**TESTIMONY OF DOUGLAS MOORMANN, DEVELOPMENT CONSULTANT**

**DEVELOPMENT STRATEGIES GROUP**

**CINCINNATI, OHIO**

Chairman Oleslager and members of the Senate Finance Committee, I am Doug Moormann and I represent several developers in Ohio. These developers are making major investments in office and residential projects that are bringing new jobs to Ohio and repopulating our urban centers. I am submitting written testimony today in support of HB 54, legislation authorizing the Treasurer of State to issue revenue obligations of the state for the purpose of making loans to qualifying public entities for their acquisition of permanent improvements. More specifically, I am encouraging your support for this legislation as it can fill a critical gap in the financing structure of major economic development projects – the gap created by the high cost of structured public parking.

Parking is a critical and costly component of all office and residential projects in urban and suburban areas. As Ohio’s urban communities have experienced a renaissance, the demand for new, typically structured, public parking has closely tracked with increasing residents and increasing office absorption rates. The trend away from sprawl and renewed focus on urban living is real. According to the US Census Bureau, in 2000, 6,083 people resided in the 45202 zip code (downtown Cincinnati.) Downtown Cincinnati Inc. reported 15,933 residents in its most recent annual report; an increase of 10,000 people in 15 years.

Similarly, suburban mix-use projects creating new live, work, play environments also struggle to finance the structured parking required to accommodate new residential and office users. The Liberty Center development in Butler county is an example of a project that would have been impossible without the creation of special taxing district to collect incremental sales taxes to finance the parking requirements. Unfortunately, not all development projects include the retail component that enables the sales tax solution.

Everyone needs parking, but it’s expensive. Identifying the average cost of a structured public parking space is challenging. A number of factors impact cost: soil conditions, number of levels, below-grade parking, façade, total spaces, labor rates and so on. According to one 2014 study, however, the median construction cost for a new parking structure, nationally, was $18,038 per space and $54.05 per square foot. Recent Cincinnati projects have seen costs reaching up to $25,000 per space.

Managing the cost of constructing new structured parking to meet the needs of new office and residential projects is becoming increasingly difficult. The state offers virtually no financial assistance for parking. Cities frequently make Tax Increment Financing (TIF) proceeds available for parking, but TIF funds are often inadequate to cover the full cost of structured parking garages. Cities have also offered bonding capacity to financing parking garages, but in an era of $30 million garages, cities have limitations on the number of garages they can finance.

Cities are willing to participate in financing public parking garages to provide an incentive toward new job creation or the attraction of new residents; both of which bring new earnings tax revenues.

Beyond the city, I suggest that the state also benefits from the retention or attraction of new workers and residents who are filling these parking garages and, as a beneficiary of the associated investment, the state should consider ways to facilitate these projects that revitalize urban Ohio and support growth in suburban communities.

HB 54 meets this objective. Creation of this new financing option will help fill the parking “gap” to make more projects financially viable.

Last week this bill was criticized as being “unfair government competition.” While I understand this critique, my observation is that the private markets often do not offer the patient capital required for expensive parking structures.

Enactment of HB 54 will make available a new and valuable source of capital for completing the finance structure of major economic development projects. The need is real and the time to act is now. Economic development opportunities in Ohio’s major metropolitan areas are limited by available sites and the financial tools to attract and retain high-density, high ROI developments. A new state solution to help finance structured parking will serve as a valuable tool to create jobs and increase the tax base throughout Ohio.

Thank you.