

**Boom and Bust:  
The Need for Bold Investments in Fair and Affordable Housing to Combat Inflation  
House Financial Services Committee  
December 1, 2022**

**Legislation**

- [H.R. 4495](#), “Downpayment Toward Equity Act” (Reps. Waters, Green, Garcia (TX), Pressley, Axne, García (IL))
- [H. R. 4496](#), “Ending Homelessness Act” (Reps. Waters, Cleaver, Torres).
- [H.R. 5376](#), “Build Back Better Act” (Yarmuth)

**Opening Statements**

[Chairwoman Waters \(D-CA\)](#) was proud that the Committee has made it a priority for every American to have fair and affordable housing and said that since 2019, there have been 55 hearings focused on housing. She stated that Republicans have not contributed solutions to housing needs and believed that while McHenry is a good person, she did not think Republicans would hold any housing hearings once in the majority. Waters continued that there is no metropolitan area across the US where families can afford a home on a middle-income salary. She said that the Fed rate hikes have made lending more costly, negatively impacting first time home buyers, and added that housing construction has slowed due to lending cost as well. Waters stated that without the proper investments, banks and private equity companies will continue to buy up homes.

[Ranking Member McHenry \(R-NC\)](#) stated that housing and financial stability will be a priority in the next Congress and hoped for bipartisan solutions to housing needs. He was glad that Democrats were finally ready to address inflation and said that Republicans have been sounding the alarm on inflation and have tried to offer solutions for over a year. McHenry said that the down payment assistance program as well as other housing programs are well intentioned but would do nothing to increase the housing supply or lower the cost of housing. He said that to find real housing solutions, we need to step back and reign in spending to bring down inflation. McHenry emphasized innovative solutions.

**Rep. Cleaver (D-MO)** noted that gas prices fell by 12 cents this week and said that while inflation is going down, it is still present. He said that as much as we are concerned about inflation, he wanted to keep in mind that housing is still the biggest cost to every American whether it be in rent or mortgage payments. Cleaver added that the Fed rate hikes do not help housing issues either.

**Rep. Hill (R-AR)** agreed with McHenry that he was pleased to see the majority recognizing inflation and said that doubling down on failed housing policies will not help the housing crisis.

## **Witness Testimony**

**Nikitra Bailey**, *Executive Vice President, National Fair Housing Alliance*, remarked that today, housing is a leading driver of inflation and that the Federal Reserve Board's anti-inflationary policies must be met with action from Congress and the Biden Administration on housing to help keep the economy stable. She stated that Americans are supportive of housing legislation that increases the supply of homes, increases affordability, and subsidies like the down payment assistance program. Bailey said that it is critical to embed fair and affordable housing in everything we do and discussed discrimination in housing. She emphasized equitable policies in housing and believed that they help everyone. Bailey supported legislation such as the Down Payment Assistance Act, Neighborhood Homes Investment Act, money for Housing Choice Vouchers, and money for Section 811 housing.

**Margaret Eaddy**, *Activist and Housing Seeker*, spoke about her experience with homelessness and shared that she and her husband are living in their car. She discussed how they were evicted during the pandemic which has made it harder to get another apartment lease. Eaddy continued that even if they were able to afford an apartment, the qualifications and down payment are way too high and unaffordable.

**Michael Mitchell**, *Director of Policy & Research, Groundwork Collaborative*, focused his testimony on three points. Mitchell explained that the Federal Reserve's actions to combat inflation are driving up rents as high interest rates increasingly price people out of the home-buying market and further crowd the rental market. He went on to say that the Fed is also exacerbating the longstanding housing crisis by dampening sorely needed investment in new construction. Second, the Federal Reserve's aggressive interest rate hikes risk undermining a strong labor market, debilitating our housing market, and pushing our economy toward a recession. Mitchell believed that these actions are coming at great cost to workers and families across the country, particularly the most vulnerable. Third, policymakers have the tools at their disposal to build a more resilient and equitable housing sector. In the short term, Mitchell thought Congress can address rental inflation by pursuing rent stabilization policies, aiding families through fully funding rental assistance programs, and cracking down on landlords engaging in profiteering during these tumultuous times. In the long run, he said that Congress should make strategic investments to increase the housing supply and work with municipalities to update zoning regulations.

