



Summary of Proposal

The American Rescue Plan Act was passed in March to help states and local governments recover from the health and economic devastation of the pandemic. **Habitat for Humanity of Ohio respectfully requests Governor DeWine and the 134th General Assembly to invest \$25 Million of Ohio's \$5.6 Billion in State and Local Fiscal Recovery (SLFR) funds in expanding access to affordable housing** for hard-working families through affordable homeownership opportunities and the preservation of existing homes.

The Housing Crisis in Ohio

The aspiration to own a home is deeply ingrained in our national dream and values. Stable, affordable housing is the critical foundation upon which families grow and prosper. This necessity, however, is a constant challenge for low-income families seeking to build strength, stability, independence, and family wealth. Ohio, as most other states, faces a critical shortage of affordable housing. There is a 50-year low in the inventory of available homes, particularly affordable starter homes due to the economic benefit of constructing larger, more expensive homes.

The housing crisis is further exacerbated by the inability of existing homeowners on fixed incomes to pay for critical home repairs. Many Ohioans are living in unsafe conditions that jeopardize the health and well-being of their loved ones.

The Affordable Homeownership Deficit

Existing state and federal programs for low-income households are overwhelmingly weighted in favor of affordable rental projects, generally concentrating poverty in dense clusters of apartments heavily subsidized by tax credits and other funding. These rental projects never result in homeownership, leaving many families with no opportunity to build wealth and a better life. While the federal mortgage tax deduction encourages homeownership for middle and upper-income households, the bottom twenty percent of households effectively see no benefit from this subsidy. While there is a critical need for affordable rentals, affordable homeownership should also be viewed as an integral part of a comprehensive housing solution to ensuring Ohioans have a safe, decent place to grow and prosper.

The Benefits of Homeownership

When families move out of substandard housing and into decent and affordable homes, their health, educational attainment, safety, and personal wealth improve. Numerous experts and studies have concluded that housing and community both have a positive effect on a person's well-being, heavily influencing better health and longevity. Adults in stable and affordable housing are more likely to invest in education for themselves — bolstering job opportunities, long-term career growth, social mobility, and financial security that lift up their entire family while adding to the state's tax base.

“A safe, decent, affordable home is like a vaccine. It literally prevents disease. A safe home can prevent mental health and developmental problems; a decent home may prevent asthma or lead poisoning; and an affordable home can prevent stunted growth and unnecessary hospitalizations.” Dr. Megan Sandel, Associate Professor, Pediatrics, Boston University School of Medicine, testifying before Congress.

Limited Affordable Housing Resources in Ohio

Ohio currently has two primary tools to support homeownership and home preservation that, while beneficial, are woefully insufficient to adequately support low-income households:

- The **Ohio Housing Trust Fund (OHTF)** is the state's primary funding source for affordable housing and homeless initiatives. It is funded by the Ohio Housing Trust Fund fee that mirrors the county recordation fee. State statute requires the OHTF to target Ohio's most vulnerable population with at least 75% of grants and loans going to households at or below 50% of the Area Median Income (and a preference for those below 35% of the Area Median Income). *On average, the OHTF generates more than \$40 Million annually for housing assistance, but only \$250,000 is used for day-one affordable homeownership through a grant administered by Habitat for Humanity of Ohio.*

- The **Ohio Housing Finance Agency (OHFA)** provides three categories of assistance for day-one affordable homeownership and are not designed for families with low income: Home Purchase Mortgages, Down Payment Assistance (DPA), and Mortgage Tax Certificates (MTCs). These programs provide assistance for household incomes of up to 115% of the Area Median Income, leaving many hard-working families without an opportunity to achieve the American dream of homeownership.

Habitat for Humanity's Plan for Recovery

The unprecedented funds to state and local governments provide the State of Ohio with a unique opportunity to increase its financial support for ***day-one affordable homeownership opportunities and the preservation of existing homes*** for low-income families.

Over the next few years, Ohio will receive \$5.37 billion to expend prior to December 31, 2026. The interim final rule from the U.S. Department of Treasury provides guidance on the use of these funds, specifically the need to address systemic issues for disproportionately impacted communities during the pandemic. Other eligible uses of funds include programs or services that address housing security and lack of affordable housing. Habitat for Humanity is an equal housing opportunity provider and transforms underserved communities through homeownership and home preservation.

Habitat for Humanity of Ohio and its 45 affiliate affiliates are uniquely positioned to help the State of Ohio align with the stated guidance above and respectfully requests policymakers to allocate \$25 Million over the next five years to:

- Build, rehabilitate, and preserve 1,000 homes over the next five years. Habitat for Humanity would leverage a minimum of \$2 for every \$1 invested through this partnership.
 - “Day One” as defined, indicates that the purchasing family takes immediate title to the property with a zero-interest mortgage.
 - “Day One” also suggests the family is immediately responsible for all aspects of owning and maintaining their home, including taxes, insurance, and maintenance costs.
- Serve only families earning 30 – 80% of the Area Median Income, which is \$23,500-\$62,800 for a family of four.
- Require future mortgage payments on Habitat for Humanity homes funded by state ARP proceeds to finance future Habitat for Humanity builds, thereby creating a permanent revolving fund.

Habitat for Humanity of Ohio will administer the funds for a nominal percentage fee like the current the Ohio Housing Trust Fund grant. This state office has 20 years of experience administering state and federal grants and producing highly effective results. Furthermore, Habitat Ohio will maximize the administrative support by investing in the following areas:

- Sustainable construction practices
- Job training and mentorship classes
- Capacity building for serving for families

About Habitat for Humanity's Work in Ohio

Habitat for Humanity of Ohio supports the important work of the 45 Habitat for Humanity affiliates operating in the State of Ohio. On average, Habitat for Humanity serves 125 families through new construction and/or rehabilitated homes. Habitat for Humanity serves an additional 300 families annually through preservation of existing homes.

Families help build their homes alongside dedicated volunteers and take ownership on terms they can afford which includes a mortgage with zero percent interest. Their monthly mortgage payments support a revolving fund to finance the construction of future Habitat for Humanity homes. Funding from SLFR will not only double the number of families served each year but also provide financing for future Habitat for Humanity builds. Furthermore, Habitat for Humanity homeowners contribute to the betterment of Ohio's communities by paying over \$3,000,000 in property taxes last year.

As mentioned above, Habitat for Humanity administers a \$250,000 OHTF grant awarded by the Ohio Development Services Agency. Since 2004, this funding helped build 350 homes and serve over 1,000 individuals. This effective partnership and use of OHTF leverages \$10 for every \$1 invested through private contributions, donated products, and volunteerism. These outcomes are unmatched by any other nonprofit organization and think about the possibilities of an investment of \$25 Million through SLFR funds.

Summary

SLFR funds provide the State of Ohio a unique opportunity to do more for day-one affordable homeownership. This modest step forward would dramatically increase the supply of affordable homes on term families can afford. In short, this investment would put 1,000 families on a path of strength, stability, and self-reliance. Stable housing leads to better health, higher educational attainment, and greater civic engagement that makes a stronger and more vibrant Ohio for generations to come.