



Dan Acton
Senate Bill 212 Interested Party Testimony
Senate Ways and Means Committee
December 17, 2019

Chair Roegner, Vice Chairman Blessing, Ranking Member Williams and members of the committee, my name is Dan Acton and I am the Government Affairs Director of the Ohio Real Estate Investors Association (OREIA). OREIA represents 13 local chapters across Ohio with over 2,000 members consisting of the smaller real estate investors and housing providers who typically own single family housing units. Our members own exponentially more units than the number of members we maintain. My background has been more than 30 years in the property management and ownership industry. I am providing a brief statement as an interested party on Senate Bill 212.

OREIA appreciates the effort of Senator Schuring to bring this issue to our attention and for the consideration to you and your colleagues. Allow me to share a little about a typical investor. Our members in many instances own a portfolio of properties, sometimes as few as 3-4 and as many as over 200. The properties are typically single family homes, up to quads and sometimes smaller apartment buildings, with a few owning some commercial investments. There are a variety of loans that are taken out on properties. Many times, an investor will take equity from one property to assist in making repairs to other investment properties.

OREIA is interested in this bill because we want you to understand that investors operate on razor thin profit margins for a property. An unexpected repair, a tenant who does not pay rent, terminates a lease early or vacates without notice, unpaid water bills, or any layering of government fees that we are subjected to reduce the profits for a property owner that could otherwise be used to reduce the overall debt on the property or make improvements. The opportunity to invest in a property and receive a related property tax exemption is a great tool that our members could utilize to try to squeeze precious resources out of properties. Our members invest in neighborhoods and we want strong returns on our investments, and this comes from improved property valuations.

This bill has real potential because it is the distressed properties that are found in foreclosure, properties offered by landbanks or just those that are in areas of transition that our members target

and turn/return into viable properties. Our members are not seeking to be developers of new housing stock, but we are seeking to be community partners able to take advantage of the \$10,000 remodeling provision of Senate Bill 212.

As OREIA reads and interprets Senate Bill 212, there are specific references to single family dwellings that are newly constructed or have invested at least \$10,000 in remodeling, as the focus of the bill; however, there is no clear language about the ability of rental properties to be able to benefit from the remodeling provision. Nearly all of our members' business models consist of properties that we obtain, rehab, hold and rent or rehab and resell. Either way the surrounding properties and neighborhood are benefitted by the investment our members make in their properties. We were disappointed to hear during questioning in sponsor testimony that Senator Schuring is considering a substitute bill that will exclusively limit the bill to owner occupied properties. As noted earlier in my testimony many members own duplexes and small 1-4 unit quad buildings. Based on the current bill, these units would also be prohibited from the tax exemption.

Carving out rental properties from program participation sends a wrong signal to potential investors. We are property taxpayers just like owner-occupied residents and in some communities, we are already treated differently because of mandated inspections and other regulations placed upon us. The bill should not seek to eliminate an entire class of properties simply because a tenant is the resident. Cities and townships could target specific areas in their communities dense with rental units and create an NDA. Enacting this law could encourage property investors to make these remodeling investments and want to hold on to these properties to recoup their investment and increase the stability of the neighborhood because of the property tax exemption. Furthermore, as Ohio continues to age and the younger people that are here do not largely want to engage in home ownership, adding eligibility for rental properties only makes sense. We would agree that the tax exemption only be eligible while the investor owner owned the property and is not transferrable.

Therefore, OREIA is listing itself as an interested party to the bill as introduced, but we will change that position, positively or negatively, based on any further iterations. We encourage more openness and not limitation for Senate Bill 212. Madam Chair and members of the committee, OREIA wants to continue to be partners in building strong neighborhoods and we are simply imploring you to treat all properties with equal opportunity. We appreciate the consideration of Senator Schuring and the committee of this request.

Thank you for the opportunity to provide input.