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Good afternoon Chair Swearingen, Vice Chair Santucci, Ranking Member Upchurch and members of the Economic and Workforce Development Committee. We are grateful for the opportunity to offer sponsor testimony in support of House Bill 3 (HB 3), which will create a state tax credit for affordable or workforce housing.

All members of the Ohio House, and this committee especially, are interested in making Ohio attractive to both live and work. We want people to choose our state as the place they will raise their families, start their businesses, and stay through retirement. We especially need people to make that choice in communities like Youngstown and the rest of my district.

For our workforce to thrive, we need people to come here and stay here. Staying here requires housing, housing that is modern, accessible and affordable. Housing is critical to building a healthy and prosperous future for Ohioans. HB 3 will help make that future possible.

But what do these terms “accessible” and “affordable” mean? Let’s examine this in the context of our state’s aging housing inventory. Accessible housing is housing that people with disabilities can easily enter and use.¹ Accessible housing has features people may need to live independently, like wider doorways, clear floor space for wheelchairs to move throughout the home, low countertops, assistive technology, and grab bars in bathrooms.²

In Youngstown, Campbell and Struthers most homes were built before WWII.³ The remainder of Mahoning Valley was built before 1960.⁴ Only 7% of homes were built after 2000.⁵ Therefore, many of the homes in my district do not have these needed accessibility features. Because of lower-wage jobs and fixed incomes, the housing stock ages along with the population. Seniors struggle to afford home repairs or modernization, as many can’t access bank financing for home maintenance or repairs.⁶ Not being able to make those needed repairs can

¹ United States Department of Health and Human Services, Administration for Community Living (acl.gov)

² cont.

³ <http://www.yndc.org/sites/default/files/Youngstown%20Housing%20Strategy.pdf>

⁴ cont.

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exacerbate problems with both senior mental wellbeing and physical health.⁷ This is why in Youngstown the highest identified housing need is for senior apartments.⁸ Ohio's seniors need this modern and accessible housing stock.

Ohio also needs new housing because of the realities posed from past construction and design. For example, the widespread use of lead-based paint in older homes, like those in Northeast Ohio, has resulted in one of the highest rates of children at risk of lead-based paint hazards. In 2018, one in 29 young children tested in Northeast Ohio (3.5%) were confirmed to have elevated blood lead levels (EBBLs); considerably higher than the statewide rate (2.3%).⁹ This statistic cannot and should not be acceptable to any of us here in the Ohio House of Representatives.

Understanding now why updated, accessible housing is in demand and necessary, let's turn our attention to affordability.

As for affordable housing, this is most often thought of as a percentage of a person's income. While that percentage has changed over time, 30 percent of income is now considered the standard indicator of affordability.¹⁰ It ensures that a household will have enough money to pay for other mandatory costs like groceries. A household spending more than 30 percent of income on housing costs is considered to be housing cost burdened.¹¹

Seniors who depend primarily on their Social Security or pension payments for income, which are fixed, will uniquely struggle when housing costs increase. They are not the only Ohio population struggling with housing affordability. One in 10 veterans with a mortgage in Northeast Ohio (10%) is severely cost-burdened, meaning they spend more than 50% of household income on housing.¹² Nearly 25% of renters in Northeast Ohio are severely cost burdened, which is higher than the state average (23%).¹³

Black homeowners in Northeast Ohio are twice as likely to be severely mortgage burdened than white homeowners (15.0% compared to 7.5%).¹⁴ In 2018, Black Northeast Ohioans were three times more likely to live in poverty than their white counterparts (33% versus 11%).¹⁵ This is layered upon a region which has a history of racial segregation and redlining; Cleveland was one of the most segregated cities in the mid 1900s.¹⁶ As a result, Black renters are more likely to be severely cost burdened (35% compared to 22% for white renters) and face higher barriers to housing stability.¹⁷

⁷ <https://ncrc.org/why-organizations-should-invest-in-home-repairs-to-improve-health/>

⁸ <http://www.yndc.org/sites/default/files/Youngstown%20Housing%20Strategy.pdf>

⁹ <https://ohiohome.org/research/documents/NEOhio-rHNA.pdf>

¹⁰ United States Department of Housing and Urban Development, Glossary of Terms to Affordable Housing

¹¹ cont.

¹² <https://ohiohome.org/research/documents/NEOhio-rHNA.pdf>

¹³ cont.

¹⁴ cont.

¹⁵ cont.

