February 20, 2001

# HOUSE BILL No. 1392

DIGEST OF HB 1392 (Updated February 19, 2001 12:51 PM - DI 92)

**Citations Affected:** IC 5-20.

**Synopsis:** Indiana affordable housing fund. Specifies that the housing trust fund and the Indiana affordable housing fund are not part of the state treasury. Allows the Indiana housing finance authority, rather than the treasurer of state, to invest certain money in the funds. Allows the authority to distribute money from the Indiana affordable housing fund directly to the housing trust fund, rather than having to distribute the money first to the treasurer of state. Instead of requiring a monthly distribution from the affordable housing fund to the housing trust fund, requires the authority to distribute money in a timely manner after the money is received into the affordable housing fund. Provides that the purpose of the affordable housing fund is to provide grants only, rather than grants and loans, to eligible entities for the establishment of local housing trust funds. Provides that if an eligible entity has a population of less than 2,500, it shall appoint only one member, instead of five, to represent the community at large on its affordable housing fund advisory committee.

**Effective:** July 1, 2001.

**Hasler**

January 11, 2001, read first time and referred to Committee on Ways and Means.
February 19, 2001, amended, reported — Do Pass.

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February 20, 2001

First Regular Session 112th General Assembly (2001)

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 2000 General Assembly.

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# HOUSE BILL No. 1392

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

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

SECTION 1. IC 5-20-4-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 7. (a) There is established the housing trust fund. The fund shall be administered by the Indiana housing finance authority under the direction of the Indiana housing finance authority's board. **The fund is not part of the state treasury under IC 4-8.1-1.**

(b) The fund consists of the following resources:

(1) Appropriations from the general assembly.

(2) Gifts and grants to the fund.

(3) Investment income earned on the fund's assets.

(4) Repayments of loans from the fund.

(5) Funds borrowed from the board for depositories insurance fund (IC 5-13-12-7).

(c) The ~~treasurer of state~~ **Indiana housing finance authority** shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) The money remaining in the fund at the end of a fiscal year does not revert to the state general fund.

(e) Interest earned on the fund may be used by the Indiana housing finance authority to pay expenses incurred in the administration of the fund.

SECTION 2. IC 5-20-5-6.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 6.5. As used in this chapter, "very low income families" has the meaning set forth in IC 5-20-4-6.**

SECTION 3. IC 5-20-5-8, AS ADDED BY P.L.115-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 8. The purpose of the fund is to provide grants ~~and loans~~ to eligible entities for **use in establishing local affordable housing trust funds to provide funding for** programs that do any of the following:

(1) Provide financial assistance, **in the form of grants, loans, and loan guarantees,** to lower income families for the purchase of affordable housing. ~~in the form of grants, loans, and loan guarantees.~~

(2) Provide rent and rent supplements to lower income families.

(3) Provide loans or grants for the acquisition, construction, rehabilitation, development, operation, and insurance of affordable housing for lower income families.

SECTION 4. IC 5-20-5-9, AS ADDED BY P.L.115-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 9. (a) Except as provided in subsection (b), the authority must distribute the fund as follows:

(1) Thirty-three and one-third percent (33 1/3%) of the fund resources during a state fiscal year shall be provided to eligible entities for rural housing for lower income families.

(2) Thirty-three and one-third percent (33 1/3%) of the fund resources during a state fiscal year shall be provided to eligible entities for urban housing for lower income families.

(3) Thirty-three and one-third percent (33 1/3%) of the fund resources during a state fiscal year shall be distributed to the ~~treasurer of state for deposit in the~~ housing trust fund established by IC 5-20-4-7.

(b) The distributions from the fund prescribed by subsection (a)(3) must be made ~~monthly.~~ **in a timely manner following the receipt of money into the fund from the sources described in section 11 of this chapter.**

(c) Any amounts in the fund designated for rural housing that have

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not been used at the end of a state fiscal year may be carried over to the next state fiscal year and distributed to eligible entities for urban housing. Any amount carried over to the next state fiscal year may not be included in the fund balance for the next state fiscal year for purposes of determining the percentage under subsection (a)(2).

SECTION 5. IC 5-20-5-10, AS ADDED BY P.L.115-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 10. The authority shall administer the fund. Costs of administering the fund shall be paid from money in the fund. **The fund is not part of the state treasury under IC 4-8.1-1.**

SECTION 6. IC 5-20-5-11, AS ADDED BY P.L.115-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 11. The fund consists of the following:

(1) Appropriations from **and other funds approved by** the general assembly.

(2) Gifts and grants to the fund.

(3) Investment income earned on the fund's assets.

SECTION 7. IC 5-20-5-12, AS ADDED BY P.L.115-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 12. The ~~treasurer of state~~ **authority** shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

SECTION 8. IC 5-20-5-18, AS ADDED BY P.L.115-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 18. (a) **Except as provided in subsection (b),** an eligible entity shall establish an affordable housing fund advisory committee consisting of the following eleven (11) members:

(1) One (1) member appointed by the executive of the eligible entity to represent the interests of low income families.

(2) One (1) member appointed by the executive of the eligible entity to represent the interests of owners of subsidized, multifamily housing communities.

(3) One (1) member appointed by the executive of the eligible entity to represent the interests of banks and other financial institutions.

(4) One (1) member appointed by the executive of the eligible entity to represent the interests of the eligible entity.

(5) One (1) member appointed by the executive of the eligible entity to represent real estate brokers or salespersons. The member appointed under this subdivision must be nominated to the executive by the local realtors' association.

(6) One (1) member appointed by the executive of the eligible

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entity to represent construction trades. The member appointed under this subdivision must be nominated to the executive by the local building trades council.

(7) Five (5) members appointed by the legislative body of the eligible entity to represent the community at large. Members appointed under this subdivision must be nominated to the legislative body after a general call for nominations from township trustees, community development corporations, neighborhood associations, community based organizations, and other social services agencies.

(b) **If an eligible entity has a population of less than two thousand five hundred (2,500), the legislative body of the eligible entity shall appoint only one (1) member to represent the community at large under subsection (a)(7).**

**(c)** Members of the affordable housing fund advisory committee serve for a term of four (4) years, and are eligible for reappointment. If a vacancy exists on the committee, the appointing authority that appointed the former member whose position has become vacant shall appoint an individual to fill the vacancy. A committee member may be removed at any time by the appointing authority that appointed the committee member.

~~(c)~~ **(d)** The affordable housing fund advisory committee shall make recommendations to the eligible entity regarding:

(1) the development of policies and procedures for the uses of the affordable housing fund; and

(2) long term sources of capital for the affordable housing fund, including:

(A) revenue from:

(i) development ordinances;

(ii) fees; or

(iii) taxes;

(B) financial market based income;

(C) revenue derived from private sources; and

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

(i) government program;

(ii) foundation; or

(iii) corporation.

SECTION 9. IC 5-20-5-19, AS ADDED BY P.L.115-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 19. The authority shall adopt rules under IC 4-22-2 and written policies and procedures necessary to carry out

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the purposes of this chapter, including the following:

(1) Criteria for grant eligibility.

(2) Development of an application process.

(3) Establishment of a procedure for disbursing ~~loans and~~ grants from the fund.

~~(4) Establishment of a rate of interest for a loan made under this chapter.~~

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1392, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 4, line 41, delete "(a)".
Page 4, line 41, reset in roman "rules under".
Page 4, line 42, reset in roman "IC 4-22-2 and".
Page 5, delete 8 through 13.

and when so amended that said bill do pass.

(Reference is to HB 1392 as introduced.)

BAUER, Chair

Committee Vote: yeas 19, nays 0.

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