



Chair King, Vice Chair Kishman, Ranking Member Sims, and Members of the House Local Government Committee, thank you for the opportunity to provide testimony in opposition to House Bill 113 on behalf of NAIOP of Ohio, the Commercial Real Estate Development Association. My name is Chris Knezevic, and I serve as on the NAIOP of Ohio Board. Ohio is currently benefitting from positive momentum in business attraction and investment, driven by competitive economic development policies that encourage growth. However, House Bill 113 would hinder that progress by making economic development more difficult and adding unnecessary steps that would weaken Ohio's ability to compete for new businesses, jobs, and investments statewide.

The bill's annexation restrictions would jeopardize the interest of job-creating companies looking to expand in Ohio. Stricter contiguity requirements and reduced annexation sizes will decrease growth opportunities for municipalities. By placing boards of county commissioners in the role of arbiter in every available annexation process and requiring them to determine whether the "general good" is being served by a proposed annexation of land, subjectivity will suddenly permeate the process. The objectivity and reliability in the annexation process under current law will be removed. This injects unnecessary risk into large business investments and will be seen as a negative by site selectors when considering Ohio for investments. Additionally, the requirement that annexed properties remain subject to township taxation removes a critical financial incentive for development, making projects less viable. Those changes would discourage business expansion and make Ohio less attractive for investment compared to states with more favorable annexation and tax policies. House Bill 113 would put Ohio at a disadvantage by introducing multiple layers of complexity, delay approvals, and reduce flexibility for municipalities to attract and accommodate growth. Businesses making expansion and relocation decisions need to move quickly. If Ohio cannot provide a clear and efficient path for development, then those projects will go elsewhere.

Ohio is already experiencing a housing shortage, and House Bill 113 would make it even more difficult to address this worsening problem. Restrictive annexation policies would limit municipalities' ability to expand housing stock, making it harder to build attainable housing where it is needed most. Preventing municipalities from absorbing surrounding land would lead to higher home prices and rents, making homeownership and rental housing less affordable for Ohio families. If Ohio wants to remain a place where families can live and work relatively affordably, then we must preserve the ability for municipalities to grow responsibly, not restrict it.

House Bill 113 would add further complexity by including new school board approval requirements for Community Reinvestment Area (CRA) tax exemptions that would bring unnecessary and uncertain risk into business investment decisions. By requiring school boards to approve abatements over 75%, HB 113 removes the ability of municipalities to independently incentivize development when and where they determine it is needed most. Certain school boards, that see no immediate and direct financial

benefit, will likely reject new developments. Those rejections will cause many new housing developments to no longer be financially viable, which will lead to an overall decline in new housing supply. Less housing will inevitably lead the supply and demand equation to fall further out of alignment, ultimately causing fewer businesses to relocate or expand in Ohio, as workforce and housing availability are major factors in corporate site selection.

Ohio has worked hard to build a reputation as a pro-business state, welcoming investment, and supporting responsible growth. That necessarily includes addressing housing needs. House Bill 113 would undercut this progress by discouraging business expansion, stifling residential growth, and creating barriers for development. For those reasons, NAIOP of Ohio respectfully opposes House Bill 113.

Chair King and members of the committee, thank you again for the opportunity to provide testimony, and we welcome the opportunity to continue to serve as a resource on real estate development matters.