



**Ohio REALTORS® Proponent Testimony for Senate Bill 24
Ohio Senate Ways & Means Committee
February 2, 2021**

Good afternoon Chairman Blessing, Vice Chair Roegner, and Ranking Member Williams:

My name is Seth Task and I'm the 2021 President of Ohio REALTORS® serving more than 35,000 members across the great state of Ohio. I'm associated with Berkshire Hathaway HomeServices and lead The Task Team in Cleveland. I'm pleased to be here in person to testify in support of Senate Bill 24, the First Time Home-Buyer Savings Act introduced by Senators Gavarone and Peterson.

The dream of homeownership for first-time homebuyers has become a challenge in recent years, despite historic low interest rates. Scarce inventory and 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. In 2019 in Ohio, first-time buyers accounted for 33 percent of the market. We strongly believe this measure is an important step to begin reversing this trend.

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's required at the closing, leaving them unprepared and waiting longer and longer to save. As I noted earlier, home prices increasing across the state. In fact, the average price of a home sold in Ohio rose 9.9 percent from the previously year. This legislation will help Ohioans invest today to help meet the increased costs they'll likely face long-term.

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. In 2019, Ohio ranked sixth in the nation for highest outbound migration meaning more people are moving out of Ohio than moving in. It is important to keep talent – young and old – in our great state. We certainly do not want to incentivize our talent to move to another state and grow their economy through homeownership, when we need people to continue to live, work and play right here in Ohio. Currently 13 states have enacted a First-Time Homebuyer Savings program, and seven more states are currently working on legislation. 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 Senate Bill 24 is



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a reasonable approach to the home-buying process for first-time buyers. It nicely aligns with an already proposed bill, Senate Bill 1 that would require a certain amount of financial literacy education in Ohio high schools. Senate Bill 24 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 2019 the Ohio real estate industry accounted for \$103 billion or 15% of the gross state product in Ohio. Additionally, the study found on average each Ohio home purchase contributes more than \$55,500 back into the Ohio economy. And with the COVID pandemic raging on, the residential real estate industry has arguably been one of the strongest sectors during the COVID crisis. Homeownership is important in so many ways.

Additionally, owning a home is an excellent 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%. Needless to say, homeownership is an excellent investment.

And 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.

Ohio REALTORS® strongly supports SB 24 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 respectfully ask you to support Senate Bill 24 and am happy to try and answer any questions you may have.