

House State and Local Government Committee
April 25, 2017
Opponent Testimony of the Building Industry Association of
Central Ohio
HB 69 – TIF Downgrading

Thank you Mr. Chairman.

My name is Tom Hart. I am Legal Counsel to BIA of Central Ohio, a regional industry association representing private sector developers, the housing industry and home builders.

This testimony is on behalf of the BIA of Central Ohio to express concern about unintended consequences about the impact of this legislation, as the law and public policy of the state of Ohio has been to favor job creation.

HB 69 would erode a key economic development tool that benefits our region and has facilitated job growth here in central Ohio and other parts of the state.

Most TIFs that relate to the residential housing industry involve state of the art, mixed-use developments, that include, commercial, retail, residential and even institutional or industrial components. These often relate to updated “work, live, play” environments favored by many growing employers and their employees.

TIF’s in these projects are typically granted to help finance off-site infrastructure, that both supports the development itself, but also is often addressing a major infrastructure needs in the community has either:

- Existed unaddressed for a long time;
- And/or solves an area or regional infrastructure problem with benefits well beyond the development itself

In essence, the TIF is the tool and the new development is the vehicle to address old problems and regional infrastructure issues that go beyond the scope of the new project itself and impact across local government borders.

The value of the TIF as a tool helps make the development feasible because solving long-standing infrastructure issues and doing so up to today’s requirements and standards is very expensive. This tool is necessary based the escalation of infrastructure costs and because of the lack of other tools to support growth and keep costs reasonable. (e.g. lack of local government fund money or other viable infrastructure programs.)

Updating longstanding and unaddressed infrastructure issues is a major cost driver impacting the housing industry’s ability to produce price competitive, and market-affordable housing today.

Central Ohio is projected to grow by 1 million people by 2050, which equates to over 500,000 new jobs and a need for at least 500,000 new housing units. These numbers are encouraging but we need to provide the housing to keep the jobs.

Housing Affordability is a large head-wind to growth in central Ohio and it's getting worse.

Consider the following statistics:

Today 83% of the 17,300 multi-family housing units built since 2013 are classified as high end by the Mid-Ohio Regional Planning Commission. New, decent, affordable and modest workforce housing is scarce.

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 a new condominium is \$296,000. The average price of an existing home is \$202,000. That \$130,000 gap between new and existing housing continues to grow.

The average lot price is \$83,000. Generally speaking that equates to a home market price of \$370,000 – \$410,000. Much of the lot development cost relates to the need to upgrade older infrastructure.

Housing affordability has become a major competitive issue among growth economies and regions of the country. Please consider the following:

**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, entry level and multi-family housing. Further downgrading TIF law in Ohio amounts to unilateral disarmament in the face of stiff challenges from regions and states we compete against.

There have been many attempts to erode TIF law over the past 10 years. If you are going to take away tools our local governments can use to fund infrastructure improvements that are generated from new development, the General Assembly should both consider actual need and look at new tools to make housing affordable to meet the job growth needs of our region and this state.