June 6, 2025

The Honorable Jerry Cirino
Chair
Ohio Senate Finance Committee
1 Capitol Square
Columbus, OH 43215

Dear Chairman Cirino and Members of the Senate Finance Committee:

Thank you for the opportunity to share the perspective of the Ohio Housing Council on Senate Substitute House Bill 96. I am Ryan Gleason, Executive Director of the Council, a statewide nonprofit representing more than sixty organizations and several hundred individuals dedicated to expanding and preserving affordable housing across Ohio.

I write to express OHC's significant concern with the provisions in HB 96 that would transfer the Ohio Housing Finance Agency (OHFA) into the Ohio Department of Development (ODOD). Our concern is based both on what we know and what we don't know about OHFA, its critical role in housing development, and how housing finance agencies operate across the country and, perhaps more importantly, on what we don't know.

What We Know

We know that OHFA is a highly complex operation. OHFA staff allocates federal and state low-income housing tax credits, issues mortgage revenue bonds, administers down payment assistance and homebuyer education programs, and oversees the Ohio Housing Trust Fund along with other initiatives that support housing development and preservation. Each of these efforts serves a distinct part of the housing market, involves different funding sources and compliance requirements, and requires coordination with a wide range of partners from private investors and lenders to local governments and nonprofit developers. These responsibilities demand deep technical expertise and the operational flexibility to respond quickly to shifting market and policy conditions.

We know that OHFA's current structure—a quasi-independent agency governed by a Governor-appointed and Senate-confirmed Board—was established in 2005 after significant legislative deliberation. That structure gives OHFA the autonomy necessary to function effectively while maintaining accountability to elected officials. And that model is not unusual: 42 state housing finance agencies operate with similar autonomy, and at least one of the few that doesn't is now exploring such a transition.

We know that this autonomy is not merely about governance—it translates into meaningful real-world outcomes. National developers and capital providers, including many based in Ohio, consistently report that independent, board-led HFAs are more sophisticated, more responsive to market changes, and more effective in deploying capital than their counterparts housed within larger executive agencies. These stakeholders provide the capital and investment that make affordable housing production possible, and their confidence in the structure of OHFA should be weighed heavily in your deliberations.

We know that, while OHFA is not perfect, its leadership is evolving. Former Senator Bill Beagle, recently appointed as Executive Director, has quickly demonstrated a commitment to strengthening the agency and addressing areas in need of improvement. We believe he should be given the time and authority to fully evaluate the agency's operations and implement reforms within the current framework.

We also know that the General Assembly has taken recent steps to increase legislative engagement with OHFA by adding four members—two from the House and two from the Senate—to its governing board. However, three of those new appointees have not yet attended their first meeting. The impact of that decision has not even begun to be realized.

What We Don't Know

For all that we do know, there is still a long list of critical unanswered, and perhaps even unasked, questions about this proposal. What would this change mean for OHFA's ability to issue bonds and mortgage-backed securities? What would it mean for the agency's ability to meet its existing obligations to current investors? What effect would it have on the bond market's perception of Ohio's housing finance system, and how would those perceptions influence the interest rates charged on future single-family or multifamily debt?

We already know how sensitive the market is to even seemingly indirect changes. In August of last year, Fitch Ratings downgraded OHFA's bond rating from AAA to AA+, not because of anything OHFA did wrong, but as part of a broader downgrade of municipal issuers following the federal government's credit rating downgrade. This action, which affected approximately 30 state housing agencies, underscores just how vulnerable even strong issuers are to macroeconomic factors and uncertainty. But we don't know how much additional uncertainty and long-term unintended consequences for Ohio's housing market would be caused by restructuring OHFA without a clear plan or public evaluation.

We don't know whether such a change would require the state to renegotiate existing bond terms or gain consent from bondholders, even though we do know that uncertainty of this kind tends to paralyze the capital markets. During a transition of this magnitude, it is reasonable to expect a freeze in bond purchases and tax credit transactions until investors, underwriters, and counsel have had time to evaluate the new legal structure. Even temporary disruptions could stall the financing of affordable housing developments and slow OHFA's ability to issue single-family mortgages, with long-term consequences for Ohio's housing pipeline.

We don't know how this change would affect OHFA's mortgage bond programs and its ability to facilitate homeownership through its mortgage relationships with Fannie Mae, Freddie Mac, Ginnie Mae, FHA, VA, and USDA-Rural Development. These are complex partnerships governed by strict eligibility standards and rigorous compliance obligations. OHFA reports that its homeownership efforts—built on these relationships—exceeded $1 billion in 2024 alone. The potential impact on this line of business, and on the Ohio families it serves, deserves thorough public examination.

We don't know how investors in OHFA's bonds, securities, and tax credits would react to this change. Would they see it as a sign of instability or political risk? Would they require higher yields or offer lower pricing to hedge that risk? These are real financial impacts that could affect thousands of Ohioans looking to buy a home or find an affordable place to live.

We don't know how this move would affect OHFA's collaboration with the federal government or national investors. We don't know how its current partners—developers, lenders, syndicators, and community organizations—would respond. And we don't know whether this proposal has been vetted by any of them.

We don't know whether OHFA would retain the flexibility it currently has to receive and deploy funds quickly, or whether it would be subject to new procedural bottlenecks as a division within a larger executive agency. And we don't know whether housing would remain a priority inside a department with a broader economic development mission—or whether it would be forced to compete for internal attention and resources.

We don't know whether the new structure would attract or retain the technical talent necessary to manage the state's most complex financing tools—or what the impact would be on staff morale, retention, or institutional knowledge.

Perhaps most importantly, we don't know what problem this proposal is actually solving. And we don't know whether any potential benefit outweighs the very real risk of disruption.

What We Request

Given all of this—what we know and what we don't—we respectfully urge the Committee to remove this provision from the budget. This is not a fiscal item. It is not required to be in a must-pass appropriations bill. It is a structural change with far-reaching implications for an agency that allocates hundreds of millions of dollars in state and federal housing resources each year.

If the General Assembly wishes to consider a reorganization of OHFA, that discussion should happen on its own, through a dedicated process that includes public hearings, independent analysis, and input from the many sectors OHFA touches—housing developers, lenders, investors, local governments, and the people we all serve.

A change of this magnitude deserves that kind of care. We strongly recommend that it be removed from HB 96 and considered separately, outside the state budget process.

Thank you again for your time and consideration. Should you or your staff have any questions, I would be happy to discuss further.

Sincerely,

Ryan Gleason

Ryan Gleason
Executive Director
Ohio Housing Council