



SUGAR CREEK CAPITAL

A forward approach.

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**Economic and Workforce Development Committee
House Bill 3 (Proponent Testimony)
Chris Hite – Sugar Creek Capital
March 14th, 2023**

Chair Swearingen, Vice Chair Santucci, Ranking Member Upchurch, and members of the Economic and Workforce Development Committee.

My name is Chris Hite, President of Sugar Creek Capital and I am excited to voice our support for House Bill 3. We are a national leader in state low-income housing tax credit investments, which benefit working families and fixed-income seniors. We work directly with federal investors, developers, and lenders to structure affordable housing investments. We bring decades of experience in the development, syndication, construction, and management of diverse residential properties, and I am here to answer any questions I can on the program and to help lay out how the creation of a state affordable housing tax credit program can be a major economic driver for Ohio.

With its partners, Sugar Creek Capital has helped to create safe, affordable housing for nearly 20,000 families and seniors in communities throughout the country. We would encourage members of the committee to tour similar projects in Ohio so you can see firsthand the high quality of today's affordable housing units at rents that are attainable for working families and fixed-income seniors.

This program is one that builds on an already highly successful federal program. The federal Low Income Housing Tax Credit program, commonly referred to as LIHTC, is the largest and most successful program in the United States for building and preserving quality, affordable housing. As states look for ways to effectively use their resources to expand on this work, state housing tax credit programs have quickly become the preferred tool for state legislatures. State housing credit programs have risen in use because they are efficient, spur economic activity, and are highly accountable. Kansas was one of two other states this year to pass similar programs as the one proposed here, which are comparable to highly successful programs in states like Georgia, South Carolina, and Missouri—all states where our company is actively investing because of this economic incentive.

State housing tax credits, in fact, are the most efficient way to leverage the federal tax credit program to serve more families. Just like additional equity can buy down a mortgage and lead to a lower monthly payment for a typical homeowner, the equity generated by a state credit



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program allows for reduced rents for the long haul. The reality is that alternative funding options like loans must be paid back. Even grant funds create taxable events, due to federal policy, that add significant costs. For this program, the equity generated from a state credit stays in the deal, meaning lower—more affordable—rents. Further, this program is administratively efficient, since a state credit program can simply piggyback on the existing, established federal tax credit infrastructure at the Ohio Housing Finance Agency.

State credits are also a key tool to spur economic activity and jobs. They quite simply allow Ohio to do more in both rural and urban areas of the state. All of this work is done with increased accountability compared to other funding programs because state credit programs only pay for success. The private market shoulders the up-front costs, through investments from companies like ours, and Ohio taxpayers will not spend a dime until the apartments are built and qualified families begin to move into their new homes. Even then, the impact of the foregone revenue is spread over a further 10+ years to maximize accountability and compliance during operations and mitigate the budgetary impact in any one year.

As Ohio seeks to remain competitive for these types of developments and the private investment that comes with them, this program is a win-win for the state. Sugar Creek Capital looks forward to making significant investments in Ohio.

Chair and members of the Economic and Workforce Development Committee, thank you for the opportunity to provide proponent testimony and I ask consideration to pass HB 3. I would be happy to answer any questions you may have.