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House Bill 33 (Proponent Testimony)
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Chairman Schaffer, Vice Chairman Landis, Ranging Member Hicks-Hudson and members of the Senate Agriculture and Natural Resources 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 incredibly 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 begun 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 initial 15 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 employ 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 Schaffer, Vice Chairman Landis, Ranging Member Hicks-Hudson and members of the Senate Agriculture and Natural Resources 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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