the full application will be reviewed and evaluated. The Office of Community and Rural Affairs, as applicable, will provide technical assistance to the communities in the development of proposals and full applications.

An eligible applicant may submit only one application per cycle, per program. Additional applications may be submitted under the other state programs. The Office of Community and Rural Affairs reserves the right to negotiate Planning-Only grants with applicants for applications lacking a credible readiness to proceed on the project or having other planning needs to support a construction project.

## **OTHER REQUIREMENTS**

While administrative responsibility for the Small Cities CDBG program has been assumed by the State of Indiana, the State is still bound by the statutory requirements of the applicable legislation passed by Congress, as well as federal regulations promulgated by the U. S. Department of Housing and Urban Development (HUD) respective to the State's CDBG program as codified under Title 24, Code of the Federal Register. HUD has passed on these responsibilities and requirements to the State and the State is required to provide adequate evidence to HUD that it is carrying out its legal responsibilities under these statutes.

As a result of the Federal Act, applicants who receive funds through the Indiana Office of Community and Rural Affairs selection process will be required to maintain a plan for minimizing displacement of persons as a result of activities assisted with CDBG funds and to assist persons actually displaced as a result of such activities. Applicants are required to provide reasonable benefits to any person involuntarily and permanently displaced as a result of the use of assistance under this program to acquire or substantially rehabilitate property. The State has adopted standards for determining reasonable relocation benefits in accordance with HUD regulations.

CDBG "Program Income" may be generated as a result of grant implementation. The State of Indiana may enter into an agreement with the grantee in which program income is retained by the grantee for eligible activities. Federal guidelines require that program income be spent prior to requesting additional draw downs. Expenditure of such funds requires prior approval from the Office of Community and Rural Affairs (OCRA). The State (Office of Community and Rural Affairs) will follow HUD regulations set forth under 24 CFR 570.489(e) respective to the definition and expenditure of CDBG Program Income.

All statutory requirements will become the responsibility of the recipient as part of the terms and conditions of grant award. Assurances relative to specific statutory requirements will be required as part of the application package and funding agreement. Grant recipients will be required to secure and retain certain information, provide reports and document actions as a condition to receiving funds from the program. Grant management techniques and program requirements are explained in the OCRA's CDBG Grantee Implementation Manual, which is provided to each grant recipient.

Revisions to the Federal Act have mandated additional citizen participation requirements for the State and its grantees. The State has adopted a written Citizen Participation Plan, which is available for interested citizens to review. Applicants must certify to the State that they are following a detailed Citizen Participation Plan which meets Title I requirements. Technical assistance will be provided by the Office of Community and Rural Affairs to assist program

applicants in meeting citizen participation requirements.

The State has required each applicant for CDBG funds to certify that it has identified its housing and community development needs, including those of low and moderate income persons and the activities to be undertaken to meet those needs.

### **INDIANA OFFICE OF COMMUNITY AND RURAL AFFAIRS (OCRA)**

The Indiana Office of Community and Rural Affairs intends to provide the maximum technical assistance possible for all of the programs to be funded from the CDBG program. Lieutenant Governor Sue Ellsperman heads the Office of Community and Rural Affairs. Principal responsibility for the CDBG program is vested in Kathleen Weissenberger, State CDBG Director. The Office of Community and Rural Affairs also has the responsibility of administering compliance activities respective to CDBG grants awarded to units of local government.

Primary responsibility for providing "outreach" and technical assistance for the Stellar Communities Program, Main Street Revitalization Fund, Wastewater/Drinking Water Program, Public Facilities Program, Stormwater Improvements Program, Comprehensive Site Redevelopment Program, Workforce Development Program and the Planning Fund process resides with the Office of Community and Rural Affairs. Primary responsibility for providing "outreach" and technical assistance for the Housing award process resides with the Indiana Housing & Community Development Authority who will act as the administrative agent on behalf of the Indiana Office of Community and Rural Affairs.

The Business Office will provide internal fiscal support services for program activities, development of the Consolidated Plan and the CAPER. The Office of Community and Rural Affairs has the responsibilities for CDBG program management, compliance and financial monitoring of all CDBG programs. The Indiana State Board of Accounts pursuant to 2 CFR 200 will conduct audits. Potential applicants should contact the Office of Community and Rural Affairs with any questions or inquiries they may have concerning these or any other programs operated by the Office of Community and Rural Affairs.

Information regarding the past use of CDBG funds is available at the:

**Indiana Office of Community and Rural Affairs  
State CDBG Director  
One North Capitol, Suite 600  
Indianapolis, Indiana 46204-2288  
Telephone: 1-800-824-2476  
FAX: (317) 233-6503**

## DEFINITIONS

**Low and moderate income** - is defined as 80% of the median family income (adjusted by size) for each county. For a county applicant, this is defined as 80% of the median income for the state. The income limits shall be as defined by the U. S. Department of Housing and Urban Development Section 8 Income Guidelines for “low income families.” Certain persons are considered to be “presumptively” low and moderate income persons as set forth under 24 CFR 570.208(a)(2); inquiries as to such presumptive categories should be directed to the OCRA’s Grants Management Office, Attention: Ms. Beth Goeb at (317) 232-8831.

**Matching funds** - local public or private sector in-kind services, cash or debt allocated to the CDBG project. The level of local matching funds required for CDBG projects is either ten-percent (10%) or twenty-percent (20%), based on program, of the **total estimated project costs**. This percentage is computed by adding the proposed grant amount and the local matching funds amount, and dividing the local matching funds amount by the total sum of the two amounts. The definition of match includes a maximum of 5% pre-approved and validated in-kind contributions. The balance of the match requirement must be in the form of either cash or debt. Any in-kind over and above the specified 5% may be designated as local effort. Other funds provided to applicants by the Office of Community and Rural Affairs are not eligible for use as matching funds.

**Proposal (synonymous with “pre-application”)** - A document submitted by a community which briefly outlines the proposed project, the principal parties, and the project budget and how the proposed project will meet a goal of the Federal Act. If acceptable, the community may be invited to submit a full application.

**Reversions** - Funds placed under contract with a community but not expended for the granted purpose because expenses were less than anticipated and/or the project was amended or canceled and such funds were returned to the Office of Community and Rural Affairs upon financial settlement of the project.

**Slums or Blight** - an area/parcel which: (1) meets a definition of a slum, blighted, deteriorated, or deteriorating area under state or local law (Title 36-7-1-3 of Indiana Code); and (2) meets the requirements for “area basis” slum or blighted conditions pursuant to 24 CFR 570.208(b)(1) and 24 CFR 570.483(c)(1), or “spot basis” blighted conditions pursuant to 24 CFR 570.208(b)(2) and 24 CFR 570.483(c)(2).

**Urgent Need** - is defined as a serious and immediate threat to health and welfare of the community. The Chief Elected Official must certify that an emergency condition exists and requires immediate resolution and that alternative sources of financing are not available. An application for CDBG funding under the “urgent need” CDBG national objective must adhere to all requirements for same set forth under 24 CFR 570.208(c) and 24 CFR 570.483(d).

**DISPLACEMENT PLAN**

1. The State shall fund only those applications, which present projects and activities, which will result in the displacement of as few persons or businesses as necessary to meet the goals and objectives of the state and local CDBG-assisted program.
2. The State will use this criterion as one of the guidelines for project selection and funding.
3. The State will require all funded communities to certify that the funded project is minimizing displacement.
4. The State will require all funded communities to maintain a local plan for minimizing displacement of persons or businesses as a result of CDBG funded activities, pursuant to the federal Uniform Relocation and Acquisitions Policies Act of 1970, as amended.
5. The State will require that all CDBG funded communities provide assistance to all persons displaced as a result of CDBG funded activities.
6. The State will require each funded community to provide reasonable benefits to any person involuntarily and permanently displaced as a result of the CDBG funded program.



## GENERAL SELECTION CRITERIA

The Office of Community and Rural Affairs (OCRA) will consider the following general criteria when evaluating a project proposal. Although projects will be reviewed for this information at the proposal stage, no project will be eliminated from consideration if the criteria are not met. Instead, the community will be alerted to the problem(s) identified. Communities must have corrected any identified deficiencies by the time of application submission for that project to be considered for funding.

**A. General Criteria (all programs - see exception for program income and housing projects through the IHCD in 7 below):**

1. The applicant must be a legally constituted general purpose unit of local government and eligible to apply for the state program.
2. The applicant must possess the legal capacity to carry out the proposed program.
3. If the applicant has previously received funds under CDBG, they must have successfully carried out the program. An applicant must not have any overdue closeout reports, State Board of Accounts audit findings or unresolved OCRA/IHCD monitoring findings (where the community is responsible for resolution.) Any determination of "overdue" is solely at the discretion of the Indiana Office of Community and Rural Affairs.
4. An applicant must not have any overdue CDBG semi-annual Grantee Performance Reports, subrecipient reports or other reporting requirements of the OCRA/IHCD. Any determination of "overdue" is solely at the discretion of the Indiana Office of Community and Rural Affairs.
5. The applicant must clearly show the manner in which the proposed project will meet one of the three national CDBG objectives and meet the criteria set forth under 24 CFR 570.483.
6. The applicant must show that the proposed project is an eligible activity under the Act.
7. The applicant must first encumber/expend all CDBG program income receipts before applying for additional grant funds from the Office of Community and Rural Affairs; EXCEPTION – these general criteria will not apply to applications made directly to the Indiana Housing & Community Development Authority (IHCD) for CDBG-funded housing projects.
8. To be eligible to apply at the time of application submission, an applicant must not have any:
  - a. Overdue grant reports, sub-recipient reports or project closeout documents; or
  - b. More than two (2) open or pending CDBG grant from the Office (Indiana cities and incorporated towns);
  - c. For those applicants with an open CFF, MSRP, WDW, PFP, SIP or BCP a "Notice of Release of Funds and Authorization to Incur Costs" must have been issued for the construction activities under the open CFF, MSRP, WDW, PFP, SIP or BCP contract, and a contract for construction of the principal (largest funding amount) construction line item (activity) must have been executed prior to the deadline established by OCRA for receipt of applications for funding.
  - d. For those applicants who have open Planning Fund grants, the community must have final plan approved by the Office of Community and Rural Affairs prior to

submission of a CFF, MSRP, SCP, WDW, PFP, CSRP or SIP application for the project.

- e. An Indiana county may have four (4) open CDBG grants and apply for a fifth grant. A county may have only five (5) open CDBG grants. All criteria outlined in c and d above must be met.
9. The cost/beneficiary ratio for all CDBG funds will be maintained at \$5,000. Housing related projects are to be submitted directly to the Indiana Housing & Community Development Authority (IHCDA) under its programs.
  10. Required leveraging based on program (as measured against the CDBG project, see definitions) must be proposed. The Indiana Office of Community and Rural Affairs may rule on the suitability and eligibility of such leveraging.
  11. The applicant may only submit one proposal or application per round per program. Counties may submit either for their own project or an "on-behalf-of" application for projects of other eligible applicants within the county. However, no application will be invited from an applicant where the purpose is clearly to circumvent the "one application per round" requirement for other eligible applicants.
  12. The application must be complete and submitted by the announced deadline.

**C. Housing Programs: Refer to Method of Distribution for Indiana Housing & Community Development Authority within this FY 2015 Consolidated Plan**

**GRANT EVALUATION CRITERIA  
Planning Grant Program (PL)  
750 POINTS TOTAL**

Planning Grant (PL) applications must achieve a minimum score of 450 points (60%) to be eligible for award. \*Planning grants do not count toward a communities maximum number of open grants.

**NATIONAL OBJECTIVE SCORE (200 POINTS):**

Depending on the National Objective to be met by the project, one of the following two mechanisms will be used to calculate the score for this category.

**1. National Objective = Benefit to Low- and Moderate-Income Persons:** 200 points maximum awarded according to the percentage of low- and moderate-income individuals to be served by the project. The total points given are computed as follows:

$$\text{National Objective Score} = \% \text{ Low/Mod Beneficiaries} \times 2.5$$

The point total is capped at 200 points or 80% low/moderate beneficiaries, i.e., a project with 80% or greater low/moderate beneficiaries will receive 200 points. Below 80% benefit to low/moderate-income persons, the formula calculation will apply.

**2. National Objective = Prevention or Elimination of Slums or Blight:** 200 points maximum awarded based on the characteristics listed below. The total points given are computed as follows:

$$\text{National Objective Score} = (\text{Total of the points received in each category below}) \times 2.5$$

- \_\_\_ Applicant has a Slum/Blight Resolution for project area (50 pts.)
- \_\_\_ The project site is a brownfield\* (10 pts.)
- \_\_\_ The building or district is listed on the Indiana or National Register of Historic Places\*\* (10 pts.)
- \_\_\_ The building or district is eligible for listing on the Indiana or National Register of Historic Places\*\* (10 pts.)
- \_\_\_ The building is on the Historic Landmarks Foundation of Indiana's "10 Most Endangered List" (15 pts.)

\* The State of Indiana defines a brownfield as an industrial or commercial property that is abandoned, inactive, or underutilized, on which expansion or redevelopment is complicated due to actual or perceived environmental contamination.

\*\*Project may either be listed on or eligible for listing on the Indiana or National Register of Historic Places. **Both cannot be checked.**

**COMMUNITY DISTRESS FACTORS (175 POINTS):**

Various factors are used to determine the distress of a community. IOCRA has partnered with Stats Indiana, an Indiana University entity to analyze and calculate the distress of Indiana’s small cities, towns, counties and townships. Factors used to calculate the Community Distress points used for CDBG scoring include:

- Percentage of Households with Income under Poverty Level**
- Median Household Income**
- Percent of Housing Units that are Vacant**
- Median Home Value**
- Unemployment Rate**
- Labor Force Participation**

Local government scores, which are updated and published annually, can be found at: [www.stats.indiana.edu](http://www.stats.indiana.edu).

**LOCAL MATCH CONTRIBUTION (50 POINTS):**

A maximum of 50 points based on the percentage of local funds devoted to the project. This total is determined as follows:

**Total Match Points = % Eligible Local Match X 1**

The points total is capped at 50 points or 50% match, i.e., a project with 50% match or greater will receive 50 points. Below 50% match, the formula calculation will apply.

Eligible local match can be local cash, debt or in-kind sources. Federal, state, and local government grants are considered eligible match. In-kind sources may provide eligible local match for the project, but the amount that can be counted as local match is limited to 5% of the total project budget or a maximum of \$25,000. Use of in-kind donations as eligible match requires approval from the Indiana Office of Community and Rural Affairs, Division approximately 2 weeks prior to application submission (deadline will be announced each round).

**PROJECT DESIGN FACTORS (300 POINTS):**

300 points maximum awarded according to the evaluation in three areas:

- Project Description** – is the project clearly defined as to determine eligibility? – 50 points
- Project Need** - is the community need for this project clearly documented? – 125 points
- Financial Impact** - why is grant assistance necessary to complete this project? – 125 points

The points in these categories are awarded by the OCRA review team when evaluating the projects. **Applicants should address all Project Development Issues associated with their project type.** Applicants should work with their OCRA community liaison to identify ways to increase their project’s scores in these areas.

**LEVERAGING PHILANTHROPIC CAPITAL (25 POINTS):**

Points are assigned based on Philanthropic contribution as a percentage of total project costs.

0- ½ %	0 pts
½ - 1%	10 pts
1-1½%	15 pts
1 ½ -2%	20 pts
2%+	25 pts

**POINTS REDUCTION POLICY:**

It is the policy of OCRA not to fund more than one phase or component of a single project type in different funding rounds. This applies to all project types, although it is particularly relevant to utility projects. If a community needs to phase a project in order to complete it, they should consider which phase would be most appropriate for CDBG assistance. Even if a community doesn't intentionally phase a project, OCRA will take into account previously awarded projects for the same project type. A Community that has previously been awarded a grant for the same project type will likely not be competitive and will be subject to the follow point reduction. This applies to all project types, although it is particularly relevant to utility projects.

0 – 7 years since previous funding – 50pts

**Example:**

Community submits and receives a PL award for a Master Utility Study in May 2009. When applying for a Water Utility Study in March of 2015, they would be subject to a point reduction of 50pts. In July of 2016 they would have no point reduction.

**GRANT EVALUATION CRITERIA – 700 POINTS TOTAL  
Main Street Revitalization Program (MSRP)**

Main Street Revitalization Program applications (MSRP) must achieve a minimum score of 400 points to be eligible for award.

**THRESHOLD REQUIREMENTS:**

Each applicant must meet the following prerequisites:

- 1) Have a designated Indiana Main Street Organization;
- 2) The Main Street Organization is in good standing for meeting all the reporting requirements;
- 3) The Main Street Organization has attended all required workshops associated with the Indiana Main Street Program during past year;
- 4) The Main Street organization is functioning within the Main Street 4 Point Approach of Organization, Design, Economic Restructuring, and Promotion;
- 5) The Main Street organization has current Work Plans for each of its Committees that have been submitted to Indiana Main Street;
- 6) The Main Street Organization has a business recruitment/retention plan that is approved by the Indiana Main Street Program;
- 7) The project must be part of the Main Street Organization's overall strategy;
- 8) The Community has completed a downtown revitalization plan within the past five years that meets OCRA's Minimum Technical Requirements.

**COMMUNITY DISTRESS FACTORS (175 POINTS):**

Various factors are used to determine the distress of a community. IOCRA has partnered with Stats Indiana, an Indiana University entity to analyze and calculate the distress of Indiana's small cities, towns, counties and townships. Factors used to calculate the Community Distress points used for CDBG scoring include:

**Percentage of Households with Income under Poverty Level**

**Median Household Income**

**Percent of Housing Units that are Vacant**

**Median Home Value**

**Unemployment Rate**

**Labor Force Participation**

Local government scores, which are updated and published annually, can be found at:

[www.stats.indiana.edu](http://www.stats.indiana.edu).

**LOCAL MATCH CONTRIBUTION (100 POINTS):**

A maximum of 100 points based on the percentage of local funds devoted to the project. This total is determined as follows:

$$\text{Total Match Points} = \% \text{ Eligible Local Match} \times 2$$

Eligible local match can be local cash, debt or in-kind sources. Federal, state, and local government grants are considered eligible match. In-kind sources may provide eligible local

match for the project, but the amount that can be counted as local match is limited to 5% of the total project budget or a maximum of \$25,000. Use of in-kind donations as eligible match requires approval from the Indiana Office of Community and Rural Affairs, Grant Services Division approximately 2 weeks prior to application submission (deadline will be announced each round).

**MAIN STREET SCORE (50 POINTS):**

**Main Street Score:** 50 points maximum awarded based on the characteristics listed below. The total points given are computed as follows:

- \_\_\_ Community is designated as a Nationally Accredited Indiana Main Street Organization. (20 pts.)
- \_\_\_ The Main Street Organization has a long-term Strategic Plan. (10 pts.)
- \_\_\_ The district is listed on the Indiana or National Register of Historic Places\*\* (10 pts.)
- \_\_\_ The district is eligible for listing on the Indiana or National Register of Historic Places\*\* (5 pts.)
- \_\_\_ The Main Street Organization has a fundraising plan in place. (5 pts.)

\*\*Project may either be listed on or eligible for listing on the Indiana or National Register of Historic Places. **Both cannot be checked.**

**PROJECT DESIGN FACTORS (300 POINTS):**

300 points maximum awarded according to the evaluation in three areas:

- Project Description** – is the project clearly defined as to determine eligibility? – 50 points
- Project Need** - is the community need for this project clearly documented? – 125 points
- Financial Impact** - why is grant assistance necessary to complete this project? – 125 points

The points in these categories are awarded by the OCRA review team when evaluating the projects. **Applicants should address all Project Development Issues associated with their project type.** Applicants should work with their OCRA community liaison to identify ways to increase their project's scores in these areas.

**PROJECT SUSTAINABILITY (50 POINTS):**

A maximum of 50 points for the establishment of a (or documentation of existing) permanent Main Street Fund to be used for ongoing downtown revitalization activities such as a revolving loan program, grant program, events, etc.

- 0 points – under \$3,000 philanthropic fund
- 25 points - \$3,000-\$5,000 philanthropic fund
- 50 points - \$5,000 or higher philanthropic fund

**LEVERAGING PHILANTHROPIC CAPITAL (25 POINTS):**

Points are assigned based on Philanthropic contribution as a percentage of total project costs.

0- ½ %	0 pts
½ - 1%	10 pts
1-1½%	15 pts
1 ½ -2%	20 pts
2%+	25 pts

**POINTS REDUCTION POLICY:**

It is the policy of OCRA not to fund more than one phase or component of a single project. If a community needs to phase a project in order to complete it, they should consider which phase would be most appropriate for CDBG assistance. Even if a community doesn't intentionally phase a project, OCRA will take into account previously awarded projects for the same project type.

A Community that has previously been awarded a grant for the same project type will likely not be competitive and will be subject to the follow point reduction.

MSRP Point Reduction Policy

0-7 years since previous funding – 50 pts

**Example:**

Community submits and receives a MSRP award for a streetscape project in 2015. When applying for facade rehabilitation in 2021, they would be subject to a point reduction of 50 points. In 2022 they would have no point reduction.



## GRANT EVALUATION CRITERIA 600 POINTS TOTAL

Wastewater/Drinking Water Program (WDW) applications must achieve a minimum score of 300 points to be eligible for award.

### **COMMUNITY DISTRESS FACTORS (175 POINTS):**

Various factors are used to determine the distress of a community. IOCRA has partnered with Stats Indiana, an Indiana University entity to analyze and calculate the distress of Indiana's small cities, towns, counties and townships. Factors used to calculate the Community Distress points used for CDBG scoring include:

**Percentage of Households with Income under Poverty Level**

**Median Household Income**

**Percent of Housing Units that are Vacant**

**Median Home Value**

**Unemployment Rate**

**Labor Force Participation**

Local government scores, which are updated and published annually, can be found at:

[www.stats.indiana.edu](http://www.stats.indiana.edu).

### **LOCAL MATCH CONTRIBUTION (100 POINTS):**

A maximum of 100 points based on the percentage of local funds devoted to the project. This total is determined as follows:

$$\text{Total Match Points} = \% \text{ Eligible Local Match} \times 1$$

The points total is capped at 100 points or 100% match, i.e., a project with 75% match will receive 75 points.

Eligible local match can be local cash, debt or in-kind sources. Federal, state, and local government grants are considered eligible match. In-kind sources may provide eligible local match for the project, but the amount that can be counted as local match is limited to 5% of the total project budget or a maximum of \$25,000. Use of in-kind donations as eligible match requires approval from the Indiana Office of Community and Rural Affairs, Grant Services Division approximately 2 weeks prior to application submission (deadline will be announced each round).

### **PROJECT DESIGN FACTORS (300 POINTS):**

300 points maximum awarded according to the evaluation in three areas:

**Project Description** – is the project clearly defined as to determine eligibility? – 50 points

**Project Need** - is the community need for this project clearly documented? – 125 points

**Financial Impact** - why is grant assistance necessary to complete this project? – 125 points

The points in these categories are awarded by the OCRA review team when evaluating the projects. **Applicants should address all Project Development Issues associated with their project type.** Applicants should work with their OCRA community liaison to identify ways to increase their project's scores in these areas.

**FINANCIAL GAP (25 POINTS):**

A maximum of 25 points awarded per \$1.00 in financial gap.

**OCRA GAP CALCULATION**

- 1. Grant Amount Requested \_\_\_\_\_
- 2. Debt Coverage Factor \_\_\_\_\_  
(assume 25%)
- 3. Total Funds Needed \_\_\_\_\_  
(multiply line 1 by 1.25)
- 4. Amortization Constant       .00633        
(4.5% APR)
- 5. Monthly Payment \_\_\_\_\_  
(multiply line 3 by line 4)
- 6. O/M Cost Factor \_\_\_\_\_  
(multiply line 5 by .05)
- 7. Total Monthly Costs \_\_\_\_\_  
(add lines 5 and 6)
- 8. Number of Users \_\_\_\_\_
- 9. Monthly Rate Impact \_\_\_\_\_  
(divide line 7 by line 8)

The result on line 9 should give you the amount that your community would have to increase the monthly rate charged to each customer without grant assistance, given the above assumptions. This is the “gap”, which is the amount by which grant funds will reduce or “buy down” your utility rates. This amount added to the actual rates anticipated with OCRA grant funds will give you the rates needed “without OCRA grant funds”.

**POINTS REDUCTION POLICY:**

It is the policy of OCRA not to fund more than one phase or component of a single project type in different funding rounds. This applies to all project types, although it is particularly relevant to utility projects. If a community needs to phase a project in order to complete it, they should consider which phase would be most appropriate for CDBG assistance. Even if a community doesn't intentionally phase a project, OCRA will take into account previously awarded projects for the same project type. A Community that has previously been awarded a grant for the same project type will likely not be competitive and will be subject to the follow point reduction.

0 – 7 years since previous funding – 50pts

**Example:**

Community submits and receives a CDBG award for a new water tower in 2015. When applying for a project consisting of replacing water lines in 2018, they would be subject to a point reduction of 50pts. In 2020 they would be subject to a point reduction of 25pts. In 2021 they would have no point reduction.

## GRANT EVALUATION CRITERIA 600 POINTS TOTAL

Blight Clearance Program (BCP) clearance/demotion applications are accepted in a single competitive round. All applications must achieve a minimum score of 360 points to be eligible for award.

### **COMMUNITY DISTRESS FACTORS (175 POINTS):**

Various factors are used to determine the distress of a community. IOCRA has partnered with Stats Indiana, an Indiana University entity to analyze and calculate the distress of Indiana's small cities, towns, counties and townships. Factors used to calculate the Community Distress points used for CDBG scoring include:

**Percentage of Households with Income under Poverty Level**

**Median Household Income**

**Percent of Housing Units that are Vacant**

**Median Home Value**

**Unemployment Rate**

**Labor Force Participation**

Local government scores, which are updated and published annually, can be found at:

[www.stats.indiana.edu](http://www.stats.indiana.edu).

### **LOCAL MATCH CONTRIBUTION (50 POINTS):**

A maximum of 50 points based on the percentage of local funds devoted to the project. This total is determined as follows:

$$\text{Total Match Points} = \% \text{ Eligible Local Match} \times 1$$

The points total is capped at 50 points or 50% match, i.e., a project with 50% match or greater will receive 50 points. Below 50% match, the formula calculation will apply.

Eligible local match can be local cash, debt or in-kind sources. Federal, state, and local government grants are considered eligible match. In-kind sources may provide eligible local match for the project, but the amount that can be counted as local match is limited to 5% of the total project budget or a maximum of \$25,000. Use of in-kind donations as eligible match requires approval from the Indiana Office of Community and Rural Affairs, Grant Services Division approximately 2 weeks prior to application submission (deadline will be announced each round).

### **PROJECT DESIGN FACTORS (300 POINTS):**

300 points maximum awarded according to the evaluation in three areas:

**Project Description** – is the project clearly defined as to determine eligibility? – 50 points

**Project Need** - is the community need for this project clearly documented? – 125 points

**Financial Impact** - why is grant assistance necessary to complete this project? – 125 points

The points in these categories are awarded by the OCRA review team when evaluating the projects. **Applicants should address all Project Development Issues associated with their**

**project type.** Applicants should work with their OCRA community liaison to identify ways to increase their project's scores in these areas.

**IFA REGISTRY (25 POINTS):**

A maximum of 25 points awarded for projects listed on the IFA Brownfield registry (IFA program site number) which indicates prior involvement of the Indiana Brownfield Program.

**SITE DEVELOPMENT PLAN (50 POINTS):**

A maximum of 50 points will be awarded for projects that have a site development plan for the future use of the Brownfield site.

**POINTS REDUCTION POLICY:**

It is the policy of OCRA not to fund more than one phase or component of a single project type in different funding rounds. This applies to all project types, although it is particularly relevant to utility projects. If a community needs to phase a project in order to complete it, they should consider which phase would be most appropriate for CDBG assistance. Even if a community doesn't intentionally phase a project, OCRA will take into account previously awarded projects for the same project type. A Community that has previously been awarded a grant for the same project type will likely not be competitive and will be subject to the follow point reduction. This applies to all project types, although it is particularly relevant to utility projects.

0 – 7 years since previous funding – 50pts

## GRANT EVALUATION CRITERIA 700 POINTS TOTAL

Public Facilities Program (PFP) applications must achieve a minimum score of 420 points to be eligible for award.

### **NATIONAL OBJECTIVE SCORE (100 POINTS):**

Depending on the National Objective to be met by the project, one of the following two mechanisms will be used to calculate the score for this category.

**National Objective = Benefit to Low- and Moderate-Income Persons:** 100 points maximum awarded according to the percentage of low- and moderate-income individuals to be served by the project. The total points given are computed as follows:

$$\text{National Objective Score} = \% \text{ Low/Mod Beneficiaries}$$

The point total is capped at 100 points or 100% low/moderate beneficiaries, i.e., a project with 100% or greater low/moderate beneficiaries will receive 100 points. Below 100% benefit to low/moderate-income persons, the formula calculation will apply.

### **COMMUNITY DISTRESS FACTORS (175 POINTS):**

Various factors are used to determine the distress of a community. IOCRA has partnered with Stats Indiana, an Indiana University entity to analyze and calculate the distress of Indiana's small cities, towns, counties and townships. Factors used to calculate the Community Distress points used for CDBG scoring include:

**Percentage of Households with Income under Poverty Level**

**Median Household Income**

**Percent of Housing Units that are Vacant**

**Median Home Value**

**Unemployment Rate**

**Labor Force Participation**

Local government scores, which are updated and published annually, can be found at:

[www.stats.indiana.edu](http://www.stats.indiana.edu).

### **LOCAL MATCH CONTRIBUTION (50 POINTS):**

A maximum of 50 points based on the percentage of local funds devoted to the project. This total is determined as follows:

$$\text{Total Match Points} = \% \text{ Eligible Local Match} \times 1$$

The points total is capped at 50 points or 50% match, i.e., a project with 50% match or greater will receive 50 points. Below 50% match, the formula calculation will apply.

Eligible local match can be local cash, debt or in-kind sources. Federal, state, and local government grants are considered eligible match. In-kind sources may provide eligible local match for the project, but the amount that can be counted as local match is limited to 5% of the total project budget or a maximum of \$25,000. Use of in-kind donations as eligible match requires approval from the Indiana Office of Community and Rural Affairs, Grant Services

Division approximately 2 weeks prior to application submission (deadline will be announced each round).

**PROJECT DESIGN FACTORS (300 POINTS):**

300 points maximum awarded according to the evaluation in three areas:

- Project Description** – is the project clearly defined as to determine eligibility? – 50 points
- Project Need** - is the community need for this project clearly documented? – 125 points
- Financial Impact** - why is grant assistance necessary to complete this project? – 125 points

The points in these categories are awarded by the OCRA review team when evaluating the projects. **Applicants should address all Project Development Issues associated with their project type.** Applicants should work with their OCRA community liaison to identify ways to increase their project’s scores in these areas.

**LEVERAGING PHILANTHROPIC CAPITAL (25 POINTS):**

Points are assigned based on Philanthropic contribution as a percentage of total project costs.

1- ½ %	0 pts
½ - 1%	10 pts
1-1½%	15 pts
1 ½ -2%	20 pts
2%+	25 pts

**COMMUNITY FACILITY PHILANTHROPIC FUND (50 POINTS):**

A maximum of 50 points for the establishment of a (or documentation of existing) permanent Community Facility Philanthropic Fund, to be used for ongoing operation and maintenance activities.

- 0 points – under \$3,000 philanthropic fund
- 25 points - \$3,000-\$5,000 philanthropic fund
- 50 points - \$5,000 or higher philanthropic fund

**POINTS REDUCTION POLICY:**

It is the policy of OCRA not to fund more than one phase or component of a single project type in different funding rounds. This applies to all project types, although it is particularly relevant to utility projects. If a community needs to phase a project in order to complete it, they should consider which phase would be most appropriate for CDBG assistance. Even if a community doesn’t intentionally phase a project, OCRA will take into account previously awarded projects for the same project type. A Community that has previously been awarded a grant for the same project type will likely not be competitive and will be subject to the follow point reduction. This applies to all project types, although it is particularly relevant to utility projects.

0 – 7 years since previous funding – 50pts

**Example:**

Community submits and receives a PFP award for a new library in 2015. When applying for the construction of a library addition in 2019, they would be subject to a point reduction of 50pts. In 2021 they would be subject to a point reduction of 25pts. In 2022 they would have no point reduction.

## GRANT EVALUATION CRITERIA 700 POINTS TOTAL

Stormwater Improvements Program (SIP) applications must achieve a minimum score of 420 points to be eligible for award.

