

## Introduction

My name is Geoff Milz. I am the Director of Development for Ohio at Pennrose, a Philadelphia based owner, developer, and manager of affordable, market-rate and mixed-income multifamily and senior housing. Pennrose began in 1971 and has evolved and grown over the years. Today with our president, Tim Hinkle; CEO, Mark Dambly, and Chairman, Richard Barnhart, Pennrose employs over 470 people and operates in 26 states through ten regional offices. We have developed over 27,000 units in more than 350 individual developments and currently manage over 12,000 units through our management company, PMC. We house over 25,000 men, women, children, seniors, veterans, and people with disabilities in our properties.

Before I joined Pennrose I had the privilege to serve as the Township Administrator in Ohio's third largest Township, Colerain Township, in Hamilton County, Ohio. I have also served in public sector development roles in three states: New York, Kentucky, and Ohio. I believe I bring a unique perspective to today's subject because I have been on both sides of the table. I have engaged in economic and community development work in the public sector on behalf of the residents of the communities I served, and now I have the opportunity to produce housing for the people of Ohio.

## Goal

I am here today to describe to you the value, as I see it, of a state low income tax credit to communities, to their economies, and to their residents.

## Housing is Where Jobs Go At Night

When I was working on behalf of Colerain Township, one of the top priorities of the elected officials that I served was to ensure access to economic opportunities. Mostly, that meant attracting and retaining new businesses. As a Township of nearly 60,000 people, I quickly realized that housing was an integral part of the economic development and community development work we did. Indeed, I realized that housing is where jobs go at night. In Colerain, we had a full spectrum of housing opportunities. Nestled on the hills above the Great Miami River, residents of western Colerain Township enjoyed large lot, rural estate living. In the eastern part of our Township, there was more density and housing types that functioned as workforce housing.

As we in the public sector work to create an environment in which there are economic opportunities for our residents, we have to keep in mind that companies who chose to locate or expand in our cities, villages and townships, provide a wide range of jobs with a wide range of salaries. Bar tenders, servers, janitors, and other service workers need a place they can afford to live, just as the engineers, programmers, and administrative staff do. We need a range of housing options to support our economic development "wins". We need to remember that housing is where jobs go at night.

## Just Because You Are Retired and Older Shouldn't Mean You Need to Leave Your Community.

In Colerain, as long-term residents aged, we realized that there were few places in town for folks of more modest means to live. Just because you are retired and older, should not mean that you have to leave our community to find housing you can afford and suits your needs. In response to this, we partnered with the Cincinnati Metropolitan Housing Authority to develop the West Union Square project, which was Colerain Township's first senior housing development that made use of the Low

Income Housing Tax Credit. By providing high-quality affordable housing for our seniors, we provided an opportunity for all of our residents who wish to stay in the Township as they aged a place to do so with dignity, in safety, and with amenity.

#### Affordable Housing Is For More Than Many Think

As the Township Administrator, I had the opportunity to negotiate the collective bargaining agreements with our unionized workforce. These individuals are the first responders - the police officers, the firefighter/paramedics and the public service workers who kept our community safe and responded to emergencies. Through this experience, I am keenly aware of their salaries and the impact of this cost on the Township's budget.

In Hamilton County, the median family income for a family of any size is \$90,000 per year. However, the area median income is calculated based on the family size. So, for a new police officer or firefighter who had not yet started a family and was therefore a family of one, the median income in Hamilton County is \$66,000. We know from our work in housing, that workforce housing is generally considered to be housing where a person who makes 80% to 120% of AMI can spend 30% of their income, or less, on rent. In Hamilton County, this means that workforce housing serves those who make \$53,000 to \$80,000 per year. We typically think of affordable housing as housing that serves those who make 80% of Area Median Income or below. In Hamilton County, this means affordable housing serves those with an income of \$53,000 dollars or less. In Colerain Township, a Police Officer starts their career with a salary of \$53,000 per year. A Maintenance Worker in the Colerain Public Works Department begins their career at \$45,000 per year. Individuals who heed the call of public service begin their careers with a salary that is at 60% AMI or below. I believe these individuals deserve an opportunity to find housing, in or near the community they serve, that they can afford and respects their commitment and dedication.

I am also a father of three young children. My wife and I both work outside of the home. Therefore, my wife and I rely on daycare to keep our children safe and to nurture their curiosity during the day. Early Learning Center teachers are among the lowest paid professionals. This week, in Harrison, Ohio, there is a job posting for an Early Learning Center teacher which starts at \$30,000 per year. In our schools, the individuals who provide food for our children at lunchtime often earn much less than \$30,000 per year. These daycare workers and food service providers, both working full-time but earning a salary that is well below 50% of AMI, should have the opportunity to live with dignity in safe, affordable housing.

#### Why State LIHTC is Needed

When a company, like Pennrose, seeks to develop and operate multifamily housing for our teachers, service workers, and public servants, we do so by keeping the rents artificially below the rents that the market commands. In a market rate development, we use debt and equity to construct a building and the market rents are used to service the debt and provide a return on the equity invested. In an affordable housing development, we hold the rents artificially low so that they are affordable to those who make less than 80% of AMI. As a result, there is less rent collected. Less rent means that we are able to service less debt. With less debt, we need more equity and other "soft sources" to generate the capital needed to construct and operate the building. Federal Low-Income Housing Tax Credits have been the primary source of equity used to produce this type of housing. As you have heard from other testimony, to receive a 9% LIHTC allocation a developer must go through a very competitive process. One that results in the production of affordable units, but not on the scale necessary to meet the need.

A developer is often able to receive a 4% LIHTC allocation, but this source provides a much smaller percentage of the equity and other, often local, sources are needed to pair with the 4% allocation. This creates a conflict between the housing priorities of our cities, villages and townships, and the other activities that demand local resources like public safety and public services.

A State LIHTC would allow developers to pair a 4% federal LIHTC award with a state LIHTC award and produce more housing units that are affordable to those who work in the jobs our economic development professionals are working so hard to attract and retain. Housing is where jobs go at night and a state LIHTC would provide more units for our hardworking neighbors to have a safe, affordable place to live and raise their family.