



**Senate Finance Committee
Interested Party Testimony, Sub. House Bill 33 (Edwards)
Jason Warner, Director of Strategic Engagement, Greater Ohio Policy Center
Thursday, May 18, 2023**

Chairman Dolan, Vice Chairman Cirino, Ranking Member Sykes, and members of the committee, thank you for the opportunity to present interested party testimony on Substitute House Bill 33 (HB33).

My name is Jason Warner, and I am the Director of Strategic Engagement for the Greater Ohio Policy Center (GOPC), a statewide non-profit organization that champions revitalization and sustainable growth in Ohio's cities and metros. Our mission is to improve the communities of Ohio through smart growth strategies and research for a revitalized Ohio.

Brownfield Revitalization & Building Demolition and Site Revitalization Programs

Successes Over Past Two Years

GOPC is Ohio's lead brownfield advocate, coming before the legislature over the past several years advocating for grant funding to redevelop blighted brownfields in Ohio's communities into productive, community-responsive sites. Recognizing the challenge presented to Ohio by the presence of brownfields, the FY22-23 main operating budget established the Brownfield Remediation Fund (BRF), providing \$350 million to assess and cleanup these environmentally contaminated sites. **We commend the legislature for the creation of this program, and thank the Ohio Department of Development (ODOD) for its successful administration of this program over the past two years.**

The BRF's \$350 million provided grants to 313 projects in 83 of Ohio's 88 counties. While this is a significant investment in the assessment and cleanup of brownfields, the need remains for grant dollars to remediate and redevelop these blighted brownfields into productive use.

At the same time, the legislature made a significant investment in Ohio's Land Banks with a \$150 million investment in the Building Demolition and Site Revitalization Program (Demo). This program is helping local communities demolish nearly 3,700 dilapidated commercial and residential buildings in 87 of Ohio's 88 counties. Communities across Ohio are eliminating these blighted and abandoned structures, creating new opportunities for economic and residential development and revitalizing neighborhoods.

Taken together, these programs are making a transformational impact across the entire state.

Addressing the Ongoing Need for Revitalization: Retain House Addition of \$350M for Brownfields Remediation Fund

While we were disappointed that the as-introduced budget zeroed out funding for the BRF and Demo programs, we are immensely grateful to your colleagues in the Ohio House of Representatives who restored funding to these two programs at the same levels as in the 2021 budget - \$350 million to the BRF, \$150 million to Demo – over the next two years.

The initial investment of \$350 million in the BRF granted 188 cleanup grants, which is the final step in the remediation process to address environmental contamination and allow these brownfields to become new industrial and commercial sites, new housing, mixed-use space, recreational, or developable land. The additional investment ensures that the 125 projects which previously received assessment grants can proceed with applications for clean-up funds, while also permitting those projects which were shut-out of the first phase of grants the opportunity to compete for clean-up and assessment dollars.

Likewise, the \$150 million initial investment in the Demo program has resulted in the demolition of nearly 3,700 dilapidated commercial and residential buildings in 87 of Ohio's 88 counties. Communities across Ohio are eliminating these blighted and abandoned structures, creating new opportunities for economic and residential development and revitalizing neighborhoods. The additional investment guarantees that this important work can continue.

Just last week, GOPC hosted Ohio's first Brownfields Conference in six years. We were honored to have the opportunity to welcome more than 200 local government officials, certified professionals, engineers, construction and demolition experts, environmental professionals, attorneys and more, all of whom have been actively involved in the work of remediating brownfields these past two years. All are looking forward to continuing the important work of converted underutilized and contaminated sites into new development. The energy at last week's conference was a testament to the demand and readiness to leverage state investments.

We would greatly appreciate the Senate's support for the renewed funding for the BRF and Demo programs in HB33.

Development of Affordable Workforce Housing Critical for Ohio's Economic Growth

GOPC Supports Provisions that Provide Greater Investment in Workforce Housing

Communities throughout Ohio are facing a crisis with access to and development of affordable workforce housing. There are a number of provisions in the budget which GOPC supports and encourages the committee to retain, including:

- **State Low Income Housing Tax Credit (LIHTC).** Modeled after the federal LIHTC program, the state LIHTC would provide up-to \$500 million in tax credits, administered by the Ohio Housing Finance Agency, to support the development or rehabilitation of low-income multifamily rental housing. Enactment of a state LIHTC program will help to ensure Ohio's working-class families have access to safe, affordable homes as they work towards the ultimate goal of a home to call their own.
- **First-time Homebuyer Savings Accounts.** The as-introduced budget includes the creation of the Homeownership Savings Account. Similar in its function to Ohio's popular 529 College Savings Plan, the program would enable first-time homebuyers the opportunity to save and take advantage of tax benefits to support saving to make a home purchase. For Ohioans who already own homes, the program would also enable the creation of savings accounts which can be utilized for future home maintenance or repair.