**Mark Zandi**, *Chief Economist, Moody's Analytics*, remarked that American households are struggling with the hit to their purchasing power from painfully high inflation, saying that prices are increasingly strong for most goods and services—from gasoline and food to new vehicles and housing. He went on that driving the high inflation are a number of factors including the economic fallout from the Russian invasion of Ukraine, ongoing disruptions to global supply chains and labor markets due to the COVID-19 pandemic, and a severe shortage of affordable

housing. Zandi explained that the housing shortfall has been in the making since the global financial crisis more than a decade ago and has been exacerbated by the pandemic. He said that it is behind the extraordinarily high house prices and rents and is a key contributor to the rapid growth in the cost of housing services and overall inflation. Zandi believed that lawmakers should consider adopting policies to alleviate the housing shortfall and thus improve affordability to help rein in the high inflation. He thought that the focus should be on the housing tax policies because they act fast and tend to close the gap for private-market actors to do the same.

**Douglas Holtz-Eakin**, *President, American Action Forum*, made three key points. First, he said that the dominant feature of the economic landscape is consumer price inflation and said that housing has a central role in the emergence and control of that inflation. Two, Holtz-Eakin said that owner-occupied and rental housing markets have displayed high and rising prices, despite a recent construction boom. He believed that this suggests that the primary underlying cause of stress is demand stimulus from federal subsidies, especially those from the housing government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac. Third, Holtz-Eakin thought that before looking at new initiatives, Congress would be better served by a more complete understanding of the current state of existing subsidies, both from existing Housing and Urban Development (HUD) initiatives and COVID-19 grants, from which a significant amount of funding remains unspent. He encouraged the Committee to look at policies that focus on supply.

### **Member Questions**

**Chairwoman Waters (D-CA)** thanked Eaddy for sharing her difficult story and was saddened that her experience is one that millions of Americans experience. Waters asked Eaddy what \$100 million in funding for affordable housing investments would do for her. Eaddy replied that a fraction of that money would change her life and said that the money would help give them back their dignity again. Waters asked Zandi what robust federal investments in housing would mean for inflation and the economy overall. Zandi thought that these investments would be positive because they are focused on the supply side of the housing market and added that these grants and tax breaks included in Build Back Better would increase supply. He said that getting rent growth to slow would help bring down inflation.

**Ranking Member McHenry (R-NC)** said that the Biden Administration has exacerbated inflation due to federal spending and asked Holtz-Eakin to explain how massive spending bills contributed to inflation, prices, and the cost of housing. Holtz-Eakin replied that federal spending in a hot economy makes consumer pricing go up and said that the Fed did not act with the federal spending through the American Rescue Plan. McHenry went on that the GSEs are enabling the financing of million-dollar homes so taxpayers will now be on the hook to fund million dollar homes. He asked if this is not right. Holtz-Eakin agreed. McHenry asked how Congress should address inflation. Holtz-Eakin replied that there should be no more excessive spending or policies that exacerbate demand. He thought that there should be a carefully thought-out plan to

increase supply over time and emphasized having a patient strategy. Zandi agreed with Holtz-Eakin and said that he would focus on the supply side in the near future and thought that the LIHTC, NHIA, New Market Tax Credits, etc., should be focused on because the tax credits are well functioning.

