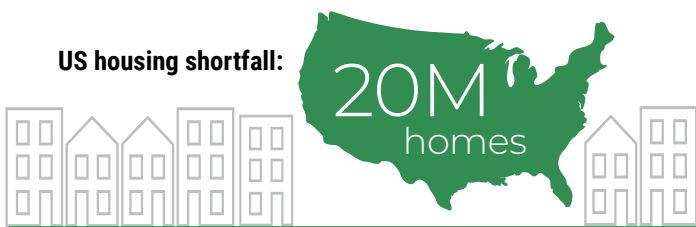


UNLOCKING HOUSING SUPPLY IN THE U.S.
BY EXPANDING ACCESSORY DWELLING UNITS

ENABLING BUILDING ON RESIDENTIAL LOTS

PROBLEM

The United States faces a housing shortfall of up to 20 million homes. In most cities, 70 percent or more of residential land is zoned for single-family homes, often paired with large minimum lot sizes.² Together, these regulations leave many cities with too little housing and room for only high-cost new homes.



SOLUTION

Accessory dwelling units (ADUs) are homes built in yards, garages, and basements and provide a key source of “missing middle” housing. After years of rapid population growth and escalating housing costs, Austin began changing development rules to allow more housing, including ADUs.

- In 2015, the city amended its code to cut the minimum lot size for building an ADU from 7,000 to 5,750 square feet, eliminated a requirement for a second driveway, and cut ADUs’ minimum parking spaces to one.
- In 2023-2024, Austin further encouraged more affordable detached housing options like ADUs through its **Home Options for Mobility and Equity (HOME)** code amendments. HOME Phase 1 allowed up to three homes on most single-family lots across the city, and HOME Phase 2 reduced minimum lot sizes from 5,750 to 1,800 square feet.

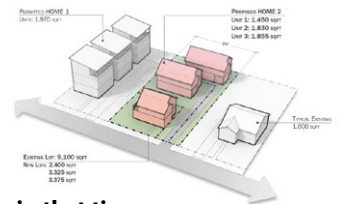
IMPACT

From 2015-2024, the city of Austin:

Permitted

~2,850 ADUs

(accounted for 7% of all new single-family homes built)



ADU permits averaged 260 a year in that time, jumping from 37 a year in the decade prior.

ADUs were one component of a broader housing supply strategy that added:



- This expanded supply helped **lower real rents by 19%** from 2021-2025
- New units built because of HOME also cost hundreds of thousands less than Austin’s traditional single-family homes

CHALLENGES THIS IDEA CAN HELP YOU NAVIGATE

- Low-density residential neighborhoods with significant land and demand for housing
- A lack of smaller, lower-cost (“missing middle”) housing options
- Homeowners who want greater flexibility to leverage underutilized property
- Creating more income- and age-diverse neighborhoods

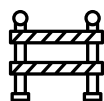
ADOPT THIS IDEA: 3 KEY STEPS



Set aspirations

1

Identify a specific ADU production target, understanding how ADU production fits into broader housing production goals.



Identify and clear blockers

2

Study regulatory, financial, and development constraints for ADUs, like parking, utilities installation and financing options, then launch targeted initiatives to address them.



Outreach and ready-to-use resources

3

Reach out to homeowners and developers to raise awareness of the option to create ADUs on residential properties. Then create a dedicated website populated with resources like pre-approved plans to make ADU development simple and transparent.