### **NATIONAL OBJECTIVE SCORE (100 POINTS):**

Depending on the National Objective to be met by the project, one of the following two mechanisms will be used to calculate the score for this category.

**National Objective = Benefit to Low- and Moderate-Income Persons:** 100 points maximum awarded according to the percentage of low- and moderate-income individuals to be served by the project. The total points given are computed as follows:

$$\text{National Objective Score} = \% \text{ Low/Mod Beneficiaries}$$

The point total is capped at 100 points or 100% low/moderate beneficiaries, i.e., a project with 100% or greater low/moderate beneficiaries will receive 100 points. Below 100% benefit to low/moderate-income persons, the formula calculation will apply.

### **COMMUNITY DISTRESS FACTORS (175 POINTS):**

Various factors are used to determine the distress of a community. IOCRA has partnered with Stats Indiana, an Indiana University entity to analyze and calculate the distress of Indiana's small cities, towns, counties and townships. Factors used to calculate the Community Distress points used for CDBG scoring include:

**Percentage of Households with Income under Poverty Level**

**Median Household Income**

**Percent of Housing Units that are Vacant**

**Median Home Value**

**Unemployment Rate**

**Labor Force Participation**

Local government scores, which are updated and published annually, can be found at:

[www.stats.indiana.edu](http://www.stats.indiana.edu).

### **LOCAL MATCH CONTRIBUTION (75 POINTS):**

A maximum of 75 points based on the percentage of local funds devoted to the project. This total is determined as follows:

$$\text{Total Match Points} = \% \text{ Eligible Local Match} \times 1$$

The points total is capped at 75 points or 75% match, i.e., a project with 75% match or greater will receive 75 points. Below 75% match, the formula calculation will apply.

Eligible local match can be local cash, debt or in-kind sources. Federal, state, and local government grants are considered eligible match. In-kind sources may provide eligible local match for the project, but the amount that can be counted as local match is limited to 5% of the total project budget or a maximum of \$25,000. Use of in-kind donations as eligible match

requires approval from the Indiana Office of Community and Rural Affairs, Grant Services Division approximately 2 weeks prior to application submission (deadline will be announced each round).

### **PROJECT DESIGN FACTORS (300 POINTS):**

300 points maximum awarded according to the evaluation in three areas:

- Project Description** – is the project clearly defined as to determine eligibility? – 50 points
- Project Need** - is the community need for this project clearly documented? – 125 points
- Financial Impact** - why is grant assistance necessary to complete this project? – 125 points

The points in these categories are awarded by the OCRA review team when evaluating the projects. **Applicants should address all Project Development Issues associated with their project type.** Applicants should work with their OCRA community liaison to identify ways to increase their project's scores in these areas.

### **SUSTAINABILITY (50 POINTS):**

A maximum of 50 points for the establishment of, or documentation of existing sustainability plan for the ongoing operation and maintenance activities of the stormwater system.

- 0 points – under \$3 monthly stormwater utility user rate
- 25 points – \$3-\$5 monthly stormwater utility user rate
- 50 points - \$5 or higher monthly stormwater utility user rate

### **POINTS REDUCTION POLICY:**

It is the policy of OCRA not to fund more than one phase or component of a single project type in different funding rounds. This applies to all project types, although it is particularly relevant to utility projects. If a community needs to phase a project in order to complete it, they should consider which phase would be most appropriate for CDBG assistance. Even if a community doesn't intentionally phase a project, OCRA will take into account previously awarded projects for the same project type. A Community that has previously been awarded a grant for the same project type will likely not be competitive and will be subject to the follow point reduction.

0 – 7 years since previous funding – 50pts

#### **Example:**

Community submits and receives a SIP award for a stormwater system project in 2015. When applying for a SIP project in 2018, they would be subject to a point reduction of 50pts. In 2020 they would be subject to a point reduction of 25pts. In 2021 they would have no point reduction.



## GRANT EVALUATION CRITERIA

Workforce Development Program (WDP) applications will be reviewed for funding availability based on the evaluation criteria below:

- Program Design;
  - What is your project completion timeline?
  - What is the estimated enrollment in trainings per calendar year? What is the estimated completion of trainings per calendar year? What is the estimated number of jobs created/retained?
  - Can any survey results, studies, community input, or other data be cited to explain the need?
  - What are the conditions of the existing facility (if applicable)? Please attach color pictures with captions of current conditions. If the program will not take place in a set facility, where will the training occur?
  - Please provide documentation of the training and all other activities for the program(s).
  - Explain any staff and/or volunteer efforts for the program (i.e., is certification required)?
  - How will the program be marketed? Who is the target clientele? How will eligibility be determined? What is the screening process for applications?
  - Describe the strategy for job placement assistance.
  - What is strategy for sustaining the program?
- Local Economic Conditions;
  - What brought this project to the forefront? Who will be served (reference map as applicable)?
  - Are there any other organizations doing similar training? If so, where are they?
  - If this is the expansion of a current program, describe the expansion (i.e., new service, extended service, additional target clientele, etc.)
- Financial Impact; and
  - Attach Cash & Investments Combined Statement, Tax Sheet, and Clerk/Treasurer's breakdown of Debt Report
  - Attach Sub-recipient Financials (if applicable): financials and 5 year pro-forma
  - Explain all financial options investigated. Explain why this program is the best option for this project. Please explain the local match package.
  - Explain all fund balances for the applicant and the sub-recipient.
- Local Effort.
  - Who are the partners/organizations committed to providing programs and services? A partnership agreement from all outside agencies is required along with the organization's mission statement and key staff resumes.
  - Explain all previous efforts to address this issue
- Local Match Contribution
  - What resources are being contributed to the program? Where is the local match coming from?
  - Eligible local match can be local cash, debt or in-kind sources. Federal, state, and local government grants are considered eligible match.
  - In-kind sources may provide eligible local match for the project. Use of in-kind donations as eligible match requires approval from the Indiana Office of Community and Rural Affairs, State CDBG Director approximately 2 weeks prior to application submission.

**CITIZEN PARTICIPATION PLAN  
INDIANA OFFICE OF COMMUNITY AND RURAL AFFAIRS (STATE)**

The State of Indiana, Office of Community and Rural Affairs, pursuant to 24 CFR 91.115, 24 CFR 570.431 and 24 CFR 570.485(a) wishes to encourage maximum feasible opportunities for citizens and units of general local government to provide input and comments as to its Methods of Distribution set forth in the Office of Community and Rural Affairs' annual Consolidated Plan for CDBG funds submitted to HUD as well as the Office of Community and Rural Affairs' overall administration of the State's Small Cities Community Development Block Grant (CDBG) Program. In this regard, the Office of Community and Rural Affairs will perform the following:

1. Require each unit of general local government to comply with citizen participation requirements for such governmental units as specified under 24 CFR 570.486(a), to include the requirements for accessibility to information/records and to furnish citizens with information as to proposed CDBG funding assistance as set forth under 24 CFR 570.486(a)(3), provide technical assistance to representatives of low-and-moderate income groups, conduct a minimum of two (2) public hearings on proposed projects to be assisted by CDBG funding, such hearings being accessible to handicapped persons, provide citizens with reasonable advance notice and the opportunity to comment on proposed projects as set forth in Title 5-3-1 of Indiana Code, and provide interested parties with addresses, telephone numbers and times for submitting grievances and complaints.
2. Consult with local elected officials and the Office of Community and Rural Affairs Grant Administrator Networking Group in the development of the Method of distribution set forth in the State's Consolidated Plan for CDBG funding submitted to HUD.
3. Publish a proposed or "draft" Consolidated Plan and afford citizens and units of general local government the opportunity to comment thereon.
4. Furnish citizens and units of general local government with information concerning the amount of CDBG funds available for proposed community development and housing activities and the range/amount of funding to be used for these activities.
5. Hold one (1) or more public hearings respective to the State's proposed/draft Consolidated Plan, on amendments thereto, duly advertised in newspapers of general circulation in major population areas statewide pursuant to I.C. 5-3-1-2 (B), to obtain the views of citizens on proposed community development and housing needs. The Consolidated Plan Committee published the enclosed legal advertisement to thirteen (13) regional newspapers of general circulation statewide respective to the public hearings held on the 2015 Consolidated Plan. In addition, this notice was distributed by email to over 1,000 local officials, non-profit entities, and interested parties statewide in an effort to maximize citizen participation in the FY 2015 consolidated planning process:

**The Republic, Columbus, IN  
The Corydon Democrat and Clarian News, Corydon, IN  
Indianapolis Star, Indianapolis, IN  
The Journal-Gazette, Fort Wayne, IN  
The Salem Leader and Salem Democrat, Salem, IN  
Scott County Journal, Scottsburg, IN  
The News and Tribune, Jeffersonville, IN  
The Chronicle-Tribune, Wabash, IN  
Gary Post Tribune, Gary, IN  
Tribune Star, Terre Haute, IN  
Journal & Courier, Lafayette, IN  
Evansville Courier, Evansville, IN  
South Bend Tribune, South Bend, IN  
Palladium-Item, Richmond, IN  
The Times, Munster, IN  
The Star Press, Muncie, IN**

6. Provide citizens and units of general local government with reasonable and timely access to records regarding the past and proposed use of CDBG funds.
7. Make the Consolidated Plan available to the public at the time it is submitted to HUD, and;
8. Follow the process and procedures outlined in items 2 through 7 above with respect to any amendments to a given annual CDBG Consolidated Plan and/or submission of the Consolidated Plan to HUD.

In addition, the State also will solicit comments from citizens and units of general local government on its CDBG Performance Review submitted annually to the U.S. Department of Housing and Urban Developments (HUD). Prior to its submission of the Review to HUD, the State will advertise regionally statewide (pursuant to I.C. 5-3-1) in newspapers of general circulation soliciting comments on the Performance and Evaluation Report.

The State will respond within thirty (30) days to inquiries and complaints received from citizens and, as appropriate, prepare written responses to comments, inquiries or complaints received from such citizens.



## 2015 CDBG AND CDBG-D OOR APPLICATION POLICY

# IHCDA CDBG and CDBG-D OOR Application Policy

### Part 1: Application Process

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#### 1.1 Overview

The purpose of the CDBG Owner-Occupied Rehabilitation and Repair Program is to provide subsidies in the form of grants to selected applicants for the rehabilitation of owner-occupied housing for low to moderate-income people. Through this program, IHCDAs seeks to improve the quality of the existing housing stock in Indiana.

This program is designed to allocate Community Development Block Grant funds to be used for Owner-Occupied Repair (“OOR”) among selected applicants who have projects that meet IHCDAs requirements and goals for the program:

1. Demonstrate they are meeting the needs of their specific community.
2. Attempt to reach low and very low-income levels of area median income.
3. Are ready to proceed with the activity upon receipt of the award.
4. Propose to revitalize existing neighborhoods, preferably through a comprehensive approach (i.e. as part of a published and adopted community revitalization plan).
5. Propose projects that promote aging in place strategies for seniors, families with seniors, and persons with disabilities.
6. Propose projects that promote healthy family strategies for families with children under the age of 18.
7. Propose projects that are energy-efficient and are of the highest quality attainable within a reasonable cost structure.
8. Propose the use of Minority Business Enterprise and/or Women-Owned Business Enterprise and Indiana contractors, employees, and products when applicants are planning and undertaking housing activities.

#### 1.2 Funding Round Timelines

Note: This is an anticipated schedule and is subject to change or extension.

##### *Fiscal Year 2015 Round:*

Application Webinar	May, 2015
Application Due Date	July 31, 2015
Award Announcements	October 22, 2015

#### 1.3 Application Webinar

An application webinar will be conducted prior to each application deadline. During the webinar, the IHCDAs Real Estate Production Department staff will describe the requirements of the OOR program, threshold and scoring criteria, how to complete the required forms, and how to utilize the FTP site. **Local**



## 2015 CDBG AND CDBG-D OOR APPLICATION POLICY

Units of Government and Not-for-Profit entities intending to apply are required to attend [the Application Webinar](#).

### 1.4 Technical Assistance

The applicant may, but is not required, to schedule a technical assistance meeting with its regional IHEDA Real Estate Production Analyst to discuss both the proposed project and IHEDA's application process. Technical assistance may be required at IHEDA's discretion if the applicant does not have experience with IHEDA awards or if past performance was poor. Applicants are urged to contact their Real Estate Production Analyst early in the planning process to obtain guidance and technical assistance.

### 1.5 Application Submission

The applicant must submit the following items to IHEDA's Real Estate Department Coordinator:

- Via FTP site:
  - One completed copy of the final application forms
  - All supporting documents required in the tabs
- Via hard copy:
  - One completed copy of the final application forms with original signatures

All required application items are due no later than 5:00 p.m. Eastern Standard Time, on or before the due date. Applications received after the deadline will be returned to the applicant via certified mail. Faxed applications will not be accepted.

Instructions on how to utilize the FTP site will be explained during the Application Webinar. The hard copy of the final application forms should be sent to:

Indiana Housing and Community Development Authority  
ATTN: Real Estate Department Coordinator  
RE: CDBG and CDBG-D OOR Application  
30 South Meridian Street, Suite 1000  
Indianapolis, IN 46204

All applicants must retain a copy of this application package for their records. Applicants that receive funding will be bound by the information contained herein.

IHEDA will send an email confirmation to the applicant contact within one week of submission notifying the applicant of receipt by IHEDA. Please notify the Real Estate Department Coordinator if the applicant would like to add an additional contact person for communications regarding the 2015 CDBG and CDBG-D OOR Application.

### 1.6 Application Review

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

## 2015 CDBG AND CDBG-D OOR APPLICATION POLICY

- Step One - Completeness      On or before the application deadline, the applicant must provide all required documents, signatures and attachments.
- Step Two - Threshold              The application must meet each of the applicable threshold criteria.
- Step Three - Scoring              Applications that pass the completeness and threshold reviews are then scored according to IHCDCA's published scoring criteria.
- IHCDCA will release a preliminary score sheet to allow applicants an opportunity to provide feedback as to where supporting documentation might be located within the application file or provide clarification regarding any formulas used to calculate points. Please note that IHCDCA will not allow any new scoring documentation to be submitted after the initial application has been submitted.

After threshold and scoring review, IHCDCA staff may contact an applicant to request clarification of information contained in the pending application. The applicant will have the opportunity to respond on or before the due date provided by IHCDCA. If the applicant does not respond to the clarification request and therefore threshold and/or scoring item(s) are still in question, the application will be disqualified. Additionally, applications may have no more than three outstanding threshold and/or scoring clarifications after the second review or the application will be disqualified. Points will be awarded to those applications where no clarifications are required.

Funded applications will be announced at the published IHCDCA Board Meeting date. Confirmation letters and score sheets will be uploaded to the FTP site by the close of business on the day of the Board Meeting. Applications that are not funded will be notified by IHCDCA via a denial letter and score sheets being uploaded to the FTP site by the close of business on the day of the Board Meeting. Applications not funded will **not** be rolled over into the next funding round.

### 1.7 Minimum Score Requirement

An application must score at least 60 points to be considered for funding.

## 2015 CDBG AND CDBG-D OOR APPLICATION POLICY

### **1.8 CDBG & HOME Program Manual 3<sup>rd</sup> Edition**

The CDBG & HOME Program Manual outlines the requirements for administering IHCD's CDBG awards. A complete copy of the CDBG & HOME Program Manual is available on IHCD's website at this location: [http://www.in.gov/myihcda/files/CDBG\\_and\\_HOME\\_Program\\_Manual\\_3rd\\_Edition.pdf](http://www.in.gov/myihcda/files/CDBG_and_HOME_Program_Manual_3rd_Edition.pdf)

### **1.9 Award Compliance Trainings**

IHCD will offer a training to explain the various aspects of the regulatory requirements for administering the award. Topics covered will include funds management, required record keeping, and forms and reports that must be submitted to IHCD. In addition, IHCD staff will be available to provide one-on-one award trainings upon request. All new applicants, and those who have had difficulty administering awards in the past, are strongly encouraged to take advantage of these trainings.



2015 CDBG AND CDBG-D OOR APPLICATION POLICY

Part 2: Eligible Applicants

2.1 Eligible Applicants

Table with 6 columns: Grant Type, Eligible Applicants, CHDO, 501(c)3/4 Orgs, Joint Venture Partnerships, For Profit Entities. Rows include CDBG and CDBG-D for various grant types like Owner-Occupied Rehabilitation.

CDBG OOR Funds

Eligible applicants include cities, towns, or counties that are located within Indiana but outside of CDBG entitlement communities and whose proposed activities are consistent with the State’s HUD-approved Consolidated Plan.

The following entitlement communities are not eligible to apply for CDBG funds:

- List of ineligible communities: Anderson, East Chicago, Gary, Indianapolis\*\*, LaPorte, New Albany, Bloomington, Elkhart, Goshen, Kokomo, Michigan City, South Bend, Columbus, Evansville, Hamilton County\*, Lafayette, Mishawaka, Terre Haute, Fort Wayne, Hammond, Lake County, Muncie, West Lafayette.

\*The Town of Sheridan is excluded when the housing activity is outside of Hamilton County. The Town of Arcadia is excluded.

\*\*Excluding the Marion County Cities of Beech Grove, Lawrence, Speedway, and Southport. The Town of Cumberland is excluded when the housing activity is located outside of Marion County.

CDBG Disaster OOR Funds

Eligible applicants include not-for-profit 501(c)3 or 501(c)4 organizations, cities, towns, or counties that are located in Indiana, whose proposed activities are consistent with the State’s HUD-approved Disaster Plan and are NOT located in the one of the following ineligible CDBG Disaster (CDBG-D) counties:







## 2015 CDBG AND CDBG-D OOR APPLICATION POLICY

Blackford	Clinton	Delaware	Howard	Lagrange
Miami	Steuben	Tipton	Warren	Wells

### 2.2 Ineligible Applicants

IHCDA reserves the right to disqualify from funding any application that has either an applicant, a subrecipient, administrator, preparer or related party of any of the aforementioned that has a history of disregarding the policies, procedures, or staff directives associated with administering any program through IHCDA. This also applies to programs administered by any other State, Federal, or affordable housing entities, including but not limited to the Indiana Office of Community and Rural Affairs, the U.S. Department of Housing and Urban Development (“HUD”), the U.S. Department of Agriculture - Rural Development, or the Federal Home Loan Bank.

Additionally, any entity currently on IHCDA’s suspension or debarment list is ineligible to submit an application. IHCDA’s Suspension and Debarment Policy can be found in the CDBG & HOME Program Manual Chapter 17.

### 2.3 Religious and Faith-Based Organizations

- i. Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the OOR program. Neither the Federal Government nor a State or local government receiving funds under the OOR 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.
- ii. 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.
- iii. Separation of explicitly religious activities. Recipients and subrecipients of OOR 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.
- iv. Religious identity. A faith-based organization that is a recipient or subrecipient of OOR 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



## 2015 CDBG AND CDBG-D OOR APPLICATION POLICY

services, without removing or altering religious art, icons, scriptures, or other religious symbols. In addition, a OOR 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.

- v. Alternative provider. If a program participant or prospective program participant of the OOR program supported by HUD objects to the religious character of an organization that provides services under the program, that organization shall, within a reasonably 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.
- vi. 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 OOR program. Sanctuaries, chapels, or other rooms that a OOR program-funded religious congregation uses as its principal place of worship, however, are ineligible for OOR 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).
- vii. 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.



## 2015 CDBG AND CDBG-D OOR APPLICATION POLICY

### Part 3: Eligible Activities & Program Requirements

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#### 3.1 Eligible Activities

This program seeks to have a long-term impact on the availability and quality of the affordable housing stock in Indiana. The program is intended for the rehabilitation of owner-occupied housing.

- To be eligible for owner-occupied repair (OOR), the homeowner beneficiary must be low-income and must occupy the property as a principal residence. A household owns a property if that household:
  - Has fee simple title to the property; or
  - Maintains a 99-year leasehold interest in the property; or
  - Owns a condominium; or
  - Owns or has a membership in a cooperative or mutual housing project that constitutes homeownership under state law; or
  - A life estate, if the person who has the life estate has the right to live in the housing for the remainder of his or her life and does not pay rent.
  - Ownership **does not** include life estates (unless meeting the criteria listed above) and land contracts/contracts for deeds.
- Eligible repairs
  - Minor repairs which can include (but are not limited to) an inoperable or faulty furnace, leaking roof, unsafe electrical wiring and plumbing, hazardous structural conditions, etc.
  - Any major household system repaired or replaced as part of the rehabilitation process must meet the stricter of the Indiana State Building Code or local building codes.
  - Funds may be used to remedy conditions that, while not posing an immediate threat to health and safety, represent an ongoing threat to the structural integrity of a building and may eventually result in an emergency situation.
    - Owner Occupied Repairs are subject to a repair Priority List (see CDBG & HOME program manual) when determining scope of work.
- Rehabilitation of owner-occupied manufactured homes. Manufactured homes are eligible if they meet IHCD's Manufactured Housing Policy 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 and which also complies with the following specifications:
    - Shall have been constructed after January 1, 1981, and must exceed nine hundred and fifty (950) square feet of occupied space per I.C. 36-7-4-1106 (d);
    - 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;
    - Has wheels, axles and towing chassis removed;
    - Has a pitched roof;
    - Consists of two (2) or more sections which, when joined, have a minimum dimension of 20' X 47.5' enclosing occupied space; and



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- Is located on land held by the beneficiary in fee-simple title or 99-year leasehold and is the principal residence of the beneficiary.
- All other manufactured or mobile homes that do not meet the aforementioned criteria are ineligible to receive rehabilitation assistance funded by IHCD.

### 3.2 Ineligible Activities

Eligible housing activities **do not** include:

- Creation of secondary housing attached to a primary unit;
- Acquisition, rehabilitation, or construction of nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, or student dormitories;
- The provision of project-based tenant rental assistance;
- Rehabilitation of mobile homes, unless they meet the criteria listed above;
- Acquisition, rehabilitation, or new construction if any part of a project or its land is located within the boundaries of a one hundred (100)-year floodplain. A flood determination must be provided for each parcel associated with the project; and
- Rehabilitation of multi-family or single-family rental housing.

IHCD **does not** fund:

- Requests from individuals, political, social, or fraternal organizations;
- Endowments, special events, arts, or international projects;
- Scholarships requested by individuals;
- Institutions that discriminate on the basis of race, color, national origin, sex, religion, familial status, disability, sexual orientation, or gender identity in policy or in practice;
- Projects in furtherance of sectarian religious activities, impermissible lobbying, legislative or political activities; and
- Medical research or medical profit-making enterprises.

### 3.3 OOR Program Requirements

The proposed OOR project must follow these minimum requirements, and all other requirements set forth in the CDBG & HOME Program Manual, to be eligible for funding. For further details on each requirement, please see IHCD's CDBG & HOME Program Manual. The link and the appropriate chapters are included.

### CDBG AND CDBG-D REQUIREMENTS

- Recipients must comply with all regulatory requirements listed in [24 CFR Part 570](#).
- The homeowner beneficiary must be income eligible. Each household must have an annual income equal to or less than 80% of the area median family income for the target area. The HUD Part 5 definition of income applies. (IHCD [CDBG & HOME Program Manual](#), Income Verification Chapter 8)
- Income verification is valid for a period of six months. If more than six months pass between income verification and contract execution a new income verification must be completed. (IHCD [CDBG & HOME Program Manual](#), Income Verification Chapter 8)
- The homeowner beneficiary must own the property and must occupy the property as a principal residence. (IHCD [CDBG & HOME Program Manual](#), Policy Requirements Chapter 1)



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- If there is a long-term lease agreement on the property, a 99-year lease must be recorded in the county recorder's office of the county in which the property is located prior to award document preparation.
- Ownership does not include life estates and land contracts/contracts for deeds.
- All IHCDAs-assisted units must be inspected twice during the award period. The first inspection, by a licensed, or IHCDAs approved, third party building inspector, will occur at the completion of the documented scope of work and prior to the IHCDAs Inspector's final physical inspection. The final inspection conducted by an IHCDAs inspector must be done following the independent inspection, upon completion of construction on each unit and correction of any findings from the first inspection. (IHCDAs [CDBG & HOME Program Manual](#), Construction Standards & Physical Inspections Chapter 14)
- Provide a minimum of two (2) public hearings, each at a different stage of the process, for the purpose of obtaining citizens' input and responding to proposals and questions. (IHCDAs [CDBG & HOME Program Manual](#), Policy Requirements Chapter 1)
- The match/leverage requirement for both the CDBG and CDBG-D programs is ten percent (10%) of the total amount of CDBG or CDBG-D funds drawn minus administration costs. (IHCDAs [CDBG & HOME Program Manual](#), Policy Requirements Chapter 1)
- All applicants are required to complete the environmental review record (ERR) and submit it, in hardcopy, with application submission as an application Threshold item. The resulting IHCDAs Release of Funds is required before fully executed award documents are released and before proceeding with the project. (IHCDAs [CDBG & HOME Program Manual](#), Environmental Review Chapter 11). For more information, contact the IHCDAs Design and Construction Review Manager.
- Award recipients 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. Additionally, owner-occupied rehabilitation program regulations require that adequate property insurance be maintained throughout the affordability period. (IHCDAs [CDBG & HOME Program Manual](#), Procurement Procedures Chapter 10)
- The recipient must follow competitive procurement procedures when procuring all materials, supplies, equipment, and construction or professional services related to the CDBG award. (IHCDAs [CDBG & HOME Program Manual](#), Procurement Procedures Chapter 10)
- Each recipient of a CDBG 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. (IHCDAs [CDBG & HOME Program Manual](#), Lead Based Paint Chapter 2)
- Each recipient of a CDBG award is subject to the requirements of the Uniform Relocation Act. See the IHCDAs' [CDBG & HOME Program Manual](#) Chapter 4 on URA for guidance on the regulatory requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, the Federal regulations at [49 CFR Part 24](#), and the requirements of [Section 104\(d\) of Title I of the Housing and Community Development Act of 1974, as amended](#).
- Every recipient must demonstrate that it will complete an action to affirmatively further fair housing during the time frame of an award. (IHCDAs [CDBG & HOME Program Manual](#), Fair Housing and Civil Rights Chapter 5.)





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- Recipients receiving \$200,000 or more in construction funding from all CPD programs (i.e. CDBG, HOME, 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. (IHCD [CDBG & HOME Program Manual](#), Section 3 Chapter 7)
- Persons who, as a result of national origin, do not speak English as their primary language and who have limited ability to speak, read, write, or understand English (“limited English proficient persons” 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 (Title VI) and its implementing regulations, the recipient must agree to take reasonable steps to ensure meaningful access to activities funded by federal funds by 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.

### **CDBG-D SPECIFIC REQUIREMENTS**

- Each homeowner beneficiary assisted with CDBG-D funds must execute a Duplication of Benefits Affidavit (“Affidavit”). A copy of this affidavit must be attached to the applicant’s award agreement with IHCD as Appendix A. This Affidavit must be maintained in the applicant’s client files.

### **3.4 Affordability Requirements**

All CDBG and CDBG-D subsidies must be secured throughout the affordability period by a recorded lien and restrictive covenant agreement created by IHCD. The affordability period begins on the date the activity is completed. To be considered completed, the project must be completed, completion and close out documents submitted and approved, final monitoring is completed and, when any findings or concerns are resolved, all of the funds are drawn and/or de-obligated. During the affordability period the home must remain the owner’s principal place of residency. (IHCD [CDBG & HOME Program Manual](#), Lien and Restrictive Covenants & Affordability Requirements Chapter 15)

The following Affordability Periods apply to both CDBG & CDBG-D activities:

Amount of CDBG or CDBG-D subsidy per unit:	Affordability Period
Under \$5,000	1 year
\$5,000.01 - \$10,000	2 years
Over \$10,000.	3 years

- If the homebuyer no longer utilizes the property as its principal residence during the affordability period described above, the amount to be recaptured is a prorated amount of the





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subsidy. The proration shall be based on the length of time the homebuyer has occupied the property as its principal residence in relation to the Affordability Period. However, if the homeowner sells the property to another a low-income family that will use the property as its principal residence throughout the remainder of the affordability period, the homeowner will not be required to repay the funds. The term “low income family” shall mean a family whose gross annual income does not exceed eighty percent (80%) of the median family income for the geographic area published annually by HUD.. The recipient must execute a lien and restrictive covenant prepared by IHEDA. The recipient must use the lien and restrictive covenant agreement contained in the award package for each particular award. **The recipient may not use old liens from previous awards.** The recipient is ultimately responsible for repaying IHEDA any CDBG or CDBG-D funds invested into any unit that does not meet the affordability requirements throughout the Affordability Period. The Affordability Period is based upon the total amount of CDBG or CDBG-D funds invested into the unit as shown in the chart above. (IHEDA CDBG & HOME Program Manual, Lien and Restrictive Covenants & Affordability Requirements Chapter 15).







Part 4: Subsidy Limitations & Eligible Activity Costs

4.1 Subsidy & Budget Limitations

The maximum request amount per application is \$350,000.

CDBG and CDBG-D funds may not exceed \$25,000 per unit for the rehab budget line item.

Combined CDBG and CDBG-D funds budgeted for program delivery, award administration, and environmental review cannot exceed twenty percent (20%) of the CDBG award.

4.2 Eligible Activity Costs

The bolded items listed below are included in the application budget. The requirements set forth in Sections 4.3 – 4.9 apply to both CDBG and CDBG-D funding. If you have a question about which line item an expense goes under, contact your IHEDA Real Estate Production Analyst.

4.3 RETAINAGE POLICY - IHEDA will hold the final \$5,000.00 of an award until the completion reports, match documentation, and closeout documentation has been received and approved. Closeout documentation will not be approved until the final monitoring and final inspection have been completed and all findings and/or concerns associated with them have been resolved.

4.4 REHABILITATION – Eligible costs include:

- Hard costs associated with rehabilitation activities for owner-occupied repairs. Examples of eligible repairs are an inoperable or faulty furnace, leaking roof, unsafe electrical wiring and plumbing, hazardous structural conditions, etc.
• Lead-based paint interim controls and abatement costs.
• Mold remediation.
• Utility connections and related infrastructure costs - off-site connections from the property line to the adjacent street are eligible when it 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.

4.5 PROGRAM DELIVERY - Program delivery costs are those costs that can be directly tracked by address. They include soft costs and client-related costs that are reasonable and necessary for the implementation and completion of the proposed activity. This line item along with administration and environmental review cannot exceed twenty percent (20%) of the CDBG request. Recipients are allowed to draw down this line item as costs are incurred.

Eligible costs include:

- Engineering/Architectural Plans
• Credit reports
• Client in-take / Income verification
• Plans, specifications, work write-ups
• Title Searches
• Impact fees
• Inspections
• Cost estimates
• Building permits
• Recording fees







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- Demolition permits
- Travel to and from the site
- Legal and accounting fees

**4.6 RELOCATION** - This includes relocation payments and other relocation assistance for permanently and/or temporarily relocated individuals, families, businesses, nonprofit 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 IHCD's [CDBG & HOME Program Manual](#).

**4.7 LEAD HAZARD TESTING** – Costs associated with lead hazard testing includes Risk Assessment, Clearance Test, etc. The limits for this line item are \$1,000.00 per unit.

**4.8 ADMINISTRATION** - The administration line item includes those costs directly related to administering the IHCD award and complying with the regulations associated with these funds. This line item along with program delivery and environmental review cannot exceed twenty percent (20%) of the CDBG request and generally is between \$5,000 and \$10,000. Recipients are allowed to draw down this line item as costs are incurred. Costs associated with preparing an application for funding through IHCD are not eligible for reimbursement through a CDBG award.

Eligible costs include:

- Postage
- Office materials and supplies
- Photocopying
- Office rent and utilities
- Travel related to the housing activity
- Communication costs
- Lead based paint training
- Staff time or professional services related to reporting, compliance, monitoring, or financial management
- Training related to the housing activity

**4.9 ENVIRONMENTAL REVIEW** – This line item includes expenses associated with the Environmental Review Release of Funds process. This does not refer to a Phase I Environmental Assessment. Those expenses should be included in the Program Delivery line item. This line item along with program delivery and administration cannot exceed twenty percent (20%) of the CDBG 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 Chapter 11 of the IHCD CDBG & HOME Program Manual or contact the IHCD Design and Construction Review Manager.

**4.10 Ineligible Activity Costs**

- Commercial development costs - CDBG awards cannot be used to underwrite any portion of commercial development costs.
- Replacement Reserves – Funds used to initially capitalize a reserve fund used for major capital repairs to a permanent supportive or rental housing facility. These funds cannot be applied to a CDBG award. These funds can be capitalized either through operating cash flow or through the development budget on the Uses of Funds exhibit.





