



**House Finance Subcommittee on Agriculture, Development & Natural Resources
Interested Party Testimony, House Bill 33 (Edwards)
Jason Warner, Director of Strategic Engagement, Greater Ohio Policy Center
Tuesday, March 21, 2023**

Chair Jones, Ranking Member Troy, and members of the Subcommittee, thank you for the opportunity to present interested party testimony on House Bill 33 (HB33), the state main operating budget for fiscal years 2024 and 2025.

My name is Jason Warner, and I am the Director of Strategic Engagement for the Greater Ohio Policy Center (GOPC), a statewide non-profit organization that champions revitalization and sustainable growth in Ohio's cities and metros. Our mission is to improve the communities of Ohio through smart growth strategies and research for a revitalized Ohio.

Brownfield Revitalization & Building Demolition and Site Revitalization Programs

Successes Over Past Two Years

GOPC is Ohio's lead brownfield advocate, coming before the legislature over the past several years advocating for grant funding to redevelop blighted brownfields in Ohio's communities into productive, community-responsive sites. Recognizing the challenge presented to Ohio by the presence of brownfields, the FY22-23 main operating budget established the Brownfield Remediation Fund (BRF), providing \$350 million to assess and cleanup these environmentally contaminated sites. **We commend the legislature for the creation of this program, and thank the Ohio Department of Development (ODOD) for its successful administration of this program over the past two years.**

The BRF's \$350 million provided grants to 313 projects in 83 of Ohio's 88 counties. While this is a significant investment in the assessment and cleanup of brownfields, the need remains for grant dollars to remediate and redevelop these blighted brownfields into productive use.

At the same time, the legislature made a significant investment in Ohio's Land Banks with a \$150 million investment in the Building Demolition and Site Revitalization Program (Demo). This program is helping local communities demolish nearly 3,700 dilapidated commercial and residential buildings in 87 of Ohio's 88 counties. Communities across Ohio are eliminating these blighted and abandoned structures, creating new opportunities for economic and residential development and revitalizing neighborhoods.

Taken together, these programs are making a transformational impact across the entire state.

Addressing the Ongoing Need for Revitalization

The as-introduced budget does not include and new funding for the BRF or Demo programs. Therefore, GOPC and other stakeholders supporting these transformational programs are encouraging the committee to provide an additional \$500 million to these two programs (\$350 million to the BRF, \$150 million to Demo).

The initial investment of \$350 million granted 188 cleanup grants, which is the final step in the remediation process to address environmental contamination and allow these brownfields to become new industrial and commercial sites, new housing, mixed-use space, recreational, or developable land. However, 125 projects were granted assessment dollars, which merely determines the contamination present on the site. This does not account for future clean-up work which will need to be done. Without additional funding, these 125 projects will likely remain contaminated, and unable to move into productive economic engines.

An additional investment of \$350 million to this program will allow the 125 projects that received an assessment to compete for cleanup dollars. In addition to these 125 projects, the need for brownfield grant dollars remains. The final round for applications through ODOD opened and closed in less than 3 business days due to limited funding remaining and an overwhelming amount of applications.

Our partners at Ohio's land banks can tell you much more about their ongoing needs, but we know that the \$150 million which has been invested in the Demo program has just scratched the surface in terms of the need for elimination of decayed commercial and residential buildings.

GOPC has worked with lawmakers to have a budget amendment drafted to add funding for these two programs into the budget. An investment in the BRF and Demo programs is an economic win for the state, and the communities where remediation occurs. Past research by GOPC shows that for every dollar the state invests in remediation work, there is a five dollar return in private investment. Ohio's previous brownfield grant program contributed more than one billion dollars to the state's GDP during its tenure.

We would greatly appreciate the committees support for the renewed funding for the BRF and Demo programs in HB33.

Need for Greater Investment in Affordable Housing

There are a number of provisions in the as-introduced budget which GOPC supports and encourages the committee to retain, including:

- **State Low Income Housing Tax Credit (LIHTC).** Modeled after the federal LIHTC program, the state LIHTC would provide \$100 million a year in tax credits, administered by the Ohio Housing Finance Agency, to support the development or rehabilitation of low-income multifamily rental housing. Enactment of a state LIHTC program will help to ensure Ohio's working-class families have access to safe, affordable homes as they work towards the ultimate goal of a home to call their own.
- **Single-Family Housing Development Tax Credit.** Increasingly, first-time home buyers are being forced to compete against Wall Street firms and others who offer cash on the table to sellers, driving up prices and shrinking the market for available starter homes. Coupled with rising prices that are driving-up costs for new-build homes, more and more Ohioans are being forced to stay in rental units which are experiencing similar surges in pricing. Consequently, the dream of home ownership is slipping away for more and more Ohioans every single day. The budget includes \$50 million a year in tax credits to support the development of newly constructed, single-family housing for Ohioans. GOPC strongly believes that the program should be concentrated in the promotion of in-fill development, and not urban and suburban sprawl development, but overall supports the inclusion of the program in the budget.

- **First-time Homebuyer Savings Accounts.** Financial discipline is key to anyone who wishes to become a homeowner. This starts with possessing the necessary savings to make a down payment. The as-introduced budget includes the creation of the Homeownership Savings Account. Similar in its function to Ohio's popular 529 College Savings Plan, the program would enable first-time homebuyers the opportunity to save and take advantage of tax benefits to support saving to make a home purchase. For Ohioans who already own homes, the program would also enable the creation of savings accounts which can be utilized for future home maintenance or repair.

Empowering Cities to Support Affordable Housing Development

A final provision that was included in the as-introduced budget is the Housing Technical Assistance Grant program, which would assist local governments seeking to modernize regulations and processes tied to local housing efforts. Grants awarded under the program would be used to updating housing-related zoning regulations, efforts to streamline government review of housing proposals, updating building permit software, and other innovative efforts intended to expedite review of housing proposals. For the past several years, GOPC has been advising Ohio communities that are working to address the crisis of affordable housing, and trying to develop market rate housing at all price points. The one common thread shared by all these communities is the need to update zoning. In some instances, zoning codes governing community development have not been updated since before World War II.

Providing resources to communities to assist with this work is key to ensuring that affordable housing development, along with market-rate development where needed, can be expedited to ensure that Ohio addresses this burgeoning housing crisis. GOPC looks forward to working with ODOD to discuss some of the more technical aspects of the program proposal, but would encourage the legislature to increase the funds available to support this program, to \$5 million per year. Based on work GOPC has done developing our own recommendation for a zoning assistance program, we have learned that costs associated with zoning updates can cost upwards of \$100,000 or more. To ensure more communities have access to this important new program, we would encourage the additional \$3.5 million per year to support this new initiative.

Supporting Economic Development in Ohio

Lastly, a word about two additional provisions in the budget. GOPC looks forward to learning more about the proposed state innovation hub program and All Ohio Future Fund. Supporting and encouraging economic development is an important role for state government, and GOPC supports any efforts that will support the creation of new economic activity, particularly in Ohio's legacy cities. While we believe that programs like the previously mentioned BRF and Demo programs, when leveraged effectively, can do much to support site development for future business opportunity in Ohio, we also stand ready to support programs that will ensure all Ohioans have access to good paying jobs, regardless of where in the state they may live.

Conclusion

Chair Jones, thank you for the opportunity to share our thoughts regarding House Bill 33. I appreciate your attention and will be happy to address any questions the committee may have.