**Rep. Scott (D-GA)** asked Bailey how we get into a situation where we have an 80 billion backlog of public housing and asked how many units of public housing are lost each year to this backlog. He said that public housing was so important to him because this is how he got his start in politics. Bailey agreed with Scott and said that we are not properly resourcing communities and have relied on affordable housing to lead the nation forward which exacerbates inequality. She continued that we need a massive investment in our nation's public housing. Scott asked how HUD keeps track of the number of backlog projects. Bailey said that we need to make sure HUD is properly funded so it can make sure it can track projects like this and said she would follow up with him.

**Rep. Sessions (R-TX)** asked Mitchell if he works with HUD. Mitchell replied no. Sessions said that Republicans have tried to work on solutions and said that this should not be a blame game. He talked about how difficult it has been to communicate with HUD and found what is happening today regrettable. Sessions begged the question what good it does to have someone in a role where the job is too big for them at HUD.

**Rep. Sherman (D-CA)** said that there are three problems: homelessness, high rent, and unaffordable homes. He talked about cities losing money by building houses in places like California and said that it is absurd that we give cities money based on how rich the people are. Sherman discussed zoning decisions to keep people out or to help the environment and said that if you cannot build an apartment building in a city, you are unable to have workforce housing. He shifted to Bailey asking her if we should be doing more to provide assistance for safe parking which would help homeless people. Bailey replied that we should be doing more to keep people safely housed. Sherman asked Mitchell if there is a way to create enough housing if we allow cities to charge \$100,000 a developer and allow no more than four units on an acre. Mitchell thought it was critical for local governments to make sure they are creating zoning laws to allow for the construction of the kinds of units necessary that are needed to meet demand and that is not happening currently.

**Rep. Posey (R-FL)** asked about housing proposals in the Inflation Reduction Act and how these contribute to inflation. Holtz-Eakin believed these proposals exacerbate prices in the long run and are demand subsidies. Posey asked about the housing proposals in the Build Back Better Act. Holtz-Eakin was not familiar with all of the proposals since BBBA did not become law.

**Rep. Maloney (D-NY)** discussed interest rates and asked Zandi if raising interest rates contributes to the increased cost of housing for homeowners and renters. Zandi replied that it does contribute to the cost of housing and said that housing affordability will be a long-term issue. He thought that it is about supply in the near term but that we will need to address affordability in the long run. Maloney asked if we could change our policy to have a 50-year mortgage to alleviate pressure in mortgage payments. Zandi thought that was an interesting idea and said that America is different from other countries in that we have a 30-year fixed rate mortgage and was not sure if a 50-year mortgage would fix the issue. He suggested the ‘assumability’ of mortgages, taking loans with you when you move, and thought that that could be a potential idea as Fannie and Freddie do this in some places.

**Rep. Luetkemeyer (R-MO)** discussed the possibility of rent control suggested by the Administration and asked how Holtz-Eakin thought of rent controls. Holtz-Eakin replied that there is a track record of failure of rent control provisions in states and localities and was confident that rent controls do not work. Luetkemeyer discussed permitting costs and other costs that go into building a house or unit which contribute to the cost of rent or cost of the home and asked about this. Holtz-Eakin replied that this comes down to the locality and said that the federal jurisdiction is limited as a result because it is hard to address local zoning and permitting laws which is why the federal government talks a lot about demand subsidies. Luetkemeyer questioned how you can fix housing supply if the city does not allow units to be built and talked about how inflation is fed by multiple things and thought that the Administration could deal with a lot of inflationary factors alone. He added that the Fed is trying to constrict the ability of demand and then the Administration is working to increase demand. Holtz-Eakin replied that the Administration has not done any favors to the Fed in its efforts to combat inflation.

**Rep. Green (D-TX)** thought that we should not be blaming the Biden Administration for inflation and suggested that because of Biden, the country is in a much better place compared to other countries. Green rejected that Democrats have addressed inflation and pointed to legislation on semiconductors and lowering the cost of prescription drug prices for seniors.

**Rep. Huizenga (R-MI)** believed that Democrats and Republicans equally care about housing and are sympathetic to the housing issues but have different paths to solve these issues. He said that he heard and appreciated Eaddy.

