



June 3, 2021

Senator Dolan
Senate Finance Committee

Chair Dolan, Vice Chair Gavarone, Ranking Member Sykes and members of the Senate Finance Committee. Thank you for the opportunity to submit opposition testimony in regard to certain provisions in HB 110: those provisions specifically related to R.C. 5715.01 and 5713.03.

My name is Tony DiBlasi, EVP of Operations and Asset Management at Ohio Capital Corporation for Housing (a 32-year-old not-for-profit organization, a financial intermediary involved in the financing of affordable housing properties across Ohio). OCCH is also a member of the Ohio Housing Council, a trade association representing over 100 organizations whose members are active in nearly every county across Ohio.

The language in HB 110 specifically related to R.C. 5715.01 and 5713.03 was previously found in SB 36, introduced in February 2019 in the 133rd General Assembly. During the testimony in the Senate Ways and Means hearing on April 2, 2019, the Ways and Means Committee heard overwhelming evidence in opposition to SB 36, the same language that is now found in HB 110. These provisions would have an absolutely devastating impact on affordable housing properties across Ohio, resulting in a doubling or tripling of the real estate taxes, as this proposed language would require that affordable housing properties be valued as if they were able to charge market rate rents (*which to be clear: they are prohibited from doing so, per their deed restrictions*). These affordable housing assets (by virtue of being involved in federally-sponsored housing programs) are encumbered with a restrictive covenant (often times for 30 years or longer) where the rents the owner is permitted to charge is almost always BELOW market.

Existing statute and numerous rulings from the Ohio Supreme Court over the past 10+ years have noted that affordable housing properties should be valued in a manner that simply considers the restrictive covenants that are in place, *to account for the fact that they generate less income than market rate housing projects* (that are not encumbered and therefore able to charge full market rate rents).

The proposed changes to R.C. 5715.01 and 5713.03 represent bad public policy and would position Ohio as having one of the most draconian valuation methods for affordable housing in the nation. Almost all other states acknowledge the deed restrictions associated with federally-sponsored housing programs, and take those restrictions into account when determining valuation. *Let's not allow Ohio to be one of the only states in the nation that fails to consider the deed restrictions associated with this class of housing.*

We do acknowledge, however, that the valuation process for affordable housing properties has not been without issues. After the April 2019 opposition testimony against SB 36, the Ohio Housing Council did engage the County Auditors Association of Ohio (CAAO – the trade association for Ohio County Auditors) in an effort to find common ground with CAAO and to refine the communication flow with them, in an effort to reduce the number of administrative appeals being filed.

Since that time, the OHC and CAAO have engaged in a number of constructive activities in our collective efforts to improve the valuation process for affordable housing projects in Ohio. For example, CAAO

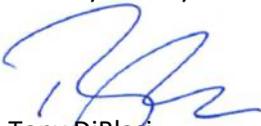
representatives have participated on panels at the annual Ohio Housing Conference where they were able to raise awareness regarding the communication barriers between owners and their offices. OHC and CAAO have held numerous joint meetings to review workflows and to contemplate new methods to improve the flow of information between owners and County Auditors. OHC and CAAO worked collaboratively to establish a packet of new forms to facilitate the transfer of information between owners and County Auditors, referred to as the 'Affordable Housing Identification Program' (AHIP). And finally, OHC and CAAO are currently concluding a 'pilot program' utilizing the AHIP process, and will soon be evaluating its results.

Over the past two years, OHC and CAAO have been working constructively (the public and private sector coming together) in an effort to streamline and improve the valuation process for affordable housing properties. *Please allow us to continue this good work.*

The proposed changes to R.C. 5715.01 and 5713.03 are exceedingly damaging and will result in a huge surge in appeals at both the local and state level while reducing affordable housing investments across our state.

I urge you to remove the proposed changes to 5715.01 and 5713.03 from consideration in HB 110.

Thank you for your attention to this important matter.



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