



Chairman Dolan, Vice Chair Cirino, Ranking Member Sykes and Members of the Senate Finance Committee, thank you for your continued efforts on Substitute House Bill 33, the state operating budget. NAIOP of Ohio is Ohio's leading commercial real estate association, and our members appreciate the commitment of you and your colleagues concerning the state operating budget, House Bill 33. Ohio was recently ranked third in the entire country for overall contributions of real estate to state GDP of \$64 billion and 424,000 jobs supported in 2022.

NAIOP of Ohio respectfully urges you and your colleagues to consider and implement the following recommendations for the final budget legislation to enable Ohio to maintain (and ideally accelerate) its strong economic development momentum.

1. **Opportunity Zones:** Prohibiting investments in rental housing in Ohio Opportunity Zones from qualifying for the opportunity zone credits will crush the Ohio Opportunity Zone Program, which is one of the finest such programs in the entire country, just after it has finally gained real momentum. There are serious economic headwinds due to rapidly escalated construction costs and interest rates that have more than doubled in the past year alone. Multifamily construction projects, both new construction and renovation projects, are among a select group of projects that actually have a chance to move forward and get completed in the current market. The majority of Opportunity Zone projects that are moving forward in this market are multifamily rental projects. The current Senate language would stifle that much-needed economic growth in a tough market, and therefore, NAIOP believes the language included by the Senate on that subject needs to be removed. Moreover, that Program needs funding of \$50 million for FY 2024 and at least \$50 million for FY 2025, or it will likely run out of funding, which would cause developers to lose interest in developing in those areas, and investors would be less interested in investing in those areas. Further, those tax credits should be permitted to be sold to insurance companies and financial institutions, in addition to individuals (as currently permitted), to maximize their marketability and benefits to our economy.
2. **Historic Tax Credits:** Removing the increase for the Ohio Historic Building Rehabilitation tax credits that may be awarded by the Director of Development in FY 2025 would be harsh setback for the commercial real estate industry throughout the state, at a time when certain sectors, in particular, need additional support. With Senator Kirk Schuring's successful leadership in the previously passed Senate Bill 225, the temporary

expansion of that Program has ensured that property owners, lenders, and investors can rely on the Program's funding being available to qualified projects at a time when office conversions are critical to Ohio's regional economies, downtowns, main streets, and courthouse squares. NAIOP respectfully asks for the restoration of the temporary increase through FY 2025 that was already supported by the Administration and the Ohio House.

3. **Brownfield Remediation and Demolition & Revitalization:** Private entities should be permitted to apply for funding to cover the cost of certain brownfield remediation, demolition, and revitalization activities that would also enable a development project to move forward, or to ready a site for development. At a minimum, even if County Commissioners must be the lead applicants, then private entities (including property owners and developers) must be permitted to be the beneficiaries of such funds, so those funds can be put to their best possible use, swiftly, by enabling developments to move forward, which will then generate additional new economic activity and revenue for our state and our communities. This Program is currently oversubscribed, and the private market has proven that there is a need and justification for additional funding to support the cleanup of contaminated sites and the demolition of blighted buildings throughout Ohio to ready them for productive use.

In recent years, NAIOP has worked closely with our General Assembly to help improve our economic development policies, resulting in significant progress. Ohio is now considered a national leader in economic development, thanks in part, to valuable economic development incentives such as those set forth above, that have and will continue to facilitate further growth for Ohio and our economy as a whole.

Chairman Dolan, thank you and colleagues for your consideration of these changes to the legislation.