Lobbyists for Citizens

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Lobbyists for Citizens

November 10, 2023

Representative Bill Roemer, Chair of Ways and Means Committee
Representative Brian Lorenx, Vice Chair
Representative Daniel P. Troy, Ranking Member

Re: HB 263

To All Members of the Ways and Means Committee:

Thank you for the opportunity to speak today on the property tax issue.

My name is Brian Massie, a life-long resident of the State of Ohio. In my retirement, I have established a 501 (c) (4) Non-Profit called Lobbyists for Citizens promoting honesty, integrity and transparency in government. I live in Lake County, and attend many public meetings. I report on I events and issues impacting Lake County and Northeast Ohio on our website LobbyistsforCitizens.com and on Ohio Political News Buckeye Patriot podcasts.

I have been studying and writing about property taxes for over 7 years. It started when I reviewed my personal property tax statement and realized that in the 10 years that I had lived in my home, property taxes had increased 40%. Additional research led me to state: "If we continue on the path of ever-increasing property taxes, we will price seniors and those living on fixed incomes out of their homes that they have worked all their lives to achieve."

The American dream of home ownership is merely an illusion, since even after paying off their mortgage, homeowners risk the possiblity of being foreclosed on their homes due to their inability to pay their property taxes. In the late 1800's, citizens believed that they should not pay anymore than "one week's wages for one month of living expenses". In the 1980's, the federal department of HUD raised the Housing Affordability Threshold (HAT) from 25% to 30%. The HAT calculation is [(Annual Mortgage + Annual Utilities + Annual Property Taxes) / Annual Income]. If their HAT equals 30% of their annual income, their home is deemed unaffordable for the homeowner.

I have attached an article that I wrote and published on our website on September 22, 2020. It contains statistics provided by NEORIO (Northeast Ohio Regional Impact and Outcomes) and published by Community Solutions. The statistics reveal that as of 2018, 50.9% of renters and 24.7% of homeowners are at the 30% Housing Affordability Threshold. There is no doubt that those percentages have increased due to inflationary pressures, and the inability of fixed income taxpayers to realize increases in their annual income commensurate with the rate of inflation.

The mandatory sexennial revalution currently taking place throughout the State will see increased home valuation in the range of 30%. This will result in significant increases in property taxes because of the inside [non-voted] millage. In addition, those school districts that are at the 20 mil limit will see a tremendous

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windfall in their property tax revenue without a vote of the taxpayers, further compounding the problems for the citizens living in those school districts.

We are pleading with this committee to consider the desperate plight of many Ohio citizens, but especially our seniors, and those living on fixed incomes, Thank you for this opportunity to speak. We pledge to help get this committee's message out to the citizens of Ohio through our network of websites, social media, podcasts and politically active groups.

Respectfully submitted,

Brian Massie

Brian Massie
Executive Director

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Housing Affordability...National, Ohio, N.E. Ohio, and Lake County

By Brian Massie, A Watchman on the Wall September 22, 2020

We thought we should post this article again for those that may not have read or heard of Housing Affordability Threshold (HAT %). This is a very old concept dating back to the late 1800's, where it was stated that a "man should not spend more than a week's wages for his monthly housing costs". The federal government increased it to 30% under their federal housing assistance program.

If you own your home, compare your payments for your mortgage, utilities and property taxes to your annual income. If all three are 30% or more of your annual income, then your home is deemed unaffordable for you. It does not mean you should move immediately, only that you will have less disposable income for the other "needs and wants" in life.

For the renters, you would add your monthly rent plus your utilities to determine your HAT %.

As you decide whether to vote or not vote for a property tax levy, always take into consideration your HAT %. For example, if the tax levy will cost you an extra $100 in property taxes each year and your HAT % is 25%, you will have to earn an additional $400 in income so that you will not to creep closer to the 30% unaffordability rate. [$100 / .25]

[See Housing Affordability NEORIO]

Here are the HAT% based on 2018 data. We are sure the percentages have only gone up since that time with the pandemic negatively impacting wages for most people. As tax revenues continue to slide for the various governmental political sub-division, there will be increased pressure to go back to the voters for additional property taxes for a variety of reasons.

