

Ranking Member Pat Toomey (R-Pa.)
Opening Statement
Full Committee Hearing
August 2, 2022 at 10:00 AM

Thank you, Mr. Chairman.

Every month Americans are falling further and further behind because of President Biden's out of control inflation. Paychecks aren't keeping up with rising prices. After adjusting for inflation, wages have declined 5 percent since President Biden took office. Working Americans are getting poorer every day.

Democrats' wasteful spending, growth-killing regulation and excessively accommodative monetary policy are exactly what led to 40-year high inflation and contracted our economy. And what is the response of Democrats in Washington, DC? They want to jam through a reckless tax-and-spending bill that will make this disastrous situation even worse.

Hiking corporate taxes will slow economic growth and especially harm America's manufacturing sector. And spending billions more will fuel inflation. This new wasteful spending will mostly go towards corporate welfare for green energy, subsidies for the wealthy to buy Teslas, and a political handout right before the elections to higher-income Americans who buy Obamacare plans.

In addition, the bill includes spending on housing, which is the topic of today's hearing. Under the Biden administration, the cost of housing has skyrocketed. House prices increased 18 percent in the last 12 months. Rents jumped 14 percent.

Affordable housing is growing further and further out of reach for many. But you wouldn't know that from reading the Democrats' bill. Its housing provision creates a \$1 billion slush fund for "greening" subsidized housing. Because at a time of surging housing costs, of course, the solution is to put solar panels on Section 8 housing.

As I've said before, government, and especially this administration, have often been the problem, not the solution, when it comes to housing. There are countless ways that needless government regulation drives up housing costs time-consuming permitting processes drive up the cost of building

new rental housing. Overly burdensome environmental impact reviews further add to that cost.

Tariffs on steel, lumber, and other building materials have the same effect. Rent control laws reduce the supply and quality of rental housing. Demand-side housing subsidies get capitalized into higher house prices and higher rents.

Loose GSE and FHA underwriting standards drive those house prices and rents still higher. The GSEs then respond by subsidizing investors in single-family rental housing, but that just further drives up house prices and crowds out aspiring homeowners.

More recently, the Democrats and this administration have taken this government failure to the next level. They've dropped hundreds of billions of helicopter money to stimulate an already strong economy. \$80 billion of that went to rental assistance, vouchers, and other housing subsidies, further inflaming demand.

The President even extended the illegal eviction moratorium that has deterred investment in new rental housing and led to some renters not paying rent even when they could afford to. Predictably, landlords have responded by increasing rents and requiring larger security deposits.

Today the Democrats will propose more of the same. We'll likely hear them make the case for new tenant protections. We'll likely hear them arguing for making the COVID rental assistance program permanent.

But doubling down on failed liberal housing policies will not fix our rental housing market. Instead it'll just make housing more expensive. Today we'll also hear from landlords about how government intervention makes it harder and more expensive to be a landlord, which leads to higher costs for renters.

To improve housing affordability for all Americans—whether renters or owners—we should pursue reforms that leverage the power of free enterprise to increase housing supply and make markets more competitive. A healthy market competes not just on price but also service and product quality. To that end, we should scale back the role of government and increase the role of private capital.

We should avoid the temptation to adopt new so-called tenant protections or permanent rental assistance that will have negative unintended consequences, including increasing housing costs. We should phase-out demand-side subsidies that drive housing costs higher. We should end the failed GSE model that fosters excessive risk taking and contributes to a boom/bust housing cycle.

Localities should revisit their permitting processes and other obstacles to new housing construction. We should prohibit the GSEs and other federal programs from subsidizing rental units in jurisdictions that impose rent controls.

We should get the GSEs out of the business of subsidizing single-family home investors. And we should keep the GSEs focused on their affordability missions by keeping them out of social policy.

Meanwhile, I hope the administration will finally engage on reform. Treasury has still not met its obligation to deliver a housing reform plan to Congress—it's now 10 months overdue.

Instead of pushing a reckless tax-and-spending bill, the administration should look to opportunities for bipartisan legislation—like housing finance reform—that relies on free enterprise—not government—to make housing affordable for all Americans, whether they own or rent.