

March 29, 2023

The Honorable Kevin McCarthy
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, D.C. 20515

The Honorable Chuck Schumer
Majority Leader
United States Senate
Room S-221, The Capitol
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Room S-230, The Capitol
Washington, D.C. 20510

Dear Speaker McCarthy, Leader Jeffries, Leader Schumer, and Leader McConnell:

As the leading trade organizations representing those that build, finance, sell, and manage U.S. commercial, multifamily, and residential properties, we urge you to work together to take action to raise the statutory debt limit as soon as possible to avoid roiling financial markets and other significant sectors of the American economy unnecessarily. We commend the discussions that have been held between Congress and the White House in this regard.

Given the more than \$10.3 trillion in mortgage debt backed by the federal government through Fannie Mae, Freddie Mac, Ginnie Mae, and other federal agencies, the housing and real estate markets are particularly susceptible to any instability stemming from concern about the U.S. meeting its financial obligations.

Earlier this year, Treasury Secretary Janet Yellen notified you and other congressional leaders that her department would “need to start taking extraordinary measures to prevent the U.S. from defaulting on its obligations,” raising concerns about eventual government actions and investor reactions should the debt limit not be raised in a timely manner.

As the Wall Street Journal noted in a recent article on this topic, *“there is no clear escape hatch (e.g., executive action, payment prioritization, Federal Reserve market intervention, or minting a “trillion-dollar coin”) to avoid default if Congress doesn’t pass legislation raising the debt ceiling.”* And as the Journal’s editorial board opined in 2021, *“Such an event, which has never happened, could send financial markets into a tailspin.”* The result could be permanently higher borrowing costs and a less stable flow of capital during future crises.

This is an exceptionally important issue affecting all Americans regardless of political party or philosophy. We have no collective preference for the manner or legislative vehicle you use to resolve this critical issue and protect the full faith and credit of the United States, but inaction – or even the possibility of inaction – can agitate U.S. financial market stability broadly. Concurrently, solutions to our growing debt and deficits should be addressed through bipartisan negotiations and given careful consideration via the budget and appropriations process.

Thank you in advance for your consideration of these views.

American Land Title Association
American Resort Development Association
Building Owners and Managers Association International
Commercial Real Estate Finance Council
Housing Policy Council
ICSC
Leading Builders of America
Mortgage Bankers Association
NAIOP, the Commercial Real Estate Development Association
National Apartment Association
National Association of Home Builders
National Association of REALTORS®
National Multifamily Housing Council
The Real Estate Roundtable