

HOUSE BILL No. 1031

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-15.1.

Synopsis: Residential housing development program. Defines "residential housing" as housing or workforce housing that consists of single family dwelling units sufficient to secure quality housing in reasonable proximity to employment. Revises the requirements an allocation area must meet for the redevelopment commission to establish a program for housing. Allows the redevelopment commission of a consolidated city (commission) to establish a program for residential housing development and a tax increment funding allocation area for the program if the average of new, residential houses constructed in the consolidated city in each of the preceding three years is less than 1% of the total number of residential houses located in the consolidated city. Requires the department of local government finance, in cooperation with the appropriate agency of the consolidated city, to determine eligibility for the residential housing development program. Specifies the findings the commission must make before adopting the residential housing development program. Provides that all of the rights, powers, privileges, and immunities that may be exercised by the commission in blighted, deteriorated, or deteriorating areas may be exercised by the commission in implementing a residential housing development program, including levying a special tax, issuing bonds, or entering into leases and allocating incremental property tax revenue.

Effective: July 1, 2021.

Moed, Pressel

January 4, 2021, read first time and referred to Committee on Ways and Means.



First Regular Session of the 122nd General Assembly (2021)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2020 Regular Session of the General Assembly.

HOUSE BILL No. 1031

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 36-7-15.1-3 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2021]: Sec. 3. Except as provided
3 in section 37 of this chapter, as ~~used in this chapter:~~ **the following**
4 **definitions apply throughout this chapter:**

5 (1) ~~Subject to IC 36-3-4-23,~~ "commission" ~~refers to~~ **means** the
6 metropolitan development commission acting as the
7 redevelopment commission of the consolidated city. ~~subject to~~
8 ~~IC 36-3-4-23.~~

9 (2) ~~Subject to IC 36-3-4-23,~~ "department" ~~refers to~~ **means** the
10 department of metropolitan development. ~~subject to IC 36-3-4-23.~~

11 (3) **"Residential housing" means housing or workforce**
12 **housing that consists of single family dwelling units sufficient**
13 **to secure quality housing in reasonable proximity to**
14 **employment.**

15 (4) **"Residential housing development program" means a**
16 **residential housing development program for the:**

17 (A) **construction of new residential housing; or**



- 1 **(B) renovation of existing residential housing;**
 2 **established by the commission under section 63 of this**
 3 **chapter.**
 4 **(5) "Workforce housing" means housing that is affordable for**
 5 **households with earned income that is sufficient to secure**
 6 **quality housing in reasonable proximity to employment.**
 7 SECTION 2. IC 36-7-15.1-34 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JULY 1, 2021]: Sec. 34. The commission
 9 must make the following findings in the resolution adopting a housing
 10 program under section 32 of this chapter:
 11 (1) The program meets the purposes of section 31 of this chapter.
 12 (2) The program cannot be accomplished by regulatory processes
 13 or by the ordinary operation of private enterprise because of:
 14 (A) lack of public improvements;
 15 (B) existence of improvements or conditions that lower the
 16 value of the land below that of nearby land; or
 17 (C) other similar conditions.
 18 (3) The public health and welfare will be benefited by
 19 accomplishment of the program.
 20 (4) The accomplishment of the program will be of public utility
 21 and benefit as measured by:
 22 (A) provision of adequate housing for low and moderate
 23 income persons;
 24 (B) increase in the property tax base; or
 25 (C) other similar public benefits.
 26 ~~(5) At least one-third (1/3) of the parcels in the allocation area~~
 27 ~~established by the program are vacant.~~
 28 ~~(6) (5) At least three-fourths (3/4) of the allocation area is used~~
 29 ~~for residential purposes or is planned to be used for residential~~
 30 ~~purposes.~~
 31 ~~(7) (6) At least one-third (1/3) of the residential units in the~~
 32 ~~allocation area were constructed before 1941. more than fifty~~
 33 ~~(50) years prior to the date of the resolution.~~
 34 ~~(8) (7) A total of at least one-third (1/3) of the parcels in the~~
 35 ~~allocation area have one (1) or more of the following~~
 36 ~~characteristics:~~
 37 (A) The dwelling unit on the parcel is not permanently
 38 occupied.
 39 (B) The parcel is the subject of a governmental order, issued
 40 under a statute or ordinance, requiring the correction of a
 41 housing code violation or unsafe building condition.
 42 (C) Two (2) or more property tax payments on the parcel are



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delinquent.

