

Ranking Member Tim Scott (R-S.C.)  
Opening Statement  
Full Committee Hearing  
March 12, 2024 at 10:00 AM

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Thank you, Mr. Chairman and thank you for the panelist for being here with us this morning and certainly, a very important topic for us to discuss – the state of housing.

Nearly a year ago, this committee had an identical hearing on today's topic of legislative solutions to address the increasingly more difficult challenge of achieving the American Dream through homeownership.

Although I'm glad the Chairman has returned to this topic and agreed to seriously engage on building consensus around comprehensive housing legislation – like my ROAD to Housing Act – we have, unfortunately, watched a full year go by.

And during the last twelve months, Americans have been stripped from the opportunity of becoming homeowners – in many ways because of the challenges brought to us by the current administration.

One of the things I like to say as I think this through a little bit – so many people have good intentions on solving the problem surrounding housing. But the truth is when you look back 15, 16 years ago to the financial crisis of folks providing more down payment resources, more assistance to become a first-time homeowner – without any financial literacy or financial education as it relates to how to own a home or how to take care of a home – being prepared for planned obsolescence – things just become obsolete.

Without that education you're simply renting the home that you think you own and then during the crisis what we saw was some of the highest levels of foreclosures for those folks that were induced to make a decision to buy

a home that they could not afford because they thought they could afford the mortgage payment and not all the incidentals that come along with being a homeowner.

Let me say this too – when you think about the crisis and the challenge of homeownership – those of us in Washington too often think that the solutions come from Washington. That is simply false.

We can make a difference, but we are not the primary place where the difference should be made.

As the former chairman of a county government, I can tell you that the vast majority of the issues facing homeownership happens on the local and the state level.

Frankly, when you have communities that refuse to allow for an increase of homes to be built in their communities, then ten years later you complain about the price of the homes in that community, you can just look back and follow the breadcrumbs back and see that – when you don't use the opportunity to fill in donut holes, when you don't use the opportunity to have high-density areas – for homeowners you will not have more homes on the market. That is basic math.

You think about the states and the roles that they play – it's not simply a federal issue this is primarily a local issue, and then a state issue, and in a very small part we can play on the federal level.

One of the things that we've seen in the past that has been very effective was the creation of Opportunity Zones in 2017 through the [Tax Cuts and Jobs Act].

As I think about whether you're a Republican or Democrat – the one thing that's been celebrated across the country by blue mayors and red governors – so to speak – is the advent of Opportunity Zones.

I think about my good friend who's a Democrat in Rock Hill, South Carolina, Mayor John Gettys, who said that the first time in more than three decades the opportunity to build homes because of Opportunity Zones that lowers the price for contractors to build – is there.

I think about Charleston and Greenville, South Carolina, where you're seeing multi-million-dollar new investments building homes and apartments and townhouses and condos because of Opportunity Zones.

There are things that we can do but typically what government can do best from Washington is just to get out of the way and let the free market actually work.

And that's why my release of my ROAD to Housing Act is such an important part of that consideration because what we focus on is financial literacy and financial education, we focus on reducing the red tape.

I talk to mortgage companies across the country, and one of the things that they say left and right is that the cost of closing has more than doubled in the last ten years – much of it due to the regulatory red tape that comes with closing.

But there are other issues too, and I'll name just a few.

Number one: families are struggling more than ever to afford their monthly rent and mortgage payments, in large part because of Bidenomics. Bottom

line is that when you print and spend trillions of dollars it leads to high inflation. High inflation causes the Fed to respond and the Fed's response with the one tool they have – which is always a hammer because everything's a nail – is to increase interest rates. When interest rates go up, homeownership goes down.

Number two: housing costs did not go up in a vacuum. The culprit is this administration's runaway, un-checked federal spending, aggressive interest rate hikes, and onerous regulations. That combination certainly cannot continue.

Number three: Current federal housing programs are not working. We have to improve the status quo so we can provide greater economic opportunity and safety across the nation.

And finally: Last year HUD reported that homelessness – homelessness – has risen by more than 70,000 people – highest rate on record. With more resources, and more tools, we've seen more people homeless in this country. It's clear that this administration's policies are certainly to blame.

To address these shortcomings, it will take new solutions like those included in my ROAD to Housing Act to begin paving pathways toward prosperity.

But I will point out the obvious: American families simply cannot afford to wait.

For decades, the federal government has spent trillions of dollars – trillions of dollars – on various housing subsidies. Despite this, folks who grew up where I grew up – folks who are growing up today where I grew up 50

years ago – simply cannot afford a home better today than they did 50 years ago.

Since 1973, the basic percentage of African Americans owning a home hasn't changed very much. The number is 44 percent. That has not changed a single point – not a single point – in the last few years.

That is why I proposed the ROAD to Housing Act, a commonsense approach to housing that takes a comprehensive view of federal housing policy and re-centers support around families, helping those who are homeless, renting, or ready to buy a home.

This isn't a partisan issue.

It isn't "partisan" to want to reduce the red tape for homebuyers.

It's not "partisan" to encourage innovation and competition in federal programs to better support families living in manufactured housing or families who rely on HUD's assistance.

It's not "partisan" to preserve affordable housing units and encourage private capital to play a role.

It's certainly not "partisan" to require greater accountability for our current federal housing programs.

So, I look forward to hearing the additional proposals that my colleagues will bring up today so that we can somehow find a way to stitch together – for every corner of our country – a better process to becoming a homeowner.

I also look forward to working with Chairman Brown to ensure that the committee hears from our housing regulators. The American public deserves accountability and transparency to understand how their dollars are being spent on housing programs.

I thank you all for being here and I look forward to your testimony and asking some questions.