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HOUSE BILL 207  
PROPONENT TESTIMONY  
May 18, 2021

Chairman Merrin, Vice Chair Riedel, Ranking Member Sobecki, and members of the committee, I am Franklin County Auditor Michael Stinziano and I thank you for the opportunity to testify today in support of H.B. 207. This bill is incredibly important to our communities as the population of older residents continues to grow and housing burdens perpetuate.

Providing the best possible support to older residents has long been a priority of my public service career including as a representative and city council member. Now as County Auditor, I regularly hear from residents facing cost and tax burdens who desperately want to be able to age in place and retain their homes for themselves and their children. Just last week we entered an agreement with Age Friendly Columbus to review both our office functions and property appraisal and taxation to ensure we are providing the best possible service. Within my office we have and continue to promote existing exemptions and property relief programs, but state law change is critical to continue to meet the needs of our cherished parents and grandparents.

Approving this bill to increase both the income eligibility threshold and exemption amount for the homestead program is an important step towards making this program work. Both aspects would address the erosion we see both in eligibility for and the value of this exemption. These reforms including indexing the amount of the exemption are important to maintain the relief the homestead exemption provides to the thousands who rely on it to help keep their home.

**The current income eligibility threshold does not meet the needs of a growing older adult population.**

Franklin County follows trends of the state and the nation in seeing older residents, those aged 65 and above make up and increasing portion of our population. In Franklin County both the proportion and total number of older residents have increased. From 2015 to 2019, census data reflects an increase from 117,099 residents above age 65 to 163,278 with this group now comprising 12.4% of the county's population, up from 10%. This trend is expected to continue with projects that the population of older adults in Central Ohio will nearly double by 2052.<sup>1</sup>

This population is also increasingly burdened by housing costs. In their most recent analysis in 2017, the Joint Center for Housing Studies found that the housing burden for older residents had reached an all time high. This included specifically finding for the Columbus, Ohio Metropolitan Area that

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<sup>1</sup> "Findings Report" Age-Friendly Columbus, February 2017 (reporting the older resident population is expected to double within 35 years) <https://agefriendlycolumbus.org/wp-content/uploads/2016/12/Age-Friendly-Columbus-Findings-Report.pdf>



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24% of homeowner aged 65 and above are housing cost burdened. This is despite a median income in this population of \$50,000 per year.<sup>2</sup>

These trends emphasize the need for an accessible homestead exemption, but Franklin County's experience over the last eight years shows that the current limit is not meeting that need. In the 8 years under the current income eligibility system the number of households receiving the homestead exemption in Franklin County has decreased by approximately 25%.

The average fall-off per year is 2,400 households with the trend accelerating as more time passes. This is largely because those who do not need to meet the current low-income threshold are leaving the program and very few new households qualify. Of the just over 50,000 households that currently qualify in Franklin County only about 6,000 meet the income threshold-eight years after its implementation.

Increasing the income eligibility threshold, even by the modest amount within this bill would improve access to this exemption.

### **The locked value of the deduction hurts recipients over time.**

In addition to expanding possible recipients, this legislation moves to restore the intended value of the deduction. Since 2007 when the exemption value was locked at \$25,000, due to inflation the value of the real dollar value of the exemption has gone down more than 20%. Both the one time increase to \$31,200 proposed in this legislation and the increasing the amount of the exemption with inflation will ease this discrepancy.

Increases in property values, while generally a good thing, further erode the value of the homestead exemption to individual homeowners. This is felt throughout the state and becomes clear when examining the Franklin County experience. In the 2017 Franklin County reappraisal home values increased between 5% and 30%. In 2020, the average value increase was 20%. For a \$150,000 home that increases in value by 20%, the new value is higher than the prior value even after application of the homestead exemption ( $\$180,000 - \$25,000 = \$155,000$ ).

The increase in home values combined with the tax rate equalization process means that the dollar value of the exemption often goes down just as property values increase. In 2019, in the Franklin County's largest taxing district the homestead exemption meant a savings of \$531 in annual taxes. In 2020 that went down to \$455.<sup>3</sup> The \$76 may not seem like much, but for those who have a fixed income and other cost burdens it can make all the different. If this bill were effective today, instead of receiving a \$455 reduction on their taxes the homeowner would receive a \$567 reduction.

Both the one time increase and indexing of the deduction amount are the right direction for this program.

### **Options for Further Improvement**

Though I whole heartedly endorse this bill, there are two areas where it could be further improved that I ask the committee to consider.

First, the income eligibility threshold should be increased to \$60,000 per year rather than the proposed \$37,500. This income threshold was proposed as part of H.B. 99 in the last general

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<sup>2</sup> <https://www.jchs.harvard.edu/cost-burdens-among-older-adults-are-all-time-high> (the report was released in 2019 and reviewed data from 2012 to 2017) Note: the Columbus, Ohio Metropolitan Statistics Area which is used as the unit for many federal housing and other programs and is generally what "Central Ohio" refers to Delaware, Fairfield, Hocking, Licking, Madison, Morrow, Perry, Pickaway, and Union counties.

<sup>3</sup> These dates refer to the tax year payable for real property in the following year. The value of the homestead exemption is determined by the tax rate in each taxing district and is affected by both levies and equalization. For tax year 2019 the range of values was \$401 to \$805 and in 2020 went from \$380 to \$789.

assembly. There can be many costs and barriers to those aging in place on a fixed income even when that income is significantly more than the current limit. Health concerns, general cost of living, and housing maintenance and alteration all contribute to a sometimes perilous financial situation for older or disabled homeowners. I routinely hear from local homeowners who are facing very difficult decisions about how to live on limited and fixed incomes. Property tax should not be the reason someone loses their home.

Second, I ask for an administrative clean up amendment regarding the timing of the annual continuing homestead application allowing it to be mailed anytime before the end of June or be sent by email. Currently, county auditors (or fiscal officers in a council government) are required to mail continuing homestead applications annually in January. This timing is left over from when the deadline to apply for homestead was midway through the year as opposed to current law where applications can be made through to December 31st. The change would allow us to better verify end-of-year transfers, avoid “temporary away” returned mail from permanent Ohio residents who winter elsewhere, and with the optional email option save cost, time, and paper. If it had been in place this year it would have saved at least one of my constituents a fall in the snow after venturing out to retrieve the mailed application. I hope the committee will consider this small administrative adjustment as part of this bill.

Both of these suggestions were drafted as proposed budget amendments and have been shared with Representative Troy as the bill sponsor. I would be happy to work with any committee member on any questions or refinements on these matters.

## **Conclusion**

The homestead exemption program is a popular and critical protection for long-standing and older Ohio residents. The improvement proposed in H.B. 207 will correct some of the erosion and limitations we have witnessed in recent years. I urge your passage of this bill as an important step to support our seniors and those with disabilities who contribute so much to us all by choosing to make Ohio their home.