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- Operating Reserves – Funds used to initially capitalize a reserve fund that covers operating expenses when there are rental income shortfalls over the life of a permanent supportive or rental development. This line item must be included on the Uses of Funds exhibit. These funds cannot be applied to a CDBG award.
- Developer’s Fee – CDBG funds cannot be used to pay developer’s fees.
- Costs associated with preparing an application for funding through IHEDA.
- Purchase or installation of luxury items, such as swimming pools or hot tubs.
- 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 stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners.
- Providing tenant based rental assistance.
- Mortgage default/delinquency correction or avoidance.
- Loan guarantees.
- Annual contributions for operation of public housing.
- Costs associated with any financial audit of the recipient.



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### Part 5: Completeness & Threshold Criteria

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Each proposed project must satisfy the Federal requirements of the CDBG OOR program and any additional requirements established by IHCD. To be considered for funding, an applicant must meet all of the criteria listed below.

#### **5.1 Completeness**

Timeliness – All documentation must be turned in by the application due date.

- i. 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 CDBG and CDBG-D OOR Application Forms.
- ii. If IHCD requests additional information from the applicant, all requests are due on or before the date provided by IHCD staff.

Any forms that are late will be denied review and will be sent back to the applicant.

Responsiveness – All questions must be answered and all supporting documentation must be provided.

- i. The applicant must provide all documentation as requested (i.e. uploaded or hard copies, labeled correctly, etc.)
- ii. Required pages with original signatures.

#### **5.2 Threshold**

All documentation must be issued/dated within six months of the Application deadline. A Threshold checklist can be found in the CDBG and CDBG-D OOR Application forms.

##### 1) Feasibility

- Turn in the CDBG and CDBG-D OOR Application and supporting documents via the FTP site and send one original copy of the signed application forms to IHCD in a complete and timely fashion.
- Completed Environmental Review
  - i) Submit completed Environmental Review forms. Instructions and forms can be found in Chapter 11 of the IHCD Compliance Manual, here: <http://www.in.gov/myihcd/2490.htm>
  - ii) A floodplain determination must be submitted for each parcel.
- Project Narrative – answer questions describing your project found in the Narrative Tab in the application forms.
- Sources and Uses – Complete the following:
  - i) Sources and Uses tab in the application forms.
  - ii) Submit supporting documentation in Tab E, including any:
    - (1) Signed letters of commitment with funding terms and amounts, dated within six months of application due date.
    - (2) Supporting documentation for in-kind donations to demonstrate value.
- Budget – Complete budget tab in the application forms.

##### 2) Eligibility

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- Not for Profit Corporations
  - i) Provide proof the organization is in good standing. Submit a copy of the Certificate of Existence from the Indiana Secretary of State that is no more than six months old.
  - ii) If the proposed project previously received any funding directly from FEMA or the Army Corps of Engineers submit an originally signed Duplication of Benefits from, in the Duplication of Benefits Tab within the application forms.
- 3) Notifications
  - Application Cover Page in application forms - Submit a copy of the System of Award Management (SAM) registration in Tab A. <https://www.sam.gov/portal/SAM/#1>
  - Application Summary Tab in application forms – Turn in Letter from Highest Elected Official in Tab C if a Not for Profit.
  - Application Summary Tab in application forms - If project received funding directly from HUD or Rural Development, the applicant must send a notification letter to the appropriate HUD or Rural Development Office. Provide a copy of the letter along with proof of sending in Tab E.
- 4) Development Requirements
  - All other development funding must be committed prior to submitting an application for HOME funding to IHEDA. Fill out the Sources and Uses tab in the application forms. Submit any required supporting documentation in Tab E.
  - Commit to assist households at or below eighty percent (80%) of the Area Median Income for the County. Answer question 9 in the Application Summary Tab in the application forms.
  - Match Requirement - The match requirement for the CDBG and CDBG-D OOR program is 10% of the total amount of CDBG or CDBG-D OOR funds requested minus administration costs. Match must be committed prior to submitting an application for CDBG OOR funding to IHEDA and to pass threshold review. Provide the following:
    - i) Turn in the Match Spreadsheet in Tab E.
    - ii) Fill out Leverage tab in application forms.
    - iii) Submit supporting documentation in Tab E.



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**Part 6 : Scoring**

If an application meets all applicable requirements, it will be evaluated and scored based on:

Scoring Category	Points Possible
Project Characteristics	43
Readiness	10
Capacity	30
Financing	10
Completeness Bonus	5
<b>Total Possible Points</b>	<b>98</b>

When there is a scoring criteria based on the county being served and there are multiple counties, the applicant should add up the scores from each county and average them, rounding to the nearest whole number.

**6.1 Project Characteristics** **Category Maximum Points Possible: 43**

There are 43 total possible points for this scoring category, which describes the proposed OOR project. The points can be achieved through the following sub-categories: Constituency Served, Targeted Population, Comprehensive Community Development, and Services.

1) *Constituency Served* *Maximum Number of Points: 8*

If the development commits to serving beneficiaries in IHEDA-assisted units with maximum incomes lower than required by the CDBG and CDBG-D program and maintains housing costs at affordable rates, points will be awarded in accordance with the following chart. Percentages are of the area median income (AMI) for the county in which the development is to be located. There is a maximum of eight points in this category, and therefore points cannot be combined by serving different AMI levels. In order to get maximum points for a percentage of population served, the project needs to commit to the percentages listed in the chart below at the designated AMI levels. Awarded recipients will be held to the unit commitment in their award agreement. Changes to the AMI levels will require prior IHEDA approval.

Constituency Served	Points
20% of Population served at or below 30% AMI	8
30% of Population served at or below 40% AMI	6
40% of Population served at or below 50% AMI	4

2) *Targeted Populations* *Maximum Number of Points: 10*

Points will be awarded to applicants that target populations with special housing needs in accordance with the following charts. A project may address only one targeted population in one OOR project and therefore may receive a maximum of ten points in this category. Details of the target populations can be found within this section. Specific definitions can be found in the Glossary.



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Target Population: Aging in Place	Points
50% - 100% of Population served 55 and Older and/or Disabled	10
Below 50% of Population served 55 and Older and/or Disabled	0

Aging in Place (AIP) refers to making our living environment safe and adaptable so that everyone can remain independent and continue to thrive in their homes and community even as circumstances change. Therefore AIP not only refers to elderly persons but also to persons with physical and mental disabilities.

In order to receive points for AIP, OOR projects must satisfy the following criteria:

- Households will qualify for the AIP target population if there is at least one elderly person living in the home or if there is at least one physically or mentally disabled person living in the home.
- The modifications made to the home with IHEDA OOR funding must be for accessibility, livability, and visitability.

Target Population: Families with Children	Points
50% - 100% of Population served is Families with Children	10
Below 50% of Population served is Families with Children	0

- 3) *Comprehensive Community Development* *Maximum Number of Points: 13*  
 Projects with a Comprehensive Community Development focus are a part of a broader, more complete approach to area improvement. These projects have the capability of contributing to fundamental change within the targeted area. Points will be awarded to applicants whose projects contribute to the revitalization of existing areas.

In order to score points in this category, applicants will submit a Comprehensive Community Development Plan. Specific points will be awarded based on the chart below. Note that if a plan does not meet the first two requirements, Role of Housing and Implementation Date, then the plan will not qualify for any points in this category.



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	1 Point	2 Points	3 Points	Required Documentation
<b>Role of Housing *</b>	<ul style="list-style-type: none"> <li>Plan makes reference to Housing as a goal</li> </ul>	<ul style="list-style-type: none"> <li>Plan makes reference to Housing as a goal</li> <li>Plan Specifically makes reference to the creation or need for affordable housing or the IHEDA CDBG OOR program</li> </ul>	<ul style="list-style-type: none"> <li>Plan makes reference to Housing as a goal</li> <li>Plan Specifically makes reference to the creation or need for affordable housing or the IHEDA CDBG OOR program</li> <li>Plan provides evidence as to how the project is part of a larger revitalization effort</li> </ul>	<p>Page numbers of the plan making reference to:</p> <ul style="list-style-type: none"> <li>Role of Housing</li> <li>Reference to the creation or need for affordable housing or IHEDA CDBG OOR program</li> <li>Part of a larger revitalization effort</li> <li>Narrative about efforts leading to the creation of the plan</li> </ul>
<b>Implementation Date *</b>	Plan was created/adopted between 9 -15 years ago	Plan was created/adopted between 4 - 8 years ago	Plan was created/adopted between 0 - 3 years ago	<p>Submit electronic copy of entire completed plan with date of creation or adoption</p> <ul style="list-style-type: none"> <li>Include page number of date of plan and/or adoption documentation</li> </ul>
<b>Target Area</b>	Project targets a region or county, the region or county is referenced in the plan	Project targets a city or town, the city or town is referenced in the plan	Project targets a neighborhood or specific area, the neighborhood or specific area is referenced in the plan	<p>-Submit a scaled map of the target area that includes the project area and clearly labeled boundaries and specific site(s) with a map key labeling the site address(es). Attach in Tab F.</p>



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<p><b>Plan Components</b></p>	<p>Plan includes only one of the below components:</p> <ul style="list-style-type: none"> <li>• Implementation measures along with specific, current, and ongoing time frames for achievement</li> <li>• An evaluation of current area conditions</li> <li>• Public/community participation and narrative about efforts leading to the creation of the plan</li> </ul>	<p>Plan includes two of the below components:</p> <ul style="list-style-type: none"> <li>• Implementation measures along with specific, current, and ongoing time frames for achievement</li> <li>• An evaluation of current area conditions</li> <li>• Public/community participation and narrative about efforts leading to the creation of the plan</li> </ul>	<p>Plan includes all of the below components:</p> <ul style="list-style-type: none"> <li>• Implementation measures along with specific, current, and ongoing time frames for achievement</li> <li>• An evaluation of current area conditions</li> <li>• Public/community participation and narrative about efforts leading to the creation of the plan</li> </ul>	<p>Page numbers of the plan making reference to:</p> <ul style="list-style-type: none"> <li>• Implementation measures</li> <li>• Current area conditions</li> <li>• Public participation</li> <li>• Narrative about efforts leading to the creation of the plan</li> </ul>
<p><b>Adoption of the Plan</b></p>	<p>Plan has been adopted by the highest Local Unit of Government</p>			<p>Submit a copy of the resolution by the Local Unit of government adopting the plan. Attach in Tab F</p>

\*The comprehensive plan must score in the “Role of Housing” and the “Implementation Date” categories in order to be considered for subsequent point categories.

In order to receive points under the Comprehensive Community Development scoring sub-category, *the applicant must submit the following in Tab F:*

- An explanation of how this project is part of a larger revitalization effort should be provided within the Project Narrative section of the application. The applicant should include information regarding the targeted scope, a plan for the revitalization efforts, revitalization efforts already completed or underway, local support for this and other projects in the target area, funding commitments, what the intended impact is and how this impact will be measured, etc.
- All other required documentation that must be submitted in order to receive points in this category is indicated in red font in the chart directly above. Page numbers in the application are required in order to receive points.
- Target Area- Submit a scaled map that includes the project area boundaries and the specific site(s) with a map key labeling the site address(es). Clearly label the boundaries and indicate the size of the target area. Attach in Tab F.
- Evidence of Adoption- Submit a copy of the resolution by the Local Unit of government adopting the plan. Attach in Tab F.





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The following will not be considered for points as eligible plans for this category: short-term work plans, consolidated plans, municipal zoning plans, or land use plans, plans that are older than fifteen years old and plans that do not reflect the current target area conditions.

- 4) *Services* *Maximum Number of Points: 12*  
 Points will be awarded to applicants whose projects contribute to the overall quality of life for the beneficiaries of the proposed OOR project. Points will be awarded based on the chart below.

Level of Services	Points Possible
Level 1 Services: Up to three services at one point each.	3
Level 2 Services: Up to three services at two points each.	6
Level 3 Services: Up to four services at three points each.	12

In order to receive points for this scoring category, the applicant must submit in Tab G:

- **One** Form A: Homeowner Investment Plan Matrix listing all services for the entire proposed OOR program (found at the end of this Application Package);
- Form B: Homeowner Investment Plan Matrix for **each** service provider with original or a copy of originals/signatures (found at the end of this Application Package);

**6.2 Readiness** **Category Maximum Points Possible: 10**

This category describes the applicant’s ability to begin and timely execute an awarded project.

- 1) *Client Intake* *Maximum Number of Points: 10*  
 Points will be awarded to applicants that have already begun the client intake process, according to the chart below. Client intake means that potential clients have been identified, are interested in participating in the OOR program, and are income verified.

% of Assisted Units	Points
25 - 50% of the units	6
51 - 75% of the units	8
76 - 100% of the units	10

*In order to receive points in this category, the applicant must submit:*

- *Form D: Client Intake List in Tab H.*

**6.3 Capacity** **Category Maximum Points Possible: 30**

This category evaluates the applicant’s ability to successfully carry out the proposed OOR project based on trainings, certifications and/or experience in housing or community development. .



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1) *Trainings and Certifications*

*Maximum Number of Points: 10*

Points will be awarded for a member of the development team, applicant, sub-recipient or administrator staff who has completed a housing or community development related training an Owner Occupied Repair related training and/or a related certification. Five points will be awarded for the Current CDBG Grant Administration Certification, the HOME & CDBG Certification training, the Certified Aging-in-Place Specialist Certification and the Home Sweet Home: Modifications for Aging in Place certification. Two and a half points will be awarded for all other certifications. One point will be awarded for a housing or community development related training and two points will be awarded for all trainings that focus specifically on Owner Occupied Repair.

- Please consult the list below for applicable trainings and certifications. If you do not see a training or certification you have received on the list that you believe would be relevant, please consult with your Analyst.
- Points will be awarded for all individuals that make up the development team, applicant, sub-recipient, or administrator staff who have completed the appropriate trainings and certifications, even if multiple people have received the same training/certification.
- **Required** IHEDA Compliance Trainings, IHEDA Application/policy webinars, IHEDA application/policy trainings and/or IHEDA feedback sessions do not count for points in this category.

Attach copies of the training and/or certification completion documentation or confirmation of attendance in Tab I.

<b>Trainings:</b>	
Housing or Community Development Related Training	1 point for each training
Owner Occupied Repair specific training	2 points for each training
<b>Certifications:</b>	
Project Development Training	2.5 points; Indiana Association for Economic Development (IACED)
Housing Development Finance Professional	2.5 points; National Development Council (NDC)
Community and Neighborhood Revitalization Certificate	2.5 points; NeighborWorks America
Bank of America Neighborhood Builder® Leadership Program	2.5 points; The Center for Leadership Innovation
Certified Aging-in-Place Specialist	5 points; National Association of Home Builders (NAHB)
Home Sweet Home: Modifications for Aging in	5 points; University of Indianapolis/Indiana



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Place	Housing and Community Development Authority
Current CDBG Grant Administration Certification	5 points; Office of Community and Rural Affairs, State of Indiana
Certified Green Professional	2.5 points; National Association of Home Builders (NAHB)
LEED Professional	2.5 points; U.S. Green Building Council (USGBC)
HOME & CDBG Certification Training	5 points; Indiana Housing and Community Development Authority (IHCDA)

2) *Experience*

*Maximum Number of Points: 5*

Three (3) points will be awarded if the applicant has successful experience administering an IHCDA OOR award in the past five years or if the applicant has five or more years in the housing or community development industry. In order to qualify for points, the awards must be closed out. Please list the award number(s) in the application forms.

Experience	Points
Applicant with experience administering an IHCDA OOR award in the past five (5) years with no findings upon monitoring. <b>OR</b> Applicant has five (5) or more years of experience in the housing or community development industry.	3 points

One (1) point will be awarded for each member of the sub-recipient or administrator staff with successful experience in administering an IHCDA OOR award in the past five years or if a member of the sub-recipient or administrator staff has five or more years in the housing or community development industry. In order to qualify for points, the awards must be closed out. Please list the award number(s) in the application forms. Up to two (2) total points possible.

Experience	Points
Sub-recipient or administrator staff member with experience administering an IHCDA OOR award in the past five (5) years with no findings upon monitoring. <b>OR</b> Sub-recipient or administrator staff has five (5) or more years of experience in the housing or community development industry.	1 point for each sub-recipient or administrator staff member, up to 2 points total



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- 3) *Overall IHEDA Award Performance of the Applicant*      *Maximum Number of Points: 10*  
 Points will be awarded to an applicant where the applicant has not had any monitoring findings for all IHEDA awards in the past three years. This includes any closed and current IHEDA awards. Please list the IHEDA award number(s) in the application forms. Current is defined as an award that is completed and monitored but not yet closed out.

Description of Overall Award Performance	Points
Most recent (closed or current) IHEDA OOR award had no findings and no concerns. Award must be from within the last three (3) years.	10
Most recent (closed or current) IHEDA OOR award had no findings, but concerns were noted. Award must be from within the last three (3) years.	8
Most recent (closed or current) IHEDA OOR award had only one finding. Award must be from within the last three (3) years.  <p style="text-align: center;"><b>OR</b></p> No IHEDA OOR experience, but previous IHEDA award (different activity) had no findings and no concerns. Award must be from within the last three (3) years.	6
No IHEDA OOR experience; previous IHEDA award (different activity) had no findings, but concerns were noted. Award must be from within the last three (3) years.	4
No IHEDA OOR experience; previous IHEDA award (different activity) had only one finding. Award must be from within the last three (3) years.	2
Does not meet any category above. Examples: <ul style="list-style-type: none"> <li>• More than one finding on previous award.</li> <li>• No award from within the last three (3) years.</li> <li>• No previous experience with IHEDA.</li> </ul>	0



**2015 CDBG AND CDBG-D OOR APPLICATION POLICY**

- 4) *Timely Expenditure of Funds* *Maximum Number of Points: 5*  
 Points will be awarded to an applicant that has expended their most recent award funds by the award expiration date without requesting award extensions.

The award must be an IHEDA HOME or an IHEDA CDBG award that is either closed or a current award in the monitoring phase. The award must be from within the past three (3) years. Current is defined as an award that is completed and monitored but not yet closed out. List the award number in the application form.

Award Length	Points
Most recent IHEDA HOME or IHEDA CDBG award completed by the award expiration date. Awards must be from within the last three years. Awards must be closed or a current award in the monitoring phase.	5 points

**6.4 Financing**

**Category Maximum Points Possible: 10**

- 1) *Public Participation* *Maximum Number of Points: 5*  
 Points will be awarded to applicants whose proposed project has received a firm commitment of other public funds. A “firm commitment” means that the funding does not require any further approvals. “Public funds” include federal, state, or local government funds. This can include funds awarded from other federal or state agencies, the Federal Home Loan Bank, or waivers resulting in quantifiable cost savings that are not required by federal or state law.

- Banked shared match is excluded from this category.

Points will be awarded based on the Amount of Public Participation Funding/Total Project Costs:

% of Total Development Cost	Point(s)
.50% to .99%	1
1.00% to 1.99%	2
2.00% to 2.99%	3
3.00% to 3.99%	3.5
4.00% to 4.99%	4
Greater than 5.00%	5

In order to qualify for points in this category the applicant must submit in Tab E a letter from the appropriate authorized official approving the funds. The letter must include (a) a description of the type of approved funding for the proposed project and (b) the amount of funding.



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2) *Leveraging of Other Sources*

*Maximum Number of Points: 5*

Points will be awarded to applicants whose proposed project has received a firm commitment to leverage other funding sources. A “firm commitment” means that the funding does not require any further approvals. “Other funding sources” include (but are not limited to) private funding, funds from a local community foundation, donations, etc.

- Banked shared match is excluded from this category.

Points will be awarded based on the amount of Other Funding Sources Leveraged/Total Project Costs:

% of Sources	Point(s)
.50% to .99%	1
1.00% to 1.99%	2
2.00% to 2.99%	3
3.00% to 3.99%	3.5
4.00% to 4.99%	4
Greater than 5.00%	5

In order to qualify for points in this category the applicant must submit in Tab E a letter from the appropriate authorized official approving the funds. The letter must include (a) a description of the type of approved funding for the proposed project and (b) the amount of funding.

**Bonus**

**Category Maximum Points Possible: 5**

The applicant will receive 5 bonus points for answering all questions and turning in all required threshold and scoring documentation. Threshold documentation includes all scoring support documentation.



## 2015 CDBG AND CDBG-D OOR APPLICATION POLICY

### Glossary of Terms

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Below are definitions for commonly used terminology found throughout the CDBG and CDBG-D OOR Application policy and forms and applicable to the OOR program.

*Administrator:* A procured entity that will assist carrying out the OOR program.

*Area Agency on Aging:* Area Agencies on Aging (AAAs) deliver services to older adults and people with disabilities of any age and their caregivers. They provide Information about resources and service providers, assess needs for service, make referrals to case managers, link to services, monitor consumer satisfaction and adjust services to meet changing needs. Learn more on their association website at [www.iaaa.org](http://www.iaaa.org)

*Aging in Place:* Making a living environment safe and adaptable so that everyone can remain independent and continue to thrive in their homes and community even as circumstances change.

*Beneficiary:* The household or unit that received homeowner repair work as a result of the OOR grant.

*CAPS:* Certified Aging in Place Specialist (CAPS) is a certification offered by the National Association of Home Builders (NAHB). As defined by the NAHB: The CAPS designation program teaches the technical, business management, and customer service skills essential to competing in the fastest growing segment of the residential remodeling industry: home modifications for the aging-in-place. More information is available on NAHB's website at [www.nahb.org](http://www.nahb.org).

*CDBG:* The Community Development Block Grant (CDBG) program is a federally funded program that provides states and communities with resources to address a wide range of unique community development needs. The CDBG program provides annual grants on a formula basis to 1209 general units of local government and States. The Indiana Housing and Community Development Authority (IHCD) is a State Administered CDBG program. The IHCD allocates awards in the form of grants to Local Units of Government that carry out CDBG OOR projects.

*Children:* Children are defined as those persons ages 18 years of age or younger. The child must reside in the home that will benefit from the OOR program.

*Comprehensive Community Development:* Every community strives to be a place where people choose to live, work, and play. Comprehensive development means that a community's potential lies in the identification and creation of a shared vision, planned by local leadership, and carried out by an array of partners. When successful, it yields results beyond what can be achieved by individual organizations or disparate programs because of the unique synergy they generate. A thriving community is a community with job opportunities, strong schools, safe neighborhoods, a full range of housing choices, and a vibrant culture. Comprehensive development marshals resources and deploys coordinated strategies in a concentrated area to create opportunities for others in the community to take prudent risks and reap the rewards. The demolition of blighted structures, the rehabilitation of long-vacant housing and the



## 2015 CDBG AND CDBG-D OOR APPLICATION POLICY

creation of new community amenities and retail opportunities serve as a tipping point for future development through market forces.

*Disabled:* The Fair Housing Act defines disability as a person who has/is:

- A physical or mental impairment which substantially limits one or more of such person's major life activities; or
- A record of having such an impairment; or
- Is regarded as having such an impairment, but such term does not include current, illegal use of or addiction to a controlled substance (as defined in section 102 of the Controlled Substances Act).

*Elderly:* A person 55 years of age or older. This target population category also includes families with a person living in their home that is 55 years of age or older and modifications to the home are needed so this person may age in place in the home benefitting from the OOR program with the family.

*Energize Indiana:* Energizing Indiana is a united effort by the Indiana Office of Utility Consumer Counselor (OUCC), participating utilities, and consumer organizations to offer comprehensive energy efficiency programs that bring savings to communities across the state. With programs for homes, schools, businesses and commercial facilities, Energizing Indiana provides the education and tools you need to improve efficiency and conserve energy. Learn more about this effort on their website at [www.energizingindiana.com](http://www.energizingindiana.com)

*Entitlement Community:* The CDBG entitlement program allocates annual grants to larger cities and urban counties to develop viable communities by providing decent housing, a suitable living environment, and opportunities to expand economic opportunities, principally for low- and moderate-income persons.

*IHCDA:* Indiana Housing and Community Development Authority

*Income Limits:* Maximum incomes as published by HUD for projects giving the maximum Income Limits per unit for beneficiary (30%, 40%, 50%, 60% and 80% of median) units.

*Inspection:* A scheduled visit made by an Inspector to the households units that received IHCDA CDBG OOR grant dollars. All IHCDA-assisted households/units that have received CDBG and CDBG-D must be inspected twice during the award period. The first inspection will occur at the completion of the documented scope of work and prior to the IHCDA Inspector's final physical inspection. The second inspection will be conducted upon completion of the construction for the award. The IHCDA Inspector will conduct the physical inspections.

*Leverage:* Ten percent (10%) minimum contribution to the Community Development Block Grant program. Refer to the [CDBG and HOME Program Manual](#) for a list of eligible and ineligible sources of leverage. The leverage requirement is based on a percentage of the award amount less administration and environmental review costs.



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*Median Income:* A determination made through statistical methods establishing a middle point for determining Income Limits. Median is the amount that divides the distribution into two equal groups, one group having income above the median and one group having income below the median.

*MOU:* A Memorandum of Understanding (MOU) is a [document](#) describing a [bilateral](#) or [multilateral](#) agreement between two or more parties.

*Narrative:* A written description by the applicant that describes the application question and generally supports the need of the project.

*OOR:* Owner-Occupied Rehabilitation

*Project:* The CDBG OOR activity proposed in the application.



## Part 1: Application Process

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### 1.1 Overview

The purpose of this application is to provide subsidies in the form of grants and loans to selected applicants for the acquisition, rehabilitation and/or new construction of rental housing for low and moderate-income people. Through this program, IHCD seeks to improve the quality of existing housing stock in Indiana.

This program is designed to allocate HOME Investment Partnership Program (HOME) funds to be used for the rehabilitation and/or new construction of single family homes or rental housing among selected applicants having projects that meet the requirements of the program and IHCD's goals for the program.

1. Demonstrate they are meeting the needs of their specific community.
2. Attempt to reach low and very low-income levels of area median income.
3. Are ready to proceed with the activity upon receipt of the award.
4. Propose to revitalize existing neighborhoods, preferably through a comprehensive approach (i.e. as part of a published and approved community revitalization plan).
5. Propose projects that promote aging-in-place strategies for seniors, persons with disabilities, and families with seniors or persons with disabilities.
6. Propose projects that are energy-efficient and are of the highest quality attainable within a reasonable cost structure.
7. Propose the use of state certified Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Federal Disadvantaged Business Enterprise (DBE) Participation, Veteran-Owned Small Business (VOSB), and/or Service Disabled Veteran Owned Small Business (SDVOSB) contractors, employees, and products when applicants are planning and undertaking their housing activities.

### 1.2 Funding Round Timeline

Note: This is an anticipated schedule and is subject to change or extension.

Application Available / Round Begins	March 6, 2015
Application Webinar	April 2015
Application Due Date	June 5, 2015
Award Announcements	August 27, 2015

### 1.3 Application Webinar

An application webinar will be conducted prior to the application deadline. During the webinar, the IHCD Real Estate Production Department staff will describe the requirements of the HOME program, threshold and scoring criteria, how to complete the required forms and how to utilize the FTP site. Local Units of Government and Not-for-Profit entities intending to apply are *strongly encouraged* to attend.

### 1.4 Technical Assistance

The applicant may, but is not required, to schedule a technical assistance meeting with its regional IHCD Real Estate Production Analyst to discuss both the proposed project and IHCD's application process. Applicants are urged to contact their Real Estate Production Analyst early in the planning process to obtain guidance and technical assistance.





### **1.5 Application Submission**

The applicant must submit the following items to IHCDA's Real Estate Department Coordinator:

- Via FTP site:
  - One completed copy of the HOME application forms.
  - All supporting documents required in the tabs. Please submit this information as separate, labeled PDF documents under the required labeled tabs. Do not send one PDF containing all of the supporting documentation.
- Via hard copy:
  - One completed copy of the final application forms with original signatures.

All required application items are due no later than 5:00 p.m. Eastern Standard time on or before the due date. Applications received after the deadline will be returned to the applicant via certified mail. Faxed applications will not be accepted.

Instructions on how to utilize the FTP site will be explained during the Application Webinar. The hard copy of the final application forms should be sent to:

Indiana Housing and Community Development Authority  
ATTN: Real Estate Department Coordinator  
RE: HOME Application  
30 South Meridian Street, Suite 1000  
Indianapolis, IN 46204

All applicants must retain a copy of this application package. Applicants that receive funding will be bound by the information contained herein.

IHCDA will send an email confirmation to the applicant contact within one week of submission notifying the applicant that the application was received by IHCDA. Please notify Dani Miller at [danmiller@ihcda.in.gov](mailto:danmiller@ihcda.in.gov) if the applicant would like to add an additional contact person for communications regarding its application.

### **Application Review**

Each application must address only one project. Applications are reviewed in a three-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. After initial threshold review, IHDCDA staff may contact an applicant to request clarification of threshold information contained in the pending application. The applicant will have the opportunity to respond on or before the due date provided by IHCDA. If the applicant does not respond to the threshold clarification letter and therefore threshold item(s) are still in question, the application will be disqualified. Applications may have no more than three outstanding clarifications after the second review or the application |





will be disqualified. Points will be awarded to those applications where no clarifications are required.

### Step Three - Scoring

Applications that pass the completeness and threshold reviews are then scored according to IHCD's published scoring criteria. After initial score review, IHCD staff may contact the applicant for further clarification of a scoring item. Failure to respond to the requested scoring clarification items by the due date and in the manner requested may result in application denial. Supporting documentation for scoring categories will not have the opportunity to be submitted after the initial application submission.

Funded applications will be announced at the published IHCD Board Meeting date. Confirmation letters and score sheets will be uploaded to the FTP site by the close of business on the day of the Board Meeting. Applications that are not funded will be notified by IHCD via a denial letter and score sheets being uploaded to the FTP site by the close of business on the day of the Board Meeting. Applications not funded will not be rolled over into the next funding round.

Rental and homebuyer developments will compete in the same round but will complete separate applications. For purposes of funding, projects will be considered under a rental or homebuyer set-aside. The amount available for each activity has been prescribed in IHCD's Consolidated Plan.

#### **1.6 Minimum Score Requirement**

An application must score at least 75 points to be considered for funding.

#### **1.7 CDBG & HOME Award Compliance Manual**

The IHCD CDBG & HOME Program Award Compliance Manual (the "Compliance Manual") outlines the requirements for administering IHCD's HOME awards. In addition, recipients of funding for rental projects should also refer to the *Federal Programs Ongoing Rental Compliance Manual* for information about compliance during the affordability period. Complete copies of both compliance manuals are available on IHCD's [HOME program webpage](#).

#### **1.8 Award Compliance Trainings**

In an effort to continuously improve the capacity of our partners carrying out the HOME program, IHCD will require HOME recipients to attend a series of free HOME technical assistance trainings during the 24-month HOME award period. The trainings will be conducted by a third-party and will explain the various aspects of the regulatory requirements for administering the award. In addition, IHCD staff will be available to provide one-on-one award trainings upon request.





**Part 2: Eligible Applicants**

**2.1 Eligible Applicants**

HOME Investment Partnerships Program (HOME)	Cities, Town, and Counties (Non-HOME Participating Jurisdiction)	Community Housing Development Organizations (CHDO)	501(c)3 and 501(c)4 Not-for-Profit Organizations and PHAs	Joint Venture Partnerships	For Profit Entities organized under the State of Indiana
Rental Housing Rehabilitation	✓	✓	✓	✓	Not eligible
Acquisition and Rental Housing Rehabilitation	✓	✓	✓	✓	Not eligible
Rental Housing New Construction	✓	✓	✓	✓	Not eligible

Eligible applicants include cities, towns, or counties that are located within Indiana but outside of the following participating jurisdictions. Applications from, or housing activities located within, the following participating jurisdictions are NOT eligible for HOME funds:

- Anderson
- Bloomington
- East Chicago
- Evansville
- Fort Wayne
- Gary
- Hammond
- Indianapolis\*
- Lake County
- Lafayette Consortium\*\*
- Muncie
- South Bend Consortium\*\*\*
- Terre Haute

\*Excluding the Marion County Cities of Beech Grove, Lawrence, Speedway, and Southport. The Town of Cumberland is excluded when the housing activity is outside of Marion County.

\*\*Lafayette Consortium is made up of the Cities of Lafayette and West Lafayette and the unincorporated areas of Tippecanoe County. Other incorporated areas are eligible to receive assistance.

\*\*\*South Bend Consortium is made up of the Cities of South Bend and Mishawaka and the unincorporated areas of St. Joseph County. Other incorporated areas are eligible to receive assistance.

**2.2 Ineligible Applicants**

Per 24 CFR 92.214 (a)(4) HOME funds may not be invested in public housing projects.

