

Testimony of Stephanie Spiller regarding SB 36

Chairman Terhar, Vice Chair Roegner, Ranking Member Williams, and members of the Senate Ways and Means Committee, my name is Stephanie Spiller. I work as the Housing Director for Adams Brown Community Action Partnerships, a small non-profit community action agency in southeastern Ohio. ABCAP is both the owner and manager of twelve subsidized properties, which include:

- Six 202 Project Rental Assistance Contract (PRACs)-families who have a head of household that is age 62 and older;
- Four 202/Section 8 for persons who are age 62 or older or disabled regardless of age.
- Two 811 PRACs for persons who are mobility impaired or chronically mentally ill.

ABCAP also owns and manages WP Homes consisting of twenty single family homes built in 2000 with Housing Tax Credit funds. In 2009, these three bedroom homes with 1232 square feet of living space on an average of a quarter of acre of land (total of less than 8 acres combined) were paying yearly property taxes of \$25,517.44. According to the restricted rent in 2009, the rent per unit was \$437 per month. As the site was paying almost 25% of rental income in property taxes, the site soon fell into debt and could not make needed repairs. Based on the decision of Woda Ivy Glenn vs. The Fayette Board of revisions, WP Homes asked for an appeal to base the property taxes on an income approach. This resulted in a manageable yearly property tax of \$19,866.28. This slight reduction in property tax payments enabled WP Homes to begin to repair maintenance issues that had previously been put off.

Other than pictures on the internet, I've not been to Notestine Manor Apartments. However, I can tell you with great certainty that because it's a 202 PRAC, this 11 apartment complex is for people who have a head of household age 62 and older. I can tell you that each apartment in that building is no larger than 540 square feet, as HUD limits one bedroom apartments to this size. In order to prevent hoarding issues and because it's difficult to move a lifetime of memories into 540 square feet, I can tell you this property has a storage room for the resident's belongings.

I can tell you that be it a 202 PRAC or a Housing Tax Credit, affordable housing like Notestine Manor allows elderly residents remain in their homes for a longer duration, reducing the cost of nursing home stays. The average monthly cost of a nursing home in Ohio is approximately \$69,840 annually. According to the Henry J Kaiser Family Foundation report "Medicaid's Role in Ohio", fifty-nine percent (59%) of residents living in a nursing home are covered by Medicaid. With the help of the Passport program, which almost of all our residents are eligible, affordable housing alleviates this cost of nursing home care to the state of Ohio.

People who live in affordable housing typically have lived in the same community their entire lives, only to find themselves in need of affordable housing after they retire or become disabled. I find that 97% of applicants who apply for our housing program are local people who have lived for years in our community. Does it really matter if these residents request services such as police and ambulances while living in decent and affordable housing or if they would have called for help while living in substandard housing or a place they can barely afford? The police and ambulance services are needed in any event, no matter where the residents of the county live.

I would like to clarify something about the contract rent amount for these subsidized properties. If the contract rent is \$600, the tenant pays \$400 and HUD pays \$200 and at the end of the fiscal year, if there is more than \$250 per unit in the operating account, ALL of the money, regardless if it was paid by HUD or the tenant is put into a residual receipts account in which HUD will "offset" rents the following year. The owner does not get to keep the money because "it's paid by the tenant". In fact, at the end of the fiscal year, subsidized properties are audited by a professional auditor who must upload the audit into HUD's Financial Assessment Services System (FASS). This audit is reviewed by the local HUD Field office to ensure that each dime received is spent on the property and not on lavish or unnecessary expenses.

Restricted rents determined by the federal HUD budget and IRS Code 42 only demonstrate a portion of the complexity in operating subsidized and Housing Tax Credit sites. Comparing subsidized properties to private ownership homes is like

comparing apples to broccoli. These projects must remain in strict compliance with their HUD Regulatory Agreement, the rather lengthy HUD Handbook 4350.3; Section 42 of the IRS code, HUD Handbook 4350.1, Fair Housing, Section 504 of the Rehabilitation Act and HUD's widely accepted Uniform Physical Conditions Standards. Private owners are not subject to these federal, state and local restrictions.

Although I have explained briefly about affordable housing, it's HUD's UPCS standards that brings me here today.

