



TO: Finance Committee, Ohio Senate

FROM: Nate Coffman, Ohio CDC Association

RE: Ohio Housing Trust Fund, Written Testimony
Amendment to Substitute House Bill 153
317.321, 319.63 R.C.

DATE: June 2, 2011

Mr. Chairman; members of the Committee. My name is Nate Coffman, Executive Director of the Ohio CDC Association (OCDCA). We are the trade association for community development corporations (CDCs) that function to revitalize distressed rural and urban communities through activities such as affordable housing development, microenterprise, and asset building. The CDC model is one of engagement and empowerment. In the interest of time, I am also speaking on behalf of the Ohio Housing Council, an organization that is representative of all aspects of the affordable housing industry including builders, developers, banks, and law firms.

I thank you for the opportunity to offer testimony against the proposed amendment to Substitute House Bill 153 that would increase the current Ohio Housing Trust Fund (OHTF) one-percent administrative fee to ten-percent. The ten-fold increase is to be used instead for the general needs of the offices of county recorders.

The OHTF was created in 1991 to implement the will of the voting public the year after a constitutional amendment was approved making housing a public purpose. The OHTF was permanently funded in 2003 when the legislature approved a dedicated funding stream from the Housing Trust Fund Fee collected at each county recorder's office. Prior to that time, it was funded out of general revenue. Both initiatives received strong support from the leadership of both parties as they understood the social and economic benefits of this investment. Today, the OHTF balance fluctuates year to year based on the real estate economy, but funds are appropriated at \$53 million annually to homelessness and affordable housing initiatives throughout the state. Half or more of all allocations go to rural counties.

We were encouraged that the Kasich Administration and the House of Representatives recognized the value of the Ohio Housing Trust Fund in its biennial budget proposal. They realize it is an effective, efficient, flexible funding source that serves the critical housing needs of homeless people, low-income senior citizens, people with disabilities, military veterans and working families. The OHTF serves the housing needs of Ohio's

most vulnerable citizens, and in today's economic times those needs are more acute than one can remember.

Examples of OHTF uses include adult and youth shelters, affordable housing development projects for low-income populations, emergency home repair, rehabilitation and energy savings projects, service coordination for elderly and disabled populations, Habitat for Humanity of Ohio homes and a host of other critical initiatives that help people who want to or need to stay in their homes instead of in more expensive alternatives like nursing homes or institutions. Thousands upon thousands of Ohio's citizens have been assisted by the OHTF creating an undeniable impact, but the impact of the OHTF goes well beyond helping Ohioans with their housing needs.

As a past director for the Home Builders Association of Greater Cleveland, representing for-profit builders and developers, we always knew that investment in housing is an investment in the economy. That resonates even further today as housing will be an integral component to the nation's and Ohio's economic recovery. Comprehensive data specific to Ohio has not been available and now we understand what was assumed anecdotally by the home building and real estate industry.

The Economic and Job Creation Impact Study of The Ohio Housing Trust Fund - Allocations Fiscal Years 2006 – 2009 was released by Vogt Santer Insights on March 10, 2011. The research used the nationally recognized methodology known as the Regional Industrial Modeling System (RIMS) developed by the U.S. Bureau of Economic Analysis looking at every OHTF investment between 2006 and 2009 through a regional input-output multiplier model. In addition to assisting the most vulnerable among us, the study confirmed the vast economic impact of the OHTF.

The study provides the following information and conclusions:

- The two prominent project types funded by OHTF are affordable housing development and homeless programs
- The total economic impact of the OHTF to the Ohio economy during the time period is over **\$2.6 billion**
- Total employment equaled **31,960** with associated earnings of over **\$829 million**
- OHTF investments efficiently leverage additional capital at an average ratio of **9 to 1** to the projects and subsequently the economy
- The average impact for every OHTF dollar awarded is **\$14.54**

The OHTF is an effective public-private partnership model that yields consistent results and return on investment – **creating jobs and leveraging capital.**

In the short time since dedicated funding began in 2003, the OHTF has proven marked success to communities, residents and the economy. We applaud the Kasich Administration's and the House of Representative's validation of the merits of the OHTF through its maintenance in the FY 2012 – 2013 Jobs Budget.

Given the demonstrated economic impact, it is clear that any dollars lost in the fund would negatively impact the economy through the loss of jobs and leveraged capital that make these vital projects and services a reality. The amendment to increase fees ten-fold could take as much as \$5 million a year from the OHTF resulting in an annual loss of \$45 million in leveraged capital or \$90 million over the biennium budget period. Leveraged investment will decrease; construction jobs will be lost (jobs that can't be exported); and many of the housing needs of our most vulnerable will go unmet. In the age of electronic documenting and recording, it is certain that the current one-percent administrative fee is more than adequate to cover the cost of collecting OHTF receipts. The proposed measure will not create jobs; it will only decrease the number of Ohioans swinging hammers for the benefit of their neighbors and fellow citizens. The OHTF is a success story shared by many – state government, the private sector and non-profit organizations. We appreciate your support to keep a good thing going. I respectfully request the reversal of the amendment.

Mr. Chairman; members of the Committee. Thank you for your time and attention. I am available for any questions.

