

SENATE BILL No. 485

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-20-1-4; IC 5-20-9.

Synopsis: Home modification loan pilot program. Establishes the home modification loan pilot program (pilot program). Authorizes the Indiana housing and community development authority to administer the pilot program. Provides: (1) that the Indiana housing and community development authority may make zero interest or low interest loans under the pilot program to provide funds for the purpose of modifying the primary dwellings of eligible individuals and families of low and moderate income; (2) that eligible individuals or families must be or include individuals with disabilities or individuals who have a child with disabilities; and (3) that an eligible individual's or family's primary dwelling must be located in Lake County, LaPorte County, or Porter County. Specifies that the loans may be used only to modify an eligible individual's primary dwelling to aid the independent functioning of an individual with disabilities or individual who has a child with disabilities. Makes an appropriation.

Effective: July 1, 2017.

Melton

January 17, 2017, read first time and referred to Committee on Family and Children Services.



First Regular Session 120th General Assembly (2017)

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 2016 Regular Session of the General Assembly.

SENATE BILL No. 485

A BILL FOR AN ACT to amend the Indiana Code concerning human services and to make an appropriation.

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

1 SECTION 1. IC 5-20-1-4, AS AMENDED BY P.L.6-2012,
2 SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2017]: Sec. 4. (a) The authority has all of the powers
4 necessary or convenient to carry out and effectuate the purposes and
5 provisions of this chapter, including the power:
6 (1) to make or participate in the making of construction loans for
7 multiple family residential housing under terms that are approved
8 by the authority;
9 (2) to make or participate in the making of mortgage loans for
10 multiple family residential housing under terms that are approved
11 by the authority;
12 (3) to purchase or participate in the purchase from mortgage
13 lenders of mortgage loans made to persons of low and moderate
14 income for residential housing;
15 (4) to make loans to mortgage lenders for the purpose of
16 furnishing funds to such mortgage lenders to be used for making
17 mortgage loans for persons and families of low and moderate



income. However, the obligation to repay loans to mortgage lenders shall be general obligations of the respective mortgage lenders and shall bear such date or dates, shall mature at such time or times, shall be evidenced by such note, bond, or other certificate of indebtedness, shall be subject to prepayment, and shall contain such other provisions consistent with the purposes of this chapter as the authority shall by rule or resolution determine;

(5) to collect and pay reasonable fees and charges in connection with making, purchasing, and servicing of its loans, notes, bonds, commitments, and other evidences of indebtedness;

(6) to acquire real property, or any interest in real property, by conveyance, including purchase in lieu of foreclosure, or foreclosure, to own, manage, operate, hold, clear, improve, and rehabilitate such real property and sell, assign, exchange, transfer, convey, lease, mortgage, or otherwise dispose of or encumber such real property where such use of real property is necessary or appropriate to the purposes of the authority;

(7) to sell, at public or private sale, all or any part of any mortgage or other instrument or document securing a construction loan, a land development loan, a mortgage loan, or a loan of any type permitted by this chapter;

(8) to procure insurance against any loss in connection with its operations in such amounts and from such insurers as it may deem necessary or desirable;

(9) to consent, subject to the provisions of any contract with noteholders or bondholders which may then exist, whenever it deems it necessary or desirable in the fulfillment of its purposes to the modification of the rate of interest, time of payment of any installment of principal or interest, or any other terms of any mortgage loan, mortgage loan commitment, construction loan, loan to lender, or contract or agreement of any kind to which the authority is a party;

(10) to enter into agreements or other transactions with any federal, state, or local governmental agency for the purpose of providing adequate living quarters for such persons and families in cities and counties where a need has been found for such housing;

(11) to include in any borrowing such amounts as may be deemed necessary by the authority to pay financing charges, interest on the obligations (for a period not exceeding the period of construction and a reasonable time thereafter or if the housing is



