Matt Rule
President
Ohio Housing Council
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House Bill 33 (Proponent Testimony)
May 30, 2023

Chairman Dolan, Vice Chairman Cirino, Ranging Member Sykes and members of the Senate Finance Committee, my name is Matt Rule, and I am the President of the Ohio Housing Council and 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 33.

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 incredibility 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 the provisions in HB33 have not only accelerated affordable housing production but have also driven significant economic growth.

In preparation for the discussion about a state workforce housing tax credit, OHC commissioned Elliott D. Pollack & Company, a well-respected economic consulting firm with deep experience in real estate and housing, to do an economic and fiscal impact analysis of the proposal. Elliott D. Pollack & Company used data from the Ohio Housing Finance Authority, the US Census Bureau, and their vast knowledge of the impact of housing tax credits in other states for their study. Using the IMPLAN model, their analysis focused on the construction impacts as well as the ongoing operations including direct expenditures by the residents.

The figures in the study are based on Ohio's historical experience with low-income housing developments. Average construction costs, square footage and rents were gathered from Ohio industry data but align with experiences in other states. I have included the full economic analysis as part of my written testimony, but I would like to highlight a few of the significant impacts that enacting the housing tax credit provisions in HB 33 will produce:

- HB 33 is projected to yield approximately 4,325 new affordable housing units annually, for a total of 25,950 new units over the 6 years of the program.
- Construction of the new housing units will lead to the creation of 11,550 jobs in each and every year of the program, totaling 69,300 jobs over a 6-year period.
- These jobs will pay $4.8 billion in wages and provide over $10 billion in construction-related economic activity throughout the state.
- Housing unit operations and new resident spending in the economy will also create 2,365 permanent jobs and over $108 million in annual wages.
- In total, new construction, property operations, and additional resident spending will create over $24.7 billion in economic activity over the course of construction and 30 years of operations.
- Most significantly, HB 33 would produce a net plus in generating tax revenues in Ohio. In total, construction and operating tax revenues of the program to be created by HB 33 would total nearly $3.9 billion in tax revenue to state, county, and local governments.

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 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 began 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.

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 33 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 33 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 are *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. It is worth emphasizing that given Ohio's current lack of housing supply the movement of low-income seniors from single family homes to congregate affordable housing assists the State's efforts to free up more homes on the market for working families – when a senior moves to congregate housing from a home their single family home is now available on the open market for an Ohio family to purchase at a reasonable price (and provides additional housing stock in a much more reasonable price range and much more cost efficient/timely manner than a new construction home). This activity should be encouraged – it assists in the all-important goal of home ownership for Ohio families at a reasonable price point.

- House Bill 33 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 mission driven non-profits, 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.
- The ongoing quality and upkeep of affordable housing is overseen not only by their owners (including the heavy concentration of mission driven non-profit owners, as referenced in the immediately preceding paragraph), but also the State of Ohio (Ohio Housing Finance Agency) and *private institutional investors* (including regional banks such as Huntington Bank, Fifth Third Bank and KeyBank). *Private institutional investors receive the financial benefit of the tax credits over 10 to 15 years only if the development remains in compliance with a plethora of federal and state quality guidelines* (only a fraction of the benefit is received in Year 1) and these private investors are therefore highly incentivized to closely monitor the compliance of these developments for an extended (15 years) period of time. If the project falls out of compliance during the initial15 year period the private institutional investors stand to lose their financial benefit – furthermore, if a project falls out of compliance at any time during the first 30 years after it is built the State has the ability to seek recourse against the owner. The Ohio Housing Finance Agency and private institutional investors employee robust compliance/asset management departments tasked with visiting sites, monitoring their physical condition, confirming appropriate occupants and ensuring high quality

operations. The ongoing quality of the projects is evidenced by an industry that has consistently maintained resident occupancy rates in excess of 95%.

- House Bill 33 is not a rental subsidy program. House Bill 33 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 33 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.

Thank you, Chairman Dolan, Vice Chairman Cirino, Ranging Member Sykes and members of the Senate Finance Committee for the opportunity to provide testimony on House Bill 33 and I urge you to swiftly pass this important piece of legislation for senior citizens in the State of Ohio. I'd be happy to answer any questions you have.

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Gates Junction, Columbus Ohio

Chimes Terrace, Johnstown, Ohio

Broadway Park, Youngstown Ohio

Wapakoneta Village, Wapakoneta Ohio

MEMORANDUM

To: **Ohio Affordable Housing Coalition**

From: **Danny Court, Elliott D. Pollack & Company**
Principal, Senior Economist

Date: **March 6, 2023**

Re: **Economic & Fiscal Impact Summary of Proposed State-Level Affordable Housing Tax Credits**

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1. Introduction

Elliott D. Pollack & Company has assessed the economic and fiscal impacts of the proposed Affordable Housing State Tax Credit for the State of Ohio. The objective of the state tax credit is to provide a funding mechanism to induce needed private sector investment in the development of housing that will be affordable to individuals and households in the lowest income brackets of Ohio's population. It is our understanding that the goal of proponents of the Ohio state tax credit is to model the administration of the proposed program after the best practices of other state tax credit programs already operating.

