

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

**LS 7120**  
**BILL NUMBER: HB 1001**

**NOTE PREPARED:** Feb 19, 2026  
**BILL AMENDED:** Feb 19, 2026

**SUBJECT:** Housing Matters.

**FIRST AUTHOR:** Rep. Miller D  
**FIRST SPONSOR:** Sen. Garten

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

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

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill provides that certain uses are permitted uses on property located:

- (1) near a public transit route;
- (2) in a riverfront development project; or
- (3) in an area that is:
  - (A) zoned residential or commercial; and
  - (B) in an allocation area of a redevelopment commission.

The bill also provides the following are permitted uses:

- (1) at least two single family dwellings or one duplex on a lot or parcel in an area zoned for residential use.
- (2) A mixed use residential or multi-family residential development in an area zoned for commercial use.

The bill provides that the following are permitted uses if a unit does not adopt an ordinance to opt out not later than December 31, 2026:

- (1) An accessory dwelling unit within an area that is zoned residential.
- (2) A commercial property converted to a multi-family or mixed-use development in an economic improvement district, economic enhancement district, or similar improvement district.

This bill provides that certain development requirements apply to a unit that does not adopt an ordinance to opt out not later than December 31, 2026, including requirements for parking spaces, residential structure design elements, lot sizes, density, setbacks, and building bulk. It also requires a structure classified as an R-2 building occupancy classification that is not more than three stories and 24 total units to be permitted to have a passenger elevator not larger than an elevator that accommodates a wheelchair. The bill also adds requirements regarding the location of impact zones designated by a unit after June 30, 2026.

It provides that after December 31, 2026, if a unit fails to update its zoning ordinance within one year after adopting or amending its comprehensive plan, the unit must approve a project that complies with the

comprehensive plan or the zoning ordinance. After December 31, 2026, the bill restricts a unit's ability to impose and increase fees related to building approvals and permits. It also delays implementation of building permit increases to 180 days after publication of the ordinance.

Beginning January 1, 2027, the bill requires a unit to annually report to the Indiana Housing and Community Development Authority (IHCDA) certain information concerning housing in the unit. Beginning January 1, 2027, the bill also requires a county, city, or town to annually report to the Indiana Housing and Community Development Authority (IHCDA) a housing progress report, including the total number of residential units lost in the preceding year.

This bill also requires the Department of Environmental Management to review and update its Indiana Storm Water Quality Manual not later than December 1, 2026. It defines "mitigation" for purposes of flood plain management. It also prohibits state or local government from requiring a flood plain mitigating ratio of more than three to one under certain circumstances.

The bill also requires a unit to forfeit or refund any regulatory fees if the unit fails to meet statutory deadlines for issuing a Class 2 building permit. It prohibits the following with regard to a Class 2 structure or structure classified as an R-2 building occupancy classification:

- (1) A state agency from adopting rules requiring the installation of an arc-fault circuit interrupter (AFCI) after June 30, 2026.
- (2) A political subdivision from requiring installation of an AFCI.

The bill also prohibits a state agency or a political subdivision from requiring installation of an emergency responder communications enhancement system or similar system in a Class 1 structure that is constructed, reconstructed, remodeled, or renovated, after June 30, 2026.

It repeals a provision that would have reinstated on July 1, 2027, the statute in effect before its amendment in the 2023 regular session of the general assembly setting forth the authorization and procedures for establishing a Residential Housing Development Program (program). It also amends the current statute for establishing a program to provide that a program terminates: (1) 25 years (instead of 20 years) after the date on which the first obligation was incurred to pay principal and interest on obligations payable from tax increment revenues from the program; or (2) on the date on which such bond obligations or lease rentals are satisfied.

The bill also adds a provision prohibiting the legislative body of a county, city, or town from adopting a subdivision control ordinance that allows a property owner to restrict the subdivision of all or a part of the property owner's property for a period of years.

It adds a provision requiring a unit to review the unit's unified development ordinance and zoning regulations in a public hearing with the purpose of providing for increased housing development, if the unit opts out of certain provisions.

It also urges assignment of the topic of housing developments by religious institutions to an interim study committee.

