“The Inflation Equation: Corporate Profiteering, Supply Chain Bottlenecks, and COVID-19”

Tuesday March 8th, 2022

Written Testimony Submitted By
Demond Drummer
Managing Director, PolicyLink

To the U.S. House Committee on Financial Services

Introduction

Thank you, Chairwoman Waters, Ranking Member McHenry, and members of the Committee for the opportunity to offer testimony on the impacts of inflation on the nearly 100 million people living in America who are economically insecure and highlight equitable policy remedies. My name is Demond Drummer, and I am a managing director at PolicyLink, a racial and economic equity research and action institute operating nationwide with a network of thousands of community-based partners.

Our North Star at PolicyLink is to bring about a world that promotes equity, defined as just and fair inclusion into a society in which all can participate, prosper, and reach their full potential.

America should be a beacon of equitable prosperity. That is why we advance policies to enable everyone to participate in an equitable economy, live in a healthy community of opportunity, and flourish in a multiracial democracy. Equity aims to equip everyone, especially those who have been left behind, with the resources that allow them to contribute and prosper. It is a pragmatic approach to solve the nation’s greatest problems and sources of tension: economic inequality and racial exclusion. Equity addresses race forthrightly and productively, but it is not about benefiting one group at the expense of another. When smart, sustainable strategies are tailored to the needs of those who’ve been excluded, our communities and our economy become stronger for everyone.

The barriers that have long harmed people of color—social and economic exclusion and community disinvestment—have been maintained and exacerbated, hurting more people than
ever before, including more than 53 million people of color and 46 million white people.¹ That is one in three Americans. Our generation’s challenge is to reimagine the nation’s laws, policies, regulations, and programs so that they effectively serve all 100 million of those people, and ultimately all U.S. residents. Doing so will require us to acknowledge how oppressive systems and institutions have compromised our democracy and economy—and intentionally, creatively, and effectively redesign them. This must include honestly assessing how people experiencing the greatest financial insecurity are blocked from participating in and prospering within our economy, and how public investment must be used actively as a policy tool to help reshape equitable access to financial security and prosperity.

This is the work of every person who calls this nation home, but it is particularly critical that policymakers – including the Congress, regardless of political affiliation – dispense with ready-made answers and adopt a clear-eyed, rigorous structural approach to inflation that directly centers and is informed by the nearly 100 million people in our country who live in economic insecurity. This requires us to challenge our assumptions about price increases that are disproportionately affecting people experiencing financial insecurity. When we center these 100 million people in our analysis, it becomes clear that the inflation we are experiencing is not the crisis it has been made out to be. Further, when we center these 100 million people it becomes clear that the standard policy responses to curb inflation come at a cost, and that that cost is disproportionately borne by the 100 million.

If we truly care about the cost of living in America, the price increases we’re experiencing today are best understood as evidence of broader structural problems, including decades-long wage stagnation, persistently high and ever-increasing housing costs, and runaway energy costs. For too long we have accepted these problems as simply the facts of life in America. However, there is nothing natural about wage stagnation. There is nothing inevitable about unaffordable rent and utility bills—these are choices we’ve made. These long-standing problems are the result of economic policy that favors wealth over work, and prioritizes the profits of large corporations over and against the wellbeing of consumers and communities.

Although well-intended, the rush to curb inflation with monetary tightening and fiscal restraint is, ultimately, misguided. Truly addressing the affordability crisis—both in the short term and in the long term—requires more, targeted public investments, not less. This is our moment to move beyond the reflexive, ideologically motivated policy responses circulating in Washington that will only lead us back to an unacceptable pre-pandemic status quo. This is our moment to

¹National Equity Atlas, Income Growth https://nationalequityatlas.org/indicators/poverty#, PolicyLink and the USC Equity Research Institute
enact practical policies that will bring balance to our economy and deliver real results for the American people—especially the 100 million who are economically insecure.

The 100 million

Today, nearly 100 million people—one-third of the U.S. population—live in households with incomes of less than 200 percent of the federal poverty threshold. Economic insecurity is pervasive in America—including for roughly a quarter of all white people in our country. For people of color, however, economic insecurity has a perniciously disparate impact: people of color account for 39 percent of the U.S. population, but more than half of the economically insecure.