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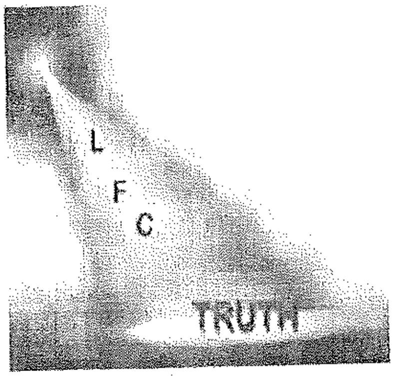


If we continue on our path of ever-increasing property taxes, we will price seniors and those living on fixed incomes out of their homes that they have worked all their lives to achieve. Believe it, because it is happening right now.

From the NEORIO report...percentage that have reach the 30% threshold:

National Statistics 52.8% Renters 29.3% Homeowners

Ohio Statistics 50.9% Renters 24.7% Homeowners

Northeast Ohio Statistics 51.4% Renters 25.6% Homeowners

Lake County Statistics 49.6% Renters 24.8% Homeowners www.communitysolutions.com

Housing Affordability

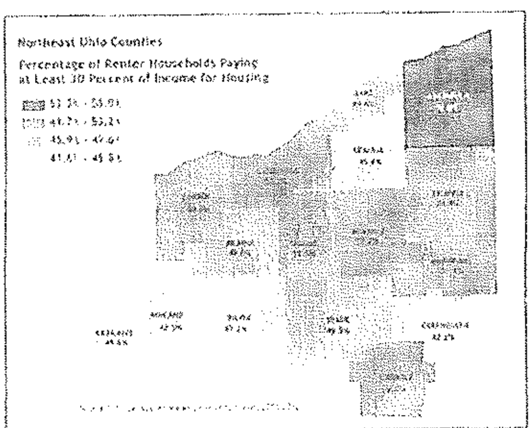
Measured by the percent of renter and owner households paying 30 percent or more of monthly household income for housing costs, including rent or mortgage, utilities, and property taxes, as reported in the American Community Survey data for the three-year 2010-2012 sample by the U.S. Census Bureau. Spending more than 30 percent of household income on housing is generally considered to be unaffordable.

For a printable PDF, click here.

Why does it matter?

Housing is considered a basic need, and living arrangements can be an indication of a stable family. The lack of safe, affordable housing contributes to homelessness, doubling-up, and excessive mobility.

A disproportionate allocation of income to housing reduces a household's ability to purchase other essential goods and services. A lack of affordable housing also fosters economic segregation, as middle- and low-income households are squeezed out of higher-cost communities and neighborhoods. For families with children, a lack of safe, affordable, stable housing could force frequent moves, which has been shown to impact a child's social emotional well-being and academic achievement.



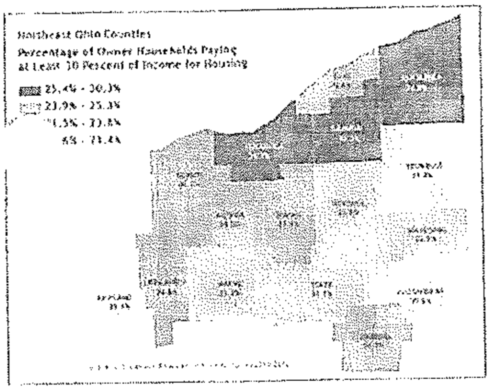
How are we doing?

Ohio: For all geographies, a greater percentage of renters are in unaffordable housing situations than owners. In Ohio, 50.9 percent of renters and 24.7 percent of homeowners paid more than 30 percent of their household income for housing costs, lower than the national rates of 52.8 percent for renters and 29.3 percent for owners.

Northeast Ohio: In the 16-county region, 51.4 percent of renters' and 25.6 percent of owners' housing costs were unaffordable, more than in the rest of the state. For renters, county rates ranged from 41.6 percent in Richland to 58.0 percent in Ashtabula. Geauga had the highest proportion of owners with unaffordable housing costs at 30.3 percent, while Columbiana had the lowest, 20.6 percent. This is especially concerning because Geauga also has the highest homeownership rate in the region at 86.4 percent of households. Geauga's high level of housing unaffordability is consistent across all income ranges, and is likely due to the high cost of property in the county.

Central Cities: Housing unaffordability rates in central cities in the region (Akron, Canton, Cleveland, and Youngstown) were higher than in their respective counties for renters. For homeowners, the affordability rates statistically similar in cities and their counties, except in Cleveland where a greater proportion of owners in the central city were in unaffordable situations.

