



## **House Families, Aging, and Human Services Committee**

Catherine Cawthon, President and CEO

Ohio Capital Corporation for Housing

Proponent In-Person Testimony on House Bill 560

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Chair Manchester, Vice Chair Cutrona, Ranking Member Denson and Members of the Families, Aging, and Human Services Committee - thank you for the opportunity to submit proponent testimony on House Bill 560.

My name is Catherine Cawthon, and I serve as President and CEO at Ohio Capital Corporation for Housing (OCCH), a 33-year-old not-for-profit organization that is a financial intermediary involved in the financing of affordable housing properties across Ohio. OCCH has invested over 5 billion dollars in nearly 1,000 housing communities. We have raised private capital and worked with many Ohio-based developers to help create housing for over 50,000 households.

And while we are very proud of the successes that our partners have created with our investments, there is still a great need for more affordable housing in Ohio. The problem hits not only those with the lowest incomes, but also working families and seniors with moderate incomes. Over 400,000 households pay over half of their incomes towards rent, leaving little for anything else. Only three of the most available jobs in Ohio provide an hourly rate that allow a family to afford a two-bedroom apartment with today's rents.

There is a great tool available to create affordable housing, but it is limited. The Low-Income Housing Tax Credit (LIHTC) program is a longstanding, bipartisan national program created under the Reagan Administration to provide financial incentives for investment in affordable housing. Private investors supply equity to finance affordable housing in exchange for receiving financial incentives in the form of Housing Credits. Additionally, investors provide the oversight and discipline of the private market to ensure success. This successful program is administered here by the Ohio Housing Finance Agency and has created over 100,000 units.

The Housing Credit comes in two forms, the 9% and the 4% credit. The 9% credit provides more benefit, but it is extremely competitive and limited. The 4% credit in theory can be used on any qualifying property that is financed with tax-exempt bonds, but the 4% credit provides less resources per deal and often results in a funding gap. As a result, the 4% credit is not used to its full potential, and while Ohio is allocated 120 million dollars in federal bond volume cap, this resource has not been fully tapped in recent years. Ohio is literally leaving dollars on the table that could be used to help our affordable housing shortage.

There is a solution that will not only provide financial resources for affordable housing, but will also create jobs, create economic activity through construction and property operations, generate more state and local tax revenue, and revitalize communities. House Bill 560 proposes the establishment of an Ohio Affordable Housing Tax Credit.



This Credit would work in conjunction with the federal Low-Income Housing Tax Credit and would also be administered by the Ohio Housing Finance Agency. It would have efficiency by being modelled after and run similarly to the federal program. Like the federal program, the credit would be issued over a 10-year period with a certain yearly cap established for the State.

Over twenty states have State Housing Credit programs with a proven track record. Several other states are developing initiatives. Research has shown that housing production increased greatly in the states the implemented State Housing Credits.

The Ohio Affordable Housing Tax Credit will result in a greater supply of much needed affordable housing. It will open the doors to significant existing federal resources, thus allowing the leveraging of substantial private equity investment to meet the needs of vulnerable households. Additionally, it does not reinvent the wheel, but relies on proven models and pairing the resource with existing successful programs.

Chair Manchester and Members of the Committee, thank you for this opportunity to provide remarks to this Committee, and I welcome any questions you may have.