



Testimony to the United States House Oversight Committee

Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs

Hearing: “Economic Growth, Energy Policy and Regulatory Affairs”

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Washington, D.C.
January 22, 2026

Chairman Burlison, Ranking Member Frost, and Members of the Committee, thank you for inviting me to appear today.

My name is Patrice Onwuka, and I am the director of the Center for Economic Opportunity at Independent Women. We advance policies that enhance people’s freedom, opportunities, and well-being. We have a special focus on women’s career pathways , financial security, and prosperity.

Today’s housing challenges place great financial burdens on women and households. High interest rates and ever-increasing home prices have locked many homeowners, such as seniors, in place, although they desire to move, and have locked millions of young people out of homeownership. Shelter costs consume too much of the monthly household budget, leaving less for expenses and savings. For example, homeowners in 2024 spent more than the recommended 30% on their mortgage payments each month.¹

Housing unaffordability is driven by a housing shortage. The solution to the problem is to expand the U.S. housing stock of existing and new homes for purchase. Heavy zoning regulations, long permitting timelines, and high costs make building new homes an expensive and difficult process. However, cities and states that enacted zoning and permitting reforms have seen housing supply expand and prices come down.

¹ Alycia Lucio. “What Percentage of Your Income Should Go to a Mortgage?” *Zillow*, Jan. 21, 2025. <https://www.zillow.com/learn/percentage-of-income-for-mortgage/>.

The federal government has a critical role to play in eliminating costly regulations, boosting individuals' resources to purchase and renovate homes, and incentivizing innovation in housing. Congress should:

- Roll back federal regulations on zoning and permitting that make the construction process long, costly, and uncertain.
- Roll back costly green energy mandates on home appliances and home building.
- Reform the tax code to reduce policies that discourage home sales.
- Encourage innovation in housing, such as the creation of accessory dwelling units.

I look forward to sharing more of this with you today.

Why is Housing Unaffordable

Housing unaffordability is most fundamentally a problem of housing supply. Industry experts estimate a shortage of between 1.5 million and 5.5 million houses.² Chronic underbuilding due to home building regulations, zoning rules, and land-use restrictions make certain types of homes costly to build, severely restricting the housing stock of newly-constructed homes.

At the same time, high interest rates and home prices discourage current homeowners from upgrading from entry-level to larger homes to accommodate expanding families, and seniors from downgrading from large homes to accommodate health conditions and changing space needs, restricting the housing stock of existing domiciles.

Housing costs are a primary driver of our nation's elevated inflation rate. This impacts individuals and families who desire to purchase. The median age of a first-time home buyer is 40 years old, an all-time high.³ Last fall, first-time buyers sank to the lowest share of home sales. The home-buying market is currently weighted in favor

² Natalia Siniavskaia. "The Size of the Housing Shortage: 2021 Data." *National Association of Home Builders*, Dec. 16, 2022. <https://eyeonhousing.org/2022/12/the-size-of-the-housing-shortage-2021-data/>; Kenneth T. Rosen, David Bank, Max Hall, Scott Reed, and Carson Goldman. "Housing is Critical Infrastructure: Social and Economic Benefits of Building More Housing." *Rosen Consulting Group*, Jun. 2021. <https://www.nar.realtor/sites/default/files/documents/Housing-is-Critical-Infrastructure-Social-and-Economic-Benefits-of-Building-More-Housing-6-15-2021.pdf>.

³ "First-Time Home Buyer Share Falls to Historic Low of 21%, Median Age Rises to 40." *National Association of Realtors*, Nov. 4, 2025. <https://www.nar.realtor/newsroom/first-time-home-buyer-share-falls-to-historic-low-of-21-median-age-rises-to-40>.

of older Americans, while younger generations are sidelined.⁴ The inability to purchase a home delays household formation and childbearing.

Restrained housing stock also negatively impacts those who want to rent move-in-ready homes in desirable neighborhoods and increases rental costs. In 2024, a record 22.4 million renter households paid more than 30% of their income on rent and utilities.⁵ Among these households, nearly half spent more than 50% of their income on rent.

