

June 6, 2025

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

Chairman Cirino and Members of the Senate Finance Committee,

Thank you for the opportunity to submit testimony on the Senate's Substitute House Bill 96.

CHN Housing Partners is a nonprofit housing developer, mortgage lender, and service provider committed to expanding access to affordable, stable housing throughout Ohio. Our work spans the development of both single-family and multifamily homes, often in partnership with the Ohio Housing Finance Agency (OHFA), which has been a critical partner in deploying essential capital for housing and economic development across the state.

We write today to express deep concern regarding provisions in the Senate Substitute HB 96 that would eliminate OHFA as an independent agency and move its functions under the Ohio Department of Development (ODOD). While we share the Legislature's goal of increasing housing production and reducing administrative barriers, we believe this proposal risks introducing severe disruption and uncertainty into Ohio's housing delivery system - at a time when stability and efficiency are most needed.

We respectfully urge the Senate to reconsider these provisions and to weigh the following critical questions before enacting changes with such wide-ranging implications:

How will this affect the deployment of capital for housing development and homeownership across Ohio?

OHFA is a high-functioning, self-supporting agency that regularly deploys hundreds of millions of dollars in housing finance statewide. In May alone, the OHFA Board approved over \$519 million in tax credits, bonds, and development loans - resources that directly support the construction and rehabilitation of housing. These investments generate local jobs, stimulate economic activity, and address our growing housing affordability crisis.

In Fiscal Year 2024, OHFA reserved \$1.3 billion in first-time homebuyer and other homeownership mortgages. How will moving OHFA's single-family homebuyer products be affected?

Any disruption to this capital deployment system could significantly stall housing production and jeopardize the broader economic benefits tied to it.

What are the effects on the deployment of capital throughout the State?

OHFA deploys significant capital throughout the State for the development of single-family and multifamily housing. In addition to development resources, the agency oversees the deployment of robust single-family mortgage products.

In the month of May alone, the OHFA board approved over half a billion dollars in development capital through tax credits, bonds, and loans. This capital directly results in the construction and/or rehabilitation of housing across the state, with economic ripple effects through jobs and local sales tax revenue.

What is the justification for dismantling an independent, performance-driven agency?

The rationale provided for moving OHFA under ODOD appears to hinge on improving "efficiency." Yet OHFA already operates efficiently - governed by an experienced board, insulated from political shifts, and funded without General Revenue Funds. In contrast, placing housing finance under a cabinet agency risks politicizing decision-making and slowing processes that currently run with business-like speed and accountability.

Moreover, this move may introduce new layers of bureaucracy rather than streamline operations—at odds with the very goal of increasing housing supply. Ultimately, this leads to increased government, without a logical reason for doing so.

It is also important to note that the majority of Housing Finance Agencies across the country are independent agencies from state government, the best practice that is in place for these very reasons.

Finally, while we recognize there were issues with the prior administration at OHFA, personnel issues are not a sufficient reason to restructure a government agency. With that being said, we understand that the legislature had concerns about the responsiveness of the prior leadership. There is an entirely new leadership team including Executive Director Bill Beagle, a former Republican State Senator. The industry has seen vast improvements in the administration of the program in the last five months under his leadership. Additionally, OHFA has added four legislators to the board to provide an opportunity for advisement from lawmakers.

Have the legal and financial risks of this transition been fully considered?

OHFA is not a standard agency - it is a complex financial entity. As of July 30, 2024, OHFA's posted financials show over \$2.3 billion in securities under management, including approximately \$1.3 billion in Ginnie Mae Mortgage-Backed Securities. These various instruments carry significant federal compliance obligations under the IRS, HUD, SEC, and other oversight bodies.

Have the legal agreements tied to these instruments been thoroughly reviewed to ensure no violation or breach will occur upon transfer to ODOD? Without such review, the State risks triggering enforcement actions or default scenarios with wide-ranging financial consequences.

Furthermore, OHFA makes daily commitments—tax credit reservations, loan agreements, bond issuances—each with legal weight. Reassigning these contracts under a new legal entity without a clearly defined transition plan could render current commitments unenforceable or in breach.

