Tools for housing focused on renters, homebuyers, employers, developers, government, and the community

IEDA HOUSING TOOLKIT

A toolkit with descriptions of programs available to support housing across the income spectrum. Nothing stated in this guide should be construed as financial or legal advice.

ieda
Indiana Economic Development Association

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About the Toolkit

Indiana Economic Development Association (IEDA) members understand that business retention and recruitment requires a labor supply to meet the needs of the employers (current or perspective) and that the housing choices available in local communities across Indiana don't necessarily align with the housing needs of potential employees. Having a labor force and appropriate housing supply are both critical to the ability to create new jobs in Indiana.

Recruitment of US military veterans to Indiana communities to fill jobs is one of the strategies that IEDA members have been developing, but there is a need for housing. In some instances, veterans may not be able to secure conventional financing for home purchase, may require down payment assistance, may require rental assistance, or may require modifications to housing stock to accommodate a service-related disability.

Housing affordability can be a problem for wage-earners in general, particularly in communities where demand for housing is high and prices are relatively high, and in places where the older housing stock is expensive to maintain. Some of the jobs that support a variety of consumer habits, including distribution, service, and retail positions don't pay well enough for workers to afford housing in the community where they work. Housing and transportation costs combined make it difficult for them to stay in jobs.

The toolkit provides information on a range of housing programs that can be used to assist people across the income spectrum in obtaining housing. Some are tools for renters, others for homebuyers or homeowners. Some are tools that employers and developers can use to develop a more robust housing stock. Others are tools that units of government or the community can use to incentivize appropriate housing development or express policy choices related to housing development. The tools are organized by primary audience: rental, homeowner, developer, employer, government, or the community.

Each tool provides summary information and resources. The content is not original, rather it is consolidated into a format to be used for educational purposes, with information on where to seek additional information.

The toolkit was developed by Prosperity Indiana under agreement with the Indiana Economic Development Association. Prosperity Indiana is a statewide non-profit community economic development organization and provides consulting services to members, among other services.

Renter Tools

Housing Choice Vouchers

R

Target Audience

- Eligibility for a housing voucher is determined by the PHA based on the total annual gross income and family size and is limited to US citizens and specified categories of non-citizens who have eligible immigration status.
- In general, the family's income may not exceed 50% of the median income for the county or metropolitan area in which the family chooses to live.
- By law, a PHA must provide 75 percent of its voucher to applicants whose incomes do not exceed 30 percent of the area median income.

Tool Type

- Rental subsidy to landlords on behalf of individuals/households

Tool Description/Highlights

- The housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments.
- The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects.
- Housing choice vouchers are administered locally by public housing agencies (PHAs). The PHAs receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program.
- Rental units must meet minimum standards of health and safety, as determined by the PHA.
- A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. Under certain circumstances, if authorized by the PHA, a family may use its voucher to purchase a modest home.
- The maximum housing assistance is generally the lesser of the payment standard minus 30% of the family's monthly adjusted income or the gross rent for the unit minus 30% of monthly adjusted income.
- Once a PHA approves an eligible family's housing unit, the family and the landlord sign a lease and, at the same time, the landlord and the PHA sign a housing assistance payments contract that runs for the same term as the lease. This means that everyone -- tenant, landlord and PHA -- has obligations and responsibilities under the voucher program.

Resources

- Indiana PHAs - https://www.hud.gov/program_offices/public_indian_housing/pha/contacts/in

- Changes to HCV program - https://www.federalregister.gov/documents/2017/01/18/2017-00911/housing-opportunity-through-modernization-act-of-2016-implementation-of-various-section-8-voucher

Key Terms/Ideas

- PUBLIC HOUSING AGENCY (PHA): Any state, county, municipality, or other governmental entity or public body, or agency or instrumentality of these entities that is authorized to engage or assist in the development or operation of low-income housing under the U.S. Housing Act of 1937.
- HOUSING CHOICE VOUCHER PROGRAM: the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market.
- Since the demand for housing assistance often exceeds the limited resources available to HUD and the local housing agencies, long waiting periods are common. In fact, a PHA may close its waiting list when it has more families on the list than can be assisted in the near future.
- PHAs may establish local preferences for selecting applicants from its waiting list. For example, PHAs may give a preference to a family who is (1) homeless or living in substandard housing, (2) paying more than 50% of its income for rent, or (3) involuntarily displaced. Families who qualify for any such local preferences move ahead of other families on the list who do not qualify for any preference. Each PHA has the discretion to establish local preferences to reflect the housing needs and priorities of its particular community.

HOME Tenant-Based Rental Assistance

R

Target Audience

- HOME TBRA is limited to tenants who are at or below the HUD low-income limit. The low-income limit is defined as 80 percent or below of area median income. HUD establishes and periodically publishes this income limit by family size for each jurisdiction.
- For each fiscal year allocation, at least 90 percent of the families assisted through HOME TBRA and the households occupying assisted units in HOME rental developments (taken together) must be at or below 60 percent of area median income. This means that although the program permits assistance to households with incomes of up to 80 percent of median, the PJ will only be able to serve a limited number of households whose incomes are between 60 percent and 80 percent of median.
- The PJ may establish local preferences for special-needs groups within its broad, community-wide program, or it may design a specific program that exclusively serves one or more special needs groups.
- If TBRA is provided exclusively to persons with a particular type of special need, the need must be identified in the PJs Consolidated Plan as an unmet need and the preference must be needed to fill the gap in benefits and services available to such persons.

Tool Type

- Rental subsidy to individuals/households

Tool Description/Highlights

- HOME permits participating jurisdictions (PJs) to create flexible programs that provide assistance to individual households to enable them to rent market-rate units. These programs are known as “tenant-based rental assistance,” or TBRA.
- The most common type provides payments to make up the difference between the amount a household can afford to pay for housing and local rent standards. Housing Choice Vouchers (HCVs) are a form of TBRA.
- Other TBRA programs help tenants pay for costs associated with their housing, such as security and utility deposits. (However, under the HOME Program, utility deposit assistance can only be provided in conjunction with rental assistance programs or security deposit programs.)
- TBRA programs offer a household the opportunity to choose its neighborhood (including the school district) as well as its type of housing (such as a single-family home, large apartment building, duplex, garden-style unit, etc.).
- If the household needs to change location, the household may take the TBRA assistance along when it moves to another rental unit. At the discretion of the PJ the assistance may be used outside the jurisdiction.

- In communities where large public subsidies are needed to spur the new construction or rehabilitation of units, TBRA may be less expensive than using HOME for rehabilitation or new construction.
- TBRA may be particularly effective in communities with high vacancy rates, where the PJ wants to make units affordable, but does not want to finance the development of additional units.
- PJs may require HOME TBRA recipients to participate in self-sufficiency programs as a condition of rental assistance.
- HOME TBRA may assist a tenant who has been identified as a potential low-income homebuyer under a lease-purchase program. The PJ may provide HOME TBRA to these homebuyers until the purchase is completed.

Resources

- https://www.hudexchange.info/resources/documents/Building-HOME-Chapter-7-Tenantbased-Rental-Assistance.pdf
- Overview of the HOME program: https://www.hudexchange.info/resources/documents/Building-HOME-Chapter-1-Overview.pdf
- Indiana HOME participating jurisdictions and contacts: https://www.hud.gov/states/indiana/community/home

Key Terms/Ideas

- Tenant-Based Rental Assistance - A form of direct rental assistance in which the recipient tenant may move from a dwelling unit with a right to continued assistance. Includes security and utility deposits associated with the rental of dwelling units.
- The HOME Program (through HUD) was created by the National Affordable Housing Act of 1990. The intent of the HOME program is to:
    - Provide decent affordable housing to lower-income households
    - Expand the capacity of nonprofit housing providers
    - Strengthen the ability of state and local governments to provide housing
    - Leverage private-sector investment
- HOME funds are allocated by formula to PJs. After particular set-asides, 60 percent is allocated to local governments and 40 percent to state governments. The minimum allocation for state PJs is $3 million. The minimum allocation for local PJs is $500,000 unless Congress has allocated less than $1.5B for the program, then it is $350,000. A local government must allocate a minimum of $750,000 (or $500,000 in years where Congress allocates less than $1.5B) to its HOME program. The gap between an allocation and the minimum may be made with a transfer from state funds or local funds.
- HOME funded activities include homeowner rehabilitation, homebuyer activities, rental housing, and TBRA.

