

March 9, 2022

The Honorable Joseph R. Biden
President of the United States
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

We are writing to respectfully request that you convene a President's Council on Housing Affordability. Despite gains in levels of building both single-family and multifamily homes, housing prices are rising rapidly. Driven by more than a decade of housing production deficits, supply shortages, rising labor and material costs, and pandemic-related supply chain issues, the cost of shelter is less affordable for everyone across the income spectrum, particularly for those least able to afford it. Housing is a continuum. Lower homeownership rates lead to higher rents where demand exceeds the already severe shortage of housing affordable to the lowest-income households. This in turn may increase homelessness among those already struggling to afford shelter.

High housing cost contributes, in part, to the current high levels of inflation and pushes homeownership and affordable rents out of reach for many. Housing is the single largest component of the consumer price index, or CPI, comprising 33% of the basket of goods used to determine the index, which is commonly used to measure inflation. As you know, inflation has an extremely regressive impact, disproportionately hurting low- and moderate-income people compared to those with high incomes. For first-time homebuyers, the impact is severe. For every percentage point increase in mortgage interest rates, monthly payments rise 13-14%.

Unfortunately, the primary tool to control inflation is the Federal Reserve Board's ability to increase interest rates, negatively affecting housing affordability. While this may be necessary to control inflation, it makes it an even harder challenge for those who need a mortgage to afford a home, which has a spillover effect on the rental market as well, as many of those households will now compete for rental units. Higher interest rates increase the cost to build, preserve, and operate rental housing, as well.

Higher interest rates will also curtail much-needed homebuilding, development, and preservation for housing of all types, adding to the supply shortage and undercutting efforts to reduce costs. According to the National Association of Home Builders, residential construction material costs are up 21% year-over-year. Higher interest rates will not yield more lumber and building materials. Falling supply in a market still short of inventory despite hard-fought gains for home building does not offer a good prognosis for recovery.

To address housing affordability, we respectfully request that you convene a President's Council on Housing Affordability, composed of a broad range of external stakeholders and officials from the Departments of Agriculture, Commerce, Health and Human Services, Housing and Urban Development, Labor, Treasury, and Veterans Affairs to develop practical, interagency solutions.

Sincerely,

National Housing Conference

AARP

AFL-CIO Housing Investment Trust

Atlanta Neighborhood Development Partners

California Housing Consortium

California Housing Partnership

Center for Community Progress

Cinnaire

Community Preservation Corporation
DreamKey Partners
Eden Housing
Fahe
Granite Housing Strategies, LLC
Grow South Dakota
Habitat for Humanity International
Housing Assistance Council
Housing Partnership Network
Local Initiatives Support Corporation/National Equity Fund
Low Income Investment Fund
Manufactured Housing Institute
Mortgage Bankers Association
National Alliance to End Homelessness
National Association of Home Builders
National Association of Local Housing Finance Agencies
National Association of REALTORS®
National Coalition of Homeless Veterans
National Community Renaissance
National Community Stabilization Trust
National Council of State Housing Agencies
National Housing Resource Center
National Leased Housing Association
National Low Income Housing Coalition
National Multifamily Housing Council
National NeighborWorks Association
National Urban League
New American funding
New York Housing Conference
ROC USA
S3Advisory Services
SKA Marin
Stewards of Affordable Housing for the Future
Up for Growth Action
Urban Land Institute Terwilliger Center for Housing