To: Ohio House Ways and Means Committee

From: Vince Squillace, Executive Vice President, OHBA

Date: Tuesday, November 10, 2020

Re: *Proponent Testimony SB 212*

Chairman Merrin, Vice Chair LeRe, Ranking Member Rogers and Members of the House Ways and Means Committee,

I am pleased to provide proponent testimony on behalf of The Ohio Home Builders Association (OHBA) in support of SB 212, sponsored by Senator Schuring. When Budget Director Kim Murnieks presented the state budget to the Senate budget committee in 2019, she proclaimed, "a further increase in housing starts is necessary to accommodate annual household formations as a fundamental component of a sound economy".

In our view, this is absolutely correct.

We could have presented current news stories proclaiming the lack of housing necessary to sustain current need; however, time would not permit, as the shortage is so widespread in Ohio and across the nation. This shortage creates the upward effect on housing prices with the heaviest burden on those who wish to purchase a home for the first time. The biggest negative impact is on the most affordable housing. Costs continue to skyrocket. There is no end in sight.

According to a study done by the National Association of Home Builders (NAHB), just a one-thousand-dollar increase eliminates thousands from affording a home.

I have attached two documents showing starts in Ohio. The most recent data from 2019 shows a DROP in expected starts from the earlier projections. If you look at the data ranging starts from 2000 to 2017, you will note a sizeable drop from 2007 to 2017. That projection has since been reduced to 18,400 from 25,000 expected starts.

Unfortunately, this has been the Ohio experience. In terms of a longer-term view, starts in the mid 1970's was just under 90,000 starts.

Its clear, Ohio needs a jump start in housing construction.

As many realize, most of the housing starts have been in central Ohio. However, existing housing elsewhere is aging. There is a dire need to replace our aging housing stock as many of our current residents (that includes me) need less stairs to climb and an attached garage. A recent study from central Ohio estimated a shortage of 50,000 affordable housing units are needed. In other areas of Ohio, old housing needs to be replaced.

As is clear from starts data, we need help just to try to keep up. SB 212 is a modest attempt to lead us in the right and necessary direction. Thank you and OHBA is happy to have further discussions with any of the committee members.

Starts

'17	25,700 (proj.)
'16	20,700 (proj.)
'15	16,800
'14	19,000
'13	18,500
'12	16,100
'11	13,400
'10	13,300
'09	12,600
'08	17,200
'07	26,000
'06	35,700
'05	48,200
'04	49,100
'03	52,000
'02	49,000
'01	48,500
'00	47,700

National Association of Home Builders Total Housing Starts Forecast, June 2019
All data in thousands

	2017	2018	2019	2020	2021
OHIO	22.4	22.4	18.3	17.8	18.4
Cincinnati-Middletown OH-KY-IN	6.2	5.9	5.3	5.1	6.1
Cleveland-Elyria-Mentor OH	3.3	3.0	3.0	2.9	3.4
Columbus OH	7.6	7.2	6.1	5.8	6.7
Dayton OH	1.2	1.4	1.0	0.9	1.1

National Association of Home Builders Single Family Housing Starts Forecast, June 2019
All data in thousands

	2017	2018	2019	2020	2021
OHIO	17.4	16.9	13.6	13.3	13.6
Cincinnati-Middletown OH-KY-IN	4.7	4.4	4.1	3.9	4.8
Cleveland-Elyria-Mentor OH	3.0	2.8	2.8	2.6	3.2
Columbus OH	4.6	4.6	4.2	4.0	4.8
Dayton OH	1.2	1.1	0.8	0.8	1.0

National Association of Home Builders Multifamily Housing Starts Forecast, June 2019
All data in thousands

	2017	2018	2019	2020	2021
OHIO	5.1	5.5	4.8	4.5	4.8
Cincinnati-Middletown OH-KY-IN	1.4	1.5	1.2	1.2	1.3
Cleveland-Elyria-Mentor OH	0.3	0.2	0.2	0.2	0.2
Columbus OH	3.0	2.6	1.9	1.8	1.9
Dayton OH	0.1	0.3	0.1	0.1	0.1

NOTES:

Metro area definitions follow latest Office of Management and Budget (OMB) system.

Source: Bureau of Census, Moody's Economy.com, National Association of Home Builders (NAHB)

Available at www.HousingEconomics.com.