Who are these 100 million people? They are the hostesses who greet us when we come in for dinner, the school teachers who help shape our children’s futures, the caregivers who keep our elders safe, the sanitation workers who help ensure the health of our communities, the baristas who we catch up with as we grab a cup of coffee. They are people we know in every community across the United States for whom the steady rise in the cost of living creates a real, structural barrier to experiencing financial stability. Our federal government, including Congress, has the power, the practical means, and the moral obligation to remove these structural barriers, specifically wage stagnation, high housing costs, and rising energy costs.

An Era of Wage Stagnation and Diminished Purchasing Power for the Average Worker

As most people who have collected a paycheck or earned a salary understand, the wages you earn directly impact how you navigate costs of living and ultimately, absorb the impact of inflation fluctuations. Prior to the Covid-19 pandemic, purchasing power for workers on the lower end of the wage distribution had stagnated for several decades, drastically trailing productivity gains and inflating the number of people who were working yet still struggling economically.²

While wages for the lowest-paid workers have increased conservatively as the country transitions out of the immediate shocks of the pandemic, these improvements represent only a small and insufficient boost for a select group of workers in a select group of sectors. For example, the hospitality industry saw the greatest increase in average wages at 18.4 percent, and yet was still the lowest-paying sector in the nation’s economy.³ And as of December of

2021, there were still nearly 1.6 million fewer hospitality workers than there were prior to the pandemic, meaning the industry’s average wage increase is not entirely reflective of actual raises and is likely due, in part, to many of the lowest-income workers being excluded altogether.\(^4\)

Average wages for U.S. workers grew by 4.7 percent in 2021 – the highest rate of growth in two decades.\(^5\) However, inflation also grew by 7 percent during this time, meaning that even with the strongest wage growth the country has seen in twenty years, the real wages – the purchasing power – of the average worker actually declined by about 2.4 percent. This is a sobering statistic in light of popular rhetoric purporting that workers are doing well, and underscores that recent wage growth is woefully insufficient in the context of a labor market built on massive income inequality, entrenched occupational segregation, and economic precarity for one in three people.

As we consider the impact of this decline in worker’s purchasing power, we must be clear that there is no such thing as “the average worker.” In a labor market as dynamic as that of the U.S., we can’t simply look at aggregate measures: we must disaggregate impact outcomes to understand why we’re seeing certain changes. Wage trends must be understood in the context of the differential impacts of Covid-19 on the employment and incomes of different groups of people. For example, as of early February 2022, 27 percent of households with incomes below $50,000 had experienced a loss of employment income in the previous month, compared to 13 percent of households with incomes above $50,000.\(^6\) During the pandemic, millions of mostly low-wage workers lost their jobs. This factor alone, without any sector’s rate of pay actually changing, could have created a sizable upsurge in average wages. This dynamic is ongoing: despite recovery efforts, the U.S. economy is still missing 2.1 million jobs as compared to February 2020, labor market disruptions that we know continue to disproportionately impact lower-wage workers.\(^7\)

---


\(^5\) Average Wage Index. Social Security Administration, available at https://www.ssa.gov/oact/cola/awidevelop.html

\(^6\) Experienced Loss of Employment Income, by Select Characteristics, Week 42 Household Pulse Survey: January 26 – February 7, 2022, United States Census, available at https://www2.census.gov/programs-surveys/demo/tables/hhp/2022/wk42/employ1_week42.xlsx

Second, even in terms of the average change, a 2.4 percent pay cut does not impact all families equally. For workers toward the top of the income distribution, that 2.4 percent decline cuts into discretionary income — savings, investments, nonessential spending. But for workers and families who were already living in or near poverty, for whom there was already little to no cushion in their household budgets, that 2.4 percent pay cut undermines their ability to pay for even the most basic necessities: housing, utilities, food, medicine. As of February 7, 2022, half of US households with incomes below $50,000 per year reported that they were having difficulty covering their usual expenses, along with 20 percent of those with incomes above $50,000.\(^8\) Eleven percent of US households with children sometimes or often did not have enough to eat.\(^9\) And as with most other health and economic harms caused by the pandemic, people of color were hit the hardest.\(^10\)

Lastly, we must be clear that many of the pay hikes that workers did see were either a reflection of basic overtime pay or temporary increases such as “hazard pay” or so-called “hero bonuses” for essential workers and signing bonuses or other incentives for desperately needed health care workers. In most cases, they were not materially significant or sustainable improvements to counter decades of real-wage stagnation and decline experienced by the lowest 50 percent of earners.

