



SELECT COMMITTEE ON HOUSING

Witness Form

Today's Date January 31, 2024

Name: The Honorable Debbie Lieberman, Commission President

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Topic to be discussed: Housing Needs in Ohio

Testimony: Verbal Written Both

Testifying As: Proponent Opponent Interested Party

Are you a Registered Lobbyist? Yes No

Special Requests: _____

Written Testimony of the Montgomery County Commission:
Debbie Lieberman, Commission President, Judy Dodge, Commissioner, and Carolyn Rice, Commissioner
To The Senate Select Committee on Housing
Regarding Housing Needs in Montgomery County and Ohio

Senator Reynolds, Senator Johnson, Members of the Senate Select Committee on Housing, thank you for the opportunity to provide additional information regarding housing needs in Montgomery County and in the State of Ohio. We believe the availability of appropriate housing is a critical element to the success of Ohio in attracting new businesses and families, in retaining existing businesses and families, and to supporting Ohioans as they age in our State. Providing affordable, appropriate housing for the diverse families that make up Ohio is a critical piece towards reversing existing trends of Ohio's population shrinking in proportion to all American families.

SUMMARY

Montgomery County is a special place, like no other in Ohio. However, we face similar challenges to other communities. Too little affordable housing, too much poorly maintained housing, and too many areas without the housing desired by residents are common throughout the State. Locally, a tornado in 2019 that destroyed hundreds of units of affordable housing exacerbated an already tight housing market. Other communities have had their own special challenges, from natural disasters to economic fallout to disinvestment from landlords.

We believe there are solutions that the State needs to implement, in concert with local government, private developers, and residents. These solutions include:

- Supporting Affordable Workforce Housing
- Supporting Affordable Senior Rental Housing
- Preserving Existing Housing Stock
- Assisting First-Time Homebuyers
- Supporting Market-Rate For-Sale Residential Development
- Evaluating Neighborhood Housing Needs

BACKGROUND

Montgomery County Needs Affordable, Quality Housing

The primary source for information in this testimony is the Housing Needs Assessment: City of Dayton, Ohio and Montgomery County, Ohio, completed in 2021 by Bowen National Research. This 230-page document contains critical research material that led to a number of specific recommendations. The report made be found at: <https://uploads.strikinglycdn.com/files/67dd9f59-9dec-4058-a2e0-31469d4f2118/Housing%20Needs%20Assessment.pdf?id=3914455> and we would be pleased to provide hard copies of the report to Committee members if that is desired.

The report shows that 42% of renters and 18% of homeowners pay more than 30% of their income towards housing costs. These cost-burdened families must cut back in other areas to allocate a larger percentage of their income to housing.

In addition, 3,000 housing units are overcrowded with more than one person per room and 1,755 units lack complete kitchens and/or indoor plumbing. These housing units need to be upgraded or replaced for all residents to live in housing that meets basic standards.

Aging Residents Need Housing That Addresses Their Needs

Households headed by Aging Millennials (age 35 to 44) and Seniors (Aged 65 and better) are expected to grow in the future, requiring a different type of housing than is currently available. In fact, the largest growth in households between now and 2026 will be in households headed by residents 65 years and better.

Additional Housing Is Needed in Both Higher-Income Households and Lower-Income Households

In the City of Dayton, 60% of renters have annual incomes below \$30,000; in the remainder of the county, that figure is nearly 40% (38.2%). Preservation and addition of affordable rental housing is critical to the success of the City of Dayton, Montgomery County, and the region. Affordable housing for working families is a critical need and may limit Ohio's ability to attract and retain corporate partners, who rely on a dependable workforce of residents prepared to work for these corporate partners.

Older Homes Will Require Increased Maintenance, Testing Residents Ability to Maintain Properties

Many homes in Dayton and Montgomery County are older, built before the 1970's and, in many cases, before the 1950's. The houses naturally begin to require more maintenance. Over 40% of households in Montgomery County have an income of \$60,000 or less. Over 25,000 families in owner-occupied houses in Montgomery County are already housing cost-burdened (paying over 30% of their income for housing costs). Many of these older homes will require modifications to make them accessible to seniors to allow them to age in place. This aging in place, in housing in the community, as opposed to congregate living facilities, is a lower cost to both the residents and to the State, is the preferred option for many aging residents, and has the best outcomes for the residents, prolonging both the quality and quantity of their lives.

Additional Multi-Family Housing is Needed Particularly for Lower-Income Seniors

At the time of the Housing Needs Assessment, only 203 vacant units of multi-family homes were identified, out of a total of 29,500 units. A vacancy rate of less than 1% compels some families to spend more than the recommended amount for housing or to settle for smaller than recommended housing or housing in a sub-standard condition. Every category of rental housing in our area has very low vacancies, with less than 1% of units vacant. Affordable housing for seniors had no vacant units at the time of the assessment and 13 of the 14 properties had a waiting list. Subsidized housing for seniors was similarly full, with all properties maintaining a waiting list.