The Uniform Physical Conditions Standards (UPCS) refers to a set of standards used by inspectors working for the United States Department of Housing and Urban Development (HUD) and the Real Estate Assessment Center (REAC) to assess the physical condition of HUD subsidized units and housing units which are insured by or assisted under various programs of HUD. These inspections are to occur every one to three years, depending on the results of the previous inspection. These standards were set to ensure that subsidized properties are maintaining HUD properties in decent, safe and in good repair. With this testimony, I have submitted the UPCS checklist to demonstrate how extensive these standards are. Effective this month, the Owner must be available for the UPCS inspection within 14 days' notice from HUD or face possible penalty.

ABCAP prides itself on being a good neighbor in our community and in providing homes for our disabled and elderly residents who often live on incomes of under \$11,000 per year. Eight of our properties are older than twenty years old, built by the lowest bidder. Due to expensive repairs, I became very concerned that ABCAP would not be able to maintain our properties according to UPCS standards and to the benefit of the community and our residents. These sites are faced with extensive repairs that I had no idea how to pay for. The only program that offered a solution to this issue was the Housing Tax Credit program. This program allows private investors to pay for the renovations of my sites, at no expense to my sites or to the taxpayer.

In 2015, I sought out a developer who had a great reputation in the industry for caring about affordable housing and their residents. After three months of preparation and over \$20,000 spent on environmental reviews, market studies, design and application fees, our first application was not selected to be funded. In fact, I found that typically only 25% of the submitted Housing Tax Credit program applications are actually funded. It's also important to note that developers bare the expense of this application process, if it's funded or not. Neither ABCAP nor these HUD subsidized properties paid one dime for this rejected application.

In 2016, the developer and ABCAP joined to submit another Housing Tax Credit application for three of our subsidized sites. Two for persons who are chronically mentally ill and the third for people who are age 62 and older. Again, the risk and cost of this application and all expenses are paid by the developer. This time it was funded! I could now afford to bring these properties up to UPCS standards and in accordance with Section 504 regulations.

One of the sites included in these renovations are Brown County Apartments. These apartments are home to persons who have a chronic mental illness. Built in 1990, these apartments were constructed so that the front door was in the kitchen. This was the only door in and out of the apartment. Several residents are a bit introverted and would prefer to remain inside than to visit with neighbors. With these renovations, we were able to replace the window in the living room with a door in which the resident could seek the outdoors in private. Last month while visiting the site, a reclusive resident told me that he had bought a chair to sit out on his back porch once the weather breaks.

I am now concerned that if SB36 is passed, these improvements that I could not afford without the Housing Tax Credit program will now increase the amount of property taxes for this project. It seems I have jumped one hurdle to have another put in my way. HUD does not base their restricted rents on improvements to the property. I didn't have the money to pay for the repairs and now I'm concerned that I won't have the money to pay for the increase in property taxes if my tax valuation is increased based on the money spent to renovate these units. I'm also concerned how that amount will be applied to this valuation, as over \$100,000 was spent during the relocation process for my residents.

In February 2019 again our developer and ABCAP submitted a Housing Tax Credit application to rehabilitate two of my oldest sites, one built in 1985 and the other built in 1990. These two sites are home to forty-three people who are age 62

and older or disabled regardless of age. These projects received a UPCS score of 81c during the last UPCS inspection. A score of under 80 would mean these sites would be inspected each year, as they are considered below the HUD standard.

If SB 36 passes, I will have to decide if I can which option I can take. I know that HUD is not going to increase my rents to accommodate a higher property tax payment. Do I face a possibility of higher property taxes that these sites cannot afford? On the other hand, do I allow the project to deteriorate to the point that it no longer serves our residents, the community or complies with Uniform Physical Conditions Standards? Without the use of the Housing Tax Credit program, these renovations of older subsidized housing are just not possible.

As a person concerned about the aging housing in her community, I am asking that this committee consider voting against SB36 and establishing property tax valuations based on an income approach as Ohio has done for the past 40 years.

