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#### **DEPARTMENT OF PUBLIC SERVICE**

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Ohio Senate
Local Government Committee
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Opposition to Senate Bill 118
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Chairwoman O'Brien, Vice Chair Gavarone, Ranking Member Smith, and members of the Senate Local Government Committee, my name is Jeff Bronowski and I serve as the Deputy Director of Public Service for the City of Akron. Thank you for the opportunity to submit opponent testimony regarding Akron's serious concerns with Senate Bill 118 (SB 118).

Akron's testimony focuses on two primary points:

- 1. Underscoring the many policies, procedures and programs currently place that are already fair and supportive to landlords, significantly minimizing the financial risk associated with assessment liens.
- 2. The unintended consequences likely to result from SB 118 including adding unnecessary and costly government bureaucracy and incentivizing unaccountable foreign-owned investment in rental properties.

#### **Current Policies and Assistance Programs Governing Landlords in Akron:**

According to the most recent census data, 49% of properties within the City of Akron are tenant-occupied properties. As such, Akron is very attentive to the uniqueness of the landlord-tenant relationship and offers many programs to support a tenant while also reducing the financial liability associated with an assessment lien. Examples of these programs include:

- Akron Tenant Water Affordability: Tenants are eligible for a 40% discount on all water charges when a tenant's income qualifications are met. In addition, Akron allows tenants to access special private funding through a program called Akron Cares to further help financially struggling tenants. These efforts ultimately reduce the water financial liability of a landlord by at least 40%.
- Akron Utility Bill Relief Policy: Tenant-occupied properties are provided relief and write off for elevated bills associated with leaking toilets, burst pipes, and other plumbing failures. This program reduces the financial liability of a landlord for those unexpected occurrences.
- Water Service Disconnection for Delinquent Balances: Unpaid balances beyond \$105 in tenantoccupied properties trigger a termination of service. This program encourages payment, strives to

- keep unpaid balances at a small reasonable amount, and <u>significantly minimizes landlord financial</u> <u>risk</u>. Akron typically performs over 200 of these disconnections a week for nonpayment. The disconnect policy has functioned as a direct service that the City provides for landlords.
- 24/7 online customer portal: This allows landlords and tenants the ability to track usage, current balance, billing history and making payments. Further, Akron has a digital alert system which notifies owners (and tenants in the case of duplicate billing) of unusually high usage and continuous flow. Akron also allows for In-care of billing placing the tenants name on a Utility Bill.

The practice of placing a lien on a property for failure to pay for utilities is **only used as an option of last resort**, and primarily when the disconnection of water service is not feasible. Examples include:

- Customers being provided sewer service only or refuse service only; These accounts do not have water service to perform disconnection.
- Customers that have fire protection, which cannot be shut off because of public safety and the continuous need for a working fire suppression system
- Multiple accounts being served from the same water service.
- Extremely sensitive customers, such as nursing homes.

### Impracticality and Added Bureaucracy of Proposed Policies in SB 118:

The current legislation as proposed demands a costly, rigorous and regimented legal process for the sole benefit of only the landlords while creating extensive burden with no benefit to those owners occupying their homes within our community. The new process is very demanding including the creation of service contracts, multiple attempts of notification including certified mail, very defined timeframes and only after the fact that a landlord shows a contract exists in which the landlord deemed the tenant was responsible for the utilities, can then Akron attempt to collect via an assessment lien of \$105 minus 10%, which will be retained by the County treasurer according to HB92. Without a dramatic change to our disconnect amount, this extreme level of effort to collect on the amount due with the process required by this legislation is not worth the effort to collect such a small amount of funds.

## SB 118 Incentivizes Unaccountable Foreign-Owned Property Investment/Landlords:

As mentioned, the City of Akron has a significant number of rental properties within our community. Akron is extremely concerned that SB 118 will result in the State of Ohio becoming a hot spot for unaccountable foreign and out-of-state LLC property investments. By virtually eliminating any responsibilities of a landlord, this will lead to further promoting outside investment into rental properties, a practice already plaguing Ohio cities. This will continue to change the dynamic of many neighborhoods, making it more difficult for first time home buyers to compete for available properties against these out-of-state, wealthy real estate investment firms.

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This legislation specifically gives less liability and less responsibility to landlords for basic city services compared to those owners in our community who occupy their homes. The "American Dream" of home ownership must be prioritized and laws created to discourage, rather than encourage, additional rentals by unaccountable investors. Prospective property owners are competing against the ever-increasing profit seeking private equity funds and this legislation will only make it worse.

In closing, we respectfully urge you not to pass SB 118 which will give the upper hand to out-of-state and foreign investors as opposed to homeowning Ohioans.

Thank you for the opportunity to provide testimony.