



SENATE BILL 212
OPPONENT TESTIMONY

Dear Chairman Merrin, Ranking Member Rogers, and members of the House Ways and Means Committee:

I write today in opposition to Senate Bill 212, which would allow municipal corporations and townships to designate Neighborhood Development Areas (NDA's) in which new single-family homes and improvements to existing single family homes would be wholly or partially exempted from property taxation. I agree that access to affordable housing is one of the most important issues facing Ohio, and it is necessary that we get this right.

I am concerned that the bill in its current form would fail to increase affordable housing due to its failure to establish a definition of "affordable housing" which would qualify for NDA abatements and its exclusion of multi-family housing from NDA incentives. Additionally, it is important that taxing authorities affected by NDA's have increased input in the establishment of such incentives, and a mechanism for periodic review should be added to ensure that NDA's provide a social benefit.

SB 212 fails to adequately ensure that NDA's would result in affordable housing increases

In the current form, Neighborhood Development Areas could be approved regardless of whether the proposed housing would be truly affordable. Since "affordable housing" is not defined within the bill, the incentive could give abatements to developments in which the people most in need of affordable housing are priced out. Simply not having to pay property taxes does not render housing "affordable." A meaningful and enforceable definition of affordable housing should be included before any such legislation is enacted. There are existing models linking the pricing to area median income that would be a good start.

In addition, NDA's could better address affordable housing shortages by requiring the areas align with housing need and including include multi-family housing as options. According to the Department of Housing and Urban Development, nearly 25 percent of residences are multifamily,¹ and Central Ohio

¹ Multifamily. (n.d.). Retrieved August 19, 2020, from <https://www.nahb.org/Other/Consumer-Resources/Types-of-Home-Construction/Multifamily>



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has experienced an upward trend in the development of multifamily housing.² Increase density and multi-family units are a critical part of long-term housing planning in Franklin County. By excluding these dwellings, NDA's would limit their ability to improve Ohio's affordable housing while disadvantaging larger, more densely populated counties.

Procedures should be put in place to ensure NDA's benefit their communities on an ongoing basis

In its current form, SB 212 could have unintended negative impacts on their local communities. With the exemption of school boards, the only taxing authority with the ability to impact establishment and terms of an NDA is the issuing township or municipal corporation. Thus, other local authorities, including counties, could experience a reduction in revenues due to an abatement for which they could offer no input. Each taxing authority plays a vital role in our communities, and they should have a seat at the table when making these consequential decisions.

At minimum, there should be greater measures to determine whether NDA's are both necessary and effective in improving access to affordable housing. The bill should be amended to include -periodic review of NDA's-including independent authority for them to be altered or eliminated. This could occur through the existing Tax Incentive Review Council meetings or separate measures to ensure that NDA's are an important factor in our efforts to put a permanent roof over every Ohioan's head.

Conclusion

Improving access to safe affordable housing is critical across Ohio and of particular urgency in Franklin County. The current version of SB 212 attempts to address an important social need, but the lack of enforceable standards would promote developments without improving affordable housing in Ohio. Moreover, these incentives would reduce revenues for other taxing authorities which provide services which touch Ohioans' lives, and these taxing authorities would have no say in the process.

I would like to thank the committee for the opportunity to discuss this bill today, and I would be happy to discuss this matter further. Never hesitate to reach me directly at AuditorStinziano@franklincountyohio.gov or 614-525-5700.

Sincerely,

Michael Stinziano,
Franklin County Auditor

² Comprehensive Housing Market Analysis Columbus, Ohio. (2016, April 1). Retrieved August 19, 2020, from <https://www.huduser.gov/portal/publications/pdf/ColumbusOH-comp-16.pdf>