(D) The parcel is owned by local, state, or federal government.

(E) The parcel is vacant.

SECTION 3. IC 36-7-15.1-35.5, AS AMENDED BY P.L.17-2020, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2021]: Sec. 35.5. (a) The general assembly finds the following:

(1) Federal law permits the sale of a multiple family housing project that is or has been covered, in whole or in part, by a contract for project based assistance from the United States Department of Housing and Urban Development without requiring the continuation of that project based assistance.

(2) Such a sale displaces the former residents of a multiple family housing project described in subdivision (1) and increases the shortage of safe and affordable housing for persons of low and moderate income within the county.

(3) The displacement of families and individuals from affordable housing requires increased expenditures of public funds for crime prevention, public health and safety, fire and accident prevention, and other public services and facilities.

(4) The establishment of a supplemental housing program under this section will do the following:

(A) Benefit the health, safety, morals, and welfare of the county and the state.

(B) Serve to protect and increase property values in the county and the state.

(C) Benefit persons of low and moderate income by making affordable housing available to them.

(5) The establishment of a supplemental housing program under this section and sections 32 through 35 of this chapter is:

(A) necessary in the public interest; and

(B) a public use and purpose for which public money may be spent and private property may be acquired.

(b) In addition to its other powers with respect to a housing program under sections 32 through 35 of this chapter, the commission may establish a supplemental housing program. Except as provided by this section, the commission has the same powers and duties with respect to the supplemental housing program that the commission has under sections 32 through 35 of this chapter with respect to the housing program.

(c) One (1) allocation area may be established for the supplemental housing program. The commission is not required to make the findings



1 required under section 34(5) through ~~34(8)~~ 34(7) of this chapter with
 2 respect to the allocation area. However, the commission must find that
 3 the property contained within the boundaries of the allocation area
 4 consists solely of one (1) or more multiple family housing projects that
 5 are or have been covered, in whole or in part, by a contract for project
 6 based assistance from the United States Department of Housing and
 7 Urban Development or have been owned at one time by a public
 8 housing agency. The allocation area need not be contiguous. The
 9 definition of "base assessed value" set forth in section 35(a) of this
 10 chapter applies to the special fund established under section 26(b) of
 11 this chapter for the allocation area.

12 (d) The special fund established under section 26(b) of this chapter
 13 for the allocation area established under this section may be used only
 14 for the following purposes:

15 (1) Subject to subdivision (2), on January 1 and July 1 of each
 16 year the balance of the special fund shall be transferred to the
 17 housing trust fund established under subsection (e).

18 (2) The commission may provide each taxpayer in the allocation
 19 area a credit for property tax replacement in the manner provided
 20 by section 35(b)(7) of this chapter. Transfers made under
 21 subdivision (1) shall be reduced by the amount necessary to
 22 provide the credit.

23 (e) The commission shall, by resolution, establish a housing trust
 24 fund to be administered, subject to the terms of the resolution, by:

25 (1) the housing division of the consolidated city; or

26 (2) the department, division, or agency that has been designated
 27 to perform the public housing function by an ordinance adopted
 28 under IC 36-7-18-1.

29 (f) The housing trust fund consists of:

30 (1) amounts transferred to the fund under subsection (d);

31 (2) payments in lieu of taxes deposited in the fund under
 32 IC 36-3-2-11 (before its expiration);

33 (3) gifts and grants to the fund;

34 (4) investment income earned on the fund's assets;

35 (5) money deposited in the fund under IC 36-2-7-10(k) or
 36 IC 36-2-7-10.7; and

37 (6) other funds from sources approved by the commission.

38 (g) The commission shall, by resolution, establish uses for the
 39 housing trust fund. However, the uses must be limited to:

40 (1) providing financial assistance to those individuals and
 41 families whose income is at or below eighty percent (80%) of the
 42 county's median income for individuals and families, respectively,