The following summary outlines the impacts of the proposed affordable housing tax credit program. For modeling purposes, the production of new affordable housing units was based on a proposal for $50 million in annual tax credits for each of ten years issued over a six-year sunset period (2024-2029) for a total allocation of $3 billion in state affordable housing tax credits. For development potential, the tax credit program's historical performances in other states were analyzed in terms of development potential and construction costs and used in the following calculations. Administration of the state tax credits will fall under the discretion of the Ohio Housing Finance Agency (OHFA) and will likely include a mix of 4% and 9% affordable housing projects in both urban and rural areas. Production from the new state tax credit program is expected to average 4,325 new units annually, equating to a total of 25,950 new units over six-years.

In addition to new apartment construction and operations, this analysis includes the impacts of new household spending. Affordable housing helps households overburdened by rent, offering units at below market-rate rents to individuals, families, and seniors who are income restricted. These households gain additional money that would have otherwise gone towards housing costs thus allowing them to meet other household needs such as food, transportation, utilities, and personal services. This is new money spent in the local economy that supports local jobs and generates tax revenue.

2. Report Authors

Elliott D. Pollack & Company is headed by one of Arizona's most noted economists. Since 1987, the firm has been offering a broad range of economic and real estate consulting services backed by the most comprehensive database found in Arizona. The firm's services can generally be classified into the following areas:

- **Real Estate Consulting:** Marketability and supply/demand studies, financial feasibility analysis, real estate forecasting, land use/land economic studies, highest and best use analysis, and property evaluations.
- **Economic and Fiscal Impact Analyses/Modeling:** Forecasting and evaluating the potential impact of a particular activity from the standpoint of job creation and revenue to governmental entities.
- **Economic Consulting:** Economic forecasting, demographic analyses and econometric modeling. Analysis and development of economic development programs at the local and state level, workforce studies and targeted industry studies.
- **Tax and Fiscal Policy Consulting:** Forecasting of tax revenues, policy related demographic analyses, bond revenue forecasting, State and local government program evaluation, and other diverse tax and fee evaluations.
- **Litigation Support:** Statistical analysis and expert witness testimony to both plaintiff and defense attorneys in all areas related to economics, finance, and real estate.
- **Key Note Speaking:** Presentations on the local, state and national economies and real estate markets organizations throughout the Southwest region of the U.S.

Elliott D. Pollack & Company's staff is comprised of professionals with a blend of backgrounds that support a number of technical disciplines. The wide variety of studies and investigations undertaken by the Company demonstrate the creativity and expertise of its staff. The firm has been retained by both public and private entities to provide services in the areas of economics and real estate.

3. Rationale for and Description of Proposed Ohio Legislation

Unlike 22 other states, Ohio does not have an affordable housing tax credit. It is therefore missing an important state policy and finance tool designed to address the large and growing shortage of affordable housing. Ohio's extremely low-income families are severely cost burdened with regard to housing. They spend more than 50% of their income on housing costs and utilities. In 2017, 67% of extremely low-income renter households were in this situation, while 84% were defined as cost burdened for spending more than 30% of their total income on housing and utilities.

These realities, which have become even more challenging with the COVID-19 pandemic and related recession, have led to an Ohio affordable housing crisis. The shortage of affordable housing in Ohio has now reached a shortage of nearly 250,000 units. And high costs and a shortage of homes has also resulted in an estimated 70,000 Ohioans who experience homelessness each year, including 21,000 children and 3,000 infants. In 2020, the hourly rate a worker would need to earn in order to afford a modest, two-bedroom apartment unit increased to $15.99.

And while Ohio does not have an affordable housing tax credit, the biggest driver of affordable housing nationally is the federal Low-Income Housing Tax Credit (LIHTC) program, which has been incenting private sector investment since 1986. In Ohio, more than 100,000 affordable housing units have been developed through this program. The LIHTC comes in two forms: the 9% and 4% credit. The 9% credit in Ohio is allocated competitively by the Ohio Housing Finance Agency. Applications for projects are oversubscribed every year because the 9% credit provides equity financing for 70% of the present value of a project's construction cost.

Projects using the 4% credit are financed in part with tax-exempt bonds. Each year, $120 million of federal bond volume cap it allocated to OHFA for multifamily development. Yet, since 2015, because of a lack of private sector investments in affordable housing OHFA has not been able to sustainably utilize the $120 million allocation; this means that Ohio is currently leaving substantial federal resources on the table. In order to change this, additional funding sources are necessary.