Long-term wage stagnation has perpetuated as a result of macroeconomic shifts and policy decisions — from outsourcing and offshoring, to the subversion of union membership and other forms of worker power, to fiscal austerity and lethargic minimum-wage increases even in the face of massive productivity gains. Over the last four decades, productivity grew by nearly 60 percent, while typical workers’ pay increased by less than 16 percent.\(^11\) Meanwhile, millions of agricultural workers, domestic workers, restaurant workers, gig workers, and others are still excluded from even basic wage and overtime protections.

The data clearly show that economically insecure families and workers in low-paying jobs have borne the brunt of the economic hardships caused by Covid-19. And in the meantime, the outsized economic power of those at the top has continued to balloon. During the pandemic, the net worth of US billionaires grew by $2.1 trillion, an increase of 70 percent. [For

\(^8\) Week 42 Household Pulse Survey: January 26 – February 7, 2022, United States Census, available at https://www.census.gov/data/tables/2022/demo/hhp/hhp42.html

\(^9\) ibid


perspective: The 2022 President's Budget requested nearly $69 billion to fund all of HUD.\textsuperscript{12} These 745 individuals now hold more than $5 trillion in wealth.\textsuperscript{13}

**Affordable Housing Shortage, Speculation, Exclusionary Practices Deepen the Nation’s Housing Insecurity**

The twin forces of a housing shortage—particularly affordable housing—and uneven wage growth have converged to create a national crisis, further exacerbated by the economic impact of the pandemic. Nationwide, home production in the United States fell short of demand by 5.5 million units between 2001 and 2020, exacerbating imbalances in supply and demand. Paired with price-to-income ratios rising significantly, the ability of the average person living in the United States to secure affordable rental housing, let alone to save up and enter the housing market, is increasingly fraught.\textsuperscript{14} The Federal Reserve reports that 39 percent of households do not have enough money to cover a $400 unexpected expense. This means most households cannot afford the three months’ rent that is often required to secure new rental housing should they be evicted from their current homes—a looming threat as state-wide eviction moratoria continue to lift.

Even before the pandemic further worsened housing conditions, half of all renters were paying more than they could afford on housing. And although the housing crisis is far-reaching, it has hit low-income communities of color the hardest, exacerbating long standing racial inequities. People of color are more likely to experience housing burden and at higher rates—particularly women of color.\textsuperscript{15} Seventy seven percent of renters and 58 percent of homeowners who are housing burdened are people of color.\textsuperscript{16} A third of white renters and more than 40 percent of renters of color who experience housing burden are also financially insecure, putting them at a distinct risk of eviction—particularly if they are women of color.\textsuperscript{17} Low-income women are evicted at much higher rates than men, and although women in high-poverty Black

\textsuperscript{15} “Rent Debt Data: Stabilizing Renters is Key to Equitable Recovery.” National Equity Atlas, September 16, 2021, available at https://nationalequityatlas.org/rent-debt-in-america, PolicyLink and the USC Equity Research Institute
\textsuperscript{16} National Equity Atlas, Housing Burden, https://nationalequityatlas.org/indicators/Housing_burden#/?breakdown=2&geo=0100000000000000, PolicyLink and the USC Equity Research Institute
\textsuperscript{17} National Equity Atlas, Rent Debt Dashboard, https://nationalequityatlas.org/rent-debt, PolicyLink and the USC Equity Research Institute
neighborhoods are more likely to work than men, their wages are persistently lower. Black and Latina women, specifically, are the most severely rent-burdened tenants in the U.S., experiencing the highest rates of eviction and housing displacement.