USDA Multi-Family Housing Direct Loans and Loan Guarantees

R

Target Audience

- Individuals, trusts, associations, partnerships, limited partnerships, nonprofit organizations, for-profit corporations and consumer cooperatives
- Most state and local governmental entities
- Loan focus is low-income, elderly and disabled individuals and families as well as domestic farm laborers
- Loan guarantee for affordable rental housing designed for low to moderate-income residents in rural areas and towns

Tool Type

- Loans
- Loan Guarantees

Tool Description/Highlights

- Construction, improvement and purchase of multi-family rental housing for low-income families, the elderly and disabled individuals is the primary objective for this program.
- Up to 30 year payback period
- Lowest rate at either the time of loan approval or loan closing will be used
- Applications for this program are accepted on an annual basis. A Notice of Funding Availability (NOFA) is posted in the Federal Register.

Resources

- Code of Federal Regulations, 7 CFR Part 3560.53
- https://www.rd.usda.gov/contact-us/state-offices

Key Terms/Ideas

- Rural Development publishes Notices of Solicitation of Applications (NOSAs) or Notices of Funding Availability in the Federal Register. NOSAs provide program information organized in a consistent way to easily and quickly find information regarding Rural Development Opportunities.

USDA Multi-Family Housing Rental Assistance

R

Target Audience

- Project owners as part of their Rural Rental Housing or Farm Labor Housing new construction financing applications
- Projects must be established on a nonprofit or limited profit basis

Tool Type

- Payments to owners of USDA-financed Rural Rental Housing or Farm Labor Housing projects on behalf of low-income tenants unable to pay their full rent

Tool Description/Highlights

- Rental Assistance can only be provided for apartments in new or existing Rural Rental Housing and Farm Labor Housing financed properties.
- Payments are made on behalf of the tenants and become part of the property's income, which pays operational expenses.
- Properties with low- or very low-income (1) tenants qualify to receive assistance. Properties with very low-income tenants receive first priority.

Resources

- Code of Federal Regulation, 7 CFR 3560-Subpart F
- https://www.rd.usda.gov/programs-services/multi-family-housing-rental-assistance

Key Terms/Ideas

- Very-low- and low-income: Very-low-income is below 50% of area median income; low-income is 50-80% of area median income.

Homebuyer Tools

FHLBI Accessibility Modification Program (AMP)

H

Target Audience

- Eligible senior homeowners
- Owner-occupied households with a person(s) with a permanent disability
- Households must have household income at or below 80% of the area median income (AMI).

Tool Type

- Up to $15,000 in grant funding for accessibility modifications

Tool Description/Highlights

- Eligible modifications include items such as ramps, grab bars, roll-in showers and widened doorways.
- Homeowners interested in obtaining an AMP grant or community organizations serving seniors or persons with disabilities should contact a current participating FHLBI member.

Resources

- https://www.fhlbi.com/products-services/communities-and-housing/accessibility-modification-program-(amp)
- https://www.fhlbi.com/docs/default-source/resources/community-investment/homeownership-initiatives/83definitionsacronyms.pdf?sfvrsn=2

Key Terms/Ideas

- FHLBI: Federal Home Loan Bank of Indianapolis (district includes Indiana and Michigan)
- The Federal Home Loan Banks (FHLBanks, or FHLBank System) are 11 U.S. government-sponsored banks that provide reliable liquidity to member financial institutions (not individuals) to support housing finance and community investment. With their members, the FHLBanks represents the largest collective source of home mortgage and community credit in the United States.
- All grants must be accessed through an FHLBI member. FHLBI members may choose to work with eligible households directly and/or through one or more community housing organizations.

FHLBI Homeownership Opportunities Program (HOP)

H

Target Audience

- First-time homebuyers at or below 80% median income
- FHLBI member banks

Tool Type

- Down payment assistance

Tool Description/Highlights

- Financial institutions can take advantage of FHLBI's Homeownership Opportunities Program (HOP) to help first-time homebuyers at or below 80% median income with down payment and closing costs and thus improving their eligibility for mortgage financing.
- FHLBI members originating first mortgages can request up to $8,000 in HOP grants per household.
- Members may choose to work with eligible first-time homebuyers directly and/or through one or more community housing organizations.
- Mortgage originators that are not FHLBI members can request up to $4,000 in HOP grants per household (FHLBI will provide matching funds at a rate of $3 to $1). All grants must be accessed through an FHLBI member.

Resources

- https://www.fhlbi.com/products-services/communities-and-housing/homeownership-program

Key Terms/Ideas

- FHLBI: Federal Home Loan Bank of Indianapolis (district includes Indiana and Michigan)
- The Federal Home Loan Banks (FHLBanks, or FHLBank System) are 11 U.S. government-sponsored banks that provide reliable liquidity to member financial institutions (not individuals) to support housing finance and community investment. With their members, the FHLBanks represents the largest collective source of home mortgage and community credit in the United States.

FHLBI Neighborhood Impact Program (NIP)

H

Target Audience

- FHLBI member banks
- Existing homeowners with incomes at or below 80% of area median income

Tool Type

- Grants of up to $7,500

Tool Description/Highlights

- Through the Neighborhood Impact Program (NIP), FHLBI members can assist homeowners with repairs including new windows, furnaces, roofs, siding and other deferred maintenance types of repairs.
- FHLBI members may work with eligible homeowners directly or through one or more local housing organizations.
- Homeowners interested in obtaining a NIP grant should contact a current participating member.

Resources

- https://www.fhlbi.com/products-services/communities-and-housing/NIP

Key Terms/Ideas

- FHLBI: Federal Home Loan Bank of Indianapolis (district includes Indiana and Michigan)
- The Federal Home Loan Banks (FHLBanks, or FHLBank System) are 11 U.S. government-sponsored banks that provide reliable liquidity to member financial institutions (not individuals) to support housing finance and community investment. With their members, the FHLBanks represents the largest collective source of home mortgage and community credit in the United States.

IHCDA Affordable Home

H

Target Audience

- First-time homebuyers unless in a target area
- Income limits

Tool Type

- Financing (loan product)

Tool Description/Highlights

- 30-year fixed mortgage (IHCDA sets the rate)
- Minimum credit score 640 for conventional mortgage for a loan-to-value ratio of 95% or less
- Conventional financing available
- Master servicer must underwrite loans where the loan-to-value ratio is higher than 95%
- $100 reservation fee
- No downpayment assistance or closing cost assistance
- Can't be used for refinance

Resources

- https://www.in.gov/ihcda/2421.htm

Key Terms/Ideas

- Loan-to-value ratio – the amount of the principal mortgage as a percentage of the appraised value of the home at closing. Some banks will not make loans for more than 80% of the appraised value of the property.
- IHCDA is an independent state agency governed by a governor-appointed board of directors
- IHCDA's mission is to provide housing opportunities, promote self-sufficiency, and strengthen communities
- Target counties

- Brown
- Clinton
- Crawford
- Daviess
- Dearborn
- Decatur
- Fayette
- Franklin
- Fulton
- Greene
- Miami
- Pike
- Rush
- Scott
- Shelby
- Spencer
- Vermillion
- Vigo
- Washington
- Wayne
- Additional Census Tracts in some counties

IHCDA Helping to Own (H2O)

H

Target Audience

- 1st time homebuyers (or buyers who haven't owned a home in the past 3 years except in targeted areas)
- Income limits vary by county and family size

Tool Type

- Downpayment assistance
- Financing

Tool Description/Highlights

- FHA 30-year fixed loans only
- Downpayment assistance grant of 3.5% does not need to be repaid
- Minimum credit score 600
- Reservation fee $100

Resources

- https://www.in.gov/ihcda/2421.htm

Key Terms/Ideas

- Target counties
  - Brown
  - Clinton
  - Crawford
  - Daviess
  - Dearborn
  - Decatur
  - Fayette
  - Franklin
  - Fulton
  - Greene
  - Miami
  - Pike
  - Rush
  - Scott
  - Shelby
  - Spencer
  - Vermillion
  - Vigo
  - Washington
  - Wayne
  - Additional Census Tracts in some counties
- IHCDA is an independent state agency governed by a governor-appointed board of directors
- IHCDA's mission is to provide housing opportunities, promote self-sufficiency, and strengthen communities

IHCDA Mortgage Credit Certificate (MCC)

H

Target Audience

- First-time homebuyer unless in a targeted area
- Income and acquisition limits

Tool Type

- Federal tax benefit

Tool Description/Highlights

- 30-year fixed rate mortgage (lender sets the rate)
- FHA, Conventional, VA, or USDA Rural Development loans
- $500 reservation fee
- Maximum annual credit of $2,000
- Federal income tax credit to a percentage of annual interest paid on the mortgage loan
    - Under $50K – 35%
    - $50-$70K – 30%
    - $70-$90K – 25%
    - $90K+ - 20%
- Credit can't exceed federal income tax liability