Importantly, it worth noting that the LIHTC is an investable tax credit in the sense that the government allocates tax credits to affordable housing developers who then sell the credits, often via intermediaries, to investors in exchange for equity financing. Tax credits are subsequently used (redeemed) by investors on their respective tax returns.

Using this proven model to create a new Ohio affordable housing tax credit to address significant Ohio affordable housing shortages is a great opportunity for Ohio. The proposed state tax credit is modeled on the LIHTC and thus designed to encourage needed private sector investment in affordable housing. This state credit is a dollar of tax credit for every dollar of investment. The credits are authorized for issuance of $500 million over ten years with issues beginning in each of six year (2024-2029) thus allowing for an issuance of a total of $3 billion in state affordable housing tax credits. These tax credits can help generate additional private sector investment that, as this following analysis reveals, will produce more affordable housing and more related jobs, wages and taxes. Put simply, without an affordable housing tax credit Ohio investors will continue to invest in business opportunities that provide a better return on their investment and Ohio's affordable housing problem will grow in size and significance.

4. Economic Impact Methodology

Key Assumptions

The assumptions used to estimate the economic and fiscal impacts of the construction and operations of the low-income housing units have been developed from a variety of sources. The analysis assumed that the state tax credit program would help produce an additional 4,325 units per year totaling 25,950 units over the 6-year program. These figures are based on Ohio's historical experience with low-income housing development. Average construction costs, square footage and rents were gathered from Ohio industry data but align with experiences in other states.

An average of 44 units per employee was used to calculate the number of operating jobs with taxable supply purchases of $1,000 per employee. These figures are based on national industry standards for apartment development and operation. The average annual income for residents of $32,800 was estimated based on 30% of income devoted to rent. The annual taxable spending of residents was then calculated based on the U.S. Consumer Expenditure Survey using the average household income. Based on information from the U.S. Census Bureau, a typical household size of 1.77 persons per unit was used. All calculations assume a 2% stabilized vacancy rate.

Assumptions
Ohio Affordable Housing Tax Credit Program
(2023 Dollars)

Construction	
Total units built over 6 years	25,950
Construction cost per unit	$202,000
FF&E per unit	$5,000
Impact fee per unit	$3,000
Operations	
Average units per employee	44
Taxable supplies per employee	$1,000
Average rent per unit	$820
Average vacancy	2.0%
Average income per resident	$32,800
Percent of income devoted to rent	30%
Average number of people per MF Unit	1.77

Source: Ohio Housing Council; Elliott D. Pollack & Company; U.S. Census Bureau

Economic Impact Methodology

Economic impact analysis examines the economic implications of an activity in terms of output, earnings, and employment. For this study, the analysis focused on the construction impacts as well as the ongoing operations including direct expenditures by the residents.

The different types of economic impacts are known as direct, indirect, and induced, according to the manner in which the impacts are generated. For instance, direct employment consists of permanent jobs held by project employees. Indirect employment is those jobs created by businesses that provide goods and services essential to the operation or construction of the project. These businesses range from manufacturers (who make goods) to wholesalers (who deliver goods) to janitorial firms (who clean the buildings). Finally, the spending of the wages and salaries of direct and indirect employees on items such as food, housing, transportation and medical services creates induced employment in all sectors of the economy, throughout the region. These secondary effects are captured in the analysis conducted in this study.

Multipliers have been developed to estimate the indirect and induced impacts of various direct economic activities. IMPLAN developed the multipliers used in this study and were selected based on the spending type. The multipliers used for this project represent the construction of multi-family dwellings, service to buildings, and those related to the spending of residents on retail sales, entertainment, services and restaurant and bars.

The multipliers specific to the State of Ohio are used in this study. This means that the indirect and induced figures represent jobs created throughout the state.

The economic impact is categorized into three types of impacts:

(1) **Employment Impact** – the total wage and salary and self-employed jobs in a region. Jobs include both part time and full-time workers.

(2) **Earnings Impact** – the personal income, earnings or wages, of the direct, indirect and induced employees. Earnings include total wage and salary payments as well as benefits of health and life insurance, retirement payments and any other non-cash compensation.

(3) **Economic Output** – also referred to economic activity, relates to the gross receipts for goods or services generated by the company's operations.

Economic impacts are by their nature regional in character. That is communities throughout the State of Ohio would also benefit from the operations of each project.

Evidence from Other States

Twenty-two states have an affordable housing state tax credit. These credits are modeled on or informed by the federal LIHTC. A leading example of a successful, well-documented state affordable housing tax credit – and one that helps anchor the proposed Ohio tax credit in state-level evidence, can be found in Colorado.

