HOUSE WAYS & MEANS COMMITTEE

SENATE BILL 225

April 5, 2022

Testimony by Jonathan Sandvick

Thank you, Chairman Merrin, Vice Chair Riedel, Ranking Member Sobecki and House Ways & Means Committee Members, for the opportunity to share my perspective on Senate Bill 225 Temporary Enhancement of Ohio Historic Preservation Tax Credit program. My name is Jonathan Sandvick and I am president of Sandvick Architects, an architecture and historic preservation firm that specializes in the revitalization of downtowns and inner-city neighborhoods large and small. Our firm has provided services to more than 200 historic rehabilitation projects representing nearly $2 billion in investment, including a substantial number in downtown Cleveland as well as Columbus, Toledo, Dayton, Akron and Canton, but also smaller cities like Findlay, Lima, Middleton, Hamilton, Newark and St. Clairsville. I also serve on multiple non-profit organizations focused on community revitalization, such as the Cleveland Historic Warehouse District where I served as chairman of the board for 11 years and still serve on the executive committee. Additionally, I serve as vice chair for the Downtown Cleveland Alliance and vice chair for Heritage Ohio, where we are focused on the revitalization of our communities large and small across the entire state.

I am deeply engaged in the use of Ohio Historic Preservation Tax Credits for the redevelopment of our cities and towns. The program is an unquestioned success, with a remarkable and tangible impact on our state's physical and economic development, while consistently generating a return on investment by creating more in new taxes than it costs the state. The Ohio Historic Preservation Tax Credit is recognized across the nation as a model program, and with 33 states currently offering historic preservation tax credits, the reliability and efficiency of Ohio's program provides a competitive advantage. Just in our company alone, we are currently working for clients from Florida, Maryland, Pennsylvania, California, and Texas, who are investing hundreds of millions of dollars in Ohio's buildings and creating jobs for thousands of Ohioans. Each of these clients are new to the Ohio real estate market, and in every case the Ohio Historic Preservation Tax Credit was a determining factor in their decision to invest here. At the same time, we have also seen more Ohio-based clients investing in our cities and keeping their focus at home instead of pursuing opportunities elsewhere, again with the Ohio Historic Preservation Tax Credit representing a major factor in those decisions.

You have already seen the exceptional results of the Ohio Historic Preservation Tax Credit program on the ground, where it is dramatically changing the faces of communities across our great state and yielding outstanding returns on the State's investment.

But now comes the scrouge of the pandemic. Covid-19 has been devastating to community revitalization efforts across our state. Every community is suffering. Serious construction financing difficulties, wild material cost fluctuations, unprecedented material delivery delays, stressed illness, wounded work forces, and in many cases fading confidence. There is a desperate need for a temporary boost to our communities to help sustain and in many cases rebuilding the community's revitalization efforts.

Increasing the total pool of funds from 60 million to 120 million per year and increasing the cap from 5 million to 10 million per project will dramatically help spur new revitalization efforts across the state. It will also attract capital from out of our state and within the state to help create new jobs and new taxes for Ohio.

All communities are hurt but small communities are suffering the most because their cost margin for profitable revitalization is so much less than for larger communities. In large communities like Cleveland/Columbus/Cincinnati, the rents are higher than in smaller communities, but construction cost is virtually the same. Therefore, it is harder for small communities to achieve revitalization. Therefore, temporarily increasing the size of the credit from 25% to 35% is desperately needed to help our smaller communities across the state.

Remember, projects must demonstrate a cost benefit to the state of a net gain in the state and local revenue. Further, not a single penny of the state tax credit is released until the project is completed and occupied, and all of the expenses have been independently certified. So, the state's money is only invested in the project after the promised benefit has been delivered, by which time a significant portion of the new jobs and tax revenue have already been generated from the construction, and the long-term benefits from its operation are assured.

I believe this temporary boost as proposed in Senate Bill 225 is a great investment for the state at a time when our communities have been dramatically wounded by Covid-19 and need it the most.

Thank you again for the opportunity to speak for your thoughtful consideration of this critically important initiative.