The solution to housing unaffordability is to expand the housing supply by

- Reducing the red tape, which makes the home building process protracted, complex, and costly.
- Encouraging the sales of existing housing stock.
- Encouraging the development of rental units.

Institutional Investors

Institutional investors have recently been the target of blame for the shrinking supply of single-family homes, the most common type of home. These real estate investors, who own more than 100 homes, have become a scapegoat for the lack of homes available for purchase, driving up home prices through bidding wars with individual buyers. Concerningly, policymakers introduced legislation and proposals to cap or prohibit institutional investors from the single-family markets to the detriment of homebuyers and renters.

First, the data undercuts this narrative. Institutional investors account for **less than 1%** of the U.S. total single-family housing stock, according to AEI analysis of Parcl Labs data.⁶ Even at the state level, institutional investors are minuscule players, holding less than 0.5% of the single-family housing stock in 36 of the 50 states. Often, institutional investors are lumped together with medium-sized investors with 10-99 homes and small investors who own fewer than 10 properties (i.e., mom-and-pop investors). All together, the universe of investors owns just 13.4% of homes while non-investors (individuals and families) hold the lion's share of homes (86.6%). Mom-and-pop investors—not institutional—dominate the investor market, capturing 10.8% of all homes but 90% of investor-owned inventory.

⁴ "2025 Home Buyers and Sellers Generational Trends Report." *National Association of Realtors*, Apr. 1, 2025. https://cms.nar.realtor/sites/default/files/2025-03/2025-home-buyers-and-sellers-generational-trends-report-04-01-2025.pdf?_gl=1*1q174y7*_gcl_au*MTA5ODE2NzYwOS4xNzY4MjA5NDgy.

⁵ "America's Rental Housing 2024." *Joint Center for Housing Studies of Harvard University*, 2024. https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2024.pdf#whorealestatef.

⁶ "Investor Owned SFR as a Percentage of County Total SF Stock." *American Enterprise Institute*, Sept. 2024. https://heat.aeihousingcenter.org/toolkit/invest_or_share.

Real estate investors are a valuable part of the housing market. Small and medium investors largely purchase properties for rent, especially in desirable neighborhoods and for vacation destinations. Institutional investors take on capital-intensive renovations that they either rent or sell, largely to families seeking move-in-ready properties. Additionally, research indicates that institutional investors provide renters with professional practices such as consistent maintenance and rent reporting to credit bureaus.⁷ These practices provide renters with quality service and enable them to build credit which especially helps minority households. Most recently, institutional investors have begun pivoting toward build-to-rent projects that increase home inventory. Investors are expanding desirable housing supply and preventing neighborhood blight from distressed homes.

Removing the Red Tape to Boost Housing Supply

Government policies have led to scarce and costly housing options. Restrictive zoning laws, opaque permitting processes, and the rise of environmental laws and other regulations pose major impediments to building more homes in America.

Local land-use and zoning laws restrict the amount and types of housing that can be built. Typically, zoning use regulations specify rules—such as minimum lot sizes, floor area ratios, setbacks from the building to a property edge, parking, height, and occupancy regulations. Originally established to separate industry from residential areas, decrease crowding, and create middle-class homes outside of cities, zoning laws now often make it difficult and costly to expand single and multi-family homes.

The permitting process compounds the challenges of home building. Delays in approvals of various construction projects add costs and can derail projects. Often, they depend on the discretion of individuals, which introduces bias into the approval process and creates opportunities for corruption.

Red tape carries a high cost. Regulation at all levels of government, from development to building, accounts for an estimated 24% of the total construction costs for single-family homes⁸ and 40% for multifamily homes.⁹ According to

⁷ Laurie Goodman, Amalie Zinn, Kathryn Reynolds, and Owen Noble. “A Profile of Institutional Investor-Owned Single-Family Rental Properties” *Housing Finance Policy Center*, Apr. 2023. <https://www.urban.org/sites/default/files/2023-08/A%20Profile%20of%20Institutional%20Investor%E2%80%93Owned%20Single-Family%20Rental%20Properties.pdf>

⁸ Paul Emrath. “Government Regulation in the Price of a New Home: 2021.” *National Association of Home Builders*, May 5, 2021. <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2021/special-study-government-regulation-in-the-price-of-a-new-home-may-2021.pdf>.