Uniform Physical Condition Standards - Comprehensive Listing
Inspectable Area: Site

Page: _____ of _____

Property ID / Name: _____

Inspection Date: _____

Inspectable Item	Observable Deficiency	NOD	Level			NA	H&S
			1	2	3		
Fencing and Gates	Damaged/Falling/Leaning						NLT
	Holes						NLT
	Missing Sections						NLT
Grounds	Erosion/Rutting Areas						NLT
	Overgrown/Penetrating Vegetation						NLT
	Ponding/Site Drainage						
Health & Safety	Air Quality - Sewer Odor Detected						NLT
	Air Quality - Propane/Natural Gas/Methane Gas Detected						LT
	Electrical Hazards - Exposed Wires/Open Panels						LT
	Electrical Hazards - Water Leaks on/near Electrical Equipment						LT
	Flammable Materials - Improperly Stored						NLT
	Garbage and Debris - Outdoors						NLT
	Hazards - Other						NLT
	Hazards - Sharp Edges						NLT
	Hazards - Tripping						NLT
	Infestation - Insects						NLT
Mailboxes/Project Signs	Infestation - Rats/Mice/Vermin						NLT
	Mailbox Missing/Damaged						
Market Appeal	Signs Damaged						
	Graffiti						
Parking Lots/Driveways/Roads	Litter						
	Cracks						
Play Areas and Equipment	Ponding						
	Potholes/Loose Material						
	Settlement/Heaving						
Refuse Disposal	Damaged/Broken Equipment						NLT
	Deteriorated Play Area Surface						
Retaining Walls	Broken/Damaged Enclosure-Inadequate Outside Storage Space						
Storm Drainage	Damaged/Falling/Leaning						NLT
Walkways/Steps	Damaged/Obstructed						
	Broken/Missing Hand Railing						NLT
	Cracks/Settlement/Heaving						NLT
	Spalling						

- In order to accurately categorize a deficiency as a "Level 1", "Level 2" or "Level 3" (including independent Health & Safety items), you must refer to the Final Dictionary of Deficiency Definitions (PASS) Version 2.3, dated 03/08/2000. This document can be found at "http://www.hud.gov/offices/reac/pdf/pass_dict2.3.pdf" (325 Pages, 343 KB)

- Additional clarification to these definitions is contained in the REAC PASS Compilation Bulletin which can be found at "http://www.hud.gov/offices/reac/pdf/pass_bulletin.pdf" (24 Pages, 275 KB)

- Only level 3 is applied to independent Health & Safety deficiencies.

- In the H&S column, NLT is a "Non-Life Threatening" Health & Safety concern whereas LT is a "Life Threatening" concern which calls for immediate attention or remedy and will show up on the Exigent Health and Safety Report at the end of an inspection.

Uniform Physical Condition Standards - Comprehensive Listing
Inspectable Area: Building Exterior

Page: _____ of _____

Property ID / Name: _____
 Building Number: _____

Inspection Date: _____

Inspectable Item	Observable Deficiency	NOD	Level			NA	H&S
			1	2	3		
Doors	Damaged Frames/Threshold/Lintels/Trim						
	Damaged Hardware/Locks						NLT
	Damaged Surface (Holes/Paint/Rusting/Glass)						
	Damaged/Missing Screen/Storm/Security Door						NLT
	Deteriorated/Missing Caulking/Seals						
	Missing Door						
Fire Escapes	Blocked Egress/Ladders						LT
	Visibly Missing Components						LT
Foundations	Cracks/Gaps						
	Spalling/Exposed Rebar						
Health and Safety	Electrical Hazards - Exposed Wires/Open Panels						LT
	Electrical Hazards - Water Leaks on/near Electrical Equipment						LT
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable						LT
	Emergency Fire Exits - Missing Exit Signs						NLT
	Flammable/Combustible Materials - Improperly Stored						NLT
	Garbage and Debris - Outdoors						NLT
	Hazards - Other						NLT
	Hazards - Sharp Edges						NLT
	Hazards - Tripping						NLT
Infestation - Insects						NLT	
	Infestation - Rats/Mice/Vermin						NLT
Lighting	Broken Fixtures/Bulbs						
Roofs	Damaged Soffits/Fascia						
	Damaged Vents						
	Damaged/Clogged Drains						
	Damaged/Torn Membrane/Missing Ballast						
	Missing/Damaged Components from Downspout/Gutter						
	Missing/Damaged Shingles						
	Ponding						
Walls	Cracks/Gaps						
	Damaged Chimneys						NLT
	Missing/Damaged Caulking/Mortar						
	Missing Pieces/Holes/Spalling						
	Stained/Peeling/Needs Paint						
Windows	Broken/Missing/Cracked Panes						NLT
	Damaged Sills/Frames/Lintels/Trim						
	Damaged/Missing Screens						
	Missing/Deteriorated Caulking/Seals/Glazing Compound						
	Peeling/Needs Paint						
	Security Bars Prevent Egress						LT