Resources

- https://www.in.gov/ihcda/2421.htm

Key Terms/Ideas

- Target counties
    - Brown
    - Clinton
    - Crawford
    - Daviess
    - Dearborn
    - Decatur
    - Fayette
    - Franklin
    - Fulton
    - Greene
    - Miami
    - Pike
    - Rush
    - Scott
    - Shelby
    - Spencer
    - Vermillion
    - Vigo
    - Washington
    - Wayne
    - Additional Census Tracts in some counties
- IHCDA is an independent state agency governed by a governor-appointed board of directors
- IHCDA's mission is to provide housing opportunities, promote self-sufficiency, and strengthen communities

IHCDA My Home

H

Target Audience

- Income limits apply

Tool Type

- Financing

Tool Description/Highlights

- Does not have to be first-time homebuyer
- 30-year fixed (rate set by IHCDA)
- Minimum credit score 640 for conventional mortgage with a loan-to-value ratio under 95%
- Conventional financing available
- Master servicer must underwrite loans with a loan-to-value ratio over 95%
- $100 reservation fee
- No downpayment assistance or closing cost assistance
- Can be combined with the Mortgage Credit Certificate (MCC)

Resources

- https://www.in.gov/ihcda/2421.htm

Key Terms/Ideas

- IHCDA is an independent state agency governed by a governor-appointed board of directors
- IHCDA’s mission is to provide housing opportunities, promote self-sufficiency, and strengthen communities

IHCDA Next Home

H

Target Audience

- Income limits apply

Tool Type

- Financing

Tool Description/Highlights

- Does not have to be first-time homebuyer
- 30-year fixed rate mortgage (rate sent by IHCDA)
- Minimum credit score of 660 for FHA or 640 for conventional mortgage
- 2-year affordability period
- Downpayment assistance of 3.5% for FHA or 3% for conventional loans
- No cash at closing
- Reservation fee $100

Resources

- https://www.in.gov/ihcda/2421.htm

Key Terms/Ideas

- IHCDA is an independent state agency governed by a governor-appointed board of directors
- IHCDA's mission is to provide housing opportunities, promote self-sufficiency, and strengthen communities

Individual Development Accounts

H

Target Audience

- Low-income individuals

Tool Type

- Matched savings account

Tool Description/Highlights

- An individual development account (IDA) is an asset-building tool designed to enable low-income families to save towards a targeted amount usually used for building assets in the form of home ownership, post-secondary education, and small business ownership. In principle IDAs work as a matched savings account that supplements the savings of low-income households with matching funds from a variety of public and private sources.
- IHCDA works with organizations around the state to help Hoosiers better themselves through a structured matched savings program.
- Participants in the IDA program are eligible to receive up to $4,000 in state and federal match funds towards homeownership, higher education, and small business startup. Participants also receive one-on-one counseling and 8+ hours of financial education covering topics such as budgeting, savings, credit, banking, taxes, and other money management strategies.
- Maximum of 1,000 accounts statewide
- 4 year maximum participation
- $3 match funds for every $1 saved on first $400 saved per year
- Maximum match of $2,400 per account
- Interest earned not subject to taxation
- Funds tax exempt if used for eligible purpose
- Not considered assets for asset limited programs

Resources

- https://www.in.gov/ihcda/2403.htm

Key Terms/Ideas

- Qualifying individual – an individual or member of an individual's household who 1) receives or is a member of a household who receives assistance under IC 12-14-2, or 2) a member of a household with an annual household income that is less than 175% of the federal income poverty limit

USDA Rural Development Single-Family Direct Loans

H

Target Audience

- Low and very low income homeowners

Tool Type

- Direct loans

Tool Description/Highlights

- Section 502 Direct Loan Program
- Payment assistance; reduces mortgage payment for a short time
- Amount determined by income
- Home must be under 2,000 square feet
- Home can't have a market value over the applicable area loan limit
- Home must not have an in-ground pool
- Home must not be designated for income-producing activities
- Up to 33 year payback
- Interest as low as 1%
- Generally no downpayment
- Borrowers are required to repay all or a portion of the payment subsidy received over the life of the loan when the title to the property transfers or the borrower is no longer living in the dwelling.

Resources

- https://www.rd.usda.gov/programs-services/single-family-housing-direct-home-loans
- https://www.rd.usda.gov/files/RD-DirectLimitMap.pdf
- https://www.rd.usda.gov/files/RD-SFHAreaLoanLimitMap.pdf
- https://www.rd.usda.gov/programs-services/single-family-housing-direct-home-loans

Key Terms/Ideas

- Effective October 1, 2017, the current interest rate for Single Family Housing Direct Home Loans is 3.25% for low and very low income borrowers.

VA Home Loans

H

Target Audience

- Banks
- Veterans purchasing homes

Tool Type

- Loan guarantee

Tool Description/Highlights

- Loans provided by private lenders (banks and mortgage companies). The VA guarantees a portion of the loan, enabling lenders to provide more favorable terms.
- No downpayment unless required by the lender or purchase price is more than the reasonable value of the property
- No PMI premium requirement
- VA rules limit the amount that can be charged for closing costs
- Closing costs may be paid by seller
- No early pay off penalty
- Don't have to be a first-time homebuyer
- 1% origination fee and customary costs allowable

Resources

- https://www.benefits.va.gov/homeloans/

Key Terms/Ideas

- VA – Veterans Administration
- PMI – Private Mortgage Insurance
- A loan guarantee is a promise by one party (the guarantor) to assume the debt obligation of a borrower if that borrower defaults. A guarantee can be limited or unlimited, making the guarantor liable for only a portion or all of the debt.

VA Interest Rate Reduction Refinance Loan

H

Target Audience

- Veteran homeowners

Tool Type

- Mortgage refinance

Tool Description/Highlights

- Refinance existing VA loan to reduce interest rate
- Adjustable to fixed rate refinancing
- No appraisal or credit underwriting
- All costs can be included in the new loan
- Refinancing ARM to fixed rate may increase the interest rate
- No lender required to refinance
- Not allowed to receive cash from loan proceeds

Resources

- https://www.benefits.va.gov/homeloans/irrrl.asp

Key Terms/Ideas

- VA – Veterans Administration
- ARM – Adjustable Rate Mortgage

VA Specially Adapted Housing

H

Target Audience

- Veterans with certain permanent and total service-related disabilities
- Eligibility
  - Loss of or loss of use of both legs, OR
  - Loss of or loss of use of both arms, OR
  - Blindness in both eyes having only light perception, plus loss of or loss of use of one leg, OR
  - The loss of or loss of use of one lower leg together with residuals of organic disease or injury, OR
  - The loss of or loss of use of one leg together with the loss of or loss of use of one arm, OR
  - Certain severe burns, OR
  - The loss, or loss of use of one or more lower extremities due to service on or after September 11, 2001, which so affects the functions of balance or propulsion as to preclude ambulating without the aid of braces, crutches, canes, or a wheelchair *
    * This eligibility criteria is limited to 30 recipients per fiscal year (FY).

Tool Type

- Grant

Tool Description/Highlights

- For purchase of a home or home modification
- Can be used to build a specially adapted home
- Can be used to remodel an existing home
- Can apply the grant against the unpaid principal mortgage balance of an adapted home already purchased
- 2017 Fiscal Year maximum $77,307

Resources

- https://www.benefits.va.gov/homeloans/adaptedhousing.asp

Key Terms/Ideas

- VA – Veterans Administration

VA Special Housing Adaptation

H

Target Audience

- Veterans
- Eligibility
  - Blindness in both eyes with 20/200 visual acuity or less, OR
  - Loss of or loss of use of both hands, OR
  - Certain severe burn injuries, OR
  - Certain severe respiratory injuries

Tool Type

- Grant

Tool Description/Highlights

- Adapt an existing home where a veteran already lives
- Adapt a home where a veteran will live
- Help purchase an already adapted home
- 2017 Fiscal Year maximum $15,462
- May use up to 3 times up to maximum aggregate use

Resources

- https://www.benefits.va.gov/homeloans/adaptedhousing.asp
- Apply using VA Form 26-4555 at www.ebenfits.va.gov

Key Terms/Ideas

- VA – Veterans Administration

Employer Tools

NAR Employer Assisted Housing Initiative

E

Target Audience

- Employers interested in developing employer-assisted housing

Tool Type

- Guide/education

Tool Description/Highlights

- Classes
- Downloadable guide, primarily focused on education and advocacy
- Has information sheets on "What is Employer-Assisted Housing?" from a variety of perspectives

Resources

- http://www.realtoractioncenter.com/for-associations/housing-opportunity/workforce-housing/eah-toolkit/EAH-Initiatives-Guide.pdf

Key Terms/Ideas

- Employer Assisted Housing (EAH) is an employer-provided benefit that not only helps employees meet their housing needs but also helps employers achieve business goals. EAH programs can help employees move beyond the most common hurdles to homeownership and purchase or rent a home in the community where they work. EAH programs can also benefit employers by building employee loyalty and workforce stability. And communities benefit, too, as EAH can help to enhance revitalization efforts and stabilize a community.
- An EAH benefit can be customized by targeting it to specific employee groups or limiting it to homes in a specific neighborhood.

