



Ohio Housing Council

Interested Party Testimony on HB 96

Ohio House Finance Committee

March 13, 2025

Chairman Stewart, Vice Chair Dovilla, Ranking Member Sweeney, and Members of the House Finance Committee, thank you for the opportunity to provide testimony today. My name is Ryan Gleason, and I serve as the Executive Director of the Ohio Housing Council (OHC), a statewide nonprofit representing more than sixty organizations across the affordable housing industry. Our membership includes developers, owners, property managers, investors, attorneys, accountants, architects, and market analysts, all committed to expanding and preserving affordable housing in Ohio.

I'm here today to discuss Ohio's Affordable Housing Tax Credit (OLIHTC) and why enhancing and extending this program is essential to addressing Ohio's housing crisis. To fully appreciate the impact of OLIHTC, it's helpful to understand the foundation on which it was built.

OLIHTC is modeled after the federal LIHTC, which was enacted in 1986 under President Reagan as part of his drastic reform of the nation's approach to affordable housing. Rather than relying on a federally controlled system of public housing projects—which had developed a reputation for being drug-infested and crime-ridden—the LIHTC program created a public-private partnership that empowers states to determine their housing priorities while leveraging private sector expertise and investment to deliver high-quality developments. This model has been remarkably successful in producing and maintaining affordable housing.

Two often-overlooked aspects of this structure make it particularly effective. First, developers need substantial funding upfront to construct housing, but rather than providing all the money at once, the government designed a system that allows developers to raise capital by selling tax credits to investors. This ensures that projects receive the necessary funding up front while spreading out the government's fiscal commitment over time. Second, the involvement of private investors who purchase the tax credits introduces a layer of financial oversight that helps ensure properties are well-managed and maintained, reducing the need for costly government compliance measures.

Despite its effectiveness, the federal LIHTC has never been sufficient to meet the full demand for affordable housing. Recognizing this gap, several states began supplementing the federal program with their own tax credits. In 2023, Ohio joined this effort when Governor DeWine proposed the creation of a state-level tax credit to support workforce housing, senior housing, and housing for veterans. The General Assembly approved this initiative, authorizing the Ohio Housing Finance

Agency (OHFA) to allocate \$100 million annually in state tax credits for four years. This was a significant step forward, placing Ohio among the growing number of states taking proactive measures to address housing shortages.

However, our housing challenges remain substantial. Ohio is facing a shortage across the entire housing spectrum, from workforce housing to market-rate homes. That's why OHC joined with a broad coalition of partners—including the Ohio Chamber of Commerce, the Ohio Community Development Corporation Association, Habitat for Humanity of Ohio, the Coalition on Homelessness and Housing in Ohio, Enterprise Community Partners, the Local Initiatives Support Corporation, the Ohio Land Bank Association, and the NeighborWorks Collaborative of Ohio—to create *Home Matters to Ohio*. This initiative promotes policies to increase housing supply across all income levels and highlights the economic benefits of investing in housing. I encourage you to review the entire platform, which includes improvements to the Welcome Home Ohio program, helping County Land Banks develop affordable housing; improvements to the Single-Family Housing Tax Credit program, which was created at the same time as OLIHTC; and safeguarding the Ohio Housing Trust Fund, the state's primary source of funding for homelessness and affordable housing services.

Expanding the OLIHTC is a critical component of solving this crisis and one of the most impactful actions Ohio can take is to expand it. The current program has already demonstrated significant demand. In its first two years, OHFA received more than \$500 million in applications despite the relatively restrictive competitive criteria in place. Developers routinely invest substantial resources into projects that never move forward due to these limitations, meaning we have viable housing opportunities that could be developed if additional credits were available.

Equally important is the longevity of the program. As it stands, OLIHTC is set to expire at the end of fiscal year 2027. Housing development is a complex, multi-year process requiring substantial planning and investment. Without certainty about the program's future, developers face significant challenges in making long-term commitments, and promising projects may never come to fruition. Extending the program will provide the stability needed to foster continued development and investment in Ohio's communities.

For these reasons, we respectfully urge you to take two key actions: first, increase the amount of tax credits OHFA can allocate annually, and second, extend the program's duration. Ideally, we would seek an increase to \$500 million per year and a permanent extension. However, understanding the need for a pragmatic approach, we recommend raising the annual allocation to \$200 million and extending the program's sunset to 2031. This measured expansion would allow Ohio to better meet its housing needs while maintaining fiscal responsibility.

Thank you for your time and consideration. I look forward to working with you to advance solutions that will strengthen Ohio's housing market and support economic growth. I am happy to answer any questions you may have.