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Uniform Physical Condition Standards - Comprehensive Listing
Inspectable Area: Building Systems

Page: _____ of _____

Property ID / Name: _____

Inspection Date: _____

Building Number: _____

Inspectable Item	Observable Deficiency	NOD	Level			NA	H&S
			1	2	3		
Domestic Water	Leaking Central Water Supply						
	Misaligned Chimney/Ventilation System						LT
	Missing Pressure Relief Valve						NLT
	Rust/Corrosion on Heater Chimney						NLT
	Water Supply Inoperable						NLT
Electrical System	Blocked Access/Improper Storage						NLT
	Burnt Breakers						NLT
	Evidence of Leaks/Corrosion						NLT
	Frayed Wiring						LT
	Missing Breakers/Fuses						LT
	Missing Covers						NLT
Elevators	Not Operable						NLT
Emergency Power	Auxiliary Lighting Inoperable						
	Run-Up Records/Documentation Not Available						
Fire Protection	Missing Sprinkler Head						NLT
	Missing/Damaged/Expired Extinguishers						LT
Health & Safety	Air Quality - Mold and/or Mildew Observed						NLT
	Air Quality - Propane/Natural Gas/Methane Gas Detected						LT
	Air Quality - Sewer Odor Detected						NLT
	Electrical Hazards - Exposed Wires/Open Panels						LT
	Electrical Hazards - Water Leaks on/near Electrical Equipment						LT
	Elevator - Tripping						NLT
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable						LT
	Emergency Fire Exits - Missing Exit Signs						NLT
	Flammable Materials - Improperly Stored						NLT
	Garbage and Debris - Indoors						NLT
	Hazards - Other						NLT
	Hazards - Sharp Edges						NLT
	Hazards - Tripping						NLT
HVAC	Infestation - Insects						NLT
	Infestation - Rats/Mice/Vermin						NLT
HVAC	Boiler/Pump Leaks						
	Fuel Supply Leaks						NLT
	General Rust/Corrosion						NLT
	Misaligned Chimney/Ventilation System						LT
Roof Exhaust System	Roof Exhaust Fan(s) Inoperable						
Sanitary System	Broken/Leaking/Clogged Pipes or Drains						NLT
	Missing Drain/Cleanout/Manhole Covers						

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Uniform Physical Condition Standards - Comprehensive Listing
Inspectable Area: Common Areas

