



114 West 14th Street
Cincinnati, OH 45202-7506

513 381-1171
www.otrch.org

Senate Bill 36

My name is Mary Burke Rivers. I am the Executive Director of Over-the-Rhine Community Housing (OTRCH). We are a community based affordable housing developer located in the Over-the-Rhine neighborhood of Cincinnati. We develop and manage resident-centered affordable housing to build inclusive community and benefit low-income residents. We own and manage 470 units of affordable housing and provide life changing support programs for families and individuals. We are deeply committed to affordable housing and to residents.

I am writing today to urge you to vote no on Senate Bill 36.

Senate Bill 36 would increase the operating costs of affordable housing and further exacerbate the affordable housing challenges in Ohio.

Affordable Housing

In Hamilton County, for every 100 of the lowest income households there are only 28 units of housing that are both affordable and available. This equates to an approximate gap of 40,000 units for those households making 30% of Hamilton County's median income or less ("Housing Affordability in Hamilton County." The Community Building Institute at Xavier University, Feb 2017). Wages often do not adequately cover housing costs.

There are several complex explanations for why this affordable housing shortage exists, but at its core it comes down to a simple math problem. The cost of developing and maintaining a unit of housing is higher than many people can afford to pay in rent.

An Example

The housing affordability challenge affects working families, seniors, and people with disabilities. One example of working Ohioans who face affordable housing challenges are the people who take care of us or our family members when we are in nursing home care. On average a Patient Care Assistant in Cincinnati makes \$13.06 an hour (www.payscale.com). At 40 hours a week for 52 weeks that is an annual salary of \$27,165. Affordable housing plus utilities would be \$680 a month (30% of income for rent and utilities). The average rent for a one bedroom in Cincinnati is over \$900 (www.rentjungle.com). There in lies the math challenge. There are many other examples

of Ohioans, both working and retired, whose incomes are not sufficient to access quality affordable housing.

Part of the Solution

As a provider of affordable housing we pursue programs that help cover the development costs of housing. This in turn enables us to carry less permanent debt. The primary program for affordable housing development is the Low Income Housing Tax Credit Program (LIHTC). The program provides a source for financing to a project and requires a 30 year commitment to affordable rents. That commitment is enforced through a deed restriction and the affordable rents are monitored by the Ohio Housing Finance Agency.

Even when a project is carrying little to no debt, covering the operating costs can be challenging given the low rents. The margins are thin.

Real Estate Taxes

An operating expense for any rental project is real estate taxes. The Ohio Supreme Court decision that allowed LIHTC properties to be valued based on the income approach was significant for the sustainability of affordable housing across the state. The income approach to valuing LIHTC properties is appropriate given the mandated restrictions to rent and therefore the limited income a property can generate. In practical terms, this helps to address the math challenge. Our affordable rents have a better chance of covering operating costs when our real estate taxes accurately reflect the value of our property.

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Passage of SB 36 would change the way property taxes are assessed on Low Income Housing Tax Credit properties and other types of federally subsidized housing. It would ignore the fact that we cannot legally charge residents market rate rents, instead taxing us for income that could be theoretically collected without any rent restrictions in place.

In our neighborhood of Over-the-Rhine the impact of SB 36 would be devastating. All of our affordable housing would be in jeopardy. Our affordable housing stock would not be sustainable.

To be clear, this legislation puts existing affordable housing at risk AND makes it harder to develop new affordable housing.

Mary Burke Rivers
Executive Director