IHCDA reserves the right to disqualify from funding any application that has either an applicant, sub-recipient, administrator, preparer or related parties of any of the aforementioned has a history of disregarding the policies, procedures, or staff directives associated with administering any program administered by IHCDA or programs administered by any other State, Federal, or affordable housing entities, including but not limited to the Indiana Office of Community and Rural Affairs, the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture - Rural Development, or the Federal Home Loan Bank.





Additionally, any entity currently on IHCDAs suspension or debarment list is ineligible to submit an application. IHCDAs Suspension and Debarment Policy can be found in the Compliance Manual Chapter 17.

### **2.3 Religious and Faith-Based Organizations**

- *Equal treatment of program participants and program beneficiaries.* (1) *Program participants.* Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in HOME program. Neither the Federal Government nor a State or local government receiving funds under the HOME 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 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 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 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 program supported by HUD 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 program-funded religious congregation uses as its principal place of worship, however, are ineligible for HOME 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 Program Requirements

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### 3.1 Eligible Activities

This program is intended to have a long-term impact on the availability and quality of the affordable housing stock in Indiana. The program is intended for the rehabilitation and/or new construction of rental housing. Acquisition only is not an eligible activity; however acquisition in conjunction with another activity is permitted.

- Rehabilitation, new construction and acquisition/rehabilitation or acquisition/new construction of rental housing in the form of traditional apartments, single room occupancy units (SROs) or single family housing.
  - SRO housing consists of single room dwelling units that are the primary residence of the occupant(s). If the activity consists of new construction, conversion of non-residential space, or reconstruction, then SRO units must contain both food prep and sanitary facilities). For activities involving acquisition or rehabilitation of an existing residential structure, neither kitchen nor bathroom facilities are required to be in each unit. However, if individual units do not contain bathroom facilities, the building must contain bathroom facilities that are shared by tenants. SRO housing does not include facilities for students.
- If HOME funds are used for acquisition of vacant land or demolition in conjunction with another activity, then construction must commence within twelve (12) months of the demolition or acquisition.
- Manufactured homes are eligible if they meet IHCD's Manufactured Housing Policy 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 and which also complies with the following specifications:
    - Shall have been constructed after January 1, 1981, and must exceed nine hundred fifty (950) square feet of occupied space per I.C. 36-7-4-1106 (d);
    - 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;
    - Has wheels, axles and towing chassis removed;
    - Has a pitched roof;
    - Consists of two (2) or more sections which, when joined, have a minimum dimension of 20' X 47.5' enclosing occupied space; and
    - Is located on land held by the beneficiary in fee-simple title or 99-year leasehold and is the principal residence of the beneficiary.
    - All other manufactured or mobile homes that do not meet the aforementioned criteria are ineligible to receive rehabilitation assistance funded by IHCD.







### **3.2 Ineligible Activities**

Eligible housing activities **do not** include:

- Per 24 CFR 92.214 (a)(4) HOME funds may not be invested in public housing projects.
- Performing owner-occupied rehabilitation;
- Permanent Supportive Housing projects except for proposed projects that have successfully completed the Indiana Permanent Supportive Housing Institute. Permanent Supportive Housing projects will also be funded through the Rental Housing Tax Credit (RHTC) program.
- Group homes;
- Creation of secondary housing attached to a primary unit;
- Acquisition, rehabilitation, or construction of nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, or student dormitories;
- 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 one hundred (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 (also called the Qualified Allocation Plan);
- Any housing activity funded under Title VI of NAHA, prepayment of mortgages insured under the National Housing Act, public housing developments, 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;
- Acquisition, rehabilitation or construction of transitional housing or emergency shelters that are designed to provide temporary daytime and/or overnight accommodations for homeless persons;
- Payment of HOME loan servicing fees or loan origination costs;
- Tenant-based rental assistance;
- Payment of back taxes.

IHCDA **does not** fund:

- Requests from individuals, political, social, or fraternal organizations;
- Endowments, special events, arts, or international projects;
- Scholarships requested by individuals;
- Institutions that discriminate on the basis of race, color, national origin, sex, religion, familial status, disability, sexual orientation, gender identity, or against victims of domestic violence, dating violence, sexual assault, or stalking in policy or in practice;
- Projects in furtherance of sectarian religious activities, impermissible lobbying, legislative or political activities;
- Medical research or medical profit-making enterprises.

### **3.3 HOME Program Requirements**

The proposed HOME project must follow these minimum requirements, and all other requirements laid forth in the Compliance Manual, to be eligible for funding. For further details on each requirement, please see IHCDA's Compliance Manual. The link and the appropriate chapter are included.





- Recipients must comply with all regulatory requirements listed in 24 CFR Part 92.
- Rental housing developments must assist households at or below sixty percent (60%) of the Area Median Income for the County, as published by HUD and distributed by IHCDA. Additionally, those developments with five (5) or more HOME-assisted units must set-aside at least twenty percent (20%) of the units for households at or below fifty percent (50%) of the Area Median Income. Households must also meet the definition of “low-income families” at 24 CFR 92.2 which limits occupancy based on certain student status rules (see Chapter 1 in the IHCDA [Compliance Manual](#)).
- An income verification is valid for a period of six (6) months. If more than six (6) months pass between income verification and contract execution/lease execution/purchase agreement, then a new income verification must be completed. All income verification procedures outlined in the IHCDA [Compliance Manual](#), Income Verification Chapter 8 must be followed.
- All IHCDA-assisted units must be inspected twice during the award period. The first inspection will occur at the completion of the documented scope of work and prior to the IHCDA Inspector’s final physical inspection. The second inspection will be conducted upon completion of the construction for the award. The IHCDA Inspector will conduct the physical inspections. (IHCDA [Compliance Manual](#), Construction Standards & Physical Inspections Chapter 14)
- The match requirement for the HOME program is 25% of the total amount of HOME funds requested except HOME funds used for administrative and planning costs (pursuant to §92.207); CHDO operating expenses (pursuant to §92.208); capacity building (pursuant to §92.300(b)) of CHDOs; and predevelopment or seed money loans to CHDOs (pursuant to §92.301) when IHCDA waives repayment under the provisions of §92.301(a)(3) or §92.301(b)(3) . (IHCDA [Compliance Manual](#), Policy Requirements Chapter 1 and Chapter 12, Funds Management)
- To help facilitate timely expenditure of HOME funds, all applicants are required to submit the Environmental Review Record (ERR) and Section 106 Review at the time of application. If awarded HOME funds, the HOME recipient must receive an IHCDA Release of Funds before the fully executed award documents are released and any funds are drawn. (IHCDA [Compliance Manual](#), Environmental Review Chapter 11). For more information, contact the IHCDA Design and Construction Review Manager.
  - Applicants may not purchase any property to be assisted with HOME funds, sign contracts or begin rehab/construction until the ERR/Release of Funds process has been completed and approved.
- Each recipient of a HOME 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. (IHCDA [Compliance Manual](#), Procurement Procedures Chapter 10)
- Each recipient of a HOME 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 twelve (12) or more HOME-assisted units; and
  - Affordable housing containing twelve (12) or more units assisted with HOME funding regardless of whether HOME funding is used for construction or non-construction activities.
  - Such properties may be one (1) building or multiple buildings owned and operated as a single development.





- Public Housing Authorities (PHA's) using PHA funds in conjunction with IHCD funds are subject to Davis Bacon requirements.
- Each recipient of a HOME award must follow competitive procurement procedures when procuring all materials, supplies, equipment, and construction or professional services related to the HOME award. (IHCD [Compliance Manual](#), Procurement Procedures Chapter 10)
- Applicants that are proposing to develop rental housing must register vacancies for assisted housing in the IndianaHousingNow.org affordable housing database.
- Each recipient of a HOME award is subject to the HUD requirements of addressing lead-based paint hazards pursuant to 24 CFR Part 35. If a risk assessment is required, then all lead-based paint issues must be addressed. (IHCD [Compliance Manual](#), Lead Based Paint Chapter 2)
- Each recipient of a HOME award is subject to the requirements of the Uniform Relocation Act. See the IHCD's [Compliance Manual](#) Chapter 4 on URA for guidance on the regulatory requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, the Federal regulations at 49 CFR Part 24, and the requirements of Section 104(d) of Title I of the Housing and Community Development Act of 1974, as amended.
- 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 which implement the Federal Fair Housing Act Amendments of 1988 (42 U.S.C. 3601-3619). See the IHCD [Compliance Manual](#) Chapter 3 for guidance on the regulatory requirements of Section 504 Accessibility Standards.
- Units must, at a minimum, meet the stricter of the local rehabilitation standards or the Indiana State Building Code.
- Any units utilizing gas appliances must provide carbon monoxide detectors in addition to standard smoke detectors.
- Recipients receiving \$200,000 or more in construction funding from all CPD programs (i.e. CDBG, HOME, 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. (IHCD [Compliance Manual](#), Section 3 Chapter 7)
- Recipients of HOME funds must meet additional energy efficiency standards for new construction as described in 24 CFR 92.251.
- Rental housing with five (5) or more HOME-assisted units must adopt IHCD's Affirmative Marketing Procedures. See the IHCD [Compliance Manual](#) Chapter 5 for guidance on Affirmative Marketing Procedures.
- Projects performing the rehabilitation activity with a total of 26 or more units (the total of HOME-assisted and non-HOME assisted units) must complete and provide a Capital Needs Assessment (CNA).
- Persons who, as a result of national origin, do not speak English as their primary language and who have limited ability to speak, read, write, or understand English ("limited English proficient persons" 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 (Title VI) and its implementing regulations, the recipient must agree to take reasonable steps to ensure meaningful access to activities funded by federal funds by 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.

- Recipient must ensure that each owner of a HOME-assisted rental development enters tenant events into IHCDA’s Indiana Housing Online Management System at <https://ihcdaonline.com/> within thirty (30) days of the tenant’s event date. Tenant events include move-ins, move-outs, recertification, unit transfers, and rent and income changes. In addition, Annual Owner Certification Rental Reports will be required to be submitted electronically using the Indiana Housing Online Management System throughout the affordability period in the Annual Rental Report. See IHCDA’s [Compliance Manual](#) for further guidance.
- Recipient must follow the non-discrimination requirements of the Fair Housing Act, the Violence Against Women Reauthorization Act of 2013, and the Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity rule.

**3.4 Affordability Requirements**

HOME subsidized activities must be secured throughout the affordability period by a recorded lien and restrictive covenant agreement created by IHCDA. The affordability period begins after project has been completed and the completion forms have been submitted to and approved by IHCDA. During the affordability period all HOME program rental requirements apply to the property. See IHCDA’s *Federal Programs Ongoing Rental Compliance Manual* for a full discussion of affordability period compliance.

The following affordability periods apply to all HOME rental housing and homebuyer projects:

Amount of HOME subsidy per unit:	Affordability Period
Under \$15,000	5 years
\$15,000 - \$40,000	10 years
Over \$40,000 - or any rehabilitation/refinance combination activity	15 years
New construction or acquisition of newly constructed transitional, permanent supportive, or rental housing	20 years

**3.5 Recapture Provisions**

Each recipient of a HOME 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 funds. Upon the occurrence of any of the following events during the Affordability Period, the entire sum secured by the lien 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; (3) The real estate no longer meets the property standards set forth in 24 CFR 92.251; (4) HOME-assisted units are not being used by qualifying tenants as their principal residence (5) annual tenant events and annual owner certifications are no longer being submitted to IHCDA through its online reporting system as set





forth in IHCDA's Federal Programs Ongoing Rental Compliance Manual; (5) non-compliance with the federal income and rent limits issued by HUD; and (6) units are not leased in accordance with the requirements set forth in IHCDA's Federal Programs Ongoing Rental Compliance Manual.

The recipient of the HOME award will be responsible for repaying IHCDA any HOME 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. The Affordability Period is based upon the total amount of HOME funds invested into the unit as defined in the chart above. (IHCDA [Compliance Manual](#), Lien and Restrictive Covenants & Affordability Requirements Chapter 15)





## Part 4 : CHDO

### 4.1 IHCDA CHDO Set-Aside

IHCDA must allocate 15% of its HOME funds for CHDO projects.

### 4.2 CHDO Eligible Activities

- Permanent rental and homebuyer housing are considered CHDO-eligible activities for purposes of the CHDO set-aside as long as the activity takes place within the CHDO's state-certified service area and the CHDO must own, develop, or sponsor the activity.
  - The CHDO "owns" the activity when the CHDO holds valid legal title to or has a long-term (99-year minimum) leasehold interest in a rental property. The CHDO may be an owner with one (1) or more individuals, corporations, partnerships or other legal entities. The CHDO "develops" the activity when the CHDO is the owner in fee simple absolute and developer of:
    - HOME-assisted rental housing: When the CHDO owns a property it must own it throughout the development process and the period of affordability. As developer, the CHDO must be in sole charge of all aspects of the development process, including obtaining zoning, securing non-HOME funds, selecting contractors, overseeing the progress of work, and determining reasonableness of costs.
  - The CHDO "sponsors" rental projects only when rental housing is owned or developed by a subsidiary of the CHDO (which may be a for-profit or nonprofit organization, must be wholly owned by the CHDO); a limited partnership (in which the CHDO or its wholly owned subsidiary is the sole general partner); or a limited liability company (in which the CHDO or its wholly-owned subsidiary must be the sole managing member). If the limited partnership or limited liability company agreement permits the CHDO to be removed as general partner or sole managing member, the agreement must provide that the removal must be for cause and that the CHDO must be replaced with another CHDO.

### 4.3 CHDO Program Requirements

CHDOs must adhere to all HOME requirements listed in this Application Package and the additional CHDO specific program requirements:

- The CHDO must have a current CHDO Certification issued by IHCDA.
- Treatment of Program Income by a CHDO:  
CHDOs receiving payment back during the affordability period may retain these funds. The funds must be utilized for housing activities that benefit low-income families as provided in 24 CFR 92.300(a)(2). However, if at any time during the affordability period, the CHDO becomes decertified or no longer has a mission of providing affordable housing then all CHDO proceeds must immediately be remitted to IHCDA. Please contact your Compliance Monitor for further assistance in this area.
- An application for a CHDO eligible undertaking must demonstrate the following:
  - Low- and moderate-income persons have had the opportunity to advise the CHDO in its decision regarding the design, site, development, and management of the affordable housing undertaking.
  - Certify that the organization continues to meet the definition of a CHDO by being a certified CHDO by IHCDA.
  - Complete the CHDO related sections in the HOME 2015 FY Application Forms.





- CHDO Operating Costs – CHDO operating costs are those costs directly related to administering an IHCDA HOME CHDO award and complying with the regulations associated with these funds. HOME funds expended on CHDO operating costs incur no match liability. This line item cannot exceed five percent (5%) of a HOME award and generally is between \$5,000.00 and \$10,000.00. This line item along with developer’s fee, program delivery, and environmental review cannot exceed twenty percent (20%) of the HOME request. Recipients are allowed to draw down this line item as costs are incurred. Costs associated with preparing an application for funding through IHCDA are not eligible for reimbursement through a HOME award.

Eligible costs include:

- Affirmative marketing
- Fair housing education
- Postage
- Office materials and supplies
- Photocopying
- Office rent and utilities
- Travel related to the housing activity
- Communication costs
- Lead based paint training
- Staff time or professional services related to reporting, compliance, monitoring, or financial management
- Training related to the housing activity

**4.4 CHDO Operating Supplement**

CHDOs may apply for supplemental funds in the HOME 2015 FY Application Forms. The CHDO may apply for up to \$50,000 in supplemental funding tied to a specific CHDO HOME eligible project.

**4.5 CHDO Predevelopment and Seed Money Loans**

CHDOs are eligible for project specific predevelopment or seed money loans. The CHDO must apply for the predevelopment or seed money through a separate application process. Please contact your Real Estate Production Analyst for more details.







**Part 5: Subsidy Limitations & Eligible Activity Costs**

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**5.1 Subsidy & Budget Limitations**

The maximum request amount per application is \$750,000 for eligible rental projects.

*Subsidy Limitations*

HOME funds used for acquisition, rehabilitation, new construction, program delivery, relocation, rent-up reserve, and developer’s fee combined cannot exceed:

Bedroom Size	Per Unit Subsidy Limit
0	\$55,000
1	\$63,000
2	\$77,000
3	\$99,000
4+	\$109,000

Minimum amount of HOME funds to be used for rehabilitation or new construction is \$1,000 per unit.

*Budget Limitations*

HOME funds cannot be used for reserve accounts for replacement or operating costs, but may be used as a Rent-Up Reserve.

All subsidies must be secured throughout the affordability period by a written, legally binding, recorded restrictive covenant.

HOME funds budgeted for administration or CHDO operating costs cannot exceed five percent (5%) of the HOME award.

HOME funds budgeted for developer’s fee cannot exceed fifteen percent (15%) of the HOME award.

HOME funds budgeted for administration or CHDO operating, program delivery, environmental review and developer’s fee together cannot exceed twenty percent (20%) of the HOME award.

**5.2 Form of Assistance**

HOME funds will be awarded to the recipient in the form of a grant or loan. Award documents must be executed in order to access funds and will include, but are not limited to: award agreement, resolution, and a lien and restrictive covenant agreement.

The applicant may then provide the HOME award as a forgivable, amortized, or deferred loan to as many other entities as it chooses, known as subgrantees (beneficiaries if a homebuyer award). However, subgrantees must be identified in the application and approved by IHCDA.

A title company is required to be used for all loans that occur between the IHCDA recipient and the beneficiary or subgrantee of the program. For example, an IHCDA recipient providing funds for a







homebuyer activity must use a title company when the loan is made to the homeowner. Another example is when an IHCDA recipient is assisting a property that it does not own. When the loan is made from the IHCDA recipient to the subgrantee, a title company must be used.

The IHCDA recipient must execute a promissory note, mortgage, lien and restrictive covenant agreement, security agreement, UCC Financing Statement(s), and other documents as directed by IHCDA in order to secure IHCDA's investment in the assisted property. The recipient is required to deliver these documents to the county recorder's office for recording. These documents will be reviewed during monitoring visits.

### **5.3 Eligible Activity Costs**

The bolded items listed below are included in the application budget. If you have a question about which line item an expense goes under, contact your IHCDA Real Estate Production Analyst.

**RETAINAGE POLICY** - IHCDA will hold the final \$5,000.00 of an award until the completion reports, leverage documentation, and closeout documentation is received and approved. Additionally, IHCDA will hold the final \$5,000.00 of an award until the final monitoring and final inspection have been completed and all findings and/or concerns associated with them have been resolved.

**ACQUISITION** – Limited to the purchase price and related costs associated with the acquisition of real property. Recipients must use a title company when purchasing or selling assisted properties.

**REHABILITATION** – Eligible costs include:

- Hard costs associated with rehabilitation activities
- Lead-based paint interim controls and abatement costs.
- Mold remediation.
- Utility connections and related infrastructure costs - off-site connections from the property line to the adjacent street are eligible when it 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.
- For multifamily rental housing, costs to rehabilitate an on-site management office, the apartment of a resident manager, or laundry or community facilities that are located within the same building as the housing and are for the use of the tenants and their guests
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners
- Site work related to driveways, sidewalks, landscaping, etc.

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

**PROGRAM DELIVERY** - Program delivery costs are those costs that can be directly tracked by address. They include soft costs and client-related costs that are reasonable and necessary for the implementation and completion of the proposed activity. This line item along with administration and environmental review cannot exceed twenty percent (20%) of the HOME request. Recipients are allowed to draw down this line item as costs are incurred. Additionally, program delivery may be used to pay off a HOME CHDO Predevelopment or CHDO Seed Money loan but may not exceed the twenty percent (20%) line item cap.

Eligible costs include:





- Engineering/Architectural Plans
- Financing costs
- Client in-take / Income verification
- Plans, specifications, work write-ups
- Credit reports
- Title Searches
- Impact fees
- Inspections
- Cost estimates
- Building permits
- Recording fees
- Demolition permits
- Travel to and from the site
- Lead hazard testing
- Private lender origination fees
- Appraisals
- Consultant fees
- Realtor fees
- Utilities of assisted units
- Other professional services
- Builders risk insurance
- Phase I Environmental Assessments
- Closing costs paid on behalf of homebuyer
- Legal and accounting fees

**LEAD HAZARD TESTING** – Costs associated with lead hazard testing includes Risk Assessment, Clearance Test, etc. The limits for this line item are \$1000.00 per unit.

**RELOCATION** - This includes relocation payments and other relocation assistance for permanently and/or temporarily relocated individuals, families, businesses, nonprofit 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 Compliance Manual Chapter 4.

**DEVELOPER'S FEE** – Developer's fees are only available with HOME funded activities and cannot exceed fifteen percent (15%) of the HOME award. Additionally, the total of Developer's Fee, Administration or CHDO operating, program delivery and environmental review cannot exceed twenty percent (20%) of the HOME request.

**ADMINISTRATION** - The administration line item includes those costs directly related to administering the IHCDA award and complying with the regulations associated with these funds. This line item cannot exceed five percent (5%) of the HOME request and generally is between \$5,000 and \$10,000. This line item along with Developer's Fee, program delivery, and environmental review cannot exceed twenty percent (20%) of the HOME request. Recipients are allowed to draw down this line item as costs are incurred. Costs associated with preparing an application for funding through IHCDA are not eligible for reimbursement through a HOME award. This line item does not incur a match liability for HOME funds.

Eligible costs include:





- Affirmative marketing
- Fair housing education
- Postage
- Office materials and supplies
- Photocopying
- Office rent and utilities
- Travel related to the housing activity
- Communication costs
- Lead based paint training
- Staff time or professional services related to reporting, compliance, monitoring, or financial management
- Training related to the housing activity

**CHDO OPERATING COSTS** – Please refer to the CHDO section of this application package.

**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 Program Delivery line item. This line item along with developer’s fee, program delivery and administration or CHDO operating cannot exceed twenty percent (20%) of the HOME 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 Chapter 11 of the IHCD Compliance Manual or contact Adrienne Schmetzer, IHCD Design and Construction Review Manager.

#### Ineligible Activity Costs

- 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 awards cannot be used to underwrite 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 fifteen (15)-year proforma.
- Costs associated with preparing an application for funding through IHCD.
- Purchase or installation of luxury items, such as swimming pools or hot tubs.
- 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.
- Cost of supportive services.
- General operating expenses or operating subsidies.
- Providing tenant based rental assistance.
- Mortgage default/delinquency correction or avoidance.
- Loan guarantees.
- Annual contributions for operation of public housing.
- Costs associated with any financial audit of the recipient.

#### 5.4 Program Income

Income generated by CHDOs acting as owners, sponsors or developers of HOME units may be retained by the CHDOs 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 is not considered CHDO proceeds and must be returned to IHCD.





Income generated by not for profits or for-profits, acting as developers of HOME units, may be retained by the developer and is not subject to HOME Program requirements.

Additionally, all legal documents, such as mortgages, security agreements, UCC financing statements, and liens executed by the IHCDA recipient and the beneficiary or subrecipient, receiving assistance, must be recorded at the county recorder's office. These documents must be submitted to IHCDA at closeout along with the IHCDA recipient's completion reports and will be reviewed during monitoring visits conducted by IHCDA staff.

The State of Indiana, Department of Financial Institutions, has determined that any community development corporation (as defined in IC 4-4-28-2) acting as a subrecipient of funds received from; the Indiana Housing and Community Development Authority is exempt from the requirements of the Consumer Credit Code set forth in (IC 24-4.5), including its loan licensing requirements. Subsequently, if you are a not for profit that does not meet these requirements, you could be subject to the loan licensing requirements as listed above.

Additionally, if your organization makes more than twenty (25) consumer loans in a year, then the loan-licensing requirements referenced above could become applicable.



## Part 6: Rental Housing Requirements

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### **6.1 Eligible Projects**

HOME projects can propose rental activities with this policy and corresponding application forms. Homebuyer activities are eligible using the Homebuyer policy and corresponding application forms.

### **6.2 Eligible Rental Activities**

Eligible activities include new construction, rehabilitation only or acquisition/rehabilitation. Acquisition is allowed only in conjunction with the rehabilitation activity and is ineligible as a stand-alone activity. Permanent rental housing units may not be used for temporary or emergency housing at any time. Eligible rental activities also include the rehabilitation or acquisition/rehabilitation of assisted-living facilities as long as they meet IHCDA's definition and are also eligible for the Preservation of Affordable Housing Round by being an existing federally assisted affordable rental housing development as defined in the bullet points above. IHCDA defines an assisted living facility as living arrangements in which some optional services are available to residents (meals, laundry, medication reminders), but residents still live independently within the assisted-living complex. Residents of such facilities pay a regular monthly rent, and then pay additional fees for the services that they desire.

### **6.3 Rent Restrictions**

HOME-assisted rental units will be rent-restricted throughout the affordability period to ensure that the units are affordable to low- and moderate-income households. Please refer to the most recent HOME rent limits, which may be found on IHCDA's website under RED Notices. The following restrictions apply:

- Published rent limits include the cost of any tenant-paid utilities. You must subtract from the published rent limit an IHCDA or HUD approved utility allowance for all utilities that the tenant will be responsible for. For example, if the rent limit in a given county is \$300.00. The utility allowance for gas heat is \$28.00, for other electric is \$20.00, and for water is \$13.00. For a unit where the tenant will pay for gas heat, other electric, and water, the maximum allowable rent would be \$239.00 ( $\$300.00 - \$28.00 - \$20.00 - \$13.00 = \$239.00$ ).
- All units must be leased for initial occupancy within 18 months.
- If a SRO-unit has both food preparation and sanitary facilities, then use the HOME zero (0) bedroom (efficiency) unit rent or thirty percent (30%) of the household's adjusted income, whichever is most restrictive.
- If a SRO-unit has neither food preparation nor sanitary facilities, or only one of either, then the rent may not exceed seventy-five percent (75%) of the Fair Market Rent (FMR) for a zero (0) bedroom unit. For example, if the FMR for a zero (0) bedroom unit in a given county is \$300.000, then the forty-percent (40%) rent limit in that county for a SRO unit that only has a bathroom and not a kitchen would be \$225.00 ( $\$300 \times .75 = \$225$ ).
- 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.
- If the applicant proposes to receive all or a portion of the rent payment via a tenant-based voucher (rental subsidy), the gross rent (including the rental assistance amount) cannot exceed the published rent limits for the applicable income level. For example, a tenant residing in a unit set-aside for households at or below forty percent (40%) of the area median income has a voucher that pays \$100.00 of his/her rent, and the published utility allowance for tenant paid utilities for the unit is \$50.00. If the published forty percent (40%) Rent Limit is \$300.00, the



tenant paid portion of rent cannot exceed \$150.00 (\$300.00 Rent Limit - \$100.00 Section 8 Voucher - \$50.00 Utility Allowance = \$150.00 Maximum Tenant Paid Portion).

- If the development receives a federal or state project-based rent subsidy and the unit is designated as 50% or below and the household is at or below fifty percent (50%) AMI and the household pays no more than thirty percent (30%) of his/her adjusted income for rent, then the maximum rent may be the rent allowable under the project-based rental subsidy program as set forth in 24 CFR 92.252(b)(2).
- If the development charges non-optional fees for food or the costs of supportive services, then these costs must be included in the gross rent calculation
- All tenants who occupy HOME-assisted rental housing units must be income recertified on an annual basis. The Section 8 definition of household income applies.

**6.4 Affordability Periods and Resale/Recapture Requirements**

All rental projects are subject to an Affordability Period as defined in Part 3.4 of this document.

The recipient is subject to recapture provisions through a recorded lien and restrictive covenant agreement as described in Parts 3.5 of this document.

**6.5 Underwriting Guidelines for Rental Projects**

The following underwriting guidelines must be followed for any rental developments. The numbers submitted should reflect the nature and true cost of the proposed activity. IHCDA will consider any underwriting outside of these guidelines if supporting documentation is provided.

**TOTAL OPERATING EXPENSES** – All developments must be able to underwrite with a minimum operating expense of \$2,500 per unit per year (net of taxes and reserves).

**MANAGEMENT FEE** – The maximum management fee allowed is described in the table below based on the number units within the project. The percentage is based on the “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** – All developments must be able to underwrite with a vacancy rate between six percent (6%) and eight percent (8%).

**RENTAL INCOME GROWTH** – All developments must be able to underwrite with a rental income growth between zero percent (0%) and two percent (2%) per year.

**OPERATING RESERVES** – All developments must be able to underwrite with operating reserves for four (4) to six (6) months (operating expenses plus debt service) or at \$1,500 per unit based on whichever is greater.



**RENT-UP RESERVE** – HOME 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 (6) 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 (3) months development operating expenses plus three (3) months of development debt service.

**REPLACEMENT RESERVES** – All developments are required to have replacement reserves and must be included in the operating budget, but is not included as part of the operating reserves. 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 for the term of the loan. Replacement Reserve funds must only be used for Capital Improvements (substantial improvements to the real estate such as re-roofing, structural repairs, or major projects to replace or upgrade existing furnishings, but not including replacement of individual appliances or minor repairs) and must **not** be used for general maintenance expenses. 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.

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

\* For Rehabilitation developments, the Capital Needs Assessment will be reviewed in determining whether sufficient reserves have been established.

**OPERATING EXPENSE GROWTH** – All developments must be able to underwrite with operating expense growth between one percent (1%) and three percent (3%) per year. IHCDA requires operating expense growth to be at least one percent (1%) higher than rental income growth.

**STABILIZED DEBT COVERAGE RATIO** – All developments must be able to underwrite with a stabilized debt coverage ratio with the following standards. Stabilization usually occurs in year 2, however the debt coverage ratio projection for a development should not go below 1.1 during the complete 15 year compliance period to be considered financially feasible. IHCDA does recognize that rural deals will typically have higher debt coverage at the beginning of the compliance period in order to remain feasible over the fifteen years. Documentation to support these higher debt coverage ratios must be provided. Developments without hard debt are allowed but will be subject to additional scrutiny from IHCDA. Developments submitted with no debt will not have a debt coverage ratio but will be required to have a cash flow without having an undue profit. This will be determined by a ratio of Effective Gross Income to Total Annual Expenses (including reserve for replacement). A ratio of 1.15 shall be the



minimum required to be considered feasible by IHCDA in Years 1-15. Tax abatement may cause the debt coverage ratio to be higher than these guidelines.

Development Location	Minimum Contribution per unit per year
Large and Small City	1.15 – 1.40
Rural	1.15 – 1.50

The following documentation is required for Stabilized Debt Coverage Ratio:

- 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); AND
- If the underwriting is outside these guidelines, the applicant must provide a written detailed explanation with third party documentation supporting the explanation (approval of underwriting from other financing institutions/funding sources will not constitute acceptable supporting documentation).





## **Part 7 : Completeness & Threshold Criteria**

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Each proposed project must satisfy the Federal requirements of the HOME program listed in 24 CFR Part 92 and any additional requirements established by IHCDA. To be considered for funding, an applicant must meet all of the Completeness and Threshold Criteria listed below.

### **7.1 Completeness Requirements**

- 1) Timeliness – All documentation must be turned in by the application due date.
  - i) On or before the application deadline, the applicant must provide all documentation as instructed in this Application Process Handbook as well as required documentation listed in the HOME Application Form.
  - ii) If IHCDA requests additional information from the applicant, all requests are due on or before the date provided by IHCDA staff.
  - iii) Any forms that are late will be denied review and will be sent back to the applicant.
- 2) Responsiveness – All questions must be answered and all supporting documentation must be provided.
  - i) The applicant must provide all documentation as instructed in this Application Process Handbook as well as required documentation listed in the HOME Application Forms.
  - ii) The applicant must provide all documentation as requested (i.e. uploaded or hard copies, labeled correctly, etc.)
  - iii) Required signatures must be originally signed.

### **7.2 Threshold Requirements**

All documentation must be issued/dated within six months of the Application deadline date. A Threshold checklist can be found in the 2015 HOME Rental Application forms.

