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Chair Reynolds, Vice Chair Johnson, and members of the Senate Select Committee on Housing, my name is Heidi M. Fought. I am the Executive Director of the Ohio Township Association (OTA). On behalf of Ohio's 1,308 townships, thank you for the opportunity to address you this morning regarding housing issues in Ohio.

The OTA appreciates the Senate and this Committee's desire to dive into Ohio's housing crisis, particularly with the economic development announcements made over the last year. As everyone testifying before the Committee has pointed out, the housing shortage has several issues exacerbating the shortage. I want to briefly cover some of the barriers we see in housing development.

Housing Barriers

First, from a consumer perspective, younger generations are much different than their parents and grandparents. Their American dream is different; their life priorities are different. With much higher debt-to-income ratios, many younger folks have tens of thousands of dollars in student loan debt and cannot afford homes. Per Black Knight, a data and analytics firm specializing in residential property databases has stated it would take a combination of a 28% decline in home prices, at least a 4% reduction in 30-year mortgage rates, or up to a 60% growth in median household income to bring home affordability back to its 25-year average.

From a regulatory perspective, previous testimony to this body reviewed the regulatory costs of building a home. It was stated that almost \$100,000 could be traced directly back to regulations. To infer that zoning is a significant reason is disingenuous. According to the Ohio Home Builders Association (OHBA) testimony on 8-31-23, zoning costs averaged only \$6,743 statewide, one of the lowest costs associated with a build. OHBA has stated that if a developer cannot sell a home within three years, they generally do not buy or build on a lot. This is primarily due to high bank rates and paying on the loan immediately.

There has been a lot stated about the free market when it comes to the housing shortage. Free market principles dictate that supply and demand drive the market. There is a demand for housing, but the supply needs to be improved. To help find solutions to this dilemma is why we are here today.

The budget bill (HB 33) included a new eight-year unimproved land tax exemption. As stated by the proponents of the new tax incentive, the goal would allow developers to take risks in areas they otherwise might not have. However, market drivers dictate where purchases and builds happen. Developers build houses where there is demand. While the OTA opposed this language because townships are property tax dependent, only time will tell if the provision works as intended- creating additional housing for Ohioans.

Zoning

Today, I would like to focus on an area raised by several witnesses - zoning. Zoning is a foundational and essential aspect of development, land use, and management. A basic definition used by the Ohio Planning and Zoning Law Handbook is "a mechanism aimed at preventing conflicts over appropriate uses of land."

Before zoning, all disagreements were handled through litigation. In Ohio, zoning has a long history dating back to a 1926 US Supreme Court case, *Euclid v Ambler*, the first-ever zoning case to come before

the highest court in the land. The Supreme Court ruled in favor of the Village of Euclid. It established the precedent that zoning regulations would be upheld as long as they are rooted in the promotion of public welfare. The Handbook also states, "...when local governments show that their zoning decisions have a plan or planning context, Ohio courts tend to support them."^[1]

Townships derive zoning authority from the Ohio Revised Code as creatures of statute. Specifically, R.C. §519.02 grants townships the ability to zone. Furthermore, R.C. §519.03 requires the board of trustees to adopt a resolution at a public meeting to declare its intent to proceed with zoning. The residents of the townships are included in the process all along the way up and through the election by the people to adopt the township zoning resolution officially.

The OTA has had many meetings and conversations with various parties on topics such as zoning reform, density, and stigmas, and we have concerns with the notion that the housing shortage is caused by township zoning.

Ohio is a unique state and an excellent representation of the country, with large cities, suburbs, and rural communities all close to one another. This diversity makes Ohio strong and gives reason that local solutions effectively address the unique challenges in each community. Attempting uniform regulations in counties such as Franklin, Mercer, Hamilton, and Washington, for example, would be extremely difficult given their distinctness.

Zoning regulations are different from building codes, a common misconception. Building codes are a framework of comprehensive regulations and standards for constructing, renovating, and maintaining buildings and structures. These codes are enforced at all levels and are essential guidelines for architects, engineers, contractors, and builders. As noted by the OHBA in their testimony, outdated building codes contribute to the shortage and regulatory burdens.

I want to share with members of the Committee the efforts the OTA is making to be a part of the solution to the housing shortage.

