

**Senate Bill 36 Opponent Testimony**  
**Ohio Senate Ways and Means Committee**  
**April 2, 2019**

Chairman Terhar, Vice Chair Roegner, Ranking Member Williams, and members of the Senate Ways and Means Committee, my name is Matthew Rule and I am the Senior Vice President of Development for National Church Residences. Thank you for the opportunity to be here today. We are an Ohio-based, nonprofit leader in integrating housing, health care, and supportive services, serving low income seniors and vulnerable persons not only in Ohio but across the country. We are the nation's largest nonprofit provider of affordable senior housing, owning and managing over 340 senior communities in 25 different states and Puerto Rico. Here in Ohio we employ approximately 1,900 employees and we own and/or manage about 100 affordable housing properties. Those 100 properties in Ohio serve as home to over 6,600 Ohio residents across 29 counties. In fact, 12 of those properties are in the Districts represented by the honorable members of Committee here today, meaning that 864 of your very own constituents have a home in a National Church Residences community. Attached for your reference is a map of our Ohio footprint. I think it is only appropriate to pause and express National Church Residences' gratitude for your support and the support of your districts' public officials and residents – none of these 12 affordable senior properties could have been constructed and maintained without robust public/private partnership.

The need for affordable housing is great: a recent poll of Ohio senior housing providers revealed that there are, on average, 17 low income seniors on a waiting list for each affordable



unit, and in some areas of the state, that ratio is closer to 30-1. According to the Ohio Housing Finance Agency's 2019 Housing Needs Assessment, Ohio has just nine (9) existing senior housing tax credit units per 1,000 Ohioans.<sup>1</sup> That need is only going to grow with the unprecedented expansion of the senior demographic currently underway. Not only is the senior demographic expected to almost double over the next 20 years, but older Ohioans today are entering retirement years with less saved, more debt, fewer family caregivers, and fewer affordable housing options that facilitate safe aging in place. I believe there is broad consensus for the need for affordable, safe and accessible senior housing – and I applaud the Senate for their resolve on this issue.

However, on behalf of National Church Residences, I am here today to share our concerns with the chilling impact Senate Bill 36, as written, would have on the following:

- (1) First, the feasibility and size of any new development of affordable housing;
- (2) Second, job creation in the construction industry, manufacturing industry and professional services industry; and
- (3) Third, the sustainability of existing affordable housing communities.

Tax credit housing works because it encourages public capital and private capital to work together. There are **two** key components needed to finance almost any affordable housing community: (1) tax credits from the federal government; and (2) debt from the private sector. In exchange for the tax credits, an owner agrees to a long term limitation on rents at the property – these rent restrictions are controlled, monitored and enforced by the State of

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<sup>1</sup> <https://ohiohome.org/news/documents/2019-HousingNeedsAssessment.pdf>



Ohio. The rent restrictions limit the project revenue. In exchange for the debt, an owner pledges a portion of their revenue to the lender to pay debt service expenses. Typically, 70% to 80% of project costs are paid for with the proceeds derived from the federal tax credit allocation. The other 20% to 30% of project costs are paid for with private debt – mortgages much like you would have on your house.

Why does the financing of affordable housing matter? In short, if real estate taxes were artificially raised (based on market rate conditions instead of actual restrictions) then owners would be forced to use project rents to pay real estate taxes instead of applying those rents to debt service. For instance, on a 50 unit development, if real estate taxes were increased by \$1,000 per unit (\$50,000 per annum), the project would be able to leverage approximately \$800,000 to \$1,000,000 less in debt proceeds. The loss of debt proceeds would either stop the project's construction or drastically reduce the number of units that could be produced.

In Xenia, Ohio (Green County), National Church Residences has a gorgeous 42 acre senior campus, Legacy Village, with 40 patio homes, 52 assisted living units, and an additional 51 market rate senior units under construction. However, we've consistently heard from the community about the lack of safe, decent, and affordable senior housing – 30% of Xenia's population consists of households over the age of 65 and, of those households, over 50% are rent burdened, meaning they spend more than 30% of their monthly income on housing. In response to this need, we are presently working on the expansion of our Legacy Village community to add 52 affordable senior housing units to this campus. The project will use federal tax credits and approximately \$1,100,000 of permanent debt to fund approximately



\$6,500,000 of hard construction costs. If the real estate taxes are increased to market rates, the development would lose approximately \$800,000 in debt, creating an \$800,000 gap. With this \$800,000 gap the development would not get built. Job opportunities would be lost for approximately 50 construction workers; materials would not be purchased; carpenters, plumbers, electricians, roofers and excavation crews would not be hired. 52 units of needed affordable senior housing would not be built for the residents of Xenia.