1 completed, two (2) years from the date of issue of the
 2 obligations), consultant, advisory, and legal fees and such other
 3 expenses as are necessary or incident to such borrowing;
 4 (12) to make and publish rules respecting its lending programs
 5 and such other rules as are necessary to effectuate the purposes of
 6 this chapter;
 7 (13) to provide technical and advisory services to sponsors,
 8 builders, and developers of residential housing and to residents
 9 and potential residents, including housing selection and purchase
 10 procedures, family budgeting, property use and maintenance,
 11 household management, and utilization of community resources;
 12 (14) to promote research and development in scientific methods
 13 of constructing low cost residential housing of high durability;
 14 (15) to encourage community organizations to participate in
 15 residential housing development;
 16 (16) to make, execute, and effectuate any and all agreements or
 17 other documents with any governmental agency or any person,
 18 corporation, association, partnership, limited liability company,
 19 or other organization or entity necessary or convenient to
 20 accomplish the purposes of this chapter;
 21 (17) to accept gifts, devises, bequests, grants, loans,
 22 appropriations, revenue sharing, other financing and assistance
 23 and any other aid from any source whatsoever and to agree to, and
 24 to comply with, conditions attached thereto;
 25 (18) to sue and be sued in its own name, plead and be impleaded;
 26 (19) to maintain an office in the city of Indianapolis and at such
 27 other place or places as it may determine;
 28 (20) to adopt an official seal and alter the same at pleasure;
 29 (21) to adopt and from time to time amend and repeal bylaws for
 30 the regulation of its affairs and the conduct of its business and to
 31 prescribe rules and policies in connection with the performance
 32 of its functions and duties;
 33 (22) to employ fiscal consultants, engineers, attorneys, real estate
 34 counselors, appraisers, and such other consultants and employees
 35 as may be required in the judgment of the authority and to fix and
 36 pay their compensation from funds available to the authority
 37 therefor;
 38 (23) notwithstanding IC 5-13, but subject to the requirements of
 39 any trust agreement entered into by the authority, to invest:
 40 (A) the authority's money, funds, and accounts;
 41 (B) any money, funds, and accounts in the authority's custody;
 42 and



1 (C) proceeds of bonds or notes;
 2 in the manner provided by an investment policy established by
 3 resolution of the authority;
 4 (24) to make or participate in the making of construction loans,
 5 mortgage loans, or both, to individuals, partnerships, limited
 6 liability companies, corporations, and organizations for the
 7 construction of residential facilities for individuals with a
 8 developmental disability or for individuals with a mental illness
 9 or for the acquisition or renovation, or both, of a facility to make
 10 it suitable for use as a new residential facility for individuals with
 11 a developmental disability or for individuals with a mental illness;
 12 (25) to make or participate in the making of construction and
 13 mortgage loans to individuals, partnerships, corporations, limited
 14 liability companies, and organizations for the construction,
 15 rehabilitation, or acquisition of residential facilities for children;
 16 (26) to purchase or participate in the purchase of mortgage loans
 17 from:
 18 (A) public utilities (as defined in IC 8-1-2-1); or
 19 (B) municipally owned gas utility systems organized under
 20 IC 8-1.5;
 21 if those mortgage loans were made for the purpose of insulating
 22 and otherwise weatherizing single family residences in order to
 23 conserve energy used to heat and cool those residences;
 24 (27) to provide financial assistance to mutual housing
 25 associations (IC 5-20-3) in the form of grants, loans, or a
 26 combination of grants and loans for the development of housing
 27 for low and moderate income families;
 28 (28) to service mortgage loans made or acquired by the authority
 29 and to impose and collect reasonable fees and charges in
 30 connection with such servicing;
 31 (29) subject to the authority's investment policy, to enter into
 32 swap agreements (as defined in IC 8-9.5-9-4) in accordance with
 33 IC 8-9.5-9-5 and IC 8-9.5-9-7;
 34 (30) to promote and foster community revitalization through
 35 community services and real estate development;
 36 (31) to coordinate and establish linkages between governmental
 37 and other social services programs to ensure the effective delivery
 38 of services to low income individuals and families, including
 39 individuals or families facing or experiencing homelessness;
 40 (32) to cooperate with local housing officials and plan
 41 commissions in the development of projects that the officials or
 42 commissions have under consideration;



(33) to prescribe, in accordance with IC 32-30-10.5-10(i), a list of documents that must be included under IC 32-30-10.5 as part of a debtor's loss mitigation package in a foreclosure action filed after June 30, 2011;

(34) to take actions necessary to implement its powers that the authority determines to be appropriate and necessary to ensure the availability of state or federal financial assistance; ~~and~~

(35) to administer any program or money designated by the state or available from the federal government or other sources that is consistent with the authority's powers and duties; ~~and~~

(36) to administer the home modification loan pilot program under IC 5-20-9.

