



THE OHIO WORKFORCE HOUSING TAX CREDIT PROGRAM:

Creating Jobs While Solving Ohio's Workforce Housing Problems

THE PROBLEM:

Ohio is in the midst of a compounding crisis with a severe shortage of affordable housing for poor *and* working-class households. In 2020, only three of the 10 most common jobs in Ohio paid the hourly rate necessary for a worker to afford a modest, two-bedroom apartment.¹ **This causes a significant rent burden not only among Ohio's lowest income but also moderate-income renters across the State.**² Due to this shortage of workforce rental housing, nearly 400,000 households in Ohio have a severe cost burden, spending over half their income on rent. **90+%** of renters who make under \$22,750 are rent burdened; **73%** of renters who make between \$22,750 and \$37,900; and **30%** of renters who make between \$37,900 and \$60,650 annually.^{2,3}

BACKGROUND:

Today, the largest driver of workforce housing development nationally is the federal Low-Income Housing Tax Credit (LIHTC) program, a bipartisan public policy incentive that has driven outcomes through private sector investment and development. In Ohio, more than 100,000 affordable housing units have been developed through the federal LIHTC program. The federal LIHTC comes in two forms: the 9% and 4% credit. Projects utilizing the 4% credit are financed in part with tax-exempt bonds. Each year, **\$120 million of federal bond volume cap** is allocated to Ohio for multifamily development, but a lack of additional leveraging funds has left this substantial federal resource untapped to Ohioans since 2015. In order to change this, additional funding sources like the state credit would leverage this substantial federal resource to the tune of **\$200-300 million** and generate even more viable affordable housing development and economic impact in our state.

THE SOLUTION: THE OHIO WORKFORCE HOUSING TAX CREDIT PROGRAM

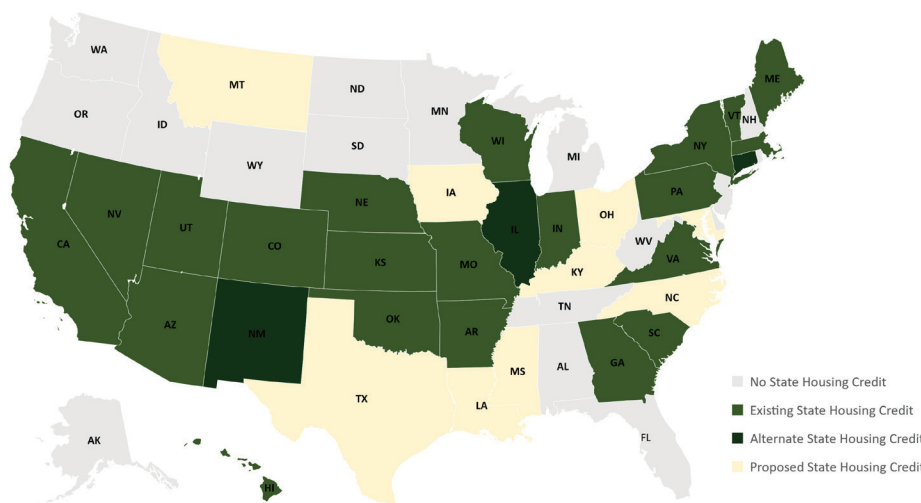
At present, 22 other states (and growing) have effectively utilized state housing tax credit programs as a mechanism to provide a state-level funding to draw down these federal resources to meet affordable housing needs. This bill will create an Ohio Workforce Housing Tax Credit leveraging the existing federal housing tax credit - the primary tool Ohio will utilize to drive creation of affordable workforce, family and senior housing through private investment. In addition, this credit will have an immediate, profound economic development impact on Ohio communities years before the state issues the credit.

H.B. 560: (Representatives Hoops, Pavliga)

- State investment of \$50 million in annual credits, issued over 10 year period.
- 6 year sunset spanning FY 2022-2027.
- Available for 4% & 9% LIHTC transactions.

