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**State Operating Budget (FY 2024-2025)
Interested Party Written Testimony
May 30, 2023**

Senate Finance Committee

William Murdock, Executive Director, Mid-Ohio Regional Planning Commission

Chair Dolan, Vice Chair Cirino, Ranking Member Sykes, and members of the Senate Finance Committee, thank you for the opportunity to testify on the operating budget bill – House Bill 33 – for fiscal years 2024 and 2025. My name is William Murdock, I am the Executive Director of the Mid-Ohio Regional Planning Commission (MORPC).

MORPC is a regional planning organization and regional council representing more than 80 local governments and partner organizations across 15 Central Ohio counties. Our communities span urban, suburban, and rural areas, comprising a broad cross-section of Ohioans. In addition to serving as both a Metropolitan Planning Organization (MPO) and Regional Transportation Planning Organization (RTPO) and advocating on behalf of our members here at the Statehouse and in Congress, we also provide a variety of programs and services for our members related to transportation, land use, data, sustainability, and economic and community development.

Our region and state hold a wealth of potential, but with these opportunities also come great challenges. Ensuring Ohio remains a vibrant and accessible place to live, work, and raise a family will require us to continue making meaningful investments in our communities.

With this in mind, we come before you today pleased and encouraged by many elements from the Governor's proposal, but also with some concerns about some House-added provisions. As such, we are urging this body to maintain or expand the significant investments in five key areas: housing, natural resources, transportation, community development, and local government funding.

Housing

Increasingly, housing is one of the biggest challenges facing Central Ohio. By our own estimates, our region will grow to over 3.15 million people by 2050 – and already, housing is growing less accessible for residents. This isn't unique to Central Ohio either – affordable housing units are in short supply statewide. The National Low Income Housing Coalition estimates Ohio has a 250,000-unit shortage of rental homes for people with extremely low incomes. With thousands of new jobs coming online around Ohio, we need to ensure that our workforce is not just skilled and educated, but securely housed as well. Without this element, we cannot attract and retain the best talent, nor can we provide upward mobility for our residents.

The solution to this looming crisis is clear and simple: more housing stock is needed to meet demand and bring down prices. Thankfully, **the bill includes provisions to encourage more affordable**

housing construction via a state low-income housing tax credit. We strongly support this provision and urge this body to maintain the House's version.

Already, we have engaged many of our local communities on housing issues and published a Central Ohio Regional Housing Strategy, and we continue to encourage our members to grow sustainably and strategically. After all, housing is just one piece of the larger puzzle of improving quality of life for residents. The “where” of housing is often as important as the “how much.” Proximity to key resources like jobs, transit, and utilities must all be taken into consideration.

Part of the feedback received from this engagement is that there is a clear need for more planning assistance, as many of our smaller communities do not have the bandwidth to do the work alone. That is why **we are proposing the creation of a Growth Planning Assistance program at the Ohio Department of Development. At \$2 million per fiscal year, this amendment would allow for local governments across Ohio to contract with regional planning commissions to plan future infrastructure and connect local workforces with housing, employment, and services necessitated by economic growth.** This funding would enable us to provide expanded planning services to growing communities – keeping their costs low and priming them for growth.

We also want to ensure that all our residents can benefit from new development. In other words, as property values rise and household wealth grows with it, who benefits? Are we providing upward mobility and financial security through accessible homeownership, or are they being priced out of the real estate market altogether? Affordability challenges have arisen in the rental market too, as demand continues to outstrip supply and the cost of homeownership rises out of reach.

It is for this very reason, however, that we have some concerns around conversations about eliminating the House's Low-Income Housing Tax Credit provisions. We must ensure housing developments of all sizes and types are encouraged so that families of all sizes and types are empowered. Ensuring a vibrant housing market will require an all-of-the-above approach combined with responsible land use practices. **We urge you to include not just single-family homes in housing development incentives, but other housing types common to neighborhoods and small towns across Ohio, including those some call “the missing middle” – duplexes, fourplexes, and townhouses.** When possible, integrating more housing types into more populated areas creates more units to go around, more downward pressure on prices, and more opportunities for renters. With so much potential on Ohio's horizon, we have a narrow window of opportunity to build tomorrow's neighborhoods in a coordinated and thoughtful way.

Our research also shows that stabilizing existing housing and neighborhoods is just as important as building new, affordable homes. Simply put, it can make it possible for families to stay in their own homes. Home weatherization is one crucial tool to promote housing stability and combat housing insecurity, as repair assistance can make existing homes more affordable by reducing heating and cooling costs. Within our own shop, we work with Central Ohio homeowners with lower incomes to make these improvements and keep them secure in their own homes. This is one more area where the executive proposal is very promising. **As written, the bill would provide a 400 percent increase of federal dollars to the home weatherization program. We strongly support this provision and are excited to do more good work for our communities.**

Natural Resources

Water is one of our most valuable resources in Ohio right now. As record levels of drought sweep across the American West, we enjoy an abundance of surface and groundwater resources across our state. This is a key element not just for our homes, but for economic development as well. In Central Ohio, we are very fortunate to have a variety of rivers and creeks that serve as both a resource and a recreational asset.

As you know, H2Ohio has already made great strides for water quality improvement and preservation, especially for the Lake Erie Basin. Here in Central Ohio, the program has also been instrumental for lead water line replacements and sewage system improvements, with 16 different local governments in our service area taking advantage of these opportunities.

