

HOUSE BILL No. 1263

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-20-10; IC 36-7-14.

Synopsis: Workforce housing development. Establishes the workforce housing development revolving loan fund (fund) to provide funding for loans to counties, cities, or towns for workforce housing development projects. Appropriates \$1,000,000 to the fund for the 2019-2020 state fiscal year. Provides that the Indiana housing and community development authority shall administer the fund. Specifies the purposes for which money loaned from the fund must be used. Permits redevelopment commissions in counties other than Marion County to establish a program for workforce housing development and a tax increment funding allocation area for that program. Defines "workforce housing" for purposes of both the fund and the program as housing that consists of single family dwelling units that have a sales price of not more than \$250,000.

Effective: July 1, 2019.

Pressel

January 10, 2019, read first time and referred to Committee on Ways and Means.



First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

HOUSE BILL No. 1263

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration and to make an appropriation.

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

- 1 SECTION 1. IC 5-20-10 IS ADDED TO THE INDIANA CODE AS
- 2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 2019]:
- 4 **Chapter 10. Workforce Housing Development Revolving Loan**
- 5 **Fund**
- 6 **Sec. 1. As used in this chapter, "authority" refers to the Indiana**
- 7 **housing and community development authority created by**
- 8 **IC 5-20-1-3.**
- 9 **Sec. 2. As used in this chapter, "fund" refers to the workforce**
- 10 **housing development revolving loan fund established by section 6**
- 11 **of this chapter.**
- 12 **Sec. 3. As used in this chapter, "local unit" refers to a county,**
- 13 **city, or town.**
- 14 **Sec. 4. As used in this chapter, "plan" refers to a workforce**
- 15 **housing development plan of a local unit under section 8(b) of this**
- 16 **chapter.**
- 17 **Sec. 5. As used in this chapter, "workforce housing" means**



1 housing that consists of single family dwelling units that have a
 2 sales price of not more than two hundred fifty thousand dollars
 3 (\$250,000).

4 **Sec. 6. (a) The workforce housing development revolving loan**
 5 **fund is established. The purpose of the fund is to provide money for**
 6 **loans to local units to be used for workforce housing development**
 7 **projects as set forth in section 10 of this chapter. The fund shall be**
 8 **administered by the authority.**

9 (b) The fund consists of the following:

10 (1) Appropriations by the general assembly.

11 (2) Interest and other earnings derived from investment of
 12 money in the fund.

13 (c) The authority shall invest the money in the fund in
 14 accordance with an investment policy adopted by the authority.
 15 Interest, premiums, gains, or other earnings from the investments
 16 shall be credited to and deposited in the fund.

17 (d) Money in the fund at the end of the state fiscal year does not
 18 revert to the state general fund.

19 (e) Money in the fund is continually appropriated for the
 20 purposes of this chapter.

21 (f) The cost of administering the fund may be paid from money
 22 in the fund.

23 (g) For the state fiscal year beginning July 1, 2019, and ending
 24 June 30, 2020, there is appropriated from the state general fund to
 25 the workforce housing development fund one million dollars
 26 (\$1,000,000) for use by the authority for the purposes of this
 27 chapter.

28 **Sec. 7. (a) The authority may:**

29 (1) establish and implement the policies and procedures to be
 30 used by the authority in the administration of the fund;

31 (2) establish criteria for awarding loans from the fund; and

32 (3) review and approve or disapprove applications and plans
 33 for loans from the fund.

34 (b) The authority may enter into contracts necessary for the
 35 administration of this chapter, including contracts for servicing
 36 loans from the fund.

37 **Sec. 8. (a) A local unit may apply to the authority for a loan**
 38 **from the fund.**

39 (b) A local unit wishing to receive a loan from the fund must
 40 submit a workforce housing development plan to the authority in
 41 the manner prescribed by the authority that describes the
 42 workforce housing development project for which the local unit is



1 seeking a loan from the fund.

