



Housing, Homelessness, & Human Services Budget Hearing
January 16, 2024

Councilmember Favor, Councilmember Green and team my name is Bethany Sanders and I am the Director of Policy & Strategic Initiatives for Franklin County Auditor Michael Stinziano. We thank you for the opportunity to comment on proposed operating budget as it relates to housing. Auditor Stinziano regularly advocates for housing funding that covers the wide variety of need in our community, and we appreciate the attention the City has paid toward making housing more abundant and affordable. Today, I'd like to draw your attention to the pressing financial burden that many Columbus homeowners face, as property tax burdens for individual homeowners continue to grow.

Franklin County's 2023 Mass Reappraisal

Ohio law requires the county Auditor to update all property values countywide every three years to reflect recent changes in the marketplace. Work on Franklin County's 2023 mass reappraisal began about three years ago and was finalized in November 2023 with new tax rates and tax bills released at the very end of December and first half payment due January 31, 2024. Reappraisals and triennial updates are not intended to increase or decrease taxes, but to keep property values up-to-date with the real estate market. The purpose of this process is to ensure that each taxpayer is paying only their fair share of the voter-approved tax burden – no more and no less.

The Impact of Changing Property Values on Columbus Homeowners

Due to a "perfect storm" of events, namely population growth and low housing stock, we are seeing a historic property value increase of 41% for residential properties in Franklin County this reappraisal cycle with Columbus City Schools seeing a 48% average. For most property owners, the first question that comes to mind is "What does this mean for my tax bill?" The value changes combined with newly approved levies means for the 159,100 owners of owner-occupied property in Columbus, this means that 90% of households have an increase in their property tax bills while 10% see a decrease. Within the city of Columbus, homeowners will see a net increase in property tax bills of \$110,873,000, with more than half of that \$62,745,000 resulting from the new levies.

Of those Columbus homeowners that will see a property tax increase, about 42,000 households, or just over 27% of all owner-occupied property in the city, will experience an increase of more than \$1,000; about 63,000 households, or 40% will experience an increase



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between \$500 and \$1,000; and 37,500, or about 24%, will see an increase of less than \$500.¹

Property tax increases will burden low- and moderate-income households and those on fixed incomes most significantly. This is due both to the lack of discretionary income for these homes to adjust to the higher expense and because the housing market is resulting in some of the largest increases happening in historically lower cost and lower income neighborhoods.

Because property values are not increasing evenly, the new tax burden is not spread evenly. The pre-levy average tax increase for Columbus City Schools Class one property was \$240 and an additional \$417 due to new levies. But some areas take the brunt of this burden. For example, the Milo Grogan neighborhood, class one property went from an average value of \$44,545 in 2022 to \$114,823 in 2023 resulting in a total average increase of \$1,062 in tax liability. Meanwhile, in the South Linden area, a change from \$44,643 average value to \$175,326 average value resulted in a total tax increase average of \$2,099.

We know that 21% of mortgage holders in the county spend 30% or more of their income on housing, and 24% of Columbus homeowners aged 65 and older are housing cost burdened. Research from the Kirwan Institute also tells us that property tax delinquency rates in Franklin County have historically increased after every mass reappraisal.

When we compare the list of zip codes with the highest number of property tax delinquencies in the county against the map showing which owner-occupied properties are expected to see the highest increases in their property tax bills, we are concerned about the possibility of residents losing their homes due to an inability to afford our changing community amid a rising cost of living.

What Local Funding Can Do

In the city's traditionally affordable areas, like Linden, Milo Grogan, Marion Village, Westgate, Hilltop, and Franklinton, homeowners are increasingly becoming house rich, but cash poor. This growing issue is not unique to Franklin County or Columbus, but is a result of the growing demand for reasonably priced housing and the state's decision to shift the tax burden to individual property owners. Ohio law lacks any mechanism to help those who become house rich and cash poor due to the market alone, but local funding can fill this gap and prevent the growth in our city and market to jeopardize homes of long-standing residents and community pillars.

Local support can come together much more quickly to back-fill existing relief mechanisms that could help support homeowners at risk of property tax delinquency. Auditor Stinziano and our team commend the city for your work to increase housing options, make housing more affordable, and find creative solutions. We know there are many demands on City resources, but while voted levies do not increase in revenue due to the reappraisal, unvoted inside millage, like that received by the city does. The City of Columbus will receive an increase in its inside millage revenue of more than \$40 million, \$18 million of which is general fund money. We

¹ These numbers include the newly passed levies. Without those levies so changes just due to the reappraisal, 77% would see an increase and 23% would see a decrease. That includes a more than \$1,000 increase for 9% or about 15,000 homes, \$500-\$1000 for 29%, about 45,000, and an increase of less than \$500 for 39% of about 63,000 homes.

urge you to allocate some of these funds to help those who are burdened and at risk of losing their home as a result of changes in the market and the lack of state law remedy.

Conclusion

In keeping with Council's housing goals and both the 2023 and 2024 action plans, we urge you to consider the property tax aspect of housing affordability for Columbus homeowners as review and enact the 2024 operating budget. I hope that we can partner together to identify a solution for local property tax relief to benefit vulnerable homeowners at this particularly stressful time.

Thank you for your continued advocacy around affordable housing and for the opportunity to provide this testimony. Direct property tax relief is a temporary solution to a statewide problem, but is a form of assistance that low- and moderate-income homeowners and those on fixed incomes need to stay in their homes.