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SENATE SELECT COMMITTEE ON HOUSING
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Good morning Chair Reynolds, Vice Chair Johnson, Ranking Member Craig, and members of the Senate Select Committee on Housing. Thank you for the opportunity to inform the Committee about the challenges that our member counties are facing in housing policy. These challenges vary significantly across urban, suburban, and rural environments, so it is not possible to design a “one size fits all” template for state policy. Housing policy should be approached as a partnership between the state and local governments, with state policy leaving room for flexibility and innovation at the local level. The increasing cost and limited supply of housing presents significant challenges to families and businesses looking to relocate in Ohio and is an increasing challenge for workforce development. CCAO supports exploring ways to empower commissioners to provide targeted incentives to increase local housing supply.

Housing and economic development are inextricably linked, and the state has a vital role to play in leveling the playing field among different regions of the state. Ohio’s regions are growing at different rates, which affects the demand for housing. Between 2000 and 2020, fifteen Ohio counties experienced double-digit increases in population. Most of these counties are located in central or southwest Ohio. The strong population growth in these areas attracts interest from housing developers. During this time period, however, 48 counties lost population, making it more difficult to attract any interest in large-scale housing development. In these areas, the lack of new housing can become a liability in the attraction of new business investment, leading to a vicious circle in which site selectors may overlook an otherwise promising location. State investments in broadband, water and sewer infrastructure, workforce development, and transportation are essential to making sure all areas of the state are attractive to both business investment and housing. The General Assembly and DeWine-Husted Administration have been strong partners in these areas. We also believe that the extension of natural gas supply lines to unserved areas of the state should be a high priority.



The lack of affordable housing is a growing problem statewide, but it is reaching crisis levels in Ohio's metropolitan counties. Currently, these counties do not have enough affordable housing to meet demand. Ohio's metropolitan counties are looking for ways to partner with nonprofits and the private sector to develop more affordable housing options. Some have been able to identify an ongoing revenue stream for this purpose, while others have been able to use American Rescue Plan Act (ARPA) or other federal resources. In the long run, local resources will not be adequate, and state resources will be needed to improve the availability of and access to both rental housing and owner-occupied housing.

Rehabilitation of aging housing stock must be part of any housing solution in Ohio's urban areas. Ohio's counties are national leaders in utilizing land banks to intervene and repurpose distressed properties. CCAO is grateful for the increased funding made available in the FY 2024-2025 budget bill for the rehabilitation of properties held by land banks. As this work continues, we should keep in mind that a significant portion of Ohio's housing stock was built before 1950, and thus contains lead paint and lead water supply lines. Given the devastating impact lead can have on children's bodies, it is a critical health and education issue. Minority and low-income children are disproportionately affected because they live in older housing units. It is vital that state and federal investments continue in this area.

With increased office vacancies across the state, there is an opportunity to convert vacant buildings into residential units. Current zoning codes do not always contemplate revitalization and building code compliance is cost-prohibitive. The state should develop a program that makes the reuse and restoration of these structures competitive with the option of new construction. These rules should retain essential safety features without demanding compliance with every current code provision required for new construction. We recommend a companion program to "shovel ready" sites that supports the transformation to "occupant-ready" sites.

Counties have the authority to establish planning departments and to participate in regional planning organizations. Planning organizations may then adopt a plan for major streets and highways and have the authority to approve subdivision plats in the unincorporated areas that are more than 3 miles from a city or 1 ½ miles from a village. Although much of the other work of the planning department is advisory, they are nonetheless important in coordinating the actions of local governments and guiding the development of county infrastructure as the commissioners work with the county engineer on improvements to roads, bridges, and drainage.

Counties may also establish limited zoning authority in unincorporated areas with voter approval, although most counties have not adopted zoning regulations. In reality, county commissioners have limited authority to effectively regulate land use problems in the county. CCAO proposes that boards of county commissioners be given the following additional authority and tools to regulate land use when needed:

- Authority to impose impact fees on new development to assure the general taxpayer does not pay for the entire cost of expanded infrastructure needed as a result of new development.
- Authority to enact zoning for the purpose of promoting the general welfare and to encourage the preservation of agriculture and agribusiness.
- Authority to approve transfer of development rights (TDR) in both zoned and un-zoned areas in order to promote preservation of open space and farmland. In the event a property owner is compensated in conjunction with a TDR, no public funds may be granted to the owner for an agricultural or conservation easement.
- Authority to levy fines and issue stop work orders to enforce county flood plain regulations.
- Authority to increase the period of recoupment for CAUV farmland being converted to other uses, with the added revenue dedicated to economic development, farmland preservation, infrastructure, and planning.

Counties also seek greater authority to balance competing interests when landowners are using expedited municipal annexation in ways that are contrary to the county comprehensive plan. Expedited annexation requires the agreement of all property owners within an area up to 500 acres and may even cross county lines. Under current law, commissioners must approve the annexation if all of the statutory conditions are met. Commissioners should have the authority to (1) raise other concerns that are not addressed in statute, such as traffic, land use plans, water and sewer utilities, and the impact on school districts; and, (2) to negotiate an acceptable resolution with other political subdivisions involved in the annexation.

One of the ways that local governments pay for infrastructure is through the use of tax increment financing (TIF) arrangements. A TIF diverts potential property tax revenue derived from increased valuation to a new purpose. Although a TIF can be a useful development tool, it can also be misused.

CCAO opposes efforts to expand the allowable uses of TIFs to include services and activities that are not directly related to the construction and maintenance of physical infrastructure. TIFs should be used as a tool to develop public infrastructure such as roads or utility lines that benefit the general public rather than a tool to offset private development costs of particular projects or developers. Moreover, the primary purpose of TIFs should be to support industrial or commercial projects rather than residential development. Current law allows commissioners to object to a municipal or township incentive district TIF if the duration exceeds ten years or the percentage exemption exceeds 75%. The law also includes a default compensation mechanism if the parties do not reach agreement. This default provision should be expanded to include parcel

TIFs and allow commissioners to object and receive compensation for any TIF if the duration exceeds ten years or if value of the exemption exceeds 50%.

Thank you for the opportunity to provide this information. We look forward to working with the committee members to address housing policy issues.