



## House Budget Committee

# SOUNDING THE ALARM: Biden's Policies Destroying Dream of Home Ownership

President Biden's inflation-induced interest rate hikes have made home ownership unaffordable for too many Americans. A record low [21 percent](#) of Americans think it is a good time to buy a home.

The Biden Administration's economic policies have led to the most rapid increase in mortgage rates since 1981.

In January 2021, the average interest rate on a 30-year fixed rate mortgage was 2.7 percent—a record low. It is now 6.4 percent, an increase of [3.7 percentage points](#).

The average sales price of a home has also gotten more expensive during the Biden Administration, increasing from \$403,900 to [\\$516,500](#).

Assuming a 20 percent down payment, and an average interest rate of 6.4 percent on a 30-year fixed mortgage, the monthly mortgage payment on an average home is \$2,600. This is an increase of \$1,300—**double** the cost of an average mortgage payment in January 2021.

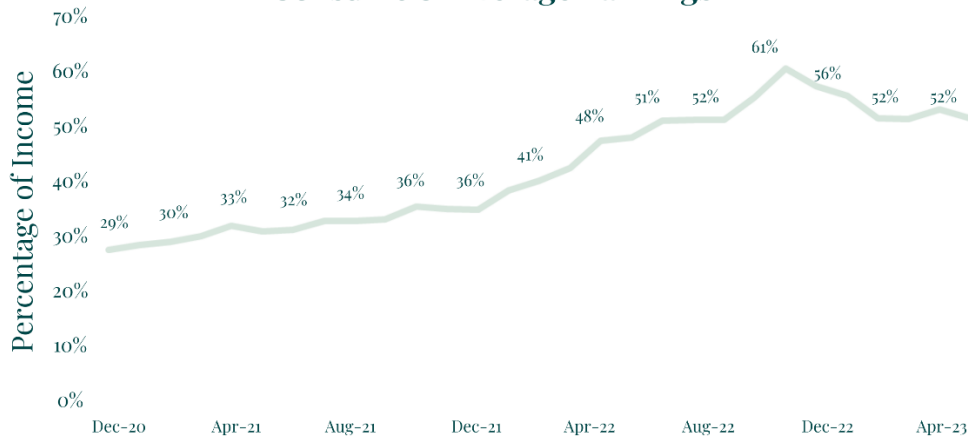
- On an annual basis, the cost of a mortgage has increased by \$15,300.
- Over the life of a 30-year mortgage, the cost has increased by \$460,000.

Wages have not kept up with housing costs. After adjusting for inflation:

- Average wages have *declined* by [5 percent](#) since January 2021.
- The cost of a 30-year fixed mortgage has *increased* by 72 percent over the same period.

The cost of an average mortgage has increased from 30 percent of average wages in January 2021 to a staggering 52 percent of wages in April 2023.

### How Much Average Mortgage Payments Consume of Average Earnings



Source: Calculation from Federal Reserve economic data on 30-year fixed mortgage rates, average sales price of houses sold, and average weekly earnings

