



UNITED STATES SENATE
BUDGET COMMITTEE
RANKING MEMBER CHUCK GRASSLEY

Opening Statement by Senator Chuck Grassley of Iowa
Ranking Member, Senate Budget Committee
Hearing titled, “The Costs of Inaction: Economic Risks from Housing Affordability”
Wednesday, September 25, 2024

Mr. Chairman,

[Housing affordability] is an issue central for Iowans and all Americans, something they care about deeply. It’s very central to what both Republicans and Democrats call the “American Dream.”

Over the past four years, Americans saw home prices and, particularly, rents skyrocket as inflation ran rampant thanks to the policies of this administration.

Thanks to Bidenflation, prices throughout the economy are up 20 percent since the start of the administration. Even worse, housing prices have skyrocketed nearly 40 percent and are currently at an all-time high, according to the Case-Shiller National Home Price Index.

Inflation has thankfully eased over the past year, largely due to actions taken by the [Federal Reserve]. But that shouldn’t be used as an excuse to once again open up the spending spigot, risking further inflation.

Unfortunately, that’s exactly what some of the proposals out there do, and I refer particularly to Vice President Harris touting the advocacy of hundreds of billions of dollars in demand-inducing housing subsidies.

Economists from across the political spectrum have noted how such policies would backfire by pushing up housing prices even further.

We have Ed Pinto, who I’ve invited to testify, [who] will tell us. He’s going to quantify exactly how Vice President Harris’ policies will make housing less affordable.

In addition to calling for more subsidies, the Vice President has also been touting plans to implement a version of rent control.

Rent control policies have been disastrous at the state and local levels, and it would be a huge mistake to adopt them at the federal level.

And that’s not just this Senator’s point of view.

We have Jason Furman, who served as President Obama’s chief economist, [and who] panned Vice President Harris’ proposal, saying, “Rent control has been about as disgraced as any economic policy in the tool kit. The idea that we would be reviving and expanding it will ultimately make our housing supply problems worse, not better.”

Before we add new housing programs or expand existing ones, we should take a good hard look at the ones we already have.

Currently, there are more than 100 federal housing programs. The Congressional Budget Office estimates the federal government will spend over \$750 billion over the next 10 years in housing assistance alone.

And that doesn't include billions in additional housing programs and federal loan subsidies for mortgages offered by government agencies, which would include, at least, the Departments of Agriculture, Defense and Veterans Affairs.

On top of that, the tax code includes incentives for home ownership and the construction of low-income housing. The chairman has referred to my efforts in that category.

Instead of adding to the list of federal housing programs, Congress should focus on increasing the effectiveness of existing policies by eliminating duplication and complexity.

That's why at this committee's previous housing hearing, I invited Bill Slover to testify.

Mr. Slover provided a firsthand account of waste and inefficiencies presently in our housing programs. Moreover, he highlighted the lack of accountability in the state housing agencies.

Mr. Slover's testimony was consistent with what I've discovered as part of my oversight work.

For decades, I've conducted oversight of the Department of Housing and Urban Development (HUD) and local housing agencies. During that investigation we were able to expose rampant waste, fraud and abuse.

Too often, government overpays for poorly executed policies, and the maze of housing programs creates inefficiencies.

What I just said about my investigation applies to both Republican and Democrat administrations not properly supervising, from the federal level, the oversight they should have on these.

I found that HUD does very little, if any, oversight of housing authorities. So, they get away with lavish office spending on salaries, vehicles, parties and travel. Meanwhile, those less fortunate wait in line, sometimes for years, for actual housing assistance.

So, we should be focusing on forcing HUD to do its job. But the majority isn't doing that, while HUD fritters away tons of taxpayer money.

I also welcome Jack Salmon, who will refocus the debate on this [country's] fiscal problems with debts, deficits and interest expenses.

I'm sure the administration is counting on the Fed's recent interest rate cut to lower housing costs. However, interest rates are but one of a host of factors driving housing costs.

Moreover, lower interest rates may be fleeting if we don't do our job to rein in unprecedented debt and deficits.

Thank you.