Colorado's Affordable Housing Tax Credit (AHTC) was created in 2001 and modeled after the LIHTC. It was renewed in 2014, 2016 and 2018. And it was expanded in 2019. From 2015 to 2022, the AHTC produced impressive results in a state that is substantially smaller than Ohio in population:

- 9,669 Housing Units Directly Supported
- $108.8 Million Federal 4 Percent Housing Tax Credit Leveraged
- $1.4 Billion New Private-Sector Investment Raised To Support Colorado Housing
- $4.6 Billion Economic Impact
- 31,241 Jobs Supported

5. Economic Impact Analysis

Construction of the new affordable housing units will create 11,546 jobs in each year of the program. This equates to a six-year total of 69,277 person-years of employment, $4.8 billion in wages, and over $10.0 billion in economic activity throughout the state of Ohio.

The commercial operations of new apartment communities and the additional employment supported by increased household spending will create an estimated 2,365 direct, indirect, and induced jobs annually, with wages of $108.1 million and generate an estimated $489.9 million in economic activity each year. Over the 30-year operating life of each apartment community (35 years for the entire program), a total of over $3.2 billion in wages will be created and nearly $14.7 billion in economic activity will occur throughout the state.

In total, both construction and operations will create nearly $24.7 billion in economic activity over the course of construction and 30 years of operations.

Economic Impact Summary Ohio Affordable Housing Tax Credit Program State of Ohio (2023 Dollars)		
Construction	**Avg Annual**	**Total**
Jobs (direct, indirect, induced)	11,546	69,277
Wages ($mil)	$803.2	$4,819.4
Economic Output ($ mil)	$1,667.8	$10,007.0
Operations (Total at Buildout)	**Annual**	**30-Year TOTAL**
Jobs (direct, indirect, induced)	2,365	70,950
Wages ($mil)	$108.1	$3,242.3
Economic Output ($ mil)	$489.9	$14,698.5
GRAND TOTAL CONSTRUCTION & OPERATIONS		
Wages ($mil)		**$8,062**
Economic Output ($ mil)		**$24,705**

1/ The total may not equal the sum of the impacts due to rounding.

Sources: Elliott D. Pollack & Co.; IMPLAN

6. Fiscal Impact Methodology

Fiscal impact analysis studies the public revenues associated with a particular economic activity. The primary revenue sources of local, county, and state governments (i.e., taxes) are analyzed to determine how an activity may affect the various jurisdictions. This section will evaluate the impact of the project on state and local government revenues.

The fiscal impact figures cited in this report have been generated from information provided by a variety of sources including the U.S. Bureau of the Census; the U.S. Department of Labor; the Internal Revenue Service; the State of Ohio; and the U.S. Consumer Expenditure Survey. Elliott D. Pollack & Company has relied upon the estimates of operating revenues outlined in this study.

Fiscal impacts are categorized by type in this study, similar to economic impact analysis. The major sources of revenue generation for governmental entities are calculated based on ongoing operations. Employees will spend part of their salaries on local goods and services and pay taxes on the homes they occupy.

The following is a description of the applicable revenue sources that will be considered for this analysis.

Construction Sales Tax

The State levies a sales tax on materials used in the construction of buildings. That tax is calculated by under the assumption that 65% of the construction cost of the facility and its land improvements are related to construction materials with the remaining 35% devoted to labor. The state sales tax rate is then applied to the 65% materials figure.

Sales Tax

The State of Ohio imposes a sales and use tax that applies to all retail sales of tangible personal property that are not specifically exempt. Exemptions include items such as groceries, motor vehicle fuel subject to the state motor fuel excise tax, gas, water, communications, prescription drugs, medical equipment, construction materials sold to a contractor and other utilities and other items described in statute. Based on data from the U.S. Consumer Expenditure Survey, the projected extent of retail spending and resulting sales tax receipts was calculated. The Ohio sales tax rate is currently 5.75%

Income Tax

The State of Ohio levies income tax on personal income of Ohio residents. The taxable income begins with federal adjusted gross income. The personal income tax rate varies from 2.85% for income over $22,500 to 2.797% plus $8,143.14 for the amount over $221,000 depending on income levels. The model uses the effective tax rates applied to the wages and earnings of direct, indirect and induced employment produced in the model.

Motor Fuel Tax

The State collects a motor vehicle fuel tax of $0.39 per gallon and is calculated based on the average vehicle traveling 12,000 miles per year at 20 miles per gallon. These factors are applied to the projected direct and indirect employee count supported by the company.

Cigarette Tax

The State of Ohio charges a cigarette tax in the amount of $1.60 per package of 20 cigarettes, applied to the projected employee count in the model based on statistics from the CDC that 20.5% of Ohio residents are smokers and smoke an average of 2.32 packs per day.