2 **Sec. 9. (a) The authority shall use a priority ranking system in**
3 **making loans from the fund.**

4 **(b) The authority, in consultation with other state agencies the**
5 **authority determines to be appropriate, shall develop the priority**
6 **ranking system.**

7 **(c) The priority ranking system developed and used by the**
8 **authority must include preferential ranking for workforce housing**
9 **development projects that have financing from private sector**
10 **sources or that are part of a public private partnership workforce**
11 **housing development project.**

12 **Sec. 10. Money loaned from the fund may used by the local unit**
13 **only for the following purposes:**

14 **(1) The construction of any infrastructure, including streets,**
15 **roads, and sidewalks (but not including sewer and water**
16 **infrastructure) or local public improvements in, serving, or**
17 **benefiting a workforce housing development project.**

18 **(2) Pay the principal of and interest on bonds issued by the**
19 **local unit to pay for infrastructure or local public**
20 **improvements described in subdivision (1).**

21 **(3) The acquisition of real property and interests in real**
22 **property within the workforce housing development project.**

23 **(4) The preparation of real property in anticipation of**
24 **development of the real property for workforce housing.**

25 **(5) Broadband services in, serving, or benefiting a workforce**
26 **housing development project.**

27 **However, money loaned from the fund may not be used to**
28 **reimburse a redevelopment commission established under**
29 **IC 36-7-14 or IC 36-7-15.1 for expenditures made by the**
30 **redevelopment commission for a workforce housing development**
31 **project or to pay the principal of and interest on bonds issued by**
32 **the redevelopment commission for a workforce housing**
33 **development project.**

34 **Sec. 11. The authority may provide additional money for a loan**
35 **under this chapter from any other source available to the authority**
36 **in combination with money loaned from the fund. However, the**
37 **authority may not provide additional money for a loan under this**
38 **chapter if the money is intended for use by the authority for**
39 **subsidized housing.**

40 **Sec. 12. (a) A local unit receiving a loan from the fund shall**
41 **enter into a loan agreement. A loan agreement is a valid, binding,**
42 **and enforceable agreement of the local unit.**



1 **(b) The authority shall include in the loan agreement a provision**
 2 **establishing the interest rate that will be applied, which may bear**
 3 **a below market interest rate at the time the loan was originated.**
 4 **The interest rate shall be determined by the authority and**
 5 **approved by the budget agency.**

6 **Sec. 13. The authority may sell or pledge loans made under this**
 7 **chapter.**

8 SECTION 2. IC 36-7-14-0.5, AS ADDED BY P.L.149-2014,
 9 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JULY 1, 2019]: Sec. 0.5. (a) The definitions in this section apply
 11 throughout this chapter.

12 (b) "Obligation" means any bond, note, warrant, lease, or other
 13 instrument under which money is borrowed.

14 (c) "Public funds" means all fees, payments, tax receipts, and funds
 15 of whatever kind or character coming into the possession of a:

16 (1) redevelopment commission; or

17 (2) department of redevelopment.

18 (d) "**Workforce housing**" means housing that consists of single
 19 family dwelling units that have a sales price of not more than two
 20 hundred fifty thousand dollars (\$250,000).

21 (e) "**Workforce housing development program**" means a
 22 workforce housing development program established by a
 23 commission under section 53 of this chapter.

24 SECTION 3. IC 36-7-14-53 IS ADDED TO THE INDIANA CODE
 25 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 26 1, 2019]: Sec. 53. (a) The commission may establish a workforce
 27 housing development program by resolution. The program, which
 28 may include any relevant elements the commission considers
 29 appropriate, may be adopted as part of a redevelopment plan or
 30 amendment to a redevelopment plan, and must establish an
 31 allocation area for purposes of sections 39 and 56 of this chapter
 32 for the accomplishment of the program. The program must be
 33 approved by the municipal legislative body or county executive as
 34 specified in section 17 of this chapter.

35 (b) The notice and hearing provisions of sections 17 and 17.5 of
 36 this chapter, including notice under section 17(c) of this chapter to
 37 a taxing unit that is wholly or partly located within an allocation
 38 area, apply to the resolution adopted under subsection (a). Judicial
 39 review of the resolution may be made under section 18 of this
 40 chapter.

41 (c) Before formal submission of any workforce housing
 42 development program to the commission, the department of



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redevelopment shall:

- (1) consult with persons interested in or affected by the proposed program;
- (2) provide the affected neighborhood associations, residents, and township assessors with an adequate opportunity to participate in an advisory role in planning, implementing, and evaluating the proposed program; and
- (3) hold public meetings in the affected neighborhood to obtain the views of neighborhood associations and residents.

SECTION 4. IC 36-7-14-54 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: **Sec. 54. (a) Except as provided in subsection (b), all 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 its program for workforce housing development, including the following:**

- (1) Bonds may be issued under this chapter to accomplish the workforce housing development program, but only one (1) issue of bonds may be issued and payable from increments in any allocation area except for refunding bonds or bonds issued in an amount necessary to complete a workforce housing development program for which bonds were previously issued.
- (2) Leases may be entered into under this chapter to accomplish the workforce housing development program.
- (3) The tax exemptions set forth in section 37 of this chapter are applicable.
- (4) Property taxes may be allocated under section 39 of this chapter.

