



March 29, 2022

The Honorable Derek Merrin
Chairman, House Ways and Means Committee
Ohio House of Representatives
77 S. High Street, 13th Floor
Columbus, OH 43215

Dear Chairman Merrin:

On behalf of the members of the Ohio Chamber of Commerce, I am submitting this letter in support of House Bill 470. HB 470 provides a new approach to address the shortage of housing while also giving Ohioans an opportunity to invest in their communities. HB 470 creates a nonrefundable tax credit for multi-family residential housing developers who receive at least one percent (1%) of the cost of the project from an Ohio resident that is not defined as an accredited investor. Loosely, an Ohio resident with a net worth less than \$1 million dollars with income not exceeding \$200,000 or \$300,000 in joint income.

This creative legislation is simply another tool to address the shortage in housing stock in the state of Ohio. As Ohio attracts new investment and expands existing investment from the re-shoring of supply chains, Ohio falls further behind in meeting the demand for housing stock for the workforce moving close to these areas of new opportunity. The shortage in housing stock can be viewed from two vantage points.

Statewide there is a shortage of affordable housing units for extreme local income (ELI) households that impacts all 88 counties in Ohio. According to the Ohio Housing Financing Agency, in 2018 there were only 43 available rental units per every 100 ELI households that need affordable housing. Zeroing in on central Ohio, the area is expected to add another 1 million residents by 2050. According to Building Industry Association (BIA) study first published in 2018, central Ohio will need to construct 14,000 housing units per year to meet that growth. However, the area is only producing about 8,000 units per year a deficit of 6,000 units or a 43% deficit in the housing needed to meet the demand.

There is no magic formula or silver bullet to correct the housing shortages Ohio faces. It will take a combination of many ideas and a concerted and coordinated effort from state and local leaders. HB 470 simply adds another idea to address this housing shortage in Ohio. It combines two ideas – increase available capital for the development community and spur entrepreneurship in communities wishing to add housing stock to their communities. These micro-investors live and work in the community and can contribute to the growth or preservation of the economic vitality of their communities.

The tax credit portion of the bill is sensible and is capped at both the individual level and program level. If the project receives the qualifying amount of investment from nonaccredited individuals the developer can receive a tax credit equal to 10% of the cost of the project. To receive the credit, a developer must apply to the Director of Development no later than February 1 following the end of the applicant's tax year. The award must be made within 60 days after receiving the application. The awarded credit is nonrefundable (cannot exceed tax liability) but can be carried forward for five years. An applicant can only receive \$2 million dollars in any fiscal biennium and the total program only allows \$50 million dollars in total credits for each fiscal biennium.

This inventive economic development tool will help spur development of multifamily housing units and assist in closing the housing stock gap Ohio currently faces. The Ohio Chamber supports the enactment of HB 470 and encourages the Ohio House Ways & Means Committee to favorably report the bill to the Rules & Reference Committee.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tony Long".

Tony Long
Director, Tax & Economic Policy
Ohio Chamber of Commerce