⁹ Paul Emrath and Caitlin Sugrue Walter. “Regulation: 40.6 Percent of the Cost of Multifamily Development.” *National Association of Home Builders and National Multifamily Housing Council*, Jun. 2022. <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2022/special-study-regulation-40-percent-of-the-cost-of-multifamily-development-june-2022.pdf>.

National Association of Home Builders surveys, \$93,970 is added to the price of an average new home built for sale, with \$41,330 attributable to regulation during the development of the property lot and \$52,540 due to regulation imposed during construction of the single-family structure. Those costs get passed on to would-be home buyers through ever-rising home prices.

Households have also faced the added costs of the previous administration's green energy agenda. Biden administration rules targeted 15 consumer appliances with new restrictions and mandates, forcing consumers to switch to electric alternatives and new homes financed by FHA loans to meet the new efficiency standards. Restricting consumer choice drives up prices, adding up to \$31,000 to the price of a new home.¹⁰

The federal government cannot preempt state and local laws that govern zoning regulations and permitting processes. It can eliminate costly federal regulations, including green energy mandates imposed over the past few years, and incentivize states and local governments to enact needed reforms under their jurisdictions.

Efforts are already underway in Congress to drive federal permitting reforms that will accelerate home building, such as the [Standardizing Permitting and Expediting Economic Development \(SPEED\) Act](#), which would reduce regulatory barriers in the permitting process to multifamily housing.¹¹ This bill promises to streamline federal reviews of projects supporting the infrastructure and energy needs of communities. This will save time and money.

The ePermit Act would bring permitting into the digital age by establishing a framework for agencies to implement a digital permitting system as well as a single portal for data and documentation of environmental reviews as part of project permit applications.¹²

The ROAD to Housing Act (with a similar bill, Revitalizing America's Housing Act),¹³ a package of reforms aimed at increasing housing supply, affordability, and access, directs HUD to convene a task force of experts and stakeholders who will design model zoning codes that can be tailored to different contexts: urban, suburban, and

¹⁰ "Rep. Goldman Introduces Homeowner Energy Freedom Act." *National Association of Home Builders*, Aug. 6, 2025. <https://www.nahb.org/blog/2025/08/homeowner-energy-freedom-act>.

¹¹ "H.R. 4776 - SPEED Act." *119th Congress (2025-2026)*, accessed Jan. 20, 2026. <https://www.congress.gov/bill/119th-congress/house-bill/4776>.

¹² "ePermit Act." *119th Congress (2025-2026)*, accessed Jan. 20, 2026. <https://dustyjohnson.house.gov/sites/evo-subsites/dustyjohnson.house.gov/files/evo-media-document/epermit-act-final.pdf>.

¹³ "Revitalizing America's Housing Act: A section-by-section overview." *Congressman Mike Lawler*, accessed Jan. 20, 2026. https://lawler.house.gov/uploadedfiles/revitalizing_americas_housing_act_section_by_section.pdf.

rural.¹⁴ Those include eliminating mandatory parking minimums, reducing minimum lot sizes, legalizing accessory dwelling units (ADUs), and permitting multi-units such as duplexes, triplexes, and quadruplexes in cities and large metro areas. It also establishes a fund available to jurisdictions that encourage diverse types of housing and implement substantial reforms, incentivizing actual increases in housing supply.

Congress is also considering bills aimed at rolling back Biden-era energy mandates, such as the Affordable Housing Over Mandating Efficiency Standards (HOMES) Act (HR 5184), which prevents the Department of Energy from regulating energy efficiency standards for manufactured housing. The Homeowner Energy Freedom Act would repeal costly energy efficiency mandates on household appliances that the Trump administration has delayed from being implemented.¹⁵

These reforms enjoy bipartisan support and will increase efficiency and transparency in the permitting process while eliminating duplicative red tape.