Property Tax

Local governments levy a property tax in Ohio. The assessed value allows for a 65% deduction. The millage rate varies per jurisdiction and averages at 64.00 per $1.,000 of assessed value. These calculations are applied to the projected market value of the new multi-family complexes. In addition, employees supported by operations will pay property taxes on the homes they occupy. In order to estimate property taxes, the assessed full cash value of the occupied space along with the projected value of a typical housing unit has been calculated.

Income Tax

Local governments in Ohio levy an income tax. In many cities, the income tax continues to be its primary source of revenue. The tax applies to all wages, salaries, commissions, and other compensation paid by employers and/or the net proceeds from operation of a business, profession, or other enterprise activity. The average income tax rate is 1.8%.

7. Fiscal Impact Analysis

Construction of the 25,950 new affordable housing units would generate an estimated $709.3 million in tax revenues for the State of Ohio and local governments, including construction sales tax, use tax, permit fees and employee generated taxes. In addition, apartment operations and additional household spending would create over $104.8 million in ongoing annual tax revenue that would be collected by state, county, and local governments each year at stabilized occupancy. Over 30 years of operations, total tax revenue will total over $3.1 billion.

Combined, construction and operating tax revenues of the program would total nearly $3.9 billion to state, county, and local governments.

Fiscal Impact of Operations Summary
Ohio Affordable Housing Tax Credit Program
(2023 Dollars)

	State of Ohio	Local Governments	Total
Impact from Construction			
Sales tax on materials	$195,916,000	--	**$195,916,000**
Permit & tap fees	--	$77,850,000	**$77,850,000**
Use Tax	$7,460,600	--	**$7,460,600**
Employee generated taxes	$216,582,400	$211,500,600	**$428,083,000**
Total - Construction	**$419,959,000**	**$289,350,600**	**$709,309,600**
Ongoing Annual Operations at Buildout			
Resident spending sales tax	$23,688,400	--	**$23,688,400**
Property tax	--	$70,451,100	**$70,451,100**
Retail sales tax (supply purchases)	$34,000	--	**$34,000**
Employee generated taxes	$3,557,800	$7,070,500	**$10,628,300**
Total - Operations	**$27,280,200**	**$77,521,600**	**$104,801,800**
35-Year Operations	**$818,406,000**	**$2,325,648,000**	**$3,144,054,000**
GRAND TOTAL	**$1,238,365,000**	**$2,614,998,600**	**$3,853,363,600**

NOTE: All of the above figures are estimates based on the calculations outlined in the methodology section of this report. The figures are intended only as a general guideline as to how they could be impacted by the project. The above figures are based on the current economic structure and tax rates.

Sources: Elliott D. Pollack & Co.; IMPLAN

8. Conclusion: State of Ohio Costs and Benefits

The financial upshot of this analysis can be distilled into a short list of important points that reveal both costs and benefits – the return on investment – to the state of Ohio produced by this proposed state affordable housing tax credit.

Net Costs to the State of Ohio:

- The proposal authorizes the issuance of $3 billion in state affordable housing tax credits. The credits will be authorized in annual increments between 2024 and 2029. In each of these six years, there will be authorization of $50 million per year for each of ten years, or $500 million, of tax credits for a total of $3 billion. These tax credit costs to the state are tax expenditures that are expected to be incurred from 2025 through 2040.

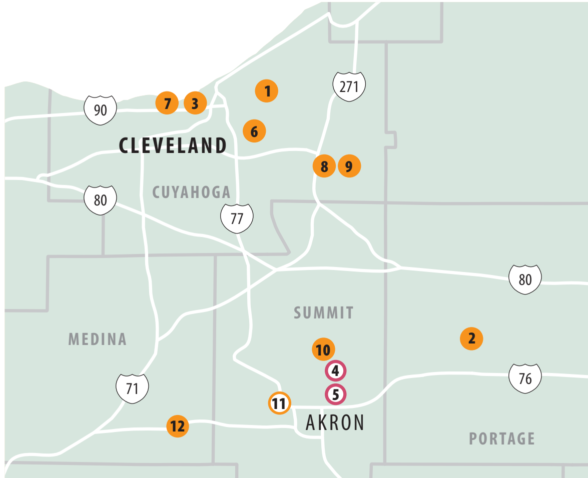
- This $3 billion cost to the state will be spread over 15 years. Construction and financing related timing issues mean that there will be an initial transition period when affordable housing tax credits will be issued and redeemed at a relatively slower pace after which estimated redemption rates will climb.

- Increased tax revenues directly related to the housing tax credit will follow a slightly different pattern as they will accrue over the life of the housing units, which is anticipated to be 30 years. But, in total, these increased revenues will offset the cost of the tax credits by 41.3% ($1.2 billion) thereby reducing the overall state costs from $3 billion to $1.76 billion.

