



November 18, 2024

The Honorable Brian Lorenz
Chairman
Ohio House Economic and Workforce
Committee
77 S. High St
11th Floor
Columbus, OH 43215

The Honorable Terrence Upchurch
Ranking Member
Ohio House Economic and Workforce
Committee
77 S. High St
10th Floor
Columbus, OH 43215

RE: House Bill 547 – Limit housing tax credits-projects that verify immigration status

Dear Chairman Lorenz and Ranking Member Upchurch,

I am writing on behalf of the Ohio Housing Council (OHC) to share our thoughts on House Bill 547, which seeks to prohibit the Ohio Housing Finance Agency (OHFA) from awarding Ohio Low-Income Housing Tax Credits (OLIHTC) to a project unless the owner verifies that all tenants are legally present in the United States.

As you consider this legislation, we urge you to be aware of potential unintended consequences of the bill as currently drafted, particularly related to the potential revocation of OLIHTC for failing to document tenants' legal U.S. residency. Under the current provisions, the bill could be interpreted to mandate automatic revocation—which could mean recapture of any tax credits already claimed as well as the loss of any future tax credits—for any noncompliance. This could include cases of an inadvertent failure to retain a document obtained during the application process that demonstrates a tenant's legal status, without providing an opportunity to address the issue.

This requirement introduces a significant level of uncertainty for current and prospective investors and imposes consequences far more severe than those for other instances of noncompliance. The potential for sudden credit revocation would erode confidence in the stability of the OLIHTC program, thereby affecting credit pricing. This erosion of investor confidence would likely reduce the equity available to developers, complicating the financing of affordable housing projects and, in some instances, deterring investment altogether.

The ripple effects of reduced investment would be felt across Ohio. A decrease in affordable housing development would impair our collective ability to address the severe shortage of housing for Ohioans who are in the U.S. legally, including members of the workforce, seniors, and veterans. This would ultimately weaken efforts to provide adequate

housing options for legal residents, worsening the housing shortage during a period of critical demand.

We urge the committee to carefully consider these potential repercussions as you deliberate on the bill. To address these concerns, we recommend amending the bill to align its noncompliance provisions with federal Low-Income Housing Tax Credit (LIHTC) standards. Specifically, any language regarding the recapture of credits should follow federal guidelines, which provide a structured and balanced approach to addressing noncompliance while allowing owners the opportunity to correct deficiencies. Federal LIHTC standards recognize that inadvertent errors by staff can occur and provide mechanisms to mitigate severe penalties while maintaining program integrity. Aligning the state requirements with federal standards would ensure consistency, enhance investor confidence, and preserve the stability of the OLIHTC program.

OHC remains committed to collaborating with you to ensure Ohio's housing policies are effective and sustainable. Thank you for your attention to this important matter.

Sincerely,



Ryan Gleason
Executive Director
Ohio Housing Council