The pandemic has further underscored how inextricably linked wages, income, and housing are in the lives of everyday people, and particularly for lower-income earners as they attempt to realistically access affordable, stable housing in a market that can either grow your wealth through homeownership or strip it through overheated rents. Six million renter households are currently behind on rent — about double the pre-pandemic baseline — and two-thirds of them are people of color. In 2021, alone, rents increased by at least 10 percent in 149 metropolitan regions, whereas only three metros experienced that level of rent growth in 2019. Lower-income renters, low-wage workers, and small businesses serving communities of color — already disparately impacted economically by the pandemic — have been hit hardest by these hikes, deepening racial inequities in housing-based wealth and stability. Renters, and disproportionately renters of color, have accumulated billions in debt, while predominantly white homeowners and property owners have gained billions in wealth from low interest rates and increased home values. Black and Latinx workers are more likely to have lost employment income during the pandemic and disproportionately owe back rent, and are therefore more likely to face eviction as pandemic-era moratoria are lifted.

This is a direct consequence of our history. Decisions made by governments and policymakers suppressed entire races of people by controlling where they lived, whether they could access financing, and the health of their neighborhoods. Policy decisions have resulted in today’s racial disparities: segregation, redlining, racially restrictive covenants and exclusionary zoning, and urban renewal in the first half of the 20th century engraved inequality across the country’s landscape. Even today, Black and Latinx families are vastly overrepresented among the

---

19 National Equity Atlas, Rent Debt Dashboard, https://nationalequityatlas.org/rent-debt, PolicyLink and the USC Equity Research Institute
20 National Equity Atlas, Housing Burden, https://nationalequityatlas.org/indicators/Housing_burden#/?breakdown=2&geo=01000000000000000000, PolicyLink and the USC Equity Research Institute
21 National Equity Atlas, Rent Debt Dashboard, https://nationalequityatlas.org/rent-debt, PolicyLink and the USC Equity Research Institute
23 ibid
unbanked and underbanked. Since the 1970s, deep structural changes to the US economy have also fueled new drivers of housing inequality, leading to rising rates of real estate speculation and exacerbating racial divides. Both segregation and displacement — disinvestment and predatory investment — undergird today’s lack of stable, affordable housing for communities of color. The 2008 Recession and foreclosure crisis in particular stripped housing-based wealth held by Black and Brown communities and will have impacts for generations to come. By the year 2031, the 2008 recession will have decreased the wealth of the median Black household by $98,000.

On top of historical, structural disinvestment from low-income communities and communities of color, economic impacts of the coronavirus crisis could have very long-term impacts on the financing and ownership of the multifamily rental housing stock that is affordable to working-class people without subsidies. If local rental property owners are unable to pay their mortgages, there is demonstrated risk that these properties will be acquired by banks and sold to Wall Street investors, many of whom have already created funds specifically aimed at acquiring “distressed properties” in the wake of the pandemic. Policies governing land use, allocation of public resources, criminalization of “unwanted” communities, and real estate speculation all play a role and require structural responses from the federal government.

Energy Costs, Reliance on Fossil Fuels, Disproportionately Impact Economically Insecure

The rising cost of basic services such as water, electricity, and natural gas puts increased pressure on households, especially the 100 million people in America living in or near poverty. Energy is a non-discretionary household expense. Households below the federal poverty line spend 18 percent of their income on energy, nearly 10 times the energy burden of higher income households. Households at 200 percent of the federal poverty line spend 6 percent of their income on energy, three times the energy burden of higher income households. This is despite the fact that in places like Chicago, lower income households consume less energy on

---

24 BCG cites FDIC data showing that while Black and Latinx households make up just 32% of the population, they represent 64% of the country’s unbanked and 47% of the underbanked. Available at https://www.bcg.com/publications/2021/unbanked-and-underbanked-households-breaking-down-the-myths-towards-racial-equity-in-banking
28 ibid
A high energy burden is not only a symptom of poverty, but in siphoning resources from other critical needs, it prolongs and exacerbates poverty. Here again, these price levels have nothing to do with increased demand as a result of fiscal stimulus or modest wage increases of the lowest-paid workers. Rather, they are symptoms of longstanding structural problems.