- Within this framework, the state is spending $1 in tax credit costs to buy $8.24 in enhanced economic output and the new jobs, wages and state and local taxes that come with it.

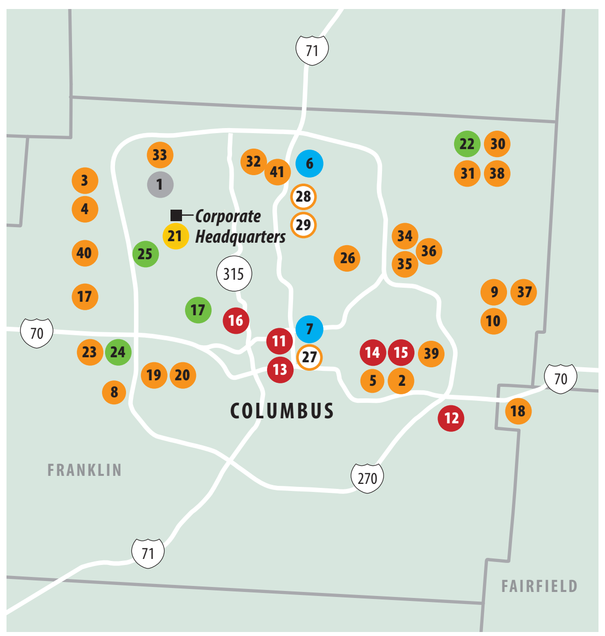
Updated July 2020

CLEVELAND/AKRON AREA



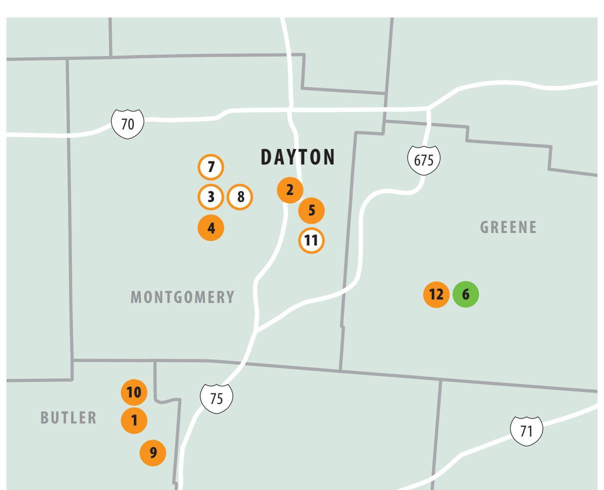
1. ***Carnegie Tower At Fairfax*** Cleveland
2. ***Bryn Mawr Glen*** Ravenna
3. ***Colman Court*** Cleveland
4. ***Commons at Madaline Park*** Akron
5. ***Commons at Madaline Park II*** Akron
6. ***Harvard Village Senior Apartments*** Cleveland
7. ***Kirby Manor of Villa St. Rose*** Cleveland
8. ***Mother Teresa Commons*** Bedford Heights
9. ***Mother Teresa Manor*** Bedford Heights
10. ***Portage Trail TC, Portage Trail AC*** Cuyahoga Falls
11. ***Stoney Pointe Commons*** Akron
12. ***White Oak Village*** Wadsworth

COLUMBUS AREA



1. ***Abbey Church Village*** Dublin
2. ***Argus Court & Green*** Columbus
3. ***Avondale Senior Village*** Dublin
4. ***Avondale Woods II*** Dublin
5. ***Brookwood Point*** Columbus
6. ***Center for Senior Health (North)*** Columbus
7. ***Champion Intergenerational Enrichment and Education Center*** Columbus
8. ***Cherry Blossom*** Columbus
9. ***Chestnut Grove*** Blacklick
10. ***Chestnut House*** Blacklick
11. ***Commons at Buckingham*** Columbus
12. ***Commons at Chantry*** Columbus
13. ***Commons at Grant*** Columbus
14. ***Commons at Livingston*** Columbus
15. ***Commons at Livingston II*** Columbus
16. ***Commons at Third*** Columbus
17. ***First Community Village*** Columbus
18. ***Grand Haven Commons*** Reynoldsburg
19. ***Hilltop Senior Village*** Columbus
20. ***Hilltop Senior Village II*** Columbus
21. ***Home and Community Services Central Ohio*** Columbus
22. ***Inniswood Village*** Westerville
23. ***Lincoln Gardens*** Columbus
24. ***Lincoln Village*** Columbus
25. ***Mill Run*** Hilliard
26. ***New Salem Manor*** Columbus
27. ***Poindexter Place*** Columbus
28. ***Restoration Plaza I*** Columbus
29. ***Restoration Plaza III*** Columbus
30. ***Ravine at Central College*** Westerville
31. ***Ravine at Central College II*** Westerville
32. ***Stafford Village*** Worthington
33. ***Stoneridge Court*** Dublin
34. ***Stygler Commons*** Gahanna
35. ***Stygler Village*** Gahanna
36. ***Walnut Trace*** Gahanna
37. ***Walnut Grove*** Blacklick
38. ***Woods at Central College*** Westerville
39. ***Woods on Country Club Road*** Whitehall
40. ***Woodview Court*** Hilliard
41. ***Worthington East Court*** Columbus

