

Opening Statement of Chairman Whitehouse
Senate Budget Committee Hearing: "The Costs of Inaction: Economic Risks from Housing Unaffordability"
September 25, 2024

Ranking Member Grassley, members of the committee, witnesses, and guests: welcome.

This morning, the Budget Committee will be discussing an issue that is of concern to all Americans: housing.

Secure and affordable housing is a building block of financial well-being. Being able to afford a home provides not just shelter, but community and stability.

When families cannot afford housing, they face increased barriers to education and employment, they have worse physical and mental health outcomes, and they likely face generational poverty.

Unfortunately, families across America are paying the price for a housing market failure that was years in the making. Nationwide, the U.S. faces a shortage of four to seven million housing units available for sale or rent, which has driven up costs.

Barriers to getting a mortgage are making it harder for first-time buyers to purchase a home. With fewer people able to purchase homes, demand in rental markets has soared, creating a shortage of available rental units and driving up costs.

Helping families afford a safe, stable place to call home should be neither controversial nor partisan.

Key to addressing the shortage of units and bringing down costs for families is, as my friend Speaker Shekarchi from Rhode Island would say, “production, production, production.”

When Speaker Shekarchi took the gavel in 2021, he promised to become the “Housing Speaker,” a promise he has more than kept. In just three years, he has shepherded over 30 bills into law to tackle my home state's housing shortage. Coupled with historic budget investments, his legislation has addressed long-lagging housing production, expanded the state housing supply, and blunted upward pressure on rents and home purchase prices.

Nationally, there is evidence we are turning the corner in communities across the country.

New construction is way up, home prices are coming down, and the Fed is *finally* cutting interest rates—as I have repeatedly urged it to do—making mortgages more affordable.

Construction of multifamily housing developments increased 22 percent in 2023, the highest annual increase in more than three decades. The pace of single-family homebuilding climbed steadily throughout 2023 and has stayed elevated. Vacancy rates in professionally managed apartments rose to nearly 6 percent this year—more than twice the record low of 2.5 percent, set in early 2022— which is stabilizing the rental market

This is thanks in large part to important steps Congress and the Biden-Harris administration have taken to increase the housing supply, protect renters, and ease cost burdens.

More than \$18 billion of the American Rescue Plan's State and Local Fiscal Recovery Funds have gone towards expanding housing supply, investing in homeless services, and providing nearly four million additional households with rent, mortgage, and utility relief.

Senate appropriators continue to support housing programs like the HOME Investment Partnerships, Community Development Block Grants, and Housing Choice Vouchers.

Last week, the Congressional Budget Office released a report on long-term projections for new housing starts, finding that the housing shortage will continue unless policymakers take decisive action.

Yesterday, I introduced new legislation to significantly expand our nation's supply of affordable housing by bolstering the Low-Income Housing Tax Credit. My Affordable Housing Construction Act would more than triple states' funding for affordable housing under the program; loosen financing requirements; and extend the period during which housing must stay affordable.

With Congressmen Panetta and Blumenauer, I've also introduced a \$15,000 first-time homebuyers tax credit for lower-income Americans—refundable, advanceable, and available for homebuyers at the time of purchase—to make homeownership a reality for more families. Vice President Harris has pledged a \$25,000 credit.

Other proposals to make housing more affordable include Senator Wyden's DASH Act; Senator Van Hollen's bipartisan Family Stability and Opportunity Vouchers Act; The Fair Housing Improvement Act, led by Senators Kaine and Sanders; the DEPOSIT Act, led by Senators Luján and Padilla, among others; and Senator Padilla's Housing For All Act.

Vice President Harris also called for the construction of three million new housing units through a historic expansion of the Low-Income Housing Tax Credit.

Americans across the country are paying the price for decades of disinvestment in our nation's housing supply—a burden neither families nor our economy can continue to bear. Today's witnesses will hopefully point the way towards creative solutions to our nation's housing shortage.

One thing we know for certain: inaction is not an option.