

## ADU REFORM WOULD ASSIST HOUSING AFFORDABILITY IN NEBRASKA

CHARLES GARDNER

*Research Fellow at the Mercatus Center at George Mason University*

Nebraska Urban Affairs Committee

LB 1166, Provide requirements for zoning regulations and accessory dwelling units

January 30, 2024

### ADU REFORM WOULD ASSIST HOUSING AFFORDABILITY IN NEBRASKA

Chairperson McKinney, Vice Chairperson Hunt, and members of the Urban Affairs Committee, thank you for allowing me to offer informational testimony relating to Legislative Bill 1166 about accessory dwelling units (ADUs). I am Charles Gardner, and I am a research fellow at the Mercatus Center at George Mason University. I study housing policy and affordability across the country and how reforms like those proposed in this bill have affected housing market outcomes.

### THE BENEFITS OF ACCESSORY DWELLING UNITS

To date, lawmakers in nine states have passed laws allowing homeowners to add ADUs to their properties. The proposed legislation that addresses ADUs, Legislative Bill 1166, requires that ADUs be allowed by right everywhere single-family homes are permitted. It would protect homeowners from common local barriers to ADU construction, including the location, dimensions, and design of ADUs, but also from subtler obstacles such as impact fees and mandatory restrictive covenants.

Accessory dwelling units offer homeowners several potential benefits. They create an opportunity for homeowners to offset a portion of their mortgage payment by renting out part of their space. They also create opportunities for greater housing flexibility to meet peoples' needs as the country's demographics change. They make intergenerational living feasible, allowing young adults or elderly people to live with family members in spaces that can be built to accommodate any accessibility requirements.<sup>1</sup>

Accessory dwelling units also tend to be less costly than alternative types of housing for renters. Since ADUs are built on land that is already attached to a single-family home, their land cost is effectively zero. In

---

<sup>1</sup> Emily Hamilton and Abigail Houseal, "A Taxonomy of State Accessory Dwelling Unit Laws" (Mercatus Policy Brief, Mercatus Center at George Mason University, Arlington, VA, March 2023).  
<https://www.mercatus.org/research/policybriefs/state-accessory-dwelling-unit-laws>

Washington, DC, basement apartments are the most common type of ADU, and they tend to rent for hundreds of dollars less per month than standard one-bedroom apartments in the same neighborhood. A survey of homeowners with ADUs in Los Angeles County found that ADUs typically rent for \$400 less per month than the county's median rent.

Legislation concerning ADUs and legislation concerning duplexes frequently have overlapping provisions that may not always clearly harmonize. In the case of Legislative Bill 1165 and Legislative Bill 1166, were both bills passed and enacted, it appears that any lot allowing a single-family home would be entitled to build a second unit as well as an ADU. Cities that have reformed their land-use regulations to allow three units where they had formerly allowed one, such as Houston, have seen particularly significant increases in infill housing production while keeping homes affordable.<sup>2</sup>

## THE STATE ROLE IN ALLOWING DUPLEXES AND ADUS TO BE BUILT

Local government authority to regulate housing density is based upon the state-granted power to protect health, safety, and the general welfare.<sup>3</sup> The effects of local rules that prevent homes from being built in one locality are not confined to that locality, however, but spill over to the next. Local land-use regulations that limit population growth, economic growth, and income mobility within one municipality limit growth and opportunity for the state as a whole.

When local authority is employed in a manner that interferes with state housing goals and the urgent housing needs of state residents, lawmakers have the responsibility to consider interventions tailored to advancing the welfare of all state residents. Legalizing ADUs and duplexes are two proven means of providing greater housing choice and allowing for a more abundant and flexible housing supply of affordable housing options.

---

<sup>2</sup> Emily Hamilton, "Learning from Houston's Townhouse Reforms" (Mercatus Policy Brief, Mercatus Center at George Mason University, Arlington, VA, April 2023). <https://www.mercatus.org/research/policy-briefs/learning-houstons-townhouse-reforms>

<sup>3</sup> See Nebraska Revised Statute § 19-901.