It also resolves conflicts for IC 36-2-4-8, which was amended by both P.L.22-2021 and P.L.152-2021.

The bill also increases the average construction cost allowable for certain housing projects to be completed

by a housing authority. It also provides that bonds, notes, or warrants of a housing authority may be sold at less than par value at a negotiated sale.

**Effective Date:** (Amended) Upon passage; July 1, 2025 (retroactive); July 1, 2026.

**Explanation of State Expenditures:** (Revised) The IHCDA may see minor increases in administrative workloads to review annual housing reports and reports on the status of housing from local units and to publish findings from these reports online. These provisions can be implemented with existing resources and staff.

(Revised) *Department of Environmental Management:* The department will see a minor workload increase to conduct a review of the Indiana Storm Water Quality Manual and submit a report of their findings and recommendations to the legislative council no later than December 1, 2026. These provisions can be implemented with existing resources and staff.

(Revised) *Interim Study Topic:* If the committee were to hold additional meetings to address this topic, there would be additional expenditures for legislator per diem and travel reimbursement for the committee members. Any additional expenditures must be within the committee's budget, which is established by the Legislative Council.

**Explanation of State Revenues:** *Court Fee Revenue:* This bill provides that a person adversely affected or aggrieved by a unit for circumstances outlined in this bill may bring an action for declaratory and injunctive relief, costs, and reasonable attorney's fees. If additional civil cases occur and court fees are collected, revenue to the state General Fund will increase. The total revenue per case would range between \$100 and \$122. The amount deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases.](#)

**Explanation of Local Expenditures:** (Revised) *Planning and Zoning Authorities:* This bill's provisions will increase the administrative workload for planning and zoning authorities. It requires them to submit an annual housing progress report to the IHCDA and an annual report on the status of housing in the local unit to the IHCDA and the Executive Director of LSA. Local units will also see a minor workload increase to conduct public hearings to review the unified development ordinance and any zoning regulations and land development rules with the goal of increasing housing development. Units must also submit, no later than January 1, 2027, a report to the Executive Director of LSA including the minutes from this public hearing and their findings. Local units may also see an increase in workload to ensure their ordinances comply with the bill's provisions. These provisions should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

(Revised) *Local Housing Authorities:* This bill's provisions increasing the construction cost limitations may affect the number of housing projects that can be implemented.

**Explanation of Local Revenues:** *Court Fee Revenue:* This bill provides that a person adversely affected or aggrieved by a unit for circumstances outlined in this bill may bring an action for declaratory and injunctive relief, costs, and reasonable attorney's fees. If additional cases occur, revenue will be collected by certain local units. If the case is filed in a court of record, the county will receive \$32 and qualifying municipalities will receive a share of \$3. If the case is filed in a municipal court, the county receives \$20, and the municipality will receive \$37. The following linked document describes the fees and distribution of the

revenue: [Court fees imposed in civil, probate, and small claims cases.](#)

(Revised) *Housing Development Fee Revenue:* This bill's provisions affecting fees including impact fees, regulatory fees, and other fees on applicable housing developments will likely decrease units' fee revenue. The actual fiscal impact will depend on the housing development activity in each unit.

(Revised) *Residential Housing Development Program:* This bill removes future requirements for the residential housing development program, including a 1% new construction threshold, an increase in the duration of a residential housing development program from 20 year to 25 years or until the date on which the program's bond obligations or lease rentals are satisfied, and a requirement of school board approval. These provisions would otherwise go into effect on July 1, 2027. Under this bill, municipalities and other eligible political subdivisions could secure financing for residential housing infrastructure projects that could have been limited by these future provisions.

(Revised) *Local Housing Authorities:* This bill's provisions may decrease local revenues as it allows the bonds, notes, or warrants of a housing authority to be sold at a negotiated sale at less than par value. Actual fiscal impact will depend on the number of sales and negotiated sale prices in each unit.

**State Agencies Affected:** IHCD; LSA; Department of Environmental Management.

**Local Agencies Affected:** Trial courts, city and town courts. All units.

**Information Sources:** Indiana Supreme Court, Indiana Trial Court Fee Manual.

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