Developer Tools

Industrial Recovery Tax Credit

D

Target Audience

- The credit is available to owners, developers, and certain lessees of buildings located in an industrial recovery site which was brought into service at least 15 years ago. The buildings must be at least 100,000 square feet beginning January 1, 2015 and 75% vacant at the time the application is filed. A taxpayer is not eligible for more than one of the following tax credits for the same project:
  - Industrial recovery tax credit (IRTC)
  - Community revitalization enhancement district tax credit (CReED)
  - Hoosier business investment tax credit (HBI)
  - Enterprise zone investment cost credit
  - Venture capital investment tax credit (VCI)

Tool Type

- Tax credit

Tool Description/Highlights

- The Industrial Recovery Tax Credit, also known as the DINO tax credit for older buildings it benefits, provides an incentive for companies to invest in former industrial facilities requiring significant rehabilitation or remodeling expenses. The credit is established by Ind. Code 6-3.1-11.
- Rehabilitation expenditures include the remodeling, repair, betterment, enlargement, or extension of real property. Eligible costs may include:
  - Acquisition costs, when made to enlarge or extend the industrial recovery site
  - Architectural and engineering fees
  - Construction management and demolition costs
  - Environmental remediation costs
  - Non-movable furniture, fixtures and equipment
  - Permitting costs directly related to rehabilitation
  - Other hard costs
- The IEDC intends to partner with local government in the revitalization of qualified industrial sites; therefore, any award under this program likely will not exceed the financial support offered by the locality.
- The credit amount is equal to the amount of the qualified investment multiplied by the applicable percentage, which can range from 15-25% (see IC 6-3.1-11-1).
- The credit is applied against the taxpayer's state tax liability, in the following order: adjusted gross income tax liability, insurance premiums tax liability, and financial institutions tax.

Resources

- http://proxy.in.gov/assets/files/Docs/2015%20downloads/IRTC_03-2015.pdf
- http://proxy.in.gov/assets/files/Docs/2016%20Downloads/IRTC%20Application%20(rev%20012016).pdf
- https://statecodesfiles.justia.com/indiana/2016/title-6/article-3.1/chapter-11/chapter-11.pdf

Key Terms/Ideas

- Indiana Economic Development Corporation: The Indiana Economic Development Corporation (IEDC) is the State of Indiana's lead economic development agency. The IEDC was officially established in February 2005 to replace the former Department of Commerce. In order to respond quickly to the needs of businesses, the IEDC operates like a business.
- Vacant: "vacant" means with respect to a plant that at least seventy-five percent (75%) of the plant placed in service is not used to carry on production, manufacturing, assembly, processing, refining, finishing, or warehousing of tangible personal property

FHLBI Competitive Affordable Housing Program (AHP)

D

Target Audience

- Banks, credit unions, and insurers
- Local non-profits, economic development groups, or developers

Tool Type

- Grants to help fund the acquisition, construction, or rehabilitation of properties for use as affordable rental or ownership

Tool Description/Highlights

- Funds are made available through our annual competitive AHP application process which provides grant money (up to $500,000) for low-income owner-occupied or rental housing projects. These awards support a multitude of affordable housing solutions for veterans, people with disabilities, or young adults transitioning out of the foster care system, and many others.
- Twenty-five projects received AHP grant awards in 2017. Total funds awarded for this round was $9,589,680. Eighty-three percent of awarded projects will use green building elements in their design and 92 percent will align their location with overall area development strategies to promote walkability and eliminate barriers created by transportation needs.
- Sponsors and other parties who are interested in learning more about AHP grants and potentially partnering with a members are encouraged to contact the FHLBank Indianapolis Community Investment Department or a members with affordable housing initiatives.

Resources

- https://www.fhlbi.com/products-services/communities-and-housing/competitive-affordable-housing-program
- https://www.fhlbi.com/products-services/communities-and-housing/2017-affordable-housing-program-(ahp)-implementation-plan

Key Terms/Ideas

- FHLBI: Federal Home Loan Bank of Indianapolis (district includes Indiana and Michigan)
- The Federal Home Loan Banks (FHLBanks, or FHLBank System) are 11 U.S. government-sponsored banks that provide reliable liquidity to member financial institutions (not individuals) to support housing finance and community investment. With their members, the FHLBanks represents the largest collective source of home mortgage and community credit in the United States.

Historic Tax Credit

D

Target Audience

- Developers

Tool Type

- Federal tax credit

Tool Description/Highlights

- The Federal Historic Preservation Tax Incentives program encourages private sector investment in the rehabilitation and re-use of historic buildings.
- The National Park Service and the Internal Revenue Service administer the program in partnership with State Historic Preservation Offices.
- A 20% income tax credit is available for the rehabilitation of historic, income-producing buildings that are determined by the Secretary of the Interior, through the National Park Service, to be "certified historic structures."
- Owner-occupied residential properties do not qualify for the federal rehabilitation tax credit.
- The State Historic Preservation Offices and the National Park Service review the rehabilitation work to ensure that it complies with the Secretary's Standards for Rehabilitation.
- The tax credit is only available to properties that will be used for a business or other income–producing purpose, and a "substantial" amount must be spent rehabilitating the historic building.

Resources

- https://www.nps.gov/tps/tax-incentives.htm
- https://www.nps.gov/tps/standards/rehabilitation.htm
- https://www.nps.gov/tps/tax-incentives/taxdocs/about-tax-incentives-2012.pdf
- https://www.nps.gov/tps/tax-incentives/before-you-apply.htm

Key Terms/Ideas

- SHPO: State Historic Preservation Office. In Indiana the Division of Historic Preservation and Archaeology of the Department of Natural Resources is the SHPO.
- Secretary's Standards for Rehabilitation: the Standards apply to historic buildings of all periods, styles, types, materials, and sizes. They apply to both the exterior and the interior of historic buildings. The Standards also encompass related landscape features and the building's site and environment as well as attached, adjacent, or related new construction.

HOME Investment Partnership Program

D

Target Audience

- Developers
- Communities

Tool Type

- Grant

Tool Description/Highlights

- HOME funds are allocated through a Participating Jurisdiction (PJ) or the statewide small communities program (competitive). In Indiana the Indiana Housing and Community Development Authority (IHCDA) manages the small communities program.
- Households eligible for HOME assistance vary with the nature of the funded activity. For rental housing and rental assistance programs, at least 90 percent of benefiting families must have incomes that are no more than 60 percent of the median family income for the area (MFI). In rental projects with five or more assisted units, at least 20 percent of the units must be occupied by families with incomes no greater than 50 percent of the MFI. The incomes of households receiving HUD assistance must not exceed 80 percent of the area median. HOME income limits are published each annually by HUD.
- Eligible activities for HOME funds include:
    1. Home purchase or rehabilitation financing assistance to eligible homeowners and new homebuyers;
    2. Building or rehabilitating housing for rent or ownership;
    3. "Other reasonable and necessary expenses related to the development of non-luxury housing," including site acquisition or improvement, demolition of dilapidated housing to make way for HOME-assisted development and payment of relocation expenses; and
    4. Tenant-based rental assistance
- Priorities are established by the PJ in a 5-Year Consolidated Plan, that is supported by an Annual Action Plan and a CAPER (Consolidated Annual Performance and Evaluation Report).

Resources

- https://www.hudexchange.info/resources/documents/Building-HOME-Chapter-1-Overview.pdf
- Indiana HOME participating jurisdictions and contacts: https://www.hud.gov/states/indiana/community/home

Key Terms/Ideas

- Participating Jurisdictions - The term given to any state, local government, or consortium that has been designated by HUD to administer a HOME program. HUD designation as a PJ occurs if a state or local government meets the funding thresholds, notifies HUD that they intend to participate in the program, and has a HUD-approved Consolidated Plan.

New Market Tax Credit (NMTC)

D

Target Audience

- NMTC Program applicants must be certified as CDEs by the CDFI Fund.

Tool Type

- Federal tax credit

Tool Description/Highlights

- The NMTC Program attracts private capital into low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making equity investments in specialized financial intermediaries called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years.
- Through the NMTC Program, the CDFI Fund allocates tax credit authority to Community Development Entities (CDEs) through a competitive application process. CDEs are financial intermediaries through which private capital flows from an investor to a qualified business located in a low-income community. CDEs use their authority to offer tax credits to investors in exchange for equity in the CDE. Using the capital from these equity investments, CDEs can make loans and investments to businesses operating in low-income communities on better rates and terms and more flexible features than the market.
- The NMTC Program has supported a wide range of businesses including manufacturing, food, retail, housing, health, technology, energy, education, and childcare.

