

Introduction

The Southeastern Ohio Port Authority (SeOPA) is the lead economic development agency for Washington County. In March 2020, I accepted the executive director's position and shortly after that, I began to notice that housing was a significant constraint for economic development in our county. Since then, the reality of the housing crisis has been recognized by leaders across the state. True to form, rural communities in Appalachia are experiencing unique root-cause conditions to what's become a ubiquitous challenge. The pandemic created an opportunity for rural communities to grow, but until we can find a way to rise to the challenge, we will continue to remain stagnant in our growth.

Why Housing Matters

When I'm asked what we need when it comes to housing, my answer is always "We need it all". From affordable housing to \$500K homes on 5 acres, the market is demanding it. On average, there are 100 to 125 homes listed for sale in our county at any given time on Zillow. During Q2 2022, the average number of homes was 42. It was 57 during Q3 2022 and although the average has increased over the last year, it is still below average. This has created a housing market that makes it incredibly difficult to attract talent to our community, especially high-wage professionals. From physicians to engineers, many of our prominent employers are struggling to recruit talent to our region primarily because of the lack of housing. In Q4 2022, a local manufacturer added 6 six-figure supervisory-level positions and they relocated current employees to fill those positions. Of the six, four of them live in Wood County, WV due to their more competitive housing market. One of the two employees that did find a home in Washington County, had to live in a hotel for four months before finding a suitable home for their family! Our community's reputation quickly spread through that company, which has made the growth they are experiencing in 2023 even more difficult.

The lack of quality, affordable workforce housing has created issues with worker displacement. The service economy plays a significant role in our local economy, as well as our overall quality of living. With a lack of sufficient housing for lower-wage earners, many of them move away from our communities to areas with more suitable accommodations. Not only does this deplete our workforce, but it also results in less local spending, which results in reduced tax revenues for communities already suffering budget constraints. Another component of the overall benefits of housing development is the tax implications on our schools. More homes and increased property values have a direct impact on the quality of our school systems. If our housing stock remains static and if it continues to diminish in value, our schools will suffer the same budget constraints as our municipalities.

Reasons for the Challenges

I have observed two primary reasons housing has become a constraint for our community. Washington County is suffering from the attrition of qualified, capable, and willing developers. During the '90s and leading up to 2008, we had as many as a dozen developers actively pursuing housing projects that included multi-unit complexes to support the demand for workforce housing, to traditional single-family subdivision development. Currently, it could be argued that we have no one filling this need in our community. Many developers have since retired and the few capable ones that remain, have changed their business models to address their workforce issues. An example of the latter is a once-prominent local home builder who now specializes in roofs for the simplicity of

training employees. In the absence of local developers, we are left to recruit developers from urban areas and true to form, our opportunities in Appalachia do not occur at a scale that makes them attractive to a corporate developer. Case in point, in the last year, I have presented a multitude of opportunities to 8 different developers from the Columbus area with no success.

In speaking with the Columbus-based companies, I quickly learned that our communities are ill-equipped to provide the financial incentives these developers expect to be available to them when pursuing a project. Rural communities lack the financial ability to support the gap in 4% Bond Gap Financing deals, despite the current \$4.5M set aside. I found the expectation to be that any community wishing to attract an investment from a large developer, would provide no less than \$1M in local match to support the project. In addition to the local infusion of cash, the developers expect utilities to be TIF'd and real estate taxes to be abated. This is a nearly impossible incentive package for small communities to provide developers without support from the state.

Policy Recommendation

I believe that an increased cap for BGF and set-aside deals for the Appalachian region are a step in the right direction. I believe the \$1M allocation in State LIHTC per Appalachian deal funded in the BGF program will move the needle significantly for communities like Marietta, that otherwise would have to come up with the gap on their own. Regarding the Single-Family Housing Tax Credit Program and Welcome Home Ohio Program in Appalachia, making it more accessible for moderate-income residents of the region could be a catalyst for transformational growth. In an era of ever-increasing inflation, any financial incentive that makes housing more accessible, affordable, and equitable for Ohio families is something that deserves due consideration.

Lastly, something I would love to see is a program similar to the JobsOhio [Ohio Site Inventory Program](#). Local economic development organizations have access to programs that fund site-readiness activities, e.g. design, engineering, and utilities, but there are no programs that support similar activities for residential development. Organizations like SeOPA have a history of successfully developing commercial and industrial sites, which qualifies us to do the very same for residential development if we were equipped with similar tools and incentives.

I sincerely appreciate the committee's consideration of the foregoing testimony.

With gratitude,



Jesse Roush, Executive Director