DAYTON AREA

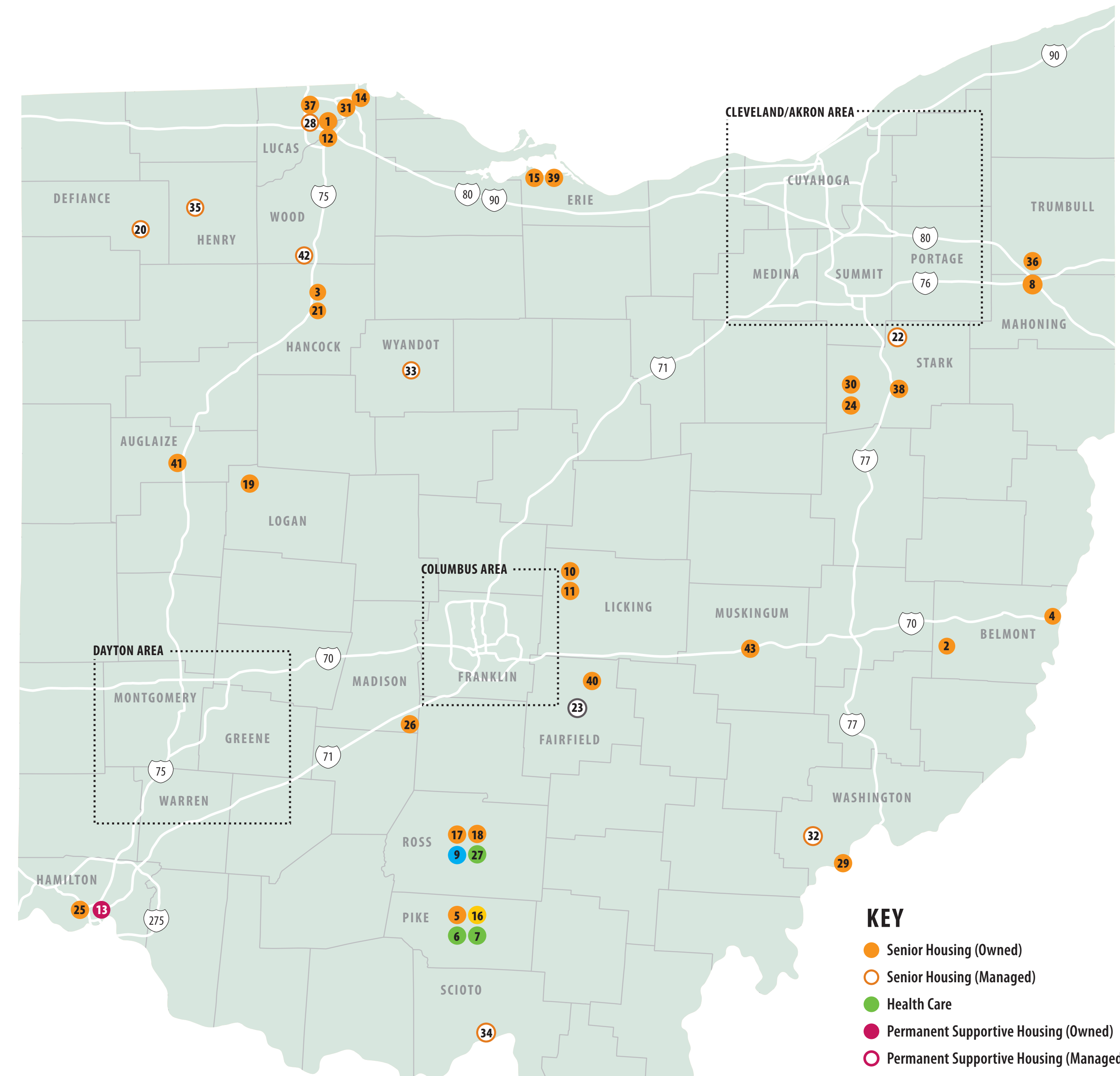


1. ***Dublin House*** Middletown
2. ***Grand Place*** Dayton
3. ***Hoover Cottages, Lofts at Hoover*** Dayton
4. ***Hoover Place*** Dayton
5. ***Huffman Place*** Dayton
6. ***Legacy Village*** Xenia
7. ***Lyons Place*** Dayton
8. ***Lyons Place II*** Dayton
9. ***Mayfield Village*** Middletown
10. ***Trinity Manor*** Middletown
11. ***Twin Towers Place II*** Dayton
12. ***Wright Place*** Xenia

