



Senate Select Committee on Housing September 26, 2023

Chair Reynolds, Vice Chair Johnson, Ranking Member Craig and members of the Senate Select Committee on Housing, thank you for the opportunity to testify today on behalf of the Ohio REALTORS®. My name is Andrew Huffman and I am the Director of Government Affairs for Ohio REALTORS® and I am joined today by Veronica Cardello, our Director of Local Government Affairs who will speak to some exciting initiatives Ohio REALTORS® is engaged in with other stakeholders to address housing inventory and affordability.

Formed in 1910, Ohio REALTORS® is the state's largest professional trade association with approximately 37,000 members representing both residential and commercial practitioners.

It is no secret that Ohio has a crisis-level housing shortage across the state. This has been well documented by prior witnesses. Nationally, it is estimated that the underbuilding gap in the U.S, totaled more than 5.5 million housing units in the last 20 years.¹ As a result of the housing shortage, we are starting to see fewer homes sold at much higher prices. The most recent sales data from August 2023 showed home sales in Ohio drop over 17% from the same month last year. The average sales price in Ohio reached \$285,305, a 6.6% increase from the previous year.

In the state operating budget (HB 33) lawmakers took steps to address the housing crises through providing financial incentives to Ohioans saving for a new home, making investments in new housing developments, and reducing barriers to housing construction. Ohio REALTORS® helped spearhead a program that encouraged Ohioans to save for the purchase of a home by allowing tax deductible contributions to a homeownership savings account. These savings accounts will serve as a valuable tool for Ohioans saving for the purchase of a home. The state operating budget also makes historic investments in new housing development through the creation of the state affordable housing tax credit program, the single-family housing tax credit program, and the Welcome Home Ohio Program. These programs will make investments in multiple forms of new housing and will help address the shortage facing the state. Lastly, the budget reduces barriers to housing construction by protecting home builders from higher taxes when they subdivide land into individual lots prior to construction and increase the threshold of signatures required to challenge township zoning plans for residential housing projects.

As we look toward future efforts to address the housing shortage, it is important to recognize that there is no silver bullet to fix this problem and that lawmakers should look for a combination of policies that best fit the needs of local communities. I would like to highlight a few initiatives that the committee could examine further to increase housing supply in Ohio. These suggestions, as well as others, are

¹ [Housing-is-Critical-Infrastructure-Social-and-Economic-Benefits-of-Building-More-Housing-6-15-2021.pdf \(nar.realtor\)](#)



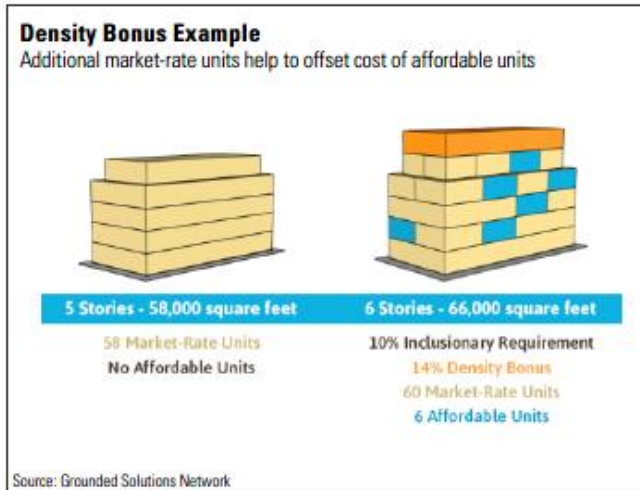
highlighted in the 2021 analysis conducted by the Rosen Consulting Group titled “State and Local Policy Strategies to Advance Housing Affordability.”²

One of the more obvious solutions to increase housing stock and affordability is to reduce the cost of construction. The cost of building homes has rapidly increased over the past decade. Innovations in the homebuilding industry could help drive down these costs. The Department of Housing and Urban Development (HUD) recently concluded that modular housing construction, and pre-fabricated homes could achieve an overall savings of up to 20% over traditional construction. State and local governments should explore policies that make it faster and easier for homes built off-site to be placed in communities. Policies could include expanding zoning for pre-built homes, coordinating between local agencies to allow more efficient transportation of these homes to the final build-site, and continued support for the development of these building methods.

Additionally, new housing opportunities such as accessory dwelling units (ADUs) can provide an innovative way to increase density, often without major zoning changes while also keeping the character of neighborhoods intact. ADUs can either be attached or detached from another dwelling and can be offered as rental properties or made available for sale. ADUs enable communities to increase density and add housing stock to the market. The West Coast has embraced ADUs to address its affordability crisis by expediting the permitting process and developing pre-approved plans and designs for builders. The City of San Jose created an ADU Master Plan Program that, in addition to streamlining the review process, also offers grants to pay for consultants to assess the feasibility of ADUs on a property and provides loans to facilitate the construction of ADUs. Policymakers should consider strategies to educate their citizens about ADUs, streamline approvals for development, and consider financing options to assist homeowners with initial construction.

Density bonuses can also be a powerful tool for increasing affordable housing options in communities without directly subsidizing development. These policies provide developers with a level of density above what local zoning would traditionally provide, in exchange for the development of on-site or off-site affordable housing. Local communities benefit from increasing affordable housing options, while developers are able to offset the costs of affordable units with increased revenue from a greater number of market-rate units. Cities such as New York and Austin have utilized density bonuses to incentivize the development of affordable and market-rate housing in their communities. Below is an example of how this policy is implemented.

² [State-and-Local-Policy-Strategies-to-Advance-Housing-Affordability-February-2021.pdf \(nar.realtor\)](#)



Local and state governments must also review zoning and permitting requirements, which are often prohibitive in nature and discourage new residential development. Up-zoning and rezoning policies involve converting low-density, or underused commercial and industrial real estate into higher-density housing options. By rezoning these properties, communities can receive the benefit of increasing tax revenues on existing land and achieve the goal of increasing housing supply. Local governments can combine rezoning efforts with other programs like density bonuses or inclusionary housing policies to increase affordable housing options. Local and state governments should also review their property holdings to identify underutilized public property that could be zoned for housing development. Creating zoning plans that allow developers to adapt projects to what is most needed in an area is also important to consider and can create more mixed-use spaces that can fill needs within the community. Montana recently passed SB 382, or the Montana Land Use Planning Act, which overhauled its rules for local zoning and permitting. The bill would apply to cities with a certain threshold of residents and require them to adopt at least five of over a dozen strategies for housing development, which could include reducing minimum lot sizes, allowing multifamily development in more areas, increasing building height limits, eliminating impact fees, and reducing restrictions on ADUs.

I am now going to invite Veronica Cardello to provide you with a presentation with additional information about these suggestions as well as an initiative we are pursuing to explore pre-approved infill building plans and how they could be a tool to benefit Ohio communities.