**Rep. Cleaver (D-MO)** asked what Congress can do about home ownership being bought up by corporate, profit-seeking companies. Bailey replied that supply side strategies alone have not solved this issue and suggested first-time down payment assistance so millennials can be at the buying table. Zandi replied that institutional investors are able to buy these houses due to the amount of capital they have and so a co-op, if they were able to get ready access to capital, they could win against and institutional investors and added that there is Fannie and Freddie, the

FHLBs, and other government institutions that can be involved to make this a reality. On single family housing, he explained that when these homes go into foreclosure it is easy for large companies to come in and buy up these homes, so he suggested that we make sure that philanthropies have the first opportunity to get these foreclosed homes before the institutional investor.

**Rep. Barr (R-KY)** asked Eaddy if it would be helpful to have an advocate who she could talk to about jobs, financial planning, and other additional services other than housing assistance. Eaddy replied that any assistance to be able to come back into the community would be an asset. Barr asked if in addition to housing, substance abuse or addiction counseling would be helpful to people in a similar situation as Eaddy. Eaddy replied yes. Barr turned to the down payment assistance program and asked if this program would contribute to housing price inflation. Holtz-Eakin replied yes. Barr asked if the legislation would work directly against the Fed's goal of reducing demand. Holtz-Eakin replied yes and that as a result, the Fed might have to be even more aggressive. Barr asked about what serious proposals Congress should consider to increase supply and reduce affordability. Holtz-Eakin suggested the housing tax credit proposals and mentioned tariff reductions on materials used to build a house.

**Rep. Himes (D-CT)** discussed the aging workforce in the construction industry as well as local zoning challenges that contribute to the housing supply. He asked what else Congress can do to rapidly build millions of homes other than LIHTC. Mitchell replied that continual investments in the Housing Trust Fund would be critical. Zandi thought that providing financing for manufactured housing would increase supply quickly and added that this is something where Fannie and Freddie could be helpful. Himes turned to local zoning and asked what levers the federal government has to encourage a rethink of zoning and regulation. Holtz-Eakin replied that the federal government will need to change localities' minds through financial incentives. Bailey replied that the federal government needs to enforce fair housing laws and said that fair housing creates jobs.

**Rep. Williams (R-TX)** believed that it was irresponsible to think that Democrats could spend billions of dollars without consequence and stated that Democrats cannot spend their way out of this inflationary cycle. He asked why Democratic housing proposals would only increase inflation. Holtz-Eakin replied that many of the housing provisions are demand subsidies which tend to increase inflation and suggested trying something else. Williams emphasized focusing on the supply side of housing and thought that the private sector should be incentivized here and thought that the tax code could be used to solve some housing problems. He asked Zandi to elaborate on this. Zandi replied that you want to incentivize builders to build as many homes as possible quickly and said that affordable rental property is the most acute issue at the moment. He mentioned LIHTC and also pointed to the NHIA which focuses on rehabilitation and the

older housing stock. Zandi also mentioned the new market tax credit which also helps with other community needs beyond housing.

**Rep. Foster (D-IL)** looked at the many incentives to get people in housing on both the supply and demand side and asked what program gets the most people into a house with the lowest amount of money. Zandi replied that it depends on circumstance and said that the down payment is the single biggest barrier to homeownership. He said that the down payment is something we should focus on in the future but not right now. Bailey added that the down payment assistance program would create five million net new homeowners. Foster asked about expanding housing vouchers and wanted to understand how to most effectively use the resources we have available. Holtz-Eakin thought that the Congressional Budget Office could be helpful in answering Foster's question here.

