

Ranking Member Pat Toomey (R-Pa.)  
Opening Statement  
Full Committee Hearing: How Private Equity Landlords are Changing the  
Housing Market  
October 21, 2021 at 10:00 AM

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Thank you, Mr. Chairman. And welcome to our witnesses.

I'm a bit puzzled by today's hearing topic. It seems intended to demonize people who use their own money to buy—and even build—as little as one percent of homes in the single family housing market.

At least one of today's witnesses represents a group that rejects the concept of private property altogether, stating on their website that “we envision a U.S. where land and housing are publicly owned.” Let me just say for the record, private ownership is vastly preferable to the state. That's the American dream after all.

There's nothing wrong with people renting homes instead of, or before, becoming homeowners. And there's nothing wrong with investors putting their own money to work to meet the needs of renters.

Now if Democrats are concerned about investors crowding out homebuyers, I hope they would agree that taxpayers shouldn't subsidize loans to investors. Unfortunately, the Biden administration has a different view. It lifted existing restrictions on the ability of Fannie and Freddie to buy loans from single-family investors.

That's a taxpayer giveaway. And it's why I'm introducing legislation to prohibit the GSEs from acquiring investor property mortgages. I hope my colleagues will cosponsor it.

Today, what I think we need to focus on is the \$3.5 trillion elephant-in-the-room: the Democrats' reckless tax-and-spend spree, which includes \$300-plus billion for housing.

Billions of this aid is not targeted. Some of these programs have weak means testing and loopholes. And forget work requirements—even for able-bodied childless adults. They, and many people of above-average income, will do quite well under some of these programs.

Let's consider a few of the bill's misguided housing provisions.

Start with the \$9 billion in down payment assistance for "first time" and "first generation" homebuyers. It's rife with problems.

First, you can qualify even if you or your parents previously owned a home. So much for "first time" and "first generation."

Second, you don't have to be low income. A member of Congress could qualify for a taxpayer-funded downpayment under this program.

Third, it's an invitation to mortgage fraud. A homebuyer only has to attest to being a first generation homebuyer. No other diligence is required. In fact, lenders are exempt from liability even if they knowingly accept a false attestation.

But worst of all, this program is a thinly-disguised attempt to give assistance to homebuyers based more on the color of their skin than their financial need—something that's very likely unconstitutional.

Democrat Chairwoman Maxine Waters has said the objective of this program is to "help address the racial wealth and homeownership gaps." The director of the liberal National Fair Housing Alliance has said, "you cannot address issues of racial inequity if you do not address housing inequity—it is an impossibility. They're so inextricably linked." Thus, the bill text directs the HUD Secretary to allocate funds in part based on "racial disparities in homeownership rates."

Increasing wealth and homeownership rates amongst minorities is a fine goal. But designing race-based policies and benefits is not.

The Democrats reckless tax-and-spend bill also has \$80 billion for renovating public housing. But that's odd. The Biden administration requested only \$40 billion. So why does this bill have \$80 billion?

It just so happens that the NYC housing authority wanted \$40 billion for itself. But our Democrat colleagues knew they couldn't pass a bill that sent 100 percent of the money to New York City. That would be a bit of a problem for the 48 Democratic senators who don't represent New York.

So instead, Majority Leader Schumer promised to "double down" on the administration's proposal and "use all of my power as majority leader ... to

secure a funding package that can restore and transform [the NYC Housing Authority].”

And lo and behold, we now have \$80 billion not to be distributed using the existing formula but rather by executive fiat. This certainly looks a lot like Senator Schumer securing a \$40 billion earmark, or “Schumark.” So it looks like half of all the bill’s public housing dollars will go to a housing authority plagued by scandals, bribery, and chronic mismanagement.

It’s distressing to see Democrats pouring billions into outdated public housing projects that concentrate poverty and crime and trap families in generational cycles of dependency and despair. Twenty years ago, both parties recognized the flaws in government-controlled housing. That’s why Congress capped the number of public housing units with the Faircloth amendment.

Now, Democrats’ reconciliation bill would waive this sensible law so new public housing units can go up. This is a remarkable return to government-owned housing, and one that we will again regret.

We need to try something different than Big Government socialism to help make housing affordable. We need to leverage the power of free enterprise—including private equity—to promote housing for all Americans.

To that end, in March I proposed principles to guide housing finance reform discussions. Since then, the administration has shown no interest in reform, and even missed a September 30th deadline to report on its reform plan.

In light of the issues I’ve raised today, I hope this committee will hold hearings soon on long overdue topics like housing finance reform, and markup any reconciliation legislation so we have an opportunity to debate and offer amendments.