**Testimony before the**

**Senate Ways and Means Committee**

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Philip E. Cole

Executive Director

Ohio Association of Community Action Agencies

Good afternoon Chairman Terhar, Vice Chair Roegner, Ranking Member Williams, and members of the Senate Ways and Means Committee. I am Phil Cole, Executive Director of the Ohio Association of Community Action Agencies. I thank you for the opportunity to provide this testimony in opposition to S.B. 36.

The Ohio Association of Community Action Agencies is an organization that represents Ohio’s forty-eight Community Action Agencies serving every county in the State. Community Action Agencies are the primary providers of services to eliminate poverty and to assist those who suffer its ravages as they work to become self-sufficient. We provide a variety of services to our low-income customers including job training and placement, Head Start, affordable housing, health care, transportation, food pantries, home weatherization, and many others. Community Action Agencies serve over 700,000 individual Ohioans, we employ over 6,500 people, and we bring over half billion dollars to Ohio’s economy each year.

As I said, I am here to testify in opposition to S.B. 36. Our members operate affordable housing throughout Ohio, in urban, suburban and rural areas. As we have reviewed the language of S.B. 36, we know that an unintended consequence would be that many affordable housing units would no longer be affordable for low-income people.

We agree with other opponents that Ohio has a real need for affordable housing as the State has only forty-two affordable units for every one hundred extremely low-income households. About half of all rent-paying Ohioans are overburdened, meaning they pay over 30% of their income on rent and approximately 400,000 spend over half of their household income on rent.

Affordable housing is made affordable by Low Income Housing Tax Credits (LIHTC). This federal income tax credit was created by HUD Secretary Jack Kemp under the direction of President Ronald Reagan. It has been a very successful means to attract private capital to the housing market by making housing for low-income people profit-making for developers.

In exchange for the LIHTC, the developer agrees to accept reduced rents for a minimum of thirty years. The developer makes a profit and the low-income family has an affordable place to live. Developers pay taxes on the rents that they are allowed to charge. The tradeoff between the restrictions on rent and the lower taxes are what make affordable housing affordable to low-income families. If the developer did not receive the LIHTC, they could charge a higher rent, make a greater profit and pay a higher tax. But, Ohio would not have affordable places for low-income people to live. What would the State gain by that?

It is good public policy to ensure our citizens have affordable housing. For that reason, we believe S.B. 36 is not legislation that is good for Ohio.

Thank you.

Philip E. Cole

Executive Director

Ohio Association of Community Action Agencies

140 E Town St., Ste. 1150

Columbus, OH 43215