Senate Ways and Means Committee
Written Testimony on House Bill 182
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President of Cleveland Development Advisors
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Chairman Peterson, Vice Chair Beagle and members of the committee, my name is Yvette Ittu and I am the Executive Vice President of the Greater Cleveland Partnership (GCP). GCP is the largest chamber of commerce in the State of Ohio. Our mission is to mobilize private sector leadership, expertise and resources to create jobs and leverage investment to improve the economic vitality of Northeast Ohio. I am also the President of Cleveland Development Advisors (CDA). CDA – an affiliate of GCP – is a well-known and respected real estate and business finance organization that invests in targeted, catalytic economic development projects to create jobs and improve neighborhoods throughout Greater Cleveland. We have been doing this work for more than 25 years.

We want to provide our support for HB 182, that will reorganize and update the law governing joint economic development districts (JEDDs). JEDDs have become a valuable tool to spur economic development across the State of Ohio. We believe this bill makes the necessary changes to strengthen JEDDS so they truly drive economic development plans for municipalities and townships seeking to partner in this way, while effectively responding to the needs of business owners who are or may likely be located in a JEDD. Moreover, we are appreciative of a provision in the substitute bill that will make a necessary change to the Ohio New Market Tax Credit (NMTC) program – another essential development tool that supports physical development projects across the state. CDA has worked with this program since its inception.

Under current law, the Ohio NMTC program does not permit projects for businesses that drive more than 15 percent of their income from real estate (this restriction is not in the federal NMTC program). To satisfy this provision, a borrower must be either the end user of the property or, if a single-purpose entity is utilized, the borrow must demonstrate that a majority of the property will be utilized by a single tenant for the entire seven-year tax credit compliance period. This may not be an issue for more established companies or nonprofits that want to own their real estate but for growing start up and second stage companies – currently key drivers of job growth in our state – this real estate restriction presents a challenge to their eligibility for the Ohio NMTC program.

Many of the transformational, public/private development projects underway in Northeast Ohio will include a mixed use of manufacturing, research and development, retail/commercial, office and residential space that will attract ongoing investment in some of the most distressed areas in the region. A key part of business attraction for these developments will be start up and second stage companies as well as civic organizations that prefer to lease and allow a landlord to manage their space needs so they can focus their capital on what they do best – innovation and business growth. Many of these projects would be well-suited for the Ohio NMTC – they support investment in distressed, low-income areas and create jobs – but for the real estate restriction.

Removing the real estate restriction from current law **does not** propose or anticipate an expansion of the Ohio NMTC program. Rather, this language simply removes unnecessary program obstacles making it more straightforward for investors and administrators.

Thank you again for the opportunity to provide testimony and for your support of this legislation.