

Matt Rule
Senior Vice President
National Church Residences

House Bill 3 (Proponent Testimony)
March 21, 2023

Chairman Swearingen, Vice Chairman Santucci, Ranging Member Upchurch and members of the House Workforce and Economic Development Committee, my name is Matt Rule, and I am the President of the Ohio Housing Council and a Senior Vice President at National Church Residences. On behalf of National Church Residences and the Ohio Housing Council, thank you for the opportunity to provide proponent testimony on House Bill 3.

I've been blessed to have spent my entire professional career working with housing tax credits – after graduating from the Ohio State University Moritz College of Law I started as a young attorney at Squire Sanders (now Squire Patton Boggs) - just across the street in the Huntington building - assisting our clients that desired to invest in federal housing tax credits. I appreciated the private-public sector partnerships created by housing tax credits, the financial discipline driven by the investments of Ohio's largest banks, and the quality housing being built. However, most importantly, I fell in love with the life changing impact that stable housing could have on Ohio's families and seniors. I found that my vocation suddenly aligned with my deeply held belief as a Christian that I should live a life focused on serving others – facilitating housing tax credit transactions allowed me to use my professional training to serve Ohio's seniors and families in a concrete and tangible way. After several years at Squire, I was introduced to National Church Residences and I joined their mission 12 years ago.

Headquartered here in Central Ohio, National Church Residences is the nation's largest nonprofit owner of affordable senior housing and Ohio's largest nonprofit affordable housing developer.



National Church Residences is a 62-year-old nonprofit leader in integrating housing, health care and supportive services, serving seniors of all income levels and their families. (Attached is a map of our Ohio housing and health care footprint with some photographs of a few of our senior affordable communities). We have over 320 senior communities nationwide and here in Ohio have over 100 communities. Each day our approximately 1,500 Ohio employees serve 11,000 of Ohio's seniors. I am here today to share our experience as a developer, owner, and manager of the affordable housing – and discuss the affordability and economic implications of the proposed state workforce housing tax credit.

If we are committed to treating Ohio's seniors with dignity, we must ensure access to quality and affordable safe senior housing. Eighteen months ago, my (previously healthy and active) elderly father had a serious and unexpected health event – after months in intensive care doctors were forced to amputate part of both his feet. The single-family home he had raised seven kids in was no longer suitable for his needs – the corridors too narrow for his wheelchair, the bathroom tub too high to be navigated safely and the basement stairs too dangerous to climb. Gutter cleaning, socializing and transportation all became pressing issues that needed solved.

My dad's life experience reinforced my belief in the power of quality affordable housing for seniors. This story isn't uncommon for Ohio's seniors – their walk-up homes and apartments become unsuitable as they age, tired and dated single-family homes are no longer safe, and isolation becomes frightening. They often can't afford medicine, food, escalating rent and increased health care needs on their limited fixed incomes. However, when a senior transitions out of substandard housing to quality and safe affordable housing designed for seniors we've seen incredible positive outcomes – health improvements related to their activities of daily living. Elevatored buildings, roll-in showers, and walker friendly community rooms all help our seniors successfully age in place. The backbone of this mission



– the backbone of affordable housing for seniors – is the Federal Low-Income Housing Tax Credit (Federal LIHTC) program.

It is worth taking a minute to consider the ramifications of a shortage of affordable senior housing. If there aren't safe, quality and accessible housing options for Ohio's seniors many of our seniors will prematurely end up in state-supported (Medicaid) assisted living facilities. Living independently in affordable housing is better for our seniors – and better financially for the State – than additional state-supported (Medicaid) assisted living.

I want to pivot to a quick overview of the Federal LIHTC program - the Federal LIHTC program was created in 1986 under the Reagan administration. The Federal LIHTC program was a bipartisan public policy incentive that has driven outcomes through private sector investment and development. In Ohio, more than 100,000 affordable housing units have been developed through the Federal LIHTC program. Units, that I may add, are as high quality and appealing as traditional market rate units. The program has been incredibly successful for over 35 years – leveraging the discipline and underwriting of national and regional institutional banks, private equity, and marketplace expertise to provide high quality housing at an obtainable price point for seniors on fixed incomes and Ohio's working families.

Although the Federal LIHTC program has been successful, each year many viable developments do not proceed because of the limited availability of the Federal LIHTC. At present, 22 other states (and growing) have supplemented the Federal LIHTC with a state credit for affordable housing – recognizing that additional credits will drive additional economic development and job creation while addressing growing housing affordability problems. States that have adopted state credits like House Bill 3 have not only accelerated affordable housing production but have also driven economic growth and attracted top talent. You've heard from others about the workforce impact of this



program, but rest assured that this program will be a gamechanger not only for Ohio's senior residents but also for the growth and expansion of Ohio's business community.