A leading factor contributing to household energy burden in the U.S. is overreliance on fossil fuels for power generation. Natural gas alone accounts for 40 percent of power generation in the U.S., and half of all homes in the U.S. use natural gas for heating and cooking. Because it is traded as a global commodity, the price of natural gas in the U.S. fluctuates dramatically according to global demand. The Energy Information Agency (EIA) expected the price of natural gas to increase 30 percent this winter. Although the U.S. produces enough natural gas to cover domestic consumption, the U.S. is a net exporter of natural gas. Thus, the cost of natural gas in the U.S. is set by commodities traders and domestic producers selling to the highest bidder.

Recent developments highlight the myriad economic risks of U.S. reliance on fossil fuels. The Russian invasion of Ukraine sent global energy commodities prices skyrocketing. The price of oil in the U.S. rose at the fastest rate ever, with daily price levels not seen since 2008. Similarly, natural gas futures are up as commodities traders anticipate supply crunches in Europe. In light of the globalized market for energy commodities, the U.S. has limited ability to insulate American households from the economic fallout of geopolitical conflicts. Further, the recently released Sixth Assessment Report of the Intergovernmental Panel on Climate Change signals the urgent need to transition away from fossil fuels. Economically insecure households are disproportionately burdened by the volatility of energy commodities markets, bear the brunt of

33 Ibid
the negative environmental and health impacts of the fossil fuel industry, and are more vulnerable to the impacts of extreme weather events.\textsuperscript{36,37}

**Recommendations for Congressional Action**

The federal government, as the author and enforcer of many of the laws and policies that allow these barriers to persist, must play a leading role in their remedy and our national renewal — particularly by centering racial equity in the nation’s laws, policies, regulations, and programs moving forward. The federal government is uniquely positioned to ensure that opportunity is not random in America. And, policymakers must embrace that cause as a core tenet of our nation’s foundational purpose.

This leadership moment requires the federal government not only to view its investments through its core commitment to racial equity, but also to build new economic, housing, and energy systems for a flourishing 21st century multiracial democracy — one that centers the needs of the nearly 100 million economically insecure people living in the United States. We urge Congress to consider the following strategies as the federal government invests in the economic resiliency of the nation:

**Support wage growth for lowest-income workers, rebalance Federal Reserve policy, and enact a federal job guarantee**

The Federal Reserve (The Fed) previously took the correct stance in assessing that we are in a transitory period of inflation, as is often observed in the wake of commodity price shocks.\textsuperscript{38} The Fed’s mandate to stabilize prices sits alongside, not above, its mandate to maximize employment. A key metric used to strike this balance is the non-accelerating inflation rate of unemployment (NAIRU), or the lowest unemployment rate that does not result in accelerating inflation. There is no consensus on what that rate actually is, but the concept is critically important to the monetary-policy levers controlled by the Fed. When composite economic indicators such as wage growth seem to suggest that unemployment is nearing or falling below NAIRU — that is, when unemployment is “too low” — interest rate increases are the primary tool available to the Fed to combat these pressures. The NAIRU is highly context-dependent,


\textsuperscript{37} Fourth National Climate Assessment, Volume II: Impacts, Risks, and Adaptation in the United State, available athttps://nca2018.globalchange.gov/

and as such, recent wage growth alone cannot account for the recent acceleration in inflation. What is clear is that the modest wage gains enjoyed by millions of low-paid workers are both a critical step toward greater equity in our economy — which our research shows is essential for long-term growth and sustainability — and still woefully insufficient.

To meet the Fed’s dual goals of maximizing employment and controlling inflation, monetary policy should be designed and deployed not simply to maintain labor market equilibrium at whatever the current estimated NAIRU rate happens to be, but in fact to drive NAIRU down. We have both rigorous economic models and recent historical lessons to support the conclusion that NAIRU is not constant but structurally variable, and that it moves in an inverse relationship to productivity. In other words, greater labor productivity lowers the threshold to which unemployment can fall without triggering inflation. To sustain and extend the productivity gains of the past two years, we need policies that expand the labor force, not contract it. Raising the floor on wages and removing structural barriers to employment that have locked many people of color and women out of opportunities are both critical strategies.

The chasmic wealth gap, not modest wage gains, is a massive economic liability (and it may indeed be “spiraling”). Racial inequities in income, not increased labor market demand, threaten the stability of the nation’s economic comeback. We need to do more than simply promote greater productivity — we need to make sure the benefits of productivity gains are equitably shared.

