



The Ohio Apartment Association

I am writing on behalf of the members of the Ohio Apartment Association (OAA) in support of House Bill 126. OAA is a federation of nine local apartment associations. OAA members own or manage about 500,000 rental units across the state of Ohio. House Bill 126 is a first step in rationalizing Ohio's property valuation process.

As significant property owners and operators in our communities, property taxes are one of the largest costs of business that OAA members face. In years past, we have been able to plan for increases – in line with improvements to the property and the statutory assessment periods. State law requires counties to revalue all real estate property every six years with an update at the three-year midpoint. The only changes to a property's value outside of the three-year cycle should be due to physical changes to the property (improvements such as the addition of a porch, patio or deck) or the demolition of an existing structure. But, Ohio is one of a minority of states that allows for a change in value based on a complaint and not just a complaint filed by the property owner. Unfortunately, increasingly our properties have been the target of complaints by certain local governments that are designed to increase the assessment on the property that is out-of-line with the normal periods or reasons for which we would expect an increase in valuation. This practice not only increases property taxes at unexpected times and beyond the normal inflationary increases we have budgeted for, it also means that we must spend valuable time and money defending against these complaints.

For instance, in some areas, every time a nearby property sells, many of our members can expect a complaint to be filed challenging the current assessment even though there was no change to our properties and/or that our properties are fundamentally different from the property that was sold. The fact is buyers today are paying unheard of prices for multi-family apartment properties, much of which is driven by historically low interest rates and the inability of investors to find yield on their money elsewhere. This fact should have no effect on a property that has not been transferred and was originally underwritten and purchased or developed under very different market conditions.

And it is not just inflated sales prices that drive these complaints. We've also seen complaints based on mortgages, which may include financing for things, other than the property, like future improvements or purchasing business interests, and complaints based on the value of properties in other communities, even in other counties. These are not appropriate bases for property tax assessment complaints. Even if we ultimately succeed in defending the complaint, we have spent precious time and money that could have been reinvested in our properties.

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Wood County Apartment Association • Columbus Apartment Association • Greater Dayton Apartment Association
Greater Cincinnati & N. Kentucky Apartment Association • Findlay Area Apartment Association • Licking County Apartment Association
Muskingum Apartment Owners Association • Home Builders Association of Greater Toledo • Northeast Ohio Apartment Association



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House Bill 126 will not end the types of complaints that I have just described made against apartment communities. This is particularly true as apartment communities, which although they are residential in nature and whose tenants are likely impacted by property tax increases in the form of higher housing costs, are not considered residential property in this state. But House Bill 126 is hopefully a first step in the right direction by requiring more accountability by the local government filing these complaints.

Our system of property tax assessment is supposed to guarantee at least some stability of the assessment where there have been no improvements to the property. You need to take action to return that stability to the system, because as I have outlined above, for some property owners the system is currently off-balance. OAA appreciates that local governments are facing tough fiscal times. But it is fundamentally unfair that the community is constantly being put in the position of defending against these complaints – marshalling legal and market expertise at our own great expense.

We urge you to support a floor vote for House Bill 126.

Sincerely,

Laura Swanson
Executive Director

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