Groups that have endorsed H.B. 560:

Ohio Manufacturers' Association
Ohio Chamber of Commerce
Ohio Capital Corporation for Housing (OCCH)
Ohio Bankers League
LeadingAge Ohio
Columbus Partnership
Ohio REALTORS
Affordable Housing Alliance
AARP Ohio





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ECONOMIC & FISCAL IMPACT:

Workforce housing development is a proven driver of economic development, job creation, and tax revenue.

New Units: This program is projected to yield approximately *2,300 new units annually*, a total of *13,800 new units over 6 years*.

Jobs: Construction of the new housing units will create: *5,632 jobs in each year* of the program; *33,795 over 6 years*; \$2.1 billion in wages; and over \$4.0 billion in job-related economic activity throughout the state.

Economic Activity: In total, both construction and property operations will create nearly *\$11.4 billion* in economic activity over the course of construction and 30 years of operations.

Tax Revenues: Combined, construction and operating tax revenues of the program would total *over \$1.7 billion* in tax revenue to state, county, and local governments.

Fiscal Impact of Operations Summary Ohio Affordable Housing Tax Credit Program (2021 Dollars)			
	State of Ohio	Local Governments	Total
Impact from Construction			
Sales tax on materials	\$74,787,400	--	\$74,787,400
Permit & tap fees	--	\$41,400,000	\$41,400,000
Use Tax	\$3,967,500	--	\$3,967,500
Employee generated taxes	\$97,315,400	\$98,612,400	\$195,927,800
Total - Construction	\$176,070,300	\$140,012,400	\$316,082,700
Ongoing Annual Operations at Buildout			
Resident spending sales tax	\$12,458,800	--	\$12,458,800
Property tax	--	\$26,893,400	\$26,893,400
Retail sales tax (supply purchases)	\$18,100	--	\$18,100
Employee generated taxes	\$1,767,000	\$3,616,200	\$5,383,200
Total - Operations	\$14,243,900	\$30,509,600	\$44,753,500
35-Year Operations	\$427,317,000	\$915,288,000	\$1,342,605,000
GRAND TOTAL	\$603,387,300	\$1,055,300,400	\$1,658,687,700

Economic Impact Summary Ohio Affordable Housing Tax Credit Program State of Ohio (2021 Dollars)		
Construction	Avg Annual	Total
Jobs (direct, indirect, induced)	5,632	33,795
Wages (\$mil)	\$349.6	\$2,097.6
Economic Output (\$ mil)	\$662.4	\$3,974.5
Operations (Total at Buildout)	Annual	30-Year TOTAL
Jobs (direct, indirect, induced)	1,244	37,320
Wages (\$mil)	\$51.2	\$1,534.6
Economic Output (\$ mil)	\$247.1	\$7,412.3
GRAND TOTAL CONSTRUCTION & OPERATIONS		
Wages (\$mil)		\$3,632
Economic Output (\$ mil)		\$11,387

CONCLUSION:

This program would not only stabilize vulnerable households, and thereby relieve pressure on other social systems, but would also open the door to significant federal resources, and allow leveraging of substantial private equity investment to meet Ohio's unmet housing needs. Not only that, but housing development creates jobs, stimulates economic growth, and boosts state and local tax revenues. Successful outcomes in other states clearly demonstrate that state credit programs make good policy *and* business sense.

¹<https://reports.nlihc.org/oor/ohio>. The hourly rate referenced is \$15.99/hour.

²<https://ohiohome.org/news/documents/2020-HNA-ExecutiveSummary.pdf>

³https://ohiohome.org/compliance/documents/incomelimits_HOME20.pdf. Incomes vary by region, but incomes cited for illustration purposes are those for a 3-person household in the Columbus region. Extremely low-income households (ELI) are defined as those with incomes at or below the poverty guidelines or 30% of their area median income (AMI). 437,765 or 27% of all Ohio households fall into this group.