

Fiscal Impacts Of Affordable Housing Debated

A study panel has begun looking into whether the state can require the value of federally subsidized residential rental properties to be based on market rent.

However, affordable housing advocates say to do so would be a "false assumption" in violation of Ohio's constitution.

"You're imposing a false value, saying it's worth more than it actually is because who's going to buy it? It's not a true reflection of its value. You're imposing a value that's not achievable, and the market would never bear," said Tony DiBlasi, executive vice president of operations and asset management at the Ohio Capital Corporation for Housing.

Mr. DiBlasi was invited to [testify](#) before the [Federally Subsidized Housing Study Committee](#), which was formed after Senate [President Matt Huffman](#) (R-Lima) inserted a provision in the biennial budget ([HB 110](#)) to address subsidized property values.

[Shawn Smith](#), executive director of Ohio [Housing Finance Agency](#), and [Mark Snider](#), of Porter Wright Morris and Arthur LLP, also offered input.

Mr. DiBlasi suggested instead of artificially increasing property values, the state should instead expand a canceled pilot program that initiated earlier and more thorough information exchanges between properties and county auditors.

The program was not completed due to the creation of the study committee, but Mr. Snider said he had seen success with similar local initiatives.

The intent of the program was to cut down on the number of appeals, he said. Property owners typically won those appeals, resulting in a loss of revenue for school districts.

"Local schools only lose tax revenue in the instance where property values are reduced during an appeal process. The bottom line: If proper valuations are established up-front and there are no appeals, local schools receive 100% of the tax revenue approved by the voters," Mr. DiBlasi said.

[Rep. Jason Stephens](#) (R-Kitts Hill), a former county auditor, said local governments are the "only ones not being made whole in the process."

"What's being left out is value to the local government. The fire department still has to service them and the fire levy isn't paid the same way. My point is the federal tax credits should be reimbursed to the local government in this process," he said.

Mr. DiBlasi and Mr. Snider both said the Low-Income Housing Tax Credit program incentivizes the private sector, and otherwise, the land could have remained vacant and generated zero revenues.

Committee member Matthew Patrick Nolan asked, "Wouldn't it make more sense to do all those great things for schools and fire departments and put them into the calculations? There's less housing units, but all local governments get reimbursed fully. I know there'd be less units, but that ends the debate."

Mr. DiBlasi reiterated that to do so would be a false presumption and a "blatant violation of Ohio's constitution."

Prompted by a question from committee member Jeffrey J. Woda, Mr. DiBlasi said in many areas the federally subsidized housing is the only investment a community has seen in decades.

[Rep. Catherine Ingram](#) (D-Cincinnati) said she was concerned auditors thought they were not getting as much money as they would have if the federally subsidized housing was not in their boundaries.

While the focus is on revenues lost to LIHTC, local entities are also losing money to Tax Increment Financing and other abatements, she said.

"Many of those folks aren't paying as much as the person down the street. We have to be fair about what's actually being lost," she said.

Rep. Stephens countered that with TIFs and abatements, the local government typically votes on whether to permit it. They do not have any say so with federally subsidized housing.