



Ohio REALTORS® Proponent Testimony for House Bill 186
Ohio House Ways & Means Committee
June 15, 2021

Good afternoon Chairman Merrin, Vice Chair Riedel, and Ranking Member Sobecki:

My name is Brian Whitta and I am the Principal Broker and owner of Flag City REALTORS® in Findlay. I also serve as a board member of Northwest Ohio REALTORS® and am a member of the Ohio REALTORS® Legislative Steering Committee. I am here today representing Ohio REALTORS®, the state's largest professional trade association with more than 36,000 members to speak in support of House Bill 186, the Ohio First-Time Homebuyer Savings Act introduced by Representatives Swearingen and Wilkin. Thank you, Chairman Merrin for the opportunity to share our support.

The dream of homeownership for first-time homebuyers has become a challenge in recent years and especially this past year, despite historic low interest rates. Scarce inventory and quickly rising home prices have played a significant role in lowering the number of first-time homebuyers nationally to 31 percent, the lowest share since 1987, according to our 2020 Profile of Home Buyer and Sellers Ohio Report. Additionally, a recent report by Deutsche Bank Research showed the current median age of homebuyers was 31 years old in 1981. Today the median age is 47 years old. This is a trend we would certainly like to reverse, and we strongly believe this legislation is an important step in that direction.

One of the most significant challenges to homeownership is a down payment, as you can imagine. Many first-time homebuyers come to the home buying process unaware of the significant cash that is required at the closing, leaving them unprepared and waiting longer and longer to save and buy. Practically speaking, I work with many first-time buyers and often I find they simply are unprepared for the homebuying process. House Bill 186's "forced" savings account could help Ohioans be more financially responsible and gain a small tax benefit at the same time.

In 2019, Ohio ranked sixth in the nation for highest outbound migration meaning more people are moving out of Ohio than moving in. That reduction in population has resulted in our state losing one Congressional seat, as you know. It is important to keep talent – young and old – in our great state. The bill would require the funds to be used to purchase a home in Ohio. Of course, we want to encourage people to not only plant roots in Ohio, but also for people thinking about moving into Ohio this is yet another great reason to become a Buckeye. Currently 13 states have enacted a First-Time Homebuyer Savings program, and there are 30 bills pending in other states. I would love Ohio to be the next state with such a program.

Although this savings program will not reduce all barriers to homeownership, it is certainly a tool that will help hard-working Ohioans move closer to their goal. We believe House Bill 186 is a reasonable approach as it would promote financial literacy through smart saving over the course of several years to achieve the American Dream of homeownership. A person is



rewarded for their long-term commitment to save for a home with a small tax benefit that would add up over the years.

Why is homeownership so important? When we talk about dollars and cents, simply put homeownership is great for the Ohio economy. A recent study using data from the Bureau of Economic Analysis, the US Census, National Association of Homebuilders, and Macroeconomic Advisors found that in 2020 the Ohio real estate industry accounted for \$103.5 billion or 15.3% of the gross state product in Ohio. Additionally, the study found on average each Ohio home sale contributes more than \$61,500 back into the Ohio economy through retail and appliance purchases, construction, renovations, and commissions. Homeownership is important in so many ways.

Additionally, owning a home is an excellent personal investment. Forbes recently said, “there are many ways to build wealth in America, but real estate might be the safest, steadiest and simplest way to do so.” Homeownership serves as a “forced” savings account that when done properly, can build generational wealth that can be leveraged later in life or passed onto family. In the Survey of Consumer Finances conducted by the Federal Reserve, the study found that the median net worth of a homeowner is 44 times greater than the median net worth of a renter. The study also found a homeowner’s net worth had grown by 15% whereas a renter’s net worth had decreased by 5%.

Finally, homeownership builds strong neighborhoods and communities. Homeowners have pride in their neighborhoods and often take steps to prevent crime, build inclusive communities, and create lasting relationships with nearby residents and businesses.

Of course we understand homeownership is not for everyone, but that is why this legislation is great because it is permissive and if someone finds themselves thinking about homeownership they can open up a first-time homebuyer savings account and contribute as much or as little as they can afford.

We understand there are some changes to House Bill 186 being discussed and we are supportive of those revisions to make this the best piece of legislation possible.

Ohio REALTORS® strongly supports House Bill 186 as we believe this savings tool will help Ohioans who are interested in owning a home someday realize the American Dream.

Thank you for the opportunity to speak about the benefits of the First-Time Homebuyer Savings Act and how it could further improve the lives of Ohioans. I am happy to try and answer any questions you may have.

Brian Whitta
Principal Broker
Flag City REALTORS®