



## Ohio House Ways & Means Committee

House Bill 470 Proponent Testimony

March 29, 2022

Chairman Merrin, Vice Chair Riedel, Ranking Member Sobecki, and members of the House Ways & Means Committee, thank you for the opportunity to testify today in support of House Bill 470, legislation to enact the Community Investor Tax Credit Act.

My name is Calvin Cooper, and I am the CEO and Co-Founder of Rhove. At its core, our app-based platform makes it possible for everyday Ohioans to own and invest where they live, work, and play. Founded in Columbus, Rhove is on a mission to make real estate investment opportunities available to *everyone* - not just the wealthy few. I started this business because I made the mistake of calculating how much I was paying in rent annually. From this calculation, Rhove was born as a way for renters to buy into the properties they live in. Through our app, participating developers can allow anyone to buy fractional shares of property; the developers benefit from a new source of capital while the investors (including renters, people living in the surrounding neighborhoods, and beyond) profit from the increase in property value and a new means of investing in real estate that didn't exist until recently.

For decades, non-accredited investors (defined by the SEC as those making less than \$200,000 annually and having a net worth of less than \$1 million) were shut out of investment opportunities in the multi-family housing sector. Thanks to changes in federal law, millions of Ohioans now have the chance to build wealth in one of the largest asset classes in the world.

House Bill 470 authorizes a tax credit, up to \$2 million in development costs, for developers who derive at least 1% of their capital raise from Ohio non-accredited, aka "community", investors.

Rhove works directly with the developers that could qualify for the Community Investor Tax Credit by offering them a seamless way to connect with non-accredited investors. We believe the state should support this type of investment for a number of reasons:

1. **It will help everyday Ohioans own a stake in their community.** Public policy should facilitate pathways and opportunities for citizens to build wealth through personal accountability and responsibility. When people are invested in their communities through ownership interests, they are more likely to be involved and active citizens, and

thus less likely to engage in behavior that is detrimental to our neighborhoods. I believe John Adams, Constitutional Framers and 2<sup>nd</sup> US President, put it best when he said “The only possible way of preserving the balance of power on the side of equal liberty and public virtue is to make the acquisition of land easy to every member of society.”

2. **Ohio needs more housing.** According to data from the US Census Bureau and Ohio Housing Finance Agency, Ohio’s housing stock grew by just 2.1% since 2010. The national average during that time period was 6.7%. In many of our cities, the housing stock is not keeping up with demand, which is causing an increase in housing prices and negatively impacting the financial standing of our citizens.
3. **We should incentivize real estate developers to raise capital from the general public.** Real estate developers often rely on traditional sources of capital, such as family offices and high net worth individuals. Because the federal law change referenced earlier is still relatively new, it is our hope that policies such as the Community Investor Tax Credit will encourage more capital formation strategies that include everyday people.

Independence and self-determination are core American values. We live in a country where people can improve their situation by their own hard work. We live in a country where putting skin in the game pays off. But what happens when opportunities to put skin in the game (like homeownership) get further out of reach?

I believe that the best way to help people, is to provide access to more opportunities for people to help themselves. That is why, I want to thank Representative Hillyer for his leadership on this bill and I urge this Committee to make Ohio the first state in the country to pass this type of innovative legislation. Thank you and I would be happy to take any questions you may have.