



March 22, 2013

ENGROSSED HOUSE BILL No. 1132

DIGEST OF HB 1132 (Updated March 21, 2013 1:58 pm - DI 97)

Citations Affected: IC 36-7; noncode.

Synopsis: Property matters. Allows the resources of the Indianapolis housing trust fund to be used to fund programs considered appropriate to meet housing and community development needs of certain families. Requires the interim study committee on insurance to study certificates of release of liens on mortgaged property during the 2013 interim.

Effective: July 1, 2013.

Burton, Speedy, Pryor

(SENATE SPONSOR — HOLDMAN)

January 10, 2013, read first time and referred to Committee on Financial Institutions.
February 14, 2013, amended, reported — Do Pass.
February 18, 2013, read second time, ordered engrossed.
February 19, 2013, engrossed. Read third time, passed. Yeas 92, nays 0.

SENATE ACTION

February 25, 2013, read first time and referred to Committee on Insurance.
March 21, 2013, amended, reported favorably — Do Pass.

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EH 1132—LS 7048/DI 69+



March 22, 2013

First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1132

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

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

- 1 SECTION 1. IC 36-7-15.1-35.5, AS AMENDED BY P.L.211-2007,
2 SECTION 48, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2013]: Sec. 35.5. (a) The general assembly finds the
4 following:
5 (1) Federal law permits the sale of a multiple family housing
6 project that is or has been covered, in whole or in part, by a
7 contract for project based assistance from the United States
8 Department of Housing and Urban Development without
9 requiring the continuation of that project based assistance.
10 (2) Such a sale displaces the former residents of a multiple family
11 housing project described in subdivision (1) and increases the
12 shortage of safe and affordable housing for persons of low and
13 moderate income within the county.
14 (3) The displacement of families and individuals from affordable
15 housing requires increased expenditures of public funds for crime
16 prevention, public health and safety, fire and accident prevention,
17 and other public services and facilities.

EH 1132—LS 7048/DI 69+



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- 1 (4) The establishment of a supplemental housing program under
 2 this section will do the following:
 3 (A) Benefit the health, safety, morals, and welfare of the
 4 county and the state.
 5 (B) Serve to protect and increase property values in the county
 6 and the state.
 7 (C) Benefit persons of low and moderate income by making
 8 affordable housing available to them.
 9 (5) The establishment of a supplemental housing program under
 10 this section and sections 32 through 35 of this chapter is:
 11 (A) necessary in the public interest; and
 12 (B) a public use and purpose for which public money may be
 13 spent and private property may be acquired.
 14 (b) In addition to its other powers with respect to a housing program
 15 under sections 32 through 35 of this chapter, the commission may
 16 establish a supplemental housing program. Except as provided by this
 17 section, the commission has the same powers and duties with respect
 18 to the supplemental housing program that the commission has under
 19 sections 32 through 35 of this chapter with respect to the housing
 20 program.
 21 (c) One (1) allocation area may be established for the supplemental
 22 housing program. The commission is not required to make the findings
 23 required under section 34(5) through 34(8) of this chapter with respect
 24 to the allocation area. However, the commission must find that the
 25 property contained within the boundaries of the allocation area consists
 26 solely of one (1) or more multiple family housing projects that are or
 27 have been covered, in whole or in part, by a contract for project based
 28 assistance from the United States Department of Housing and Urban
 29 Development or have been owned at one time by a public housing
 30 agency. The allocation area need not be contiguous. The definition of
 31 "base assessed value" set forth in section 35(a) of this chapter applies
 32 to the special fund established under section 26(b) of this chapter for
 33 the allocation area.
 34 (d) The special fund established under section 26(b) of this chapter
 35 for the allocation area established under this section may be used only
 36 for the following purposes:
 37 (1) Subject to subdivision (2), on January 1 and July 1 of each
 38 year the balance of the special fund shall be transferred to the
 39 housing trust fund established under subsection (e).
 40 (2) The commission may provide each taxpayer in the allocation
 41 area a credit for property tax replacement in the manner provided
 42 by section 35(b)(7) of this chapter. Transfers made under