According to Greater Dayton Premier Management, there are 3,000 Housing Choice Vouchers in Montgomery County, a waiting list of 2,978 families, and an annual turnover of only 28 families. Assuming no new families come onto the waiting list, it would take more than 100 years to move the waiting families into housing.

Smaller Unit Non-Conventional Rentals Have Very Few Vacancies

Non-conventional rentals, those with four or fewer units in a building, had an occupancy rate of 99.9%, with only 100 vacant units among the 87,500 units of such housing. This extremely low vacancy rate results in higher rentals with most rents exceeding \$930 and monthly rental costs exceeding \$0.90 per square foot (average rent of \$930 for two-bedroom units, \$1,200 for three -bedroom units and nearly \$1,500 for four-bedroom units).

Housing Demand Needs Exist Throughout the County and For Most Types of Housing

Many families have a goal of owning property; it is a hallmark of family and financial stability for many in the region. The challenges in the owner-occupied market are like the issues in the rental market. At the time of the Assessment, there were only 600 homes listed for sale, or 0.4% of all owner-occupied homes. This figure is well below the 2-3% for sale in a balanced for sale owner-occupied market. Older homes, primarily in the City of Dayton, can be expected to have more current housing issues and to require additional maintenance in the future. The initial cost, down payment requirement, and existing and on-going maintenance issues make these homes unaffordable for many families. In the City of Dayton, which had only six units priced at over \$300,000 at the time of the Assessment; many families looking for homes above \$200,000 are forced to move out of the center city because of a lack of housing options.

Housing demand is influenced by factors including units needed for household growth, a balanced market, replacing sub-standard units, and meeting the needs of commuters. Nearly every segment of the housing

market in Dayton and Montgomery County shows housing demand. Research shows a total of 8,600 units of rental housing are needed in the next five years in Dayton (3,800 units) and Montgomery County (4,800 units). Owner-occupied housing shows a similar need over the next five years with a total of 8,500 units of owner-occupied housing needed in Dayton (4,600 units) and Montgomery County (4,600 units)

Dayton and Montgomery County are a bit different from other communities because of the impact of the 2019 tornadoes, but the challenges are not present because of the tornadoes; they were already existing and exacerbated by the tornadoes. To address the challenges, Dayton, Montgomery County, and the State need to adopt a toolbox of solutions. Some tools in the toolbox will be useful to some communities; others will be useful to other communities. Ohio is not a state where everyone is the same, where every community is the same, so there cannot be a one-size-fits-all solution for the challenges we face. Tools in the toolbox need to include:

Supporting Affordable Workforce Housing—There is too little affordable housing across the state. Ohio needs to use affordable housing alternatives including government subsidized, Tax Credit, and affordable market-rate rentals. Ohio cannot attract businesses with 21st century jobs if we do not have 21st century workers who can afford to take the jobs and raise their families on the salary earned.

Supporting Affordable Senior Rental Housing—The largest and fastest growing demographic segment is households 65 years and better. In our community, all Tax Credit and government-subsidized senior housing is full and have waiting lists. The same is true throughout the State. Additional housing is needed for this segment and more housing should be designed to be universally accessible.

Preserving Existing Housing Stock—Given the age of Ohio and its housing stock and the maintenance needs, efforts to enable home repairs, modernization, weatherization, and modifications for all ages should be prioritized.

Assisting First-Time Homebuyers—Homeownership is a powerful tool in wealth generation. Ohio needs a variety of housing at a variety of price points to help residents take the first steps to family stability and wealth generation. Help with down payments, credit repair, and homeowner education are important tools to support Ohioans.

Supporting Market-Rate For-Sale Residential Development—There are types of housing missing from every community's housing market. In our community, it is the second-time homebuyer looking for a home in the \$200,000 range that is struggling to find options. Every community should be supported in right-sizing its housing inventory and diversity.

Evaluating Neighborhood Housing Needs—The needs of individual neighborhoods in a community vary; additional research is needed to determine the right combination of solutions for the issues faced by a neighborhood. There is no silver bullet, no one-size-fits-all solution, to this issue. We will need to support all of Ohio's neighborhoods to identify and solve its challenges.

Thank you for the opportunity to provide this testimony. In Montgomery County, we are determined to address our challenges and we appreciate the support of the State of Ohio, private developers, residents and all the partners who have joined together to address the housing issue. A safe and adequate home is the critical foundation for educational success, work success, family success, and the success of our State.