MONETARY POLICY IS NATIONAL, BUT ITS EFFECTS VARY ACROSS COMMUNITIES

Changes in Federal Reserve interest rates influence mortgage rates across the country. Yet the same policy can have very different effects because some communities can build new homes more easily than others, and households differ in whether they already own a home or are trying to buy one. As a result, interest-rate changes affect housing prices, affordability, and homeownership differently across regions and households.

Qi Li, PhD

Assistant Professor of Economics, Penn State University

Prof. Li studies how monetary policy affects economic opportunity and inequality. She aims to understand how people make economic decisions and why public policies often affect individuals and communities differently. Her work shows that higher interest rates reduce home purchases and have larger effects on housing wealth for some households. Learn more: *"Monetary Policy and Racial Inequality in Housing Markets." 2024. Available at SSRN. doi.org/10.2139/ssrn.4955517.*

EJ Ume, PhD

Assistant Professor, Miami University of Ohio

Prof. Ume researches monetary policy, banking, and housing markets. His experiences during the 2008 financial crisis inspired him to understand how monetary policy shapes the world around us. His research examines how changes in interest rates are transmitted through banks to the housing market. When interest rates go up, homeowners may see changes in their home value, first-time buyers face higher borrowing costs, and many renters must postpone purchasing a home. Learn more: *"Housing, Liquidity Risk, and Monetary Policy." 2019. J. Macroecon. doi.org/10.1016/j.jmacro.2019.01.003.*

Shihan Xie, PhD

Assistant Professor of Economics, University of Illinois Urbana-Champaign

Dr. Xie is interested in how people interpret economic events and how those expectations shape the economy. At the University of Illinois Urbana–Champaign she studies monetary policy, expectations, and housing markets. She finds that local housing markets respond differently to interest-rate changes because communities vary in how easily they can build new homes. Learn more: *"Monetary Policy Shocks and Local Housing Prices." 2025. IJCB. ijcb.org.*

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