

THE PORT

Making Real Estate Work

**Ohio Senate Ways and Means Committee
Proponent Testimony, Senate Bill 76 (Blessing, Antonio)**

Philip Denning, Executive Vice President
The Port of Greater Cincinnati Development Authority
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Chairman Blessing, Vice Chair Roegner, Ranking Member Smith, and members of the Senate Ways and Means Committee:

On behalf of The Port of Greater Cincinnati Development Authority, thank you for the opportunity to share proponent testimony on Senate Bill 76.

My name is Philip Denning, and I serve as Executive Vice President for The Port of Greater Cincinnati Development Authority. The Port is a public, quasi-governmental agency focused on fixing broken real estate to promote job creation and homeownership, and equitable development throughout Hamilton County. Our work is guided by the belief that real estate should work for everyone.

I lead The Port's Neighborhood Revitalization team. We focus on the acquisition and rehabilitation of blighted residential and commercial properties to provide diverse housing options, including affordable and market rate, to revitalize communities.

The Port is in a unique position to pioneer diverse models of real estate, developing innovative solutions to complex issues. We operate the Hamilton County Landbank, whose mission is to return vacant properties back to productive use. In cooperation with both governmental and private partners, the Landbank facilitates the rehab and reutilization of vacant, abandoned, or tax-foreclosed real properties – responsibly guiding them toward their highest and best use. Since 2012, we have successfully disposed of more than 1,000 properties.

We also manage the HURC (Homesteading & Urban Redevelopment Corporation), a 501(c)3 focused on building income-qualified affordable homes. Combined with other targeted residential initiatives, The Port's residential programs have created more than 100 renovated, new, market rate, and affordable homes across Hamilton County. This year we will complete our 150th home. The Port continues to work diligently to increase supply of housing and provide housing affordability and ownership opportunities to residents.

I'd like to acknowledge and thank Chairman Blessing, along with Minority Leader Antonio, for introducing this legislation and leading the effort to find wide-ranging solutions to address institutional investor impact in Ohio's many housing markets.

Our attention to investor activity in Hamilton County came out of a conversation with the City of Cincinnati's code enforcement professionals to identify the most irresponsible landlords and property owners. Using these entities as a starting point, we completed months of rigorous research to uncover

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that over 4,000 single-family homes in Hamilton County had been purchased by just five institutional investors since 2013 (Figure 1). Tracking these acquisitions was an arduous task and required review of hundreds of thousands of real estate transactions to uncover how corporate investors are amassing large portfolios of single-family homes under networks of anonymous LLCs. Tracking this information was messy work, but it led us to the same five worst landlords identified in our initial conversation with the City. Through our research, we uncovered over 90 different LLCs affiliated just with Vinebrook Homes, with nearly 2,000 single family acquisitions in Hamilton County. As evidenced by the City of Cincinnati's lawsuit against VineBrook in 2021, the lack of transparency with this type of investor model makes it more difficult to enforce poorly maintained properties and negligent landlord practices. It makes it difficult for communities to hold property owners accountable for property neglect and illegal activity.

Importantly, this is not an urban problem. As you can see on the included map, nearly half of these acquisitions by corporate owners have been outside Cincinnati. They are spread across smaller municipalities and townships, often not well equipped to deal with the scale of property disinvestment, frequent evictions, and many other ills that stem from irresponsible property ownership.

In January 2022, The Port purchased a portfolio of 194 single-family homes formerly owned by a California-based firm that fell into receivership. Outbidding over a dozen investment firms, The Port paid \$14.5 million to acquire the portfolio. It was a high-risk acquisition, but we couldn't allow another large institutional investor to further infiltrate our housing market. Prior to this purchase, The Port only dealt with vacant homes. We were not landlords; however, we saw this as our opportunity to disrupt institutional investors' constraints on local families and properties. We launched the Creating Affordable Real Estate (CARE) Homes Initiative with a mission to create viable pathways to homeownership for current rental tenants of these homes, as well as offer affordable homeownership opportunities for local families.

Our approach is not one that can easily be replicated; however, SB 76 has a number of provisions that would make it easier to identify predatory corporate investors and reduce their footprint in the single and multi-family housing market. I cannot quantify the amount of time our team spent reviewing real estate transactions and tracking acquisitions, with the hope of connecting hundreds of LLCs to one company. Disclosure requirements included in this bill will better disclose when properties are transferred between LLCs and other pass-through entities. Another provision of the bill that is particularly important to us is the "high volume landlord fee" which would be imposed on any landlord who owns more than 50 one, two, or three-unit single family homes. Imposing a \$1,500 per month per property fee could encourage investors to sell and condense their portfolio, and hopefully deter them from buying single family homes in bulk.

Chairman Blessing and members of the Senate Ways and Means Committee, thank you for the opportunity to provide proponent testimony on Senate Bill 76. On behalf of The Port of Greater Cincinnati Development Authority, thank you for your attention to this pressing issue. The opportunity to own a home is a critical part of the American Dream, and this legislation is one step toward making that possible for many families. I'm happy to answer any questions the committee may have.

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Figure 1: Institutional Investor ownership in Hamilton County, 2013 to present

