



Representative Gail Pavliga
Ohio's 75th House District

House Bill 560

Chair Manchester, Vice Chair Cutrona, Ranking Member Denson and members of the Families, Aging and Human Services Committee, Thank you for the opportunity to speak on this important piece of legislation.

One of the cause of this affordable housing shortage, is other states have made it more attractive to develop affordable housing units in their states rather than in Ohio. Twenty states have enacted a state low income housing tax credit as a mechanism to provide state-level funding to draw down federal LIHTC resources to meet affordable housing needs. Those states are getting more investment and development as a result. HB 560 seeks to change this and make Ohio more competitive to incentivize more affordable housing development.

HB 560 would provide a \$50 million annual tax credit for 10 years for the development of new affordable housing units. The program would be managed by the OHFA just as they manage the federal LIHTC now, changes no local zoning ordinances and would sunset after six years.

According to an economic impact analysis conducted by Elliott D. Pollack & Co., a leading real estate economic consulting firm, and former OBM Director Greg Browning, HB 560 would help stimulate 2,300 more affordable housing units each year. The economic activity will generate \$1.7 billion of new tax revenue for state, county and local governments over the life of the housing units. Moreover, the tax credit would create 34,000 new construction jobs in its six years of existence and generate \$11.4 billion of economic impact in Ohio.

It's important to point out that tax credit authorized through HB 560 is entirely performance based. As such, the tax credit cannot be claimed until units are built and it will be some time before the entire annual credit amount is used as construction ramps up. And, if developers

choose not to take advantage of this incentive program and no new housing units are built, there will be no tax credits to be claimed.

Chair Manchester and members of the committee, HB 560 meets a critical need to address our growing affordable housing crisis. This proposal leverages more federal funds, increases the attractiveness to invest in Ohio, creates thousands of jobs, generates meaningful economic impact and tax revenue, and creates more affordable housing for our citizens. We thank you for your consideration of HB 560 and ask for your support.

We are happy to answer your questions at this time.