GOPC Respectfully Requests the Senate Remove One Provision

There was one provision added by the House which we respectfully request the legislature remove from HB33. **Under the proposal (in lines 90600-90678)**, land would be exempted from property tax increases on the value of unimproved land subdivided for residential development in excess of the fair market value of the property that the land was subdivided.

This exemption would be for up to eight years, or until construction begins or the land is sold. While this does not apply to land included in a tax increment financing, or TIF, project, such an exemption would apply to property that has had other improvements made to it, including the installation of utilities, water and sewer infrastructure, lighting, roads, and sidewalks. Implementation of this provision will result in lost revenue to school districts, and other units of local government.

Unlike other tax exemptions, there is no local sign-off of this exemption – it will apply statewide. This will mean that local governments which stand to lose tax revenue resulting from this exemption have no say in the matter.

While we strongly support the need for development of affordable workforce housing, GOPC has long held the belief that local leaders should shape development, ensuring that such development occurs in a manner that is sustainable and fits the overall community planning. The lack of local control of a tax exemption that could impact local financing for as much as 8 years is not good public policy. We strongly encourage the committee to either remove the provision from the budget for further consideration as a stand-alone measure, or provide protections to ensure that local communities have the opportunity to sign-off on the implementation of such a policy.

GOPC Respectfully Requests Senate Add A Provision to Empower Local Governments to Create Housing They Need

The final provision I wish to address is one that was included in the as-introduced budget, but removed by the House - the Housing Technical Assistance Grant program. The program would assist local governments seeking to modernize regulations and processes tied to local housing efforts. Grants awarded under the program would be used to update housing-related zoning regulations, streamline government review of housing proposals, update building permit software, and other innovative efforts intended to expedite review of housing proposals. For the past several years, GOPC has been advising Ohio communities that are working to address their frustrations with the lack of modern market rate housing and scarcity of affordably priced. The one common thread shared by all these communities is the need to update zoning. In some instances, zoning codes governing community development have not been updated since before World War II.

Providing resources to communities to assist with this work is key to ensuring that affordable workforce housing development, along with market-rate development where needed, can be expedited to ensure that Ohio addresses this burgeoning housing crisis. **GOPC strongly encourages the Senate to restore the Housing Technical Assistance Program back in the budget. While the original proposal would have supported the program at \$1.5 million per year, GOPC would encourage the legislature to increase the funds available to support this program, to \$5 million per year.** Based on work GOPC has done developing our own recommendation for a zoning assistance program, we have learned that costs associated with zoning updates can cost upwards of \$100,000 or more. To ensure more communities have access to this important new program, we would encourage the higher funding amount to support this new initiative.

Additional Recommendation for Budget

Recommendation of Funds to Make Roadways Safe for Children, Pedestrians, and Bicyclists

GOPC strongly believes in the development of a transportation network that promotes the safe movement of people everywhere. One program that is designed to support active transportation is the Safe Routes to Schools Program (SRTS). This program, administered by ODOT with \$5 million in federal funds annually, supports the development of pedestrian infrastructure (sidewalks, bike infrastructure, safety signals, etc.) adjacent to schools. Recent changes at the federal level have expanded the number of schools that are eligible for SRTS grants from K-8 buildings to K-12 facilities.

To support this program and ensure that more communities have the opportunity to access this incredible program that is routinely oversubscribed, **we are encouraging the legislature to provide equal state GRF funds matching the federal funds available to the program.** By providing \$10 million per year in state and federal grants to support the SRTS program, we can ensure that more students in Ohio have the opportunity to commute to schools in a safe and efficient manner.

Conclusion

Chairman Dolan, we greatly appreciate the opportunity to submit written testimony of the Finance Committee as you consider changes to the state budget. Should you or members of the committee have any questions, I would invite you to contact me directly at any time to discuss these issues which are critical for Ohio's economic development and public safety now and into the future.