



Senator Theresa Gavarone and Senator Bob Peterson
Senate Bill 24
Sponsor Testimony
Senate Ways and Means Committee
February 2, 2021

Chairman Blessing, Vice-Chair Roegner, Ranking Member Williams, and members of the Senate Ways and Means Committee, thank you for your attention as we testify on behalf of Senate Bill 24, 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 children and for future generations due to a variety of factors, including rising student loan debt and the price of rent. And the difficulties of becoming a homeowner have only been exacerbated by the COVID-19 pandemic

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. This increase is due in large part to more than eight out of ten millennial renters having saved less than \$10,000 for a down payment on a house. Nearly half of all millennial renters have not even saved a dollar towards a down payment on a home.¹ Right now, even though millennials can 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 young Ohioans.

To fix this growing problem, we have a bill before you that will help today’s young adults and future generations achieve the goal of homeownership. Senate Bill 24 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.

We've been told by the Ohio Realtors that thirteen states have similar programs, seven more have introduced a bill and eight other states could introduce their own at any moment. 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.

Ultimately, we want to encourage renters to purchase 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.

Chairman Blessing, thank you for allowing us to testify today on Senate Bill 24. We would be happy to answer any questions the committee may have at this time.

ⁱ <https://themortgagereports.com/46152/down-payment-disappointment-most-millennial-renters-just-arent-saving-enough/amp>