Resources

- https://www.cdfifund.gov/programs-training/Programs/new-markets-tax-credit/Pages/default.aspx
- https://www.cdfifund.gov/programs-training/certification/cde/Pages/default.aspx
- https://www.cdfifund.gov/Documents/NMTC%20Fact%20Sheet_Mar2017.pdf

Key Terms/Ideas

- A Community Development Entity (CDE) is a domestic corporation or partnership that is an intermediary vehicle for the provision of loans, investments, or financial counseling in low-income communities.
- CDE Certification is intended for community development financing intermediaries. Businesses seeking NMTC-enhanced financing should not apply for CDE Certification, but should instead contact CDEs directly.
- For every $1 invested by the Federal government, the NMTC Program generates over $8 of private investment.

Section 42 Tax Credits (9%)

D

Target Audience

- Developers (for profit and non-profit)
- Not profit development partners
- Communities

Tool Type

- Tax incentive to purchasers of credits awarded to projects to reduce the cost of construction and finance of rental housing for low and moderate income people.
- To qualify for Section 42 credits, a development must maintain a 15-year affordability period, with an additional 15 year extended use period that may be waived.
- Income restrictions apply
- Rent restrictions apply
- Annual credit is taken over a 10-year period

Tool Description/Highlights

- Section 42 is an affordable rental housing program. You may also hear the program referred to as either the “low-income housing tax credit program” or the “rental housing tax credit program.” This is because Section 42 is an affordable housing program established by the federal tax code that allows developers of affordable housing to receive a federal tax credit. In exchange, the developer agrees to keep the housing income restricted, rent restricted, and in safe, decent, and sanitary condition.
- The Indiana Housing & Community Development Authority (IHCDA) awards Section 42 tax credits for the State of Indiana. In addition, IHCDA conducts file audits, physical property inspections, and annual reviews of all active Section 42 properties in the state to ensure program compliance.
- The scoring criteria and application information are published in the Qualified Allocation Plan (QAP), which is revised every other year. The program is highly competitive.
- The 9% tax credit is available for new construction and substantial rehabilitation projects that do not have other federal funds. Federal funds include loans and bonds with below market-rate interest. Rehabilitation is substantial if the greater of an average of $3,000 is spent on each rent-restricted lower income unit or 10% is spent on the eligible basis during a 24-month period.
- Rental properties that qualify for the LIHTC tend to have both lower debt service payments and lower vacancy rates than market-rate rental housing. LIHTC properties typically experience a relatively quick lease-up and offer strong potential economic returns, primarily due to the existence of the credit. LIHTC properties are often packaged as limited partnerships such that they afford limited liability to their investors.

Resources

- Qualified Allocation Plan: http://www.in.gov/myihcda/rhtc.htm#2018 2019 QAP
- Real Estate Development (RED) notices: http://www.in.gov/myihcda/rednotices.htm
- Compliance manual : http://www.in.gov/myihcda/2490.htm
- Credit percentages: http://www.in.gov/myihcda/2455.htm
- http://nlihc.org/sites/default/files/2014AG-254.pdf

Key Terms/Ideas

- 10% of the credits will be set aside for workforce housing under the 2018-2019 QAP. To qualify, the development must be located in a county that has a combined ranking in the top 10% of the State for 1) Economic Well-Being and 2) Employment and Productivity, as reported on Stats America Innovation 2.0 (www.statsamerica.org/ii2). Developments competing in this set-aside cannot be age-restricted and must be comprised solely of units with 60% rents and income limits or a combination of 60% and market rate units.
- Annual credit amount is determined by the eligible basis of a building multiplied by the applicable fraction of a project dedicated to low-income tenants and the applicable percentage (tax credit rate).
- 20-50 Test: 20% of units must be set aside for households at or below 50% of area median income (AMI) (one option, see also 40-60 Test)
- 40-60 Test: 40% of units must be set aside for households with incomes at or below 60% of AMI (one option, see also 20-50 Test)
- Rents are limited to 30% of maximum qualified income, adjusted for family size, net utility allowance
- The amount of tax credits are determined by a dollar amount per capita set by the federal government multiplied by the state population – recently the amount has been approximately $2.25 per capita. These are federal tax credits.
- Low Income Housing Tax Credit (LIHTC), Rental Housing Tax Credit (RHTC), and Section 42 are used interchangeably.

Section 42 (4% Tax Exempt Bonds)

D

Target Audience

- Developers

Tool Type

- Tax exempt bond

Tool Description/Highlights

- The 4% tax credit is available for three types of activities:
    - Acquisition of existing buildings for substantial rehabilitation;
    - New construction or substantial rehabilitation subsidized with other federal funds; and,
    - Projects financed with tax-exempt bonds. (Every year, states are allowed to issue a set amount, known as the volume cap, of tax-exempt bonds for a variety of economic development purposes.)
- There is no "limited pool" for the 4% tax credit as there is for the 9% credits. To obtain 4% tax credits, a partnership must first apply for an allocation of private activity bonds, which if received, leads to a non-competitive application process for the 4% tax credits.
- Each LIHTC project will fall into either the 9% category or the 4% category depending upon how the project is financed (9% = conventional construction loan, which converts to a permanent loan after construction is finalized; 4% = tax-exempt bonds).
- The 9% and 4% categories are further divided by the construction method of the project constructing the project from the ground up OR acquiring an existing project and rehabilitating it (rehabilitation must be completed within 24 months to be eligible for tax credits).
- However, even though there is no specific for the amount of 4% credits a state can allocate, the 4% tax credits are not "unlimited." The total amount of 4% tax credits available is limited by the amount volume cap tax-exempt bonds allocated to LIHTC projects. The amount of 4% credits is effectively limited through what is called the 50% test.

Resources

- http://www.ipedconference.com/powerpoints/Tax-Exempt_Housing_Bond_Basics.pdf
- http://nlihc.org/sites/default/files/2014AG-254.pdf

Key Terms/Ideas

- The LIHTC is designed to subsidize either 30 percent or 70 percent of the low-income unit costs in a project. The 30 percent subsidy, which is known as the so-called automatic 4 percent tax credit, covers new construction that uses additional subsidies or the acquisition cost of existing buildings. The 70 percent subsidy, or 9 percent tax credit, supports new construction without any additional federal subsidies.

Workforce Housing Tax Credit (Iowa)

D

Target Audience

- Tax benefit to developers to provide housing in Iowa communities (THIS IS NOT AN INDIANA TOOL)

Tool Type

- Tax incentives including refunds of sales , service, or use taxes paid during construction

Tool Description/Highlights

- Developers may receive a state investment tax credit of up to 10% of the investment directly related to housing construction/rehabilitation
- Tax credit is based on the new investment used for the first $150,000 value for each home/unit
- Tax credit is e3arned when the unit is certified for occupancy
- Project criteria (must meet 1 of 4):
    1. Located on a grayfield or brownfield site
    2. Repair or rehab of dilapidated housing
    3. Upper story housing development
    4. New construction in greenfield in a community with demonstrated workforce housing needs
- Developer must build/rehab 4 single-family or at least one multi-family building with at least 3 units or at least 2 upper story units
- Project must be completed within 3 years of award
- Total project may not exceed $200K per unit for new construction or $250K for historic rehab

Resources

- https://www.iowaeconomicdevelopment.com/WHTC
- https://www.legis.iowa.gov/docs/iac/chapter/03-01-2017.261.48.pdf

Key Terms/Ideas

- "Brownfield site" means an abandoned, idled, or underutilized property where expansion or redevelopment is complicated by real or perceived environmental contamination. A brownfield site includes property contiguous with the site on which the property is located. A brownfield site does not include property which has been placed, or is proposed for placement, on the national priorities list established pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 et seq. In order to administer similar programs in a similar manner, the authority will attempt to apply this definition in substantially the same way as similar definitions are applied by the brownfield advisory council established in Iowa Code section 15.294 and may consult members of the council or other staff as necessary.

- "Grayfield site" means a property meeting all of the following requirements: (1) The property has been developed and has infrastructure in place but the property's current use is outdated or prevents a better or more efficient use of the property. Such property includes vacant, blighted, obsolete, or otherwise underutilized property. (2) The property's improvements and infrastructure are at least 25 years old and one or more of the following conditions exists: 1. Thirty percent or more of a building located on the property that is available for occupancy has been vacant or unoccupied for a period of 12 months or more. 2. The assessed value of the improvements on the property has decreased by 25 percent or more. 3. The property is currently being used as a parking lot. 4. The improvements on the property no longer exist.
- "Greenfield site" means a site that does not meet the definition of a brownfield site or grayfield site. A project proposed at a site located on previously undeveloped or agricultural land shall be presumed to be a greenfield site.

