



**Testimony on Senate Bill 36**  
pertaining to tax valuation of subsidized housing properties

Submitted for consideration of the Senate Ways and Means Committee

April 2, 2019

Chairman, Terhar, Vice-chair Roegner, Ranking Member Williams, thank you for the opportunity to provide written testimony on SB 36, which pertains to how local property taxes are assessed on subsidized housing properties.

LeadingAge Ohio is an organization representing a diverse group of organizations that provide services to older Ohioans. Our over 400 members employ 35,000 Ohioans statewide, and serve over 400,000 older adults in a variety of settings. Our members include subsidized and market-rate senior housing, assisted living, nursing homes, adult day, home health and hospice providers. A common thread running through our membership is that they are mission-driven, values-based organizations. Most are non-profit organizations. Many are faith-based. All are motivated by the specific, local needs of each community they serve.

Before I share our specific concerns about SB 36, I would like to paint a picture of Ohio, and some of the stark demographic realities that our members are grappling with in their communities across the state.

Ohio's population is growing older at a rate that exceeds the national average. Over the next decade, Ohio's over-60 population will grow to nearly thirty percent of its population overall.

At the same time, we see a shrinking pool of caregivers and constricting tax base to fund the programs that support older Ohioans. Ohio's new older adults will also not be as well prepared as their predecessors for old age. A small minority of baby boomers have the financial reserves to weather even a single medical emergency, much less ongoing needs, putting even more strain on Ohio's safety net programs. Nearly 3 million people in Ohio are covered by Medicaid (21% of the total population). Four in five (79%) of enrollees are children and adults, and one of five is in the aged, blind and disabled (ABD) population. Within this smaller group, more than one-half (59%) of the state's Medicaid spending is for the elderly and people with disabilities. When you approach the most-costly end of the spectrum, 5% of that population accounts for nearly 25% of the state's Medicaid expenditures.

Overlaying these challenges is a housing market that is mismatched to our population's needs. In Ohio, 43 percent of renters experience cost burden, meaning their monthly housing costs exceed thirty percent of their monthly income. Furthermore, there is a severe shortage in housing stock appropriate for aging Ohioans. Studies from just a few years ago estimated 10 seniors on waiting lists for every one unit available. More recent estimates put that number at 17 to one, and in at least one Ohio county, one LeadingAge Ohio member has no fewer than 30 individuals waitlisted for safe, affordable housing for every unit that becomes available. This translates to waiting lists of three to five years. Older Ohioans near the end of their lives do not have the luxury of this time. If they are unable to access safe housing, they are at heightened risk of adverse health outcomes, and inevitably will be caught by the one safety net that is available to them—nursing facility care.



Despite the long wait lists, our members are working to bridge the gap between the community and healthcare systems by investing in low-cost, preventative services, wellness offerings and service coordination on-site at senior housing communities. There is no lower-cost setting than senior housing, and by reducing hospital readmission rates and delaying nursing home entry, our members serve not only their residents' interests, but also the taxpayer's.

It is no hyperbole to say that the bill before you, if adopted in its current form, would have a disastrous effect on older Ohioans' ability to access safe, affordable housing. All of our housing members are non-profit entities operating on slim margins. They often seek grants or fundraise for programming which improves the lives of those they serve, such as on-site service coordination, wellness programs and preventative care. They simply do not have the means to pay taxes at market rate, for units that will never charge market rent.

SB 36 would turn most housing projects upside down, flipping from modest earnings that they can reinvest in life-enriching programming to losses. Our concern is twofold: first, that it would disincentivize development just when we need it most, causing senior homelessness to rise; and second, that it would force existing housing operators to make difficult choices, including whether to cut wellness programs that maintain older Ohioans in their homes.

SB 36 could at best stymie growth of affordable senior housing just when Ohio needs it most. At worst, SB 36 drive down the quality of existing housing, as operators struggle to maintain programming and buildings under the burden of new property taxes.

We appreciate the opportunity to share our thoughts with you on the bill before you, and would be happy to answer any follow-up question you may have.

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