- 1 to enable those individuals and families to purchase or lease
 2 residential units within the county;
 3 (2) paying expenses of administering the fund;
 4 (3) making grants, loans, and loan guarantees for the
 5 development, rehabilitation, or financing of affordable housing
 6 for individuals and families whose income is at or below eighty
 7 percent (80%) of the county's median income for individuals and
 8 families, respectively, including the elderly, persons with
 9 disabilities, and homeless individuals and families;
 10 (4) providing technical assistance to nonprofit developers of
 11 affordable housing; and
 12 (5) funding other programs considered appropriate to meet the
 13 affordable housing and community development needs of lower
 14 income families (as defined in IC 5-20-4-5) and very low income
 15 families (as defined in IC 5-20-4-6), including lower income
 16 elderly individuals, individuals with disabilities, and homeless
 17 individuals.
- 18 (h) After June 30, 2017, at least forty percent (40%) of the money
 19 deposited in the housing trust fund shall be used for the following
 20 purposes:
- 21 (1) To assist existing owner occupants with the repair,
 22 rehabilitation, or reconstruction of their homes.
 - 23 (2) To finance the acquisition, rehabilitation, or new construction
 24 of homes for home buyers.
 - 25 (3) To acquire, rehabilitate, or construct rental housing.
- 26 (i) At least fifty percent (50%) of the dollars allocated for
 27 production, rehabilitation, or purchase of housing must be used for
 28 units to be occupied by individuals and families whose income is at or
 29 below fifty percent (50%) of the county's area median income for
 30 individuals and families, respectively.
- 31 (j) The low income housing trust fund advisory committee is
 32 established. The low income housing trust fund advisory committee
 33 consists of eleven (11) members. The membership of the low income
 34 housing trust fund advisory committee is comprised of:
- 35 (1) one (1) member appointed by the mayor, to represent the
 36 interests of low income families;
 - 37 (2) one (1) member appointed by the mayor, to represent the
 38 interests of owners of subsidized, multifamily housing
 39 communities;
 - 40 (3) one (1) member appointed by the mayor, to represent the
 41 interests of banks and other financial institutions;
 - 42 (4) one (1) member appointed by the mayor, of the department of



1 metropolitan development;

2 (5) three (3) members representing the community at large
3 appointed by the commission, from nominations submitted to the
4 commission as a result of a general call for nominations from
5 neighborhood associations, community based organizations, and
6 other social services agencies;

7 (6) one (1) member appointed by and representing the Coalition
8 for Homeless Intervention and Prevention of Greater Indianapolis;

9 (7) one (1) member appointed by and representing the Local
10 Initiatives Support Corporation;

11 (8) one (1) member appointed by and representing the Indiana
12 housing and community development authority; and

13 (9) one (1) member appointed by and representing the
14 Indianapolis Neighborhood Housing Partnership.

15 Members of the low income housing trust fund advisory committee
16 serve for a term of four (4) years, and are eligible for reappointment. If
17 a vacancy exists on the committee, the appointing authority who
18 appointed the former member whose position has become vacant shall
19 appoint an individual to fill the vacancy. A committee member may be
20 removed at any time by the appointing authority who appointed the
21 committee member.

22 (k) The low income housing trust fund advisory committee shall
23 make recommendations to the commission regarding:

24 (1) the development of policies and procedures for the uses of the
25 low income housing trust fund; and

26 (2) long term sources of capital for the low income housing trust
27 fund, including:

28 (A) revenue from:

29 (i) development ordinances;

30 (ii) fees; or

31 (iii) taxes;

32 (B) financial market based income;

33 (C) revenue derived from private sources; and

34 (D) revenue generated from grants, gifts, donations, or income
35 in any other form, from a:

36 (i) government program;

37 (ii) foundation; or

38 (iii) corporation.

39 (l) The county treasurer shall invest the money in the fund not
40 currently needed to meet the obligations of the fund in the same
41 manner as other public funds may be invested.

42 SECTION 4. IC 36-7-15.1-63 IS ADDED TO THE INDIANA



1 CODE AS A NEW SECTION TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2021]: **Sec. 63. (a)** Subject to subsection (g),
3 **the commission may establish a residential housing development**
4 **program by resolution for the construction of new residential**
5 **housing or the renovation of existing residential housing if the**
6 **average of new, single family residential houses constructed within**
7 **the consolidated city during each of the preceding three (3) years**
8 **is less than one percent (1%) of the total number of single family**
9 **residential houses located within the consolidated city on January**
10 **1 of the year in which the resolution is adopted. The department of**
11 **local government finance, in cooperation with the appropriate**
12 **agency of the consolidated city, shall determine whether the**
13 **consolidated city meets the requirements to establish a program**
14 **under this subsection.**

15 (b) A residential housing development program, which may
16 include any relevant elements the commission considers
17 appropriate, may be adopted as part of a redevelopment plan or an
18 amendment to a redevelopment plan and must establish an
19 allocation area for purposes of sections 26 and 35 of this chapter
20 for the accomplishment of the program.