- 1) Feasibility
  - Turn in the 2015 HOME Application and supporting documents via the FTP site and send one original copy of the signed Application Forms to IHCDA in a complete and timely fashion.
  - Completed Environmental Review
    - i) Submit completed Environmental Review forms. Instructions and forms can be found in Chapter 11 of the IHCDA Compliance Manual, here:  
<http://www.in.gov/myihcda/2490.htm>
    - ii) A floodplain determination must be submitted for each parcel.
  - Submit a copy of the applicant entity's most recent audited financial statements or tax returns.
  - Project Narrative – answer questions describing your project found in the Narrative Tab in the Application Forms.
  - Market - HUD requires that IHCDA certify that there is adequate need for each project based on the neighborhood's housing market. In order to help make this determination please answer all of the questions in the Market tab in the 2015 HOME application. Attach any relevant support material such as planning documents and maps in Tab I.
  - Sources and Uses – Complete the following:
    - i) Rental Proforma tab in the 2015 IHCDA HOME Rental Application Forms
    - ii) Sources and Uses tab in Application Forms
    - iii) Submit supporting documentation in Tab J, including any:



- (1) Signed letters of commitment with funding terms and amounts, dated within six months of application due date.
  - (2) Supporting documentation for in-kind donations to demonstrate value.
- Budget – Complete Budget tab in Application Forms.
- 2) Eligibility
- CHDOs
    - i) Complete CHDO tab in the Application Forms
    - ii) If applying for a CHDO Operating Supplement, fill out Section G of the Application Cover Page and Tab 17 in the Application Forms
  - Not for Profit Corporations
    - i) Must be organized under section 501(c)3 or 501(c)4 of the Internal Revenue Code (except CHDOs). Provide a copy of the IRS determination letter for not-for profit corporations.
    - ii) Provide proof the organization is in good standing. Submit a copy of the Certificate of Existence from the Indiana Secretary of State that is no more than six months old.
- 3) Notifications
- Application Cover Page in Application Forms - Submit a copy of the System of Award Management (SAM) registration in Tab A. <https://www.sam.gov/portal/SAM/#1>
  - Application Summary Tab in Application Forms - Turn in Owner notification in Tab B.
  - Application Summary Tab in Application Forms – Turn in Letter from Highest Elected Official in Tab C.
  - Application Summary Tab in Application Forms - If project received funding directly from HUD or Rural Development, the applicant must send a notification letter to the appropriate HUD or Rural Development Office. Provide a copy of the letter along with proof of sending in Tab E.
- 4) Development Requirements
- All other development funding must be committed prior to submitting an application for HOME funding to IHCD. Fill out the Sources and Uses tab in the Application Forms. Submit any required supporting documentation in Tab J.
  - Commit to assist households at or below sixty percent (60%) of the Area Median Income for the County. Answer question 12 in the Application Summary Tab in the Application Forms.
  - Developments with five (5) or more HOME-assisted units must set-aside at least twenty percent (20%) of the units for area median income levels of fifty percent (50%) and below. Answer question 12 in the Application Summary Tab in the Application Forms.
  - Affirmative Fair Marketing Plan - In accordance with 24 CFR 200.620 and 24 CFR 92.351(a), the Recipient must adopt an Affirmative Fair Housing Marketing Plan for rental and homebuyer projects containing five (5) or more HOME assisted housing units. Provide form [HUD 935.2A](#) in Tab H.
  - Match Requirement - The match requirement for the HOME program is 25% of the total amount of HOME funds requested minus administration and CHDO operating award. Match must be committed prior to submitting an application for HOME funding to IHCD and to pass threshold review. Provide the following:
    - i) Turn in the Match Spreadsheet in Tab J.
    - ii) Fill out Match tab in Application Forms.
    - iii) Submit supporting documentation in Tab J.



**Part 8: Scoring**

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If an application meets all applicable requirements, it will be evaluated and scored based on:

Scoring Category	Points Possible
Project Characteristics	38
Development Features	25
Readiness	8
Capacity	30
Financing	10
Unique Features & Bonus	10
<b>Total Possible Points</b>	<b>121</b>

When there is a scoring criteria based on the county being served and there are multiple counties, the applicant should add up the scores from each county and average them, rounding to the nearest whole number. An application must score at least 75 points to be considered for funding.

**8.1 Project Characteristics** **Category Maximum Points Possible: 38**

This scoring category describes the proposed project. The points can be achieved through the following sub-categories: Constituency Served, Targeted Population, Comprehensive Community Development, and Services.

1) *Constituency Served* *Maximum Number of Points: 8*

If the development commits to serving beneficiaries in IHCD A-assisted units with maximum incomes lower than required by the HOME program and maintains housing costs at affordable rates, points will be awarded in accordance with the following chart. Percentages are of the area median income (AMI) for the county in which the development is to be located. Awarded recipients will be held to the unit commitment in their award agreement. Changes to the AMI levels will require prior IHCD A approval.

Constituency Served	Points
20% of Population served at or below 40% AMI	8

2) *Aging in Place Targeted Populations* *Maximum Number of Points: 5*

Aging in Place (AIP) refers to adapting our collective living environment so it is safer, more comfortable, and increases the likelihood a person can live independently and remain at home as circumstances change. Primary target populations for aging in place strategies are seniors, families with seniors, and persons with disabilities.

Points will be awarded to applicants that target populations with special housing needs under IHCD A's AIP priority in accordance with the following guidelines and charts.



Target Population: Aging in Place	Points
OPTION 1: At least 80% of Population served 55 and Older or 100% of Population served 62 and Older; <b>OR</b>	5
<p>OPTION 2: At least 20% of units are set-aside for households in which at least one member is a person with a disability using the Fair Housing definition of disabled (see glossary). Applicants electing this targeting option must enter into a referral agreement with a qualified organization that provides services for the target population. See part 4.1(F) of the <i>Federal Programs Ongoing Rental Compliance Manual</i> for more information on referral agreements.</p> <p><i>Submit Referral Agreement Form in Tab K. A boilerplate Referral Agreement can be found in the Appendices at the end of this application package.</i></p>	5

In order to receive points for AIP projects must satisfy the following criteria:

For New Construction:

- 100% of the units must be accessible or adaptable, as defined by the ADA and the Indiana Accessibility Code, and for rental projects, elevators or lifts must be installed for access to all units above the ground floor.
- Include the following:*
- *The originally signed HOME application will serve as certification that the development will comply with these requirements.*

For Rehabilitations:

- 100% of the ground floor units must be accessible or adaptable, as defined by the ADA and the Indiana Accessibility Code, and all units above the ground floor must be adaptable as defined by the ADA and the Indiana Accessibility Code unless the building(s) contained elevator(s)/Lift(s) prior to rehabilitation, in which case the elevators/lifts will need to be maintained and 100% of the units above the ground floor will need to be accessible or adaptable.
- Include the following:*
- *The originally signed HOME application will serve as certification that the development will comply with these requirements.*
  - *For rehab projects with 26 units or more total units, a capital needs assessment (CNA) must be submitted in Tab K.*

- 3) *Comprehensive Community Development* *Maximum Number of Points: 13*  
 Projects with a Comprehensive Community Development focus are a part of a broader, more comprehensive approach to area improvement. These projects have the capability of contributing to fundamental change to the character of a targeted area. Points will be awarded to applicants whose projects contribute to the revitalization of existing areas.



In order to score points in this category, applicants will submit a Comprehensive Community Development Plan. Specific points will be awarded based on the chart below. Note that if a plan does not meet the first two requirements, Role of Housing and Implementation Date, then the plan will not qualify for any points in this category.

	1 Point	2 Points	3 Points	Required Documentation
<b>Role of Housing *</b>	<ul style="list-style-type: none"> <li>Plan makes reference to Housing as a goal</li> </ul>	<ul style="list-style-type: none"> <li>Plan makes reference to Housing as a goal</li> <li>Plan Specifically makes reference to the creation or need for affordable housing or IHCDA HOME Program</li> </ul>	<ul style="list-style-type: none"> <li>Plan makes reference to Housing as a goal</li> <li>Plan Specifically makes reference to the creation or need for affordable housing or IHCDA HOME Program</li> <li>Plan provides evidence of how project is part of a larger revitalization effort</li> </ul>	<p>Page numbers of the plan making reference to:</p> <ul style="list-style-type: none"> <li>Role of Housing</li> <li>Reference to the creation or need for affordable housing or IHCDA HOME program</li> <li>Part of a larger revitalization effort</li> <li>Narrative about efforts leading to the creation of the plan</li> </ul>
<b>Implementation Date *</b>	Plan was created/adopted between 9 -15 years ago	Plan was created/adopted between 4 - 8 years ago	Plan was created/adopted between 0 - 3 years ago	<p>Submit electronic copy of entire completed plan with date of creation or adoption</p> <ul style="list-style-type: none"> <li>Include page number of date of plan and/or adoption documentation</li> </ul>
<b>Target Area</b>	Project targets a region or county, the region or county is referenced in the plan	Project targets a city or town, the city or town is referenced in the plan	Project targets a neighborhood or specific area, the neighborhood or specific area is referenced in the plan	<p>Map of targeted area</p> <ul style="list-style-type: none"> <li>Please identify project site location</li> </ul>



<p><b>Plan Components</b></p>	<p>Plan includes only one of the below components:</p> <ul style="list-style-type: none"> <li>• Implementation measures along with specific, current, and ongoing time frames for achievement</li> <li>• An evaluation of current area conditions</li> <li>• Public/community participation and narrative about efforts leading to the creation of the plan</li> </ul>	<p>Plan includes two of the below components:</p> <ul style="list-style-type: none"> <li>• Implementation measures along with specific, current, and ongoing time frames for achievement</li> <li>• An evaluation of current area conditions</li> <li>• Public/community participation and narrative about efforts leading to the creation of the plan</li> </ul>	<p>Plan includes all of the below components:</p> <ul style="list-style-type: none"> <li>• Implementation measures along with specific, current, and ongoing time frames for achievement</li> <li>• An evaluation of current area conditions</li> <li>• Public/community participation and narrative about efforts leading to the creation of the plan</li> </ul>	<p>Page numbers of the plan making reference to:</p> <ul style="list-style-type: none"> <li>• Implementation measures</li> <li>• Current area conditions</li> <li>• Public participation</li> <li>• Narrative about efforts leading to the creation of the plan</li> </ul>
<p><b>Adoption of the Plan</b></p>	<p>Plan has been adopted by the highest Local Unit of Government</p>			<p>Documentation of formal approval of plan as active by Local Unit of Government (example: city/town council resolution, signed minutes)</p>

\*The comprehensive plan must score in the Role of Housing and the Implementation Date categories in order to be considered for subsequent point categories.

In order to receive points under the Comprehensive Community Development scoring sub-category, *the applicant must submit the following in Tab L:*

- An explanation of how this project is part of a larger revitalization effort should be explained in the Project Narrative section of the application. You should include information regarding target size, a plan, the efforts already completed or underway, local support for this and other projects in the revitalization efforts, funding commitments, what is the intended impact and how impact will be measured, etc.
- All other required documentation that must be submitted in order to receive points in this category are indicated in red font in the chart directly above. Page numbers in the application are required in order to receive points.

The following will not be considered for points as eligible plans for this category: short-term work plans, consolidated plans, municipal zoning plans, or land use plans, plans that are older than fifteen years old and plans that do not reflect the current target area conditions.

- Target Area - Submit a scaled map that includes the project area boundaries and the specific site(s) with a map key labeling the site address(es). Clearly label the boundaries and indicate the size of the target area. Attach in Tab L.



- Evidence of Adoption - Submit a copy of the resolution by the Local Unit of government adopting the plan. Attach in Tab L.

4) *Services* *Maximum Number of Points: 12*

Points will be awarded to applicants whose projects contribute to the overall quality of life for the beneficiaries of the proposed project. Points will be awarded based on the chart below.

If the HOME applicant or sub-recipient is providing services, an MOU must still be executed in order for the commitment to provide services to be on file in our application records.

Level of Services	Points Possible
Level 1 Services: Up to three services at one point each.	3
Level 2 Services: Up to three services at two points each.	6
Level 3 Services: Up to four services at three points each.	12

In order to receive points for this scoring category, the applicant must submit in Tab M:

For Rental Projects:

- **ONE** Form C: One Tenant Investment Plan Matrix listing all services for the entire proposed project (found in the HOME Application Appendices);
- Form D: Tenant Investment Plan Matrix for **EACH** service provider with original or a copy of original signatures (found in the HOME Application Appendices);

**8.2 Development Features** **Category Maximum Points Possible: 25**

This category describes the features of the overall proposed HOME project.

1) *Existing Structures* *Maximum Number of Points: 4*

Points will be award to developments that will utilize existing structures on at least 50% of the HOME assisted units. This may include properties in which an original substandard unit will be demolished and replaced with a comparable unit. Per the federal regulations, when replacing existing affordable housing, the number of replacement units must be one-for-one.

Projects will be awarded up to two points between the first three categories below. Projects can score two additional points if the development contains at least one historic resource.

Existing Structure	Points
Project is developing at least 50% of the vacant structure(s) for housing; <b>OR</b>	2
Acquiring and/or rehabbing at least 50% of existing housing stock; <b>OR</b>	2
Project is demolishing at least 50% of existing substandard units and replacing with a new units.	2
<b>Total Possible</b>	<b>2</b>
Development contains at least one unit that is a historic resource to the existing neighborhood.	2
<b>Total Possible for Existing Structures</b>	<b>4</b>



In order to receive points, the applicant must submit in Tab N:

- Photographs of the building to be reused;
- Documentation of whether or not the building is occupied;
- Narrative of how building will be reused;
- Either a letter or report from the National Park Service, or Department of Natural Resources Division of Historic Preservation and Archaeology that specifically identifies the site as an historic resource or contributing to a district, or an equivalent local historical society report identifying the property as either an historical resource or a contributing in an historic district.

2) *Infill* *Maximum Number of Points: 7*  
Points will be awarded to applications that meet IHCDA’s HOME criteria for Infill. For the HOME program, IHCDA defines infill housing as the process of vacant or underused parcels of land within existing areas that are already largely developed or previously developed. For purposes of this category, the following will not qualify as infill housing:

- Existing agricultural land except within corporate limits.

The development will receive points for contributing to the following infill attributes:

Infill Attribute	Points
The site must be surrounded on at least two sides with adjacent established development. Parks and green space area may qualify as established development, provided that they are part of a master plan or recorded instrument. IHCDA will look at the entire development site for phased developments.	2
The site must maximize the use of existing utilities and infrastructure.	2
At least one side of the development must be adjacent to occupied residential development, operating commercial development, active public space, or another active community activity.	2
The site demonstrates a return of cultural, social, recreational and entertainment opportunities, gathering places, and vitality to older centers and neighborhoods.	1

In order to receive points, the applicant must submit in Tab N:

- Aerial photos of the proposed site(s) with the site labeled;
- Brief description of how the site will return vitality to the neighborhood.
- For scattered site projects, 30% of the proposed sites must meet the infill attribute scoring criteria in order to receive the corresponding points.

3) *Design Features* *Maximum Number of Points: 3*  
Points will be awarded for each Design Feature chosen, for a maximum of three points in this category.





Design Feature	Point
Exterior walls are at least 50% durable material (brick, stone, cement board).	1
Roofing system has at least a 30-year warranty.	1
Porch with a minimum of 48 square feet with a roof that is permanently attached to the residence.	1
The site demonstrates a return of cultural, social, recreational and entertainment opportunities, gathering places, and vitality to older centers and neighborhoods.	1
Deck with a minimum of 64 square feet that is made of wood or other approved materials.	1
Framing consists of 2" X 6" studs to allow for higher R-Value insulation in walls.	1
Garage with a minimum of 200 square feet that is made of approved materials, has a roof, is enclosed on all sides and has at least one door for vehicle access.	1
Crawl space or basement.	1
Security system.	1
Carport with a minimum of 200 square feet that is made of approved materials, has a roof, and is open on at least two sides.	1
Attached or unattached storage space measuring at least 5' x 6'.	1
Playground.	1
Community room.	1
Other	1

An applicant may submit as few as zero (0) and up to three (3) "other" design features for points in this scoring category. IHCDA encourages applicants to speak to their Real Estate Production Analyst regarding possible "other" design features before the application due date. Please list the "other" design feature(s) in the application forms.

4) *Universal Design Features*

*Maximum Number of Points: 3*

Points will be awarded for each Universal Design Feature chosen, for a maximum of three points in this category.

Universal Design Feature	Point
42" or wider hallways	1
32" or wider doorways	1
Electrical outlets raised 15" to 18" above the finished floor	1
Light switches located 48" above the finished floor	1
Toggle, rocker, or touch sensitive control panels instead of switches	1
Wall reinforcements for hand rails/grab bars	1
Levers instead of door or faucet knobs	1
30" x 40" clear kitchen floor space	1
30" x 40" clear bathroom floor space, clear of door swing	1
A removable base cabinet for required knee space	1
Microwave provided at accessible height	1
A front control operated range	1
Sliding or bi-folding closet doors	1
Front loading washer and dryer with front controls	1
Reinforced ceiling	1



Accessible route that includes no steps or level changes	1
Fold down seat in shower or roll-in shower with no curb	1
Bathtub controls located off-center toward the outside of the tub	1
Adjustable height or hand-held shower with flexible hose	1
Side-by-side refrigerator	1
Remote controlled or motion sensor lighting	1
Adjustable counter top or closet rods	1
Audio and visual smoke detectors	1
Other	1

An applicant may submit as few as zero (0) and up to three (3) “other” universal design features for points in this scoring category. IHCDA encourages applicants to speak to their Real Estate Production Analyst regarding possible “other” universal design features before the application due date. Please list the “other” universal design feature(s) in the application forms.

- 5) *Energy Efficiency* *Maximum Number of Points: 3*  
Points will be awarded for each Energy Efficiency item chosen, for a maximum of three points in this category.

Energy Efficiency Item	Point
Energy Star® Rated Compact florescent light bulbs - 1/room or 3/unit	1
Energy Star® Rated light fixtures - 1/room or 3/unit	1
Energy Star® Rated Cooling system(s)	1
Energy Star® Rated Heating system(s)	1
Energy Star® Rated Windows	1
Energy Star® Rated Refrigerator	1
Energy Star® Rated Washing Machine	1
Energy Star® Rated Dish Washer	1
R-Value insulation exceeding Indiana State Building Code	1
Other	1

An applicant may submit as few as zero (0) and up to three (3) “other” energy efficiency features for points in this scoring category. IHCDA encourages applicants to speak to their Real Estate Production Analyst regarding possible “other” energy efficiency features before the application due date. Please list the “other” energy efficiency feature(s) in the application forms.

- 6) *Green Building* *Maximum Number of Points: 5*  
Points will be awarded for EITHER up to three Green Building Techniques chosen.

Green Building Technique	Point
Orient structures on East/West axis for solar exposure	1
Include trees in landscaping to curb winter winds and provide shade	1
Low VOC paints and finish materials	1
Install flow reducers in faucets and showers	1
Incorporate permeable paving	1
Minimize the disruption of existing plants and trees	1



Include recycling bins in the kitchen	1
Install recycled content flooring and underlayment	1
Install a light colored roofing material	1
Other	1

An applicant may submit as few as zero (0) and up to three (3) “other” green building techniques for points in this scoring category. IHCDA encourages applicants to speak to their Real Estate Production Analyst regarding possible “other” green building techniques before the application due date. Please list the “other” green building technique(s) in the application forms.

**OR**

Five points will be awarded for committing the entire development newly constructed or rehabbed to NAHB, LEED, or Energy Star standards. The development need not be certified rather just built to the certification standards. The signed application forms will be proof of this commitment.

**8.3 Readiness Category Maximum Points Possible: 8**

This category describes the applicant’s ability to begin and timely execute an awarded project.

- 1) *Predevelopment Activities* *Maximum Number of Points: 5*  
 Points will be awarded to applicants that have completed some predevelopment activities according to the chart below. Up to five activities are eligible, up to five points. Points will only be awarded if the required supporting documentation, italicized below the activity description, are included in Tab P.

For scattered site developments, documentation for each site must be submitted in order to receive the points. Documents should be clearly labeled with the site addresses for ease in reviewing the documentation.

Predevelopment Activity Completed	Points
Site Control <i>Provide Purchase Option or Purchase Agreement that is no older than 6 months and that has an expiration date after the HOME application due date.</i>	1
Asbestos or Lead Testing <i>Submit a copy of the assessment report.</i>	1
Appraisal <i>Provide an Appraisal that is no older than 6 months.</i>	1
Preliminary or Final Architectural and/or Engineering Plans <i>Provide electronic copies of architectural and/or engineering plans.</i>	1
Zoning Approval <i>Provide a letter no older than 6 months from the local planning official that certifies the current zoning allows for construction and operation of the proposed development and any required variances that have been approved.</i>	1
Cost Estimates <i>Provide a copy of the detailed cost estimates.</i>	1



Title Search <i>Submit evidence of clear title with a title insurance commitment, title search documentation or attorney's opinion letter.</i>	1
Other	1

An applicant may submit as few as zero (0) and up to five (5) “other” predevelopment activities for points in this scoring category. IHCDA encourages applicants to speak to their Real Estate Production Analyst regarding possible “other” predevelopment activities before the application due date. Please list the “other” predevelopment activities in the application forms.

Examples of “other” predevelopment activities that may be eligible for points in this category are as follows. The examples below are optional, however if you do choose to use them for points in this category, please provide the italicized documentation in Tab P to be eligible for points:

- Water available to site
  - *Provide a letter from the local utility company certifying that water is currently available to the site.*
- Sewer available to site
  - *Provide a letter from the local utility company certifying that water is currently available to the site.*
- Permits in place.
  - *Provide a letter from the local planning or building authority that all necessary permits for rehabilitation or construction have been obtained.*
- Property survey completed.
  - *Provide a copy of the survey.*
- For other predevelopment activities that may be eligible, please contact your Real Estate Production Analyst to discuss prior to submitting the application.

2) *Contractor Participation*

*Maximum Number of Points: 3*

Points will be awarded to applicants who invite material participation of a state certified Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Federal Disadvantaged Business Enterprise (DBE) Participation, Veteran-Owned Small Business (VOSB), and Service Disabled Veteran Owned Small Business (SDVOSB). Examples of material participation include property management, professional services, consultant, application preparer, administrator, etc.

*In order to receive points, the applicant must submit in Tab Q:*

- *A copy of letter inviting the state certified contractor to participate in the bidding of the project;*
- *A copy of the applicable state certification.*

Minority Business Enterprise and Women Business Enterprise, including DMBE (Disadvantaged Minority Business Enterprise), and (Disadvantaged Woman Business Enterprise) and DMWBE (Disadvantaged Minority Woman Business Enterprise), means as an individual, partnership, corporation, or joint venture of any kind that is owned and controlled by one or more persons who are: (a) United States Citizens and (b) Members of a racial minority group or female in



gender as evidenced by certification from the Indiana Department of Administration Minority & Women’s Business Enterprise Division or the Indiana Minority Supplier Development Council.

DBEs are for-profit small business owned or controlled by socially and economically disadvantaged individuals own at least a 51% interest and also control management and daily business operations. The Indiana Department of Transportation (INDOT) is the sole certifying agency for the Indiana DBE Program.

The Center for Veteran Enterprise maintains the Department of Veterans Affairs (VA) database of service-disabled Veteran owned small businesses (SDVOSB) and Veteran-owned small businesses (VOSB) called the Vendor Information Pages (VIP). The VIP database is accessed via [www.VetBiz.gov](http://www.VetBiz.gov). CVE performs the verification process for small businesses that self-represent themselves as Veteran owned and controlled called the VA VOSB Verification Program.

Eligible Certification Summary Table		
Certification	Certifying Agency	Website
MBE	Indiana Department of Administration	<a href="http://www.in.gov/idoa/2352.htm">http://www.in.gov/idoa/2352.htm</a>
	Indiana Minority Supplier Development Council	<a href="http://imsdc.org">http://imsdc.org</a>
WBE	Indiana Department of Administration	<a href="http://www.in.gov/idoa/2352.htm">http://www.in.gov/idoa/2352.htm</a>
DBE	Indiana Department of Transportation	<a href="http://www.in.gov/indot/2576.htm">http://www.in.gov/indot/2576.htm</a>
VOSB	U.S. Department of Veterans Affairs	<a href="http://www.va.gov/osdbu/">http://www.va.gov/osdbu/</a>
SDVOSB	U.S. Department of Veterans Affairs	<a href="http://www.va.gov/osdbu/">http://www.va.gov/osdbu/</a>

**8.4 Capacity** **Category Maximum Points Possible: 30**

This category evaluates the applicant’s ability to successfully carry out the proposed project based on trainings, certifications and/or experience in housing or community development.

- 1) *Training* *Maximum Number of Points: 5*  
 Points will be awarded for a member of the development team, applicant, sub-recipient or administrator staff who has completed a housing or community development related training. Three points will be awarded for the first training and one point per additional training, up to five points possible.

IHCDA application/policy webinars, IHCDA application/policy trainings and/or IHCDA feedback sessions do not count for points in this category.

*Attach copies of the training completion certificate or confirmation of attendance/completion in Tab Q.*

Training	Points
Housing or community development related training	3 for the first training, 1 point for each additional training up



	to 5 points total for this section
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- 2) *Certification* *Maximum Number of Points: 5*  
 Points will be awarded for a member of the development team, applicant, sub-recipient or administrator staff who has completed the following certifications. Three points will be awarded for the Certified Aging-in-Place Specialist or Home Sweet Home: Modifications for Aging in Place (U of I/IHCDA) certification. One point will be awarded for all other certifications, up to five points.

*Attach copies of the certification completion in Tab Q.*

Certification	Points
Certification from one of the certifications listed below	3 points for the Certified Aging-in-Place Specialist or Home Sweet Home: Modifications for Aging in Place (U of I/IHCDA) certification, 1 points for all other certifications, up to 5 points total for this section

Certification	Sponsoring Organization
Project Development Training	Indiana Association for Community and Economic Development (IACED)
Economic Development Finance Professional Certification Program	Indiana Association for Community and Economic Development (IACED)
Certified Green Professional	Indiana Association for Community and Economic Development (IACED)
Housing Development Finance Professional	National Development Council (NDC)
Community and Neighborhood Revitalization Certificate	NeighborWorks America
Bank of America Neighborhood Builder® Leadership Program	The Center for Leadership Innovation
Certified Aging-in-Place Specialist	National Association of Home Builders (NAHB)
Home Sweet Home: Modifications for Aging in Place	University of Indianapolis / Indiana Housing and Community Development Authority
Grant Administration Certification	Indiana Association for Community and Economic Development (IACED), Office of Community and Rural Affairs (OCRA), Indiana Housing and Community Development Authority (IHCDA)
Certified Occupancy Specialist (COS)	National Center for Housing Management
Certified HOME Program Specialist	HUD/CPD
Green Certification	LEED, NAHB or equivalent



- 3) *Experience* *Maximum Number of Points: 5*  
 Three (3) points will be awarded if the applicant has successful experience administering an IHCDA award in the past five years or if the applicant has five or more years in the housing or community development industry. In order to qualify for points, the awards must be closed out. Please list the award number(s) in the application forms.

Experience	Points
Applicant with experience administering an IHCDA HOME award in the past five (5) years with no findings upon monitoring. <p style="text-align: center;"><b>OR</b></p> Applicant has five (5) or more years of experience in the housing or community development industry.	3 points

One (1) point will be awarded for each member of the sub-recipient or administrator staff with successful experience in administering an IHCDA award in the past five years or if a member of the sub-recipient or administrator staff has five or more years in the housing or community development industry. In order to qualify for points, the awards must be closed out. Please list the award number(s) in the application forms. Up to two (2) total points possible.

Experience	Points
Sub-recipient or administrator staff member with experience administering an IHCDA HOME award in the past five (5) years with no findings upon monitoring. <p style="text-align: center;"><b>OR</b></p> Sub-recipient or administrator staff has five (5) or more years of experience in the housing or community development industry.	1 point for each sub-recipient or administrator staff member, up to 2 points total

- 4) *Overall IHCDA Award Performance of the Applicant* *Maximum Number of Points: 10*  
 Points will be awarded to an applicant where the applicant has not had any monitoring findings for all IHCDA awards in the past three years. This includes any closed and current IHCDA awards. Please list the IHCDA award number(s) in the application forms. Current is defined as an award that is completed and monitored but not yet closed out.

Description of Overall Award Performance	Points
Most recent (closed or current) HOME award had no findings and no concerns. Award must be from within the last three (3) years.	10



Most recent (closed or current) HOME award had no findings, but concerns were noted. Award must be from within the last three (3) years.	8
Most recent (closed or current) HOME award had only one finding. Award must be from within the last three (3) years.  <b>OR</b> No HOME experience, but previous IHCDA award (different activity) had no findings and no concerns. Award must be from within the last three (3) years.	6
No HOME experience; previous IHCDA award (different activity) had no findings, but concerns were noted. Award must be from within the last three (3) years.	4
No HOME experience; previous IHCDA award (different activity) had only one finding. Award must be from within the last three (3) years.	2
Does not meet any category above. Examples: <ul style="list-style-type: none"> <li>• More than one finding on previous award.</li> <li>• No award from within the last three (3) years.</li> <li>• No previous experience with IHCDA.</li> </ul>	0

5) *Timely Expenditure of Funds*

*Maximum Number of Points: 5*

Points will be awarded to an applicant that has expended their most recent award funds by the award expiration date without requesting award extensions.

The award must be an IHCDA HOME or an IHCDA CDBG award that is either closed or a current award in the monitoring phase. The award must be from within the past three (3) years. Current is defined as an award that is completed and monitored but not yet closed out. List the award number in the application form.

Award Length	Points
Most recent IHCDA HOME or IHCDA CDBG award completed by the award expiration date. Awards must be from within the last three years. Awards must be closed or a current award in the monitoring phase.	5 points





**8.5 Financing**

**Category Maximum Points Possible: 10**

1) *Public Participation*

*Maximum Number of Points: 5*

Points will be awarded to applicants whose proposed project has received a firm commitment of other public funds. A “firm commitment” means that the funding does not require any further approvals. “Public funds” include federal, state, or local government funds. This can include funds awarded from other federal or state agencies, the Federal Home Loan Bank, or waivers resulting in quantifiable cost savings that are not required by federal or state law. Banked match is an allowable source of match for the proposed development, however banked match is not allowed as a source to count for points in this scoring category.

Points will be awarded based on the Amount of Public Participation Funding/Total Project Costs:

% of Total Development Cost	Point(s)
.50% to .99%	1
1.00% to 1.99%	2
2.00% to 2.99%	3
3.00% to 3.99%	3.5
4.00% to 4.99%	4
Greater than 5.00%	5

*In order to qualify for points in this category the applicant must submit in Tab J a letter from the appropriate authorized official approving the funds. The letter must include (a) a description of the type of approved funding for the proposed project and (b) the amount of funding.*

2) *Leveraging of Other Sources*

*Maximum Number of Points: 5*

Points will be awarded to applicants whose proposed project has received a firm commitment to leverage other funding sources. A “firm commitment” means that the funding does not require any further approvals. “Other funding sources” include (but are not limited to) private funding (including securing private loans), funds from a local community foundation, donations, etc. Banked match is an allowable source of match for the proposed development, however banked match is not allowed as a source to count for points in this scoring category.

Points will be awarded based on the amount of Other Funding Sources Leveraged/Total Project Costs:

% of Sources	Point(s)
.50% to .99%	1
1.00% to 1.99%	2
2.00% to 2.99%	3
3.00% to 3.99%	3.5
4.00% to 4.99%	4
Greater than 5.00%	5



In order to qualify for points in this category the applicant must submit in Tab J a letter from the appropriate authorized official approving the funds. The letter must include (a) a description of the type of approved funding for the proposed project and (b) the amount of funding.

**8.6 Unique Features & Bonus**

**Category Maximum Points Possible: 10**

1) *Unique Features*

*Maximum Number of Points: 5*

Points will be awarded to applicants that offer unique features that contribute to each of the beneficiary units of the proposed project. Unique features should be a creative addition to the proposed program. They should enhance the overall character of the project, improve the homeowners' and the community's quality of life, health, and/or safety. Unique features can be included in the financial structure of the project, involve members of the community, include items specific to the target area/project location or could include special services offered to the population served.

Points are awarded relative to other projects being scored during each application cycle and are awarded in IHCDA's sole and absolute discretion. The following chart sets forth the anticipated percentage of applications that will receive points using a maximum of 5 points.

<b>% of Applications</b>	5%	8%	12%	16%	18%	16%	12%	8%	5%
<b>Points</b>	5	4.5	4	3.5	3	2.5	2	1.5	1

In order to receive points in this category, the applicant must submit in Tab R a narrative summary in of the proposed unique features. Features receiving points in other sections of this application will not be considered for Unique Feature points.

2) *Bonus*

*Maximum Points Possible: 5*

The applicant will receive five (5) bonus points for answering all questions and turning in all required supporting threshold and scoring documentation.



## Glossary of Terms

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Below are definitions for commonly used terminology found throughout the IHCDA HOME application policy and forms and applicable to the IHCDA HOME program.

*Administrator:* A procured entity that will assist carrying out the HOME award.

*Aging in Place:* - Aging in Place (AIP) refers to adapting our collective living environment so it is safer, more comfortable, and increases the likelihood a person can live independently and remain at home as circumstances change. Primary target populations for aging in place strategies are seniors, families with seniors, and persons with disabilities.

