



Ohio Senate Finance Committee Interested Party Testimony
Substitute House Bill 33
May 31, 2023

Chair Dolan, Vice Chair Cirino, and Ranking Member Sykes, and members of the Senate Finance Committee, I appreciate the opportunity to provide interested party testimony on Substitute House Bill 33 on behalf of Zillow.

We appreciate the careful work the legislature has done in considering many provisions and amendments. While there are many positive aspects of Substitute House Bill 33, we would like to highlight a few key provisions below.

1. Zillow was founded to bring transparency to the real estate market, empowering consumers to make smarter, more informed decisions in what is often the most significant, consequential financial transaction of their lives. Deceptive practices have no place in the real estate industry. We strongly support protections to ensure that consumers in the real estate market do not unwittingly jeopardize their most valuable asset.

A predatory practice has emerged in Ohio that may ensnare a homeowner in a multi-decade exclusive contract. Sometimes referred to as “homeowner benefit programs,” this practice provides upfront cash to a homeowner in exchange for the right of a real estate professional to list and sell the home when the homeowner decides to move at a future date - for up to 40 years.

What homeowners may not realize, however, is that the agreement is a deed that runs with the land and likely covers sales for any reason, such as a foreclosure or death of the owner, and can complicate refinancing. Consequently, the lien may be passed down to the heirs of the homeowner. In addition, the brokerage entering into the agreement may assign these multi-decade agreements, meaning the homeowner may not be aware of the agreement. The practice has been found to be so predatory, Attorney General Yost has filed suit against a Florida-based company engaging in this practice in the Buckeye State¹.

The “right-to-list” language in Sections 5301.94, 317.13, 4735.01, and 4735.18 in Sub. HB 33 will crack down on these predatory agreements and protect homeowners. The language defines and prohibits these predatory practices and also gives guidance to County Recorders when faced with recording these documents. Homeownership can be the gateway to financial stability and generational wealth creation – and Sub. HB 33 helps protect this important resource for homeowners. We respectfully request your support of this provision

2. Zillow is reimagining real estate to make home a reality for more and more people, and we support policies that promote housing development. Section 5709.56 in Sub. HB 33 includes language to create the pre-residential development property tax exemption. This simple, common-sense approach would incentivize housing development in Ohio and offer more housing opportunities for Ohioans.

¹ [https://www.ohioattorneygeneral.gov/Files/Briefing-Room/News-Releases/MV-Realty-Complaint-\(1\).aspx](https://www.ohioattorneygeneral.gov/Files/Briefing-Room/News-Releases/MV-Realty-Complaint-(1).aspx)

This provision authorizes a partial property tax exemption for unimproved land that has been subdivided for residential development. Any increase in taxable value above the unexempted value of pre-residential development property is exempted from taxation in the first year the property appears on the tax list and for the seven following tax years or until either the land is sold to another person or construction begins on a residential building. The exemption ceases to apply to the tax year following the year in which either event occurs. We respectfully request your support of this policy to encourage homebuilding in Ohio and offer more housing options to Ohioans.

3. Additionally, Zillow supports provisions to build off the federal low-income housing tax credit (LIHTC) program and create a state program for affordable and workforce housing. Sections 175.16, 5713.03, 5713.031, 5715.01, 5725.36, 5725.98, 5726.58, 5726.98, 5729.19, 5729.98, 5747.83, and 5747.98 allow for housing development to benefit vulnerable low-income Ohioans.

According to the Zillow Home Value Index (ZHVI), the typical home value for homes within the 65th to 95th percentile range in Ohio was \$136,757 on January 1, 2019. The ZVHI found the median home value in Ohio on January 1, 2023, was \$198,806 representing more than a 31% value increase in just a few years². This illustrates how much housing affordability is quickly growing out of reach for many Ohioans. The low-income housing tax credit in Sub. HB 33 will provide middle- to low-income and senior Ohioans with stable housing opportunities.

4. The creation of a Homeownership Savings Linked Deposit Program in Sub. HB 33, to help Ohioans save for a home is strongly supported by Zillow (R.C. 135.98, 135.981, 135.982, 135.983, 135.984, 135.985, 135.986, 135.63, 135.78, 1733.04, 1733.24, 5747.01(A)(40) and (41), and 5747.84; Section 803.220). Barriers to homeownership often are found with low inventory numbers and the inability for someone to have the down payment or other closing costs. Often a homebuyer can afford the monthly payments and taxes, but for various reasons such as high school loan payments, is slow to save that large sum needed for closing costs. The Homeownership Savings Linked Program would offer premium savings rate opportunities to more quickly build up a down payment.

As aforementioned, the Zillow Home Value Index has found homes in Ohio to have increased significantly over the past few years. The special savings program will help Ohioans responsibly save while also achieving a greater rate of saving to allow them the opportunity to have a part of the American Dream of Homeownership.

We deeply appreciate the hard work of the Ohio House Finance Committee and all Representatives and staff who have shaped Substitute House Bill 33. We look forward to continuing to monitor this legislation as it progresses.

Sincerely,

Beth Wanless
Government Relations and Public Affairs Manager

² <https://www.zillow.com/research/data/>