THE OHIO WORKFORCE HOUSING TAX CREDIT PROGRAM:

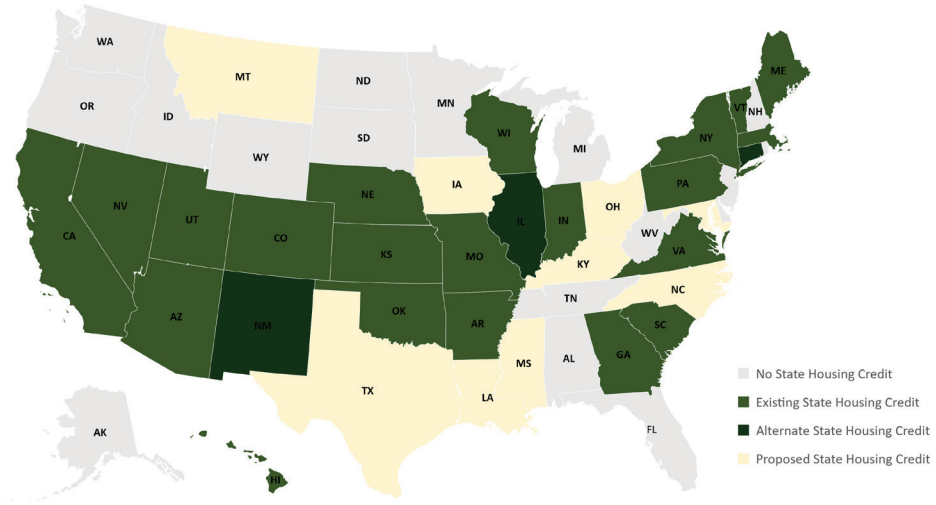
Creating Jobs While Solving Ohio's Workforce Housing Problems

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 AFFORDABLE 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. 3: (Representatives Pavliga and McNally)

- Authorizes $500 million tax credits each fiscal year, issued over 10-year period at $50 million per year.
- 6 year sunset spanning FY 2023-2029.
- Available for 4% & 9% LIHTC transactions.

Groups that have endorsed H.B. 3:

Ohio Manufacturers' Association
Ohio Business Roundtable
Ohio Chamber of Commerce
AARP Ohio
LeadingAge Ohio
Ohio Bankers League
Columbus Partnership
Ohio Housing Council

For more information please email: ohc@ohiohousingcouncil.com

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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 **4,325 new units annually**, a total of **25,950 new units over 6 years**.

Jobs: Construction of the new housing units will create: **11,550 jobs in each year** of the program; **69,300 jobs over 6 years**; $4.8 billion in wages; and over $10.0 billion in construction-related economic activity throughout the state. Apartment operations and new resident spending in the economy will also create 2,365 permanent jobs and $108.1 million in annual wages.

Economic Activity: In total, new construction, property operations, and additional resident spending will create over **$24.7 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 **nearly $3.9 billion in tax revenue to state, county, and local governments**.

Fiscal Impact of Operations Summary
Ohio Affordable Housing Tax Credit Program
(2023 Dollars)

	State of Ohio	Local Governments	Total
Impact from Construction			
Sales tax on materials	$195,916,000	--	**$195,916,000**
Permit & tap fees	--	$77,850,000	**$77,850,000**
Use Tax	$7,460,600	--	**$7,460,600**
Employee generated taxes	$216,582,400	$211,500,600	**$428,083,000**
Total - Construction	**$419,959,000**	**$289,350,600**	**$709,309,600**
Ongoing Annual Operations at Buildout			
Resident spending sales tax	$23,688,400	--	**$23,688,400**
Property tax	--	$70,451,100	**$70,451,100**
Retail sales tax (supply purchases)	$34,000	--	**$34,000**
Employee generated taxes	$3,557,800	$7,070,500	**$10,628,300**
Total - Operations	**$27,280,200**	**$77,521,600**	**$104,801,800**
35-Year Operations	**$818,406,000**	**$2,325,648,000**	**$3,144,054,000**
GRAND TOTAL	**$1,238,365,000**	**$2,614,998,600**	**$3,853,363,600**

NOTE: All of the above figures are estimates based on the calculations outlined in the methodology section of this report. The figures are intended only as a general guideline as to how they could be impacted by the project. The above figures are based on the current economic structure and tax rates.
Sources: Elliott D. Pollack & Co.; IMPLAN

Economic Impact Summary
Ohio Affordable Housing Tax Credit Program
State of Ohio
(2023 Dollars)

Construction	Avg Annual	Total
Jobs (direct, indirect, induced)	11,546	69,277
Wages ($mil)	$803.2	$4,819.4
Economic Output ($ mil)	$1,667.8	$10,007.0
Operations (Total at Buildout)	**Annual**	**30-Year TOTAL**
Jobs (direct, indirect, induced)	2,365	70,950
Wages ($mil)	$108.1	$3,242.3
Economic Output ($ mil)	$489.9	$14,698.5
GRAND TOTAL CONSTRUCTION & OPERATIONS		
Wages ($mil)		**$8,062**
Economic Output ($ mil)		**$24,705**

1/ The total may not equal the sum of the impacts due to rounding.
Sources: Elliott D. Pollack & Co.; IMPLAN

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.

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[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*
[3] *https://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.*