¹⁶ <https://www.clevescene.com/scene-and-heard/archives/2018/05/10/new-data-map-reminds-us-cleveland-is-hyper-segregated>

¹⁷ <https://ohiohome.org/research/documents/NEOhio-rHNA.pdf>

Rent burden can mean a person is one event away from homelessness. If they're spending over 30% of their income on housing, groceries are harder to come by. Food insecurity can have long term poor health impacts.¹⁸

Should there be an unexpected cost, like an unforeseen medical bill related to bad diet or a flat tire, these renters may forgo payment and incur medical debt or stop using their vehicle. If that debt goes into collections, their credit score and ability to gain credit goes down, which has a direct impact on lease approvals or qualifying for a mortgage. The loss of transportation can result in job loss, and from there the inability to pay rent all together, putting homeownership or housing stability in further jeopardy.

Homelessness among students remains high in Northeast Ohio. During the 2018– 2019 school year, 10,558 public school students in Northeast Ohio (1.8% of enrollment) were flagged as lacking a fixed, regular and adequate nighttime residence.¹⁹ Sadly, the state average for student housing instability is higher at 2.0%.²⁰

In higher education, housing insecurity for students is associated with lower mean GPA, a lower probability of obtaining at least a 2.0 GPA, and a higher probability of enrolling part-time rather than full-time.²¹ It is also associated with an 8 to 12 percentage-point reduction in the probability of later degree attainment or enrollment.²² These are our future innovators, workers, and job creators if we can keep them here, which is especially difficult when the homeowner vacancy rate in Northeast Ohio (1.7%) is currently slightly higher than the statewide rate (1.6%).²³ This compounds demand side pressure on available housing stock which in turn increases the cost of housing. Again, these statistics cannot and should not be acceptable to any of us here in the Ohio House of Representatives.

Nearly two-thirds of households in Youngstown have incomes under \$40,000.²⁴ Most available for-sale housing units in the city are priced below \$100,000, which may be affordable to low-income households, but much of this product is older and likely of lower quality, requiring substantial investment to repair and/or modernize.²⁵

If someone were to make that investment in repairs, or by demolition and rebuilding, they will want to see a return. That return will be made by raising the cost of the housing unit. As that housing becomes more expensive and out of reach, it increases the number of people who will

¹⁸ <https://www.healthaffairs.org/doi/epdf/10.1377/hlthaff.2015.0645>

¹⁹ <https://ohiohome.org/research/documents/NEOhio-rHNA.pdf>

²⁰ cont.

²¹ <https://journals.flvc.org/jpss/article/view/129147>

²² cont.

²³ <https://ohiohome.org/research/documents/NEOhio-rHNA.pdf>

²⁴ <https://www.census.gov/quickfacts/youngstowncityohio>

²⁵ <http://www.yndc.org/sites/default/files/Youngstown%20Housing%20Strategy.pdf>

try purchasing the remaining non-renovated properties. That, too, will raise the cost of those homes and once again price out a new group of people. The whole community's housing costs go up, but the number of affordable houses does not, nor does the available resources to fix up the remaining homes bought within or out of people's means.

These basic economics are why in 2018, Northeast Ohio had only 40 affordable and available units for every 100 extremely low-income households (ELI)—those who earn less than 30% of the area median income.²⁶ This is lower than the state average (44) and translates to only 85,428 affordable and available rental units for 211,676 ELI renter households, leaving a shortage of 126,249 units.²⁷ This gap is present in all 20 counties in the region.²⁸ This cyclical housing problem I am describing impacts rural, suburban, and urban Ohio communities. It is economically unsustainable. To be blunt, we need more accessible and affordable housing.

How do we get there? Well, you have to build it. If these 126,249 units were available for ELI renters, then more housing would come on the market for those earning more money. It reduces the pressure on the remaining housing stock, and with it the cost. It's smart economics and everyone benefits. But developers are not going to build the ELI or senior apartment units that are desperately needed in Ohio if that cost won't be returned. Bridging that gap, and helping all Ohioans better afford homes, is what HB 3 aims to do.

You've heard from my counterpart and joint sponsor, Representative Pavliga, about how HB 3 will make Ohio more competitive for this type of development. I'm hopeful you can understand why being competitive is desperately needed, and needed quickly, to address Ohio's dire housing demands. Food, clothing, and shelter are necessary for survival. We want the people who call Ohio home to actually have a home that supports their physical, mental, and financial wellbeing.

As the tax credit details are finalized, I am happy to update Committee members and continually be available for any questions you may have. No matter how the numbers ultimately land, I can assure you HB 3 will be good for all Ohioans, and a welcome relief to those who need it most.

Once again Chair Swearingen, Vice Chair Santucci, Ranking Member Upchurch and members of the Economic and Workforce Development Committee, thank you for this opportunity to provide sponsor testimony on HB 3 and this very important opportunity for the State of Ohio. I am happy to answer any of your questions.

²⁶ <https://ohiohome.org/research/documents/NEOhio-rHNA.pdf>

²⁷ cont.

²⁸ cont.