The omission of a power from the list in this subsection does not imply that the authority lacks that power. The authority may exercise any power that is not listed in this subsection but is consistent with the powers listed in this subsection to the extent that the power is not expressly denied by the Constitution of the State of Indiana or by another statute.

(b) The authority shall ensure that a mortgage loan acquired by the authority under subsection (a)(3) or made by a mortgage lender with funds provided by the authority under subsection (a)(4) is not knowingly made to a person whose adjusted family income, as determined by the authority, exceeds one hundred twenty-five percent (125%) of the median income for the geographic area involved. However, if the authority determines that additional encouragement is needed for the development of the geographic area involved, a mortgage loan acquired or made under subsection (a)(3) or (a)(4) may be made to a person whose adjusted family income, as determined by the authority, does not exceed one hundred forty percent (140%) of the median income for the geographic area involved. The authority shall establish procedures that the authority determines are appropriate to structure and administer any program conducted under subsection (a)(3) or (a)(4) for the purpose of acquiring or making mortgage loans to persons of low or moderate income. In determining what constitutes low income, moderate income, or median income for purposes of any program conducted under subsection (a)(3) or (a)(4), the authority shall consider:

(1) the appropriate geographic area in which to measure income levels; and

(2) the appropriate method of calculating low income, moderate income, or median income levels including:

(A) sources of;



- 1 (B) exclusions from; and
 2 (C) adjustments to;
 3 income.
 4 (c) The authority, when directed by the governor, shall administer
 5 programs and funds under 42 U.S.C. 1437 et seq.
 6 (d) The authority shall identify, promote, assist, and fund:
 7 (1) home ownership education programs; and
 8 (2) mortgage foreclosure counseling and education programs
 9 under IC 5-20-6;
 10 conducted throughout Indiana by nonprofit counseling agencies that the
 11 authority has certified, or by any other public, private, or nonprofit
 12 entity in partnership with a nonprofit agency that the authority has
 13 certified, using funds appropriated under section 27 of this chapter. The
 14 attorney general and the entities listed in IC 4-6-12-4(a)(1) through
 15 IC 4-6-12-4(a)(10) shall cooperate with the authority in implementing
 16 this subsection.
 17 (e) The authority shall:
 18 (1) oversee and encourage a regional homeless delivery system
 19 that:
 20 (A) considers the need for housing and support services;
 21 (B) implements strategies to respond to gaps in the delivery
 22 system; and
 23 (C) ensures individuals and families are matched with optimal
 24 housing solutions;
 25 (2) facilitate the dissemination of information to assist individuals
 26 and families accessing local resources, programs, and services
 27 related to homelessness, housing, and community development;
 28 and
 29 (3) each year, estimate and reasonably determine the number of
 30 the following:
 31 (A) Individuals in Indiana who are homeless.
 32 (B) Individuals in Indiana who are homeless and less than
 33 eighteen (18) years of age.
 34 (C) Individuals in Indiana who are homeless and not residents
 35 of Indiana.
 36 SECTION 2. IC 5-20-9 IS ADDED TO THE INDIANA CODE AS
 37 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
 38 1, 2017]:
 39 **Chapter 9. Home Modification Loan Pilot Program for Lake**
 40 **County, LaPorte County, and Porter County**
 41 **Sec. 1. As used in this chapter, "authority" refers to the Indiana**
 42 **housing and community development authority.**



1 Sec. 2. As used in this chapter, "disability" means a physical
2 impairment that substantially limits a major life activity.

3 Sec. 3. As used in this chapter, "fund" means the Indiana home
4 modification loan pilot program fund established by section 7 of
5 this chapter.

6 Sec. 4. As used in this chapter, "persons and families of low and
7 moderate income" has the meaning set forth in IC 5-20-1-2.

8 Sec. 5. As used in this chapter, "pilot program" refers to the
9 home modification loan pilot program for Lake County, LaPorte
10 County, and Porter County, established by section 6 of this
11 chapter.

