



**Ohio House of Representatives  
Families, Aging, and Human Service Committee  
Proponent Testimony for House Bill 560  
December 1, 2022**

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Chair Manchester, Vice Chair Cutrona, Ranking Member Denson, and members of the House Families, Aging, and Human Services Committee, my name is Jon Melchi, and I am the Executive Director of the Building Industry Association of Central Ohio. On behalf of our membership, I thank you for the opportunity to provide testimony in support of House Bill 560.

By way of background, the BIA of Central Ohio has existed for nearly 80 years as a representative of the residential construction industry in central Ohio, representing more than 500 member companies and thousands of employees who operate in Delaware, Fairfield, Franklin, Hocking, Knox, Licking, Madison, Marion, Morrow, Perry, Pickaway, and Union Counties.

Our members represent all aspects of the residential construction industry, including developers, builders, professional design services, subcontractors, and suppliers. BIA member companies are both for-profit entities as well as not-for-profit organizations, and BIA members build single-family, condominium, and apartment forms of housing. BIA members are also remodelers who maintain and improve our current housing stock.

The diversity within our membership can only be rivaled by the diversity in the communities where our members operate.

A common thread in communities across our state, whether rural, suburban or urban, is the need for adequate housing.

Housing is essential for an individual or family's well-being.

Housing is also essential for our state's economic development, as homes are where jobs go at night. In central Ohio, we are woefully short on the housing we are building in relation to the number of jobs being created.

Basic market economics are on full display in the central Ohio housing market. Too little supply in response to existing and expected future demand.

Earlier this year, the BIA Foundation released a study that showed the central Ohio region needed nearly double housing production annually to keep pace with the region's 10-year average of population growth. According to a study by Up for Growth, these numbers are echoed across the Buckeye State, which estimates the state underproduced housing by over 50,000 homes from 2012-2021.



This underproduction has manifested itself in higher home prices and rents for Ohioans. Our study showed that the compounded annual growth rate in home prices is more than three times the compounded annual growth rate in the median household income. In lay terms, home prices rose three times faster than wages. Similar trends exist in the rental market, where according to a Rent.com report, Ohio saw a year-over-year increase of more than 6% in rental costs bringing the statewide median rent to \$1,366 per month.

Unfortunately, those impacted the most by the housing shortage are those we would usually classify in the workforce or affordable housing category. Because rents and home prices continue to outpace earnings and there isn't adequate housing being constructed at all price points to help create a healthy housing market, those with little to no financial flexibility are limited in the housing options that exist.

Many reasons contribute to why housing is unable to meet demand. Some are out of our control – national interest rates and international trade policy that impact the cost and availability of lumber, concrete, and other materials.

However, more importantly, some factors are directly within our control. Local zoning and development regulations limit available land and constrain the number of housing units that can be created. According to a study done by the National Association of Home Builders (NAHB) and the National Multi-Family Housing Coalition, regulations imposed by all levels of government account for an average of 40.6% of multi-family development costs. A similar study by NAHB showed that the regulatory impact by all levels of government account for nearly 24%, or \$93,7800, of the average sales price of a new single-family home.

Simply put, the cost to build any housing product in any location has increased significantly. Our federal, state, and local regulatory system has dramatically hampered the ability of residential development at diverse price points and locations.

The dysfunction in our housing market is bad for our current residents and threatens our future economic growth.

House Bill 560 is a direct and positive step that the State could take that would provide the residential construction industry with a valuable tool to help address the significant housing shortage impacting the workforce and affordable markets by leveraging the existing federal Low-Income Housing Tax Credit (LIHTC) with an Ohio focused tax credit that will provide critical housing across our state. HB 560 will help increase the supply of workforce housing in our state.

Creating more workforce housing provides a return for the State's investment in three ways:

1. It benefits the quality of life of citizens who can access this housing but otherwise cannot afford today's housing market with the wages they are earning
2. It supports Ohio's economy and its employers in their efforts to grow the State's economy by providing affordable housing for the workers needed by employers



3. It directly supports job creation for those citizens who work on residential development and building

Many “economic development” discussions talk only of jobs and not the homes where those jobs go at night. However, housing itself is a direct provider of employment. The 2,300 new housing units annually that this legislation will help create will help Ohio generate and sustain jobs. Additional research from NHAB show the economic impact of 1,000 average single-family homes creates 2,900 full-time jobs and 110 million dollars in taxes and fees. For 1,000 average multi-family homes, employment is 1,250 jobs and over 55 million dollars in taxes and fees for governments.

For purposes of supporting Ohio families, for supporting Ohio’s economy, and for providing jobs to Ohio workers, the Building Industry Association asks for your support for HB 560.

Thank you for your time and consideration of this important legislation, and I welcome any questions you may have.

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