Government Tools

Non-Profit Property Tax Exemption

G

Target Audience

- Non-profit Developers of Affordable Housing

Tool Type

- Property tax exemption

Tool Description/Highlights

- If provision of affordable housing is a charitable purpose, then the property (or percentage that is income restricted) should be exempt from payment of property taxes. Assessors provide advice/information to the Property Tax Assessment Board of Appeals (PTABOA) about whether a property should be taxed or not. Additionally, owners of such property file for exemption.
- Due to the impact of property tax caps and the inability of local taxing units to raise the rate to generate revenue, exemptions for affordable housing have not been implemented consistently across the state.
- Reducing/eliminating the property tax burden supports affordability while organizations maintain cash flow and the ability to participate in the provision of affordable housing.
- Payment in Lieu of Taxes (PILOT) is one way that organizations could offset demands on municipal services while still receiving a property tax exemption.

Resources

- The value of federal income tax credits awarded under Section 42 of the Internal Revenue Code may not be considered in determining the assessed value of low income housing tax credit property. As added by P.L.81-2004, SEC.58. (IC 6-1.1-4-40)
- Except as otherwise provided in this section, all or part of real property is exempt from property taxation if:
- (1) the improvements on the real property were constructed, rehabilitated, or acquired for the purpose of providing housing to income eligible persons under the federal low income housing tax credit program under 26 U.S.C. 42; (2) the real property is subject to an extended use agreement under 26 U.S.C. 42 as administered by the Indiana housing and community development authority; and (3) the owner of the property has entered into an agreement to make payments in lieu of taxes under IC 36-1-8-14.2 (before its expiration), IC 36-2-6-22 (before its expiration), or IC 36-3-2-11 (before its expiration). (IC 6-1.1-10-16.7)
- http://www.in.gov/dlgf/8818.htm

Key Terms/Ideas

- Nonprofit corporations in Indiana are not automatically exempt from tax on the property — either real (land and buildings) or personal (furniture and fixtures, machinery and equipment) — that they own or use. A nonprofit cannot rely solely upon its status as an organization described in Section 501(c)(3) of the Internal Revenue Code or upon the fact that it carries out good deeds for the public's benefit. The general rule is that all property is subject to tax.

- To obtain an exemption, the nonprofit must file a Form 136 application for property tax exemption with the county assessor. A property tax exemption is approved or rejected by a county's Property Tax Assessment Board of Appeals (PTABOA), often based on the advice of the assessor.
- Exemptions involve a certain type of property, or the property of a certain kind of taxpayer, which is not taxable. Application for exemption must be filed before April 1 of the assessment year with the county assessor. The application must be refiled every even year unless: (1) the exempt property is owned, occupied and used for educational, literary, scientific religious or charitable purposes; (2) the property continues to meet the requirements of IC 6-1.1-10-16 or IC 6-1.1-10-21; and (3) an application was properly filed at least once in accordance with these statutes.

Zoning

G

Target Audience

- Municipalities (cities and towns) and Counties

Tool Type

- Ordinance

Tool Description/Highlights

- Zoning and Subdivision Control Ordinances are the implementation tools for the Comprehensive Plan and legislate the standards for land use in the community.
- Zoning in Indiana is governed by the enabling legislation in IC 36-7-4.
- All units of government that adopt a zoning ordinance must have adopted a comprehensive plan.
- Once a unit of government has adopted a Subdivision Control Ordinance, all lot splits (subdivision of land) is subject to the ordinance.
- The zoning ordinance regulates land use, lot standards, building type, and building size.
- Manufactured housing has specific rules and restrictions in IC 36-7-4-1106
- Minimum lot size, minimum building size, building type, roofing and siding materials impact the cost of housing development and the type of housing that will be developed.

Resources

- Citizen Planner Manual (American Planning Association – Indiana Chapter): http://www.indianaplanning.org/?page_id=1221
- IC 36-7-4: https://www.lawserver.com/law/state/indiana/in-code/indiana_code_title_36_article_7_chapter_4

Key Terms/Ideas

- Variances allow for deviation from the standards in the zoning ordinance, approved by the Board of Zoning Appeals*, that do not injure the public health, safety, and morals; affect adjacent property in a substantively adverse manner; and where the strict application of the ordinance would result in practical difficulty of using the land. Difficulties can't be self-imposed. There are development standards and use variances. Some communities do not allow use variances. Jurisdictions that are under the Area Plan Commission enabling legislation may not consider use variances. In certain counties (and municipalities in those counties) the BZA makes recommendations to the legislative body regarding variances.
- BZA – Board of Zoning Appeals – a quasi-judicial body for land use decisions that is created and governed under IC 36-7-4-900

Housing Tax Increment Finance (HoTIF)

G

Target Audience

- Cities and Towns

Tool Type

- Property Tax

Tool Description/Highlights

- Indiana law permits the creation of Housing TIF Allocation Areas in a limited area within the unit's jurisdiction meeting specified criteria relating to the rates of lack of occupancy, property tax delinquencies and code violations. For areas that meet the criteria, the Redevelopment Commission may establish a so-called HOTIF area, capturing the increment from ALL real property improvements in the area, to be applied to projects for neighborhood renovation.
- The commission must make the following findings in the resolution adopting a housing program under section 45 of this chapter: (1) Not more than twenty-five (25) acres of the area included in the allocation area has been annexed during the preceding five (5) years. (2) No area within the allocation area has been annexed within the preceding five (5) years over a remonstrance of a majority of the owners of land within the annexed area. (3) The program cannot be accomplished by regulatory processes or by the ordinary operation of private enterprise because of: (A) the lack of public improvements; (B) the existence of improvements or conditions that lower the value of the land below that of nearby land; or (C) other similar conditions. (4) The public health and welfare will be benefited by accomplishment of the program. (5) The accomplishment of the program will be of public utility and benefit as measured by: (A) the provision of adequate housing for low and moderate income persons; (B) an increase in the property tax base; or (C) other similar public benefits. (6) At least one-third (1/3) of the parcels in the allocation area established by the program are vacant. (7) At least seventy-five percent (75%) of the allocation area is used for residential purposes or is planned to be used for residential purposes. (8) At least one-third (1/3) of the residential units in the allocation area were constructed before 1941. (9) At least one-third (1/3) of the parcels in the allocation area have at least one (1) of the following characteristics: (A) The dwelling unit on the parcel is not permanently occupied. (B) The parcel is the subject of a governmental order, issued under a statute or an ordinance, requiring the correction of a housing code violation or unsafe building condition. (C) Two (2) or more property tax payments on the parcel are delinquent. (D) The parcel is owned by local, state, or federal government. (10) The total area within the county or municipality that is included in any allocation area established for a housing program under section 45 of this chapter does not exceed three hundred (300) acres.

Resources

- http://www.btlaw.com/files/Uploads/Documents/Publications/Pitman_TIF%20OVERVIEW--Generic%20(2).pdf
- http://www.877gethope.org/generated/uploads/frankel/Repurposing%20Strategies/Finance/TIF%20%26%20HoTIF/TIF%20in%20Indiana.pdf
- http://iga.in.gov/static-documents/9/2/b/5/92b5e9dc/TITLE36_AR7_ch14.pdf

Key Terms/Ideas

- In 2006, the General Assembly added additional sections to IC 36-7-14 to permit Redevelopment Commissions throughout the State to undertake a housing tax increment program (authority for which had previously been limited to Indianapolis).
- TIF – Tax Increment Finance
- Redevelopment Commissions may not own single family dwellings (IC 36-7-14-12.4)

Housing Trust Fund

G

Target Audience

- HTF funds will be offered exclusively to developments that successfully completed the 2017 Indiana Supportive Housing Institute.
- Community Housing Development Organizations (CHDOs)
- Non-Profit Organizations and Public Housing Authorities
- Eligible developments can be located in any city, town or county located in Indiana. There is no geographic preference to the use of the HTF.

Tool Type

- Grant
- Limited to Permanent Supportive Housing

Tool Description/Highlights

- The Housing Trust Fund (HTF) is an affordable housing production program that will complement existing federal, state and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families. The HTF was established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131. HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities. On January 30, 2015, HUD published an Interim Rule which provides the guidelines for States to implement the HTF.
- IHCDA is tasked with using the HTF to increase the supply of decent, safe and sanitary housing for persons at or below 30% of the Area Medium Income. HTF regulations may be found in 24 CFR 91 and 93.
- Supportive housing developments must further the creation of community-based housing that targets the extremely low income (less than 30% AMI) with intensive service programs that have a direct impact on reducing homelessness through the Housing First model. Housing First is an innovative approach to engage and rapidly house individuals who are homeless into supportive housing and to provide intensive and flexible services to stabilize and support housing tenure.

