



City of Cleveland
Justin M. Bibb, Mayor

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Senate Ways & Means Committee Proponent Testimony, Senate Bill 76 (Blessing, Antonio)

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Chair Blessing, Vice Chair Roegner, Ranking Member Smith, and members of the Senate Ways and Means Committee, thank you for the opportunity to present proponent testimony on Senate Bill 76, sponsored by Senators Blessing and Antonio, which would seek to help with the affordable housing crisis in Ohio.

As the Director of Building and Housing for the City of Cleveland, and prior to that, as the Housing Director for 14 years for the City of South Euclid, I have seen, firsthand, the impact of bulk investors on our housing market. Cleveland's Vacant and Abandoned Property Action Council (VAPAC), has extensively researched this topic and last March published a report, "[The Impact of Real Estate Investor Activity on the Cuyahoga County, Ohio Housing Market 2004-2020.](#)" This study shows that in Cuyahoga County the percentage of properties acquired by investors nearly tripled over the 16- year period, and on the east side of Cleveland, almost half of all transactions are now to business buyers. This fact, combined with the lack of significant mortgage lending on the east side of Cleveland, has created a cash market, which is limiting homeownership opportunities and chances for small, local investors to find properties. As I stated in my February 2022 [testimony](#) to the United States Senate Banking Committee, these out-of-state bulk investors are wreaking havoc on our housing market and on our residents' lives.

On the ground, we are facing significant difficulty holding investors accountable for the condition of their properties. Criminal prosecution for code violations is difficult and sometimes impossible with out-of-state or out-of-country investors. Investors who have no intention of maintaining their properties are a drain on municipal resources. Tenants who live in absentee investor-owned properties often face daunting challenges. This year, we have seen numerous properties without heat; hundreds of leaking roofs; black mold problems; collapsing ceilings, and other significant code challenges. To make matters worse, investors are often raising rents and non-renewing leases which is leading to tenant displacement. This lack of housing stability reverberates to all areas of a tenant's life: poorer career trajectories; lower school performance; and further financial instability. The housing crisis robbed significant generational wealth from our residents, especially in communities of color, and the lack of affordable homeownership opportunities continues to make rebuilding that wealth elusive.

The City of Cleveland is grateful for Senator Blessing's approach to thoughtfully developing this bill, most importantly, with the goal of creating opportunities for affordable homeownership. In addition to creating a financial disincentive for investors to hold large numbers of properties; requiring bulk owners to disclose their contact information will give municipal building departments significantly more information than we currently have on how to hold these owners accountable for property condition. We would urge you to consider making this a requirement of property managers as well.

Mayor Bibb is focusing significant resources on redeveloping housing markets in areas of the city where they have been eroded by the housing crisis and now the growing role of bulk investors. This bill provides the additional lift that will help foster the success of local initiatives like ours.

We appreciate that this bill excludes land banks, port authorities, community development corporations, and non-profit entities. We urge language to be added that expressly excludes non-profit affordable housing developers who may use an LLC structure to hold some assets. Additionally, we are seeing some multi-unit apartment buildings in Cleveland turned into for-rent condo buildings, each unit held by a separate LLC. As you can imagine, this structure creates a code enforcement nightmare. We would like to see this addressed in the bill as well. Overall, this bill hits that mark by targeting the largest players who are, as Chairman Blessing stated, “distorting the markets through constricting supply and driving up prices”.

Chairman Blessing and members of the Ways and Means Committee, thank you for the opportunity to share the City of Cleveland’s enthusiastic support for Senate Bill 76. The City of Cleveland stands in full support and is ready to assist in any way needed.