**Rep. Hill (R-AR)** agreed that local zoning is a major issue and supported extending opportunity zones and taking a more aggressive approach there. Hill referred to Chair Powell's speech at Brookings yesterday where he discussed housing inflation and the CPI. Hill asked Holtz-Eakin if he agreed that the method of calculating owner occupied housing lags the market. Holtz-Eakin agreed that it is understated. Hill replied that what we are facing in home and rental prices is worse than we think. Hill talked about the use of the bond program in Arkansas and that the housing market in the state is good.

**Rep. Vargas (D-CA)** agreed with the challenges of zoning at the local level saying that no one wants homeless people. He pointed to the Build Back Better provisions and asked what the \$150 million would have done for housing. Mitchell replied that in the short term we need to make sure that renters can afford their rent and added that there are resources to rehabilitate housing and build more supply as well.

**Rep. Mooney (R-WV)** asked about the dangers of the GSEs' equitable housing plans. Holtz-Eakin thought it was important that whatever the GSEs' do needs to be under review and discussed that this is a slippery slope that has gotten the GSEs in trouble in the past. He discussed the very risky loans. Mooney worried that this would harm minority homeowners that are intended to be helped. He discussed how reckless spending policies contributed greatly to the current inflation and emphasized free market policies.

**Rep. Lawson (D-FL)** appreciated Eaddy sharing her story and shared how he became homeless for a period of time. Lawson asked what Congress can do to create more equitable solutions. Bailey replied that the mortgage market was built off of slavery and discussed that zoning works against integration. Lawson asked about the rental assistance program. Zandi replied that we are seeing higher homelessness rates as a result of people being unable to afford their rent and said

that it is important to provide rental assistance because rent does not look like it is coming down soon.

**Rep. Davidson (R-OH)** suggested that we should not fight the Fed and since rates are going up, people are not likely to buy. Holtz-Eakin talked about the strength of the labor market as opposed to the housing market and predicted that rent will go up while single-family homes will be fewer. Davidson said that there will be consequences to the Fed's actions and believed that Congress should be careful of the policies it is enacting too.

**Rep. Pressley (D-MA)** stated that Congress must act simultaneously to immediately reduce housing cost now while addressing the longer-term issue of housing supply. Mitchell agreed that it is imperative to address the affordability crisis. He added that rent control policies have evolved over time and said that the research here is clear that rent control policies protect tenants from eviction and keep people in the units.

**Rep. Budd (R-NC)** rhetorically questioned how more spending and regulation is going to fix the housing problem and discussed looking at regulation challenges at the local level. He said that the hard truth is that the liberal ideology prevents Democrats and the Biden Administration from succeeding. Budd believed that we need to try something other than failed progressive policies.

**Rep. Torres (D-NY)** discussed reforming zoning codes across the country and asked what else can be done to ensure deep affordability in the housing supply that freed up land would create. Bailey advocated for vouchers, down payment assistance, and the NHIA. She added that the Fed's policies have exacerbated the housing crisis. Torres turned to homelessness and asked how the federal government should define homelessness. Bailey replied that we need to expand the definition of homelessness and mentioned homeless veterans. Torres discussed the free market but said that there are market failures and asked if the free market is sufficient to create the affordable housing that we need at the scale we need it. Zandi replied no and thought it was important for lawmakers to look at grants and tax incentives to make it cheaper for builders to create affordable rental units. He clarified that we should not rely on the free market alone.

**Rep. Rose (R-TN)** referred to the Committee hearing on the Biden Administration's PAVE Task Force which was created to look into discrimination on home appraisals and asked about one recommendation by the task force that would require FHA lenders to track usage and outcomes of reconsiderations of value and report it to the FHA so that HUD can evaluate the impact that reconsiderations of value might have on possible discrimination. He asked if the costs of increased reporting requirements like this impact the cost of buying a new home. Holtz-Eakin replied that there is no question that the cost would get passed along to the buyer. Rose continued that the Task Force also wants to increase requirements for anti-bias, fair housing, and fair lending training for all appraisers and discussed how the industry itself has been exploring ways