Resources

- IHCDA 2017 Housing Trust Fund Policy: https://in.gov/myihcda/files/2017%20HOME%20%20HTF%20Final%20Policy.pdf
- https://www.hudexchange.info/programs/htf/about/

Key Terms/Ideas

- Housing First: Housing First is an approach to quickly and successfully connect individuals and families experiencing homelessness to Permanent Housing (PH) without preconditions and barriers to entry. It contrasts with previous linear approaches in which Permanent Housing was only offered after a person experiencing homeless could demonstrate 'readiness' for housing. CoC program funds support two types of PH: Permanent Supportive Housing and Rapid Rehousing.

- Permanent Supportive Housing: Permanent Supportive Housing (PSH) is defined as Permanent Housing with indefinite leasing or rental assistance paired with supportive services, to assist homeless persons with a disability, or families with an adult or child member with a disability, achieve housing stability.

Tax Increment Finance (TIF)

G

Target Audience

- Local units of government

Tool Type

- Property Tax

Tool Description/Highlights

- In general, TIF provides for the temporary allocation to redevelopment districts of increased tax proceeds (known as "increment") in an allocation area generated by increases in assessed value. Thus, TIF permits units to use increased tax revenues stimulated by redevelopment to pay for the capital improvements needed to induce the redevelopment.
- TIF can induce capital investment in area that otherwise may not have occurred
- TIF provides a financing tool for redevelopment using increased tax proceeds (“increment”) generated by increased tax base in the area
- TIF allows units to use increased tax receipts created by the redevelopment to fund the capital improvements needed to attract the development
- Establishing a TIF District
    - A city, town, or county will create a Redevelopment Commission
    - The Commission prepares a redevelopment plan describing the economic development or redevelopment activities to be undertaken
    - Commission passes a “Declaratory Resolution” which describes the “redevelopment project area” or “economic development area”
    - The Plan needs approval of the Commission
    - Municipal legislative body or County Executive must approve plan
- The Redevelopment Commission, utilizing city or county personnel and/or outside consultants, must prepare a redevelopment plan that will provide evidence to support the findings that the Redevelopment Commission must make by statute, describe the redevelopment or economic development activities to be undertaken, and provide other information required by statute or the Department of Local Government Finance (DLGF) and State Board of Accounts administrative TIF regulations.
- Uses of TIF Proceeds
    - Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area.
    - Designed to make the principal and interest payments of bonds and leases issued to finance the project
    - Pay the principal of and interest on bonds issued by the unit to pay for local public improvements that are in allocation area.
    - Reimbursing the unit for expenses made for local improvements.

- The 2008 Indiana tax reform added an incentive to use TIF instead of other means of funding infrastructure. The reform made most larger local government bond issues subject to referendum. Voters must approve the debt service tax rate required to repay a capital projects bond with property taxes. Property taxes raised from a TIF allocation area are exempt from this referendum requirement (IC 6-1.1-20-1.6).
- Indiana's TIF statute has been amended several times to try to limit the length of time before a TIF district expires. New TIF bonds are limited to 25 years, new TIF districts are limited to 30 years.

Resources

- http://www.ieda.org/resources/Documents/TIF-Final-%20Report%20June%2023.pdf
- http://www.btlaw.com/files/Uploads/Documents/Publications/Pitman_TIF%20OVERVIEW--Generic%20(2).pdf
- http://www.in.gov/dlgf/files/091029-_Vincent-Jones_Presentation-_TIF.pdf
- https://pcrd.purdue.edu/ruralindianastats/downloads/The-Use-of-Tax-Increment-Finance.pdf
- Statutory cites for TIF are IC 36-7-14 (which applies to (i) counties, cities, and towns other than Indianapolis and (ii) "excluded cities" in Marion County that elect to be governed by IC 36-7-14), IC 36-7-15.1 (which applies only to Indianapolis and to those excluded cities in Marion County that do not elect to be governed by IC 36-7-14), and IC 6-1.1-39 (which authorizes the use of TIF to pay loans from the state).

Key Terms/Ideas

- TIF: Tax Increment Financing is a tool for development and redevelopment which captures increases in taxable assessed value in an allocation area and the revenue generated from that development (or Growth) is used to finance public improvements
- Allocation Area: The part of an area to be developed or redeveloped that is designated in the declaratory resolution for purposes of distribution and allocation of property taxes
- Economic Development Area: An area indicated in the plan to promote gainful employment opportunities, attract major new businesses, retain or expand business enterprise in the area, or meet other purposes of Indiana Code in 36-7
- Redevelopment commissions can exercise their powers (other than eminent domain) in "economic development areas," the establishment of which does not require a finding of being an "area needing redevelopment." Thus, TIF bonds can be issued to fund development activities in non-blighted areas that promote job opportunities.
- Cities, towns and counties that establish TIF districts must provide evidence that the development would not happen but for the establishment of the TIF district. This "but for" test seeks to ensure that TIF is used to promote development that would not otherwise occur, and is not simply an effort to divert property tax revenue from overlapping units to the unit establishing the TIF district.
- For TIF districts created after 1995 (in the case of Economic Development Areas) or 1997 (in the case of Areas Needing Redevelopment), assessed value relating to residential property may not be captured for purposes of calculating TIF revenues.

- Complicated rules exist relating to whether apartments and condominiums are treated as residential property, or are instead treated as commercial property and therefore capturable for purposes of TIF. The following rules generally apply: (i) Property is generally classified as residential (and therefore not capturable) if it is used primarily as a place of residence and consists of a single structure in which fewer than three families reside. (ii) Property is generally classified as commercial (and therefore capturable) if it consists of a single structure with single ownership, having four or more units in the structure. (iii) Property is also generally classified as commercial (and therefore capturable) if it consists of condominiums with four or more stories.

Community Tools

NAR Housing Opportunity Class and Employer-Assisted Housing Class

C

Target Audience

- Groups interested in education/training/partnership

Tool Type

- Training

Tool Description/Highlights

- NAR's Housing Opportunity Program was created in 2002 with the vision of positioning, educating and assisting REALTORS® to create housing opportunities for all. The Housing Opportunity Program offers programs, grants, trainings, and resources that help REALTORS® and REALTOR® associations expand housing availability and insure an adequate supply of rental housing and home ownership opportunities in their communities.
- Expanding Housing Opportunities (EHO) is a course designed to educate real estate professionals on the range of affordable housing opportunities and clients seeking them. EHO is available in two formats; online and in the classroom.
- EHO is available as a 3-hour course through Realtor® University
- To offer an EHO class, you need to become a Community and Political Affairs (CPA) Training Sponsor. Any REALTOR® association; NAR Institute, Society or Council; multicultural real estate organization; real estate training school/company; or brokerage firm can become a Sponsor. Sponsors are also eligible to offer the Employer-Assisted Housing Class and Smart Growth for the 21st Century.
- The Employer-Assisted Housing (EAH) class is a unique opportunity to expand your business by working with local employers so that they can help their employees become homeowners or afford a home close to work.

Resources

- https://www.nar.realtor/fair-housing/housing-opportunity-program/expanding-housing-opportunities-class
- https://www.nar.realtor/fair-housing/housing-opportunity-program/employer-assisted-housing-class
- https://www.nar.realtor/fair-housing/housing-opportunity-program/workforce-housing
- https://realtoru.edu/about/

Key Terms/Ideas

- NAR – National Association of REALTORS

USDA Rural Development Community Facilities Direct Loan

C

Target Audience

- Rural local units of government – population under 20,000 in the last Census

Tool Type

- Direct loans (low interest)
- Grants
- Loan guarantee
- For community facilities

Tool Description/Highlights

- Purpose is the develop essential facilities in rural areas
- May be used to purchase/construct/improve
    - Health care facilities
    - Public buildings
    - Street improvements
    - Child care centers
    - Public safety
    - Educational services
    - Utility services – telemedicine and distance learning
    - Local food systems
- Term is useful life or 40 years (whichever is shorter)
- Rate is set by USDA Rural Development
- Fixed-rate
- No pre-payment penalty

Resources

- https://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program
- https://www.rd.usda.gov/in

Key Terms/Ideas

- USDA – United States Department of Agriculture

Comprehensive Plan

C

Target Audience

- Municipalities and Counties

Tool Type

- Local policy (adopted by resolution)

Tool Description/Highlights

- In Indiana, comprehensive planning is permitted by the 500 Series of Title 36-7-4 of the Indiana Code (IC). This law empowers cities, towns, and counties to adopt plans. Any plan adopted in Indiana must contain at least the following three elements:
    - A statement of objectives for the future development of the jurisdiction;
    - A statement of policy for the land use development of the jurisdiction; and
    - A statement of policy for the development of public ways, public places, public lands, public structures, and public utilities.
- In addition, the law provides for optional elements, including parks and recreation, flood control, transit, natural resource protection, conservation, flood control, farmland protection, education, health and wellness, character and identity, and redevelopment of blighted areas. Most comprehensive plans in Indiana have some of these optional elements.
- While each planning process should be custom-designed to meet community needs, nearly all contain the same core elements:
    - Evaluate and analyze existing conditions, including strengths and weaknesses, community character, demographics, natural features, etc.;
    - Establish goals and objectives for the future;
    - Identify alternatives for meeting the goals and objectives;
    - Select the preferred alternative;
    - Make recommendations and specify actions to implement the plan (update zoning and subdivision control ordinances, develop capital improvements program, create design guidelines, etc.);
    - Evaluate the success of the plan; and
    - Adopt the plan.
- Comprehensive plans set the policy for where housing, retail, service, and employment centers are located relative to one another and to infrastructure. They provide guidance to the Plan Commission and Board of Zoning Appeals in making decisions on specific applications for development.
- Housing policies that support development of affordable housing can support applications for Section 42 tax credits.