National Church Residences, as a national developer, has seen firsthand how the state affordable credit can influence and drive business growth and expansion. We have worked in several states that have adopted state credits – intentionally choosing to grow in those states because of the power of the state credits.

In Georgia, an early adopter of the state Credit, National Church Residences opened our first regional development office (Atlanta) and also a satellite office (Savannah) – this was an intentional strategic choice heavily influenced by Georgia's state credit program. Today we own and manage over 1,800 senior affordable units in Georgia and in December of 2022 wrapped up over \$50,000,000 in construction in Georgia – construction activity made possible in large part by the existence of the Georgia state credit. We have recently begun examining the possible of expansion of our mission in Indiana, South Carolina and Pennsylvania, driven in large part by their recent adoption of a state credit program.

It is anticipated that in Ohio, adoption of HB 3 could as much as double affordable housing production – providing more homes for our frail seniors and more workforce housing for our growing economy. The tax credits authorized by HB 3 are projected to yield approximately 4,300 new units annually and 25,950 new units over 6 years. In addition, over 4.8 billion in wages and 69,300 jobs will be created over 6 years – and 10 billion of economic activity over the course of construction and 30 years of operations - creating a cascading and longstanding economic effect through Ohio's local communities.

I'd like to wrap up by addressing a few common concerns/questions:



- The private market will not solve this problem on its own. In 1986 the Reagan administration recognized that modestly priced rental housing would need to be incentivized by the government and the federal housing tax credit program was conceived. Today, high material costs, rising interest rates and escalating labor costs continue to impede private developers from providing quality rental units at modest/affordable monthly rates - unless they are incentivized by federal and state credits.
- House Bill 3 cannot force local jurisdictions to accept multi-family workforce or senior housing. Ohio is a “home rule” state, and affordable housing (senior or workforce) must walk through the same local zoning approval process as any other development.
- House Bill 3 does not exempt affordable housing from property taxes. Affordable housing developments generally pay real estate taxes using the income methodology – the same methodology that is also commonly applied to market rate housing developments.
- The vast majority of affordable housing renters were not previously single-family homeowners. Affordable housing renters move-in from substandard properties, tenuous shared-living arrangements with relatives and temporary housing. In fact, according to a 2018 report by the Ohio Housing Finance Agency, less than 15% of affordable housing renters move from single-family homes they owned. The majority of the 15% moving from single-family homes were seniors, seniors on fixed incomes that were understandably looking for a more age-appropriate setting that includes elevators, roll-in showers, handicap accessible corridors and vibrant on-site services.
- House Bill 3 will not just provide housing credits to benefit a small handful of for-profit developers. Affordable housing development in Ohio has traditionally been done by a healthy mix of non-profit developers, community-based organizations, family-owned



companies and for-profit organizations. For example, in 2022 the Ohio Housing Finance Agency awarded 31 competitive 9% Federal LIHTC awards – of those 31 competitive awards over 50% (16 awards) were awarded to non-profits. Furthermore, in 2022 no single organization (non-profit or for-profit) received more than 2 competitive 9% awards.

- House Bill 3 is not a rental subsidy program. HB 3 works in tandem with the federal tax credit program to cap the rents a landlord can charge a tenant – keeping the rents at a modest price point - but tenants must still pay rent (utilizing their paychecks, social security income, pension plans, etc.).

Our seniors deserve safe and affordable housing and are all too often left behind. Ohio's working families also deserve safe and affordable housing and are increasingly pushed out of areas due to rising prices. The adoption of House Bill 3 will allow Ohio to drastically increase housing production to both senior and working families – while providing quality jobs to contractors, property managers and service providers throughout the State. Given this, I urge you to pass House Bill 3.

Thank you for your time today and I welcome any questions.

###



Valley Bridge, Toledo Ohio



Gates Junction, Columbus Ohio



2335 North Bank Drive Columbus, Ohio 43220 Phone: 800.388.2151 Fax: 614.451.0351 www.nationalchurchresidences.org



National Church Residences does not discriminate in any fashion based upon a person's race, color, sex, national origin, handicap status, religion, familial status, source of income, sexual preference, or disability. National Church Residences does not discriminate based upon age for any reason, excluding HUD program/project requirements.



Broadway Park, Youngstown Ohio



Wapakoneta Village, Wapakoneta Ohio



2335 North Bank Drive Columbus, Ohio 43220 Phone: 800.388.2151 Fax: 614.451.0351 www.nationalchurchresidences.org



National Church Residences does not discriminate in any fashion based upon a person's race, color, sex, national origin, handicap status, religion, familial status, source of income, sexual preference, or disability. National Church Residences does not discriminate based upon age for any reason, excluding HUD program/project requirements.