to improve diversity among the profession but said that one of the barriers to entry as an appraiser is the strict training requirements and long hours it takes to become an appraiser. Rose asked if increased training requirements make the profession more attractive to prospective appraisers. Holtz-Eakin replied that he would have to get back to him because he does not know the industry very well. Rose went on that every Democrat on the Committee voted for the *Down Payment Toward Equity Act* and asked if increasing demand while leaving supply constant would reduce costs. Holtz-Eakin replied no and that this would only exacerbate the pricing problem. Rose referred to Barr's mention of lowering the cost of regulatory assistance and Holtz-Eakin said that this is a big task and how he was unsure how to go about it. Rose asked him to expand on this. Holtz-Eakin replied that localities have these land use restrictions and construction requirements for a reason, and they value them for noble and non-noble reasons and said that now there will need to be some appropriate federal government intervention to change this, whether it be through fiat or conditional financial assistance. He thought that it is a real policy problem to have the federal government trying to influence local decisions across the country. Rose asked if this is futile or if this is essential that the federal government try to figure out the local decisions. Holtz-Eakin replied that this ought to be looked at.

**Rep. Lynch (D-MA)** talked about struggling with the idea of rent control and asked if this is the type of model that can succeed if we can get buy in from middle income people and from those who want to help those at the bottom. Holtz-Eakin was confident that rent control would not solve this problem and preferred to find ways to get private capital involved. Zandi replied that in the long list of things that we should do, rent stabilization should be at the bottom of the list and was skeptical of going down that path. He thought that rent control is difficult to implement and said that there are a lot of landlords out there and while there are institutional landlords, most of the landlords are mom and pop landlords and thought we should keep that in mind.

**Rep. Timmons (R-SC)** talked about the housing affordability and transportation issue in his district and thought that we should subsidize affordability through general fund dollars. He added that in some parts of the country, it has become so expensive that people cannot work there since they cannot live there. He asked Holtz-Eakin if he agreed that these two issues are central. Holtz-Eakin agreed and thought that the housing piece should come first. Timmons asked if it is reasonable for the government to create incentives rather than requirements to promote housing and believed that there is not a one-size fits all approach because every city is different. Holtz-Eakin thought that was correct, but said that the federal government has the ability to set the targets. He added that we need affordable housing and people will decide whether they want to rent or own and did not understand picking one or the other. Timmons reckoned that housing is a very complicated situation.

**Rep. Adams (D-NC)** asked about how the GSEs could be doing better and what Congress can do to leverage the GSEs and FHLBs to close the housing gap and affordability gap. Bailey

replied that the GSEs have needed to promote equitable solutions for a long time and said that we need equitable programs because minority people do not have the resources homeownership often provides. She mentioned special purpose credit programs that would help create a targeted plan to bring in consumers and wanted to make sure that these solutions promote fair housing laws. Adams asked Bailey to discuss corporate ownership of housing impacts first time homebuyers and what Congress can do to act. Bailey reported one out of seven homes are bought up by corporations and advocated for first-time, targeted down payment assistance programs. Adams asked Zandi why investment in LIHTC is so important. Zandi agreed that the investment in LIHTC is critical and said that it is the single biggest program for affordable housing from the government.

**Rep. Steil (R-WI)** asked what the impact of expanding the support for jumbo mortgages might have on the market and inflation. Holtz-Eakin believed that the Fed would undo this and thought that this would be an unsuccessful policy. He added that lower income people will get crowded out of the housing market. Steil followed up asking if this could increase the risk of taxpayers funding this. Holtz-Eakin worried about the GSEs and now they are expanding the credit box to allow riskier and riskier mortgages which will eventually lead to the taxpayer having to step up. Steil asked how quantitative tightening policies from the Fed will impact the housing market. Holtz-Eakin replied that this tightening is unprecedented so he could not fully predict the impact but said that this will disproportionately hit the housing sector. Steil asked what policymakers should be looking at as it relates to rates and housing as quantitative tightening continues. Holtz-Eakin replied that you do rate increases to try to look at the impact of real economic activity and compare that to the impact on the real economic activity of home building.