Encouraging Innovation in Housing: Accessory Dwelling Units

New construction is not the only means to expand affordable, livable housing. Rental housing supply can be expanded by enacting reforms that encourage the development of smaller living units.

Accessory dwelling units (ADUs) are secondary living spaces on the same property as primary residences.¹⁶ Often referred to as a casita or in-law suites, ADUs are creative ways for homeowners to generate a secondary income by renting out livable spaces. They include English basements, in-law suites, and converted garages.

ADUs offer a variety of benefits to homeowners, renters, and communities. ADUs expand rental supply with the existing housing stock and encourage intergenerational living. Homeowners gain a new source of revenue and can boost a home's value by 35%.¹⁷ They also allow elderly family members to age at home with caregivers close by. Renters enjoy affordable units that are often less expensive than traditional one-bedroom apartments in desirable communities. ADUs can

¹⁴ "ROAD to Housing Act of 2025: Section-by-Section." *United States Senate Committee on Banking, Housing, & Urban Affairs*, accessed Jan. 20, 2026.

https://www.banking.senate.gov/imo/media/doc/road_to_housing_act_of_2025_section_by_section.pdf.

¹⁵ "H.R. 4758 - Homeowner Energy Freedom Act." *119th Congress (2025-2026)*, accessed Jan. 20, 2026.

<https://www.congress.gov/bill/119th-congress/house-bill/4758>.

¹⁶ Patrice Onwuka. "Promote Housing Affordability by Expanding ADUs." *Independent Women*, Jun. 2024.

<https://www.independentwomen.com/wp-content/uploads/2024/06/Promoting-Housing-Affordability-by-Expanding-ADUs.pdf>.

¹⁷ "Study: ADUs Can Add 35% to Home's Value." *National Association of Realtors*, Nov. 3, 2021.

<https://www.nar.realtor/magazine/real-estate-news/study-adus-can-add-35-to-home-s-value>.

sometimes be hundreds of dollars below standard one-bedroom apartment listings.¹⁸

The idea of ADUs enjoys great support, as 49% of American homeowners indicated in a HarrisX consumer poll commissioned by Realtor.com that they would be interested in renting out extra space in their homes for income.¹⁹

The challenge is that state and local regulations outright prohibit or limit many enterprising people from building ADUs on their property. Zoning laws, land-use restrictions, and complex permitting processes impede the expansion of ADUs. Even statewide zoning reforms to permit ADUs face opt-outs by local jurisdictions seeking to circumvent them.

The costs of building ADUs can be prohibitive for homeowners. In 2024, ADU building costs ranged from \$60,000 to \$220,000, depending on factors such as size, type, design, materials, labor, and permitting.²⁰ Affording a costly construction project out of pocket may be infeasible. Financing can be difficult to secure, given the lending rules and the borrower's financial situation.

States and local governments that have implemented regulatory reforms have enjoyed great success in expanding ADUs. In 2016, California, for example, enacted new laws easing restrictions for ADUs, such as easing or eliminating the off-street parking requirements and utility hookup fees that homeowners face when they create a second dwelling. Over 80,000 ADUs have been built, and over a quarter (27%) of them have qualified as low- or moderate-income units, surpassing the 20 percent of all new permitted housing that qualified as low- or moderate-income.²¹

The federal government can play a role in driving ADU expansion forward. Passing permitting reform will allow developers and entrepreneurs to build ADUs. Policymakers can also incentivize construction projects through grants or low-interest loans for adding an ADU to a property. For example, Boston, MA, offers no-interest long-term loans to older and low-income owner-occupants to build out

¹⁸ Emily Hamilton. "Allowing Accessory Dwelling Units Would Contribute to Housing Affordability in Maryland." *Mercatus Center*, Mar. 3, 2022. <https://www.mercatus.org/research/state-testimonies/allowing-accessory-dwelling-units-would-contribute-housing-1>.

