



**Dan Acton**  
**House Bill 252 Proponent Testimony**  
**House Economic and Workforce Development Committee**  
**June 26, 2019**

Chairman Zeltwanger, Vice Chair Powell, Ranking Member Sobecki and members of the committee, my name is Dan Acton and I am the Government Affairs Director of the Ohio Real Estate Investors Association (OREIA). OREIA represents 13 local chapters across Ohio with over 2,000 members consisting of the smaller real estate investors and housing providers who typically own single family housing units. My background has been more than 30 years in the property management and ownership industry. I am providing a brief statement of support on House Bill 252, a bill to assist in the creation of the Land Reutilization Demolition Program and associated funding.

A little history on OREIA's interaction with land reutilization corporations, or more commonly land banks, is necessary to frame our current position on their existence. Land banks was a widely promoted tool to deal with urban blight and struggling neighborhoods, especially after the market crash that led to the Great Recession in 2008. Cuyahoga County was especially hard hit and a model for a land reutilization corporation was being promoted statewide. Our Association fought to protect the instance of government competing with the private sector for the same properties that our investor members would be seeking to obtain to repair, rehab and resell. A compromise was reached to limit this on an initial scale to just Cuyahoga County so that the process could be piloted and proof that the land banks were not going to be "cherry picking" the best of the possible properties and our members would be left to deal with the harder to restore properties as options to purchase.

Through a series of legislative changes, the land bank system was expanded to more counties until finally population thresholds were lifted completely and any county could utilize the concept. Over time many of our investors became board

members of their local land banks to add their expertise and insights. I myself have served on the Butler County Land Bank for a number of years. You heard from my colleagues of this organization last week. Our members across the state report a rewarding experience participating in this process with their local land banks.

As it relates to House Bill 252, we understand that the bill is touted as a way to clear old commercial sites, but residential properties are still included in the types of properties that can be targeted for demolition. Including these properties is wise as the properties that typically end up in a land bank are those with low property value, most likely in need of lead paint remediation or asbestos removal, which can cost more than the value of the house even with the remediation so it may just be better off demolishing the property instead.

Our members have typically acquired houses from their local land banks and fixed them up to either resell or hold as an investment property. However, for reasons explained above, quite simply, demolition is the last resort for many of the hardest hit properties in the state. Included in this category for demolition are the numerous abandoned, blighted commercial properties. Many of these commercial sites in question are near neighborhoods or in proximity to other developments that have been revitalized in areas near or adjacent residential properties/neighborhoods. As residential housing grew in the last 150 years, often near these commercial and industrial sites, the residential housing has felt the blow with the withdrawal of many of the businesses operating these commercial and industrial sites. We applaud communities that are working to remediate these sites as they will ultimately assist in raising property values of the surrounding residential neighborhoods, owned in part by our members.

Before I conclude, I wanted to share that the legislative committee of OREIA in voting to support House Bill 252 asked that I separately seek amendments that they believe are in the spirit of the legislation.

Here is what OREIA is proposing:

After line 295, insert (E) The director shall report annually by October 1<sup>st</sup> to the president of the senate, the speaker of the house, the minority leader of the senate, the minority leader of the house and the chairperson of the respective committee of each chamber charged with economic development issues on the following topics

related to the grants awarded to land reutilization corporations under division ( C ) of this section.

- (1) The number of grants issued;
- (2) The list of land reutilization corporations that received the grants;
- (3) The number of structures demolished;
- (4) The new use of the property, if it has been developed;

A secondary concept that we would like to suggest for consideration is the ability of the Development Services Agency to “clawback” some of the investment dollars that will be realized when the property is sold for redevelopment. The subject property would likely be marketed and put back into economic productivity. If property is sold or gifted to a non-government entity, we would like the State to be able to recoup most if not all of the monies that were utilized; therefore, putting the money back into play for other worthwhile projects.

As an example, if a blighted steel mill gets torn down and is developed into a mixed use or another industrial use, the State should be able to participate not only in remediation of a blighted property, but in all fairness, be able to reap some benefit of the now productive site. The recouping of 100% of the investment is ideal, but in reality, may not be viable. Any dollars that can be recycled to other projects is a very wise force multiplier for the spirit of what is attempting to be accomplished.

Mr. Chairman and members of the committee, we understand the tight timeframe that this bill is under with relation to the consideration of these concepts. We have committed to continued discussion with the sponsor on the above concepts.

I appreciate the opportunity to share with you my Association’s support for this bill and urge its passage.