*Beneficiary:* The household or unit that received homeowner repair work as a result of the HOME award.

*CHDO:* A Community Housing Development Organization. A non-profit, community-based organization with the capacity to develop affordable housing for the community it serves, as defined in the HOME rule and as certified by IHCDA. Participating Jurisdictions (IHCDA) must set aside a minimum of 15% of their HOME allocations for activities in which CHDOs are the owners, developers, and/or sponsors of the housing.

*Comprehensive Community Development:* Every community strives to be a place where people choose to live, work, and play. Comprehensive development means that a community's potential lies in the identification and creation of a shared vision, planned by local leadership, and carried out by an array of partners. When successful, it yields results beyond what can be achieved by individual organizations or disparate programs because of the unique synergy they generate. A thriving community is a community with job opportunities, strong schools, safe neighborhoods, a full range of housing choices, and a vibrant culture. Comprehensive development marshals resources and deploys coordinated strategies in a concentrated area to create opportunities for others in the community to take prudent risks and reap the rewards. The demolition of blighted structures, the rehabilitation of long-vacant housing and the creation of new community amenities and retail opportunities serve as a tipping point for future development through market forces.

*Disabled:* The Fair Housing Act defines disability as a person who has/is:

- A physical or mental impairment which substantially limits one or more of such person's major life activities; or
- A record of having such an impairment; or
- Is regarded as having such an impairment, but such term does not include current, illegal use of or addiction to a controlled substance (as defined in section 102 of the Controlled Substances Act).

*Elderly:* Elderly can have one of two definitions as elected by the applicant:

- A person 55 years of age or older. This target population category also includes families with a person living in their home that is 55 years of age or older. For housing using this definition of elderly, at least 80% of the units must be age restricted; OR



- A person 62 years of age or older. This target population only includes households in which all household members are 62 years of age or older. For housing using this definition of elderly, 100% of the units must be age restricted.

*HOME:* The Home Investment Partnerships Program as created by the National Affordable Housing Act of 1990.

*IHCDA:* Indiana Housing and Community Development Authority

*Income Limits:* Maximum incomes as published by HUD for projects giving the maximum Income Limits per unit for beneficiary (30%, 40%, 50%, 60% and 80% of median) units.

*Large City:* For purposes of this policy, a Large City is defined as a city with a population of 75,000 or more. To qualify as being located within a Large City, the development must be located within one mile of the zoning jurisdiction and/or use city utility services (water and sewer).

*Median Income:* A determination made through statistical methods establishing a middle point for determining Income Limits. Median is the amount that divides the distribution into two equal groups, one group having income above the median and one group having income below the median.

*MOU:* A Memorandum of Understanding (MOU) is a document describing a bilateral or multilateral agreement between two or more parties.

*Narrative:* A written description by the applicant that describes the application question and generally supports the need of the project.

*Project:* The HOME activity proposed in the application.

*Referral Agreement:* An agreement in which the recipient and a qualified organization enter into an agreement in which the recipient agrees to (a) set aside a number of units at the project for a special needs population and (b) notify the qualified organization when vacancies occur, and in which the qualified organization agrees to (a) refer qualified households to the development and (b) notify clients of vacancies at the development.

*Rent Limits:* The HUD published maximum rent amount, including a utility allowance and any non-optional fees. Rent limits are published by bedroom size and by AMI level.

*Rural:* A development is considered to be rural if it meets one of the following criteria:

- a. The development is located within the corporate limits of a City or Town with a population of 14,999 or less; or
- b. The development is located in an unincorporated area of a county that does not contain a City or Town that meets the definition of Large City or Small City as set forth in this glossary; or
- c. The development is located in an unincorporated area of a county whereas;



- i. The development is outside the 2-mile jurisdiction of either a Large City or Small City as defined in this glossary; and
- ii. The development does not have access to public water or public sewer from either the Large City or Small City as defined in this glossary.

*Small City:* For purposes of this policy, a Small City is defined as a city with a population of between 15,000 and 74,999. To qualify as being located within a Small City, the development must be located within one mile of the zoning jurisdiction and/or use city utility services (water and sewer).



## Part 1: Application Process

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### 1.1 Overview

The purpose of this application is to provide subsidies in the form of grants and loans to selected applicants for the acquisition, rehabilitation and/or new construction of single-family housing to serve low-income beneficiaries. Through this program, IHCDA seeks to improve the quality of existing housing stock in Indiana.

This program is designed to allocate HOME Investment Partnership Program (HOME) funds to be used for the rehabilitation and/or new construction of single-family homebuyer housing among selected applicants having projects that meet the requirements of the program and IHCDA's goals for the program.

1. Demonstrate they are meeting the needs of their specific community.
2. Serve low-income households (at or below 80% of area median income).
3. Are ready to proceed with the activity upon receipt of the award.
4. Propose to revitalize existing neighborhoods, preferably through a comprehensive approach (i.e. as part of a published and approved community revitalization plan).
5. Propose projects that promote aging-in-place strategies for seniors, persons with disabilities, and families with seniors or persons with disabilities.
6. Propose projects that are energy-efficient and are of the highest quality attainable within a reasonable cost structure.
7. Propose the use of state certified Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Federal Disadvantaged Business Enterprise (DBE) Participation, Veteran-Owned Small Business (VOSB), and/or Service Disabled Veteran Owned Small Business (SDVOSB) contractors, employees, and products when applicants are planning and undertaking their housing activities.

### 1.2 Funding Round Timeline

Note: This is an anticipated schedule and is subject to change or extension.

Application Available / Round Begins	March 6, 2015
Application Webinar	April 2015
Application Due Date	June 5, 2015
Award Announcements	August 27, 2015

### 1.3 Application Webinar

An application webinar will be conducted prior to the application deadline. During the webinar, the IHCDA Real Estate Production Department staff will describe the requirements of the HOME program, threshold and scoring criteria, how to complete the required forms and how to utilize the FTP site. Local Units of Government and Not-for-Profit entities intending to apply are *strongly encouraged* to attend.

### Technical Assistance

The applicant may, but is not required, to schedule a technical assistance meeting with its regional IHCDA Real Estate Production Analyst to discuss both the proposed project and IHCDA's application process. Applicants are urged to contact their Real Estate Production Analyst early in the planning process to obtain guidance and technical assistance.





### **1.4 Application Submission**

The applicant must submit the following items to IHCDA's Real Estate Department Coordinator:

- Via FTP site:
  - One completed copy of the HOME application forms.
  - All supporting documents required in the tabs. Please submit this information as separate, labeled PDF documents under the required labeled tabs. Do not send one PDF containing all of the supporting documentation.
- Via hard copy:
  - One completed copy of the final application forms with original signatures

All required application items are due no later than 5:00 p.m. Eastern Standard time on or before the due date. Applications received after the deadline will be returned to the applicant via certified mail. Faxed applications will not be accepted.

Instructions on how to utilize the FTP site will be explained during the Application Webinar. The hard copy of the final application forms should be sent to:

Indiana Housing and Community Development Authority  
ATTN: Real Estate Department Coordinator  
RE: HOME Application  
30 South Meridian Street, Suite 1000  
Indianapolis, IN 46204

All applicants must retain a copy of this application package. Applicants that receive funding will be bound by the information contained herein.

IHCDA will send an email confirmation to the applicant contact within one week of submission notifying the applicant that the application was received by IHCDA. Please notify Dani Miller at [danmiller@ihcda.in.gov](mailto:danmiller@ihcda.in.gov) if the applicant would like to add an additional contact person for communications regarding this application.

### **1.5 Application Review**

Each application must address only one project. Applications are reviewed in a three-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. After initial threshold review, IHCDA staff may contact an applicant to request clarification of threshold information contained in the pending application. The applicant will have the opportunity to respond on or before the due date provided by IHCDA. If the applicant does not respond to the threshold clarification letter and therefore threshold item(s) are still in question, the application will be disqualified. Applications may have no more than three outstanding clarifications after the second review or the application |





will be disqualified. Points will be awarded to those applications where no clarifications are required.

### Step Three - Scoring

Applications that pass the completeness and threshold reviews are then scored according to IHCD's published scoring criteria. After initial score review, IHCD staff may contact the applicant for further clarification of a scoring item. Failure to respond to the requested scoring clarification items by the due date and in the manner requested may result in application denial. Supporting documentation for scoring categories will not have the opportunity to be submitted after the initial application submission.

Funded applications will be announced at the published IHCD Board Meeting date. Confirmation letters and score sheets will be uploaded to the FTP site by the close of business on the day of the Board Meeting. Applications that are not funded will be notified by IHCD via a denial letter and score sheets being uploaded to the FTP site by the close of business on the day of the Board Meeting. Applications not funded will not be rolled over into the next funding round.

Rental and homebuyer developments will compete in the same round but will complete separate applications. For purposes of funding, projects will be considered under a rental or homebuyer set-aside. The amount available for each activity has been prescribed in IHCD's Consolidated Plan. If additional funds are available that were originally reserved for homebuyer activities (either due to lack of homebuyer applications in general or lack of homebuyer applications meeting threshold or minimum score requirements), these funds will be redirected and used for rental development.

#### **1.6 Minimum Score Requirement**

An application must score at least 75 points to be considered for funding.

#### **1.7 CDBG & HOME Award Compliance Manual**

The IHCD CDBG & HOME Program Award Compliance Manual (the "Compliance Manual") outlines the requirements for administering IHCD's HOME awards. In addition, recipients of funding for rental projects should also refer to the *Federal Programs Ongoing Rental Compliance Manual* for information about compliance during the affordability period. Complete copies of both compliance manuals are available on IHCD's [HOME program webpage](#).

#### **1.8 Award Compliance Trainings**

In an effort to continuously improve the capacity of our partners carrying out the HOME program, IHCD will require HOME recipients to attend a series of free HOME technical assistance trainings during the 24-month HOME award period. The trainings will be conducted by a third-party and will explain the various aspects of the regulatory requirements for administering the award. In addition, IHCD staff will be available to provide one-on-one award trainings upon request.







**Part 2: Eligible Applicants**

**2.1 Eligible Applicants**

HOME Investment Partnerships Program (HOME)	Cities, Town, and Counties (Non-HOME Participating Jurisdiction)	Community Housing Development Organizations (CHDO)	501(c)3 and 501(c)4 Not-for-Profit Organizations and PHAs	Joint Venture Partnerships	For Profit Entities organized under the State of Indiana
Homebuyer Rehabilitation	✓	✓	✓	✓	Not eligible
Acquisition and Homebuyer Rehabilitation	✓	✓	✓	✓	Not eligible
Homebuyer New Construction	✓	✓	✓	✓	Not eligible

Eligible applicants include cities, towns, or counties that are located within Indiana but outside of the following participating jurisdictions. Applications from, or housing activities located within, the following participating jurisdictions are NOT eligible for HOME funds:

- Anderson
- Bloomington
- East Chicago
- Evansville
- Fort Wayne
- Gary
- Hammond
- Indianapolis\*
- Lake County
- Lafayette Consortium\*\*
- Muncie
- South Bend Consortium\*\*\*
- Terre Haute

\*Excluding the Marion County Cities of Beech Grove, Lawrence, Speedway, and Southport. The Town of Cumberland is excluded when the housing activity is outside of Marion County.

\*\*Lafayette Consortium is made up of the Cities of Lafayette and West Lafayette and the unincorporated areas of Tippecanoe County. Other incorporated areas are eligible to receive assistance.

\*\*\*South Bend Consortium is made up of the Cities of South Bend and Mishawaka and the unincorporated areas of St. Joseph County. Other incorporated areas are eligible to receive assistance.

**2.2 Ineligible Applicants**

IHCDA reserves the right to disqualify from funding any application that has either an applicant, sub-recipient, administrator, preparer or related parties of any of the aforementioned has a history of disregarding the policies, procedures, or staff directives associated with administering any program administered by IHCDA or programs administered by any other State, Federal, or affordable housing entities, including but not limited to the Indiana Office of Community and Rural Affairs, the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture - Rural Development, or the Federal Home Loan Bank.





Additionally, any entity currently on IHCDAs suspension or debarment list is ineligible to submit an application. IHCDAs Suspension and Debarment Policy can be found in the *CDBG and HOME Award Compliance Manual* Chapter 17.

### **2.3 Religious and Faith-Based Organizations**

- *Equal treatment of program participants and program beneficiaries.* (1) *Program participants.* Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in HOME program. Neither the Federal Government nor a State or local government receiving funds under the HOME 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 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 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 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 program supported by HUD objects to the religious character of an organization that provides services under the program, that organization shall, within a reasonably 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 program-funded religious congregation uses as its principal place of worship, however, are ineligible for HOME 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 Program Requirements

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### 3.1 Eligible Activities

This program is intended to have a long-term impact on the availability and quality of the affordable housing stock in Indiana. The program is intended for the acquisition/rehabilitation, rehabilitation, or new construction of single-family housing for homebuyer activities. Acquisition only is not an eligible activity; however acquisition in conjunction with another activity is permitted.

- Rehabilitation, new construction and acquisition/rehabilitation or acquisition/new construction of single-family housing.
- If HOME funds are used for acquisition of vacant land or demolition in conjunction with another activity, then construction must commence within twelve (12) months of the demolition or acquisition.
- Manufactured homes are eligible if they meet IHCDA's Manufactured Housing Policy 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 and which also complies with the following specifications:
    - Shall have been constructed after January 1, 1981, and must exceed nine hundred fifty (950) square feet of occupied space per I.C. 36-7-4-1106 (d);
    - 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;
    - Has wheels, axles and towing chassis removed;
    - Has a pitched roof;
    - Consists of two (2) or more sections which, when joined, have a minimum dimension of 20' X 47.5' enclosing occupied space; and
    - Is located on land held by the beneficiary in fee-simple title or 99-year leasehold and is the principal residence of the beneficiary.
    - All other manufactured or mobile homes that do not meet the aforementioned criteria are ineligible to receive rehabilitation assistance funded by IHCDA.

### 3.2 Ineligible Activities

Eligible housing activities in this Homebuyer Round **do not** include:

- Rental housing;
- Performing owner-occupied rehabilitation;
- Permanent Supportive Housing projects except for proposed projects that have successfully completed the Indiana Permanent Supportive Housing Institute. Permanent Supportive Housing projects will also be funded through the Rental Housing Tax Credit (RHTC) program.
- Group homes;
- Creation of secondary housing attached to a primary unit;
- Acquisition, rehabilitation, or construction of nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, or student dormitories;
- 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 one hundred (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 (also called the Qualified Allocation Plan);
- Any housing activity funded under Title VI of NAHA, prepayment of mortgages insured under the National Housing Act, public housing developments, 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;
- Acquisition, rehabilitation or construction of transitional housing or emergency shelters that are designed to provide temporary daytime and/or overnight accommodations for homeless persons;
- Payment of HOME loan servicing fees or loan origination costs;
- Tenant-based rental assistance;
- Payment of back taxes.

IHCDA **does not** fund:

- Requests from individuals, political, social, or fraternal organizations;
- Endowments, special events, arts, or international projects;
- Scholarships requested by individuals;
- Institutions that discriminate on the basis of race, color, national origin, sex, religion, familial status, disability, sexual orientation, gender identity, or against victims of domestic violence, dating violence, sexual assault, or stalking in policy or in practice;
- Projects in furtherance of sectarian religious activities, impermissible lobbying, legislative or political activities;
- Medical research or medical profit-making enterprises.

### 3.3 HOME Program Requirements

The proposed HOME project must follow these minimum requirements, and all other requirements laid forth in the Compliance Manual, to be eligible for funding. For further details on each requirement, please see IHCDA's Compliance Manual. The link and the appropriate chapter are included.

- Recipients must comply with all regulatory requirements listed in [24 CFR Part 92](#).
- Homebuyer activities must assist households at or below eighty percent (80%) of the Area Median Income for the County, as published by HUD and distributed by IHCDA. Households must also meet the definition of "low-income families" at 24 CFR 92.2 which limits occupancy based on certain student status rules (see Chapter 1 in the IHCDA [Compliance Manual](#)).
- An income verification is valid for a period of six (6) months. If more than six (6) months pass between income verification and contract execution/purchase agreement, then a new income verification must be completed. All income verification procedures outlined in the IHCDA [Compliance Manual](#), Income Verification Chapter 8 must be followed.
- All IHCDA-assisted units must be inspected twice during the award period. The first inspection will occur at the completion of the documented scope of work and prior to the IHCDA Inspector's final physical inspection. The second inspection will be conducted upon completion





of the construction for the award. The IHCDA Inspector will conduct the physical inspections. (IHCDA [Compliance Manual](#), Construction Standards & Physical Inspections Chapter 14)

- The match requirement for the HOME program is 25% of the total amount of HOME funds requested except HOME funds used for administrative and planning costs (pursuant to §92.207); CHDO operating expenses (pursuant to §92.208); capacity building (pursuant to §92.300(b)) of CHDOs; and predevelopment or seed money loans to CHDOs (pursuant to §92.301) when IHCDA waives repayment under the provisions of §92.301(a)(3) or §92.301(b)(3) . (IHCDA [Compliance Manual](#), Policy Requirements Chapter 1 and Chapter 12, Funds Management)
- To help facilitate timely expenditure of HOME funds, all applicants are required to submit the Environmental Review Record (ERR) and Section 106 Review at the time of application. If awarded HOME funds, the HOME recipient must receive an IHCDA Release of Funds before the fully executed award documents are released and any funds are drawn. (IHCDA [Compliance Manual](#), Environmental Review Chapter 11). For more information, contact the IHCDA Design and Construction Review Manager.
  - Applicants may not purchase any property to be assisted with HOME funds, sign contracts or begin rehab/construction until the ERR/Release of Funds process has been completed and approved.
- Each recipient of a HOME 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. (IHCDA [Compliance Manual](#), Procurement Procedures Chapter 10)
- Each recipient of a HOME 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 twelve (12) or more HOME-assisted units; and
  - Affordable housing containing twelve (12) or more units assisted with HOME funding regardless of whether HOME funding is used for construction or non-construction activities.
  - Such properties may be one (1) building or multiple buildings owned and operated as a single development.
  - Public Housing Authorities (PHA's) using PHA funds in conjunction with IHCDA funds are subject to Davis Bacon requirements.
- Each recipient of a HOME award must follow competitive procurement procedures when procuring all materials, supplies, equipment, and construction or professional services related to the HOME award. (IHCDA [Compliance Manual](#), Procurement Procedures Chapter 10)
- Each recipient of a HOME award is subject to the HUD requirements of addressing lead-based paint hazards pursuant to 24 CFR Part 35. If a risk assessment is required, then all lead-based paint issues must be addressed. (IHCDA [Compliance Manual](#), Lead Based Paint Chapter 2)
- Each recipient of a HOME award is subject to the requirements of the Uniform Relocation Act. See the IHCDA's [Compliance Manual](#) Chapter 4 on URA for guidance on the regulatory requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, the Federal regulations at 49 CFR Part 24, and the requirements of Section 104(d) of Title I of the Housing and Community Development Act of 1974, as amended.
- 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 which implement the Federal Fair Housing Act Amendments of 1988 (42 U.S.C. 3601-3619). See the IHCDA [Compliance Manual](#) Chapter 3 for guidance on the regulatory requirements of Section 504 Accessibility Standards.

- Units must, at a minimum, meet the stricter of the local rehabilitation standards or the Indiana State Building Code.
- Any units utilizing gas appliances must provide carbon monoxide detectors in addition to standard smoke detectors.
- Recipients receiving \$200,000 or more in construction funding from all CPD programs (i.e. CDBG, HOME, 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. (IHCDA [Compliance Manual](#), Section 3 Chapter 7)
- Recipients of HOME funds must meet additional energy efficiency standards for new construction as described in 24 CFR 92.251.
- Projects performing the rehabilitation activity with a total of 26 or more units (the total of HOME-assisted and non-HOME assisted units) must complete and provide a Capital Needs Assessment (CNA).
- The recipient of HOME funds must ensure that every HOME-assisted homebuyer receives housing counseling before purchasing a home. The counseling can be provided by the recipient, an organization under contract with the recipient, or a qualified third party independent recipient (e.g., a HUD-approved housing counseling agency). The counseling should be comprehensive by including post-purchasing counseling, if feasible.
- Persons who, as a result of national origin, do not speak English as their primary language and who have limited ability to speak, read, write, or understand English (“limited English proficient persons” 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 (Title VI) and its implementing regulations, the recipient must agree to take reasonable steps to ensure meaningful access to activities funded by federal funds by 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.
- Any HOME-assisted homeownership unit that has not been sold by the recipient to an eligible homebuyer within nine (9) months of completion must be converted to a HOME-assisted rental unit.
- Recipients must follow the non-discrimination requirements of the Fair Housing Act, the Violence Against Women Reauthorization Act of 2013, and the Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity rule.
- In accordance with CPD Notice 12-003, the recipient must also execute a HOME written agreement with the homebuyer before or at the time of sale. The purpose of the agreement is to ensure that all parties are aware of the provisions related to the lien and restrictive covenant agreement and HOME requirements applicable to the HOME-assisted unit (i.e., period or





affordability, principal residency requirement, etc.). The recipient will be required to use IHCDA’s form of Homebuyer Recapture Agreement.

**3.4 Affordability Requirements**

HOME subsidized activities must be secured throughout the affordability period by a recorded lien and restrictive covenant agreement created by IHCDA. The affordability period begins on the date the activity is completed in IDIS. To be completed in IDIS, the project must be completed, completion and close out documents submitted and approved, final monitoring is completed and, when any findings or concerns are resolved, all of the funds are drawn and/or deobligated.

The following affordability periods apply to all HOME homebuyer activities:

Amount of HOME subsidy per unit:	Affordability Period
Under \$15,000	5 years
\$15,000 - \$40,000	10 years
Over \$40,000 - or any rehabilitation/refinance combination activity	15 years

The recipient must take measures to ensure that HOME-assisted homebuyer units continue to be the homebuyer’s principal residence throughout the Affordability Period by annually certifying the principal place of residency.

Annual Certification of Compliance:

In order to ensure compliance with the Affordability Period and principal place of residency requirements of the HOME Program for HOME-assisted homebuyer units, the recipient must submit a “Homebuyer Activity Annual Certification of Compliance” annually throughout the Affordability Period.

This will require the recipient to certify compliance to IHCDA annually, under penalties of perjury, for each year of the Affordability Period. The recipient must certify that each home/homeowner assisted with HOME funds under this Award meets the affordability requirements. This will require the recipient to contact each homeowner to have request the homeowner to sign the “Exhibit A: Principal Place of Residency Certification.”

The “Homebuyer Activity Annual Certification of Compliance” is due on or before January 31<sup>st</sup> of each year and will certify information for the preceding twelve (12) month period. The first annual owner certification is due by January 31<sup>st</sup> of the year following closeout date (i.e. the first year of the affordability period) of this Award.

A complete submission includes the Certification, Exhibit A, and Exhibit B. The “Homebuyer Activity Annual Certification of Compliance” and related exhibit forms are made available on the compliance and asset management page of IHCDA’s website at <http://www.in.gov/myihcda/2342.htm>. IHCDA will not send these forms to the recipient annually. Rather, it is the responsibility of the recipient to download the necessary forms and to contact IHCDA if there are any questions or concerns.

If the annual certification is not submitted for the Award by the January 31st due date, IHCDA will contact the recipient with a reminder letter. Failure to submit reports by the deadline will result in a







\$100 penalty late fee. This fee will be requested in the reminder letter sent by IHCDA.

Repeated failure to submit reports or to comply with requests for reports could result in repayment of HOME funds associated with these home-assisted homebuyer units or suspension or debarment of the recipient. For more information on IHCDA's suspension and debarment policy, refer to Chapter 17 of IHCDA's *HOME and CDBG Award Compliance Manual*.

### **3.5 Homebuyer Resale Provisions**

The recipient must implement resale requirements for every homebuyer property constructed, redeveloped, rehabilitated, or acquired, in whole or in part, with HOME funds in the form of a development subsidy. The development subsidy consists of the difference between the cost of producing the unit and the market value of the property..

If the homebuyer no longer occupies the property as its primary residence the property: (1) must be resold to another individual or family; who meets the Affordability Requirements; and (2) must be resold at a price that does not exceed twenty-nine percent (29 %) of that individual's or family's gross income towards the principal, interest, taxes and insurance for the property on a monthly basis ("Affordable Price"). The homebuyer must resale the property within six (6) months of the date it fails to occupy the property as its primary residence. The homebuyer is entitled to a fair return on its investment (as described below) upon the sale of the property. The fair return will be based on the percentage change in the Consumer Price Index for All Urban Consumers Owners' Equivalent Rent of Primary Residence category in Table I of the CPI Detailed Report (the "CPI Index") during the period of the homebuyer's ownership of the property. Accordingly, the CPI Index during the month the residence was completed (the month during which the completion reports were received by and approved by IHCDA) will be compared to the CPI Index during the month the homebuyer sells the residence to determine the percentage of the return. The homebuyer's investment will include any down payment, plus any capital improvements. A capital improvement is any property enhancement that increases the overall value of the property, adapts it to new uses, or extends its life such as: adding windows, insulation, a new drive way, a new furnace, a garage, bedroom, new roof, remodeling kitchen, etc. Any capital improvement will be valued based on actual cost as documented by the homebuyer's receipts. Generally, replacing worn or dated components such as appliances or carpet would not be considered an improvement that adds value or adapts it to new uses. In certain circumstances, such as a declining housing market where home values are depreciating, the homebuyer may not receive a return on his or her investment because the home sold for less or the same price as the original purchase price and a loss on investment may constitute a fair return. The property cannot be sold for a price higher than indicated above.

The recipient will be required to ensure that a lien and restrictive covenant agreement, drafted by IHCDA has been executed and recorded on any HOME-assisted property. In accordance with CPD Notice 12-003, the recipient must also execute a HOME written agreement with the homebuyer before or at the time of sale. The purpose of the agreement is to ensure that all parties are aware of the provisions related to the lien and restrictive covenant agreement and HOME requirements applicable to the HOME-assisted unit (i.e., period or affordability, principal residency requirement, etc.). The recipient will be required to use IHCDA's form of Homebuyer Resale Agreement.

In accordance with CPD Notice 12-003 If a HOME-assisted property is foreclosed upon, sold or the homebuyer is no longer using the property as its principal residence and the affordability requirements are not preserved by a subsequent purchaser at a reasonable price by a low-income homebuyer who





will use the property as its principal residence, and agree to assume the remainder of the original affordability period, the recipient must repay the ENTIRE amount of HOME funds invested in the property.

### **3.6 Homebuyer Recapture Guidelines**

The recipient must implement recapture restrictions for any homebuyer property purchased, in whole or in part, by a homebuyer that received a direct subsidy from the recipient in an amount greater than or equal to One Thousand and 00/100 Dollars (\$1,000) from HOME funds. A homebuyer subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise directly subsidizes the purchase.

If the homebuyer no longer utilizes the property as its principal residence during the Affordability Period defined below, the amount to be recaptured is the shared net proceeds of a prorated amount of the homebuyer subsidy. The proration shall be based on the length of time the homebuyer has occupied the property as its principal residence in relation to the Affordability Period. If there is both a development subsidy and a homebuyer subsidy or just a homebuyer subsidy, a recapture provision must be implemented. In cases where a homebuyer subsidy was not provided and there is only a development subsidy, resale restrictions must be executed on the property.

The recipient will be required to ensure that a lien and restrictive covenant agreement, drafted by IHCD has been executed and recorded on any HOME-assisted property. In accordance with CPD Notice 12-003, the recipient must also execute a HOME written agreement with the homebuyer before or at the time of sale. The purpose of the agreement is to ensure that all parties are aware of the provisions related to the lien and restrictive covenant agreement and HOME requirements applicable to the HOME-assisted unit (i.e., period or affordability, principal residency requirement, etc.). The recipient will be required to use IHCD's form of Homebuyer Recapture Agreement.

If the homebuyer sells the property or the property is foreclosed upon during the term of the Affordability Period, the amount to be recaptured is the shared net proceeds of a prorated amount of the homebuyer subsidy. The proration shall be based on the length of time the homebuyer has occupied the property as its principal residence in relation to the affordability period. Any net proceeds that exist will be shared between IHCD and the homebuyer. If there are not any proceeds, there is no amount to recapture.

The net proceeds are the total sales price minus all loan and/or lien repayments. The net proceeds will be split between the IHCD recipient and borrower as outlined according to the forgiveness schedule contained in IHCD's *CDBG and HOME Program Manual*.

If there is both development subsidy and homebuyer subsidy or just homebuyer subsidy, a recapture provision must be implemented. In cases where a homebuyer subsidy was not provided and there is only a development subsidy, resale restrictions must be executed on the property.

In cases of non-compliance, 1) the original homebuyer no longer occupies the unit as his or her principal residence (i.e., unit is rented or vacant), or 2) the home was sold during the affordability period and the recapture provisions were not enforced the entire amount of the HOME funds invested in the property must be repaid.





Under recapture guidelines the Affordability Period is based upon the total amount of the homebuyer subsidy that the homebuyer received in HOME funds.





**Part 4 : CHDO**

**4.1 IHCDA CHDO Set-Aside**

IHCDA must allocate 15% of its HOME funds for CHDO projects.

**4.2 CHDO Eligible Activities**

- Permanent rental and homebuyer housing are considered CHDO-eligible activities for purposes of the CHDO set-aside as long as the activity takes place within the CHDO’s state-certified service area and the CHDO must own, develop, or sponsor the activity.
  - HOME-assisted homebuyer's program: When the CHDO owns and develops new housing that will be constructed or if the CHDO is the current owner or will be acquiring existing housing that will be rehabilitated. As developer, the CHDO must arrange financing for the project and be in sole charge of construction.

**4.3 CHDO Program Requirements**

CHDOs must adhere to all HOME requirements listed in this Application Package and the additional CHDO specific program requirements:

- The CHDO must have a current CHDO Certification issued by IHCDA.
- Treatment of Program Income by a CHDO: Proceeds generated from a Community Housing Development Organization (“CHDO”) development activity may be retained by the CHDO but must be used for housing activities that benefit low-income families as provided in 24 CFR 92.300(a)(2). Such proceeds are not considered program income and are not subject to HOME Program requirements. However, if at any time during the affordability period, the CHDO becomes decertified or no longer has a mission of providing affordable housing then all CHDO proceeds must immediately be remitted to IHCDA. Please contact your Compliance Monitor for further assistance in this area. Additionally, funds recaptured because housing no longer meets affordability requirements are not considered CHDO proceeds and are subject to the requirements of 24 CFR 92.503(b) and must be returned to IHCDA.
- An application for a CHDO eligible undertaking must demonstrate the following:
  - Low- and moderate-income persons have had the opportunity to advise the CHDO in its decision regarding the design, site, development, and management of the affordable housing undertaking.
  - Certify that the organization continues to meet the definition of a CHDO by being a certified CHDO by IHCDA.
  - Complete the CHDO related sections in the HOME 2015 FY Application Forms.
- Homebuyer provision for CHDO-eligible activities, the HOME funds may be provided as a homebuyer deferred payment or forgivable loan and must carry a zero (0%) interest rate and the term must not exceed the affordability period. The Single Family proforma that is submitted to IHCDA at set-up must include:
  - The affordable payment (Principal, Interest, Taxes, Insurance, and Utilities) must have a front-end ratio of twenty-nine percent (29%) of gross income.
  - Applicants should not allow a mortgage payment that exceeds the back-end affordable payment ratio calculated at forty-one percent (41%) of gross monthly income.
  - If the activity is for new construction, at least \$50.00 per month must be budgeted for property taxes, unless documentation is provided that indicates that taxes will be lower than this amount.





- Applicants must include a utility allowance between \$125.00 and \$200.00, unless documentation is provided that indicates that utilities will be lower than this amount.
- Donations toward a home must be counted at one hundred percent (100%) of the value; however, in the financial analysis seventy-five percent (75%) of this value must be counted toward either development and/or homebuyer subsidy. But if including a developer fee this is not eligible and one hundred percent (100%) of the value must be counted.
- CHDO Operating Costs – CHDO operating costs are those costs directly related to administering an IHCDA HOME CHDO award and complying with the regulations associated with these funds. HOME funds expended on CHDO operating costs incur no match liability. This line item cannot exceed five percent (5%) of a HOME award and generally is between \$5,000.00 and \$10,000.00. This line item along with developer’s fee, program delivery, and environmental review cannot exceed twenty percent (20%) of the HOME request. Recipients are allowed to draw down this line item as costs are incurred. Costs associated with preparing an application for funding through IHCDA are not eligible for reimbursement through a HOME award.

