

**PROPONENT TESTIMONY OF
THE BUILDING INDUSTRY ASSOCIATION OF
CENTRAL OHIO ON HOUSE BILL 371**

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Submitted Electronically**

Chairman Schaffer, Vice-Chairman Scherer, Ranking Member Rogers, and members of the Ways and Means Committee, this testimony is offered in support of House Bill 371.

HB 371 directly addresses a provision of Ohio's tax code that results in additional costs to the price of new housing. The bill would correct a disincentive to development and building of new housing in Ohio.

Paying increased taxes on land prior to home construction only adds costs to the price of a building lot. These costs are passed to the end-user. Ohio families can ill afford these additional costs. The cumulative cost impacts of additional taxes applied prior to lot development in Central Ohio can be significant. This adds to the challenge of housing affordability that is a large head-wind to economic growth in central Ohio and is getting worse.

Consider the following information on affordability of single family housing in Central Ohio:

- The average price of a new single-family home in Central Ohio is \$333,000. (This number is \$400,000 in the suburban areas with competitive school districts.)
- The average price of an existing home is \$202,000.
- The average lot price in Central Ohio is \$83,000. Generally speaking that equates to a resulting home market price of \$370,000 – \$410,000.
- The \$130,000 gap between new and existing housing continues to grow, creating a growing affordability gap in Central Ohio housing.

And for those who say that the affordability solution must lie in the condominium and rental markets, consider:

- The average price of a new condominium is \$296,000.
- 83% of the 17,300 multi-family housing units built since 2013 are classified as high end by the Mid-Ohio Regional Planning Commission.
- Our region is not keeping up with new multifamily rental units compared to our economic competitors, as housing affordability has become a major competitive issue among growth economies and regions of the country:

New Rental Units in Metro Areas from 2014-2107

According to Marcus and Millachap, as reported in Columbus Dispatch 4/16/17:

Austin	44,000
Charlotte	28,000
Nashville	24,500
Columbus	13,000

Central Ohio and Ohio in general have to attract and retain people in order to grow. A key to future growth is attracting young, educated, creative and productive people. This means producing competitive single and multi-family housing.

There are many factors contributing to our housing affordability challenge in Central Ohio. HB 371 can help meet this challenge by addressing a tax-disincentive that is a barrier to the development of new housing in our state.

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