

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7473**

**BILL NUMBER:** HB 1005

**NOTE PREPARED:** Feb 7, 2023

**BILL AMENDED:** Feb 2, 2023

**SUBJECT:** Housing.

**FIRST AUTHOR:** Rep. Miller D

**FIRST SPONSOR:** Sen. Rogers

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill establishes the Residential Housing Infrastructure Assistance Program (program) and Residential Housing Infrastructure Assistance Revolving Fund (fund). It provides that the Indiana Finance Authority (authority) shall administer the fund and program. This bill provides that political subdivisions may apply to the fund for loans for certain infrastructure projects related to the development of residential housing.

It provides that money in the fund may not be used for:

- (1) debt repayment;
- (2) maintenance and repair projects;
- (3) upgrading utility poles; or
- (4) consulting or engineering fees for studies, reports, designs, or analyses.

The bill also provides that loans from the fund must be allocated as follows:

- (1) 70% of the money in the fund must be used for housing infrastructure in municipalities with a population of less than 50,000.
- (2) 30% of the money in the fund must be used for housing infrastructure in all other political subdivisions.

It requires the authority to establish a project prioritization system for the purpose of awarding loans from the fund, and specifies the criteria that must be included in the project prioritization system. The bill allows the authority to establish a leveraged loan program to or for the benefit of program participants.

The bill also requires the public finance director to prepare an annual report of the fund's activities for the

Legislative Council and the Budget Committee and makes a continuing appropriation.

**Effective Date:** July 1, 2023.

**Explanation of State Expenditures:** *Indiana Finance Authority (IFA):* The bill would increase the workload for the IFA to administer both the Residential Housing Infrastructure Assistance Program and Revolving Fund. Currently, the IFA is authorized to issue revenue bonds and to finance or refinance the cost of acquiring, building and equipping structures for state use. The IFA also manages the Wastewater and Drinking Water State Revolving Fund Loan Programs and the Indiana Brownfields Program. The bill would expand current functions of the IFA.

Existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

*Residential Housing Infrastructure Assistance Revolving Fund:* The bill establishes the Residential Housing Infrastructure Assistance Revolving Fund, a nonreverting fund administered by the IFA and used to fund loans for eligible participants in order to construct infrastructure related to residential housing. The fund may also be used to provide funding for a leveraged loan program to or for the benefit of eligible participants. The fund consists of appropriations from the General Assembly; grants and other gifts of money; and loan repayments, including interest, premiums, and penalties. Money in the fund is continuously appropriated.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Municipal expenditures for residential housing infrastructure projects could be reduced to the extent that loans provided to eligible participants from the revolving fund carry a lower interest rate than financing mechanisms from other lending institutions.

**Explanation of Local Revenues:** Municipalities and other eligible political subdivisions could secure financing for residential housing infrastructure projects should they meet the criteria established by the IFA for the program. Actual revenues received by municipalities will vary and depend on where the municipality's proposed projects rank in the prioritization criteria established by the IFA.

**State Agencies Affected:** Indiana Finance Authority.

**Local Agencies Affected:** Municipalities and other eligible political subdivisions.

**Information Sources:** Indiana Finance Authority's website: <https://www.in.gov/ifa/>

**Fiscal Analyst:** James Johnson, 317-232-9869.