12 Sec. 6. The home modification loan pilot program for Lake
13 County, LaPorte County, and Porter County is established. The
14 authority shall administer the pilot program.

15 Sec. 7. (a) The home modification loan pilot program fund is
16 established to provide zero (0) interest loans and low interest loans
17 in accordance with this chapter. The authority shall administer the
18 fund.

19 (b) The fund consists of:

20 (1) appropriations from the general assembly; and

21 (2) grants and gifts to the fund.

22 (c) The expenses of administering the fund shall be paid from
23 money in the fund.

24 (d) Money in the fund at the end of a state fiscal year does not
25 revert to the state general fund.

26 (e) Subject to the requirements of this chapter, the authority
27 shall use money in the fund to provide zero (0) interest loans and
28 low interest loans to individuals and families of low and moderate
29 income. The individual or family of low or moderate income must
30 be or include:

31 (1) an individual with a disability; or

32 (2) an individual who has a child with a disability, if the child
33 resides in the dwelling of the individual;

34 for the purpose of modifying the individual's or family's primary
35 dwelling to increase the individual's ability or the child's ability to
36 live and function independently in the dwelling.

37 (f) The treasurer of state shall invest the money in the fund not
38 currently needed to meet the obligations of the fund in the same
39 manner as other public money may be invested. Interest that
40 accrues from these investments shall be deposited in the fund.

41 Sec. 8. An individual with a disability or an individual who has
42 a child with a disability may apply to participate in the pilot



1 program if that individual's primary dwelling is located in Lake
2 County, LaPorte County, or Porter County.

3 Sec. 9. An individual must apply for a loan from the pilot
4 program by submitting an application to the authority on a form
5 provided by the authority. The authority shall determine the
6 manner and the amount of the loan under this chapter.

7 Sec. 10. If an individual is selected to receive a loan under the
8 pilot program, the authority shall provide to the individual a loan
9 to modify the primary dwelling of the individual.

10 Sec. 11. A participant in the pilot program must be an
11 individual with a disability or an individual with a child with a
12 disability.

13 Sec. 12. The authority shall use money in the fund to make loans
14 to individuals described in section 7 of this chapter to modify their
15 primary dwellings for the purpose described in section 7(e) of this
16 chapter. An individual who receives a loan under this chapter must
17 use the loan to modify the individual's primary dwelling as a
18 condition of participation in the pilot program.

19 Sec. 13. The authority shall establish:

- 20 (1) the procedures to ensure that individuals who receive
- 21 loans under this chapter are individuals or families of low and
- 22 moderate income;
- 23 (2) the procedures and reporting requirements necessary to
- 24 ensure that individuals who receive loans under this chapter
- 25 use the loans only for the purposes allowed; and
- 26 (3) the manner and time frame for repayment of the loans.

27 Sec. 14. The authority shall submit, before November 1 of each
28 year, a report to the legislative council in an electronic format
29 under IC 5-14-6 concerning the results of the pilot program,
30 including:

- 31 (1) the number of applications filed in each participating
- 32 county in the preceding year;
- 33 (2) the number and the amount of loans made in the preceding
- 34 year;
- 35 (3) the costs associated with the pilot program in the
- 36 preceding year; and
- 37 (4) the expected costs of expanding the pilot program
- 38 statewide.

39 Sec. 15. This chapter expires July 1, 2024.

40 SECTION 3. [EFFECTIVE JULY 1, 2017] (a) There is
41 appropriated to the home modification loan pilot program fund
42 established by IC 5-20-9-7, as added by this act:



1 (1) five hundred thousand dollars (\$500,000) for the state
2 fiscal year beginning July 1, 2017, and ending June 30, 2018;
3 and

4 (2) five hundred thousand dollars (\$500,000) for the state
5 fiscal year beginning July 1, 2018, and ending June 30, 2019;
6 from the state general fund for the use of the division of disability
7 and rehabilitative services established by IC 12-9-1-1 in providing
8 loans to individuals with disabilities and individuals with children
9 with disabilities to modify their homes to facilitate independent
10 living and to otherwise carry out the purposes of the home
11 modification loan pilot program under IC 5-20-9, as added by this
12 act.

13 (b) This SECTION expires June 30, 2019.

