



House Finance Committee
Proponent Testimony - Substitute House Bill 33
4/20/2023

Chair Edwards, Vice Chair LaRe, Ranking Member Sweeney and members of the House Finance Committee, thank you for the opportunity to provide written testimony in support of Substitute House Bill 33 (Sub. HB 33) on behalf of Ohio REALTORS®.

Formed in 1910, Ohio REALTORS® is the state's largest professional trade organization with more than 37,000 members representing both residential and commercial practitioners, as well as auctioneers and appraisers. We also represent homeowners, homebuyers, as well as investors and support policies to protect private property rights.

Ohio has done an amazing job attracting businesses to the state. Much of the attractiveness of our state is access to affordable housing options. Unfortunately, affordable housing is becoming less and less accessible to families living in the state. To examine the housing shortage facing the state, Ohio REALTORS® commissioned a study from the University of Cincinnati Economics Center, which specifically focused on workforce housing.¹ "Workforce housing" is defined as housing that is affordable to households with an income between 60 and 120 percent of the area median income. The study found that only 14.3 percent of all building permits issued between 2015 and 2021 had a value that would be classified as workforce housing. That same study found that home prices in Ohio increased nearly 13 percent between 2020 and 2021, well above the growth in household income. While the study is focused on workforce housing, the shortfall in residential housing production is across all types of housing including luxury, workforce, and especially affordable housing. Simply put, Ohio must increase its housing inventory at all levels to meet the state's housing needs. Ohio REALTORS® is happy to see Sub. HB 33 build upon the Governor's proposed budget by making housing policies a priority through investments in housing development and providing Ohioans with resources to purchase a home of their own.

Ohio REALTORS® supports the following provisions in the Sub. HB 33.

- **Homeownership Savings Accounts:** The cost of an initial downpayment is often the largest barrier to homeownership, especially for first-time homebuyers. The creation of a tax-favored savings account would encourage potential homebuyers to establish a dedicated account to assist them in saving for a down payment on a home. Sub. HB 33 will create a partnership between the Treasurer of State and the Department of Taxation to provide tax benefits to Ohioans that contribute to these accounts. Giving Ohioans another tool to save for homeownership will help them compete with rising home prices and overcome the financial barriers that often prevent them from owning a home of their own.
- **Right-To-List Home Sale Agreement:** Ohio REALTORS® would like to thank the House of Representatives for adding language aimed at protecting homeowners from deceptive practices within the housing industry that locked homeowners into long-term right-to-list home sale agreements. The questionable practice that has surfaced within the industry provide homeowners cash in exchange for using a single company as their exclusive real estate broker for as long as 40 years. The exclusive right-to-list agreement is enforced even if the home goes into foreclosure or if the homeowner's heirs inherit the property and try to sell the home. Violating the agreement can result in a lien being placed on the property. Multiple states, including the Ohio

¹ [Ohio REALTORS | Ohio's Real Estate Trade Organization](#)

Attorney General, have filed lawsuits against this practice. The language added by the House of Representatives will allow Ohio's homeowners to more easily cancel these unfair contracts and will protect future homeowners from these practices.

- **Property Tax Revision for Residential Development Land:** The House of Representatives correctly revised Ohio's tax law that unfairly penalizes homebuilders with higher taxes when they subdivide property for development. This raises risks for homebuilders and can increase costs to the end buyer of the property, making home ownership more expensive. This change should encourage more housing development and help address the inventory shortage in the state.
- **State Housing Tax Credit:** The House improved upon what was included in the Governor's budget proposal by providing \$500 million a year in tax credits for affordable housing development over the next six years. This program will be administered by the Ohio Housing Finance Agency (OHFA) and will support the development and rehabilitation of affordable multifamily housing. 22 other states have implemented similar state housing tax credit programs, which have led to additional investment in housing development. Ohio REALTORS® supports policies to encourage the development of all types of housing, including affordable housing. Affordable housing plays a very important role in our economic growth and the future of our great state. It is important to note that affordable housing has a positive impact not only on our neighborhoods, but it provides an opportunity for a person to save for their next home, whether it is renting a market-rate apartment or saving for their first house. In many communities, high quality affordable housing has improved neighborhoods. Often, blighted or distressed real estate is purchased and redeveloped into attractive, high-quality housing, thereby removing neighborhood blight and subsequently raising valuations of nearby housing. More importantly, affordable housing can give our fellow Ohioans a safe place to call home.
- **Household Sewage Treatment Systems** - A provision within the as-introduced budget would declare a household sewage treatment system (HSTS) a public health nuisance if it is discharging to a dry well. This language could result in thousands of households being forced to replace their HSTS. The cost to homeowners would be substantial. Ohio REALTORS® applauds the House of Representatives for removing this language from the bill.
- **Housing Technical Assistance Grants:** Sub. HB 33 includes a grant program to assist local governments seeking to modernize and expedite regulations related to housing development. This funding would be used to update zoning restrictions and streamline the review of development proposals. Strict local zoning restrictions are often the leading factor preventing housing development, updating local regulations could remove this barrier and increase housing construction throughout the state.

While we appreciate the House of Representatives including the above provisions in the budget, Ohio REALTORS® does have concerns with the decision to eliminate the single-family housing development tax credit program that would have supported the development of newly constructed, single-family homes. This public-private partnership would be administered by OHFA and would have created homeownership opportunities for Ohioans who meet the income limitations developed within program guidelines. We would urge the House of Representatives to reconsider the elimination of this program, and we look forward to working with OFHA as the budget advances to address any unanswered questions lawmakers may have surrounding this innovative proposal.

Thank you for taking these comments on behalf of Ohio REALTORS® into consideration as you review the state operating budget.

Sincerely,

A handwritten signature in black ink that reads "Scott Williams". The signature is fluid and cursive, with the first name "Scott" and last name "Williams" clearly distinguishable.

Scott Williams
Chief Executive Officer
Ohio REALTORS®