



Vena Jones-Cox
House Bill 499 Opponent Testimony
House Government Oversight Committee
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Chairman Peterson, Vice Chair Thomas, Ranking Member Humphrey, and Members of the Committee, my name is Vena Jones-Cox, and I am the Vice President of the Ohio Real Estate Investors Association (OREIA) and the Founder and Executive Director of the Community of Real Estate Entrepreneurs (COREE). OREIA represents 15 local associations with over 4,000 members across Ohio and I have been active in the housing industry for 35 years. Thank you for the opportunity to provide opponent testimony on HB 499.

If you're wondering why there's an ever-shrinking amount of quality, affordable single family rentals available in Ohio, and why only large out-of-state hedge funds seem to be able to buy them, just look at the numbers.

Real estate taxes in the state have risen by 30+% thanks to the triennial reevaluations, which are based on skyrocketing prices, which are based partly on a shortage of homes and partly on the devaluation of the dollar thanks to the massive inflation caused by various stimulus packages in the past 4 years.

Insurance rates have also increased by about 20% per year for the past 3 years, because of massive, expensive natural disasters and the same inflation.

Interest rates are also more than double what they were 3 years ago. Inflation again.

What has NOT risen during that time is wages, and therefore, rents that the market can afford.

So here's a real evaluation of a real 'affordable' rental home in Cincinnati—and this is typical, not an outlier.

Fair Market Value: \$160,000

Fair Market Rent: \$1,300

Operating expenses (for maintenance, vacancy, and reserves): \$260

Real Estate Taxes: \$288

Insurance: \$120

This leaves \$632 per month to service a mortgage loan. Current BEST rates for non-owner occupied properties are 8%.

\$632 will support a 30 year mortgage of \$86,131.



So...the typical aspiring rental house provider can buy this house and break even IF they make a down payment of \$73,879.

\$73,879 to get \$0 in return.

Take away the 10% credit, and the monthly payment for taxes is \$312, meaning that they have only \$608/month to make a mortgage payment that will cause them to break even.

This supports a mortgage of \$82,860. Now it's \$77,140 down to buy a break-even property.

Or, they can pay cash, if they have it, and get \$608 a month in income. Far better, except that:

$\$608 \times 12 \text{ months} = \7296 a year

$\$7296 / \$160,000 \text{ purchase price} = 4.6\% \text{ return.}$

High yield savings accounts are literally paying more than 4.6% per year...so who's making an investment that creates the same return as just parking money in a bank?

And who has \$160,000 in cash to invest in a rental property?

Hedge funds, that's who. That's who rental owners are selling out to because their EXISTING rentals are becoming too expensive to operate.

This measure is going in the WRONG direction for Ohio rental housing.

We should be focusing not on how to collect more money for the state's treasury, but on removing barriers to creating and operating affordable single family rentals.

Thank you for the opportunity to provide testimony on House Bill 499 and for your consideration of my comments. We look forward to working with you on the bill, and please do not hesitate to reach out if you have any questions.