Page: _____ of _____

Property ID / Name: _____
 Building Number: _____

Inspection Date: _____

X	Inspectable Item Location	Observable Deficiency	NOD	Level			NA	H&S
				1	2	3		
	Basement/Garage/Carport	Baluster/Side Railings - Damaged						
	Closet/Utility/Mechanical	Cabinets - Missing/Damaged						
	Community Room	Call for Aid - Inoperable						
	Day Care	Ceiling - Bulging/Buckling						NLT
	Halls/Corridors/Stairs	Ceiling - Holes/Missing Tiles/Panels/Cracks						
	Kitchen	Ceiling - Peeling/Needs Paint						
	Laundry Room	Ceiling - Water Stains/Water Damage/Mold/Mildew						
	Lobby	Countertops - Missing/Damaged						
	Office	Dishwasher/Garbage Disposal - Inoperable						
	Other Community Spaces	Doors - Damaged Frames/Threshold/Lintels/Trim						
	Patio/Porch/Balcony	Doors - Damaged Hardware/Locks						NLT
	Restrooms/Pool Structures	Doors - Damaged Surface (Holes/Paint/Rust/Glass)						
	Storage	Doors - Damaged/Missing Screen/Storm/Security Door						
		Doors - Deteriorated/Missing Seals (Entry Only)						NLT
		Doors - Missing Door						
		Dryer Vent -Missing/Damaged/Inoperable						
		Electrical - Blocked Access to Electrical Panel						NLT
		Electrical - Burnt Breakers						NLT
		Electrical - Evidence of Leaks/Corrosion						NLT
		Electrical - Frayed Wiring						NLT
		Electrical - Missing Breakers						LT
		Electrical - Missing Covers						LT
		Floors - Bulging/Buckling						
		Floors - Floor Covering Damaged						
		Floors - Missing Floor/Tiles						
		Floors - Peeling/Needs Paint						
		Floors - Rot/Deteriorated Subfloor						
		Floors - Water Stains/Water Damage/Mold/Mildew						
		GFI - Inoperable						NLT
		Graffiti						NLT
		HVAC - Convection/Radiant Heat System Covers Missing/Damaged						
		HVAC - General Rust/Corrosion						
		HVAC - Inoperable						
		HVAC - Misaligned Chimney/Ventilation System						LT
		HVAC - Noisy/Vibrating/Leaking						NLT
		Lavatory Sink - Damaged/Missing						
		Lighting - Missing/Damaged/Inoperable Fixture						
		Mailbox - Missing/Damaged						
		Outlets/Switches/Cover Plates - Missing/Broken						LT
		Pedestrian/Wheelchair Ramp						
		Plumbing - Clogged Drains						NLT
		Plumbing - Leaking Faucet/Pipes						NLT
		Range Hood /Exhaust Fans - Excessive Grease/Inoperable						
		Range/Stove - Missing/Damaged/Inoperable						
		Refrigerator - Damaged/Inoperable						
		Restroom Cabinet - Damaged/Missing						
		Shower/Tub - Damaged/Missing						
		Sink - Missing/Damaged						NLT
		Smoke Detector - Missing/Inoperable						LT
		Stairs - Broken/Damaged/Missing Steps						NLT
		Stairs - Broken/Missing Hand Railing						NLT
		Ventilation/Exhaust System - Inoperable						NLT
		Walls - Bulging/Buckling						
		Walls - Damaged						
		Walls - Damaged/Deteriorated Trim						
		Walls - Peeling/Needs Paint						
		Walls - Water Stains/Water Damage/Mold/Mildew						
		Water Closet/Toilet - Damaged/Clogged/Missing						
		Windows - Cracked/Broken/Missing Panes						NLT
		Windows - Damaged Window Sill						
		Windows - Inoperable/Not Lockable						NLT

	Windows - Missing/Deteriorated Caulking/Seals/Glazing Compound						
	Windows - Peeling/Needs Paint						
	Windows - Security Bars Prevent Egress						
Health & Safety	Air Quality - Mold and/or Mildew Observed						LT
	Air Quality - Propane/Natural Gas/Methane Gas Detected						NLT
	Air Quality - Sewer Odor Detected						LT
	Electrical Hazards - Exposed Wires/Open Panels						LT
	Electrical Hazards - Water Leaks on/near Electrical Equipment						LT
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable						LT
	Emergency Fire Exits - Missing Exit Signs						NLT
	Flammable/Combustible Materials - Improperly Stored						NLT
	Garbage and Debris - Indoors						NLT
	Garbage and Debris - Outdoors						NLT
	Hazards - Other						NLT
	Hazards - Sharp Edges						NLT
	Hazards - Tripping						NLT
	Infestation - Insects						NLT
	Infestation - Rats/Mice/Vermin						NLT
Pools and Related Structures	Fencing - Damaged/Not Intact						
	Pool - Not Operational						
Trash Collection Areas	Chutes - Damaged/Missing Components						

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Uniform Physical Condition Standards - Comprehensive Listing
Inspectable Area: Unit

