



**Representative Phil Plummer**

**Representative Paula Hicks-Hudson**

**Sponsor Testimony HB 71**

Good afternoon Chairman Merrin, Vice Chair Riedel, and Ranking Member Sobecki. Today we are presenting you with HB 71 which will be creating a specific exemption for Permanent Supportive Housing (PSH) which will maintain the status quo and preserve this important housing with support services for people disabled by mental illness and/or addiction. PSH has never been taxed. Ever since its creation, PSH has been recognized as exempt under Ohio law's general charitable use exemption. However, PSH's tax exempt status has been called into question by recent Board of Tax Appeals decisions that reversed decades of precedent and denied the exemption, in response to a school district challenge, in large part because the law fails to explicitly exempt PSH as it does for other types of supportive housing, such as DD Housing, which became specifically exempt a few years ago in response to a BTA decision prompted by a similar school district challenge. In correcting and settling this point for permanent supportive housing, communities will be able provide safe and affordable housing for many who are vulnerable. In my conversations with mental health professionals, the word that I heard over and over was that permanent supportive housing is stagnant. New housing is not be built, nor is there any work to rehab existing housing stock. In Lucas County and throughout the State of Ohio, housing for persons with mental illness is "stagnant". This legislation will settle this area of the law and provide needed incentive for development of safe and affordable housing.

In order to maintain this important housing for people with disabilities, it is necessary to codify the long-standing interpretation of the tax code to permit PSH to continue to receive the property tax exemption the properties have historically been eligible to receive.

Losing the PSH exemption will have devastating consequences for communities statewide:

- Losing the exemption will destroy existing PSH and end hope for future developments.
- Losing PSH will hurt disabled and vulnerable people who rely on supportive housing.
- Communities will face increased costs and stress on publicly funded crisis and safety net services, reversing progress toward combatting homelessness.

- The property tax exemption is key to PSH existence – without the exemption, the public-private partnerships that fund PSH projects (and provide multi-million dollar investments in communities) will not be financially viable.
- Taxing PSH will create situations where state and local ADAMHS Board funds (provided to support PSH to ensure a community’s continuum of care) will, in effect, be sent to the schools rather than be used, as intended, to house and provide services to disabled people in the community.
- Without a legislative correction, the BTA decision provides a basis to challenge all new and existing PSH exemptions.

Clarifying the law by providing a specific exemption will not reduce revenue to schools or other public bodies because these properties have never been taxed.

PSH provides safe, affordable housing with support services for homeless people disabled by mental illness and/or substance use disorders. It is a proven, cost-effective way to combat homelessness and improve health outcomes. It lowers public costs by reducing use of publicly funded crisis services like shelters, hospitals, psychiatric centers, jails, and prisons. Without PSH, the people it serves stay chronically homeless and cycle through shelters, hospitals, psychiatric centers, jails, and prisons.