(b) The commission may not levy a special tax under section 27 of this chapter to accomplish the workforce housing development program.

SECTION 5. IC 36-7-14-55 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: **Sec. 55. The commission must make the following findings in the resolution adopting a workforce housing development program under section 53 of this chapter:**

- (1) The public health and welfare will be benefited by accomplishment of the program.
- (2) The accomplishment of the program will be of public utility and benefit as measured by:
 - (A) the provision of adequate workforce housing;



1 **(B) an increase in the property tax base; or**

2 **(C) other similar public benefits.**

3 SECTION 6. IC 36-7-14-56 IS ADDED TO THE INDIANA CODE
4 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
5 1, 2019]: **Sec. 56. (a) Notwithstanding section 39(a) of this chapter,**
6 **with respect to the allocation and distribution of property taxes for**
7 **the accomplishment of the purposes of a workforce housing**
8 **development program adopted under section 53 of this chapter,**
9 **"base assessed value" means the net assessed value of all of the**
10 **property, other than personal property, as finally determined for**
11 **the assessment date immediately preceding the effective date of the**
12 **allocation provision, as adjusted under section 39(h) of this**
13 **chapter.**

14 **(b) The allocation fund established under section 39(b) of this**
15 **chapter for the allocation area for a workforce housing**
16 **development program adopted under section 53 of this chapter**
17 **may be used only for purposes related to the accomplishment of the**
18 **purposes of the program, including, but not limited to, the**
19 **following:**

20 **(1) The construction of any infrastructure, including streets,**
21 **roads, and sidewalks (but not including sewer and water) or**
22 **local public improvements in, serving, or benefiting a**
23 **workforce housing development project.**

24 **(2) The acquisition of real property and interests in real**
25 **property within the allocation area.**

26 **(3) The preparation of real property in anticipation of**
27 **development of the real property within the allocation area.**

28 **(4) To do any of the following:**

29 **(A) Pay the principal of and interest on bonds or any other**
30 **obligations payable from allocated tax proceeds in the**
31 **allocation area that are incurred by the redevelopment**
32 **district for the purpose of financing or refinancing the**
33 **workforce housing development program established**
34 **under section 53 of this chapter for the allocation area.**

35 **(B) Pay the principal of and interest on bonds issued by the**
36 **unit to pay for local public improvements that are**
37 **physically located in or physically connected to the**
38 **allocation area.**

39 **(C) Pay premiums on the redemption before maturity of**
40 **bonds payable solely or in part from allocated tax proceeds**
41 **in the allocation area.**

42 **(D) Reimburse the unit for expenditures made by the unit**



- 1 for local public improvements that are physically located
2 in or physically connected to the allocation area.
- 3 (c) Notwithstanding section 39(b) of this chapter, the
4 commission shall, relative to the allocation fund established under
5 section 39(b) of this chapter for an allocation area for a workforce
6 development housing program adopted under section 53 of this
7 chapter, do the following before June 15 of each year:
- 8 (1) Determine the amount, if any, by which the assessed value
9 of the taxable property in the allocation area for the most
10 recent assessment date minus the base assessed value, when
11 multiplied by the estimated tax rate of the allocation area, will
12 exceed the amount of assessed value needed to produce the
13 property taxes necessary to:
- 14 (A) make the distribution required under section 39(b)(2)
15 of this chapter;
- 16 (B) make, when due, principal and interest payments on
17 bonds described in section 39(b)(3) of this chapter;
- 18 (C) pay the amount necessary for other purposes described
19 in section 39(b)(3) of this chapter; and
- 20 (D) reimburse the county or municipality for anticipated
21 expenditures described in subsection (b)(2).
- 22 (2) Provide a written notice to the county auditor, the fiscal
23 body of the county or municipality that established the
24 department of redevelopment, the officers who are authorized
25 to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for
26 each of the other taxing units that is wholly or partly located
27 within the allocation area, and (in an electronic format) the
28 department of local government finance. The notice must:
- 29 (A) state the amount, if any, of excess property taxes that
30 the commission has determined may be paid to the
31 respective taxing units in the manner prescribed in section
32 39(b)(1) of this chapter; or
- 33 (B) state that the commission has determined that there is
34 no excess assessed value that may be allocated to the
35 respective taxing units in the manner prescribed in
36 subdivision (1).
- 37 The county auditor shall allocate to the respective taxing units the
38 amount, if any, of excess assessed value determined by the
39 commission.