National Church Residences™
EXCELLENCE THAT TRANSFORMS LIVES

OUR OHIO FOOTPRINT

Leadership in Integrating Housing and Supportive Services



KEY

- Senior Housing (Owned)
- Senior Housing (Managed)
- Health Care
- Permanent Supportive Housing (Owned)
- Permanent Supportive Housing (Managed)
- Family Housing (Owned)
- Home and Community Services
- Center for Senior Health
- Corporate Headquarters

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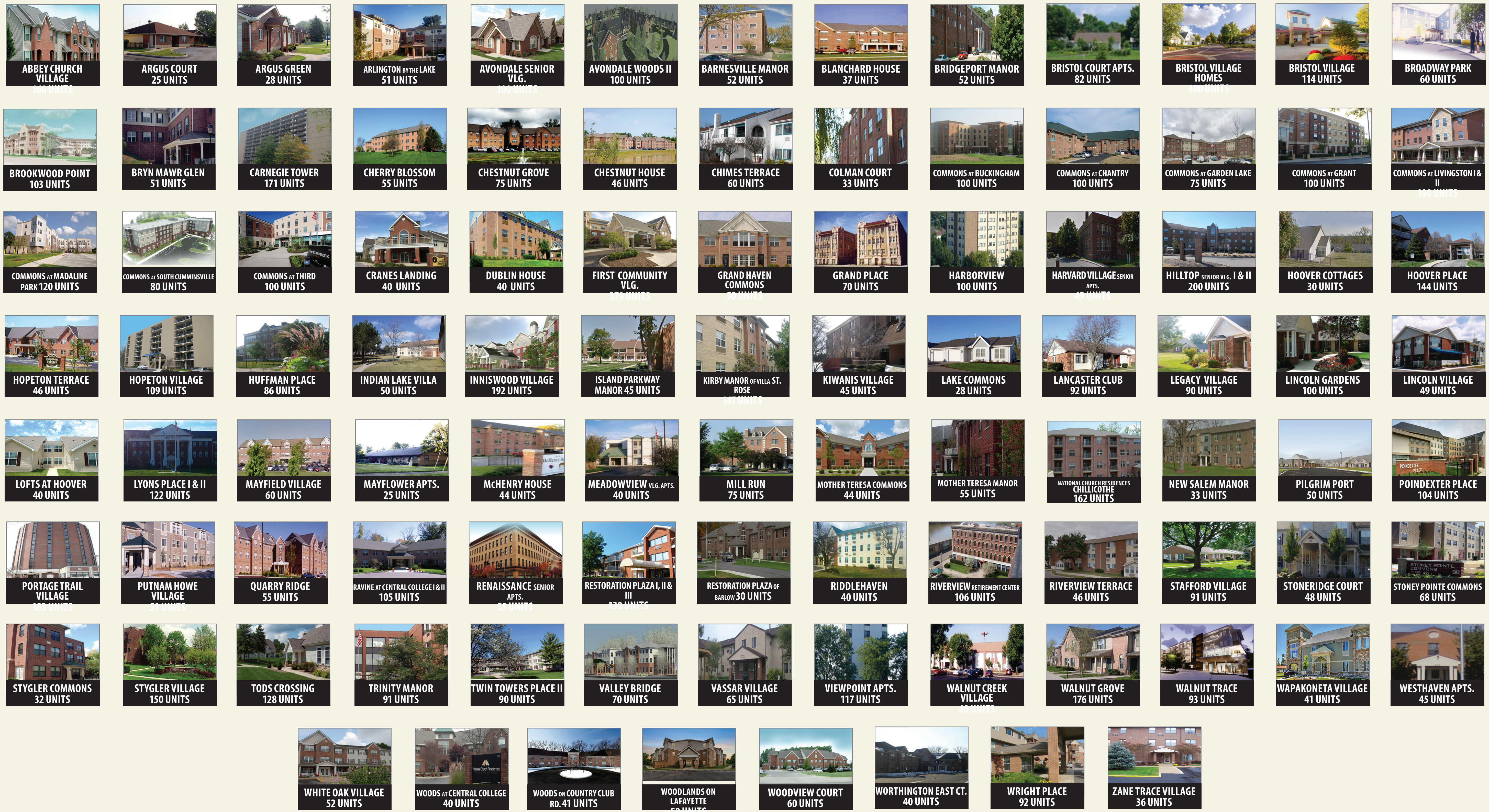
OHIO COMMUNITIES National Church Residences Owned and Managed Properties Across

Updated July 2021



Total Number of Units: 8,222