

**IHCDA Agency Overview**  
**FY2014-15 Biennial Budget Submission**

At IHCDA, we believe that growing Indiana's economy starts at home. The heart of IHCDA's mission is that all Hoosiers should have the opportunity to live in safe, affordable, good-quality housing in economically stable communities. Our charge is to help communities build upon their assets to create places with ready access to opportunities, goods, and services. We also promote, finance, and support a broad range of housing solutions, from temporary shelters to homeownership.

Our mission is achieved through the administration of myriad programs, including single family mortgage products to assist with homeownership, tax credits for developers to create affordable multifamily housing options, energy assistance programs to lessen the energy burden on struggling households, matched savings accounts to help lower income Hoosiers to better their station in life, emergency shelters and permanent supportive housing solutions for the homeless, foreclosure prevention alternatives through a private and public network, and various community development and neighborhood revitalization initiatives.

**Individual Development Account Program**

The State of Indiana's Individual Development Account (IDA) program was established pursuant to House Enrolled Act 1425 (1997) under I.C. 4-4-28. The Indiana General Assembly authorized the IDA program as a 4-year pilot program, making this program one of the first large-scale IDA programs in the country. It was renewed and established as a permanent program by HEA 2130 (2001).

The program provides matching funds for qualified low-income individuals to pay for five eligible activities:

1. Enrolling in post-secondary education or vocational training for the qualifying individual or dependent;
2. Attending an accredited or licensed training program that may lead to employment for the qualifying individual or dependent;
3. Purchasing a primary residence for the qualifying individual or dependent, or reducing the principal amount owed on a primary residence that was purchased by the individual or a dependent of the individual with funds from an IDA;
4. Purchasing, starting-up, or expanding an existing business; and/or
5. Rehabilitating the home of an IDA participant (when a primary residence) for permanent, essential improvements, including (but not limited to) weatherization, heating and cooling, siding, and other necessary improvements that add value to the home and its resale price.

This program is administered through 32 sponsoring nonprofit community development corporations

(CDCs), where matching funds are deposited into parallel accounts in 42 partnering financial institutions. IHCDAs is authorized to establish 800 new IDA accounts each fiscal year. Savers are matched \$3 for each \$1 of earned income deposited by qualifying individuals, with up to \$400 matched annually, each year for four consecutive years.

In order to receive an appropriation of federal funds, IDAs must receive non-federal dollars for the match. In previous years, IDAs have received a state general fund appropriation. In FY10, IHCDAs voluntarily reverted the IDA general fund money to the state, and in FY11 and FY12, IHCDAs did not request a general fund appropriation to assist with the state budget crisis. During these years, IHCDAs has contributed the required match through its Affordable Housing and Community Development Fund (“Development Fund”).

The IDA best practice is that IHCDAs commit all 4 years of match upon the opening of the account. The federal funder has indicated that this is strongly recommended, if not required. As the table below shows, IHCDAs has 945 accounts currently open and within the 4-year eligibility window for savings and match. IHCDAs has committed (in its application under which it received federal funds) to match these accounts 4:1. Assuming that (1) no new accounts are funded, (2) IHCDAs matches 3:1 for subsequent years, and (3) IHCDAs continues to award 20% of administrative costs to sub-grantees for program delivery, the following would be required to fund the accounts:

<b>Program Year</b>	<b>Accounts Expiring @ End of PY</b>	<b>Accounts Needing Match</b>	<b>Match \$ Needed</b>	<b>Admin \$ Needed</b>
<b>2011-2012</b>	279			
<b>2012-2013 (4:1)</b>	286	945	\$1,512,000	\$302,400
<b>2013-2014 (3:1)</b>	369	659	\$790,800	\$158,160
<b>2014-2015 (3:1)</b>	290	290	\$348,000	\$69,600
<b>2015-2016</b>				
	<b>1224</b>	<b>1894</b>	<b>\$2,650,800</b>	<b>\$530,160</b>

By statute, Development Fund dollars must be invested in housing and community development activities that benefit households earning less than 80% of the median income in their community. For residential projects, at least fifty percent (50%) of the dollars must be used to serve very low income households (those earning less than 50% of the area median income). The Development Fund (as of November 2012) has an available balance of \$2.4 million, which would mean that complying with IDA best practices would essentially exhaust the Development Fund. Therefore, IHCDAs respectfully requests that the IDA program again receive a state general fund appropriation for the upcoming biennial budget. IHCDAs is requesting a general fund appropriation of \$1 million per year in FY2014 and FY2015.

## **Indiana Foreclosure Prevention Network Program**

The Indiana Foreclosure Prevention Network (IFPN) is a comprehensive, multi-tiered program to address mortgage delinquency and foreclosure. Each foreclosure in Indiana conservatively costs stakeholders (local government, lenders, neighboring property owners, etc.) over \$40,000, and over the years, billions have been lost in the state due to foreclosures.

IFPN's primary duty is to offer free foreclosure prevention counseling services to Indiana homeowners who reside in their home and wish to avoid foreclosure. Homeowners are matched with a certified foreclosure prevention counselor to discuss potential solutions by calling a free helpline (1-877-GET-HOPE) or by completing an intake form on the IFPN website ([www.877gethope.org](http://www.877gethope.org)). Counselors' assistance goes beyond just giving advice; in almost every case, the counselor provides hands-on budgeting training for the borrower, and oftentimes serves as the borrower's representative during loan modification discussions with lenders. Roughly 30,000 people contact the IFPN to take advantage of these services each year.

The Mortgage Foreclosure Trial Court Assistance Project (MFTCAP) was created as a partnership between IHCD's existing IFPN and the Indiana Supreme Court to assist trial courts in scheduling and conducting mortgage foreclosure settlement conferences created by the Indiana General Assembly in 2009. This program utilizes court-appointed facilitators to reach out to borrowers facing foreclosure to ensure they are aware of their right to a settlement conference and to bring both parties to the table to attempt to find a mutually-agreeable settlement, or "workout." The Legal Representation Program was created as a partnership between IFPN and Indiana Legal Services to provide foreclosure defense assistance to mortgage foreclosure defendants in areas not covered by MFTCAP.

Funding for the IFPN comes primarily from three sources. The first and largest source is federal funds through the National Foreclosure Mitigation Counseling (NFMC) program. This pays for direct counseling services and some minimal oversight administrative functions, such as providing technical assistance and training to the counselors. In our most recent award, IHCD received \$2,230,200 from a competitive NFMC allocation for 2012. The second primary source is from the Mortgage Foreclosure Counseling and Education Fee (\$50 fee filed by parties filing an action to foreclose a mortgage in Indiana). The Mortgage Foreclosure Counseling and Education Fee nets approximately \$2 million annually, and roughly \$1 million from this funding is used for IFPN counseling each year. The third primary source is from philanthropic and lender donations, the bulk of which are used for marketing and outreach activities.