



June 4, 2019

The Honorable Lou Terhar
Ohio Statehouse
1 Capitol Square
Columbus, OH 43215
RE: SB 139 – Proponent Testimony

Good afternoon, Chairman Terhar, Vice Chair Roegner, and Ranking Member Williams:

My name is Anjanette Frye and I serve as the State President of the Ohio REALTORS® serving our 33,000 members across the great state of Ohio. I’m pleased to be here in person to testify in support of SB 139, the First Time Home Buyer Savings Act introduced by Senators Gavarone and Peterson.

The dream of homeownership has been quietly fading away as you may have seen in various reports over the past few years. Data shows that Ohioans are buying their first home later in life, specifically in their mid-thirties. These younger Ohioans are facing high student loan debt and have been scared away from the homebuying process due to the housing crisis roughly a decade ago. But low first-time homeownership levels do not fall solely on younger Ohioans, many middle-aged and older Ohioans yearn to get back into a home they own, or purchase one for the first time in their lives.

One of the most significant barriers to homeownership is a down payment. Senate Bill 139 would authorize a first-time homebuyer to open a tax-deductible savings account where a person can deposit as much or as little as they can afford with the goal of using that money toward a down payment of a home. A “first-time homebuyer” is defined as someone who has not purchase or owned a home within the past three years. Although a person can put as much as they want into the savings account, only the interest earned and capital are deductible with annual limits of \$5,000 for single filers, and \$10,000 for joint filers. There’s a lifetime deductible cap of \$50,000 for single filers and \$100,000 for joint filers. The money must be used toward the purchase of a home including closing costs and bank fees within 15 years or a 10% penalty may apply. Anyone can open an account, and an account holder can have an account for themselves or for another person, such as a child, or grandchild.

Although this savings program will not reduce all barriers to homeownership, it is certainly a tool that will help hard-working Ohioans move closer to their goal.

Why is homeownership so important? When we talk about dollars and cents, simply put homeownership is great for the Ohio economy. According to the National Association of REALTORS® a 2017 study found that the real estate industry accounted for \$97 million or 15% of the gross state product in Ohio. On average each home purchase contributes \$50,360 back into the Ohio economy – and that’s good for all of Ohio!

Anjanette Frye, President • **Scott R. Williams**, CEO



Now when we ask how homeownership is important to a private citizen, owning a home offers stable, consistent monthly costs. A fixed loan repayment schedule helps consumers plan for all financial responsibilities, and also pay off debt.

Additionally, owning a home is an excellent investment. Forbes recently said, “there are many ways to build wealth in America, but real estate might be the safest, steadiest and simplest way to do so.” Homeownership serves as a “forced” savings account that when done properly, can build generational wealth that can be leveraged later in life or passed onto family. In the Survey of Consumer Finances conducted by the Federal Reserve, the study found that the median net worth of a homeowner is 44 times greater than the median net worth of a renter. The study also found a homeowner’s net worth had grown by 15% whereas a renter’s net worth had decreased by 5%. Homeownership is without a doubt, an excellent investment.

And finally, homeownership builds strong neighborhoods and community wealth. Homeowners have pride in their neighborhoods and often take steps to prevent crime, build inclusive communities, and create lasting relationships with nearby residents.

The Ohio REALTORS® strongly supports SB 139 as we believe this savings tool will help Ohioans who are interested in someday owning a home and have a part of the American Dream.

Some legislators have inquired as to how this program compares to using funds from an Individual Retirement Account. Certainly removing monies from your IRA is an option, however you can only withdraw up to \$10,000 to use toward the purchase of a first-time home. But once that money is withdrawn you cannot withdraw money ever again for a home purchase. Additionally, you must pay income taxes on the withdrawal. If you withdraw more than \$10,000 there is a 10% penalty whereas the limits in SB 139 allows for you to save as much as you would like, but deduction caps exist as mentioned earlier. SB 139 is a far more advantageous and flexible way to save as much or as little as you’d like to use for the purchase of a first-time home.

Another question posed was the ability to use this savings account to purchase a home outside of Ohio. SB 139 requires the savings account to be used for the purchase of a home in Ohio, and the account holder must be an Ohio resident. In 2018, Ohio ranked sixth in the nation for most moved from states. It is important to keep talent – young and old – in our great state. We certainly do not want to incentivize our talent to move to another state and grow their economy through homeownership, when we need people to continue to live, work and play right here in Ohio.

I cannot thank you enough for the opportunity to speak to you about the benefits of the First Time Homebuyer Savings Act and how it could further improve the lives of Ohioans. I respectfully ask you to support SB 139 and am happy to try and answer any questions you may have.

Thank you,



Anjanette Frye