

WRITTEN TESTIMONY

ON STEPS THE STATE CAN TAKE TO PRESERVE HOMEOWNERSHIP
FOR LOW-INCOME FAMILIES IN THE FACE OF HISTORIC PROPERTY TAX
INCREASES

JOINT COMMITTEE ON PROPERTY TAX REVIEW & REFORM

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Co-Chair Blessing, Co-Chair Roemer, Representatives Troy, Richardson, Young, and Sweeney; Senators Lang, O'Brien, DeMora, and Craig, thank you for the opportunity to testify today on preserving homeownership for low-income Ohioans in the face of historic property valuation and tax increases. My name is Stacy Purcell, and I am a homeowner and consumer attorney at the Legal Aid Society of Southwest Ohio, LLC. The Legal Aid Society of Southwest Ohio recognizes that affordable homeownership is key to securing safe, dignified housing for low-income families and to establishing stable neighborhoods. We provide a wide range of legal services including property-tax foreclosure defense for low-income residents in Brown, Butler, Clermont, Clinton, Hamilton, Highland, and Warren counties.

An important component of home affordability is the real estate tax burden on a home. In 2023, four of the seven counties in Legal Aid Society of Southwest Ohio's service area—Butler, Clermont, Clinton, and Hamilton—experienced historic property valuation and property-tax increases, creating a crisis for low-income homeowners. In Butler County, property values rose on average 37% and property taxes increased on average 13%.¹ Clermont County property values increased 30% and taxes increased 17% on average.² Property values in Hamilton County increased 28% and property taxes increased 12% on average.³ Clinton County also saw dramatic increases in property values and taxes.⁴ But the countywide averages do not tell the full story. The property valuation and tax increases were not distributed equally within counties. We are seeing the highest property value and tax increases in our low-income and minority neighborhoods. Some neighborhoods have experienced increases three or four times the countywide average.⁵

Legal Aid Society of Southwest Ohio's remaining three counties—Brown, Highland, and Warren—will do their six-year property reappraisal this year. It is likely that they will also experience historic valuation and tax increases.

Low-income homeowners cannot withstand these dramatic tax increases. Without intervention from the state legislature, many homeowners will fall behind on their property tax bills and eventually lose their homes through foreclosure, upending their lives and destabilizing their neighborhoods. We urge this committee and the state legislature to expand the Homestead exemption for Ohio's vulnerable senior and disabled homeowners. For decades, the Homestead exemption has provided critical tax relief for eligible homeowners, but that relief does not go nearly as far after last year's historic property valuation increases. At Legal Aid, our clients who receive the Homestead exemption have seen some of the highest net increases in their tax bills.

The property valuation increases have diluted the effectiveness of the Homestead exemption. For example, my client Mrs. H. is a retired senior living on extremely limited Social Security income, less than \$800 a month. Her house has been in her family since the 1970s. The mortgage is paid off. In 2020, Mrs. H's home was valued at \$61,000. Because Mrs. H receives the

¹ <https://www.cincinnati.com/story/news/politics/2024/01/30/why-property-taxes-and-values-are-up-everywhere/72369725007/>.

² *Id.*

³ *Id.*

⁴ <https://www.wnewsj.com/2023/11/08/commissioners-vote-to-lower-millage-rate-for-property-taxes/>.

⁵ See, e.g., https://www.hamiltoncountyauditor.org/pdf/news/2024/2023_Tax_Aggregate_Report.pdf.

Homestead exemption, her tax bill was calculated as if her home was worth \$36,000, almost a 41% decrease. After the 2023 reappraisal, Mrs. H's home is now valued at \$207,000. The current Homestead exemption reduces Mrs. H's value for tax purposes to \$180,900, which is only a 12.6% decrease. The Homestead exemption that was once a vital support for homeowners like Mrs. H has not kept pace with the increase in property values. Mrs. H's semiannual tax bills have skyrocketed from about \$500 to almost \$2,000. Cost of living increases for homeowners like Mrs. H on fixed incomes are not keeping pace with these property value increases, adding additional stress to our clients' monthly budgets.

The existing legislative proposals to amend the Homestead exemption are good starting points, but bolder legislation is needed to ensure the Homestead exemption remains a meaningful safeguard for senior and disabled homeowners. The state legislature should increase the Homestead exemption for senior and disabled homeowners to at least \$50,000. Annual increases to the Homestead exemption should be tied to the statewide average increase in residential property values rather than the consumer price index. Historically, the Homestead exemption has played a critical role in making homeownership affordable for our senior and disabled homeowners, allowing them to age in place and remain in the neighborhoods where they have lived, worked, and fellowshiped often for decades. The recent property valuation and tax increases have made the Homestead exemption less effective. Increasing the exemption amount is necessary so the Homestead exemption remains a valuable tool for senior and disabled homeowners.

Additionally, homeowners without a traditional mortgage payment structure or those who are not required to escrow their property tax payments are the most vulnerable to a tax foreclosure. The payment structure of semi-annual tax payments causes many homeowners without a monthly mortgage payment to be unprepared for the burden of tax payments due in lump sums the next calendar year. Combine this with the significant value increases and cost of living increases, and tax delinquencies could increase substantially in the coming months. Offering additional flexibility in making property tax payments will help low-income homeowners avoid the shock of tax payments due in large lump sums. The committee should also consider other solutions such as a limit on year-to-year increases in tax bills or a property tax circuit breaker. These steps toward property tax relief for homeowners on fixed incomes can provide additional mooring for the stability of homeownership.

Thank you again for this opportunity to testify. I would be happy to talk with any of you who have questions or would like to discuss specific issues regarding the challenges facing low-income homeowners.