

Ranking Member Pat Toomey (R-Pa.)
Opening Statement
Full Committee Hearing
May 18, 2022 at 10:00 AM

Mr. Chairman, thank you.

First, I want to wish Sen. Van Hollen a speedy recovery. He's a good friend and colleague and I know all of us look forward to welcoming him back to the Senate and this Committee.

Americans are needlessly facing record-high housing costs. Home prices have steadily appreciated since the financial crisis, and they have absolutely surged since the pandemic. No doubt, existing homeowners enjoy appreciation in the value of their homes, but first-time buyers and renters are being priced out of markets.

The Biden administration has correctly identified that it has a problem. But its proposed solutions are disastrously wrong. Just this week, the administration unveiled its housing affordability plan.

Even though they purport to tackle inflation, the administration is just doubling down on failed liberal housing policies. They support the House-passed reconciliation bill, which contemplates spending \$75 billion on housing vouchers and \$80 billion for public housing. That is tens of billions more than what we ordinarily spend on these programs annually. Adding these additional billions will only further fuel inflation.

They also are now considering pushing Fannie and Freddie into riskier activities that prior administrations understood to be too risky to the taxpayer. They want taxpayers to buy loans on mobile home sales and help finance wealthy developers building apartment buildings during and even before they're built.

At least they have not yet fallen into the trap of cutting mortgage insurance premiums, which would only further spur demand and increase taxpayer exposure to risk.

If the administration were serious about lowering housing costs, it would start by removing misguided trade barriers that drive up the cost of building new homes. They could lift tariffs on lumber and steel, materials which are universally used in buildings across the country.

In the last three years, American consumers paid at least \$13.2 billion more on steel and aluminum imports. And we know lumber tariffs contributed to price increases too.

Turning to today's topic: energy-efficiency and resilient housing. I expect we'll hear calls for more government intervention to make homes more energy efficient.

As the argument goes, families need to make their homes more energy efficient in response to impending climate change. "Greening" homes would have the added

benefit of reducing energy costs. The federal government could push these efforts through energy efficiency mandates and subsidies.

This is the wrong approach. Efficiency mandates are not free. Consider California's mandate that many newly constructed homes and buildings have solar panels.

The New York Times notes that adding solar panels and a battery to a new home can raise its cost by "\$20,000 or more." In today's rate environment, that will cost a well-qualified buyer about \$1,200 more per year. For a buyer with a more checkered credit history, it will hit even harder.

The government should not increase costs and restrict consumer choice by prescribing paternalistic regulations or subsidizing specific products. Energy efficiency is market efficiency. Manufacturers already have market incentives to develop energy-efficient products.

When higher efficiency appliances and construction materials deliver savings that actually pay for themselves, consumers demand them. But, regulations that prioritize energy-efficiency over other consumer preferences only serve to limit consumer choice by preventing consumers from purchasing products based on those other preferences.

Green subsidies are equally problematic. They are a kind of corporate welfare that props up uncompetitive segments of the market. They also mask the cost of the administration's other energy policies, like its restrictions on pipeline construction, that are foolishly driving up the cost of natural gas and other fuels in some parts of the country.

We should not be considering components of the Green New Deal at a time when inflation is outpacing wages. And let's face the facts—working families are falling further behind in Biden's economy. Families are struggling to fill up their gas tanks. Now is not the time to talk about mandating EV chargers or tankless water heaters.

If governments really want to reduce energy costs for homeowners and renters, it shouldn't forbid new homes from having natural gas hookups or mandate more energy-efficient appliances and devices with much higher upfront costs. This administration should instead tap American energy resources and increase supply—not tell people to spend tens of thousands more on home improvements they don't want or need.

Today, we'll hear from Katie Tubb, a researcher on energy policy, who has concerns with federal mandates and subsidies for energy efficiency. As she notes, this administration has placed political preferences in front of American needs and developed a regulatory regime that chokes our energy supply.

She also explains that onerous regulations have negative consequences. They reduce consumer choice, and disproportionately burden lower-income households.

Ms. Tubb's testimony provides important evidence as we consider whether energy-efficiency spending should be subsidized with taxpayer dollars.

Now is not the time to sanction more spending with unproven value as the government should be focused on tackling inflation. If we're serious about helping working families, we need to take immediate action.

The administration must eliminate tariffs on construction materials like lumber and steel that artificially inflate home costs. President Biden should also restore American energy independence and substantially increase our energy supply.

And we should recognize that the energy efficiency market is healthy. Let's not limit consumer choice and contribute to rising housing costs by unnecessarily intervening.