**Rep. Dean (D-PA)** discussed the struggle of homelessness her constituents face and asked Eaddy to explain the importance of safe housing first in order to make other improvements in one's life. Eaddy replied that housing would bring stability and having a safe place to go to everyday would bring peace of mind. Dean agreed that homelessness takes a massive physical and mental toll. She pivoted to monetary policy asking about the Fed and overcorrection for inflation. Dean asked for comment about where the Fed should go this month and moving forward on interest rates to impact the housing market. Mitchell answered that the Fed should pause on interest rate hikes immediately. Zandi said that the Fed needs to follow through on the rate increases they have articulated.

**Rep. Garcia (D-IL)** said that most of his constituents are renters who have been suffering from high rental costs and discussed corporate greed. He recently wrote a letter asking the FTC and DOJ to investigate RealPage for anticompetitive practices. He asked Mitchell to talk about RealPage and its rent setting software, YieldStar. Mitchell replied that YieldStar takes rental market data and spits out pricing strategies and said that RealPage is being investigated because the software is possibly facilitating collusion in the rental market amongst landlords who are in

theory supposed to be competitors. He added that RealPage acquired its own major competitor back in 2017. Garcia asked what impact RealPage is having on the rental market and what Congress should do, if anything. Mitchell replied that YieldStar is taking stock offline to increase rental prices and thought that it is imperative that the relevant regulatory bodies are investigating this to make sure antitrust and profiteering laws are being adhered to. Garcia noted that RealPage is owned by private equity and asked what impact private equity is having on housing affordability. Mitchell replied that while there are mom and pop landlords who own property, when we talk about units, institutional investors own about two-thirds of it. He said that the supercharge trends we are seeing are large corporate landlords are focused on taking every penny possible from renters to drive return.

**Rep. Tlaib (D-MI)** stated that first time homebuyers are being locked out of homeownership and asked how federal assistance through the community restoration and revitalization fund brings down the homeownership gap. Bailey answered that we need these equitable finance programs especially in areas where there is lack of credit and advocated for the Build Back Better housing proposals. Tlaib asked for other recommendations to help her constituents. Bailey replied that there needs to be accountability for the equitable housing finance programs to be done every three years because we need to know how these plans are delivered. She continued that credit availability needs to be available in every market not only with Fannie Mae and Freddie Mac, but also with the FHLBs. Tlaib asked Zandi if he was concerned about the Fed's monetary policy exacerbating the homeowner gap. Zandi replied that the Fed's rates will impact homeownership and push people into renting while renting is going up anyway.

**Rep. Garcia (D-TX)** was concerned about the barriers for housing affordability for Latinos and asked what impact interest hikes will have on the Latino community. Bailey replied that Latinos will play a major role in the mortgage market going forward and said that one of the things we need to do is that the buyers have access to targeted first-time down payment assistance. Garcia asked about how high rental rates can hinder homeownership. Bailey replied that high rent hinders the ability for people to save money for a home and added that credit score models need to incorporate rental payment history.

**Rep. Auchincloss (D-MA)** said that we have two threads in the housing policy debate, one is housing as an investment and housing as affordability and asked if we are talking about the same thing with both. Bailey believed both could be done and emphasized targeted investments like NHIA will help build more housing units. Auchincloss challenged her saying that if we add more housing supply, would the aggregate price lowering make it a less valuable investment. Mitchell replied that these investments allow for broader economic growth. Auchincloss turned to Holtz-Eakin and talked about carrots and sticks to incentivize building and also asked to talk about making parking more available. Holtz-Eakin questioned how we get to the supply and said that

either a community agrees to a different housing strategy, or the federal government is someone going to offer a carrot or a stick to make a locality create more housing.