



Representative DJ Swearingen

Ohio House District 89

Representative Shane Wilkin

Ohio House District 91

Chairman Merrin, Vice-Chair Riedel, Ranking Member Sobecki, and members of the House Ways and Means Committee, thank you for your attention as we testify on behalf of House Bill 186, the “First-Time Home Buyer Savings Act”.

As we all know, saving enough money to make a down payment on a home can be difficult. However, it has proven to be even more challenging for our young Ohioans and for future generations due to a variety of factors, including rising student loan debt and other growing expenses. School loan debt is one of the biggest barriers to homeownership with 83% of non-homeowners saying it’s preventing them from buying. And the difficulties of becoming a homeowner have only been exacerbated by the COVID-19 pandemic. As many of us have experienced in our districts, this hot market has resulted in quickly rising home prices.

Recent studies have shown that over the last quarter century, the average age of first-time home buyers has increased from the mid-20s to the mid-30s. According to The Mortgage Reports nearly half of all millennials have not even saved one dollar towards a down payment on a home. Right now, even though many Ohioans, young and old, can afford to pay their rent and could pay a mortgage, because it takes so long to save enough money for a down payment, purchasing a home seems like more of a dream than a realistic goal for many..

To help fix this growing problem, we have a bill before you that will help Ohioans of all ages achieve the goal of homeownership. House Bill 186 will allow for the creation of savings accounts at financial institutions in Ohio that future buyers can use as a means of purchasing a new home.

The account holder(s) will simply create a savings account as you would right now, and once open, they can begin depositing funds. Contributions up to \$5,000 for single filers and \$10,000 for joint filers, plus accrued interest, are tax deductible each year. Similar to a 529 College Savings Plan, a parent or grandparent could even contribute to the savings account. Currently thirteen states and territories have similar program including Alabama, Iowa, Missouri, Minnesota, Oklahoma, New York, Oregon, and Mississippi to name a few and 12 states have a similar bill moving through state legislatures across the nation.

To be clear, the money in the savings account can only be used for the down payment or allowable closing costs associated with the purchase of a home in Ohio. We worked very hard to ensure this account will only be attractive for people planning to purchase a home in Ohio or others who are trying to help another person buy a house in Ohio. In order to accomplish that, the bill includes a 10% penalty—with exceptions such as the death of the account holder or military transfers—for money withdrawn for any reason besides the purchase of a home in Ohio.

The legislation has gained support from many groups including the Ohio REALTORS, Ohio Bankers League, Ohio Mortgage Bankers Association, Ohio Chamber of Commerce, Ohio Land Title Association, Ohio Realist Association, Ohio Credit Union League, and the Ohio Manufactured Homes Association. And you will see House Bill 186 has bipartisan support.

Of course homeownership is not for everyone. But for those Ohioans who are eager to achieve the American Dream of homeownership, this is a small but meaningful way to help. The program promotes financial literacy and smart saving. The more money a person can save for a down payment, the better prepared and situated they are to buy a home. Homeownership provides many social and economic benefits, not just for the homeowner, but for the communities in which they live. However, without changes, the reality is many young people are going to delay the purchasing of a home; maybe forever. We believe the “First-Time Home Buyer Savings Act” will be a useful tool for Ohioans, and we are excited to help people get on the right track to becoming homeowners. Please join us in supporting this bill that will help all our constituents and communities across Ohio.

Chairman Merrin, thank you for allowing us to testify today on House Bill 186. We would be happy to answer any questions the committee may have at this time.