In order to ensure limited federal tax credits facilitate the most construction, support the greatest number of Ohio tradespersons, and build the most affordable housing units possible, the federal credits must be leveraged with private debt. Artificially inflating real estate taxes hinders and, many times, eliminates the ability to leverage a public subsidy (tax credits) with market rate debt. By enacting tax policy that artificially raises taxes and reduces (or even eliminates) the ability to access private debt, there would be a loss of multi-family construction jobs, related construction material procurement, and affordable housing unit production. Instead of flourishing, job creation and affordable housing unit production in Ohio would decline. Mission-driven housing providers, including National Church Residences, will be significantly hindered in helping to meet the growing public need for safe, decent, and affordable housing. I would submit that is not the desired result for Ohio tradesmen and women, not the desired result for Ohio working families, and certainly not the desired result for Ohio's seniors.



Thank you for your time and attention today and I welcome any questions.

Respectfully submitted,

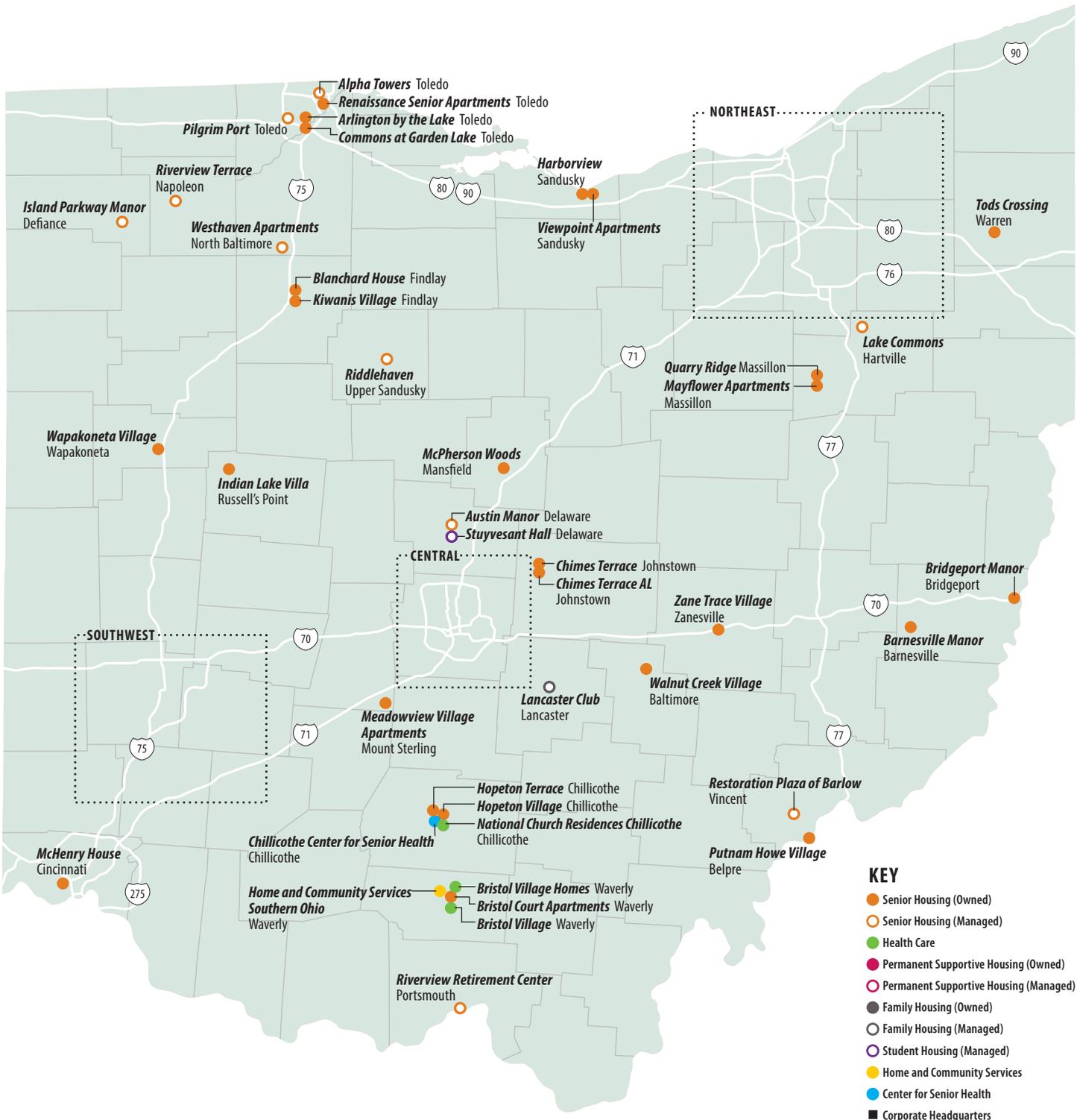
Matthew D. Rule  
Senior Vice President, Development  
National Church Residences