¹⁹ George Ratiu. "2021 Homeowners More Open to Leveraging Extra Space for Income." *Realtor.com*, Sept. 23, 2021. [https://www.realtor.com/research/homeowners-leveraging-extra-space-for-income/#:~:text=In%20light%20of%20existing%20economic,7%20\(57%25\)%20showing%20interest..](https://www.realtor.com/research/homeowners-leveraging-extra-space-for-income/#:~:text=In%20light%20of%20existing%20economic,7%20(57%25)%20showing%20interest..)

²⁰ Rachel Hoffman. "How Much Does an Accessory Dwelling Unit (ADU) Cost to Build? [2026 Data]." *Angi*, Nov. 24, 2025. <https://www.angi.com/articles/how-much-do-adu-costs.htm>.

²¹ "Accessory Dwelling Units (ADUs) in California." *Bipartisan Policy Center*, Sept. 12, 2023. <https://bipartisanpolicy.org/blog/accessory-dwelling-units-adus-in-california/#:~:text=In%202016%2C%20the%20state%20legislature.zoning%20ordinances%20and%20permitting%20processes.>

smaller, independent units in their homes.²² Federal policymakers could consider conditioning federal grants for housing programs on local permitting reforms and ADU incentive programs.

As previously noted, the Building Smarter for the 21st Century and the ROAD to Housing Act offer a wide range of policy proposals that include streamlining regulatory requirements, expanding affordable housing finance options, and creating grant programs for local governments to streamline the construction of mixed-income housing, including accessory dwelling units.

Increasing the Capital Gains Exemption on Primary Homes

Tax policy plays a role in addressing overall affordability challenges. When hardworking Americans are able to keep more of their earnings, they can better afford housing costs, save toward a down payment, or invest it in income-generating opportunities such as real estate investing. The Working Families Tax Cuts, also known as the One Big, Beautiful Bill Act, boosts take-home pay and rewards working longer and side jobs to accumulate savings for down payments and the future.

Houses are one of Americans' largest assets and greatest sources of wealth. Increased home values over time are exciting for individuals as they raise families and grow their financial portfolio. It becomes concerning for seniors in retirement who desire to downsize and sell their homes to younger families, because they face a significant tax burden.²³ That tax burden creates a "lock-in effect" for homeowners.

For decades, Congress has given taxpaying homeowners relief by excluding from taxation the capital gains on the sale of a primary residence. The most recent changes occurred in 1997, when Congress limited the amount of gain that can be excluded to \$250,000 for individual taxpayers and up to \$500,000 for married couples filing jointly. At the time, the average home price was about \$154,000.²⁴ The exemption is only permitted to be taken once every two years, and it is not indexed for inflation.

This exclusion exempts the capital gains for a large majority of homeowners. However, Congress has not increased these limits in over 40 years, even as home

²² "Accessory Dwelling Units (ADUs) in Boston." *City of Boston*, accessed Jan. 20, 2026. <https://www.boston.gov/departments/housing/accessory-dwelling-units-adus-boston#:~:text=The%20loan%20can%20fund%20interior.estimated%20cost%20of%20the%20project>.

²³ Patrice Onwuka. "Protecting Your Wealth from the Tax Man: Reforms to Capital Gains Taxes." *Independent Women*, Oct. 2025. https://www.independentwomen.com/wp-content/uploads/2025/10/1025_CapitalGains.pdf.

²⁴ "House Marketing." *U.S. Housing Market Conditions: National Data*, accessed Jan. 20, 2026. [https://www.huduser.gov/periodicals/ushmc/winter97/nd_hm.html#:~:text=The%20median%20price%20of%20existing.the%20average%20price%20was%20\\$154%2C200](https://www.huduser.gov/periodicals/ushmc/winter97/nd_hm.html#:~:text=The%20median%20price%20of%20existing.the%20average%20price%20was%20$154%2C200).

prices have risen by 216%. Home values rose steeply during the COVID recession and recovery.