21 (c) The notice and hearing provisions of sections 10 and 10.5 of
22 this chapter, including notice under section 10(c) of this chapter to
23 a taxing unit that is wholly or partly located within an allocation
24 area, apply to the resolution adopted under subsection (b). Judicial
25 review of the resolution may be made under section 11 of this
26 chapter.

27 (d) Before formal submission of a residential housing
28 development program to the commission, the department shall:

29 (1) consult with persons interested in or affected by the
30 proposed program;

31 (2) provide the affected neighborhood associations, residents,
32 and township assessors with an adequate opportunity to
33 participate in an advisory role in planning, implementing, and
34 evaluating the proposed program; and

35 (3) hold public meetings in the affected neighborhoods to
36 obtain the views of the affected neighborhood associations and
37 residents.

38 (e) A residential housing development program established
39 under this section must terminate not later than twenty (20) years
40 after the date the program is established under subsection (a).

41 (f) The consolidated city may request from the department of
42 local government finance a report, if it exists, describing the effect



1 of current assessed value allocated to the tax increment financing
 2 allocation areas on the amount of the tax levy or proceeds and the
 3 credit for excessive property taxes under IC 6-1.1-20.6 for the
 4 taxing units within the boundaries of the residential housing
 5 development program.

6 (g) A residential housing development program established
 7 under subsection (a) does not take effect until the governing body
 8 of each school corporation affected by the program passes a
 9 resolution approving the program.

10 SECTION 5. IC 36-7-15.1-64 IS ADDED TO THE INDIANA
 11 CODE AS A NEW SECTION TO READ AS FOLLOWS
 12 [EFFECTIVE JULY 1, 2021]: Sec. 64. (a) This section applies only
 13 to a residential housing development program established under
 14 section 63 of this chapter.

15 (b) Except as provided in subsections (c) and (d), all the rights,
 16 powers, privileges, and immunities that may be exercised by the
 17 commission in blighted, deteriorated, or deteriorating areas may
 18 be exercised by the commission in implementing a residential
 19 housing development program, including the following:

20 (1) The special tax levied in accordance with section 19 of this
 21 chapter may be used to accomplish the purposes of the
 22 program.

23 (2) Bonds may be issued under this chapter to accomplish the
 24 program, but only one (1) issue of bonds may be issued and
 25 payable from increments in any allocation area established
 26 under section 63 of this chapter, except for refunding bonds
 27 or bonds issued in an amount necessary to complete a
 28 residential housing development program for which bonds
 29 were previously issued.

30 (3) Leases may be entered into under this chapter to
 31 accomplish the purposes of the program.

32 (4) The tax exemptions set forth in section 25 of this chapter
 33 are applicable.

34 (5) Property taxes may be allocated under section 26 of this
 35 chapter.

36 (c) The commission may not exercise the power of eminent
 37 domain in implementing a residential housing development
 38 program.

39 (d) The commission may not enter into lease financing or bond
 40 financing unless the commission first obtains approval of the
 41 legislative body of the consolidated city.

42 (e) The residential housing in a residential housing development



1 program may not be encumbered, used as collateral, subjected to
 2 a monetary assessment, or otherwise restricted in any way in order
 3 to provide security for repayment of a bond that is issued or a lease
 4 that is entered into for or in connection with the program,
 5 including any:

- 6 (1) lien;
 7 (2) mortgage;
 8 (3) covenant;
 9 (4) special assessment; or
 10 (5) restriction on a homeowner's right to appeal a property
 11 tax assessment or other property tax issue affecting a
 12 homeowner's liability for property taxes.

13 SECTION 6. IC 36-7-15.1-65 IS ADDED TO THE INDIANA
 14 CODE AS A NEW SECTION TO READ AS FOLLOWS
 15 [EFFECTIVE JULY 1, 2021]: **Sec. 65. (a) This section applies only**
 16 **to a residential housing development program established under**
 17 **section 63 of this chapter.**

18 (b) The commission must make the following findings in the
 19 resolution adopting a residential housing program under section 63
 20 of this chapter:

- 21 (1) The public health and welfare will be benefited by
 22 accomplishment of the program.
 23 (2) The accomplishment of the program will be of public
 24 utility and benefit, as measured by one (1) or more of the
 25 following:
 26 (A) The provision of adequate residential housing.
 27 (B) An increase in the property tax base.
 28 (C) Other similar public benefits.