Eligible costs include:

- |  |   |
|--|---|
| ○ Affirmative marketing                  | ○ Communication costs   |
| ○ Fair housing education                 | ○ Lead based paint training   |
| ○ Postage                                | ○ Staff time or professional services related to reporting, compliance, monitoring, or financial management |
| ○ Office materials and supplies          | ○ Training related to the housing activity  |
| ○ Photocopying                           |   |
| ○ Office rent and utilities              |   |
| ○ Travel related to the housing activity |   |

**4.4 CHDO Operating Supplement**

CHDOs may apply for supplemental funds in the HOME 2015 FY Application Forms. The CHDO may apply for up to \$50,000 in supplemental funding tied to a specific CHDO HOME eligible project.

**4.5 CHDO Predevelopment and Seed Money Loans**

CHDOs are eligible for project specific predevelopment or seed money loans. The CHDO must apply for the predevelopment or seed money through a separate application process. Please contact your Real Estate Production Analyst for more details.





**Part 5: Subsidy Limitations & Eligible Activity Costs**

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**5.1 Subsidy & Budget Limitations**

The maximum request amount per application is \$500,000 for eligible homebuyer activities.

*Subsidy Limitations*

HOME funds used for acquisition, rehabilitation, new construction, program delivery, relocation, rent-up reserve, and developer’s fee combined cannot exceed:

Bedroom Size	Per Unit Subsidy Limit
0	\$55,000
1	\$63,000
2	\$77,000
3	\$99,000
4+	\$109,000

Minimum amount of HOME funds to be used for rehabilitation or new construction is \$1,000 per unit.

*Budget Limitations*

HOME funds cannot be used for reserve accounts for replacement or operating costs, but may be used as a Rent-Up Reserve.

All subsidies must be secured throughout the affordability period by a written, legally binding, recorded restrictive covenant.

HOME funds budgeted for administration or CHDO operating costs cannot exceed five percent (5%) of the HOME award.

HOME funds budgeted for developer’s fee cannot exceed fifteen percent (15%) of the HOME award.

HOME funds budgeted for administration or CHDO operating, program delivery, environmental review and developer’s fee together cannot exceed twenty percent (20%) of the HOME award.

**5.2 Form of Assistance**

HOME funds will be awarded to the recipient in the form of a grant or loan. Award documents must be executed in order to access funds and will include, but are not limited to: award agreement, resolution, and a lien and restrictive covenant agreement.

The applicant may then provide the HOME award as a forgivable, amortized, or deferred loan to as many other entities as it chooses, known as subgrantees (beneficiaries if a homebuyer award). However, subgrantees must be identified in the application and approved by IHCDA.

A title company is required to be used for all loans that occur between the IHCDA recipient and the beneficiary or subgrantee of the program. For example, an IHCDA recipient providing funds for a





homebuyer activity must use a title company when the loan is made to the homebuyer. Another example is when an IHCDA recipient is assisting a property that it does not own. When the loan is made from the IHCDA recipient to the subgrantee, a title company must be used.

The IHCDA recipient must execute a promissory note, mortgage, lien and restrictive covenant agreement, security agreement, UCC Financing Statement(s), and other documents as directed by IHCDA in order to secure IHCDA's investment in the assisted property. The recipient is required to deliver these documents to the county recorder's office for recording. These documents will be reviewed during monitoring visits.

The homebuyer must execute a lien and restrictive covenant agreement and in accordance with CPD Notice 12-003, the recipient must execute a HOME written agreement with the homebuyer before or at the time of sale. The purpose of the agreement is to ensure that all parties are aware of the provisions related to the lien and restrictive covenant agreement and HOME requirements applicable to the HOME-assisted unit (i.e., period or affordability, principal residency requirement, etc.), and assists the recipient in enforcing those requirements.

### **5.3 Eligible Activity Costs**

The bolded items listed below are included in the application budget. If you have a question about which line item an expense goes under, contact your IHCDA Real Estate Production Analyst.

**RETAINAGE POLICY** - IHCDA will hold the final \$5,000.00 of an award until the completion reports, leverage documentation, and closeout documentation is received and approved. Additionally, IHCDA will hold the final \$5,000.00 of an award until the final monitoring and final inspection have been completed and all findings and/or concerns associated with them have been resolved.

**ACQUISITION** – Limited to the purchase price and related costs associated with the acquisition of real property. Recipients must use a title company when purchasing or selling assisted properties.

**HOMEBUYER SUBSIDY OR DIRECT SUBSIDY** – A Homebuyer Subsidy may include closing costs, principal reduction, or interest rate buy-downs provided to program participants, or any assistance that reduces the purchase price from the fair market value to an affordable price. For homebuyer projects only.

**NEW CONSTRUCTION** – Eligible 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

**REHABILITATION** – Eligible costs include:

- Hard costs associated with rehabilitation activities
- Lead-based paint interim controls and abatement costs.
- Mold remediation.





- Utility connections and related infrastructure costs - off-site connections from the property line to the adjacent street are eligible when it 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.
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners
- Site work related to driveways, sidewalks, landscaping, etc.

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

**PROGRAM DELIVERY** - Program delivery costs are those costs that can be directly tracked by address. They include soft costs and client-related costs that are reasonable and necessary for the implementation and completion of the proposed activity. This line item along with administration and environmental review cannot exceed twenty percent (20%) of the HOME request. Recipients are allowed to draw down this line item as costs are incurred. Additionally, program delivery may be used to pay off a HOME CHDO Predevelopment or CHDO Seed Money loan but may not exceed the twenty percent (20%) line item cap.

Eligible costs include:

- Engineering/Architectural Plans
- Financing costs
- Client in-take / Income verification
- Plans, specifications, work write-ups
- Credit reports
- Title Searches
- Impact fees
- Inspections
- Cost estimates
- Building permits
- Recording fees
- Demolition permits
- Travel to and from the site
- Lead hazard testing
- Private lender origination fees
- Appraisals
- Consultant fees
- Realtor fees
- Utilities of assisted units
- Other professional services
- Builders risk insurance
- Phase I Environmental Assessments
- Closing costs paid on behalf of homebuyer
- Legal and accounting fees

**RELOCATION** - This includes relocation payments and other relocation assistance for permanently and/or temporarily relocated individuals, families, businesses, nonprofit 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 Compliance Manual Chapter 4.

**LEAD HAZARD TESTING** – Costs associated with lead hazard testing includes Risk Assessment, Clearance Test, etc. The limits for this line item are \$1000.00 per unit.

**HOMESHOWERSHIP COUNSELING** – Costs associated with formal training provided to prospective homebuyers. This item is limited to \$1,000.00 per homebuyer. Applies to homebuyer projects only.

Eligible costs include:

- Course material development/costs
- Related travel







- Underwriting
- Professional services
- Intake
- Training location
- Credit reports
- Postage
- Income verification
- Loan processing
- Program management
- Marketing and advertising

**DEVELOPER’S FEE** – Developer’s fees are only available with HOME funded activities and cannot exceed fifteen percent (15%) of the HOME award. Additionally, the total of Developer’s Fee, Administration or CHDO operating, program delivery and environmental review cannot exceed twenty percent (20%) of the HOME request.

**ADMINISTRATION** - The administration line item includes those costs directly related to administering the IHCD award and complying with the regulations associated with these funds. This line item cannot exceed five percent (5%) of the HOME request and generally is between \$5,000 and \$10,000. This line item along with Developer’s Fee, program delivery, and environmental review cannot exceed twenty percent (20%) of the HOME request. Recipients are allowed to draw down this line item as costs are incurred. Costs associated with preparing an application for funding through IHCD are not eligible for reimbursement through a HOME award. This line item does not incur a match liability for HOME funds.

Eligible costs include:

- Affirmative marketing
- Fair housing education
- Postage
- Office materials and supplies
- Photocopying
- Office rent and utilities
- Travel related to the housing activity
- Communication costs
- Lead based paint training
- Staff time or professional services related to reporting, compliance, monitoring, or financial management
- Training related to the housing activity

**CHDO OPERATING COSTS** – Please refer to the CHDO section of this application package.

**ENVIRONMENTAL REVIEW** – This line item includes expenses associated with the Environmental Review Release of Funds process. This does not refer to a Phase I Environmental Assessment. Those expenses should be included in the Program Delivery line item. This line item along with developer’s fee, program delivery and administration or CHDO operating cannot exceed twenty percent (20%) of the HOME 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 Chapter 11 of the IHCD Compliance Manual or contact IHCD’s Design and Construction Review Manager.

**Ineligible Activity Costs**

- 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 awards cannot be used to underwrite 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 fifteen (15)-year proforma.

- Costs associated with preparing an application for funding through IHCD.
- Purchase or installation of luxury items, such as swimming pools or hot tubs.
- 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.
- Cost of supportive services.
- General operating expenses or operating subsidies.
- Providing tenant based rental assistance.
- Mortgage default/delinquency correction or avoidance.
- Loan guarantees.
- Annual contributions for operation of public housing.
- Costs associated with any financial audit of the recipient.

#### **5.4 Program Income**

Proceeds generated from a Community Housing Development Organization (“CHDO”) development activity may be retained by the CHDO but must be used for housing activities that benefit low-income families as provided in 24 CFR 92.300(a)(2). Such proceeds are not considered program income and are not subject to HOME Program requirements. However, if at any time during the affordability period, the CHDO becomes decertified or no longer has a mission of providing affordable housing then all CHDO proceeds must immediately be remitted to IHCD. Please contact your Compliance Monitor for further assistance in this area. Additionally, funds recaptured because housing no longer meets affordability requirements are not considered CHDO proceeds and are subject to the requirements of 24 CFR 92.503(b) and must be returned to IHCD.

Income generated by not for profits or for-profits, acting as developers of HOME units, may be retained by the developer and is not subject to HOME Program requirements.

Additionally, all legal documents, such as mortgages, security agreements, UCC financing statements, and liens executed by the recipient and the beneficiary or subrecipient, receiving assistance, must be recorded at the county recorder’s office. These documents must be submitted to IHCD at closeout along with the IHCD recipient’s completion reports and will be reviewed during monitoring visits conducted by IHCD staff.

The State of Indiana, Department of Financial Institutions, has determined that any community development corporation (as defined in IC 4-4-28-2) acting as a subrecipient of funds received from; the Indiana Housing and Community Development Authority is exempt from the requirements of the Consumer Credit Code set forth in (IC 24-4.5), including its loan licensing requirements. Subsequently, if you are a not for profit that does not meet these requirements, you could be subject to the loan licensing requirements as listed above.

Additionally, if your organization makes more than twenty (25) consumer loans in a year, then the loan-licensing requirements referenced above could become applicable.



## **Part 6: Homebuyer Requirements**

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The purpose of this activity is to provide funding to improve the quality of housing stock while making it affordable for homebuyers. Funding is available for rehabilitation, new construction, or acquisition/rehabilitation of housing that will be sold to income-eligible homebuyers. HOME projects can propose homebuyer activities with this policy and corresponding application forms. Rental activities are eligible using the Rental policy and corresponding application forms.

### **6.1 Eligible Beneficiaries**

Each household must have an annual income equal to or less than eighty percent (80%) of the area median family income (adjusted for household size) at the time the contract to purchase the home is signed. The Section 8 definition of household income applies. See Chapter 8 of the *CDBG and HOME Program Manual* for instructions on calculating and verifying household income. Households must also meet the definition of “low-income families” at 24 CFR 92.2 which limits occupancy based on certain student status rules (see Chapter 1 in the *CDBG and HOME Program Manual*).

To be eligible for homebuyer activities, the prospective purchaser beneficiary must be low-income and must occupy the property as a principal residence upon purchase.

The purchasing household must be low-income at either:

- In the case of a contract to purchase existing housing, at the time of purchase; or
- In the case of a contract to purchase housing to be constructed, at the time the contract is signed.

A household owns a property if that household:

- Has fee simple title to the property; or
- Maintains a 99-year leasehold interest in the property; or
- Owns a condominium; or
- Owns or has a membership in a cooperative or mutual housing project that constitutes homeownership under state law; or
- For manufactured housing, land must be owned by the manufactured housing owner or leased for a period at least equal to the duration of the affordability period; or
- Maintains an equivalent form of ownership approved by HUD.

Ownership does not include land contracts/contracts for deeds.

### **6.2 Affordability Periods and Resale/Recapture Requirements**

All homebuyer projects are subject to an Affordability Period as defined in Part 3.4 of this document.

The recipient must implement resale or recapture provisions through a recorded lien and restrictive covenant agreement as described in Parts 3.5 and 3.6 of this document.

### **6.3 Homebuyer Provisions**

- Recipients are required to identify and qualify homebuyers prior to acquiring and beginning construction on the HOME-assisted units; however, HOME-assisted units are not considered



completed until occupied by an income eligible homebuyer. Therefore, units that are not completed during the award timeframe may affect future funding decisions.

- Recipients will be required to provide an “after rehab” or “construction value” appraisal; whichever is appropriate, from a licensed appraiser for all property assisted with the award with the first draw that includes hard costs. If the applicant is acquiring property an “as-is” appraisal is required with the first draw request for acquisition reimbursement. See IHCD’s Compliance Manual for details.
- Applicants also performing rehabilitation on the housing in this activity must purchase:
  - Homebuyer residential units,
  - Rental units that have been vacant for three (3) or more months, or
  - Occupied rental units only if the current tenant will become the eventual homebuyer. See the IHCD’s Compliance Manual for further guidance.
- Subsidy analysis must be based on a borrower’s payment for a minimum of a 20-year mortgage.
- Recipients are required to provide homeownership counseling to all program beneficiaries.
- The recipient may not charge servicing, origination, processing, inspection, or other fees for the costs of providing homeownership program assistance.
- If the not-for-profit applicant anticipates selling the HOME-assisted unit to a buyer that will utilize an FHA or VA insured mortgage, they may be required to first be approved by HUD to be a secondary lender. Information on how to become a HUD-approved lender can be obtained at HUD’s website or by calling the HUD’s Atlanta Homeownership Center toll free at (888) 696-4687 ext. 2055.
- According to 24 CFR 92.254(a)(2) in the case of acquisition of newly constructed housing or standard housing, the property must have a purchase price that does not exceed the FHA 203(b) mortgage limits. In the case of acquisition with rehabilitation, the property must have an estimated value after rehabilitation that does not exceed the FHA 203(b) mortgage limits. For a list of current mortgage limits, see the appropriate RED Memo on IHCD’s website.
- The HOME-assisted housing unit must be occupied as the homebuyer’s principal residence throughout the Affordability Period.
- Homebuyer units that are multi-family (four (4) or less units) must meet all program requirements. The owner must be income qualified (income from the rental units must be included). The occupants of the rental units must also be income qualified and impose all rental requirements.
- Any HOME-assisted homeownership unit that has not been sold by the recipient to an eligible homebuyer within nine (9) months of completion of construction or rehabilitation (meaning all necessary title transfer requirements and construction work have been performed and the housing unit complies with the property standards as evidenced by a final inspection) must be converted to a HOME-assisted rental unit subject to all compliance requirements of HOME-assisted rental housing in accordance with 24 CFR 92.252



## **Part 7: Completeness & Threshold Criteria**

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Each proposed project must satisfy the Federal requirements of the HOME program listed in 24 CFR Part 92 and any additional requirements established by IHCDA. To be considered for funding, an applicant must meet all of the Completeness and Threshold criteria listed below.

### **7.1 Completeness Requirements**

- 1) Timeliness – All documentation must be turned in by the application due date.
  - i) On or before the application deadline, the applicant must provide all documentation as instructed in this Application Process Handbook as well as required documentation listed in the HOME Application Form.
  - ii) If IHCDA requests additional information from the applicant, all requests are due on or before the date provided by IHCDA staff.
  - iii) Any forms that are late will be denied review and will be sent back to the applicant.
- 2) Responsiveness – All questions must be answered and all supporting documentation must be provided.
  - i) The applicant must provide all documentation as instructed in this Application Process Handbook as well as required documentation listed in the HOME Application Forms.
  - ii) The applicant must provide all documentation as requested (i.e. uploaded or hard copies, labeled correctly, etc.)
  - iii) Required signatures must be originally signed.

### **7.2 Threshold Requirements**

All documentation must be issued/dated within six months of the Application deadline date. A Threshold checklist can be found in the 2015 HOME Homebuyer Application forms.

- 1) Feasibility
  - Turn in the 2015 HOME Application and supporting documents via the FTP site and send one original copy of the signed Application Forms to IHCDA in a complete and timely fashion.
  - Completed Environmental Review
    - i) Submit completed Environmental Review forms. Instructions and forms can be found in Chapter 11 of the IHCDA Compliance Manual, here: <http://www.in.gov/myihcda/2490.htm>
    - ii) A floodplain determination must be submitted for each parcel.
  - Submit a copy of the applicant entity's most recent audited financial statements or tax returns
  - Project Narrative – answer questions describing your project found in the Narrative Tab in the Application Forms.
  - Market - HUD requires that IHCDA certify that there is adequate need for each project based on the neighborhood's housing market. In order to help make this determination, please answer all of the questions in the Market tab in the 2015 HOME application. Attach any relevant support material such as planning documents and maps in Tab G.
  - Sources and Uses – Complete the following:



- i) Homebuyer Proforma in Application Forms for each identified HOME-assisted homebuyer.
  - ii) Sources and Uses tab in Application Forms.
  - iii) Submit supporting documentation in Tab J, including any:
    - (1) Signed letters of commitment with funding terms and amounts, dated within six months of application due date.
    - (2) Supporting documentation for in-kind donations to demonstrate value.
  - Budget – Complete budget tab in Application Forms
- 2) Eligibility
- CHDOs
    - i) Complete Tab 16 in the Application Forms
    - ii) If applying for a CHDO Operating Supplement, fill out section G of the Application Cover Page and Tab 17 in the Application Forms
  - Not for Profit Corporations
    - i) Must be organized under section 501(c)3 or 501(c)4 of the Internal Revenue Code (except CHDOs). Provide a copy of the IRS determination letter for not-for profit corporations.
    - ii) Provide proof the organization is in good standing. Submit a copy of the Certificate of Existence from the Indiana Secretary of State that is no more than six months old.
- 3) Notifications
- Application Cover Page in Application Forms - Submit a copy of the System of Award Management (SAM) registration in Tab A. <https://www.sam.gov/portal/SAM/#1>
  - Application Summary Tab in Application Forms - Turn in Owner notification in Tab B.
  - Application Summary Tab in Application Forms – Turn in Letter from Highest Elected Official in Tab C.
  - Application Summary Tab in Application Forms - If project received funding directly from HUD or Rural Development, the applicant must send a notification letter to the appropriate HUD or Rural Development Office. Provide a copy of the letter along with proof of sending in Tab E.
- 4) Development Requirements
- All other development funding must be committed prior to submitting an application for HOME funding to IHCDA. Fill out the Sources and Uses tab in the Application Forms. Submit any required supporting documentation in Tab J.
  - Commit to assist households at or below eighty percent (80%) of the Area Median Income for the County. Answer question 12 in the Application Summary Tab in the Application Forms.
  - Affirmative Fair Marketing Plan - In accordance with 24 CFR 200.620 and 24 CFR 92.351(a), the Recipient must adopt an Affirmative Fair Housing Marketing Plan for rental and homebuyer projects containing five (5) or more HOME assisted housing units. Provide form [HUD 935.2A](#) in Tab H.
  - Match Requirement - The match requirement for the HOME program is 25% of the total amount of HOME funds requested minus administration and CHDO operating award. Match must be committed prior to submitting an application for HOME funding to IHCDA and to pass threshold review. Provide the following:
    - i) Turn in the Match Spreadsheet in Tab J.
    - ii) Fill out Match tab in Application Forms.
    - iii) Submit supporting documentation in Tab J.



**Part 8 : Scoring**

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If an application meets all applicable requirements, it will be evaluated and scored based on:

Scoring Category	Points Possible
Project Characteristics	38
Development Features	25
Readiness	13
Capacity	30
Financing	10
Unique Features & Bonus	10
<b>Total Possible Points</b>	<b>126</b>

When there is a scoring criteria based on the county being served and there are multiple counties, the applicant should add up the scores from each county and average them, rounding to the nearest whole number. An application must score at least 75 points to be considered for funding.

**8.1 Project Characteristics** **Category Maximum Points Possible: 38**

This scoring category describes the proposed project. The points can be achieved through the following sub-categories: Constituency Served, Targeted Population, Comprehensive Community Development, and Services.

- 1) *Constituency Served* *Maximum Number of Points: 8*

Points will be awarded to applicants that have at least 20% of the potential homebuyers identified and income verified.

Homebuyers Identified	Points
At least 20% of the potential homebuyers are identified and income verified.	8

*Include the following:  
-A completed Form F Client Intake List in Tab K.*

- 2) *Aging in Place Targeted Populations* *Maximum Number of Points: 5*

Aging in Place (AIP) refers to adapting our collective living environment so it is safer, more comfortable, and increases the likelihood a person can live independently and remain at home as circumstances change. Primary target populations for aging in place strategies are seniors, families with seniors, and persons with disabilities.

Points will be awarded to applicants that target populations with special housing needs under IHCDA’s AIP priority in accordance with the following guidelines and charts.



Target Population: Aging in Place	Points
100% of homebuyer units meet the “visitability” standard (see below). In addition, all units shall be made accessible upon the request of the prospective buyer.	5

Visitability is defined as housing designs that allow persons with mobility impairments to enter and enjoy a residence. There are three (3) specific design elements that must be incorporated into the home to satisfy the visitability requirement.

1. At least one zero step entrance on an accessible route. This can be any entrance to the house; and
2. All main floor interior doors- including bathroom doors- provide at least 32 inches of clear passage; and
3. At least one half or full bathroom on the main level is accessible per the Fair Housing Act usable bathrooms requirement.

In order to receive points for AIP projects must satisfy the following criteria:

For New Construction:

- 100% of the units must be accessible or adaptable, as defined by the ADA and the Indiana Accessibility Code.  
*Include the following:*
  - *The originally signed HOME application will serve as certification that the development will comply with these requirements.*

For Rehabilitations:

- 100% of the ground floor units must be accessible or adaptable, as defined by the ADA and the Indiana Accessibility Code, and all units above the ground floor must be adaptable as defined by the ADA and the Indiana Accessibility Code unless the building(s) contained elevator(s)/Lift(s) prior to rehabilitation, in which case the elevators/lifts will need to be maintained and 100% of the units above the ground floor will need to be accessible and adaptable.  
*Include the following:*
  - *The originally signed HOME application will serve as certification that the development will comply with these requirements.*
  - *For rehab projects with more than 26 units, a capital needs assessment must be submitted in Tab K.*

- 3) *Comprehensive Community Development* *Maximum Number of Points: 13*  
 Projects with a Comprehensive Community Development focus are a part of a broader, more comprehensive approach to area improvement. These projects have the capability of contributing to fundamental change to the character of a targeted area. Points will be awarded to applicants whose projects contribute to the revitalization of existing areas.





In order to score points in this category, applicants will submit a Comprehensive Community Development Plan. Specific points will be awarded based on the chart below. Note that if a plan does not meet the first two requirements, Role of Housing and Implementation Date, then the plan will not qualify for any points in this category.

	1 Point	2 Points	3 Points	Required Documentation
<b>Role of Housing *</b>	<ul style="list-style-type: none"> <li>Plan makes reference to Housing as a goal</li> </ul>	<ul style="list-style-type: none"> <li>Plan makes reference to Housing as a goal</li> <li>Plan Specifically makes reference to the creation or need for affordable housing or IHCDA HOME Program</li> </ul>	<ul style="list-style-type: none"> <li>Plan makes reference to Housing as a goal</li> <li>Plan Specifically makes reference to the creation or need for affordable housing or IHCDA HOME Program</li> <li>Plan provides evidence of how project is part of a larger revitalization effort</li> </ul>	<p>Page numbers of the plan making reference to:</p> <ul style="list-style-type: none"> <li>Role of Housing</li> <li>Reference to the creation or need for affordable housing or IHCDA HOME program</li> <li>Part of a larger revitalization effort</li> <li>Narrative about efforts leading to the creation of the plan</li> </ul>
<b>Implementation Date *</b>	Plan was created/adopted between 9 -15 years ago	Plan was created/adopted between 4 - 8 years ago	Plan was created/adopted between 0 - 3 years ago	<p>Submit electronic copy of entire completed plan with date of creation or adoption</p> <ul style="list-style-type: none"> <li>Include page number of date of plan and/or adoption documentation</li> </ul>
<b>Target Area</b>	Project targets a region or county, the region or county is referenced in the plan	Project targets a city or town, the city or town is referenced in the plan	Project targets a neighborhood or specific area, the neighborhood or specific area is referenced in the plan	<p>Map of targeted area</p> <ul style="list-style-type: none"> <li>Please identify project site location</li> </ul>



<p><b>Plan Components</b></p>	<p>Plan includes only one of the below components:</p> <ul style="list-style-type: none"> <li>• Implementation measures along with specific, current, and ongoing time frames for achievement</li> <li>• An evaluation of current area conditions</li> <li>• Public/community participation and narrative about efforts leading to the creation of the plan</li> </ul>	<p>Plan includes two of the below components:</p> <ul style="list-style-type: none"> <li>• Implementation measures along with specific, current, and ongoing time frames for achievement</li> <li>• An evaluation of current area conditions</li> <li>• Public/community participation and narrative about efforts leading to the creation of the plan</li> </ul>	<p>Plan includes all of the below components:</p> <ul style="list-style-type: none"> <li>• Implementation measures along with specific, current, and ongoing time frames for achievement</li> <li>• An evaluation of current area conditions</li> <li>• Public/community participation and narrative about efforts leading to the creation of the plan</li> </ul>	<p>Page numbers of the plan making reference to:</p> <ul style="list-style-type: none"> <li>• Implementation measures</li> <li>• Current area conditions</li> <li>• Public participation</li> <li>• Narrative about efforts leading to the creation of the plan</li> </ul>
<p><b>Adoption of the Plan</b></p>	<p>Plan has been adopted by the highest Local Unit of Government</p>			<p>Documentation of formal approval of plan as active by Local Unit of Government (example: city/town council resolution, signed minutes)</p>

\*The comprehensive plan must score in the Role of Housing and the Implementation Date categories in order to be considered for subsequent point categories.

In order to receive points under the Comprehensive Community Development scoring sub-category, *the applicant must submit the following in Tab L:*

- An explanation of how this project is part of a larger revitalization effort should be explained in the Project Narrative section of the application. You should include information regarding target size, a plan, the efforts already completed or underway, local support for this and other projects in the revitalization efforts, funding commitments, what is the intended impact and how impact will be measured, etc.
- All other required documentation that must be submitted in order to receive points in this category are indicated in red font in the chart directly above. Page numbers in the application are required in order to receive points.

The following will not be considered for points as eligible plans for this category: short-term work plans, consolidated plans, municipal zoning plans, or land use plans, plans that are older than fifteen years old and plans that do not reflect the current target area conditions.

- Target Area - Submit a scaled map that includes the project area boundaries and the specific site(s) with a map key labeling the site address(es). Clearly label the boundaries and indicate the size of the target area. Attach in Tab L.



- Evidence of Adoption - Submit a copy of the resolution by the Local Unit of government adopting the plan. Attach in Tab L.

4) *Services* *Maximum Number of Points: 12*  
 Points will be awarded to applicants whose projects contribute to the overall quality of life for the beneficiaries of the proposed project. Points will be awarded based on the chart below.

If the HOME applicant or sub-recipient is providing services, an MOU must still be executed in order for the commitment to provide services to be on file in our application records.

Level of Services	Points Possible
Level 1 Services: Up to three services at one point each.	3
Level 2 Services: Up to three services at two points each.	6
Level 3 Services: Up to four services at three points each.	12

In order to receive points for this scoring category, the applicant must submit in Tab M:  
 For Homebuyer Projects:

- **ONE** Form A: One Homeowner Investment Plan Matrix listing all services for the entire proposed project (found in the HOME Application Appendices);
- Form B: Homeowner Investment Plan Matrix for **EACH** service provider with original or a copy of original signatures (found in the HOME Application Appendices);

**8.2 Development Features** **Category Maximum Points Possible: 25**

This category describes the features of the overall proposed HOME project.

1) *Existing Structures* *Maximum Number of Points: 4*  
 Points will be award to developments that will utilize existing structures on at least 50% of the HOME assisted units. This may include properties in which an original substandard unit will be demolished and replaced with a comparable unit. Per the federal regulations, when replacing existing affordable housing, the number of replacement units must be one-for-one.

Projects will be awarded up to two points between the first three categories below. Projects can score two additional points if the development contains at least one historic resource.

Existing Structure	Points
Project is developing at least 50% of the vacant structure(s) for housing; <b>OR</b>	2
Acquiring and/or rehabbing at least 50% of existing housing stock; <b>OR</b>	2
Project is demolishing at least 50% of existing substandard units and replacing with a new units.	2
<b>Total Possible</b>	<b>2</b>
Development contains at least one unit that is a historic resource to the existing neighborhood.	2
<b>Total Possible for Existing Structures</b>	<b>4</b>

In order to receive points, the applicant must submit in Tab N:

- Photographs of the building to be reused;



- Documentation of whether or not the building is occupied;
- Narrative of how building will be reused;
- Either a letter from the Department of Natural Resources Division of Historic Preservation and Archaeology that specifically identifies the site as an historic resource, or a copy of the county interim report or some equivalent county historical society report identifying the property as either an historical resource or a contributing resource in an historic district.

2) *Infill* *Maximum Number of Points: 7*  
 Points will be awarded to applications that meet IHCDA’s HOME criteria for Infill. For the HOME program, IHCDA defines infill housing as the process of vacant or underused parcels of land within existing areas that are already largely developed or previously developed. For purposes of this category, the following will not qualify as infill housing:

- Existing agricultural land except within corporate limits.

The development will receive points for contributing to the following infill attributes:

Infill Attribute	Points
The site must be surrounded on at least two sides with adjacent established development. Parks and green space area may qualify as established development, provided that they are part of a master plan or recorded instrument. IHCDA will look at the entire development site for phased developments.	2
The site must maximize the use of existing utilities and infrastructure.	2
At least one side of the development must be adjacent to occupied residential development, operating commercial development, active public space, or another active community activity.	2
The site demonstrates a return of cultural, social, recreational and entertainment opportunities, gathering places, and vitality to older centers and neighborhoods.	1

In order to receive points, the applicant must submit in Tab N:

- Aerial photos of the proposed site(s) with the site labeled;
- Brief description of how the site will return vitality to the neighborhood.
- For scattered site projects, 30% of the proposed sites must meet the infill attribute scoring criteria in order to receive the corresponding points.

3) *Design Features* *Maximum Number of Points: 3*  
 Points will be awarded for each Design Feature chosen, for a maximum of three points in this category.

Design Feature	Point
Exterior walls are at least 50% durable material (brick, stone, cement board).	1
Roofing system has at least a 30-year warranty.	1



Porch with a minimum of 48 square feet with a roof that is permanently attached to the residence.	1
The site demonstrates a return of cultural, social, recreational and entertainment opportunities, gathering places, and vitality to older centers and neighborhoods.	1
Deck with a minimum of 64 square feet that is made of wood or other approved materials.	1
Framing consists of 2" X 6" studs to allow for higher R-Value insulation in walls.	1
Garage with a minimum of 200 square feet that is made of approved materials, has a roof, is enclosed on all sides and has at least one door for vehicle access.	1
Crawl space or basement.	1
Security system.	1
Carport with a minimum of 200 square feet that is made of approved materials, has a roof, and is open on at least two sides.	1
Attached or unattached storage space measuring at least 5' x 6'.	1
Playground.	1
Community room.	1
Other	1

An applicant may submit as few as zero (0) and up to three (3) "other" design features for points in this scoring category. IHCDA encourages applicants to speak to their Real Estate Production Analyst regarding possible "other" design features before the application due date. Please list the "other" design feature(s) in the application forms.

4) *Universal Design Features*

*Maximum Number of Points: 3*

Points will be awarded for each Universal Design Feature chosen, for a maximum of three points in this category.

