

Chair Dolan, Vice Chair Cirino, Ranking Member Sykes and members of the Senate Finance Committee, my name is Tim Bete. I'm the President of St. Mary Development Corporation, a faith-based nonprofit headquartered in Dayton, Ohio. We develop apartment communities, especially for seniors and veterans, and provide case management to connect our residents to the services they need to continue to live independently. Over the past 34 years, we've developed 50 apartment communities in Ohio with more than 3,500 units. We are partners with the state, effectively implementing programs to both create new housing and allow our residents to age in place as long as possible.

Aging in place is good for the people we serve because they prefer to grow old in their own dwellings. It is also good from a fiscal standpoint, saving the state hundreds of millions of dollars because we keep our residents at home and out of nursing homes. We do this by providing intensive case management to connect our residents, many of whom are older veterans, to things they need such as healthcare, food programs, and transportation. These programs and services allow our residents to remain independent as long as possible.

From my perspective, the state housing tax credit program proposed by the Governor and included in Substitute House Bill 33 is one of the most fiscally conservative programs I've seen in a long time. It recognizes that housing is foundational to the success of other government investments, such as healthcare, and has the potential to save the state of Ohio millions annually. President Reagan created the low income housing tax credit (LIHTC), and the housing tax credit was one of the only tax credits President Trump proposed to preserve in in tax reform efforts.

The proposed state housing tax credit provides a significant tax savings to Ohio businesses through the availability of tax credits. It showcases the power of partnerships with the private sector and also supports thousands of constructions and other related jobs. But what some people are missing is that the proposed state housing tax credit will save Medicaid more than \$86 million a year. Medicaid is a significant expense for Ohio. The state's share of Medicaid was \$5.3 billion in 2022 and \$7 billion in 2023.

The proposed state housing tax credit will create more than 4,000 new apartment homes each year for six years. Approximately half of those homes will be for seniors. That's a total of 12,000 apartment homes for Ohio's seniors with low incomes.

At St. Mary, 10% of our residents qualify to live in nursing homes but can remain living independently in our apartment communities because of the case management we provide. Ten percent is an average number for this type of affordable housing. If you extrapolate that percentage to the 12,000 new senior apartments created by the state housing tax credit, it's 1,200 older people. Twelve-hundred older people who would otherwise be in a nursing home.

A nursing home bed costs Medicaid approximately \$6,000 per month or \$72,000 per year. So keeping those 1,200 senior residents independent saves Medicaid more than \$86 million a year. That's \$86 million a year for the life of the property, which must remain affordable for at least 30 years. Over 30 years, that's \$2.5 billion in savings to Medicaid.

We're able to provide this type of case management because of the economies of scale provided by bringing programs and services to an apartment community with 50 to 100 residents. These efficiencies cannot be achieved attempting to bring similar services to individual single-family homes.

No matter how much a person wants to live in a single-family home as they age, most cannot afford to do so. The median income of our residents is \$11,400, about half of which is going towards rent. Trying to pay for food, transportation, and healthcare on \$5,700 a year is extremely difficult. Older people with lower incomes cannot afford to maintain a single-family home and pay property taxes on it on an income of \$11,400. They may want to, but they can't afford to do so. Neither can they afford assisted living.

We're blessed in this country to have long life expectancy. The number of Americans ages 65 and older will more than double over the next 40 years, reaching 80 million in 2040. The number of adults ages 85 and older will nearly quadruple between 2000 and 2040 (Urban Institute). But having the financial resources to live 20 to 30 years after retirement is difficult. In the US, the median retirement savings for people 55 to 64 is only about \$90,000 (Vanguard). That's not a lot if you live to be 95, even with Social Security. Sixty percent of our senior residents have Social Security as their only source of income.

Yet because we provide housing combined with case management, 80% of our residents tell us their quality of life is good or very good. The combination of housing that's affordable for older people combined with case management creates a high quality of life while saving money.

The need for affordable senior housing is huge. We create market studies to determine demand before we build a new property, but in Ohio, market studies for senior housing aren't necessary. You can throw a dart at a map of Ohio and no matter where you hit, there will be a huge shortage of senior housing.

Almost every family in Ohio has members who qualify to live in our apartments. All throughout Ohio communities, our homes, similar to other workforce and senior housing, typically see huge demand that cannot be accommodated. For example, a 54 unit property we recently developed in Lima saw 511 potential residents interested, demonstrating a significant need in that community and is a common occurrence with this type of housing in communities throughout the state.

The state tax credit will allow St. Mary to double the number of new apartment communities we create each year, providing hundreds and hundreds of new high-quality apartment homes for seniors and veterans as they age in the Dayton area. It makes good fiscal sense for Ohio's taxpayers, and it makes sense for the members in each of our families who need a place to live as they grow older. The state housing tax credit will improve the quality of life of older Ohioans while saving the state a huge amount of money, increasing jobs for the construction industry, and providing a tax break for the companies that purchase the tax credits.

It is not just a good solution for older Ohioans, it is the fiscally conservative thing to do.

On behalf of St. Mary Development Corporation and those Ohioans we serve, we respectfully ask for the Senate to include the proposed state housing tax-credit program in your version of the state operating budget. Thank you to each of the members of this committee for your consideration and I am happy to answer any questions you may have.