29 SECTION 7. IC 36-7-15.1-66 IS ADDED TO THE INDIANA
 30 CODE AS A NEW SECTION TO READ AS FOLLOWS
 31 [EFFECTIVE JULY 1, 2021]: **Sec. 66. (a) This section applies only**
 32 **to a residential housing development program established under**
 33 **section 63 of this chapter.**

34 (b) Notwithstanding section 26(a) of this chapter, with respect
 35 to the allocation and distribution of property taxes for the
 36 accomplishment of the purposes of a residential housing
 37 development program established under section 63 of this chapter,
 38 "base assessed value" means the net assessed value of all of the
 39 property, other than personal property, as finally determined for
 40 the assessment date immediately preceding the effective date of the
 41 allocation provision, as adjusted under section 26(h) of this
 42 chapter.



1 (c) The allocation fund established under section 26(b) of this
2 chapter for the allocation area for a residential housing
3 development program established under section 63 of this chapter
4 may be used only for purposes related to the accomplishment of the
5 purposes of the residential housing development program,
6 including the following:

7 (1) The construction of any infrastructure (including streets,
8 roads, and sidewalks) or local public improvements in,
9 serving, or benefiting a residential housing development
10 program.

11 (2) The acquisition of real property and interests in real
12 property for rehabilitation purposes within the allocation
13 area.

14 (3) The preparation of real property in anticipation of
15 development of the real property within the allocation area.

16 (4) To do any of the following:

17 (A) Pay the principal of and interest on bonds or any other
18 obligations payable from allocated tax proceeds in the
19 allocation area that are incurred by the redevelopment
20 district for the purpose of financing or refinancing the
21 residential housing development program established
22 under section 63 of this chapter for the allocation area.

23 (B) Establish, augment, or restore the debt service reserve
24 for bonds payable solely or in part from allocated tax
25 proceeds in the allocation area.

26 (C) Pay the principal of and interest on bonds payable
27 from allocated tax proceeds in the allocation area and from
28 the special tax levied under section 19 of this chapter.

29 (D) Pay the principal of and interest on bonds issued by the
30 taxing unit to pay for local public improvements that are
31 physically located in or physically connected to the
32 allocation area.

33 (E) Pay premiums on the redemption before maturity of
34 bonds payable solely or in part from allocated tax proceeds
35 in the allocation area.

36 (F) Make payments on leases payable from allocated tax
37 proceeds in the allocation area under section 17.1 of this
38 chapter.

39 (G) Reimburse the taxing unit for expenditures made by
40 the taxing unit for local public improvements (which
41 include buildings, parking facilities, and other items
42 described in section 17(a) of this chapter) that are



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physically located in or physically connected to the allocation area.

(d) Notwithstanding section 26(b) of this chapter, the commission shall, relative to the allocation fund established under section 26(b) of this chapter for an allocation area for a residential housing development program established under section 63 of this chapter, do the following before June 15 of each year:

(1) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary to:

- (A) make the distribution required under section 26(b)(2) of this chapter;
- (B) make, when due, principal and interest payments on bonds described in section 26(b)(3) of this chapter;
- (C) pay the amount necessary for other purposes described in section 26(b)(3) of this chapter; and
- (D) reimburse the consolidated city for anticipated expenditures described in subsection (c)(2).

(2) Provide a written notice to the county auditor, the fiscal body of the consolidated city that established the department, the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area, and (in an electronic format) the department of local government finance. The notice must:

- (A) state the amount, if any, of excess property taxes that the commission has determined may be paid to the respective taxing units in the manner prescribed in section 26(b)(1) of this chapter; or
- (B) state that the commission has determined there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission.

(e) If the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds:



1 (1) necessary to make, when due, principal and interest
2 payments on bonds described in section 26(b)(3) of this
3 chapter; plus
4 (2) the amount necessary for other purposes described in
5 section 26(b)(3) of this chapter;
6 the commission shall submit to the legislative body of the
7 consolidated city its determination of the excess assessed value that
8 the commission proposes to allocate to the respective taxing units
9 in the manner prescribed in subsection (d)(2). The legislative body
10 of the consolidated city may approve the commission's
11 determination or modify the amount of the excess assessed value
12 that will be allocated to the respective taxing units in the manner
13 prescribed in subsection (d)(2).
14 (f) An allocation area must terminate on the date the residential
15 housing development program is terminated as set forth in section
16 63(e) of this chapter.

