

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

LS 7120
BILL NUMBER: HB 1001

NOTE PREPARED: Feb 23, 2026
BILL AMENDED: Feb 23, 2026

SUBJECT: Housing Matters.

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

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill revises the allocation of money available for making loans from the Residential Housing Infrastructure Assistance Revolving Fund.

The bill adds requirements regarding the location of impact zones designated by a county, city, or town (unit) after June 30, 2026. It also requires a unit to approve a project that complies with the legal restrictions in effect on the date the project's permit application is submitted. 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 the implementation of building permit increases to 180 days after publication of the ordinance.

Beginning January 1, 2027, this bill requires a unit to annually report the unit's housing status to the Indiana Housing and Community Development Authority (IHCDA).

The bill also requires the Department of Environmental Management to review and update its Indiana Storm Water Quality Manual not later than December 1, 2026. This bill prohibits the state or local government from requiring a person intending to fill land in a flood plain to provide compensatory storage at a ratio greater than three (mitigated land) to one (filled land).

It also requires a unit to forfeit or refund regulatory fees if the unit fails to meet statutory deadlines for issuing a Class 2 building permit. After June 30, 2026, the bill prohibits a state agency or political subdivision from requiring the installation of the following:

- (1) An arc-fault circuit interrupter in Class 2 structure or structure classified as an R-2 building occupancy classification.
- (2) An emergency responder communications enhancement system in a Class 1 structure.

The bill also 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 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 the bond obligations or lease rentals are satisfied.

This bill also requires a unit not later than January 1, 2027 to:

- (1) review its unified development ordinance in a public hearing with the purpose of increasing housing development; and
- (2) report to the executive director of Legislative Services Agency (LSA).

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

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

Explanation of State Expenditures: 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.

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.

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.

(Revised) Residential Housing Infrastructure Assistance Revolving Fund: This bill removes a restriction on the fund stating that 30% of the money in the fund must be used for housing infrastructure in political subdivisions with a population of more than 50,000 people.

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: *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.

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.](#)

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.

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.

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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