If the limits had been increased to reflect the change in the average housing price between 1998 and 2025, they would now be approximately \$720,000 and \$1,440,000, respectively.²⁵ If limits kept pace with general price increases in the economy, they would be \$457,000 and \$913,000, respectively.

This is a sweeping problem. In 2025, the National Association of Realtors® estimated that nearly 29 million households (roughly one in three homeowners) will experience increased taxable gains when they sell their primary home. By 2030, that number will swell to 56% of homeowners.

Congress should update the exclusion limits to reflect the rapid expansion of home values and inflation to break the lock-in effect for seniors and home sellers. This tax change would expand the housing supply of existing homes by millions.

Policymakers should consider raising the exemptions and indexing them for inflation to ensure that gains outpace future price increases, which erode real wealth. More Homes on the Market Act (H.R. 1340) would double the current exemption to \$1 million for couples (\$500,000 for individuals) and index these levels for future inflation.²⁶ Other proposals would entirely eliminate the federal capital gains tax on the sale of primary residences.

Housing Policies Impact on Women

Today, women live longer and work later into their older years.²⁷ Yet, they are increasingly concerned about their financial futures,²⁸ as they are more likely than men to have nothing saved or not enough saved for retirement.²⁹ If they outlive their spouse, they stand to inherit all their assets and assume control over the household finances. Women often control household finances throughout their marriages, but

²⁵ Jane G. Gravelle. "The Exclusion of Capital Gains for OwnerOccupied Housing." *CRS Report*, Aug. 6, 2025. <https://www.congress.gov/crs-product/RL32978#fn1>.

²⁶ "H.R. 1340 - More Homes on the Market Act." *119th Congress (2025-2026)*, accessed Jan. 20, 2026. <https://www.congress.gov/bill/119th-congress/house-bill/1340>.

²⁷ Jamie Ducharme. "Why U.S. Women Now Live Almost 6 Years Longer Than Men." *Time*, Nov. 14, 2023. <https://time.com/6334873/u-s-life-expectancy-gender-gap/>; "Civilian labor force by age, sex, race, and ethnicity." *U.S. Bureau of Labor Statistics*, accessed Jan. 20, 2026. <https://www.bls.gov/emp/tables/civilian-labor-force-summary.htm>.

²⁸ "Hope Agenda." *Independent Women's Voice*, accessed Jan. 20, 2026. <https://www.iwv.org/hope-agenda/>.

²⁹ Gabrielle Olya. "Nearly One-Third of Women Have No Retirement Savings: How They Can Catch Up." *GOBankingRates*, Jan. 31, 2024. <https://www.gobankingrates.com/retirement/planning/nearly-one-third-of-women-have-no-retirement-savings-how-they-can-catch-up/>.

especially as a couple nears the end of life. They are deciding on assisted living options in their homes, whether to downgrade to a smaller home or sell their properties. The implications of the policies under consideration will be to give women more choices and more control.

Homeownership builds long-term wealth for many women. Holding appreciating property for many years can lead to financial gains on paper, but when inflation is accounted for, real value losses and taxes on those losses. Raising the exemption limits on gains during residential property sales and indexing the limits for inflation is a critical solution for women who face significant tax penalties when trying to sell their homes, especially later in life

For older single or widowed women who desire to remain in their homes, accessory dwelling units can be a financial boost that firms up their retirement nest eggs or supplements retirement income. They'll enjoy monthly passive income, increased net worth, tax benefits, credit building, and savings for retirement. From a health and social standpoint, older women can age in their homes or with loved ones because ADUs facilitate intergenerational living. They create space for family members and others to serve as their caregivers while maintaining their own home.

By removing the federal regulations and the red tape that make it difficult to build ADUs, and incentivizing local innovation through grants, Congress can help women to build financial security by aging in place.

Conclusion

Housing unaffordability cannot be allowed to derail the American Dream. The solution to fixing this crisis, decades in the making, is to expand housing supply through deregulation, tax policy, and innovation. Congress can build on historic tax reforms in 2025 and capitalize on the bipartisan energy to coalesce behind solutions that will address challenges to expanding affordable and desirable housing

Thank you.