



MID-OHIO REGIONAL
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**State Operating Budget (FY 2024-2025)
Interested Party Written Testimony
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House Finance Committee

William Murdock, Executive Director, Mid-Ohio Regional Planning Commission

Chair Edwards, Vice Chair LaRe, Ranking Member Sweeney, and members of the House Finance Committee, thank you for the opportunity to testify on the operating budget bill – House Bill 33 – for fiscal years 2024 and 2025. My name is William Murdock, I am the Executive Director of the Mid-Ohio Regional Planning Commission (MORPC).

MORPC is a regional planning organization and regional council representing more than 80 local governments and partner organizations across 15 Central Ohio counties. Our communities span urban, suburban, and rural areas, comprising a broad cross-section of Ohioans. In addition to serving as both a Metropolitan Planning Organization (MPO) and Regional Transportation Planning Organization (RTPO) and advocating on behalf of our members here at the Statehouse and in Congress, we also provide a variety of programs and services for our members related to transportation, land use, data, sustainability, and economic and community development.

Our region and state hold a wealth of potential, but with these opportunities also come great challenges. Ensuring Ohio remains a vibrant and accessible place to live, work, and raise a family will require us to continue making meaningful investments in our communities.

With this in mind, we come before you today pleased and encouraged by the Governor's proposal, and we urge this body to maintain or expand the significant investments in four key areas: water quality, housing, community development, and local government funding.

H2Ohio Expansion

Water is one of our most valuable resources in Ohio right now. As record levels of drought sweep across the American West, we enjoy an abundance of surface and groundwater resources across our state. This is a key element not just for our homes, but for economic development as well. In Central Ohio, we are very fortunate to have a variety of rivers and creeks that serve as both a resource and a recreational asset.

As you know, H2Ohio has already made great strides for water quality improvement and preservation, especially for the Lake Erie Basin. Here in Central Ohio, the program has also been instrumental for lead water line replacements and sewage system improvements, with 16 different local governments in our service area taking advantage of these opportunities.

There is more work to do, however, to ensure our water resources are adequately preserved, which is why we strongly support the Governor's proposal to expand the H2Ohio programs statewide. Whether it's rehabilitating waterways in urban and suburban areas like Franklin County or ensuring sustainable agricultural practices in our rural counties, actors across Central Ohio have a role to play and benefits to reap from H2Ohio's expansion.

Within H2Ohio, the Governor's proposal also creates a Rivers Initiative to revitalize our rivers and river areas statewide. We are very excited by this proposal as we have recently been placing more emphasis on improving our blueways for outdoor recreational purposes. Working in close conjunction with our partners at local non-profit RAPID 5, plans are already underway to better connect our existing parks, trails, and blueways to create the largest interconnected parks system in the United States. As we and our partners work together toward this ambitious vision, we look forward to exploring the opportunities the Rivers Initiative may create and the ways our residents may benefit from clean and accessible waterways through this program.

Housing

Increasingly, housing is one of the biggest challenges facing Central Ohio. By our own estimates, our region will grow to over 3.15 million people by 2050 – and already, housing is growing less accessible residents. This isn't unique to Central Ohio either – affordable housing units are in short supply statewide. The National Low Income Housing Coalition estimates Ohio has a 250,000-unit shortage of rental homes for people with extremely low incomes. With thousands of new jobs coming online around Ohio, we need to ensure that our workforce is not just skilled and educated, but securely housed as well. Without this element, we cannot attract and retain the best talent, nor can we provide upward mobility for our residents.

The solution to this looming crisis is clear and simple: more housing stock is needed to meet demand and bring down prices. Thankfully, this budget includes provisions to encourage more construction in a few ways, including a state low-income housing tax credit and a housing technical assistance grant program to help local governments encourage more development. We strongly support both provisions and further encourage this body to expand the technical assistance program to enable regional planning commissions to assist our member communities with housing technical assistance and related workforce connectivity needs.

Already, we have engaged many of our local communities on housing issues and published a Central Ohio Regional Housing Strategy, and we continue to encourage our members to grow sustainably and strategically. After all, housing is just one piece of the larger puzzle of improving quality of life for residents. The "where" of housing is often as important as the "how much." Proximity to key resources like jobs, transit, and utilities must all be taken into consideration.