Resources

- https://www.indianaplanning.org/wp-content/uploads/2012/12/FINAL-CitizenPlannersGuide-3.20.17-Ch.7-ComprehensivePlans.pdf

Key Terms/Ideas

- When communities plan, they establish and implement a public policy for the community and guidelines for decisions on development. Plans help a community achieve a character of its own - one that residents of the community recognize and support. If all communities were the same, one plan would suffice for all. But each community is different, and a plan is the opportunity to share its story.
- In Indiana, municipal plan commissions are authorized under certain conditions to exercise planning and zoning jurisdiction over territory outside the corporate boundaries. If the plan commission has assumed this jurisdiction, the comprehensive plan must include all of the extra-territorial jurisdictional area. With the additional territory comes responsibility for inspection and enforcement with specifics based on an inter-local agreement.
- Getting a community consensus is essential to a successful planning process. A plan that does not have the support of the majority of those who will be affected by it, is doomed to failure - the proverbial "sitting on the shelf." Plan commissioners are key players in arriving at that consensus. Not only do they share their own observations and views about the community, they can ensure that the full range of views is sought and considered.
- There are two types of plan commissions available to most communities throughout Indiana: area and advisory. There are two other types of plan commissions in Indiana. Metropolitan plan commissions are available to only three counties in Indiana (Marion, Delaware, and Vanderburgh), and a joint district plan commission is available to only one county (Bartholomew). Laws governing area and advisory plan commissions are different. Those using the Indiana Code should check the applicability of a particular statute to the local plan commission.
- Area Plan Commissions are cooperative efforts between a county and at least one municipality within the county. In jurisdictions using the area planning law, one commission serves the county and all municipalities that choose to participate. The area plan commission is a unit of county government, staffed by an executive director and any other employees included in the annual budget. Area jurisdictions are permitted and encouraged to adopt unified plans and ordinances: a single comprehensive plan, a single zoning ordinance, and a single subdivision control ordinance can apply to the county and to all participating municipalities. In a county having an area plan commission, a city or town that does not participate in the area commission may not exercise planning authority outside the corporate limits of the municipality. Nonparticipating municipalities may, however, form advisory plan commissions with authority for planning within the city or town.
- Advisory Plan Commissions serve a county, city, or town. In Indiana, municipalities are legally permitted to plan for an area up to two miles outside the corporate boundaries in what is described as an "extraterritorial planning area." In counties with no comprehensive plan, municipal plan commissions may simply assume this extraterritorial authority from the county.

In a county with a comprehensive plan, the municipal plan commission must request this authority from the county legislative body; however, if municipal services are provided to the extraterritorial area, the municipal plan commission may assume this authority from the county. The county must adopt an ordinance granting this authority to the city or town. When a municipal plan commission assumes extraterritorial jurisdiction, it must file a map and description of the territory involved with the county recorder.

Consolidated Plan

C

Target Audience

- HUD Participating Jurisdictions (HOME)
- HUD Entitlement Communities (CDBG)
- Recipients of other HUD funds
- State (OCRA and IHCDA)

Tool Type

- Plan

Tool Description/Highlights

- The Consolidated Plan is designed to help states and local jurisdictions to assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions. The consolidated planning process serves as the framework for a community-wide dialogue to identify housing and community development priorities that align and focus funding from the CPD formula block grant programs: Community Development Block Grant (CDBG) Program, HOME Investment Partnerships (HOME) Program, Emergency Solutions Grants (ESG) Program, and Housing Opportunities for Persons with AIDS (HOPWA) Program. The Consolidated Plan is carried out through Annual Action Plans, which provide a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan. Grantees report on accomplishments and progress toward Consolidated Plan goals in the Consolidated Annual Performance and Evaluation Report (CAPER).
- Consultation and Citizen Participation. Through the Consolidated Plan (often called the "Con Plan"), grantee jurisdictions engage the community, both in the process of developing and reviewing the proposed plan, and as partners and stakeholders in the implementation of CPD programs. By consulting and collaborating with other public and private entities, grantees can align and coordinate community development programs with a range of other plans, programs and resources to achieve greater impact.
- The Consolidated Plan. The Consolidated Plan, which may have a duration of between 3 and 5 years, describes the jurisdiction's community development priorities and multiyear goals based on an assessment of housing and community development needs, an analysis of housing and economic market conditions and available resources.
- Units of local government must submit a 3 to 5-year Consolidated Plan and Annual Action Plans. Annual Action Plans should describe specific projects to be funded. See 24 CFR Part 91, Subpart D.
- State governments must also submit a 3 to 5-year Consolidated Plan and Annual Action Plans. However, rather than describing specific projects to be funded, a State's Annual Action Plan must specify its method of distributing funds to eligible units of local government and

nonprofits, or the activities to be undertaken by the state-run programs in the coming year. See 24 CFR Part 91, Subpart D.

Resources

- https://www.hudexchange.info/programs/consolidated-plan/

Key Terms/Ideas

- The Annual Action Plan. The Consolidated Plan is carried out through Annual Action Plans, which provide a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan.
- Consolidated Annual Performance and Evaluation Report (CAPER). In the CAPER, grantees report on accomplishments and progress toward Consolidated Plan goals in the prior year.

Huntingburg Workforce Housing Assistance Fund

C

Target Audience

- Dubois County employees who would otherwise not be able to qualify for a mortgage or who need rental assistance.
- The goal of the Workforce Housing Assistance Fund (the Fund) is to expand the number of Dubois County employees who would be able to afford homeownership and quality residential rental units.

Tool Type

- Local flexible funding pool for homeownership and rental assistance

Tool Description/Highlights

- The Workforce Housing Assistance Fund would provide a flexible pool of funding for Qualified Employees who work for Qualified Employers who “but for the assistance of this funding source” would not otherwise be able to secure a mortgage or find a quality residential rental unit in Dubois County.
- There are no household income limits on the annual gross income of the Qualified Employee’s household, but the buyer’s home for purchase may not exceed an appraised value of $200,000.
- New homes are eligible with a home inspection completed before loan closing that documents compliance with 2000 International Residential Code, 1999 National Electric Code, and local municipal codes and ordinances, as amended.
- Housing counseling will be required for all recipients of the Fund for five years or until the recipient leaves their place of residence.
- Qualified Employees may receive up to $100 per month of rental assistance from the Fund for the first six months in the Qualified Rental Assistance Unit.
- There are no income limits on the annual gross income of the Qualified Employee’s household, but the monthly rent may not exceed $1,500.
- Prior to receiving financial rental assistance from the Fund, Qualified Rental Assistance Units must be inspected to be in compliance with 2000 International Residential Code, 1999 National Electric Code and local municipal codes and ordinances, as amended.

Resources

- http://duboisstrong.com/live-work-play/housing/
- http://www.tri-cap.net/

Key Terms/Ideas

- Several employers felt their employees may not be in a financial position to afford a single-family home, or may not be interested, at this time, in buying a home even if they could afford it. Many of their employees have wages from $13/ hour up to $20/hour. While these wages represent entry and mid-level wages, they may not allow an employee to save enough to afford a home.

- Many of the older existing homes require significant code improvements to be ready for sale. Many of these homes are in neighborhoods where the home will not appraise out after the code upgrades. Therefore, the Loan to Value Ratio (LTV) will be higher than the conventional mortgage of 80%. The LTV could be closer to 90% or even 100% once the renovation is completed.
- Workforce Housing Assistance Fund would be managed by Grow Dubois County, a 501(c) (3) not-for-profit organization and a subsidiary of Dubois Strong, the local economic development organization for Dubois County.
- The Fund is not to be used as a replacement of existing financial assistance programs such as FHA, HUD, USDA, or IHCDA. The Fund may be used in support of these programs when a “but for” case can be made that a mortgage would not go forward without support from the Fund.
- Tri-Cap is a Dubois County housing not-for-profit that works with many financial lenders and state and federal housing assistance programs. Tri-Cap appears to be an excellent local partner to be Grow Dubois County’s program administrator. Tri-Cap would review and assist Qualified Employees in the preparation of their Fund requests and provide documentation for both the Home Ownership and Rental Assistance Programs.