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- 1 subdivision (1) shall be reduced by the amount necessary to
- 2 provide the credit.
- 3 (e) The commission shall, by resolution, establish a housing trust
- 4 fund to be administered, subject to the terms of the resolution, by:
- 5 (1) the housing division of the consolidated city; or
- 6 (2) the department, division, or agency that has been designated
- 7 to perform the public housing function by an ordinance adopted
- 8 under IC 36-7-18-1.
- 9 (f) The housing trust fund consists of:
- 10 (1) amounts transferred to the fund under subsection (d);
- 11 (2) payments in lieu of taxes deposited in the fund under
- 12 IC 36-3-2-11;
- 13 (3) gifts and grants to the fund;
- 14 (4) investment income earned on the fund's assets;
- 15 (5) money deposited in the fund under IC 36-2-7-10(j); and
- 16 (6) other funds from sources approved by the commission.
- 17 (g) The commission shall, by resolution, establish uses for the
- 18 housing trust fund. However, the uses must be limited to:
- 19 (1) providing financial assistance to those individuals and
- 20 families whose income is at or below eighty percent (80%) of the
- 21 county's median income for individuals and families, respectively,
- 22 to enable those individuals and families to purchase or lease
- 23 residential units within the county;
- 24 (2) paying expenses of administering the fund;
- 25 (3) making grants, loans, and loan guarantees for the
- 26 development, rehabilitation, or financing of affordable housing
- 27 for individuals and families whose income is at or below eighty
- 28 percent (80%) of the county's median income for individuals and
- 29 families, respectively, including the elderly, persons with
- 30 disabilities, and homeless individuals and families; ~~and~~
- 31 (4) providing technical assistance to nonprofit developers of
- 32 affordable housing; **and**
- 33 **(5) funding other programs considered appropriate to meet**
- 34 **the affordable housing and community development needs of**
- 35 **lower income families (as defined in IC 5-20-4-5) and very low**
- 36 **income families (as defined in IC 5-20-4-6), including lower**
- 37 **income elderly individuals, individuals with disabilities, and**
- 38 **homeless individuals.**
- 39 (h) At least fifty percent (50%) of the dollars allocated for
- 40 production, rehabilitation, or purchase of housing must be used for
- 41 units to be occupied by individuals and families whose income is at or
- 42 below fifty percent (50%) of the county's area median income for

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1 individuals and families, respectively.

2 (i) The low income housing trust fund advisory committee is
3 established. The low-income housing trust fund advisory committee
4 consists of eleven (11) members. The membership of the low income
5 housing trust fund advisory committee is comprised of:

6 (1) one (1) member appointed by the mayor, to represent the
7 interests of low income families;

8 (2) one (1) member appointed by the mayor, to represent the
9 interests of owners of subsidized, multifamily housing
10 communities;

11 (3) one (1) member appointed by the mayor, to represent the
12 interests of banks and other financial institutions;

13 (4) one (1) member appointed by the mayor, of the department of
14 metropolitan development;

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

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

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

24 (8) one (1) member appointed by and representing the
25 Indianapolis Coalition for Neighborhood Development; and

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

28 Members of the low income housing trust fund advisory committee
29 serve for a term of four (4) years, and are eligible for reappointment. If
30 a vacancy exists on the committee, the appointing authority who
31 appointed the former member whose position has become vacant shall
32 appoint an individual to fill the vacancy. A committee member may be
33 removed at any time by the appointing authority who appointed the
34 committee member.

35 (j) The low income housing trust fund advisory committee shall
36 make recommendations to the commission regarding:

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

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

41 (A) revenue from:

42 (i) development ordinances;

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- 1 (ii) fees; or
- 2 (iii) taxes;
- 3 (B) financial market based income;
- 4 (C) revenue derived from private sources; and
- 5 (D) revenue generated from grants, gifts, donations, or income
- 6 in any other form, from a:
- 7 (i) government program;
- 8 (ii) foundation; or
- 9 (iii) corporation.
- 10 (k) The county treasurer shall invest the money in the fund not
- 11 currently needed to meet the obligations of the fund in the same
- 12 manner as other public funds may be invested.
- 13 SECTION 2. [EFFECTIVE JULY 1, 2013] **(a) The interim study**
- 14 **committee on insurance established by IC 2-5-33.3-2 shall, during**
- 15 **the 2013 interim of the general assembly:**
- 16 **(1) study the topic of certificates of release of liens on**
- 17 **mortgaged property; and**
- 18 **(2) report the committee's findings and any recommendations**
- 19 **to the legislative council in an electronic format under**
- 20 **IC 5-14-6 not later than November 1, 2013.**
- 21 **(b) This SECTION expires January 1, 2014.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred House Bill 1132, 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 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 32-29-6-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 5. As used in this chapter, "payoff statement" means a **written** statement of the amount of:

- (1) the unpaid balance of a loan secured by a mortgage, including principal, interest, and any other charges properly due under or secured by the mortgage; and
- (2) interest on a per day basis for the unpaid balance."

