



**Senate Finance Committee
Proponent Testimony
House Bill 33
5/30/2023**

Chair Dolan, Vice Chair Cirino, Ranking Member Sykes and members of the Senate Finance Committee, thank you for the opportunity to provide testimony in support of House Bill 33 (HB 33) on behalf of Ohio REALTORS®. My name is Rachel Lewitt, and I am the Chair of the Legislative Steering Committee for Ohio REALTORS®. I am also the Principal Broker and owner of Finkelman Real Estate located in Middletown, Ohio.

Formed in 1910, Ohio REALTORS® is the state's largest professional trade organization with approximately 37,000 members representing both residential and commercial practitioners, as well as auctioneers and appraisers.

Ohio has done an amazing job attracting businesses to the state. Much of the attractiveness of our state is access to affordable housing options. Unfortunately, affordable housing is becoming less and less accessible to families living in the state. To examine the housing shortage facing the state, Ohio REALTORS® commissioned a study from the University of Cincinnati Economics Center, which specifically focused on workforce housing.¹ "Workforce housing" is defined as housing that is affordable to households with an income between 60 and 120 percent of the area median income. The study found that only 14.3 percent of all building permits issued between 2015 and 2021 had a value that would be classified as workforce housing. That same study found that home prices in Ohio increased nearly 13 percent between 2020 and 2021, well above the growth in household income. While the study focuses on workforce housing, the shortfall in residential housing production is across all types of housing including luxury, workforce, and affordable housing. Simply put, Ohio must increase its housing inventory and reduce barriers to homeownership at all levels to meet the state's housing needs. Ohio REALTORS® was excited to see the House-passed version of HB 33 build upon the Governor's proposed budget by making housing policies a priority through investments in housing development and providing Ohioans with resources to purchase a home of their own.

Ohio REALTORS® supports the following provisions in HB 33.

- **Homeownership Savings Linked Deposit Program:** First-time homebuyers represent less than 30% of the market, which is historically low.² The cost of an initial downpayment is often the largest barrier to homeownership, especially for first-time homebuyers. In an effort to help Ohioans overcome this hurdle, HB 33 creates a tax-favored savings account to assist homebuyers in saving for a down payment on a home. HB 33 will create a partnership between the Treasurer of State and the Department of Taxation to provide tax deductions to Ohioans that contribute to these accounts. In addition to the tax benefits, the savings accounts will be eligible to earn above-market interest rates through the Treasurer's linked deposit program. This innovative program will give Ohioans another tool to save for homeownership and will help them overcome the financial barriers that often prevent Ohioans from owning a home of their own.
- **Right-To-List Home Sale Agreement:** Ohio REALTORS® also supports language added by the House of Representatives that is intended to protect homeowners from certain practices within the housing industry that locked homeowners into long-term right-to-list home sale agreements. The questionable practice that

¹ [Ohio REALTORS | Ohio's Real Estate Trade Organization](#)

² [Highlights From the Profile of Home Buyers and Sellers \(nar.realtor\)](#)



has surfaced within the industry provide homeowners cash in exchange for using a single company as their exclusive real estate broker for as long as 40 years. The exclusive right-to-list agreement is enforced even if the home goes into foreclosure or if the homeowner's heirs inherit the property and try to sell the home. Violating the agreement can result in a lien being placed on the property. Attorneys General in multiple states, including here in Ohio, have filed lawsuits against this practice. The language added by the House of Representatives will allow Ohio's homeowners to more easily cancel these unfair contracts and will protect future homeowners from these practices.

- **Property Tax Revision for Residential Development Land:** The House of Representatives correctly revised Ohio's tax law that unfairly penalizes homebuilders with higher taxes when they subdivide property for development. The current tax structure in Ohio raises risks for homebuilders and can increase costs to the end buyer of the property, making home ownership more expensive. This change should encourage more housing development and help address the inventory shortage in the state.
- **State Housing Tax Credit:** The House of Representatives improved upon what was included in the Governor's budget proposal by providing \$500 million a year in tax credits for affordable housing development over the next six years. This program will be administered by the Ohio Housing Finance Agency (OHFA) and will support the development and rehabilitation of affordable multifamily housing. 22 other states have implemented similar state housing tax credit programs, which have led to additional investment in housing development. Ohio REALTORS® supports policies to encourage the development of all types of housing, including affordable housing. Affordable housing plays a very important role in our economic growth and the future of our great state. It is important to note that affordable housing has a positive impact not only on our neighborhoods, but it provides an opportunity for a person to save for their next home, whether it is renting a market-rate apartment or saving for their first house. In many communities, high quality affordable housing has improved neighborhoods. Often, blighted or distressed real estate is purchased and redeveloped into attractive, high-quality housing, thereby removing neighborhood blight and subsequently raising valuations of nearby housing. More importantly, affordable housing can give our fellow Ohioans a safe place to call home.
- **Household Sewage Treatment Systems** - A provision within the as-introduced budget would declare a household sewage treatment system (HSTS) a public health nuisance if it is discharging to a dry well. This language could result in thousands of households being forced to replace their HSTS. The cost to homeowners would be substantial. Ohio REALTORS® applauds the House of Representatives for removing this language from the bill.