Page: _____ of _____

Property ID / Name: _____
 Building/Unit Nmbr: _____

Inspection Date: _____

Inspectable Item	Observable Deficiency	NOD	Level			NA	H&S
			1	2	3		
Bathroom	Bathroom Cabinets - Damaged/Missing						
	Lavatory Sink - Damaged/Missing						NLT
	Plumbing - Clogged Drains						NLT
	Plumbing - Leaking Faucet/Pipes						NLT
	Shower/Tub - Damaged/Missing						NLT
	Ventilation/Exhaust System - Inoperable						NLT
	Water Closet/Toilet - Damaged/Clogged/Missing						NLT
Call-for-Aid	Inoperable						NLT
Ceiling	Bulging/Buckling						
	Holes/Missing Tiles/Panels/Cracks						
	Peeling/Needs Paint						
	Water Stains/Water Damage/Mold/Mildew						
Doors	Damaged Frames/Threshold/Lintels/Trim						NLT
	Damaged Hardware/Locks						
	Damaged/Missing Screen/Storm/Security Door						NLT
	Damaged Surface - Holes/Paint/Rusting/Glass						
	Deteriorated/Missing Seals (Entry Only)						
	Missing Door						NLT
Electrical System	Blocked Access to Electrical Panel						NLT
	Burnt Breakers						NLT
	Evidence of Leaks/Corrosion						NLT
	Frayed Wiring						
	GFI - Inoperable						NLT
	Missing Breakers/Fuses						LT
	Missing Covers						LT
Floors	Bulging/Buckling						
	Floor Covering Damage						
	Missing Flooring Tiles						
	Peeling/Needs Paint						
	Rot/Deteriorated Subfloor						
	Water Stains/Water Damage/Mold/Mildew						
Health & Safety	Air Quality - Mold and/or Mildew Observed						NLT
	Air Quality - Sewer Odor Detected						NLT
	Air Quality - Propane/Natural Gas/Methane Gas Detected						LT
	Electrical Hazards - Exposed Wires/Open Panels						LT
	Electrical Hazards - Water Leaks on/near Electrical Equipment						LT
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable						LT
	Emergency Fire Exits - Missing Exit Signs						NLT
	Flammable Materials - Improperly Stored						NLT
	Garbage and Debris - Indoors						NLT
	Garbage and Debris - Outdoors						NLT
	Hazards - Other						NLT
	Hazards - Sharp Edges						NLT
	Hazards - Tripping						NLT
	Infestation - Insects						NLT
Infestation - Rats/Mice/Vermin						NLT	
Hot Water Heater	Misaligned Chimney/Ventilation System						LT
	Inoperable Unit/Components						NLT
	Leaking Valves/Tanks/Pipes						
	Pressure Relief Valve Missing						NLT
	Rust/Corrosion						NLT
HVAC System	Convection/Radiant Heat System Covers Missing/Damaged						
	Inoperable						
	Misaligned Chimney/Ventilation System						LT

	Noisy/Vibrating/Leaking						
	Rust/Corrosion						
Kitchen	Cabinets - Missing/Damaged						NLT
	Countertops - Missing/Damaged						NLT
	Dishwasher/Garbage Disposal - Inoperable						
	Plumbing - Clogged Drains						NLT
	Plumbing - Leaking Faucet/Pipes						NLT
	Range Hood/Exhaust Fans - Excessive Grease/Inoperable						
	Range/Stove - Missing/Damaged/Inoperable						
	Refrigerator-Missing/Damaged/Inoperable						NLT
	Sink - Damaged/Missing						NLT
Laundry Area (Room)	Dryer Vent - Missing/Damaged/Inoperable						
Lighting	Missing/Inoperable Fixture						NLT
Outlets/Switches	Missing						LT
	Missing/Broken Cover Plates						LT
Patio/Porch/Balcony	Baluster/Side Railings Damaged						
Smoke Detector	Missing/Inoperable						LT
Stairs	Broken/Damaged/Missing Steps						NLT
	Broken/Missing Hand Railing						NLT
Walls	Bulging/Buckling						
	Damaged						
	Damaged/Deteriorated Trim						
	Peeling/Needs Paint						
	Water Stains/Water Damage/Mold/Mildew						
Windows	Cracked/Broken/Missing Panes						NLT
	Damaged Window Sill						
	Missing/Deteriorated Caulking/Seals/Glazing Compound						
	Inoperable/Not Lockable						NLT
	Peeling/Needs Paint						
	Security Bars Prevent Egress						LT

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