Transitioning OHFA into ODOD is not as simple as transitioning federal funds for LIHEAP and HWAP between ODOD and Job and Family Services and we hope it hasn't been considered as such.

What is the impact on investor confidence and Ohio's tax credit market?

The Low-Income Housing Tax Credit (LIHTC) market depends on stability and predictability. Key Ohio-based financial institutions such as KeyBank, Fifth Third, and Huntington are among the primary investors in OHFA-administered housing finance. Has the Senate engaged these institutions to determine how this restructuring may affect their willingness to invest in future tax credit transactions? Given that LIHTC investors are naturally risk-averse, even a short-term disruption in market confidence could reduce investor appetite, increase pricing volatility, or delay closings—compounding the challenges already posed by rising interest rates and construction costs.

What we know we will see with this transition is a freeze in the affordable housing market for the transition period at a minimum. In speaking with our investor colleagues in the market, we could expect a likely year freeze at a minimum in getting LIHTC deals to closing as investors and tax-exempt bond buyers try to understand the new regulatory environment and rules they will be operating in and as ODOD writes its administrative rules for the newly absorbed OHFA programming.

What is the benefit of moving an independent agency that is functional to a cabinet level office?

Under this proposal, the Senate is suggesting that greater efficiency will be had by eliminating an independent agency that is governed by a board and making it a cabinet level office. This implies that government is more efficient at business production than a non-government agency. This appears to be misaligned, as long standing analysis and experience indicates government agencies are typically less efficient.

OHFA is currently independent and does not cover the cost of operations with general revenue funds. This move will create additional hurdles to the development of housing at a time in which many entities are indicating we need to boost production of supply.

This will result in less efficiency.

What happens to the current pipeline of housing projects?

At present, OHFA's construction pipeline includes approximately 127 active projects, with another 27 approved projects preparing to close financing. These developments represent thousands of housing units, hundreds of millions in committed capital, and years of predevelopment work.

What will happen to these projects if OHFA is dissolved mid-cycle? Who will oversee compliance, closing, and construction monitoring? What assurances can be made to developers, investors, lenders, and local governments that these projects will be protected?

Has the Senate reviewed the legal documents underlying those securities to ensure that all relevant security laws and financial implications have been accounted for to mitigate compliance risks?

Has the state assessed the operational and staffing risks of this transition?

Any realignment of this scale would require a detailed implementation plan, including new organizational structures, reporting systems, compliance protocols, and IT systems for managing bond issuances, applications, asset oversight, and loan servicing. It would also risk losing experienced staff who are critical to executing the complex financial transactions that housing production depends upon.

The potential for administrative missteps during such a transition is high - and the cost of mistakes in this field is not abstract. It means stalled projects, forfeited funding, noncompliance findings, or even federal enforcement actions.



The Power of a Permanent Address.SM

Our state cannot afford the potential massive delays in our production of housing and deployment of capital that is necessary to continue current production, and that will impede any increased production.

In Conclusion

We understand and respect the desire to improve government systems. But reform must be rooted in careful analysis, inclusive stakeholder engagement, and a commitment to the continuity of service. A proposal of this magnitude - dissolving an independent financial institution responsible for billions in housing capital - requires much more deliberation than we've seen to date.

We urge the Senate to pause this action, commission a comprehensive review of legal and financial implications, and invite robust input from stakeholders across the housing ecosystem before proceeding further.

Ohio cannot afford a pause in housing production. The people we serve - working families, seniors, individuals with disabilities - deserve thoughtful policy, not structural uncertainty.

Thank you for your time and consideration.

A handwritten signature in blue ink, appearing to read 'K. Nowak'.

Kevin Nowak
President & CEO
CHN Housing Partners

A handwritten signature in black ink, appearing to read 'A. Bailey'.

Andrew Bailey
Vice President of Development
CHN Housing Partners

2999 Payne Avenue, Suite 134
Cleveland, Ohio 44114
P: 216-574-7100
www.chnhousingpartners.org



NeighborWorks®
CHARTERED MEMBER