

Senate Finance Committee  
Interested Party Testimony, House Bill 96 (Stewart)  
Jonathan Welty, Ohio Capital Finance Corporation  
May 27, 2025

Chair Cirino, Vice Chair Chavez, Ranking Member Hicks-Hudson and members of the Senate Finance 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 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. My organization is a loan fund, along with another dozen or so in Ohio and hundreds across the country. We are certified and regulated by the U.S. Department of Treasury.

My CDFI, Ohio Capital Finance Corporation, lends to for-profit and nonprofit housing and commercial real estate developers and primarily serves the state of Ohio. Since 2002, OCFC has partnered with investors, lenders, developers, government agencies, and community organizations to raise capital and deploy it to impactful projects in the form of flexible financing products. The result is over 900 loans totaling \$1B+ to finance the creation or preservation of 34k affordable housing units. Over 90% of these loans were for projects in Ohio, located in 75 of the state's 88 counties. For residents, this housing is more than just a structure—it is the stable foundation from which they can continue to build their lives. OCFC's financing enables this stability, leading to improved social and economic outcomes for all residents. Despite lending and working with borrowers who typically do not qualify for a typical bank loan, OCFC has a default rate lower than traditional financial institutions- 0.3% over nearly 900 loans.

We know the need for risk-tolerant capital is great in Ohio. We do our best to provide financing or refer potential borrowers to another CDFI or bank when we cannot support them. Often, our lending is limited 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 and wanted to do something that would encourage more entrepreneurs, build more housing units, return under-utilized commercial properties to use, and expand existing businesses. 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 CDFIs in Ohio. Since 2022, ODOD has run the [CDFI Loan Participation Program](#). This program, per federal guidelines, is specifically for small business borrowers.

We are now 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 Cirino and members of the House Finance 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.