Page 2, line 3, delete "not received an objection" and insert "**received, before executing and recording the certificate of release, written consent**".

Page 2, line 8, delete "The" and insert "**If the**".

Page 2, line 9, after "insurance company" insert "**has received the written consent required under subsection (a) from a person described in subsection (a)(1) or (a)(2), the title insurance company, officer of the title insurance company, or agent of the title insurance company**".

Page 3, delete lines 24 through 37, begin a new paragraph and insert:

"SECTION 3. IC 36-7-15.1-35.5, AS AMENDED BY P.L.211-2007, SECTION 48, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: 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



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

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

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

(2) The commission may provide each taxpayer in the allocation

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area a credit for property tax replacement in the manner provided by section 35(b)(7) of this chapter. Transfers made under subdivision (1) shall be reduced by the amount necessary to provide the credit.

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

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

(f) The housing trust fund consists of:

- (1) amounts transferred to the fund under subsection (d);
- (2) payments in lieu of taxes deposited in the fund under IC 36-3-2-11;
- (3) gifts and grants to the fund;
- (4) investment income earned on the fund's assets;
- (5) money deposited in the fund under IC 36-2-7-10(j); and
- (6) other funds from sources approved by the commission.

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

- (1) providing financial assistance to those individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, to enable those individuals and families to purchase or lease residential units within the county;
- (2) paying expenses of administering the fund;
- (3) making grants, loans, and loan guarantees for the development, rehabilitation, or financing of affordable housing for individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, including the elderly, persons with disabilities, and homeless individuals and families; ~~and~~
- (4) providing technical assistance to nonprofit developers of affordable housing; **and**
- (5) funding other programs considered appropriate to meet the affordable housing and community development needs of lower income families (as defined in IC 5-20-4-5) and very low income families (as defined in IC 5-20-4-6), including lower income elderly individuals, individuals with disabilities, and homeless individuals.**

(h) At least fifty percent (50%) of the dollars allocated for production, rehabilitation, or purchase of housing must be used for

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units to be occupied by individuals and families whose income is at or below fifty percent (50%) of the county's area median income for individuals and families, respectively.

(i) The low income housing trust fund advisory committee is established. The low-income housing trust fund advisory committee consists of eleven (11) members. The membership of the low income housing trust fund advisory committee is comprised of:

- (1) one (1) member appointed by the mayor, to represent the interests of low income families;
- (2) one (1) member appointed by the mayor, to represent the interests of owners of subsidized, multifamily housing communities;
- (3) one (1) member appointed by the mayor, to represent the interests of banks and other financial institutions;
- (4) one (1) member appointed by the mayor, of the department of metropolitan development;
- (5) three (3) members representing the community at large appointed by the commission, from nominations submitted to the commission as a result of a general call for nominations from neighborhood associations, community based organizations, and other social services agencies;
- (6) one (1) member appointed by and representing the Coalition for Homeless Intervention and Prevention of Greater Indianapolis;
- (7) one (1) member appointed by and representing the Local Initiatives Support Corporation;
- (8) one (1) member appointed by and representing the Indianapolis Coalition for Neighborhood Development; and
- (9) one (1) member appointed by and representing the Indianapolis Neighborhood Housing Partnership.

Members of the low income housing trust 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 who 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 who appointed the committee member.

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

- (1) the development of policies and procedures for the uses of the low income housing trust fund; and
- (2) long term sources of capital for the low income housing trust fund, including:

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- (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.

(k) The county treasurer 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."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1132 as introduced.)

BURTON, Chair

Committee Vote: yeas 10, nays 0.

COMMITTEE REPORT

Madam President: The Senate Committee on Insurance, to which was referred House Bill No. 1132, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 17.

Delete page 2.

Page 3, delete lines 1 through 36.

Page 7, after line 23, begin a new paragraph and insert:

"SECTION 2. [EFFECTIVE JULY 1, 2013] (a) The interim study committee on insurance established by IC 2-5-33.3-2 shall, during the 2013 interim of the general assembly:

- (1) study the topic of certificates of release of liens on mortgaged property; and**
- (2) report the committee's findings and any recommendations to the legislative council in an electronic format under IC 5-14-6 not later than November 1, 2013.**



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(b) This SECTION expires January 1, 2014."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1132 as printed February 15, 2013.)

PAUL, Chairperson

Committee Vote: Yeas 7, Nays 0.

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