While we appreciate the House of Representatives including the above provisions in the budget, Ohio REALTORS® does have concerns with the decision to eliminate two provisions from the Governor's as-introduced budget. The first is the single-family housing development tax credit program that would have supported the development of newly constructed, single-family homes. This public-private partnership would be administered by OHFA and would have created homeownership opportunities for Ohioans who meet the income limitations developed within program guidelines. The second is a \$3 million grant program within the Department of Development to assist local governments in updating regulations and zoning requirements tied to local housing development. Often, strict local zoning restrictions are the leading factor preventing or delaying new housing projects. We would urge the Ohio Senate to consider restoring these programs.

Thank you for considering my testimony on behalf of Ohio REALTORS® into consideration as you review the state operating budget.

Sincerely,

Rachel Lewitt
Chair, Legislative Steering Committee
Ohio REALTORS®





May 5, 2023

To: The Honorable Matt Huffman
Senate Building, 2nd Floor, Rm. 201, 1 Capitol Square
Columbus, OH 43215

RE: Homeownership Savings Linked Deposit Program in Amended Substitute House Bill 33

President Huffman:

On behalf of organizations representing housing advocates, the business community, developers, and financial services industry, we urge your support for the Homeownership Savings Linked Deposit Program created in the House-passed version of the state operating budget (Am. Sub. HB 33).

The housing inventory shortage has impacted every part of Ohio and places additional challenges on businesses looking for employees as well as growing communities. Ohio's current real estate market has unfortunately made the dream of homeownership for many first-time homebuyers more unattainable than ever before. Scarce inventory and rising home prices have played a significant role in lowering the number of first-time homebuyers nationally to 26%, the lowest share of first-time buyers since data started being tracked by the National Association of REALTORS® (NAR) in 1981.¹ The typical first-time homebuyer is 36 years old – an all-time high. This is a trend we would like to reverse and we believe the creation of a the Homeownership Savings Linked Deposit Program will help more Ohioans overcome the financial barriers associated with owning a home in such a robust market.

Each time a home is purchased there are a host of economic benefits to the state. A recent analysis found that in 2021, the Ohio real estate industry accounted for \$107.7 billion or 14.6% of the gross state product in Ohio. The study also found on average, each Ohio home sale contributes \$72,800 back into the economy through retail and appliance purchases, construction, and renovations.² Homeownership is a driving force of our economy and programs like the one proposed in the state operating budget can make homeownership a reality for all Ohioans.

Homeownership can also build generational wealth that can be leveraged later in life or passed onto family. The Survey of Consumer Finances, released in 2020 by the Federal Reserve, found that the median net worth of a homeowner is over 40 times greater than the median net worth of a renter.³ In other words, owning a home is one of the best ways to build wealth.

Saving for a down payment and closing costs often pose the most significant barrier to homeownership. Programs like the Homeownership Savings Linked Deposit Program provide tax advantages for individuals, family members, and employers that contribute to the account. In addition to the tax advantages offered, the program will also leverage the resources provided through the linked deposit program within the Ohio Treasurer of State's Office to provide these savings accounts with an enhanced interest rate, adding to the benefits provided to potential homeowners.

For these reasons we urge you to support the Homeownership Savings Linked Deposit Program created in Am. Sub. HB 33.

1 | *Highlights From the Profile of Home Buyers and Sellers (nar.realtor)*

2 | *2022-state-economic-impact-report-oh-04-28-2022.pdf (nar.realtor)*

3 | *Changes in U.S. Family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances, Vol. 106, No. 5 (federalreserve.gov)*