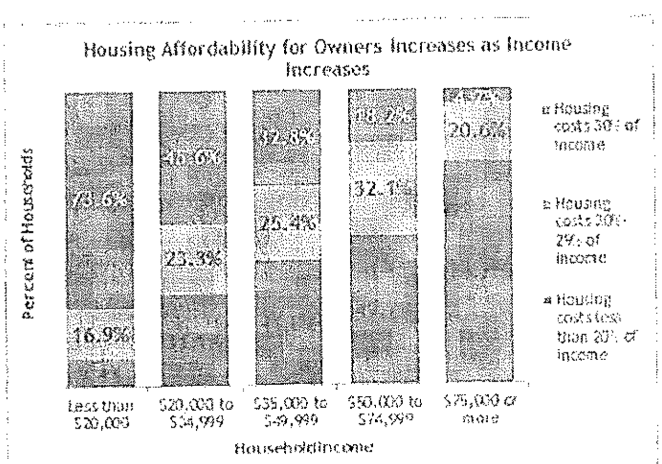
Where do we go from here?

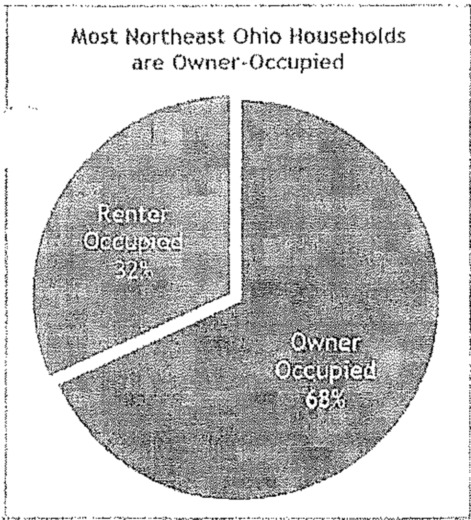


A decent home and suitable living environment for every American family is identified as a goal for national housing policy. Not only do excess housing costs squeeze out other expenses, but for families spending a disproportionate amount of their monthly income on housing, job loss or illness can mean the loss of their home. The recent foreclosure crisis displayed the negative impact that unaffordable housing can have on communities, even where homeownership rates are high.

Low-income households face particular challenges in maintaining affordable housing. For both renters and owners, housing affordability increases as incomes go up. However, renter households tend to have lower median incomes than owner households, and as the data show, renters bear an unaffordable housing burden at over twice the rate as owners in many areas. According to the 2013 *Out of Reach* report from the National Low Income Housing Coalition, the hourly wage needed in Ohio to afford a two-bedroom apartment at fair market rent is $13.79. This is a $5.84 per hour gap in earnings compared to the current minimum wage in Ohio, which is $7.95, meaning that low-wage, single-earner households are effectively priced out of the housing market. Fortunately, after peaking in 2011, the percentage of renters nationwide who are burdened or severely burdened by housing costs has been declining. These improvements are the result of the economic recovery, as incomes are increasing faster than housing costs. However, finding affordable and safe places to live within a low-income budget can be difficult. Efforts to revitalize areas that were hit hard by the foreclosure crisis should help to ensure an adequate stock of low-cost housing to prevent resident displacement.

Federal housing assistance programs, including public housing and housing vouchers (Section 8), are critical to increasing the number of low-income people who are able to live affordably, and should be protected. Reforms to prevent predatory lending and additional restrictions to ensure that consumers can afford their mortgages ...n taking out a loan should improve affordability over time. Recent development trends toward mixed-...me housing have the potential to create more communities with safe housing options for a range of incomes, which also addresses other important social challenges such as economic segregation and unequal access to high-quality schools.





County	Percent of Renters in Unaffordable Housing (2010-2012)	Percent of Owners in Unaffordable Housing (2010-2012)
Ashland	42.5%	24.8%
Ashtabula	58.0%	27.8%
Carroll	52.0%	24.1%
Columbiana	42.2%	20.6%
Cuyahoga	52.7%	29.7%
Geauga	45.8%	30.3%
Lake	49.6%	24.8%
Lorain	52.7%	25.3%
Mahoning	53.1%	22.9%
Medina	49.0%	24.5%
Portage	53.2%	23.8%
Richland	41.6%	21.1%
Stark	49.3%	23.1%
Summit	52.5%	24.4%
Trumbull	52.4%	21.4%
Wayne	43.2%	23.2%
NEO Region	**51.4%**	**25.6%**

For a printable PDF, **click here.**

For additional NEORIO data, **click here.**