Additionally, policymaking focused on price stability to the detriment of increasing employment would miss a critical opportunity to lay the foundation for a more prosperous and inclusive US economy. To build a stronger, more equitable economy, we need to lean into expansionary policy. This will include some degree of inflation, but the potential economic costs of taking a contractionary stance in the middle of this precarious recovery would be much higher. We need to bring more people into the economy, and we need corrective policies designed to grow the resources and economic power of the workers and families who have been systematically shut out of the nation’s wealth and prosperity.

Finally, Congress should enact a Federal Job Guarantee with permanent public financing that expands and contracts based on need and would ensure that everyone has access to family-supporting jobs. I want to particularly acknowledge and thank Representative Pressley for her

---

leadership in introducing a resolution to accomplish this,\(^{40}\) which PolicyLink was proud to work in partnership with her office to advance. A Federal Job Guarantee would act as an automatic stabilizer, maintaining stable employment and income during downturns, thus making our economy more resilient as well as more equitable. This guarantee is crucial to build an equitable economy and deliver on essential community infrastructure needs.

**Invest in housing infrastructure, strengthen financial industry oversight**

Despite the winter setback in Congressional negotiations over Build Back Better, this Committee has been a consistent voice and champion for a robust expansion of federal investments in affordable housing and policies aimed at ending the housing crisis in America. I want to especially thank you, Chairwoman Waters, for your consistent leadership and your latest efforts to ensure housing is addressed in any new compromise package that may come together. This moment demands significant new federal housing investments, and we will continue to work with this committee and others to realize this goal.

To end the nation’s housing affordability crisis, we need to invest at least $200 billion for **housing acquisition** through the National Housing Trust Fund or a new Housing Infrastructure Bank. Just as corporations have begun preparing to purchase defaulted properties, the federal government should embrace this opportunity to purchase existing lower-cost housing and preserve it forever as affordable housing, leveraging recovery funding. These investments should expand community control and ownership, and the funds should be used to fully finance the purchase and rehabilitation of private rental properties by tenants, nonprofit organizations, public housing authorities, cooperatives, community land trusts, and state or local governments in order to increase the availability of permanently affordable housing. This funding should also be coupled with resources to provide technical assistance that facilitates peer learning for local organizations working on the ground in communities. The Department of Housing and Urban Development can expand public and community ownership of rental housing through Housing Trust Fund Rulemaking, and by clarifying appropriate uses of Community Development Block Grant funds for equitable acquisition\(^{41}\)

**In addition to this Housing Trust Fund, Congress must invest $70 billion in capital improvements to public housing** for maintenance, greening, operations, and to end the current backlog in repair needs.


\(^{41}\) Our Homes, Our Communities, How Housing Acquisition Strategies Can Create Affordable Housing, Stabilize Neighborhoods, and Prevent Displacement, PolicyLink https://www.policylink.org/resources-tools/housing-acquisition-strategies
We must also advance the Homes for All Act and invest in the development of permanently affordable housing. Learning from the scale of large social housing programs around the world, the federal government should reverse the nearly 50-year-long downward trend of reducing federal spending on public housing, and prioritize the creation of 12 million new housing units over the next 10 years with an investment of $1 trillion, prioritizing low-income communities and communities of color particularly on public land near transit. While there are several ways to target these resources, our view is that these units must be made available for people earning 30 percent of their Area Median Income (AMI) or less.

The federal government must issue enough vouchers to make wait lists a relic of the past, and ensure universal access for all who qualify, with strong guidance to direct these vouchers toward community-owned, permanently affordable housing. Vouchers are not enough without strengthening protections that mainstream their use. For instance, Congress should establish and enforce a source-of-income protection as a federal standard. Vouchers combined with infrastructure investments in new construction, acquisition, and rehabilitation will provide immediate support to those struggling to pay for housing and will ensure community-controlled properties are financed well into the future.

Congress must also establish a national requirement for rent stabilization to accompany any housing infrastructure investments. This is critical to ensure rent increases are predictable and do not push people out of their homes.