State Aid for Communities to Update Comprehensive Land Use Plans and Zoning Regulations

Each General Assembly, the OTA introduces a township omnibus bill. This year's omnibus legislation, sponsored by Representatives Hall and Seitz, contains a request for \$1.5 million that would be given to local governments to assist in updating their comprehensive land use plans and zoning resolutions. This request emulates a budget item requested by Governor DeWine in his executive budget. Often, townships do not have the budget to update their plans, which can cost upwards of \$60,000. Jersey and Monroe Townships in Licking County would benefit significantly from this assistance as they are two communities surrounding the new Intel plant. These communities already face unique land use challenges that their current plan and regulations do not consider.

Comprehensive plans are an essential tool that helps townships pave the way for development in their communities. Comprehensive plans and zoning regulations must be routinely reviewed and updated, considering current trends and building practices. Items such as density, setbacks, and mixed-use development should be reviewed. State assistance can help townships with these updates, as some townships still need a comprehensive plan, and others have incredibly antiquated zoning resolutions.

Water and Sewer for All Ohioans

The Ohio Township Association recommends the state alter the way water and sewer services are provided to Ohio residents. In 2023, water and sewer are a necessity, not a luxury. Today, water and sewer are controlled by municipalities, who often use these services to hold developers hostage. Utilizing county and regional water and sewer districts (R.C. Chs. 6117 and 6119) instead of municipal systems would ensure that water and sewer are provided to all Ohio residents.

Alternative Referendum Procedure for Zoning Changes

During the most recent budget process, it was suggested that the township zoning referendum procedure could be a barrier to development. The OTA worked with interested parties, including Senator Brenner, to increase the threshold from 8% to 15%, the number of signatures needed to referendum a zoning change. Additionally, the OTA agreed to review the referendum process as a whole. Our research discovered a method in Oklahoma deemed the best in the country by the Mercatus Center. The OTA feels that the Oklahoma approach could work in Ohio. The practice focuses on residents directly impacted by a proposed zoning change rather than the entire township. The reason we feel this could be good is that it may address the significant number of "NIMBYs," "BANANAs," and "NOPEs."

NIMBY- Not In My Backyard

BANANA - Build Absolutely Nothing Anywhere Near Another

NOPE - Not on Planet Earth

We are working on a draft language and will happily share it with members once it is complete.

Zoning Hearing Public Notice Requirement

Through our discussions with township land use and zoning attorneys, we were recommended to shorten the 10-day public notice requirement to seven days. However, this potential change would require a reduced comment timeframe for the county regional planning commission.

Level the Playing Field

The OTA recommends that townships be afforded the same economic development and tax incentive tools as municipalities and counties. People enjoy living in townships for various reasons. Whether you live in a large township like West Chester in Butler County or a small rural township like Jefferson in Guernsey County, people and businesses appreciate the services and quality of life township living affords them. From new community authorities to annexation reform, changes in these areas would allow townships to thrive and be a premier economic driver for the state.

Conclusion

Madam Chair and members of the Committee, there are wonderful examples of housing and development happening in townships. Despite what you may hear from select pockets around the state, single and multi-family homes are being approved and built. Here are a few examples we have gathered over the last few weeks.

- Delaware County: Route 23 in Orange Township has developed entirely from farmland to a fully developed corridor. Delaware is estimated to grow by 81% within three years.
- Franklin County: Prairie Township has approved 2,000 new homes to be built within the next three years.
- Greene County: Xenia Township has approved 3,000 homes. (Unfortunately, the subdivision was annexed into the City of Xenia shortly after.)
- Hamilton County: Colerain Township has 337 homes in development with a density of around 3 acres.
- Medina County: One of the fastest growing counties in the state, 157 acres worth of township land is being developed for residential homes with densities ranging from 0.255 to 5.0 acre lots.
- Warren County: 200 homes were approved within five townships. The homes are a mixture of multi-family townhomes, adult homes, and assisted living facilities - an overall density of 2.4 units per acre.

As previously stated, the OTA believes the solution to residential and development issues is found at the local level. In truth, housing is a multifaceted, complex, and nuanced issue. The answer is not to eliminate township zoning or require a single zoning code.

Madam Chair, I appreciate the opportunity to testify before you this morning. I would happily answer any questions you or the committee members may have.

[1] Ohio Planning and Zoning Law. 12.