There is more work to do, however, to ensure our water resources are adequately preserved, which is why **we strongly support the Governor's proposal to expand the H2Ohio programs statewide**. Whether it's rehabilitating waterways in urban and suburban areas like Franklin County or ensuring sustainable agricultural practices in our rural counties, actors across Central Ohio have a role to play and benefits to reap from H2Ohio's expansion.

Within H2Ohio, the Governor's proposal also creates a Rivers Initiative to revitalize our rivers and river areas statewide. We are very excited by this proposal as we have recently been placing more emphasis on improving our blueways for outdoor recreational purposes. Working in close conjunction with our partners at local non-profit RAPID 5, plans are already underway to better connect our existing parks, trails, and blueways to create the largest interconnected parks system in the United States. As we and our partners work together toward this ambitious vision, we look forward to exploring the opportunities the Rivers Initiative may create and the ways our residents may benefit from clean and accessible waterways through this program.

Additionally, we noticed the House cut the Ohio Department of Natural Resources' (ODNR) budget overall by \$7 million in Fiscal Year 2024, and by \$27 million in Fiscal Year 2025 when compared to the Governor's proposal. **ODNR provides valuable services to Ohio residents and MORPC staff, and we support the Governor's proposed increases to their budget.**

Transportation

At MORPC, transportation is a large part of our work. In preparing Central Ohio's transportation systems for the future, we must pursue solutions that are safe, accessible, and convenient, no matter the mode. As has been evidenced by the recent derailment in East Palestine and others that have been highlighted since, failure to plan for the worst can have disastrous consequences.

We applaud the House for giving priority to this issue and enacting new safety regulations on freight rail operators. However, we were disappointed to learn the House removed a \$125 million transfer to the Rail Safety Crossing Fund. This funding would be a crucial state match for substantial federal funding to improve safety at railroad crossings all over Ohio, protecting motorists and surrounding communities alike. **We urge you to restore funding to the Rail Safety Crossing Fund at \$125 million, as was introduced in the Governor's proposal.**

Additionally, while we appreciated the House's addition of a \$50 million transfer to the Airport Development Grants Fund, we believe this program can be expanded further, and that the Ohio

Department of Development would be best suited to facilitate it. **We support the Ohio Aviation Association's request to appropriate \$125 million in Fiscal Year 2024 to this new fund for commercial airport improvements.**

As we mentioned in our testimony for the state transportation budget, **we also support additional modifications to the state distracted driving law to make Ohio a truly hands-free state, as well as more thorough reporting requirements for traffic stops under the new law.** We hope that you will consider removing exceptions in the law that allow drivers to use phones at red lights and hold phones to their ears while driving; as well as requiring the driver's race to be reported for any stop under the new law, not just when drivers are cited.

Community Development & Revitalization

One other tool our state provides for economic and community development is the Historic Rehabilitation Tax Credit. This credit is a lifeline for many towns and legacy cities with aging infrastructure, and not only provides a boost for economic growth, but promotes sustainable development practices by renewing existing structures. **This budget doubles the cap of Historic Rehabilitation Tax Credits to be awarded by the Department of Development to \$120 million in fiscal year 2025. We are thankful for and supportive of this change, and request that this provision remain in the bill.**

We are also pleased to support the House's restoration of the Brownfield Remediation Fund. We have heard great feedback about this program from our partners and members, and rather than revert to a lower funding level, we would like to see this program continue at the same level. It is one the most effective tools for economic development with impact in every type of Ohio community. **We support the Greater Ohio Policy Center proposal to maintain the Brownfield Remediation Fund and Demolition Program at the same level as the last budget, with \$350 million for brownfields and \$150 million for demolition over the next two years.**

As we work to revitalize our communities, we are also hindered by the current competitive bidding threshold of \$50,000, which has not been updated or adjusted for inflation for many years. Inflationary pressures over time have continually shrunk the scope of projects local governments can complete without bidding out to contractors. **We support the House's competitive bidding threshold increases to allow our members to complete projects with their own employees, rather than having to put even the smallest projects out to bid.**

Local Government Funding

The local government fund (LGF) continues to be a key resource for our members. Although modest, we are encouraged by the increase in the LGF to 1.7% of state general revenue. **We also support our local government partners in their advocacy for further increases to the LGF.** These funds will better enable our member governments to provide essential services for residents at a time when dollars are being stretched ever further due to inflationary pressures.

We do, however, have concerns about tax reforms being discussed and how they may impact local government revenues. Irrespective of any changes to the state income tax structure, **we urge this body not to enact tax relief at the expense of local governments, and to ensure they are held harmless by state income tax cuts.** Doing so would further hold back communities from providing those essential services and solving local problems as constituents demand. We are further

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concerned that, as the bill is written, property tax burdens could be increased at a time when housing costs – and housing insecurity by extension – are at historic highs.

We are also deeply concerned about a House-added provision that would create a tax exemption for unimproved land that has been subdivided for residential development. Such an exemption would allow property developers to develop roads, sidewalks, and utilities on their property before breaking ground on housing, but while valuing the property as though it was still for agricultural use. In addition to negatively impacting local government revenues, this language would further encourage sprawl at a time when responsible land use has never been more important for Central Ohio. We urge you to remove this language from the bill.

Chair Dolan, Vice Chair Cirino, Ranking Member Sykes, and members of the Senate Finance Committee, thank you again for the opportunity to provide testimony today, and thank you for your efforts in advancing these initiatives. Please do not hesitate to contact me, at 614-233- 4101 or wmurdock@morpc.org with any questions or whenever MORPC can be of service.