Universal Design Feature	Point
42" or wider hallways	1
32" or wider doorways	1
Electrical outlets raised 15" to 18" above the finished floor	1
Light switches located 48" above the finished floor	1
Toggle, rocker, or touch sensitive control panels instead of switches	1
Wall reinforcements for hand rails/grab bars	1
Levers instead of door or faucet knobs	1
30" x 40" clear kitchen floor space	1
30" x 40" clear bathroom floor space, clear of door swing	1
A removable base cabinet for required knee space	1
Microwave provided at accessible height	1
A front control operated range	1
Sliding or bi-folding closet doors	1
Front loading washer and dryer with front controls	1
Reinforced ceiling	1
Accessible route that includes no steps or level changes	1
Fold down seat in shower or roll-in shower with no curb	1
Bathtub controls located off-center toward the outside of the tub	1



Adjustable height or hand-held shower with flexible hose	1
Side-by-side refrigerator	1
Remote controlled or motion sensor lighting	1
Adjustable counter top or closet rods	1
Audio and visual smoke detectors	1
Other	1

An applicant may submit as few as zero (0) and up to three (3) “other” universal design features for points in this scoring category. IHCDA encourages applicants to speak to their Real Estate Production Analyst regarding possible “other” universal design features before the application due date. Please list the “other” universal design feature(s) in the application forms.

- 5) *Energy Efficiency* *Maximum Number of Points: 3*  
Points will be awarded for each Energy Efficiency item chosen, for a maximum of three points in this category.

Energy Efficiency Item	Point
Energy Star® Rated Compact florescent light bulbs - 1/room or 3/unit	1
Energy Star® Rated light fixtures - 1/room or 3/unit	1
Energy Star® Rated Cooling system(s)	1
Energy Star® Rated Heating system(s)	1
Energy Star® Rated Windows	1
Energy Star® Rated Refrigerator	1
Energy Star® Rated Washing Machine	1
Energy Star® Rated Dish Washer	1
R-Value insulation exceeding Indiana State Building Code	1
Other	1

An applicant may submit as few as zero (0) and up to three (3) “other” energy efficiency features for points in this scoring category. IHCDA encourages applicants to speak to their Real Estate Production Analyst regarding possible “other” energy efficiency features before the application due date. Please list the “other” energy efficiency feature(s) in the application forms.

- 6) *Green Building* *Maximum Number of Points: 5*  
Points will be awarded for EITHER up to three Green Building Techniques chosen.

Green Building Technique	Point
Orient structures on East/West axis for solar exposure	1
Include trees in landscaping to curb winter winds and provide shade	1
Low VOC paints and finish materials	1
Install flow reducers in faucets and showers	1
Incorporate permeable paving	1
Minimize the disruption of existing plants and trees	1
Include recycling bins in the kitchen	1
Install recycled content flooring and underlayment	1
Install a light colored roofing material	1



Other	1
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An applicant may submit as few as zero (0) and up to three (3) “other” green building techniques for points in this scoring category. IHCDA encourages applicants to speak to their Real Estate Production Analyst regarding possible “other” green building techniques before the application due date. Please list the “other” green building technique(s) in the application forms.

**OR**

Five points will be awarded for committing the entire development newly constructed or rehabbed to NAHB, LEED, or Energy Star standards. The development need not be certified rather just built to the certification standards. The signed application forms will be proof of this commitment.

**8.3 Readiness Category Maximum Points Possible: 13**

This category describes the applicant’s ability to begin and timely execute an awarded project.

- 1) *Client Intake* *Maximum Number of Points: 5*  
 Points will be awarded to applicants that have already begun the client intake process, according to the chart below. Client intake means that potential clients have been identified and income verified.

% of Assisted Units	Points
25 - 50% of the units	3
51 - 75% of the units	4
76 - 100% of the units	5

*In order to receive points in this category, the applicant must submit:*

- *Form F: Client Intake List in Tab K.*

- 2) *Predevelopment Activities* *Maximum Number of Points: 5*  
 Points will be awarded to applicants that have completed some predevelopment activities according to the chart below. Up to five activities are eligible, up to five points. Points will only be awarded if the required supporting documentation, italicized below the activity description, are included in Tab P.

For scattered site developments, documentation for each site must be submitted in order to receive the points. Documents should be clearly labeled with the site addresses for ease in reviewing the documentation.

Predevelopment Activity Completed	Points
Site Control <i>Provide Purchase Option or Purchase Agreement that is no older than 6 months and that has an expiration date after the HOME application due date.</i>	1
Asbestos or Lead Testing <i>Submit a copy of the assessment report.</i>	1



Appraisal <i>Provide an Appraisal that is no older than 6 months.</i>	1
Preliminary or Final Architectural and/or Engineering Plans <i>Provide electronic copies of architectural and/or engineering plans.</i>	1
Zoning Approval <i>Provide a letter no older than 6 months from the local planning official that certifies the current zoning allows for construction and operation of the proposed development and any required variances that have been approved.</i>	1
Cost Estimates <i>Provide a copy of the detailed cost estimates.</i>	1
Title Search <i>Submit evidence of clear title with a title insurance commitment, title search documentation or attorney's opinion letter.</i>	1
Other	1

An applicant may submit as few as zero (0) and up to five (5) “other” predevelopment activities for points in this scoring category. IHCDA encourages applicants to speak to their Real Estate Production Analyst regarding possible “other” predevelopment activities before the application due date. Please list the “other” predevelopment activities in the application forms.

Examples of “other” predevelopment activities that may be eligible for points in this category are as follows. The examples below are optional, however if you do choose to use them for points in this category, please provide the italicized documentation in Tab P to be eligible for points:

- Water available to site
  - *Provide a letter from the local utility company certifying that water is currently available to the site.*
- Sewer available to site
  - *Provide a letter from the local utility company certifying that water is currently available to the site.*
- Permits in place.
  - *Provide a letter from the local planning or building authority that all necessary permits for rehabilitation or construction have been obtained.*
- Property survey completed.
  - *Provide a copy of the survey.*
- For other predevelopment activities that may be eligible, please contact your Real Estate Production Analyst to discuss prior to submitting the application.

3) **Contractor Participation**

*Maximum Number of Points: 3*

Points will be awarded to applicants who invite material participation of a state certified Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Federal Disadvantaged Business Enterprise (DBE) Participation, Veteran-Owned Small Business (VOSB), and Service Disabled Veteran Owned Small Business (SDVOSB). Examples of material participation include property management, professional services, consultant, application preparer, administrator, etc.





In order to receive points, the applicant must submit in Tab Q:

- A copy of letter inviting the state certified contractor to participate in the bidding of the project;
- A copy of the applicable state certification.

Minority Business Enterprise and Women Business Enterprise, including DMBE (Disadvantaged Minority Business Enterprise), and (Disadvantaged Woman Business Enterprise) and DMWBE (Disadvantaged Minority Woman Business Enterprise), means as an individual, partnership, corporation, or joint venture of any kind that is owned and controlled by one or more persons who are: (a) United States Citizens and (b) Members of a racial minority group or female in gender as evidenced by certification from the Indiana Department of Administration Minority & Women’s Business Enterprise Division or the Indiana Minority Supplier Development Council.

DBEs are for-profit small business owned or controlled by socially and economically disadvantaged individuals own at least a 51% interest and also control management and daily business operations. The Indiana Department of Transportation (INDOT) is the sole certifying agency for the Indiana DBE Program.

The Center for Veteran Enterprise maintains the Department of Veterans Affairs (VA) database of service-disabled Veteran owned small businesses (SDVOSB) and Veteran-owned small businesses (VOSB) called the Vendor Information Pages (VIP). The VIP database is accessed via [www.VetBiz.gov](http://www.VetBiz.gov). CVE performs the verification process for small businesses that self-represent themselves as Veteran owned and controlled called the VA VOSB Verification Program.

Eligible Certification Summary Table		
Certification	Certifying Agency	Website
MBE	Indiana Department of Administration	<a href="http://www.in.gov/idoa/2352.htm">http://www.in.gov/idoa/2352.htm</a>
	Indiana Minority Supplier Development Council	<a href="http://imsdc.org">http://imsdc.org</a>
WBE	Indiana Department of Administration	<a href="http://www.in.gov/idoa/2352.htm">http://www.in.gov/idoa/2352.htm</a>
DBE	Indiana Department of Transportation	<a href="http://www.in.gov/indot/2576.htm">http://www.in.gov/indot/2576.htm</a>
VOSB	U.S. Department of Veterans Affairs	<a href="http://www.va.gov/osdbu/">http://www.va.gov/osdbu/</a>
SDVOSB	U.S. Department of Veterans Affairs	<a href="http://www.va.gov/osdbu/">http://www.va.gov/osdbu/</a>



**8.4 Capacity** **Category Maximum Points Possible: 30**

This category evaluates the applicant’s ability to successfully carry out the proposed project based on trainings, certifications and/or experience in housing or community development.

- 1) *Training* *Maximum Number of Points: 5*  
 Points will be awarded for a member of the development team, applicant, sub-recipient or administrator staff who has completed a housing or community development related training. Three points will be awarded for the first training and one point per additional training, up to five points possible.

IHCDA application/policy webinars, IHCDA application/policy trainings and/or IHCDA feedback sessions do not count for points in this category.

*Attach copies of the training completion certificate or confirmation of attendance/completion in Tab Q.*

Training	Points
Housing or community development related training	3 for the first training, 1 point for each additional training up to 5 points total for this section

- 2) *Certification* *Maximum Number of Points: 5*  
 Points will be awarded for a member of the development team, applicant, sub-recipient or administrator staff who has completed the following certifications. Three points will be awarded for the Certified Aging-in-Place Specialist or Home Sweet Home: Modifications for Aging in Place (U of I/IHCDA) certification. One point will be awarded for all other certifications, up to five points.

*Attach copies of the certification completion in Tab Q.*

Certification	Points
Certification from one of the certifications listed below	3 points for the Certified Aging-in-Place Specialist or Home Sweet Home: Modifications for Aging in Place (U of I/IHCDA) certification, 1 points for all other certifications, up to 5 points total for this section

Certification	Sponsoring Organization
Project Development Training	Indiana Association for Community and Economic Development (IACED)
Economic Development Finance Professional Certification Program	Indiana Association for Community and Economic Development (IACED)
Certified Green Professional	Indiana Association for Community and Economic Development (IACED)
Housing Development Finance	National Development Council (NDC)



Professional	
Community and Neighborhood Revitalization Certificate	NeighborWorks America
Bank of America Neighborhood Builder® Leadership Program	The Center for Leadership Innovation
Certified Aging-in-Place Specialist	National Association of Home Builders (NAHB)
Home Sweet Home: Modifications for Aging in Place	University of Indianapolis / Indiana Housing and Community Development Authority
Grant Administration Certification	Indiana Association for Community and Economic Development (IACED), Office of Community and Rural Affairs (OCRA) or Indiana Housing and Community Development Authority (IHCDA)
Certified Occupancy Specialist (COS)	National Center for Housing Management
Certified HOME Program Specialist	HUD/CPD
Green Certification	LEED, NAHB or equivalent

- 3) *Experience* *Maximum Number of Points: 5*  
 Three (3) points will be awarded if the applicant has successful experience administering an IHCDA award in the past five years or if the applicant has five or more years in the housing or community development industry. In order to qualify for points, the awards must be closed out. Please list the award number(s) in the application forms.

Experience	Points
Applicant with experience administering an IHCDA HOME award in the past five (5) years with no findings upon monitoring. <p style="text-align: center;"><b>OR</b></p> Applicant has five (5) or more years of experience in the housing or community development industry.	3 points

One (1) point will be awarded for each member of the sub-recipient or administrator staff with successful experience in administering an IHCDA award in the past five years or if a member of the sub-recipient or administrator staff has five or more years in the housing or community development industry. In order to qualify for points, the awards must be closed out. Please list the award number(s) in the application forms. Up to two (2) total points possible.

Experience	Points
Sub-recipient or administrator staff member with experience administering an IHCDA HOME award in the past five (5) years with no findings upon	1 point for each sub-recipient or administrator staff member, up to 2 points total



monitoring.  <p style="text-align: center;"><b>OR</b></p> Sub-recipient or administrator staff has five (5) or more years of experience in the housing or community development industry.	
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- 4) *Overall IHCDA Award Performance of the Applicant*      *Maximum Number of Points: 10*  
 Points will be awarded to an applicant where the applicant has not had any monitoring findings for all IHCDA awards in the past three years. This includes any closed and current IHCDA awards. Please list the IHCDA award number(s) in the application forms. Current is defined as an award that is completed and monitored but not yet closed out.

Description of Overall Award Performance	Points
Most recent (closed or current) HOME award had no findings and no concerns. Award must be from within the last three (3) years.	10
Most recent (closed or current) HOME award had no findings, but concerns were noted. Award must be from within the last three (3) years.	8
Most recent (closed or current) HOME award had only one finding. Award must be from within the last three (3) years.  <p style="text-align: center;"><b>OR</b></p> No HOME experience, but previous IHCDA award (different activity) had no findings and no concerns. Award must be from within the last three (3) years.	6
No HOME experience; previous IHCDA award (different activity) had no findings, but concerns were noted. Award must be from within the last three (3) years.	4
No HOME experience; previous IHCDA award (different activity) had only one finding. Award must be from within the last three (3) years.	2
Does not meet any category above. Examples: <ul style="list-style-type: none"> <li>• More than one finding on previous award.</li> <li>• No award from within the last</li> </ul>	0



<ul style="list-style-type: none"> <li>three (3) years.</li> <li>No previous experience with IHCDA.</li> </ul>	
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- 5) *Timely Expenditure of Funds* *Maximum Number of Points: 5*  
 Points will be awarded to an applicant that has expended their most recent award funds by the award expiration date without requesting award extensions.

The award must be an IHCDA HOME or an IHCDA CDBG award that is either closed or a current award in the monitoring phase. The award must be from within the past three (3) years. Current is defined as an award that is completed and monitored but not yet closed out. List the award number in the application form.

Award Length	Points
Most recent IHCDA HOME or IHCDA CDBG award completed by the award expiration date. Awards must be from within the last three years. Awards must be closed or a current award in the monitoring phase.	5 points

**8.5 Financing** **Category Maximum Points Possible: 10**

- 1) *Public Participation* *Maximum Number of Points: 5*  
 Points will be awarded to applicants whose proposed project has received a firm commitment of other public funds. A “firm commitment” means that the funding does not require any further approvals. “Public funds” include federal, state, or local government funds. This can include funds awarded from other federal or state agencies, the Federal Home Loan Bank, or waivers resulting in quantifiable cost savings that are not required by federal or state law. Banked match is an allowable source of match for the proposed development, however banked match is not allowed as a source to count for points in this scoring category.

Points will be awarded based on the Amount of Public Participation Funding/Total Project Costs:

% of Total Development Cost	Point(s)
.50% to .99%	1
1.00% to 1.99%	2
2.00% to 2.99%	3
3.00% to 3.99%	3.5
4.00% to 4.99%	4
Greater than 5.00%	5

*In order to qualify for points in this category the applicant must submit in Tab J a letter from the appropriate authorized official approving the funds. The letter must include (a) a description of the type of approved funding for the proposed project and (b) the amount of funding.*



2) *Leveraging of Other Sources*

*Maximum Number of Points: 5*

Points will be awarded to applicants whose proposed project has received a firm commitment to leverage other funding sources. A “firm commitment” means that the funding does not require any further approvals. “Other funding sources” include (but are not limited to) private funding, (including securing private loans), funds from a local community foundation, donations, etc. Banked match is an allowable source of match for the proposed development, however banked match is not allowed as a source to count for points in this scoring category.

Points will be awarded based on the amount of Other Funding Sources Leveraged/Total Project Costs:

% of Sources	Point(s)
.50% to .99%	1
1.00% to 1.99%	2
2.00% to 2.99%	3
3.00% to 3.99%	3.5
4.00% to 4.99%	4
Greater than 5.00%	5

*In order to qualify for points in this category the applicant must submit in Tab J a letter from the appropriate authorized official approving the funds. The letter must include (a) a description of the type of approved funding for the proposed project and (b) the amount of funding.*

**8.6 Unique Features & Bonus**

**Category Maximum Points Possible: 10**

1) *Unique Features*

*Maximum Number of Points: 5*

Points will be awarded to applicants that offer unique features that contribute to each of the beneficiary units of the proposed project. Unique features should be a creative addition to the proposed program. They should enhance the overall character of the project, improve the homeowners’ and the community’s quality of life, health, and/or safety. Unique features can be included in the financial structure of the project, involve members of the community, include items specific to the target area/project location or could include special services offered to the population served.

Points are awarded relative to other projects being scored during each application cycle and are awarded in IHCDA’s sole and absolute discretion. The following chart sets forth the anticipated percentage of applications that will receive points using a maximum of 5 points.

<b>% of Applications</b>	5%	8%	12%	16%	18%	16%	12%	8%	5%
<b>Points</b>	5	4.5	4	3.5	3	2.5	2	1.5	1

*In order to receive points in this category, the applicant must submit in Tab R a narrative summary in of the proposed unique features. Features receiving points in other sections of this application will not be considered for Unique Feature points.*

2) *Bonus**Maximum Points Possible: 5*

The applicant will receive five (5) bonus points for answering all questions and turning in all required supporting threshold and scoring documentation.



## Part 9: Glossary of Terms

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Below are definitions for commonly used terminology found throughout the IHCD HOME application policy and forms and applicable to the IHCD HOME program.

*Administrator:* A procured entity that will assist carrying out the HOME award.

*Aging in Place:* - Aging in Place (AIP) refers to adapting our collective living environment so it is safer, more comfortable, and increases the likelihood a person can live independently and remain at home as circumstances change. Primary target populations for aging in place strategies are seniors, families with seniors, and persons with disabilities.

*Beneficiary:* The household or unit that received homeowner repair work as a result of the HOME award.

*CHDO:* A Community Housing Development Organization. A non-profit, community-based organization with the capacity to develop affordable housing for the community it serves, as defined in the HOME rule and as certified by IHCD. Participating Jurisdictions (IHCD) must set aside a minimum of 15% of their HOME allocations for activities in which CHDOs are the owners, developers, and/or sponsors of the housing.

*Comprehensive Community Development:* Every community strives to be a place where people choose to live, work, and play. Comprehensive development means that a community's potential lies in the identification and creation of a shared vision, planned by local leadership, and carried out by an array of partners. When successful, it yields results beyond what can be achieved by individual organizations or disparate programs because of the unique synergy they generate. A thriving community is a community with job opportunities, strong schools, safe neighborhoods, a full range of housing choices, and a vibrant culture. Comprehensive development marshals resources and deploys coordinated strategies in a concentrated area to create opportunities for others in the community to take prudent risks and reap the rewards. The demolition of blighted structures, the rehabilitation of long-vacant housing and the creation of new community amenities and retail opportunities serve as a tipping point for future development through market forces.

*Disabled:* The Fair Housing Act defines disability as a person who has/is:

- A physical or mental impairment which substantially limits one or more of such person's major life activities; or
- A record of having such an impairment; or
- Is regarded as having such an impairment, but such term does not include current, illegal use of or addiction to a controlled substance (as defined in section 102 of the Controlled Substances Act).

*Elderly:* Elderly can have one of two definitions as elected by the applicant:

- A person 55 years of age or older. This target population category also includes families with a person living in their home that is 55 years of age or older. For housing using this definition of elderly, at least 80% of the units must be age restricted; OR





- A person 62 years of age or older. This target population only includes households in which all household members are 62 years of age or older. For housing using this definition of elderly, 100% of the units must be age restricted.

*HOME:* The Home Investment Partnerships Program as created by the National Affordable Housing Act of 1990.

*IHCDA:* Indiana Housing and Community Development Authority

*Income Limits:* Maximum incomes as published by HUD for projects giving the maximum Income Limits per unit for beneficiary (30%, 40%, 50%, 60% and 80% of median) units.

*Large City:* For purposes of this policy, a Large City is defined as a city with a population of 75,000 or more. To qualify as being located within a Large City, the development must be located within one mile of the zoning jurisdiction and/or use city utility services (water and sewer).

*Median Income:* A determination made through statistical methods establishing a middle point for determining Income Limits. Median is the amount that divides the distribution into two equal groups, one group having income above the median and one group having income below the median.

*MOU:* A Memorandum of Understanding (MOU) is a document describing a bilateral or multilateral agreement between two or more parties.

*Narrative:* A written description by the applicant that describes the application question and generally supports the need of the project.

*Project:* The HOME activity proposed in the application.

*Referral Agreement:* An agreement in which the recipient and a qualified organization enter into an agreement in which the recipient agrees to (a) set aside a number of units at the project for a special needs population and (b) notify the qualified organization when vacancies occur, and in which the qualified organization agrees to (a) refer qualified households to the development and (b) notify clients of vacancies at the development.

*Rural:* A development is considered to be rural if it meets one of the following criteria:

- a. The development is located within the corporate limits of a City or Town with a population of 14,999 or less; or
- b. The development is located in an unincorporated area of a county that does not contain a City or Town that meets the definition of Large City or Small City as set forth in this glossary; or
- c. The development is located in an unincorporated area of a county whereas;
  - i. The development is outside the 2-mile jurisdiction of either a Large City or Small City as defined in this glossary; and



ii. The development does not have access to public water or public sewer from either the Large City or Small City as defined in this glossary.

*Small City:* For purposes of this policy, a Small City is defined as a city with a population of between 15,000 and 74,999. To qualify as being located within a Small City, the development must be located within one mile of the zoning jurisdiction and/or use city utility services (water and sewer).

# ESG Method of Distribution

## Proposed Activities and Funding Priorities

This section summarized the proposed activities and funding priorities for the 2015 program year.

The funding allocation for 2015 will support the goals:

- Reduce homelessness and increase stability for special needs populations.
- Expand and preserve affordable housing opportunities throughout the housing continuum.

The rationale for assigning the funding priorities was largely based upon HUD's national focus and priority on rapid re-housing and homeless prevention activities.

## Written Standards for Provision of ESG Assistance

This section includes written standards for providing the proposed assistance and describes the requirements for sub-recipients to establish and implement written standards.

### **1. Describe the standard policies and procedures for evaluating individuals' and families' eligibility for assistance under ESG.**

ESG subrecipients are encouraged to utilize the Arizona Matrix Tool and the Housing Plan that are embedded in HMIS to provide a guide for case management and evaluated a person or family's needs.

The Coordinated Assessment Committee of the is working with the state ESG program to develop and coordinate regional centralized intake and triage centers to ensure access to assistance is driven by the needs of persons experiencing homelessness. IHEDA is the collaborative applicant within the CoC and IHEDA was awarded the Coordinated Access Grant and with the assistance of the CoC Board will develop and improve upon the coordinated access system. Access: The Coordinated Assessment will be in the HMIS system and utilized by the Coordinated Access agency within the Region within the Balance of State CoC whether they are an ESG subrecipient or other programs funded by McKinney Vento. Each Region will determine if their Coordinated Access will be a centralized or decentralized system. Assessment: Each homeless person will be assessed and triaged based upon their needs so that the most vulnerable and those with the highest barriers can be assisted first. This first priority would include the chronic homeless population. Assign: Once assessed the person/family then will be assigned to the right type of housing that best suits their needs whether it is permanent supportive housing, rapid rehousing or VASH voucher and whether it is available in that area or Region.

**2. Describe the policies and procedures for coordination among emergency shelter providers, essential service providers, homelessness prevention and rapid re-housing assistance providers, other homeless assistance providers, and mainstream service and housing providers.**

ESG subrecipients will be required to create MOU's with all shelter providers, housing agencies, community action agencies, township trustees, mental health centers, health clinics and homeless service providers in their proposed service area. Once available in their area, each ESG subrecipient will be required to partner with the Coordinated Access point by providing immediate housing to those persons who are unsheltered – if space is available. Additionally, as part of the proposal process, subrecipients are required to develop a program design that is inclusive not only of other targeted homeless services, but also of other mainstream resources such as public housing programs, programs receiving project-based or tenant-based Section 8, Supportive Housing for persons with disabilities (Section 811), HOME Investment Partnerships Program, Temporary Assistance for Needy Families (TANF), State Children's Health Insurance Program, Head Start, Mental Health and Substance Abuse Block Grants and services funded under the Workforce Investment Act. IHCD encourages programs to be strategic and comprehensive in their program design by requiring applicants to include all available resources to the maximum extent practicable.

**3. Describe the policies and procedures for determining and prioritizing which eligible families and individuals for homelessness prevention assistance and for rapid re-housing assistance.**

For persons who are utilizing Rapid Rehousing Funds must: meet the criteria under paragraph (1) of the "homeless" definition in 24 CFR § Part 576.2 or who meet the criteria under paragraph (4) of the "homeless" definition and live in an emergency shelter or other palace described in paragraph (1) of the "homeless" definition are eligible to receive rapid re-housing assistance. Within this definition, a determination on suitable participants will be based on factors such as income, employment history, housing history, homeless status and ability to sustain their housing upon completion of the program.

Those persons who will be utilizing homeless prevention funds must: meet the criterion under the interim rule clarifies the definition of "at risk of homelessness" under section 401(1) of the McKinney-Vento Act. The definition includes three categories under which an individual or family may qualify as "at risk of homelessness." For an individual or family to qualify as "at risk of homelessness" under the first category of the definition, the individual or family must meet two threshold criteria and must exhibit one or more specified risk factors. The two threshold criteria, as provided in the statute, are:

- The individual or family has income below 30 percent of median income for the geographic area; and (2) the individual or family has insufficient resources immediately available to attain housing stability. Under the interim rule, the first criterion refers specifically to annual income and to median family income for the area, as determined by HUD.
- Second criterion is interpreted as, "the individual or family 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 § 576.2

For homeless prevention, the risk categories to further ensure consistency of interpretation, the interim rule also clarifies several of the risk factors that pertain to the first category of individuals and families who qualify as “at risk of homelessness.” As provided under the statute, the pertinent risk factors are as follows:

- Has moved frequently because of economic reasons;
- Is living in the home of another because of economic hardship;
- Has been notified that their right to occupy their current housing or living situation will be terminated;
- Lives in a hotel or motel;
- Lives in severely overcrowded housing;
- Is exiting an institution; or
- Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness.

**4) Describe the standards for determining the share, if any, of rent and utilities costs that each program participant must pay, if any, while receiving homeless prevention or rapid re-housing assistance.**

Participants who receive rental assistance through rapid rehousing or homeless prevention are expected to pay 30 percent of their income for rent and utilities if they have income. IHCD provides an Excel based worksheet which automatically calculates the tenant rent and utility portion allowable household income is entered. Sub-recipients will be responsible for ensuring that assisted rental units meet rent reasonable standards, are at or below fair market rent and meet habitability standards before any rental payments are approved. The tenant’s portion and ESG subsidy will be calculated based upon acceptance into the program and determination of need for rental assistance.

The tenant’s portion of rent is calculated on the basis of allowable household income. Tenant rents are paid directly to the landlord and are subject to the same timeliness requirements as the overall rent. Any late fees incurred while receiving ESG will be the tenant’s responsibility to pay.

**5) Describe the standards for determining the duration of rental assistance and whether and how the amount of assistance will be adjusted over time.**

Participants can receive up to 12 months of rental assistance per award year, and up to a maximum of 24 months of rental assistance in a three year period. The award term to subrecipients will be 18 months. All funds associated with that award year must be expended upon completion of the award term. All rapid re-housing participants must be re-evaluated for eligibility at least once every

year however since they are only allowed to have 12 months of assistance, the reevaluation is not necessary. Program participants receiving rental assistance must pay 30 percent of their household income each month towards rent and utilities throughout the duration of their participation with ESG. Tenant payments will not be adjusted if income has increased. Payment of rental arrears consisting of a one-time payment for up to six months of rental arrears, including any late fees on those arrears is also an eligible expense. All persons assisted with program will qualify for up to 12 months of rental assistance and up to 18 months of services. Case managers will utilize the Arizona Self Sufficiency Matrix tool, which is built into the HMIS, to ensure participants receive the appropriate level of assistance. The Housing Plan is also built into HMIS for case managers to utilize for each household.

**6) Describe the standards for determining the type, amount, and duration of housing stabilization or relocation services to provide a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive. Limits should include the maximum amount of assistance, maximum number of months the program participant is eligible to receive assistance; and the maximum number of times the program participants may apply for assistance.**

Participants can receive up to 18 months of housing relocation and stabilization services during the award term. Participants cannot receive more than 24 months of these services within a three year period. Housing relocation and stabilization services includes financial assistance activities such as moving costs, rental application fees, security deposits, last month's rent, utility deposits and utility payments; and services such as housing search and placement, housing stability case management, mediation, legal services, credit repair. No limit will be placed on the amount or type of services provided per participant as sub-recipients are encouraged to spend the funds as needed by the tenant through active engagement with the participant. The amount and type of services will be determined largely at the time of intake when the housing case manager completes a housing assessment on the participant. The assessment largely consists of using the Arizona Self-Sufficiency matrix tool, which uses a vulnerability index to determine the most urgent needs as it relates to housing. This tool is also built into the HMIS. Participants can be assisted with housing stability case management for up to 30 days during the period the program participant is seeking permanent housing and cannot exceed 18 months total during the period the program participant is living in permanent housing.

Training through IHCD Housing Conference and other formats provided by the CoC Board (CoC Development Day) have been provided to ESG subrecipients and other McKinney Vento funded programs. These trainings covered areas such as: housing first best practices, motivational interviewing, rule reductions, how to assist in employment, mainstream resources, bed bug prevention and case management best practice.

## **Process for Making Sub-Awards**

IHCDA plans to allocate funding to approximately 8-10 agencies to administer the ESG Rapid Rehousing and Homeless Prevention Activities of the ESG program for line items such as: Housing Relocation & Services (financial and services), Rental assistance and administration

There will be approximately 60 agencies that will apply for emergency shelter component that includes operations, essentials, and financial assistance and approximately two-three agencies that may apply for the street outreach activity. No more than 55% of ESG funds will be allocated to operations, essentials and street outreach. A request for proposals will be distributed to all the Regional Planning Councils on the Homeless throughout the Balance of State, to the current sub-recipients of the ESG program, current permanent supportive housing rental assistance programs (mental health centers, housing agencies, community action agencies, non-profits) who have had experience with rental assistance. Each proposal will be reviewed by at least one IHCD Community Services staff person and by a member of a Committee under the CoC Board. Each reviewer will complete a scoring tool, assigning points based on the following program design components: outreach system, commitment to the coordinated access intake point, systems coordination, organizational capacity, permanent housing placement strategy, history of administering the rental assistance programs, amount of match provided and coordination with ESG Entitlement City funds (as applicable). Each sub-recipient will be awarded based upon the average of their proposal score and the amount of funding that will be available. The amount of each award could be between \$60,000 - \$250,000 each.

**Homeless Participation Requirements.** Any ESG recipient that cannot meet the participation requirement under CFR § 576.405(a) must include a plan that meets the requirements under CFR § 576.405(b). This section describes how the participation requirement has been met.

The State ESG recipient – IHCD - has a previous homeless person that is member of the Funding & Resource Committee and the BOS CoC Board. The committee provides guidance to our CoC Programs and their policies and procedures. He currently lives in a permanent supportive housing program. The State of Indiana recognizes the invaluable perspective of homeless and formerly homeless individuals in developing an effective client-centered program and system. The State program strongly encourages sub-recipients of the ESG program to incorporate this participation, to the maximum extent practicable, in a policy-making function of both the organization and the respective regional Planning Council on the Homeless. The State ESG program application requires subrecipients to explain how homeless participation is achieved at both an organizational level and within their regional Planning Councils on the Homeless. This issue is also reviewed at each program monitoring visit.

## **Performance Standards**

This section describes the performance standards, which were in consultation with the Continuum(s) of Care, for evaluating success of ESG activities.

The performance standards were developed in conjunction with the governing body for the Balance of State CoC Board and the Funding & Resource Committee and approved by the Balance of State CoC Board by using the national standards outlined in Section 427 of the McKinney-Vento Act, as amended by the HEARTH Act.

Baseline performance measurements will be reports generated by the HMIS system and mainly from the Annual Progress Reports and the ESG reports for the prior year. Two of the standards are specific to the subrecipient's program performance and the remaining two are specific to system outcomes.

ESG Subrecipients will be able to set their own goals for the next years on areas such as: discharging persons to permanent housing, increasing employment income and increasing overall income by persons who exit the emergency housing.

Below are goals that IHCDCA would like to reach on an annual basis:

- ESG RR -rental assistance program sub-recipients: At discharge from program, 82 percent persons assisted will still be permanently housing. 65 percent of persons will increase their income.
- ESG program sub-recipients that are Emergency shelters that have activities: operations, essential services and financial assistance: 50 percent persons will discharge to permanent housing, 25 percent of person's will increase their income.
- ESG program sub-recipients that are Transitional Housing programs that have activities: operations, essential services and financial assistance: 69 percent will discharge to permanent housing, 50 percent will increase their income.
- ESG program sub-recipients that have outreach component: 50 percent of identified caseload will be permanently housed.
- ESG program sub-recipients that have outreach component: 50 percent of identified caseload will increase their income.
- The average length of stay of participants in ESG funded and other CoC programs should reduce by at least 10 percent.