Part of the feedback received from this engagement is a clear need for more planning assistance, as many of our smaller communities do not have the bandwidth to do the work alone. That is why we propose expanding the Housing Technical Assistance program to \$5 million per fiscal year: \$2.5 million, at a minimum, for housing, zoning, and planning expenses and a minimum of \$1.25 million for local governments to contract with regional planning commissions to plan future infrastructure related to this new housing development. This funding would enable us to provide expanded planning services to our member communities – keeping their costs low and priming them for growth.

We also want to ensure that all our residents can benefit from new development. In other words, as property values rise and household wealth grows with it, who benefits? Are we providing

upward mobility and financial security for our residents through accessible homeownership, or are they being priced out of the real estate market altogether? Affordability challenges have arisen in the rental market too, as demand continues to outstrip supply and the cost of homeownership rises out of reach.

It is for this very reason, however, that we have some concerns about the Single-Family Housing Development Tax Credit in the bill. While we applaud the administration's commitment to creating more housing stock, we also want to ensure housing developments of all sizes and types are encouraged so that families of all sizes and types are empowered. Ensuring a vibrant housing market will require an all-of-the-above approach combined with responsible land use practices. We encourage you to consider modifying this credit to include other housing types common to neighborhoods and small towns across Ohio, including those some call "the missing middle" – duplexes, fourplexes, and townhouses. When possible, integrating more housing types into more populated areas creates more units to go around, more downward pressure on prices, and more opportunities for renters.

Our research also shows that stabilizing existing housing and neighborhoods is just as important as building new, affordable homes. Simply put, it can make it possible for families to stay in their own homes. Home weatherization is one crucial tool to promote housing stability and combat housing insecurity, as repair assistance can make existing homes more affordable by reducing heating and cooling costs. Within our own shop, we work with Central Ohio homeowners with lower incomes to make these improvements and keep them secure in their own homes. This is one more area where the executive proposal is very promising. As written, the bill would provide a 400 percent increase of federal dollars to the home weatherization program. We strongly support this provision and are excited to do more good work for our communities.

Community Development & Revitalization

One other tool our state provides for economic and community development is the Historic Rehabilitation Tax Credit. This credit is a lifeline for many towns and legacy cities with aging infrastructure, and not only provides a boost for economic growth, but promotes sustainable development practices by utilizing existing structures. This budget doubles the cap of credits to be awarded by the Department of Development to \$120 million in fiscal year 2025. We are thankful for and supportive of this change, and request that this provision remain in the bill.

Unfortunately, we also noticed that the funding increases for brownfield remediation from the last budget were not continued in the Governor's proposal. This is likely due to the federal funds that were used for this purpose running out. We have heard great feedback about this program from our partners and members, and rather than revert to a lower funding level, we would like to see this program continue with heightened funding. We support the Greater Ohio Policy Center proposal to maintain this program at the same level as the last budget, with \$350 million for brownfields and \$150 million for demolition.

As we work to revitalize our communities, we are also hindered by the current competitive bidding threshold of \$50,000, which has not been updated or adjusted for inflation for many years. Inflationary pressures over time have continually shrunk the scope of projects local governments can complete without bidding out to contractors. We support increasing this threshold to allow our members to complete projects with their own employees, rather than having to put even the smallest projects out to bid.

Local Government Funding

The local government fund (LGF) continues to be a key resource for our members. Although modest, we are encouraged by the increase in the LGF to 1.7% of state general revenue. These funds will better enable our member governments to provide essential services for residents at a time when dollars are being stretched ever further due to inflationary pressures.

We do, however, have concerns about the proposed tax reforms being discussed in the Ways and Means Committee in House Bill 1. Irrespective of any changes to the state income tax structure, we urge this body not to enact tax relief at the expense of local governments. Doing so would further hold back communities from providing those essential services and solving local problems as constituents demand. We are further concerned that, as the bill is written, property tax burdens could be increased at a time when housing costs – and housing insecurity by extension – are at historic highs. We hear these provisions may eventually be a part of this budget. If that is the case, we strongly urge you to weigh these considerations throughout the deliberative process.

Chair Edwards, Vice Chair LaRe, Ranking Member Sweeney, and members of the House Finance Committee, thank you again for the opportunity to provide testimony today, and thank you for your efforts in advancing these initiatives. Please do not hesitate to contact me, at 614-233-4101 or wmurdock@morpc.org with any questions or whenever MORPC can be of service.