

House Development Committee
Interested Party Testimony, House Bill 96 (Stewart)

Jonathan Welty, President (if called prior to 11:30 a.m.) or Diane Alecusan, Director of Grants and CDFI Compliance (if called after 11:30 a.m.), on his behalf
Ohio Capital Finance Corporation
Wednesday, March 5, 2025

Chair Hoops, Vice Chair Lorenz, Ranking Member Abdullahi and members of the House Development Committee, thank you for the opportunity to present Interested Party Testimony on House Bill 96, the main operating budget for fiscal years 2026 and 2027.

My name is Jonathan Welty and I am the President of Ohio Capital Finance Corporation. I am testifying on behalf of the Ohio CDFI Network, of which Ohio Capital Finance Corporation is a member. We are here today to respectfully request the Legislature include a new proposed \$50 million CDFI Fund Program in House Bill 96, the state's Main Operating Budget.

Community Development Financial Institutions, or "CDFIs" are mission-driven lenders. Members of the Ohio CDFI Network are loan funds, along with hundreds of other loan funds across the country. We are certified and regulated by the U.S. Department of Treasury.

There are 13 members of the CDFI Network with 15 offices across the state of Ohio. Members of the CDFI Network provide access to credit and specialized loan products to business owners, real estate developers, and nonprofits that usually do not qualify for a typical bank loan.

I and my colleagues have provided capital and expertise in every county in the state. And we have leveraged more than \$4.3 billion dollars in additional investments since the first CDFI was established in Ohio nearly 30 years ago.

We are on the front lines of capital needs within the state. We do our best to provide financing or refer potential borrowers to another CDFI or bank when one of us individually cannot support them. But we, as a Network, often struggle to meet demand because we do not have the available capital on hand to lend or have the resources we need to provide the intensive support and education some borrowers need.

Michigan's Legislature saw similar trends of development projects not moving forward and small businesses struggling to get off the ground. In 2022, Michigan created a [\\$75 million Michigan CDFI Fund](#) for the loan funds operating in Michigan. In 2023, Michigan allocated another \$19 million to fuel investment in rural and low-income areas, and last year, Michigan allocated an additional \$5 million to its CDFI Fund.

The Ohio Department of Development already works with several of my peers CDFIs. Since 2022, ODOD has run the [CDFI Loan Participation Program](#). This program, per federal guidelines, is specifically for small business borrowers.

The CDFI Network is now respectfully asking the Ohio General Assembly to follow other states, like Michigan and New York, and invest in all CDFI loan activity: small business lending and real estate lending.

A \$50 million grant to the members of [Ohio's CDFI Network](#) will get lent out over and over, having much greater and longer-lasting impact than a one-time grant to a small business owner or housing developer.

Chair Hoops and members of the House Development Committee, thank you for the opportunity to provide interested party testimony on a tool that will have ongoing impact throughout Ohio for years to come.