Acknowledging that financial systems themselves often preclude low-income people and people of color from accessing homeownership opportunities and building wealth, Congress can immediately consider ways to regulate banks and invest in alternative financing systems to help build bridges to homeownership. Banks and financial institutions continue to undervalue Black-owned property, steer people of color into predatory financial products, and deny loans to people of color. This kind of de facto redlining leads to dramatic undervaluation, underinvestments, and underbanking in Black and Brown communities. Private equity companies flush with investor funds have bought up homes in low-income communities,

---

42 The Homes For All Act of 2019, H.R. 5244, was introduced by Rep. Ilhan Omar in the 116th Congress
43 Source-of-income non-discrimination laws prohibit discrimination based on source of income. These laws are critical to preventing discrimination against housing voucher holders, young people whose parents pay their rent, domestic violence survivors who may be receiving housing assistance, or anyone else who has another institution or individual paying their rent. These laws are particularly important for voucher holders in communities with high housing costs where landlords are less likely to rent to voucher holders.
seeking to profit from eviction, displacement, and gentrification. This has led to deteriorating conditions and rising housing costs for low-income and working-class tenants who live in multifamily buildings. More robust financial regulations will protect both tenants and homebuyers by limiting the role that private equity can play. In particular:

- Enforce stronger regulation, including transparency and fair taxation, of real-estate development and investment corporations.
- Provide funding and policy preference for nonprofit and cooperative ownership, community land trusts, and other models that facilitate public and resident ownership.
- Limit the ability of banks to offer loans on property purchases that would require significant rent increases in order to meet mortgage obligations.45

Finally, Congress should **invest substantially more resources in the CDFIs, local credit unions, and business support organizations** that have deep relationships in low-income communities of color and provide crucial financial and technical support to help businesses owned by people of color start and grow. As we invest in housing and infrastructure development, we must ensure that developers and entrepreneurs of color can participate in rebuilding their communities, creating new, good jobs for residents, and scaling their businesses to shrink the racial wealth gap. Congress should also consider new programs and incentives to support the development of worker-owned cooperatives in communities of color. In addition to expanding workers’ voice and ownership, worker-owned cooperatives tend to be more productive, pay better wages, offer longer-term employment that lasts through shocks to the economy, provide greater career mobility, and keep profits in the community.46

### Enact equitable energy policy

**Congress should advance the Heating and Cooling Relief Act** to invest in and expand the Low Income Home Energy Assistance Program (LIHEAP). Federal funding for energy assistance falls well short of current needs. The funding gap is two-fold. For example, in Chicago only one in five households that are eligible for LIHEAP receive energy assistance.47 For those who do, the average offset was only $173 per year and the median household received a 12.3 percent reduction in their energy expense.48 While energy prices have steadily increased, federal

45 For more information on how to advance housing justice and limit the outsized influence of corporate landlords, see the Housing Justice National Platform, supported by a nationwide movement of tenants, homeowners, and their allies: [https://www.housingjusticeplatform.org/our-platform](https://www.housingjusticeplatform.org/our-platform).
48 Ibid
funding for energy assistance remained flat for nearly a decade prior to the COVID-19 pandemic.  

It is critical to align monetary, fiscal, and regulatory policy to accelerate adoption of low-cost renewable energy and promote the development of high-wage sustainable industries. Wind and solar energy are by far the most cost effective sources of power generation on the planet. However, in 2020, renewables accounted for only 20 percent of electrical power generation and only 12 percent of total energy consumption. Beyond power generation, enacting an equitable and sustainable industrial policy is the most effective way to insulate American households from the inflationary pressures of geopolitical crises and global supply chain shocks. This requires leveraging the full spectrum of economic policy tools — monetary, fiscal, and regulatory — to direct public and private investments to develop America’s productive capacity to deliver the goods and services that will power an equitable and sustainable future.  

Conclusion

In the midst of our national recovery, Congress has an opportunity to act beyond immediate concerns surrounding inflation, and rather boldly address the long-standing structural barriers that preclude nearly 100 million people living in our country from experiencing financial security. Inflation never has, nor will it ever be, as strong as the structural forces that keep them and their families from prospering in our economy. As the author and enforcer of many of the laws and policies that allow these barriers to persist, we urge Congress to take up their leading role to boldly reimagine and restructure an economy — and ultimately a flourishing, multiracial democracy — that works for all.

###