# OUR OHIO FOOTPRINT

Leadership in Integrating Housing and Supportive Services



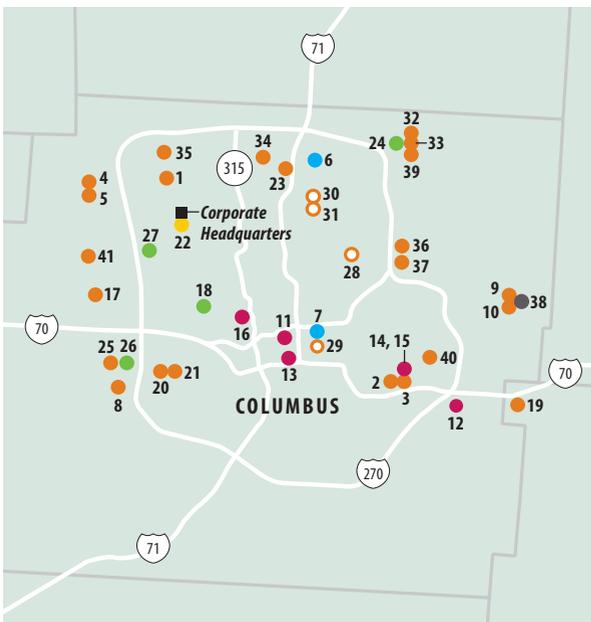
## NORTHEAST

Updated October 2017



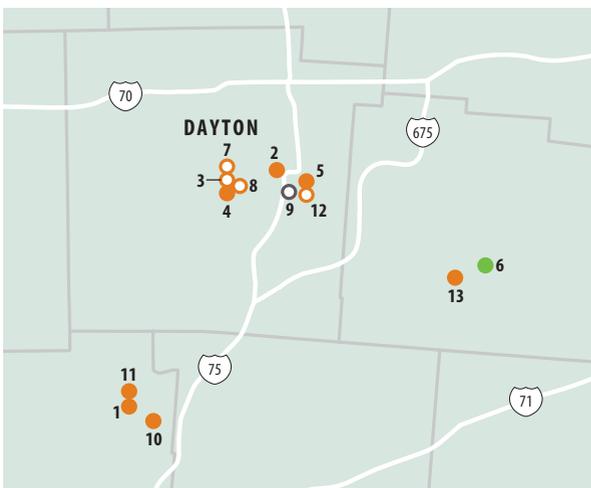
1. **Antioch Towers Apartments** Cleveland
2. **Bryn Mawr Glen** Ravenna
3. **Colman Court** Cleveland
4. **Commons at Madaline Park** Akron
5. **Commons at Madaline Park II** Akron
6. **Harvard Village Senior Apartments** Cleveland
7. **Kirby Manor of Villa St. Rose** Cleveland
8. **Mother Teresa Commons** Bedford Heights
9. **Mother Teresa Manor** Bedford Heights
10. **Portrage Trail TC, Portrage Trail AC** Cuyahoga Falls
11. **White Oak Village** Wadsworth

## CENTRAL



1. **Abbey Church Village** Dublin
2. **Argus Court** Columbus
3. **Argus Green** Columbus
4. **Avondale Senior Village** Dublin
5. **Avondale Woods II** Dublin
6. **Center for Senior Health (North)** Columbus
7. **Champion Intergenerational Enrichment and Education Center** Columbus
8. **Cherry Blossom** Columbus
9. **Chestnut Grove** Blacklick
10. **Chestnut House** Blacklick
11. **Commons at Buckingham** Columbus
12. **Commons at Chantry** Columbus
13. **Commons at Grant** Columbus
14. **Commons at Livingston** Columbus
15. **Commons at Livingston II** Columbus
16. **Commons at Third** Columbus
17. **Country Ridge** Hilliard
18. **First Community Village** Columbus
19. **Grand Haven Commons** Reynoldsburg
20. **Hilltop Senior Village** Columbus
21. **Hilltop Senior Village II** Columbus
22. **Home and Community Services Central Ohio** Columbus
23. **InCare Suites** Columbus
24. **Inniswood Village** Westerville
25. **Lincoln Gardens** Columbus
26. **Lincoln Village** Columbus
27. **Mill Run** Hilliard
28. **New Salem Manor** Columbus
29. **Poindexter Place** Columbus
30. **Restoration Plaza I and II** Columbus
31. **Restoration Plaza III** Columbus
32. **Ravine at Central College** Westerville
33. **Ravine at Central College II** Westerville
34. **Stafford Village** Worthington
35. **Stoneridge Court** Dublin
36. **Stygler Commons** Gahanna
37. **Stygler Village** Gahanna
38. **Walnut Grove** Blacklick
39. **Woods at Central College** Westerville
40. **Woods on Country Club Road** Whitehall
41. **Woodview Court** Hilliard

## SOUTHWEST



1. **Dublin House** Middletown
2. **Grand Place** Dayton
3. **Hoover Cottages, Lofts at Hoover** Dayton
4. **Hoover Place** Dayton
5. **Huffman Place** Dayton
6. **Legacy Village** Xenia
7. **Lyons Place** Dayton
8. **Lyons Place II** Dayton
9. **Marvin Gardens** Dayton
10. **Mayfield Village** Middletown
11. **Trinity Manor** Middletown
12. **Twin Towers Place II** Dayton
13. **Wright Place** Xenia