

Memorandum

Date: May 27, 2022
To: Members of the Ohio General Assembly
From: Brent Crawford, Founder and Principal,
Crawford Hoying
Re: Support for Amending R.C. 5321.19 – Rent Control
Limits Affordable Housing

Chairman McColley, Vice Chair Schuring, Ranking Member Williams, and Members of the Ohio Senate Energy and Public Utilities Committee, thank you for the opportunity to provide testimony in support of the amendment to HB 430 that would ensure Ohio can continue to address our housing challenges by adopting a uniform statewide policy against the use of Rent Control.

My name is Brent Crawford, and I am a Principal of Crawford Hoying, a full-service real estate firm based in Dublin, Ohio. We have developed and acquired in excess of \$3 billion in real estate assets in Ohio, with a significant majority of those assets being multi-family housing.

Ohio, like many states, suffers from a severe shortage of housing that continues to put significant upward pressure on rents. This increase in rents is the result of heavy demand coupled with insufficient supply at all rent levels, made worse by rapidly increasing construction costs and labor shortages. As a real estate developer, we are in a constant struggle to deliver housing units to the market that are financially feasible.

Over the past 28 years of our company's history, we have seen significant growth in national and international awareness of the multi-family investment potential in Ohio. Historically, investments in Ohio were made by Ohio firms, and on occasion national firms. In the past five years there has been a significant shift in investment habits with a majority coming from out of state investors who recognize the opportunity that exists in Ohio. These dollars have played a significant role in transforming the State and our ability to provide housing, growth, and prosperity to the residents of Ohio.

It is critical that the Ohio General Assembly provide support that encourages development and investment. As a significant developer of and investor in multi-family units, we believe the proposed rent control measures in the state would have far reaching impacts that would negatively affect the very citizens they purport to help. Rent control measures would:

- Eliminates an important tool currently used to create truly mixed-income communities. Our ability to provide affordable options in desirable neighborhoods is greatly enhanced when a portion of the available units can be subsidized by premium units that warrant top of the market rents. This has been particularly valuable for us in developing sustainable mixed-use communities.

- Dramatically reduce new multi-family housing starts by deterring investment in Ohio. By nature, property development can be high risk, and effectively capping return potential would restrict new capital and force existing capital to move out of the state.
- Disincentivize existing owners from investing in their properties as it provides no financial benefit, further reducing the housing quality. The resulting reduction in values will erode tax revenues and have far reaching effects on budgets in cities and schools.
- Reduce sales of existing multi-family housing to new ownership groups interested in improving properties, therefore reducing the quality of housing stock.
- Place significant risk upon existing owners of multi-family units and new developments as they navigate a volatile interest rate environment. The cost of capital could significantly outpace capped rents and place many properties in negative cash flow or equity positions, causing further deterioration in investment and housing quality.

Ohio and the Nation face an unprecedented shortage of housing. Any rent control measures would cause dramatic reductions in new supply and exacerbate the already challenging situation. We have a supply problem, and we encourage the Ohio General Assembly to take action to protect the existing multi-family stock and continue to encourage investment into new developments to create additional supply to meet our current and future housing demands. Like all commodities in capital markets, additional supply will naturally reduce the costs for the end consumer, in this case the residents of our State. Every measure should be taken to spur additional development to lessen the inflation pressures we are seeing, not measures that would restrict new development.

I would be happy to answer any questions Committee members may have. Thank you again for the opportunity to be here today.